
SENATE COMMITTEE ON EDUCATION

Senator Sasha Renée Pérez, Chair

2025 - 2026 Regular

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Consultant: Ian Johnson

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Subject: School accountability: Office of the Education Inspector General: school financial and performance audits: charter school authorization, oversight, funding, operations, networks, and contracting: data systems: local educational agency contractor background checks.

SUMMARY

This bill makes a series of changes to the oversight and operation of nonclassroom-based (NCB) charter schools. Specifically, it: (1) increases audit requirements and authorizer responsibilities; (2) revises the funding determination process to include additional financial reporting and a review of charter networks; (3) imposes restrictions on certain contracting practices and the use of academic enrichment funds; and (4) places new limits on the ability of small school districts to authorize NCB charter schools that serve student populations larger than their own.

BACKGROUND

Existing law:

Audit & Accounting Standards

- 1) Requires charter schools to submit annual independent financial and compliance audits conducted by certified public accountants.
- 2) Requires that audit reports be submitted to the chartering authority, the county superintendent, the State Controller's Office (SCO), and the California Department of Education (CDE).
- 3) Requires financial and compliance audits to follow General Accounting Office standards and the audit guide developed by the Education Audits Appeal Panel (EAAP), once adopted.
- 4) Does not require charter schools to use the Standardized Account Code Structure (SACS), unlike school districts.
- 5) Authorizes the SCO to conduct quality control reviews of audits, but does not require regular selection of charter school audits for review.

Funding Determination

- 6) Requires charter schools that offer less than 80% of instructional time on school sites to obtain a funding determination from the State Board of Education (SBE) in order to receive apportionment funding.
- 7) Authorizes the SBE to fund NCB instruction at up to 70% of standard funding unless a higher rate is justified.
- 8) Requires the SBE to consider factors such as the charter school's spending on certificated salaries and benefits, expenditures on schoolsites, and teacher-to-pupil ratios when making a funding determination.
- 9) Does not require charter schools that are part of a network to apply jointly for a funding determination, nor does it require them to submit updated financial documentation between determination years.

School Contractors & Use of Funds

- 10) Grants charter schools greater flexibility than school districts in contracting and generally exempts them from the Public Contract Code (PCC).
- 11) Permits charter school contracts to be structured as a percentage of school revenue and does not prohibit contracts with private or religious organizations.
- 12) Allows charter schools to provide funds or credits to families for educational enrichment activities, even if those activities are not provided by credentialed staff.
- 13) Imposes no statutory restriction on charter school employee compensation based on student attendance or course completion.

Authorizer Oversight & Oversight Fees

- 14) Requires charter authorizers to provide general oversight, including annual site visits, fiscal monitoring, and compliance with required reporting, such as the Local Control and Accountability Plan (LCAP).
- 15) Authorizes authorizers to charge up to 1% of a charter school's revenue for oversight, or up to 3% if the authorizer provides substantially rent-free facilities.
- 16) Previously supported a Charter School Authorizer Technical Assistance Team at Fiscal Crisis and Management Assistance Team (FCMAT), but that team was defunded in 2020 and no longer operates.
- 17) Results in wide variation in the quality and depth of authorizer oversight, particularly among small school districts with limited capacity.

Student Attendance Data Reform

- 18) Requires California Longitudinal Pupil Achievement Data System (CALPADS) to collect student demographic and achievement data, but this system is not integrated with the state's attendance-based funding system.
- 19) Requires charter schools to report attendance data separately to CDE, which can allow for duplicative or inflated attendance reporting.

District Authorizers

- 20) Permits any school district, regardless of size or capacity, to authorize charter schools, including NCB charter schools.
- 21) Does not impose a statutory cap on the number of charter school pupils a district may authorize in proportion to its own average daily attendance (ADA).
- 22) Does not authorize or require the reassignment of charter schools to larger or more capable authorizers upon renewal.

Independent Study (IS) & Course-Based Independent Study (CBIS)

- 23) Authorizes local educational agencies (LEAs), including charter schools, to offer IS and CBIS programs under specific requirements related to credentialed supervision, content rigor, and written learning agreements.
- 24) Prohibits pupils with an Individualized Education Plan (IEP) from participating in IS unless their IEP explicitly allows it.
- 25) Imposes a funding penalty for CBIS if more than 10% of an LEA's total ADA is generated through CBIS, unless the LEA qualifies for an exemption.

NCB Moratorium

- 26) Imposes a moratorium on the authorization of new NCB charter schools until January 1, 2026.
- 27) Allows existing NCB charter schools to seek renewals or material revisions during the moratorium, under specified conditions.

ANALYSIS

This bill:

Audit and Accounting Standards

- 1) Aligns charter school audits with those of school districts, including audit timelines, procedures, and use of the SACS.
- 2) Requires school auditors to complete targeted training.

- 3) Directs updates to the audit guide and compliance procedures to include charter-specific content, including sampling methodology, attendance by track and month, material related-party transactions, classroom-based instructional minutes, student-teacher ratios, funding determination, large monetary transfers, electronic payments, and charter oversight practices.
- 4) Requires the SCO to conduct more frequent quality control reviews of auditors.
- 5) Establishes an Office of the Inspector General under the SBE to investigate charter-related financial misconduct.

Funding Determination

- 6) Retains the existing SBE funding determination process for NCB charter schools, but adds new transparency requirements, including:
 - a) Requiring charter schools within the same network to apply jointly.
 - b) Requiring submission of financial documents to CDE in non-determination years.
 - c) Including the current expense of education in the funding determination review.
 - d) Codifying mitigating factors such as reserves, one-time funds, and facilities spending.

School Contractors & Use of Funds

- 7) Prohibits charter schools from contracting with private religious organizations or schools.
- 8) Prohibits contracts structured as a percentage of school revenue.
- 9) Prohibits charter schools from offering funds or credits for enrichment activities not provided by credentialed employees.
- 10) Prohibits employee bonuses or compensation tied to student attendance or course completion.

Authorizer Oversight and Technical Assistance

- 11) Reestablishes a statewide Charter Authorizer Technical Assistance team at FCMAT.
- 12) Requires authorizers to provide enhanced oversight in key compliance areas, including:
 - a) Attendance accounting and enrollment.

- b) Student-teacher ratios.
- c) Classroom-based instructional minutes.
- d) Audit compliance monitoring.
- e) Credit card and electronic expenditures.

Student Attendance Data Reform

- 13) Requires CDE to study the feasibility of integrating CALPADS with the state's ADA funding system to detect duplicate or excessive attendance claims.

District Authorizer Capacity

- 14) Caps authorizing capacity for districts with fewer than 10,000 ADA to no more than 100% of their own ADA in authorized NCB charter enrollment.
- 15) Allows existing NCB charters to remain with a small-district authorizer if the district has at least four full-time executive-level staff.
- 16) Requires the SBE to reassign NCB charters that exceed this threshold to a larger authorizer within the county upon renewal.

NCB Moratorium

- 17) Lifts the statutory moratorium on the approval of new NCB charter schools as of December 31, 2025.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, "Upon the discovery of large-scale fraud perpetrated by a number of nonclassroom based charter schools, the Legislature imposed a moratorium on the establishment of new NCB charter schools, with a commitment to reform NCB charter schools.

"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 pupils between charter schools in their network to collect more than one school year of funding per pupil. The A3 Charter Schools case revealed many weaknesses in the State's education system in the areas of pupil data tracking, auditing, and school finance.

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

must enact comprehensive reforms, consistent with the 2024 Legislative Analyst's Office (LAO)/FCMAT report to the Legislature and the Controller's Taskforce report, to combat fraud before the moratorium on NCB charter schools expires in January 2026. AB 84 does that by improving transparency and accountability among charter school authorizers and charter schools."

- 2) ***Background on Charter Schools.*** Charter schools are public schools that operate under the terms of a charter agreement approved by a school district, county office of education, or the SBE. Established by the Charter Schools Act of 1992, they were intended to increase learning opportunities for all students, especially those who are academically low-achieving, and to promote innovation, site-based decision-making, and performance-based accountability.

Today, charter schools serve over 700,000 students in California. They are publicly funded and tuition-free but operate with greater flexibility in exchange for accountability for results. Charter schools may be operated by nonprofit organizations or, in some cases, by charter management organizations (CMOs) that oversee multiple schools. While most charter schools operate classroom-based programs similar to traditional schools, a significant share operate in a NCB model.

- 3) ***What Are NCB Charter Schools?*** A charter school is considered NCB if less than 80% of its instructional time occurs under the immediate supervision of a credentialed teacher in a classroom setting. NCB charter schools may offer instruction through virtual, blended, or home-based learning models. These schools often serve high proportions of students with unique learning needs, such as students who are medically fragile, pursuing athletic or artistic careers, or seeking alternatives to traditional settings.

Because NCB schools are not funded automatically based on attendance like classroom-based schools, they must obtain a funding determination from the SBE. This process is based on an evaluation of audited expenditures and is intended to ensure public funds are being used for instructional purposes. However, the process has been widely criticized for its lack of rigor, real-time accountability, and effectiveness in preventing misuse of funds. The integrity of financial reporting in NCB schools plays a critical role in funding eligibility, and, when abused, can be exploited to inflate apportionments and divert public resources.

- 4) ***The Moratorium on NCB Charter Schools and Broader 2019 Charter School Reforms.*** In 2019, the Legislature passed AB 1505 (O'Donnell, Chapter 486, Statutes of 2019) and AB 1507 (Smith, Chapter 487, Statutes of 2019), which significantly restructured charter school law. Among other changes, AB 1505 strengthened the criteria for charter authorization and renewal by:

- a) Allowing authorizers to consider academic and fiscal impact on the district when reviewing petitions.

- b) Tying renewal decisions to a school's performance on the California School Dashboard, streamlining renewal for high performers and requiring greater scrutiny for low performers.
- c) Expanding credentialing requirements to all charter school teachers and applying conflict-of-interest laws to charter boards.

AB 1507 restricted charter schools from operating sites outside their authorizing district's boundaries.

Together, these bills also enacted a moratorium on new NCB charter schools through January 1, 2026. The pause was intended to give the state time to re-evaluate oversight, funding, and academic accountability in the NCB sector, following concerns about weak controls and inconsistent performance.

This bill builds on this reformed oversight landscape by proposing additional audit, fiscal, and governance tools specific to charter school accountability.

- 5) ***The A3 Charter Schools Fraud Case.*** The most significant charter school fraud case in California's history, the A3 Education scandal, came to light in 2019. Prosecutors alleged that two individuals created a network of 19 NCB charter schools and enrolled tens of thousands of students, many without their knowledge or participation, to fraudulently claim public funding. The scheme involved:

- a) Inflated and duplicated enrollment using a manipulated "multi-track" calendar.
- b) Unauthorized use of public funds through related-party contracts.
- c) A total fraud estimate of over \$400 million in misappropriated state funds.

The case revealed multiple breakdowns in the oversight chain—from charter authorizers to external auditors to state agencies—prompting calls for systemic reform.

- 6) ***Oversight Reports Prompting Legislative Action.*** In response to the A3 scandal and other fraud incidents, state and independent agencies released two major reports:

- a) *SCO Charter School Audit Task Force Report (2024):* Focused on improving the quality of school audits by increasing auditor training, revising the audit guide, establishing certified public accountant review and rotation policies, and ensuring follow-up on audit findings.
- b) *LAO/FCMAT Joint Report on NCB Charter Schools (2024):* Analyzed the NCB funding determination process and recommended major changes to better align funding with instructional delivery. Recommendations included real-time enrollment tracking, clearer definitions of instruction, and changes to charter oversight authority.

- 7) ***Recent Highlands audit highlights gaps in oversight and transparency.*** A June 2024 audit by the SCO of Highlands Community Charter School illustrates how weak governance structures and oversight processes can enable significant financial mismanagement, even within existing legal frameworks. The audit found that Highlands, one of the state's largest NCB charter schools, had overpaid more than \$52 million to an adult education vendor run by the school's own executive director and board president—both of whom held leadership roles in both organizations. More than \$61 million in questionable expenditures were identified, including improper reimbursements, personal salary allocations, and contracts that lacked competitive bidding or board approval. The audit also noted a failure to follow transparency laws, with the school not properly notifying the public of board meetings or actions. These findings underscore the urgency of this bill's provisions aimed at improving oversight, audit standards, and transparency.

This example demonstrates that even well-established NCB charter schools can operate with insufficient checks and balances. It also shows that current accountability structures—particularly for contracting practices and board governance—can allow substantial misuse of public funds. The Highlands case reinforces the need for clearer rules, stronger financial controls, and more consistent oversight to protect students and taxpayers.

- 8) ***Response to stakeholder concerns.*** Since its introduction, this bill has been substantially amended to address concerns raised by charter school advocates regarding the scope and impact of certain provisions. In particular, earlier versions of the bill proposed significant changes to the funding determination process that would have reduced apportionments for charter schools offering limited in-person instruction. Opponents argued these changes could have resulted in funding reductions of up to 30% for some schools. Those provisions have been removed. The bill now retains the existing structure for funding determinations, while adding new financial documentation requirements and clarifying certain criteria to improve transparency.

The bill also previously included a proposal to increase the maximum oversight fee from 1% to 3% of a charter school's revenue. That provision has been removed, and the bill does not modify existing oversight fee limits.

In addition, several other provisions that generated concern have been removed from the bill, including:

- a) A prohibition on employees entering into service contracts that exceed PCC limits.
- b) A requirement for charter schools to be monitored under the Williams textbook sufficiency process.
- c) A proposal to subject charter school contracting to public bidding requirements under the PCC.

- d) Language allowing school districts emerging from state receivership to deny charter petitions based on fiscal impact.
- e) A requirement for governing boards to approve all contracts, now narrowed to those totaling more than \$100,000.
- f) New credentialing requirements for certain charter school employees.

These amendments reflect ongoing negotiations between the author's office, the bill's sponsors, and representatives of the charter school community. While not all stakeholders are participating in these discussions, and many continue to oppose the bill, the author has worked to narrow the bill's scope and revise provisions to minimize operational disruption while advancing goals related to fiscal accountability, oversight capacity, and transparency.

- 9) ***Balancing accountability with support for student-centered choice.*** This bill has generated substantial public engagement, especially from families who rely on NCB charter schools for educational flexibility. Many of these messages express concern that increased oversight could restrict school choice or reflect a broader opposition to charter schools. These concerns reflect real experiences and deserve to be taken seriously.

At the same time, this bill emerged in response to longstanding oversight concerns and notable fraud cases—not from an effort to limit educational options. In cases like A3 and Highlands, weaknesses in data systems, fiscal reporting, and oversight structures enabled large-scale misuse of public funds. To address these concerns, state agencies developed recommendations aimed at improving transparency, accountability, and operational safeguards in the NCB space.

This bill is built around those recommendations. Many early provisions have been amended or removed in response to stakeholder concerns. The remaining proposals focus on strengthening financial practices, clarifying oversight roles, and ensuring that public funds are used appropriately.

Support for this bill—or for the concepts it puts forward—does not need to signal a position on the broader debate over charter schools. It may simply reflect a belief that clear accountability standards are essential to preserving the innovation and flexibility that many families value in NCB charter programs.

- 10) ***Targeted reforms in line with oversight recommendations.*** This bill reflects a coordinated response to the findings of the 2024 LAO/FCMAT review of the NCB funding determination process and the SCO's Charter School Audit Task Force. Both reports identified systemic vulnerabilities in the oversight of NCB charter schools, particularly related to fiscal accountability, weak audit standards, and insufficient authorizer capacity. The bill seeks to close these gaps through a range of provisions aimed at standardizing audits, clarifying oversight responsibilities, limiting authorizations by small school districts, and increasing transparency in attendance accounting. Unlike early versions of the bill, these reforms are not intended to reduce funding to charter schools or change the instructional models they may offer. Rather, they are focused on ensuring that

public funds are spent appropriately and that oversight mechanisms are robust and equitable.

- 11) ***Improved audit practices and financial accountability.*** A major theme of both the LAO/FCMAT report and the SCO's Charter School Audit Task Force findings was the need to modernize and strengthen charter school audits. The A3 case revealed that NCB charter schools were able to hide fraudulent practices due to insufficient audit procedures, lack of auditor training, and the ability to switch auditors if problems were identified. The bill addresses these concerns by aligning charter school audit procedures with those used for school districts, requiring auditors to receive specialized training, and directing the Education Audit Appeals Panel to revise the audit guide to include new areas of review specific to NCB charter schools, such as teacher-pupil ratios and documentation sampling. These changes are intended to ensure that audits are not only more rigorous but also better able to detect misuse of funds and systemic noncompliance.
- 12) ***Ensuring authorizer accountability as part of a comprehensive oversight system.*** The most serious charter school fraud cases in California—A3 and Highlands—were perpetrated by school operators who intentionally misused public funds. However, these cases also revealed weaknesses in the oversight infrastructure that allowed misconduct to persist undetected for years. Charter school authorizers play a critical role in ensuring legal compliance and educational quality, but that role varies considerably depending on the size, capacity, and approach of the authorizing district.

In some instances, authorizers lacked sufficient resources or staff expertise to monitor complex NCB programs, especially those serving students far beyond district boundaries. In others, warning signs were missed or under-addressed, despite red flags in audits or financial reports. This bill does not assign blame to authorizers for every instance of misconduct, but it does reflect a broader consensus that oversight obligations must be taken seriously—and that there should be reasonable consequences when they are not.

To that end, the bill strengthens expectations for authorizer monitoring in key risk areas such as attendance accounting, electronic payments, and student-to-teacher ratios. It also seeks to align authorizing capacity with district size and staff infrastructure. While the bill stops short of imposing direct financial penalties on authorizers, the concept of holding authorizers more accountable—such as through potential reimbursement of oversight fees when duties are neglected—has been raised during policy discussions and may merit future consideration. These reforms are ultimately designed not to penalize oversight agencies, but to ensure that the safeguards intended to protect students and taxpayers function as intended.

- 13) ***Matching authorizer capacity to oversight responsibility.*** This bill limits the ability of small school districts to authorize NCB charter schools that serve student populations larger than the district itself. Specifically, districts with fewer than 10,000 ADA may authorize NCB charter schools only up to a combined enrollment equal to 100% of their own ADA. Existing NCB charter schools may

remain with their current small district authorizer if that authorizer employs at least four executive-level staff. For NCB charter schools that exceed the cap and are authorized by districts without the required staffing capacity, the bill directs the SBE to reassign the charter to a larger authorizer within the county at the time of the school's next renewal. These changes are intended to better align authorizer oversight capacity with the scale of the schools they oversee.

- 14) ***Preventing attendance fraud through data modernization and calendar safeguards.*** One of the most egregious findings in the A3 fraud case was the manipulation of student enrollment and calendars to double- or triple-count attendance for state funding. This was made possible, in part, because California lacks a real-time, student-level system for tracking ADA. Currently, attendance is reported separately from student demographic data in CALPADS, making it difficult to detect duplicate or sequential enrollments across schools. This bill directs CDE to study the feasibility of integrating attendance data into CALPADS by 2030, laying the groundwork for long-term improvements in fraud detection.
- 15) ***Charter authorizer support and training.*** In addition to addressing oversight limits, the bill proposes reestablishing a statewide support structure for charter school authorizers, modeled after the now-defunct Charter Authorizers Regional Support Network (CARSNet). The new Charter Authorizer Support Team (CAST), to be administered by FCMAT, would provide training, technical assistance, and tools for small and mid-size districts tasked with overseeing charter schools. The goal is to build authorizer capacity not by defaulting to state-level control but by investing in local expertise. This proposal aligns with SCO's Charter School Audit Task Force recommendations and has been retained in the bill with support from charter oversight organizations.
- 16) ***Use of instructional funds for vendor-based enrichment.*** This bill prohibits all LEAs, including NCB charter schools, from allocating or advertising the availability of funds or credits to be spent at the discretion of a pupil's parent, guardian, or education rights holder on educational enrichment activities that are not provided by a credentialed employee of the agency and that are paid for by the agency. This provision is not based on any specific recommendation from the LAO/FCMAT or SCO reports. However, it appears to reflect broader concerns that emerged during investigations into misuse of public funds in the NCB sector—particularly the blurred lines between instructional expenditures and private consumer choices.

Supporters of this provision argue that public school dollars should not be used as flexible spending accounts for parents, especially when those dollars are sometimes paying for extracurriculars like martial arts, horseback riding, or sewing that—while enriching—are not typically part of a standards-aligned instructional program. They also point to the rise of marketing materials prominently advertising academic funds as a recruitment tool, raising concerns about whether such practices incentivize privatization of public education and encourage families to pressure schools to fund activities that may be peripheral to academic progress. In this view, the provision helps ensure that credentialed educators—not parents or vendors—retain responsibility for shaping students' educational experiences and aligning expenditures with state goals.

Critics of this provision counter that many vendor-based services are educationally meaningful and fill real access gaps—particularly in rural areas or for students with unique needs. They note that in many NCB programs, credentialed teachers already work closely with families to ensure that all instructional spending is aligned to a student’s learning plan, subject to multiple layers of school oversight. From this perspective, the bill’s language could eliminate not just outlier abuses but also thoughtful, compliant practices that have helped students thrive in alternative learning environments.

This provision raises a fundamental policy tension between preserving educational flexibility and ensuring public accountability. Whether it strikes the right balance between the two remains a point of active debate.

- 17) ***Arguments in support.*** The California School Employees Association (CSEA), sponsor of AB 84, supports the bill as a necessary set of reforms aligned with recommendations from the LAO, FCMAT, the SCO’s Charter Audit Task Force, and the California Charter Authorizing Professionals. CSEA argues that California’s existing oversight framework for NCB charter schools has proven inadequate, allowing significant misuse of public funds and governance breakdowns.

CSEA highlights the 2019 A3 Education scandal, in which \$400 million in state funds were misappropriated through fraudulent student enrollment schemes and self-dealing contracts. A3 targeted small school districts with limited capacity to serve as authorizers and operated a network of schools under centralized control, using their authority to contract with related entities. CSEA contends that this case illustrates how existing safeguards—audits, authorizer oversight, and the funding determination process—failed to prevent large-scale fraud.

With the NCB charter moratorium set to expire in January 2026, CSEA believes AB 84 is a timely and measured response. The bill reflects the work of nonpartisan agencies tasked with identifying structural gaps and proposing improvements. In CSEA’s view, the Legislature must act now to close loopholes and ensure that public funding for NCB charter schools is subject to stronger accountability moving forward.

- 18) ***Arguments in opposition.*** A coalition representing nearly all California charter schools—including APLUS+, the California Charter Schools Association, and the Charter Schools Development Center—opposes AB 84. While the coalition supports efforts to prevent fraud, it argues that the bill takes a heavy-handed approach that would impose excessive administrative requirements, divert funds from classrooms, and establish two new state bureaucracies. The coalition instead supports SB 414 (Ashby, 2025), which they view as a more balanced and targeted reform effort aligned with the recommendations of recent oversight reports and better suited to support high-performing charter schools.

Opponents contend that AB 84 goes well beyond what recent oversight reports recommend and reopens long-settled policy issues without clear justification. They argue that the bill expands audit and authorizer oversight duties without

ensuring accountability for authorizers themselves, caps authorizing authority based on district size without supporting data, and imposes costly mandates on schools and state agencies without providing funding. They also raise concerns about provisions such as limits on teacher compensation for meetings, new reporting obligations, and the creation of new oversight agencies, asserting these are not grounded in evidence and would harm effective educational programs.

While acknowledging that discussions with the author's office and committee staff are ongoing, the coalition believes that AB 84 is not the right vehicle for reform in its current form. They describe the bill as punitive, costly, and unlikely to achieve its intended outcomes. The coalition reaffirms its support for responsible charter school oversight and expresses appreciation for the committee's earlier support of SB 414 as a more appropriate path forward.

- 19) ***Committee amendments and ongoing negotiations.*** In preparation for this hearing, committee staff has engaged extensively in negotiations with the author's office, the bill's sponsors, and charter school representatives, including opponents of the bill. These discussions have resulted in a set of committee amendments that reflect meaningful compromises across several policy areas. These include:

Funding Determination Process

- a) Clarify that NCB charter schools within the same network must apply for funding determinations in the same year; in turn, strike the requirement that data from schools within the same network be aggregated as part of the funding determination process.
- b) Clarify that the definition of "virtual charter school" is for purposes of data collection in CALPADS.
- c) Strike the provision lowering the in-person instruction threshold from 80% to 75% for purposes of defining an NCB charter school and triggering the funding determination requirement.
- d) Delay the implementation of the codified funding determination process from 2026-27 to 2027–28.
- e) Clarify the specific financial documentation (e.g., pupil-to-teacher ratio, certificated salaries and benefits) that NCB charter schools must annually provide to CDE in connection with their funding determination.
- f) Establish a three-year funding determination period for NCB charter schools that are part of a network instead of an annual funding determination.
- g) Provide the SBE discretionary authority to consider mitigating circumstances when a charter school does not otherwise qualify for 100% funding.

- h) Exclude from revenue, for funding determination purposes, reserve transfers of up to 5% of a charter school's total revenue or the amount needed to bring reserves to 10% of total annual expenditures, whichever is smaller.
- i) Refine the definition of a "network of NCB charter schools" to emphasize shared governance and common corporate control, while removing criteria based on shared teachers or large common vendor contracts.

Audit and Oversight

- j) Delay the implementation of new audit guide requirements from 2026-27 to 2027-28.
- k) Delay the implementation of the auditor training requirement from 2026–27 to 2027-28.
- l) Eliminate the requirement to include specific audit schedules on pupil-to-teacher ratio, certificated staff salaries and benefits, and instruction/services expenditures.

Technical and Clarifying Changes

- m) Include numerous other minor edits for clarity and implementation without changing substantive policy.

These committee amendments are not intended to reflect a final agreement between all parties, and several provisions remain the subject of disagreement. However, they represent a meaningful step forward in the negotiation process and are being requested by the Committee as a demonstration of good faith and continued progress.

Discussions will continue beyond this hearing, not only to refine the provisions addressed in these amendments but also to work through the many other policy areas this bill touches related to the oversight, operation, and funding of NCB charter schools. The Committee's engagement at this stage plays an important role in shaping a more balanced and enforceable framework—one that strengthens accountability while preserving access to high-quality NCB programs.

20) ***Related legislation.***

SB 719 (Cabaldon, 2025) would enact a series of audit reform measures for school districts, county offices of education, and charter schools. This bill is currently pending in the Senate Business, Professions and Economic Development Committee.

SB 414 (Ashby, 2025) would make a broad set of changes to charter school law related to audit procedures, financial oversight, governance, and funding

determinations. The bill is currently pending in the Assembly Education Committee.

SB 1477 (Ashby, 2024) would have required the governing board of a charter school to review, at a public meeting, the annual audit of the charter school for the prior fiscal year; require auditors of NCB charter schools to perform specified activities; and require all LEAs to only enter into an agreement for educational enrichment activities with a vendor that is vetted and approved pursuant to specified criteria. This bill was held in the Assembly Education Committee.

AB 1316 (O'Donnell, 2021) would have established new requirements for NCB charter schools in the areas of auditing and accounting standards, the funding determination process, adding requirements to the contracting process, IS program requirements, required teacher to pupil ratios, limiting authorization of NCB charters by small districts, and the authorizer oversight process. This bill was held on the Assembly Floor.

SB 593 (Glazer, 2021) would have required FCMAT to offer auditors of NCB charter schools training on the review of charter school financial documents, require the governing board of a charter school to annually review the audit of the charter school, and create new IS study requirements. This bill was held in the Assembly Education Committee.

AB 2990 (C. Garcia, 2020) would have placed several new restrictions on educational enrichment activities at NCB charter schools. This bill was held on the Assembly Floor.

AB 1505 (O'Donnell, Chapter 486, Statutes of 2019) established a two year moratorium on the establishment of NCB charter schools until January 1, 2022.

AB 1507 (Smith, Chapter 487, Statutes of 2019) prohibits charter schools from being located outside the boundaries of their authorizer and, authorizes NCB charter schools to establish one resource center within the jurisdiction of the school district where the charter school is located.

SUPPORT

American Federation of State, County and Municipal Employees
California Federation of Labor Unions
California School Employees Association
California Teachers Association
Los Angeles County Democratic Party
Public Advocates

OPPOSITION

21st Century Alliance
Achieve Charter Schools
Alder Grove Charter School
Allegiance Steam Academy

Alliance College-Ready Public Schools
Alliance of Independent Learners
Alma Fuerte Public School
Alpha Public Schools
Alta Public Schools
Altus Schools
America's Finest Charter School
American Heritage Charter Schools
Antioch Charter Academy
Antioch Charter Academy II
Ararat Charter School
Arts in Action Community Charter Schools
ASA Charter School
Aspen Public Schools
Aspire Public Schools
Association of Personalized Learning Schools & Services
Aveson Schools
Big Picture Educational Academy
Big Sur Charter School
Birmingham Community Charter High School
Bridges Charter School
Bridges Preparatory Academy
Brookfield Engineering Science Technology
Butte County Office of Education
Cabrillo Point Academy
California Homeschool Network
California Association of School Business Officials
California Baptist for Biblical Values
California Catholic Conference
California Charter Schools Association
California County Superintendents
California Creative Learning Academy
California Montessori Project
California Online Public School
California Pacific Charter Schools
California Parents for Public Virtual Education
California Policy Center
California Republic Leadership Academy
California Virtual Academies
Camarillo Academy of Progressive Education
Camino Nuevo Charter Academy
Champs Charter High School of the Arts
Charter Schools Development Center
Children's Community Charter School
Chime Institute
Choices Charter School
City of Huntington Beach
Clarksville Charter School
Coastal Grove Charter School
College Prep Genius

Community Learning Center Schools
CORE a Community Collaboration
CORE Butte Charter School
CORE Charter School
County of Sonoma
Creative Cultivation Studio
Creative Learners of California
Creative Learning Place
Crossroads Charter Academy
CWC Los Angeles
Da Vinci Schools
Delta Managed Solutions
Desert Trails Preparatory Academy
Discovery Charter Schools
Dixon Montessori Charter School
Dr. Lewis Dolphin Stallworth Charter School
Dual Language Immersion North County
Edison Bethune Charter Academy
Ednovate
Education for Change Public Schools
Eel River Charter School
El Sol Science and Arts Academy
Element Education
Elevate School
Environmental Charter Schools
Epic Charter School
Equitas Academy Charter Schools
Excel Academy Charter School
Extera Public Schools
Family Partnership Charter School
Feaster (Mae L.) Charter School
Feather River Charter School
Fenton Charter Public Schools
Foothill Learning Academy
Forest Charter School
Forest Ranch Charter
Freedom Angels
Fresno Innovative Charter Schools
Gabriella Charter Schools
Gateway College and Career Academy
Gateway Community Charters
Girls Athletic Leadership Schools Los Angeles
Glacier High School Charter
Golden Eagle Charter School
Golden Valley Charter School
Gorman Learning Charter Network
Granada Hills Charter
Granite Mountain Charter School
Great Valley Academy
Green DOT Public Schools

Griffin Technology Academies
Growth Public Schools
Guajome Schools
Hawking Steam Charter School
Heartwood Charter School
Hemet Christian Homeschool Moms
High Tech Los Angeles
History Rocks!
Home Haven Collective
Hometech Charter School
Howard Gardner Community School
ICEF Public Schools
iLEAD
iLEAD CA Charters 1
iLEAD California
Ingenium Schools
Innovations Academy
Innovative Education Management
Inspire School of Arts and Sciences
Intellectual Virtues Academy High
Invictus Leadership Academy
Irvine International Academy
Ivy Academia
JCS Family of Charter Schools
John Muir Charter Schools
Journey School
Kairos Public Schools
Kavod Charter School
Kepler Neighborhood School
Kid Street Charter School
Kidinnu Academy
KIPP Public Schools Northern California
Larchmont Charter School
Lashon Academy
Learn4life
Learning for Life Charter School
Legislation Take Action
Leonardo Da Vinci Health Sciences Charter School
Lighthouse Baptist Church
Literacy First Charter Schools
Little Explorers Homeschool Co-Op
Live Online Math
Los Angeles Academy of Arts and Enterprise
Magnolia Public Schools
Maria Montessori Charter Academy
Matrix for Success Academy
Mayacamas Countywide Middle School
Meadows Arts and Technology Elementary School
Method Schools
Mission Vista Academy

Montague Charter Academy
Motivated Youth Academy
Mountain Home School Charter
Multicultural Learning Center
Museum School Collaborative
Natomas Charter School
Natomas Homeschool Alliance
Natomas USD for Freedom
Navigator Schools
New Heights Charter School
New West Charter
Nord Country School
Northern United Charter Schools
Northwest Prep Charter School
Nova Academy Early College High School
Ocean Charter School
Odyssey Charter Schools
Olive Grove Charter School
Orange County Academy of Sciences and Arts
Orange County School of the Arts / California School of the Arts Foundation
Pacific Charter Institute
Pacific View Charter School
Pacoima Charter School
Para Los Ninos
Pasadena Rosebud Academy Charter School
Pazlo Education Foundation
PCA College View
Peabody Charter School
Peninsula Parents for Personalized Education
Plumas Charter School
Port of Los Angeles High School
Pseudogenius Learning Labs
Puente Learning Center
Real Impact.
Redwood Coast Montessori
Redwood Collegiate Academy
Renaissance Arts Academy
Revillage Napa Homeschoolers
Rex and Margaret Fortune School of Education
River Montessori Charter School
River Oaks Academy Charter School
River Springs Charter School
Rocklin Academy Family of Schools
Sage Oak Charter Schools
San Carlos Charter
San Diego Virtual School
San Jose Conservation Corps & Charter School
Santa Rosa Academy Parents
Santa Rosa French-American Charter School
Save Glendora Schools

Save Our Schools Coalition
Scale Leadership Academy
Scholarship Prep Charter School
Sebastopol Independent Charter
Sequoia Career Academy
Shade Canyon School
Shasta Charter Academy
Shasta View Academy
Sherman Thomas Charter School
Sherwood Montessori
Small School Districts Association
Soar Charter Academy
Southwest California Legislative Council
Sparrow Academy
Stand Up Sacramento County
Stellar Charter School
Stem Prep Schools
Stride
Success One! Charter
Summit Enrichment Academy
Summit Public Schools
Suncoast Charter
Suncoast Prep Academy
Supporting True Options in Public Education Coalition
Sycamore Creek Community Charter School
Synergy Academies
Taylion High Desert Academy
Teach Public Schools
Tehama Elearning Academy
Temecula Valley Charter School
The Classical Academies
The Cottonwood School
The Foundation for Hispanic Education
The Grove School
The Language Academy of Sacramento
The Learning Choice Academy
The O'Farrell Charter Schools
The Preuss School UCSD
Tierra Pacifica Charter
Tree of Life Charter School
Trillium Charter School
Union Street Charter
Urban Charter Schools Collective
Valley Charter School
Valley International Preparatory High School
Valley Life Charter Schools
Valley View Charter Prep
Ventura Charter School of Arts and Global Education
Vibrant Minds Charter School
Virtual Learning Academy, Sage Oak Charter Schools

Vista Charter Public Schools
Vista Oaks Charter School
Voices College Bound Language Academies
Vox Collegiate
We Spark Learning
Westbrook Academy
Western Sierra Charter Schools
Westlake Charter School
Wildflower Open Classroom
William Finch Charter School
Write On!
YPI Charter Schools
Yuba County Career Preparatory Charter School
Various individuals

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