



FACT SHEET

AB 1316 (O'Donnell, C. Garcia, McCarty)
Nonclassroom Based Charter School & Independent Study Reforms

SUMMARY

AB 1316 increases the quality of independent study programs offered to students by both school districts and charter schools by:

- enhancing safety requirements and improving the quality of services provided to students by vendor personnel;
- eliminating public education funding from paying for private religious education;
- creating parity in the audit and accounting systems;
- closing student attendance loopholes;
- restructuring the flawed funding determination process;
- increasing authorizer training by re-establishing the charter authorizer training network; and
- improving authorizer oversight by limiting small district authorizing of non-classroom based (NCB) charter schools.

PROBLEM

Upon the discovery of large scale fraud perpetrated by a number of non-classroom based charter schools, the Legislature imposed a moratorium in 2020.

One example of such fraud includes *People v. McManus*, where the San Diego County District Attorney's Office indicted 11 defendants in a fraud scheme involving nineteen A3 charter schools. A3 Charter Schools created a partnership with a little league summer sports program and enrolled little league players in their charter school during the summer months to generate state attendance funding, despite A3 Charter Schools having never provided instruction to these little league players. A3 Charter Schools also transferred students between charter schools in their network to nefariously collect more than one school year of funding per student. The A3 Charter Schools case revealed many weaknesses in the State's education system in the areas of student data tracking, auditing, and school finance.

PROBLEM continued

There are also examples of NCB charter schools paying for multi-day family passes to Disneyland; paying for student courses at private religious organizations or schools; and paying uncredentialed teachers to provide instruction to students in core subjects.

Loopholes in state law have allowed these unscrupulous practices at NCB charter schools to continue unchecked, wasting State taxpayer dollars.

SOLUTION

It is time for a correction in State law to halt the hundreds of millions of dollars in fraud and abuse recently seen among NCB charter schools.

AB 1316 corrects flaws in current law and improves parity between independent study programs offered by school districts and NCB charter schools in the following ways:

Audit & Accounting Standards

- Creates parity between charter schools and school districts with regard to audit procedures and schedules, and the use of the Standardized Account Code Structure.
- Requires training for school district and charter auditors as a condition of their licensure and updates the audit peer review process.
- Creates the Office of Inspector General at the California Department of Education (CDE).
- Updates the audit guide to include sampling guidance, minimum school day, time value of student work, student to teacher ratios, the top 25 largest monetary transfers, and student attendance.



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Funding Determination

- Updates the funding determination process for NCB charter schools based on the amount of in-classroom instruction provided to students.

School District & Charter School Independent Study

- Beginning with the 2022-23 school year, creates parity between charter schools and school districts by establishing a single set of criteria for Independent Study (IS) including:
 - Frequency of teacher and student contact including tiered re-engagement.
 - Mode of teacher communication via in-person, live visual or audio connection.
 - Minimum school day.
 - Requirement to offer an in-person option as an alternative to serve students with exceptional needs and struggling students.
 - Metrics for ending a student's IS agreement.

Vendor Contracts

- Creates parity with charter school teachers by requiring vendor personnel that provide direct services to students to hold an appropriate credential.
- Prohibits private religious organizations or schools from serving as vendors.
- Creates parity between charter schools and school districts with regard to competitive bidding.
- Prohibits contracts being calculated as a percentage of charter school revenue.

Student Attendance Data Reform

- Requires the CDE to study the feasibility of connecting the California Longitudinal Pupil Achievement Data System (CALPADS) and the attendance accounting system to allow the State to determine when a student generates more than one year of attendance within one calendar year.

Teacher and Student Movement

- Requires parity in student to teacher ratios in independent study programs.
- Prohibits multi-year-round tracks for school districts and charter schools to protect the State from paying more than one year of attendance per student. Provides a waiver in the case of severe facility shortages.
- Permits NCB charter attendance only within the county in which the school is authorized to facilitate increased in-person instructional opportunities.

Small District Authorizers

- Matches the capacity of small school districts to provide meaningful charter oversight and permits NCB charter schools to be authorized as follows:
 - School districts < 2,500 in Average Daily Attendance (ADA) may authorize NCB charters up to 100% of district ADA.
 - School Districts of 2,500-5,000 ADA up to 2,500 ADA.
 - School Districts of 5,000-10,000 ADA up to 50% of district ADA.

Authorizer Oversight & Oversight Fees

- Re-establishes the Charter School Authorizer Network (CARNET) at the Fiscal Crisis and Management Assistance Team (FCMAT).
- Requires increased targeted oversight by authorizers in the following areas:
 - Attendance accounting.
 - Student to teacher ratios.
 - Time value assigned to student work.
- Improves the quality of oversight, compensates for additional responsibilities and increases oversight fees to actual costs up to 3%.

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