

AMENDED IN SENATE JULY 17, 2025

AMENDED IN SENATE JULY 8, 2025

AMENDED IN ASSEMBLY JUNE 3, 2025

AMENDED IN ASSEMBLY JUNE 2, 2025

AMENDED IN ASSEMBLY MAY 5, 2025

AMENDED IN ASSEMBLY MARCH 19, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

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**ASSEMBLY BILL**

**No. 84**

**Introduced by Assembly Members Muratsuchi and Garcia**

December 20, 2024

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An act to amend Sections 1240, 14500, 14501, 14503, 14504, 14504.2, 14505, 14506, 14507, 14508, 14509, 17604, 41020, 41020.2, 41020.3, 41020.5, 41020.8, 41341, 41344.4, 41372, 44258.9, 45037, 45125.1, 47604.32, 47605, 47605.6, 47612.5, 47612.7, 47634.2, 51745.6, 51746, and 51748 of, to add Sections 33309.5, 41020.4, 47604.35, 47605.8, 47605.10, 47609, 47613.3, 47634.3, and 51749.7 to, and to add and repeal Section 46306 of, the Education Code, relating to school accountability.

LEGISLATIVE COUNSEL'S DIGEST

AB 84, as amended, Muratsuchi. 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.

(1) Existing law requires county superintendents of schools to provide for an audit of all funds under their jurisdiction and control, and requires the governing board of each local educational agency to either provide for an audit of the books and accounts of the local educational agency or make arrangements with county superintendents of schools to provide for that auditing. Existing law requires the governing board of each school district and each office of the county superintendent of schools to include specified provisions in their contracts for audits and requires financial and compliance audits to be performed in accordance with specified standards. If the governing board of a school district has entered into a contract for an independent audit of its financial statements and the audited financial statements have not been filed with the county superintendent of schools on or before a specified due date, existing law authorizes the county superintendent of schools to, among other things, investigate the causes for the delay, as provided.

This bill would expressly apply the above-described provisions to educational joint powers authorities and charter schools. The bill, among other things, would require those financial and compliance audits of local educational agencies to be conducted in accordance with specified filing deadlines and would revise requirements regarding which entity is responsible for providing an audit if a local educational agency has not provided for an audit of their respective books and accounts to include the Superintendent of Public Instruction or a chartering authority, as provided. The bill would require, instead of authorize, a county superintendent of schools to investigate the causes for an above-described delay.

Existing law requires the Controller to, among other things, on an annual basis, review and monitor the audit reports performed by independent auditors, determine whether audit reports are in conformance with specified reporting provisions, and notify each local educational agency, the responsible county superintendent of schools, the Superintendent, the Department of Finance, and the auditor regarding each determination. Existing law authorizes the Controller to perform quality control reviews of audit working papers to determine whether audits are performed in conformity with those specified standards. Existing law requires the Controller to annually report to the State Department of Education to apprise the department of school districts and offices of county superintendents of schools that are not in compliance with applicable statutes and regulations related to audits

and requires the Controller to make recommendations as to what action should be taken by the department.

The bill would require the Controller to, if applicable, notify the responsible chartering authority of each determination made as referenced above. The bill would require the Controller, in performing quality control reviews, to ensure, among other things, that the selection of audits for each auditor is representative of each type of local educational agency, as provided. The bill would require the Controller to instead report and provide recommendations to the Superintendent of entities not in compliance with applicable statutes and regulations and would include educational joint powers authorities and charter schools as reported entities. The bill would require the Controller to conduct a quality control review after an authorized certified public accountant or public accountant, as specified, completes its first local educational agency financial statement and compliance audit or completes its first audit after 3 or more years of not having completed an audit, as provided. The bill would require the Controller, if an independent auditor has not engaged in financial or compliance audits for 3 or more consecutive years, to conduct a quality control review after the auditor completes the first financial or compliance audit.

The bill, commencing with the ~~2026–27~~ 2027–28 fiscal year Guide for Annual Audits of K–12 Local Education Agencies and State Compliance Reporting, would require the Controller to include, among other things, instructions requiring specified supplemental information and schedules in audit report components for local educational agency audits, as provided.

Existing law requires audits to be made by a certified public accountant or a public accountant, licensed by the California Board of Accountancy, and in good standing as certified by the California Board of Accountancy.

The bill would require, commencing with the ~~2026–27~~ 2027–28 fiscal year, and every 2 years thereafter, certified public accountant firms, certified public accountants or public accountants, and audit staff that conduct audits of local educational agencies to have completed 24 hours of continuing education, to have certified prior experience, and to have been peer reviewed by the California Board of Accountancy, as provided.

To the extent the bill would impose additional duties on local educational agencies or local officials, the bill would impose a state-mandated local program.

(2) Existing law, whenever in the Education Code the power to contract is invested in the governing board of a school district or any member thereof, authorizes that power, by a majority vote of the governing board, to be delegated to its district superintendent, or to any persons the district superintendent may designate, or if there is no district superintendent, to any other officer or employee of the district that the governing board may designate, as specified.

This bill would add a similar provision relating to charter school governing bodies and charter school officials that may be designated by those governing bodies in that instance.

(3) Existing law establishes the State Department of Education, under the administration of the Superintendent of Public Instruction, and assigns to it numerous duties relating to the governance and financing of the public elementary and secondary schools of this state.

This bill would establish the Office of the Education Inspector General in the department. The bill would provide for the appointment of the Education Inspector General by the Governor, subject to confirmation by a vote of the majority of the membership of the Senate. The bill would require the Education Inspector General to (A) conduct and supervise audits and investigations relating to the programs and operations of the department, school districts, county offices of education, charter schools, educational joint powers authorities, state special schools, and entities managing charter schools, (B) provide leadership and coordination and recommend policies to prevent and detect fraud and abuse in programs and operations of the department, local educational agencies, and entities managing charter schools, and (C) provide a means for keeping the State Board of Education and the Legislature fully and currently informed about problems and deficiencies relating to the administration of the programs and operations of the department, local educational agencies, and entities managing charter schools and the necessity for and progress of corrective actions that the Inspector General deems to be appropriate.

(4) Existing law requires the Commission on Teacher Credentialing to establish standards for the issuance and renewal of credentials, certificates, and permits. Existing law requires the commission and the department to enter into a data sharing agreement for the department to provide the commission with educator assignment data necessary to annually identify educator misassignments and vacant positions at local educational agencies, as provided, as part of the State Assignment Accountability System. Existing law requires the commission to

annually use data it receives from the department to produce an initial data file of vacant positions and educator assignments that do not have a clear match of credential to assignment and requires the commission to notify local educational agencies and monitoring authorities of the opportunity to access and review the initial data file of potential misassignments, as defined, and vacant positions. Existing law grants the commission the authority to make a final determination for all potential misassignments. Existing law requires, commencing with the 2020–21 school year, the commission to make annual educator assignment, misassignment, and vacant position data publicly available on its internet website. ~~Existing law specifies that, for these purposes, in a charter school, “misassignment” applies only to employees in teaching positions.~~

~~This bill would delete the provision that limits the application of “misassignment” in charter schools only to employees in teaching positions. The bill would require teachers of certain courses offered by a local educational agency to hold the certificate, permit, or other document required by the commission for that assignment and be monitored. To the extent that this provision would create new duties for county superintendents of schools and local educational agencies, it would constitute a state-mandated local program.~~

(5) Existing law establishes a public school financing system that requires state funding for school districts, county offices of education, and charter schools to be calculated pursuant to a local control funding formula, as specified. Existing law includes average daily attendance as a component of the calculation under the local control funding formula. Existing law establishes the California Longitudinal Pupil Achievement Data System, which is maintained by the State Department of Education and consists of pupil data from elementary and secondary schools, as specified, relating to demographics, program participation, enrollment, and statewide assessments, among other things.

This bill would require the department to, by January 1, 2030, and in consultation with the County Office Fiscal Crisis Management Assistance Team, complete a report with specified data relating to the possible integration of the California Longitudinal Pupil Achievement Data System and the average daily attendance apportionment data system, and would require the department to provide the report to the appropriate policy and fiscal committees of the Legislature, as provided.

(6) Existing law requires the Superintendent, if, during any fiscal year, the amount apportioned to a school district or to any fund from

Section A of the State School Fund differs either positively or negatively from the amount to which the school district or fund was entitled by an amount equal to the local control funding formula allocation for one unit of average daily attendance, not later than the first succeeding fiscal year from the fiscal year in which the computational error was made, to withhold from, or add to, the apportionment made during that fiscal year, the amount of the excess or deficiency, as the case may be.

This bill would require the Superintendent to apply the above-described provisions to county offices of education and charter schools. If, during any fiscal year, a school district, county office of education, or charter school determines that the amount apportioned to the school district, county office of education, charter school, or to any fund from Section A of the State School Fund differs either positively or negatively from the amount to which the school district, county office of education, charter school, or fund was entitled by an amount equal to the local control funding formula allocation for one or more units of average daily attendance, the bill would require the local educational agency to report the corrected amount to the Superintendent. To the extent the bill would impose additional duties on a local educational agency, the bill would impose a state-mandated local program.

Existing law requires the governing board of a school district, the governing body of a charter school, and a county board of education, except as provided, to use specified moneys apportioned to the local educational agency during any fiscal year exclusively for the support of the schools of the local educational agency for that year. Existing law requires the governing board of a school district to expend a specified minimum proportion of the school district's current expense of education, as defined, during each fiscal year for payment of salaries of classroom teachers, as provided. Existing law requires state funding to be calculated and withheld from a school district or county office of education for any fiscal year in which a person renders service as a teacher in kindergarten or any of grades 1 to 12, inclusive, who does not have a valid certification document, as provided.

The bill would apply the above-described provisions relating to the payment of salaries of classroom teachers and penalties for a person rendering services as a teacher who does not have a valid certification document to charter schools, as provided.

(7) The Charter Schools Act of 1992 authorizes the establishment, operation, and governance of charter schools. Existing law requires a petition to establish a charter school to include reasonably

comprehensive descriptions of certain things, including the manner in which annual, independent financial audits shall be conducted, and the manner in which audit exceptions and deficiencies shall be resolved to the satisfaction of the chartering authority.

Commencing July 1, 2028, the bill would require each chartering authority to annually (A) verify specified data relating to the reporting of average daily attendance by nonclassroom-based charter schools, (B) notify the certified public accountant or accountant performing the audit of the charter school if the charter school does not provide the required documentation needed to verify the specified data, (C) attend a meeting of the governing body of the charter school and, if applicable, a meeting of the governing body of the entity managing the charter school, and (D) monitor payments of charter schools to verify that the payments are legal and have proper authorization, as provided.

The bill would require the State Board of Education, in consultation with the Superintendent of Public Instruction, to revise regulations to require charter schools to report periodic and annual financial data in the same manner and on the same form prescribed for school districts. The bill would phase in, from the 2026–27 fiscal year to the 2028–29 fiscal year, inclusive, and based on the average daily attendance of the charter school and whether the charter school is a nonclassroom-based charter school, the requirement that charter schools report this data in the same manner and on the same form prescribed for school districts, as provided.

The bill would require the state board to appoint an advisory committee on charter schools that would include representatives from school district superintendents, charter schools, teachers, members of the governing boards of school districts, county superintendents of schools, and the Superintendent.

The bill would prohibit a school district with an average daily attendance of fewer than 10,000 pupils from authorizing one or more nonclassroom-based charter schools or approving a material revision to expand one or more nonclassroom-based charter schools if doing so would result in more than a totality of 100% of the average daily attendance of the school district and would create an exception for a nonclassroom-based charter school in operation on or before December 31, 2025, that exceeds that limitation if, as of December 31, 2025, certain requirements are met.

The bill would establish the Charter Authorizing Support Team program, to be administered by the County Office Fiscal Crisis and

Management Assistance Team, in consultation with the State Department of Education, as an initiative to expand uniform charter school authorizing and oversight practices. The bill would specify the goals and proposed activities of the program, including the appointment of a 13-member advisory board with designated membership and responsibilities.

On and after July 1, 2026, the bill would require charter schools to comply with specified requirements relating to the expenditure of public funds for the payment of contractors, and would require the extent of the charter school's compliance with these requirements to be reviewed and reported as part of the annual, independent financial audit that the charter school is required to submit. The bill would require charter schools to obtain the approval of the governing body of the charter school for any contract that would cause the charter school to compensate an individual contractor more than \$100,000 in a fiscal year.

*Existing law requires the amount of funding to be allocated to a charter school on the basis of average daily attendance that is generated by pupils engaged in nonclassroom-based instruction, as defined, to be adjusted by the state board, as provided.*

The

*This bill would, beginning July 1, 2026, revise and recast provisions of the act relating to the reporting of average daily attendance by charter schools, and would distinguish between the determination of funding for charter schools that offer less than 75% of instructional time at the schoolsite and require the attendance of all pupils for less than 75% of the minimum instructional time required to be offered and charter schools that offer 75% or more, respectively. would revise and recast those provisions by, among other things, requiring the above-described determination for funding to instead be on a percentage basis and requiring the Superintendent of Public Instruction to implement the determination for funding by reducing the charter school's reported average daily attendance by the determination for funding percentage specified by the state board, as provided.* The bill would require charter schools to adhere to specified criteria when submitting a funding determination request, as provided. The bill would require the Superintendent of Public Instruction to notify the chartering authority of a charter school that is maintaining an unassigned fund balance for economic uncertainties that is 5% or less of the charter school's annual expenditures.

Beginning with the 2027–28 school year, the bill would require the State Department of Education to annually develop a list that identifies networks of nonclassroom-based charter schools, as defined, based on data from the prior school year.

To the extent that these additions to the act would impose new duties on local educational agencies, they would constitute a state-mandated local program.

(8) Existing law authorizes a school district, county office of education, or charter school to offer independent study to meet the educational needs of pupils when certain requirements are met, including, among others, that the local educational agency has adopted written policies, and implemented those policies, in accordance with rules and regulations adopted by the Superintendent, as specified. Existing law, for purposes of independent study, requires those programs to meet specified average-daily-attendance-to-certificated-employee ratios. Existing law prohibits school districts and county offices of education from being eligible to receive apportionment for independent study attendance by any pupil who is not otherwise identified in the written records of the school district or county board of education, as provided.

This bill would, among other things, extend the latter-described prohibition to charter schools, revise required average-daily-attendance-to-certificated-employee ratios, and add requirements to the independent study policies and procedures, as provided.

The bill would prohibit a local educational agency 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 for educational enrichment activities that are (A) not provided by a credentialed employee of the local educational agency for the pupil and (B) are paid for by the local educational agency.

(9) Existing law requires any entity that has a contract with a school district, county office of education, or charter school to ensure that any employee who interacts with pupils, outside of the immediate supervision and control of the pupil’s parent or guardian or a school employee, has a valid criminal records summary, as specified.

This bill would require an entity that has a contract with a local educational agency to instead ensure any employee who interacts with pupils has a valid criminal records summary without regard to whether

the interaction takes place outside of the immediate supervision and control of the pupil’s parent or guardian or a school employee.

(10) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares all of the  
2 following:

3 (a) Accountability within public educational funding is the  
4 expressed interest of the Legislature.

5 (b) Consistency of the application of audit standards and  
6 requirements across school districts, county superintendents of  
7 schools, and charter schools, known collectively as local  
8 educational agencies, is an essential component of transparency.

9 (c) Sound fiscal management practices across local educational  
10 agencies promote the most efficient and effective use of public  
11 funds for the education of children by strengthening fiscal  
12 accountability at local educational agencies.

13 (d) Quality audits of local educational agencies are necessary  
14 for consistent financial and compliance transparency and to produce  
15 essential accountability measures.

16 (e) The quality of audits of local educational agencies is directly  
17 influenced by the quality of certified and noncertified public  
18 accountants who serve as auditors.

19 (f) The quality of individual auditors’ work product is correlated  
20 to training and experience.

21 (g) Processes that ensure a thorough and fair evaluation of audit  
22 and auditor quality and provide for appropriate discipline of  
23 auditors are essential.

24 ~~SEC. 2. Section 1240 of the Education Code is amended to~~  
25 ~~read:~~

1 1240. ~~The county superintendent of schools shall do all of the~~  
2 ~~following:~~

3 ~~(a) Superintend the schools of that county.~~

4 ~~(b) Maintain responsibility for the fiscal oversight of each school~~  
5 ~~district in that county pursuant to the authority granted by this~~  
6 ~~code.~~

7 ~~(c) (1) Visit and examine each school in the county at~~  
8 ~~reasonable intervals to observe its operation and to learn of its~~  
9 ~~problems. The county superintendent of schools annually may~~  
10 ~~present a report of the state of the schools in the county, and of~~  
11 ~~the county office of education, including, but not limited to,~~  
12 ~~observations from visiting the schools, to the board of education~~  
13 ~~and the board of supervisors of the county.~~

14 ~~(2) (A) (i) Commencing with the 2021–22 fiscal year, the~~  
15 ~~Superintendent shall identify a list of schools, which shall include~~  
16 ~~charter schools, for which the county superintendent, or a designee,~~  
17 ~~shall inspect annually, and about which the county superintendent,~~  
18 ~~or a designee, shall submit an annual report, at a regularly~~  
19 ~~scheduled November board meeting, to the governing board of~~  
20 ~~each school district under the jurisdiction of the county~~  
21 ~~superintendent, the county board of education of that county, and~~  
22 ~~the board of supervisors of that county, that describes the state of~~  
23 ~~the schools in the county. The list established in the 2021–22 fiscal~~  
24 ~~year shall also be used as the list established in the 2022–23 and~~  
25 ~~2023–24 fiscal years. The list of schools established pursuant to~~  
26 ~~this section shall be reestablished in the 2024–25 fiscal year and~~  
27 ~~again every three fiscal years thereafter. Each list shall be~~  
28 ~~established in accordance with clause (ii), and shall be used for~~  
29 ~~inspections beginning the following fiscal year.~~

30 ~~(ii) The list of schools pursuant to clause (i) shall be compiled~~  
31 ~~as follows:~~

32 ~~(I) The Superintendent shall include on the list all schools that~~  
33 ~~were most recently identified for comprehensive support and~~  
34 ~~improvement and additional targeted support and improvement~~  
35 ~~pursuant to the federal Every Student Succeeds Act (Public Law~~  
36 ~~114-95) or identified as low performing under the federal~~  
37 ~~Elementary and Secondary Education Act of 1965 (Public Law~~  
38 ~~89-10), or any subsequent amendments to that act. For the list~~  
39 ~~established in the 2021–22, 2022–23, and 2023–24 fiscal years,~~  
40 ~~the Superintendent shall use the list of schools identified in the~~

1 2019–20 fiscal year for comprehensive support and improvement  
2 and for additional targeted support and improvement.

3 (H) ~~The Superintendent shall include on the list all schools~~  
4 ~~where 15 percent or more of the teachers are holders of a permit~~  
5 ~~or certificate, such as a temporary or short-term permit, a substitute~~  
6 ~~permit, a waiver, an intern credential, or any other authorization~~  
7 ~~that is a lesser certification than a preliminary or clear California~~  
8 ~~teaching credential. With the exception of alternative schools, all~~  
9 ~~schools within a local educational agency that fail to meet the~~  
10 ~~requirements of Sections 44258.9 and 60900 shall be included on~~  
11 ~~the list for the applicable reporting cycle.~~

12 ~~(H) The list of schools compiled pursuant to clause (i) shall~~  
13 ~~exclude alternative schools within the meaning of subdivision (d)~~  
14 ~~of Section 52052 and other schools accepted for participation in~~  
15 ~~the Dashboard Alternative School Status program by the~~  
16 ~~department.~~

17 ~~(iii) The annual report shall include the determinations for each~~  
18 ~~school made by the county superintendent, or the county~~  
19 ~~superintendent's designee, regarding the status of all of the~~  
20 ~~circumstances listed in subparagraph (E) and teacher~~  
21 ~~misassignments and teacher vacancies, as described in Section~~  
22 ~~44258.9, and the county superintendent, or the county~~  
23 ~~superintendent's designee, shall use a standardized template to~~  
24 ~~report the circumstances listed in subparagraph (E) and teacher~~  
25 ~~misassignments and teacher vacancies, as described in Section~~  
26 ~~44258.9, unless the current annual report being used by the county~~  
27 ~~superintendent, or the county superintendent's designee, already~~  
28 ~~includes those details with the same level of specificity that is~~  
29 ~~otherwise required by this subdivision.~~

30 ~~(B) The county superintendent of the Counties of Alpine,~~  
31 ~~Amador, Del Norte, Mariposa, Plumas, and Sierra, and the City~~  
32 ~~and County of San Francisco shall contract with another county~~  
33 ~~office of education or an independent auditor to conduct the~~  
34 ~~required visits and make all reports required by this paragraph.~~

35 ~~(C) On a quarterly basis, the county superintendent, or the~~  
36 ~~county superintendent's designee, shall report the results of the~~  
37 ~~visits and reviews conducted that quarter to the governing board~~  
38 ~~of the school district at a regularly scheduled meeting held in~~  
39 ~~accordance with public notification requirements. The results of~~  
40 ~~the visits and reviews shall include the determinations of the county~~

1 superintendent, or the county superintendent's designee, for each  
2 school regarding the status of all of the circumstances listed in  
3 subparagraph (E) and teacher misassignments and teacher  
4 vacancies, as described in Section 44258.9. If the county  
5 superintendent, or the county superintendent's designee, conducts  
6 no visits or reviews in a quarter, the quarterly report shall report  
7 that fact.

8 (D) The visits made pursuant to this paragraph shall be  
9 conducted at least annually and shall meet the following criteria:

10 (i) Minimize disruption to the operation of the school.  
11 (ii) Be performed by individuals who meet the requirements of  
12 Section 45125.1.

13 (iii) Consist of not less than 25 percent unannounced visits in  
14 each county. During unannounced visits in each county, the county  
15 superintendent shall not demand access to documents or specific  
16 school personnel. Unannounced visits shall only be used to observe  
17 the condition of school repair and maintenance, and the sufficiency  
18 of instructional materials, as defined by Section 60119.

19 (E) The priority objective of the visits made pursuant to this  
20 paragraph shall be to determine the status of all of the following  
21 circumstances:

22 (i) Sufficient textbooks, as defined in Section 60119 and as  
23 specified in subdivision (i).

24 (ii) The condition of a facility that poses an emergency or urgent  
25 threat to the health or safety of pupils or staff, as described in  
26 school district policy or paragraph (1) of subdivision (c) of Section  
27 17592.72.

28 (iii) The accuracy of data reported on the school accountability  
29 report card with respect to the availability of sufficient textbooks  
30 and instructional materials, as defined by Section 60119, and the  
31 safety, cleanliness, and adequacy of school facilities, including  
32 good repair, as required by Sections 17014, 17032.5, 17070.75,  
33 and 17089.

34 (F) The county superintendent may make the status  
35 determinations described in subparagraph (E) during a single visit  
36 or multiple visits. In determining whether to make a single visit  
37 or multiple visits for this purpose, the county superintendent shall  
38 take into consideration factors such as cost-effectiveness, disruption  
39 to the schoolsite, deadlines, and the availability of qualified  
40 reviewers.

1 (G) If the county superintendent determines that the condition  
2 of a facility poses an emergency or urgent threat to the health or  
3 safety of pupils or staff as described in school district policy or  
4 paragraph (1) of subdivision (c) of Section 17592.72, or is not in  
5 good repair, as specified in subdivision (d) of Section 17002 and  
6 required by Sections 17014, 17032.5, 17070.75, and 17089, the  
7 county superintendent, among other things, may do any of the  
8 following:

9 (i) Return to the school to verify repairs.

10 (ii) Prepare a report that specifically identifies and documents  
11 the areas or instances of noncompliance if the school district has  
12 not provided evidence of successful repairs within 30 days of the  
13 visit of the county superintendent or, for major projects, has not  
14 provided evidence that the repairs will be conducted in a timely  
15 manner. The report may be provided to the governing board of the  
16 school district. If the report is provided to the school district, it  
17 shall be presented at a regularly scheduled meeting held in  
18 accordance with public notification requirements. The county  
19 superintendent shall post the report on the internet website of the  
20 county superintendent. The report shall be removed from the  
21 internet website when the county superintendent verifies the repairs  
22 have been completed.

23 (d) Distribute all laws, reports, circulars, instructions, and blanks  
24 that the county superintendent may receive for the use of the school  
25 officers.

26 (e) Annually, on or before September 15, present a report to the  
27 governing board of the school district and the Superintendent  
28 regarding the fiscal solvency of a school district with a disapproved  
29 budget, qualified interim certification, or a negative interim  
30 certification, or that is determined to be in a position of fiscal  
31 uncertainty pursuant to Section 42127.6.

32 (f) Keep in the office of the county superintendent the reports  
33 of the Superintendent.

34 (g) Keep a record of the official acts of the county  
35 superintendent and of all the proceedings of the county board of  
36 education, including a record of the standing, in each study, of all  
37 applicants for certificates who have been examined, which shall  
38 be open to the inspection of an applicant or an authorized agent  
39 of the applicant.

40 (h) Enforce the course of study.

1 ~~(i) (1) Enforce the use of state textbooks and instructional~~  
2 ~~materials and of high school textbooks and instructional materials~~  
3 ~~regularly adopted by the proper authority in accordance with~~  
4 ~~Section 51050.~~

5 ~~(2) For purposes of this subdivision, sufficient textbooks or~~  
6 ~~instructional materials has the same meaning as in subdivision (c)~~  
7 ~~of Section 60119.~~

8 ~~(3) (A) Commencing with the 2022–23 school year, if a school~~  
9 ~~is identified as specified in subparagraph (A) of paragraph (2) of~~  
10 ~~subdivision (c), the county superintendent specifically shall review~~  
11 ~~that school at least annually as a priority school. A review~~  
12 ~~conducted for purposes of this paragraph shall be completed by~~  
13 ~~the fourth week of the school year.~~

14 ~~(B) In order to facilitate the review of instructional materials~~  
15 ~~before the fourth week of the school year, the county superintendent~~  
16 ~~in a county with 200 or more schools that are identified as specified~~  
17 ~~in subparagraph (A) of paragraph (2) of subdivision (c) may use~~  
18 ~~a combination of visits and written surveys of teachers for the~~  
19 ~~purpose of determining sufficiency of textbooks and instructional~~  
20 ~~materials in accordance with subparagraph (A) of paragraph (1)~~  
21 ~~of subdivision (a) of Section 60119 and as defined in subdivision~~  
22 ~~(e) of Section 60119. If a county superintendent elects to conduct~~  
23 ~~written surveys of teachers, the county superintendent shall visit~~  
24 ~~the schools surveyed within the same academic year to verify the~~  
25 ~~accuracy of the information reported on the surveys. If a county~~  
26 ~~superintendent surveys teachers at a school in which the county~~  
27 ~~superintendent has found sufficient textbooks and instructional~~  
28 ~~materials for the previous two consecutive years and determines~~  
29 ~~that the school does not have sufficient textbooks or instructional~~  
30 ~~materials, the county superintendent shall, within 10 business days,~~  
31 ~~provide a copy of the insufficiency report to the school district as~~  
32 ~~set forth in paragraph (4).~~

33 ~~(C) For purposes of this paragraph, “written surveys” may~~  
34 ~~include paper and electronic or online surveys.~~

35 ~~(4) If the county superintendent of schools determines that a~~  
36 ~~school does not have sufficient textbooks or instructional materials~~  
37 ~~in accordance with subparagraph (A) of paragraph (1) of~~  
38 ~~subdivision (a) of Section 60119 and as defined by subdivision (e)~~  
39 ~~of Section 60119, the county superintendent shall do all of the~~  
40 ~~following:~~

- 1     ~~(A) Prepare a report that specifically identifies and documents~~  
2 ~~the areas or instances of noncompliance.~~
- 3     ~~(B) Provide within five business days of the review, a copy of~~  
4 ~~the report to the school district, as provided in subdivision (c), or,~~  
5 ~~if applicable, provide a copy of the report to the school district~~  
6 ~~within 10 business days pursuant to subparagraph (B) of paragraph~~  
7 ~~(3).~~
- 8     ~~(C) Provide the school district with the opportunity to remedy~~  
9 ~~the deficiency. The county superintendent shall ensure that the~~  
10 ~~deficiency is remedied no later than the second month of the school~~  
11 ~~term.~~
- 12     ~~(D) If the deficiency is not remedied as required pursuant to~~  
13 ~~subparagraph (C), the county superintendent shall request the~~  
14 ~~department to purchase the textbooks or instructional materials~~  
15 ~~necessary to comply with the sufficiency requirement of this~~  
16 ~~subdivision. If the department purchases textbooks or instructional~~  
17 ~~materials for the school district, the department shall issue a public~~  
18 ~~statement at the first regularly scheduled meeting of the state board~~  
19 ~~occurring immediately after the department receives the request~~  
20 ~~of the county superintendent and that meets the applicable public~~  
21 ~~notice requirements, indicating that the district superintendent and~~  
22 ~~the governing board of the school district failed to provide pupils~~  
23 ~~with sufficient textbooks or instructional materials as required by~~  
24 ~~this subdivision. Before purchasing the textbooks or instructional~~  
25 ~~materials, the department shall consult with the school district to~~  
26 ~~determine which textbooks or instructional materials to purchase.~~  
27 ~~The amount of funds necessary for the purchase of the textbooks~~  
28 ~~and materials is a loan to the school district receiving the textbooks~~  
29 ~~or instructional materials. Unless the school district repays the~~  
30 ~~amount owed based upon an agreed-upon repayment schedule with~~  
31 ~~the Superintendent, the Superintendent shall notify the Controller~~  
32 ~~and the Controller shall deduct an amount equal to the total amount~~  
33 ~~used to purchase the textbooks and materials from the next~~  
34 ~~principal apportionment of the school district or from another~~  
35 ~~apportionment of state funds.~~
- 36     ~~(5) If the county superintendent of schools determines that there~~  
37 ~~are insufficient textbooks or instructional materials pursuant to a~~  
38 ~~resolution received in accordance with subparagraph (A) of~~  
39 ~~paragraph (2) of subdivision (a) of Section 60119 and as defined~~  
40 ~~by subdivision (c) of Section 60119, or as a result of receiving a~~

1 report of an unresolved complaint pursuant to subdivision (e) of  
2 Section 35186 or an audit exception pursuant to subdivision (l) of  
3 Section 41020, the county superintendent shall do both of the  
4 following:

5 (A) Provide the school district with the opportunity to remedy  
6 the deficiency. The county superintendent shall ensure that the  
7 deficiency is remedied no later than the second month of the school  
8 term.

9 (B) If the deficiency is not remedied as required pursuant to  
10 subparagraph (A), the county superintendent shall request the  
11 department to purchase the textbooks or instructional materials  
12 necessary to comply with the sufficiency requirement of this  
13 subdivision. If the department purchases the textbooks or  
14 instructional materials for the school district, the department shall  
15 issue a public statement at the first regularly scheduled meeting  
16 of the state board occurring immediately after the department  
17 receives the request of the county superintendent and that meets  
18 the applicable public notice requirements, indicating that the district  
19 superintendent and the governing board of the school district failed  
20 to provide pupils with sufficient textbooks or instructional materials  
21 as required by this subdivision. Before purchasing the textbooks  
22 or instructional materials, the department shall consult with the  
23 school district when determining which textbooks or instructional  
24 materials to purchase. The amount of funds necessary for the  
25 purchase of the textbooks and materials is a loan to the school  
26 district receiving the textbooks or instructional materials. Unless  
27 the school district repays the amount owed based upon an  
28 agreed-upon repayment schedule with the Superintendent, the  
29 Superintendent shall notify the Controller and the Controller shall  
30 deduct an amount equal to the total amount used to purchase the  
31 textbooks and materials from the next principal apportionment of  
32 the school district or from another apportionment of state funds.

33 (j) Preserve carefully all reports of school officers and teachers.

34 (k) Deliver to the county superintendent's successor, at the close  
35 of the county superintendent's official term, all records, books,  
36 documents, and papers belonging to the office, taking a receipt for  
37 them, which shall be filed with the department.

38 (l) (1) Submit two reports during the fiscal year to the county  
39 board of education in accordance with the following:

1 (A) The first report shall cover the financial and budgetary status  
2 of the county office of education for the period ending October  
3 31. The second report shall cover the period ending January 31.  
4 Both reports shall be reviewed by the county board of education  
5 and approved by the county superintendent no later than 45 days  
6 after the close of the period being reported.

7 (B) As part of each report, the county superintendent shall certify  
8 in writing whether or not the county office of education is able to  
9 meet its financial obligations for the remainder of the fiscal year  
10 and, based on current forecasts, for two subsequent fiscal years.  
11 The certifications shall be classified as positive, qualified, or  
12 negative, pursuant to standards prescribed by the Superintendent,  
13 for purposes of determining subsequent state agency actions  
14 pursuant to Section 1240.1. For purposes of this subdivision, a  
15 negative certification shall be assigned to a county office of  
16 education that, based upon current projections, will not meet its  
17 financial obligations for the remainder of the fiscal year or for the  
18 subsequent fiscal year. A qualified certification shall be assigned  
19 to a county office of education that may not meet its financial  
20 obligations for the current fiscal year or two subsequent fiscal  
21 years. A positive certification shall be assigned to a county office  
22 of education that will meet its financial obligations for the current  
23 fiscal year and subsequent two fiscal years. In accordance with  
24 those standards, the Superintendent may reclassify a certification.  
25 If a county office of education receives a negative certification,  
26 the Superintendent, or the Superintendent's designee, may exercise  
27 the authority set forth in subdivision (d) of Section 1630. Copies  
28 of each certification, and of the report containing that certification,  
29 shall be sent to the Superintendent at the time the certification is  
30 submitted to the county board of education. Copies of each  
31 qualified or negative certification and the report containing that  
32 certification shall be sent to the Controller at the time the  
33 certification is submitted to the county board of education.

34 (2) All reports and certifications required under this subdivision  
35 shall be in a format or on forms prescribed by the Superintendent,  
36 and shall be based on standards and criteria for fiscal stability  
37 adopted by the state board pursuant to Section 33127. The reports  
38 and supporting data shall be made available by the county  
39 superintendent to an interested party upon request.

1 ~~(3) This subdivision does not preclude the submission of~~  
2 ~~additional budgetary or financial reports by the county~~  
3 ~~superintendent to the county board of education or to the~~  
4 ~~Superintendent.~~

5 ~~(4) The county superintendent is not responsible for the fiscal~~  
6 ~~oversight of the community colleges in the county, however, the~~  
7 ~~county superintendent may perform financial services on behalf~~  
8 ~~of those community colleges.~~

9 ~~(5) A county office of education having a negative or qualified~~  
10 ~~certification, or classified as qualified or negative by the~~  
11 ~~Superintendent, shall continue to be classified as qualified or~~  
12 ~~negative until the next report required under this subdivision is~~  
13 ~~filed.~~

14 ~~(m) If requested, act as agent for the purchase of supplies for~~  
15 ~~the city and high school districts of that county.~~

16 ~~(n) For purposes of Section 44421.5, report to the Commission~~  
17 ~~on Teacher Credentialing the identity of a certificated person who~~  
18 ~~knowingly and willingly reports false fiscal expenditure data~~  
19 ~~relative to the conduct of an educational program. This requirement~~  
20 ~~applies only if, in the course of normal duties, the county~~  
21 ~~superintendent discovers information that gives the county~~  
22 ~~superintendent reasonable cause to believe that false fiscal~~  
23 ~~expenditure data relative to the conduct of an educational program~~  
24 ~~has been reported.~~

25 ~~(o) If any activities authorized pursuant to this section are found~~  
26 ~~to be a state reimbursable mandate pursuant to Section 6 of Article~~  
27 ~~XIII B of the California Constitution, funding provided for school~~  
28 ~~districts and county offices of education pursuant to Sections 2574,~~  
29 ~~2575, 42238.02, and 42238.03 shall be used to directly offset any~~  
30 ~~mandated costs.~~

31 *SEC. 2. Section 1240 of the Education Code is amended to*  
32 *read:*

33 1240. The county superintendent of schools shall do all of the  
34 following:

- 35 (a) Superintend the schools of that county.
- 36 (b) Maintain responsibility for the fiscal oversight of each school  
37 district in that county pursuant to the authority granted by this  
38 code.
- 39 (c) (1) Visit and examine each school in the county at  
40 reasonable intervals to observe its operation and to learn of its

1 problems. The county superintendent of schools annually may  
2 present a report of the state of the schools in the county, and of  
3 the county office of education, including, but not limited to,  
4 observations from visiting the schools, to the board of education  
5 and the board of supervisors of the county.

6 (2) (A) (i) Commencing with the 2021–22 fiscal year, the  
7 Superintendent shall identify a list of schools, which shall include  
8 charter schools, for which the county superintendent, or a designee,  
9 shall inspect annually, and about which the county superintendent,  
10 or a designee, shall submit an annual report, at a regularly  
11 scheduled November board meeting, to the governing board of  
12 each school district under the jurisdiction of the county  
13 superintendent, the county board of education of that county, and  
14 the board of supervisors of that county, that describes the state of  
15 the schools in the county. The list established in the 2021–22 fiscal  
16 year shall also be used as the list established in the 2022–23 and  
17 2023–24 fiscal years. The list of schools established pursuant to  
18 this section shall be reestablished in the 2024–25 fiscal year and  
19 again every three fiscal years thereafter. Each list shall be  
20 established in accordance with clause (ii), and shall be used for  
21 inspections beginning the following fiscal year.

22 (ii) The list of schools pursuant to clause (i) shall be compiled  
23 as follows:

24 (I) The Superintendent shall include on the list all schools that  
25 were most recently identified for comprehensive support and  
26 improvement and additional targeted support and improvement  
27 pursuant to the federal Every Student Succeeds Act (Public Law  
28 114-95) or identified as low performing under the federal  
29 Elementary and Secondary Education Act of 1965 (Public Law  
30 89-10), or any subsequent amendments to that act. For the list  
31 established in the 2021–22, 2022–23, and 2023–24 fiscal years,  
32 the Superintendent shall use the list of schools identified in the  
33 2019–20 fiscal year for comprehensive support and improvement  
34 and for additional targeted support and improvement.

35 (II) The Superintendent shall include on the list all schools  
36 where 15 percent or more of the teachers are holders of a permit  
37 or certificate, such as a temporary or short-term permit, a substitute  
38 permit, a waiver, an intern credential, or any other authorization  
39 that is a lesser certification than a preliminary or clear California  
40 teaching credential. With the exception of alternative schools, all

1 schools within a local educational agency that fail to meet the  
2 requirements of Sections 44258.9 and 60900 shall be included on  
3 the list for the applicable reporting cycle.

4 (III) The list of schools compiled pursuant to clause (i) shall  
5 exclude alternative schools within the meaning of subdivision (d)  
6 of Section 52052 and other schools accepted for participation in  
7 the Dashboard Alternative School Status program by the  
8 department.

9 (iii) The annual report shall include the determinations for each  
10 school made by the county superintendent, or the county  
11 superintendent's designee, regarding the status of all of the  
12 circumstances listed in subparagraph (E) and teacher  
13 misassignments and teacher vacancies, as described in Section  
14 44258.9, and the county superintendent, or the county  
15 superintendent's designee, shall use a standardized template to  
16 report the circumstances listed in subparagraph (E) and teacher  
17 misassignments and teacher vacancies, as described in Section  
18 44258.9, unless the current annual report being used by the county  
19 superintendent, or the county superintendent's designee, already  
20 includes those details with the same level of specificity that is  
21 otherwise required by this subdivision.

22 (B) The county superintendent of the Counties of Alpine,  
23 Amador, Del Norte, Mariposa, Plumas, and Sierra, and the City  
24 and County of San Francisco shall contract with another county  
25 office of education or an independent auditor to conduct the  
26 required visits and make all reports required by this paragraph.

27 (C) On a quarterly basis, the county superintendent, or the  
28 county superintendent's designee, shall report the results of the  
29 visits and reviews conducted that quarter to the governing board  
30 of the school district at a regularly scheduled meeting held in  
31 accordance with public notification requirements. The results of  
32 the visits and reviews shall include the determinations of the county  
33 superintendent, or the county superintendent's designee, for each  
34 school regarding the status of all of the circumstances listed in  
35 subparagraph (E) and teacher misassignments and teacher  
36 vacancies, as described in Section 44258.9. If the county  
37 superintendent, or the county superintendent's designee, conducts  
38 no visits or reviews in a quarter, the quarterly report shall report  
39 that fact.

- 1 (D) The visits made pursuant to this paragraph shall be  
2 conducted at least annually and shall meet the following criteria:  
3 (i) Minimize disruption to the operation of the school.  
4 (ii) Be performed by individuals who meet the requirements of  
5 Section 45125.1.  
6 (iii) Consist of not less than 25 percent unannounced visits in  
7 each county. During unannounced visits in each county, the county  
8 superintendent shall not demand access to documents or specific  
9 school personnel. Unannounced visits shall only be used to observe  
10 the condition of school repair and maintenance, and the sufficiency  
11 of instructional materials, as defined by Section 60119.
- 12 (E) The priority objective of the visits made pursuant to this  
13 paragraph shall be to determine the status of all of the following  
14 circumstances:  
15 (i) Sufficient textbooks, as defined in Section 60119 and as  
16 specified in subdivision (i).  
17 (ii) The condition of a facility that poses an emergency or urgent  
18 threat to the health or safety of pupils or staff, as described in  
19 school district policy or paragraph (1) of subdivision (c) of Section  
20 17592.72.  
21 (iii) The accuracy of data reported on the school accountability  
22 report card with respect to the availability of sufficient textbooks  
23 and instructional materials, as defined by Section 60119, and the  
24 safety, cleanliness, and adequacy of school facilities, including  
25 good repair, as required by Sections 17014, 17032.5, 17070.75,  
26 and 17089.
- 27 (F) The county superintendent may make the status  
28 determinations described in subparagraph (E) during a single visit  
29 or multiple visits. In determining whether to make a single visit  
30 or multiple visits for this purpose, the county superintendent shall  
31 take into consideration factors such as cost-effectiveness, disruption  
32 to the schoolsite, deadlines, and the availability of qualified  
33 reviewers.
- 34 (G) If the county superintendent determines that the condition  
35 of a facility poses an emergency or urgent threat to the health or  
36 safety of pupils or staff as described in school district policy or  
37 paragraph (1) of subdivision (c) of Section 17592.72, or is not in  
38 good repair, as specified in subdivision (d) of Section 17002 and  
39 required by Sections 17014, 17032.5, 17070.75, and 17089, the

1 county superintendent, among other things, may do any of the  
2 following:

3 (i) Return to the school to verify repairs.

4 (ii) Prepare a report that specifically identifies and documents  
5 the areas or instances of noncompliance if the school district has  
6 not provided evidence of successful repairs within 30 days of the  
7 visit of the county superintendent or, for major projects, has not  
8 provided evidence that the repairs will be conducted in a timely  
9 manner. The report may be provided to the governing board of the  
10 school district. If the report is provided to the school district, it  
11 shall be presented at a regularly scheduled meeting held in  
12 accordance with public notification requirements. The county  
13 superintendent shall post the report on the internet website of the  
14 county superintendent. The report shall be removed from the  
15 internet website when the county superintendent verifies the repairs  
16 have been completed.

17 (H) For schools that are identified on the list established in the  
18 2024–25 fiscal year pursuant to subparagraph (A), and only in the  
19 fiscal years in which that list is used, a county superintendent shall  
20 complete the textbook and instructional materials review conducted  
21 for purposes of this paragraph and subparagraph (A) of paragraph  
22 (3) of subdivision (i) by the eighth week of the school year. The  
23 county superintendent shall prioritize reviewing, within the first  
24 four weeks of the school year where practicable, schools for which  
25 the county superintendent has received information from a survey,  
26 a complaint filed pursuant to Section 35186, or any other reliable  
27 source that the school does not have sufficient textbooks, as defined  
28 in Section 60119 and as specified in subdivision (i), or that a  
29 facility of the school poses an emergency or urgent threat to the  
30 health or safety of pupils or staff as described in school district  
31 policy or paragraph (1) of subdivision (c) of Section 17592.72, or  
32 is not in good repair, as specified in subdivision (d) of Section  
33 17002 and required by Sections 17014, 17032.5, 17070.75, and  
34 17089.

35 (d) Distribute all laws, reports, circulars, instructions, and blanks  
36 that the county superintendent may receive for the use of the school  
37 officers.

38 (e) Annually, on or before September 15, present a report to the  
39 governing board of the school district and the Superintendent  
40 regarding the fiscal solvency of a school district with a disapproved

1 budget, qualified interim certification, or a negative interim  
2 certification, or that is determined to be in a position of fiscal  
3 uncertainty pursuant to Section 42127.6.

4 (f) Keep in the office of the county superintendent the reports  
5 of the Superintendent.

6 (g) Keep a record of the official acts of the county  
7 superintendent and of all the proceedings of the county board of  
8 education, including a record of the standing, in each study, of all  
9 applicants for certificates who have been examined, which shall  
10 be open to the inspection of an applicant or an authorized agent  
11 of the applicant.

12 (h) Enforce the course of study.

13 (i) (1) Enforce the use of state textbooks and instructional  
14 materials and of high school textbooks and instructional materials  
15 regularly adopted by the proper authority in accordance with  
16 Section 51050.

17 (2) For purposes of this subdivision, sufficient textbooks or  
18 instructional materials has the same meaning as in subdivision (c)  
19 of Section 60119.

20 (3) (A) Commencing with the 2022–23 school year, if a school  
21 is identified as specified in subparagraph (A) of paragraph (2) of  
22 subdivision (c), the county superintendent specifically shall review  
23 that school at least annually as a priority school. A review  
24 conducted for purposes of this paragraph shall be completed by  
25 the fourth week of the school year, except as specified in  
26 subparagraph (H) of paragraph (2) of subdivision (c).

27 (B) In order to facilitate the review of instructional materials  
28 before the fourth week of the school year, the county superintendent  
29 in a county with 200 or more schools that are identified as specified  
30 in subparagraph (A) of paragraph (2) of subdivision (c) may use  
31 a combination of visits and written surveys of teachers for the  
32 purpose of determining sufficiency of textbooks and instructional  
33 materials in accordance with subparagraph (A) of paragraph (1)  
34 of subdivision (a) of Section 60119 and as defined in subdivision  
35 (c) of Section 60119. If a county superintendent elects to conduct  
36 written surveys of teachers, the county superintendent shall visit  
37 the schools surveyed within the same academic year to verify the  
38 accuracy of the information reported on the surveys. If a county  
39 superintendent surveys teachers at a school in which the county  
40 superintendent has found sufficient textbooks and instructional

1 materials for the previous two consecutive years and determines  
2 that the school does not have sufficient textbooks or instructional  
3 materials, the county superintendent shall, within 10 business days,  
4 provide a copy of the insufficiency report to the school district as  
5 set forth in paragraph (4).

6 (C) For purposes of this paragraph, “written surveys” may  
7 include paper and electronic or online surveys.

8 (4) If the county superintendent of schools determines that a  
9 school does not have sufficient textbooks or instructional materials  
10 in accordance with subparagraph (A) of paragraph (1) of  
11 subdivision (a) of Section 60119 and as defined by subdivision (c)  
12 of Section 60119, the county superintendent shall do all of the  
13 following:

14 (A) Prepare a report that specifically identifies and documents  
15 the areas or instances of noncompliance.

16 (B) Provide within five business days of the review, a copy of  
17 the report to the school district, as provided in subdivision (c), or,  
18 if applicable, provide a copy of the report to the school district  
19 within 10 business days pursuant to subparagraph (B) of paragraph  
20 (3).

21 (C) Provide the school district with the opportunity to remedy  
22 the deficiency. The county superintendent shall ensure that the  
23 deficiency is remedied no later than the second month of the school  
24 term.

25 (D) If the deficiency is not remedied as required pursuant to  
26 subparagraph (C), the county superintendent shall request the  
27 department to purchase the textbooks or instructional materials  
28 necessary to comply with the sufficiency requirement of this  
29 subdivision. If the department purchases textbooks or instructional  
30 materials for the school district, the department shall issue a public  
31 statement at the first regularly scheduled meeting of the state board  
32 occurring immediately after the department receives the request  
33 of the county superintendent and that meets the applicable public  
34 notice requirements, indicating that the district superintendent and  
35 the governing board of the school district failed to provide pupils  
36 with sufficient textbooks or instructional materials as required by  
37 this subdivision. Before purchasing the textbooks or instructional  
38 materials, the department shall consult with the school district to  
39 determine which textbooks or instructional materials to purchase.  
40 The amount of funds necessary for the purchase of the textbooks

1 and materials is a loan to the school district receiving the textbooks  
 2 or instructional materials. Unless the school district repays the  
 3 amount owed based upon an agreed-upon repayment schedule with  
 4 the Superintendent, the Superintendent shall notify the Controller  
 5 and the Controller shall deduct an amount equal to the total amount  
 6 used to purchase the textbooks and materials from the next  
 7 principal apportionment of the school district or from another  
 8 apportionment of state funds.

9 (5) If the county superintendent of schools determines that there  
 10 are insufficient textbooks or instructional materials pursuant to a  
 11 resolution received in accordance with subparagraph (A) of  
 12 paragraph (2) of subdivision (a) of Section 60119 and as defined  
 13 by subdivision (c) of Section 60119, or as a result of receiving a  
 14 report of an unresolved complaint pursuant to subdivision (e) of  
 15 Section 35186 or an audit exception pursuant to subdivision ~~(i)~~ (l)  
 16 of Section 41020, the county superintendent shall do both of the  
 17 following:

18 (A) Provide the school district with the opportunity to remedy  
 19 the deficiency. The county superintendent shall ensure that the  
 20 deficiency is remedied no later than the second month of the school  
 21 term.

22 (B) If the deficiency is not remedied as required pursuant to  
 23 subparagraph (A), the county superintendent shall request the  
 24 department to purchase the textbooks or instructional materials  
 25 necessary to comply with the sufficiency requirement of this  
 26 subdivision. If the department purchases the textbooks or  
 27 instructional materials for the school district, the department shall  
 28 issue a public statement at the first regularly scheduled meeting  
 29 of the state board occurring immediately after the department  
 30 receives the request of the county superintendent and that meets  
 31 the applicable public notice requirements, indicating that the district  
 32 superintendent and the governing board of the school district failed  
 33 to provide pupils with sufficient textbooks or instructional materials  
 34 as required by this subdivision. Before purchasing the textbooks  
 35 or instructional materials, the department shall consult with the  
 36 school district when determining which textbooks or instructional  
 37 materials to purchase. The amount of funds necessary for the  
 38 purchase of the textbooks and materials is a loan to the school  
 39 district receiving the textbooks or instructional materials. Unless  
 40 the school district repays the amount owed based upon an

1 agreed-upon repayment schedule with the Superintendent, the  
2 Superintendent shall notify the Controller and the Controller shall  
3 deduct an amount equal to the total amount used to purchase the  
4 textbooks and materials from the next principal apportionment of  
5 the school district or from another apportionment of state funds.

6 (j) Preserve carefully all reports of school officers and teachers.

7 (k) Deliver to the county superintendent's successor, at the close  
8 of the county superintendent's official term, all records, books,  
9 documents, and papers belonging to the office, taking a receipt for  
10 them, which shall be filed with the department.

11 (l) (1) Submit two reports during the fiscal year to the county  
12 board of education in accordance with the following:

13 (A) The first report shall cover the financial and budgetary status  
14 of the county office of education for the period ending October  
15 31. The second report shall cover the period ending January 31.  
16 Both reports shall be reviewed by the county board of education  
17 and approved by the county superintendent no later than 45 days  
18 after the close of the period being reported.

19 (B) As part of each report, the county superintendent shall certify  
20 in writing whether or not the county office of education is able to  
21 meet its financial obligations for the remainder of the fiscal year  
22 and, based on current forecasts, for two subsequent fiscal years.  
23 The certifications shall be classified as positive, qualified, or  
24 negative, pursuant to standards prescribed by the Superintendent,  
25 for purposes of determining subsequent state agency actions  
26 pursuant to Section 1240.1. For purposes of this subdivision, a  
27 negative certification shall be assigned to a county office of  
28 education that, based upon current projections, will not meet its  
29 financial obligations for the remainder of the fiscal year or for the  
30 subsequent fiscal year. A qualified certification shall be assigned  
31 to a county office of education that may not meet its financial  
32 obligations for the current fiscal year or two subsequent fiscal  
33 years. A positive certification shall be assigned to a county office  
34 of education that will meet its financial obligations for the current  
35 fiscal year and subsequent two fiscal years. In accordance with  
36 those standards, the Superintendent may reclassify a certification.  
37 If a county office of education receives a negative certification,  
38 the Superintendent, or the Superintendent's designee, may exercise  
39 the authority set forth in subdivision (d) of Section 1630. Copies  
40 of each certification, and of the report containing that certification,

1 shall be sent to the Superintendent at the time the certification is  
2 submitted to the county board of education. Copies of each  
3 qualified or negative certification and the report containing that  
4 certification shall be sent to the Controller at the time the  
5 certification is submitted to the county board of education.

6 (2) All reports and certifications required under this subdivision  
7 shall be in a format or on forms prescribed by the Superintendent,  
8 and shall be based on standards and criteria for fiscal stability  
9 adopted by the state board pursuant to Section 33127. The reports  
10 and supporting data shall be made available by the county  
11 superintendent to an interested party upon request.

12 (3) This subdivision does not preclude the submission of  
13 additional budgetary or financial reports by the county  
14 superintendent to the county board of education or to the  
15 Superintendent.

16 (4) The county superintendent is not responsible for the fiscal  
17 oversight of the community colleges in the county, however, the  
18 county superintendent may perform financial services on behalf  
19 of those community colleges.

20 (5) A county office of education having a negative or qualified  
21 certification, or classified as qualified or negative by the  
22 Superintendent, shall continue to be classified as qualified or  
23 negative until the next report required under this subdivision is  
24 filed.

25 (m) If requested, act as agent for the purchase of supplies for  
26 the city and high school districts of that county.

27 (n) For purposes of Section 44421.5, report to the Commission  
28 on Teacher Credentialing the identity of a certificated person who  
29 knowingly and willingly reports false fiscal expenditure data  
30 relative to the conduct of an educational program. This requirement  
31 applies only if, in the course of normal duties, the county  
32 superintendent discovers information that gives the county  
33 superintendent reasonable cause to believe that false fiscal  
34 expenditure data relative to the conduct of an educational program  
35 has been reported.

36 (o) If any activities authorized pursuant to this section are found  
37 to be a state reimbursable mandate pursuant to Section 6 of Article  
38 XIII B of the California Constitution, funding provided for school  
39 districts and county offices of education pursuant to Sections 2574,

1 2575, 42238.02, and 42238.03 shall be used to directly offset any  
2 mandated costs.

3 SEC. 3. Section 14500 of the Education Code is amended to  
4 read:

5 14500. It is the intent of the Legislature in enacting this chapter  
6 to promote accountability over public educational funding by  
7 establishing a new program to review and report on financial and  
8 compliance audits of school districts, educational joint powers  
9 authorities, county superintendents of schools, and charter schools.  
10 It is further the intent of the Legislature that the Controller shall  
11 have the primary responsibility for implementing and overseeing  
12 the program.

13 SEC. 4. Section 14501 of the Education Code is amended to  
14 read:

15 14501. (a) As used in this chapter, “financial and compliance  
16 audit” shall be consistent with the definition provided in the  
17 generally accepted government auditing standards promulgated  
18 by the United States Government Accountability Office. Financial  
19 and compliance audits conducted under this chapter shall fulfill  
20 federal single audit requirements.

21 (b) For purposes of this chapter, the following definitions apply:

22 (1) “Compliance audit” means an audit that ascertains and  
23 verifies whether or not funds provided through apportionment,  
24 contract, or grant, either federal or state, have been properly  
25 disbursed and expended as required by law or regulation or both  
26 and includes the verification of each of the following:

27 (A) Expenditure of funds in accordance with the local control  
28 and accountability plan adopted pursuant to Article 4.5  
29 (commencing with Section 52059.5) of Chapter 6.1 of Part 28 of  
30 Division 4 of Title 2.

31 (B) The reporting requirements for the sufficiency of textbooks  
32 or instructional materials, or both, as defined in Section 60119.

33 (C) Teacher misassignments pursuant to Section 44258.9.

34 (D) The accuracy of information reported on the School  
35 Accountability Report Card required by Section 33126.

36 (2) “Local educational agency” means a school district,  
37 educational joint powers authority, charter school, or county  
38 superintendent of schools.

39 (c) The requirements set forth in subparagraphs (B) to (D),  
40 inclusive, of paragraph (1) of subdivision (b) shall be added to the

1 audit guide requirements pursuant to subdivision (b) of Section  
2 14502.1.

3 SEC. 5. Section 14503 of the Education Code is amended to  
4 read:

5 14503. (a) Financial and compliance audits shall be performed  
6 in accordance with the generally accepted government auditing  
7 standards promulgated by the United States Government  
8 Accountability Office for financial and compliance audits and in  
9 accordance with the filing deadlines established pursuant to  
10 Sections 41020 and 41020.2. The audit guide prepared by the  
11 Controller shall be used in the performance of these audits until  
12 an audit guide is adopted by the Education Audit Appeals Panel  
13 pursuant to Section 14502.1. When an audit guide is adopted by  
14 that panel, the adopted audit guide shall be used in the performance  
15 of these audits. Every audit report shall specifically and separately  
16 address each of the state program compliance requirements  
17 included in the audit guide, stating whether or not the district is in  
18 compliance with those requirements. For each state program  
19 compliance requirement included in the audit guide, every audit  
20 report shall further state that the suggested audit procedures  
21 included in the audit guide for that requirement were followed in  
22 the making of the audit, if that is the case, or, if not, what other  
23 procedures were followed. If a local educational agency is not in  
24 compliance with a requirement that is a condition of eligibility for  
25 the receipt of state funds, the audit report shall include a statement  
26 of the number of units of average daily attendance, if any, that  
27 were inappropriately reported for apportionment.

28 (b) (1) An independent auditor shall not engage in financial or  
29 compliance audits unless, commencing after the first audit, and  
30 every three years thereafter, the auditor completes a quality control  
31 review conducted by the Controller in accordance with the  
32 generally accepted government auditing standards promulgated  
33 by the United States Government Accountability Office. The time  
34 period between commencement of the second and successive  
35 quality control review and completion of a subsequent quality  
36 control review shall be calculated from the first day of the month  
37 following commencement of the completion of the preceding  
38 quality control review.

39 (2) If an independent auditor has not engaged in financial or  
40 compliance audits for three or more consecutive years, the

1 Controller shall conduct a quality control review after the auditor  
2 completes the first financial or compliance audit.

3 SEC. 6. Section 14504 of the Education Code is amended to  
4 read:

5 14504. To determine the practicability and effectiveness of the  
6 audits and audit guide, the Controller shall, on an annual basis,  
7 review and monitor the audit reports performed by independent  
8 auditors. The Controller shall determine whether audit reports are  
9 in conformance with reporting provisions of subdivision (a) of  
10 Section 14503 and shall notify each local educational agency, the  
11 responsible chartering authority, if applicable, the responsible  
12 county superintendent of schools, the Superintendent, the  
13 Department of Finance, and the auditor regarding each  
14 determination. The local educational agency, the chartering  
15 authority, the county superintendent of schools, or the  
16 Superintendent contracting for the financial and compliance audit  
17 shall include a statement that will provide the Controller access to  
18 audit working papers.

19 SEC. 7. Section 14504.2 of the Education Code is amended to  
20 read:

21 14504.2. (a) The Controller may perform quality control  
22 reviews of audit working papers to determine whether audits are  
23 performed in conformity with subdivision (a) of Section 14503.  
24 The Department of Finance or the Superintendent may refer an  
25 independent auditor of a local educational agency to the Controller  
26 for a review pursuant to this section if the Department of Finance  
27 or the Superintendent finds that an audit of a local educational  
28 agency was conducted in a manner that may constitute  
29 noncompliance with subdivision (a) of Section 14503. The  
30 Controller shall communicate the results of the Controller's reviews  
31 to the entity that referred the independent auditor to the Controller,  
32 the independent auditor, and the local educational agency for which  
33 the audit was performed, and shall review the Controller's findings  
34 with the independent auditor.

35 (b) (1) Prior to the performance of any quality control reviews,  
36 the Controller shall develop and publish guidelines and standards  
37 for those reviews. Pursuant to the development of those guidelines  
38 and standards, the Controller shall provide opportunity for public  
39 comment.

1 (2) In performing quality control reviews, the Controller shall  
2 ensure that the selection of audits for each auditor undergoing a  
3 quality control review is representative of each type of local  
4 educational agency for which an auditor performs audits and shall  
5 ensure that reviewers have relevant experience with financial or  
6 compliance audits of local educational agencies.

7 (c) (1) The Controller shall conduct a quality control review  
8 of the audit working papers of the independent auditor who  
9 performed the audits for a local educational agency for the prior  
10 three fiscal years if any of the following circumstances exists:

11 (A) The school district has received an emergency  
12 apportionment pursuant to Article 2 (commencing with Section  
13 41320) or Article 2.5 (commencing with Section 41325) of Chapter  
14 3 of Part 24 of Division 3 of Title 2.

15 (B) The budget of the school district, educational joint powers  
16 authority, or county superintendent of schools is disapproved or  
17 the school district or county superintendent of schools has received  
18 a negative certification on any budget or interim financial report,  
19 as defined in Sections 1240, 1622, 42127, and 42131, during the  
20 current or preceding fiscal year.

21 (C) The responsible county superintendent of schools or the  
22 Superintendent has otherwise determined that a lack of going  
23 concern exists for the school district, educational joint powers  
24 authority, or county superintendent of schools pursuant to Sections  
25 1630 and 42127.6.

26 (2) If the quality control review of the Controller indicates that  
27 the audit was conducted in a manner that may constitute  
28 unprofessional conduct as defined pursuant to Section 5100 of the  
29 Business and Professions Code, including, but not limited to, gross  
30 negligence resulting in a material misstatement in the audit, the  
31 Controller shall refer the case to the California Board of  
32 Accountancy. If the California Board of Accountancy finds that  
33 the independent auditor conducted an audit in an unprofessional  
34 manner, the independent auditor is prohibited from performing  
35 any audit of a local educational agency for a period of three years,  
36 in addition to any other penalties that the California Board of  
37 Accountancy may impose.

38 (d) The Controller shall conduct a quality control review after  
39 an authorized certified public accountant or public accountant  
40 listed in the Certified Public Accountants Directory Service (1)

1 completes its first local educational agency financial statement  
2 and compliance audit or (2) completes its first local educational  
3 agency financial statement and compliance audit after three or  
4 more years of not having completed an audit.

5 (e) The Controller shall conduct a quality control review every  
6 three years to ensure that all certified public accountant firms are  
7 periodically reviewed.

8 (f) In any matter that is referred to the California Board of  
9 Accountancy under subparagraph (A) of paragraph (1) of  
10 subdivision (c), the Controller may suspend the independent auditor  
11 from performing any local educational agency audits pending final  
12 disposition of the matter by the California Board of Accountancy  
13 if the Controller gives the independent auditor notice and an  
14 opportunity to respond to that suspension. The independent auditor  
15 shall be given credit for any period of suspension if the California  
16 Board of Accountancy prohibits the independent auditor from  
17 performing audits of the local educational agency under subdivision  
18 (c). The Controller shall not suspend an independent auditor under  
19 this subdivision for a period of longer than three years.

20 (g) The county superintendent of schools, the chartering  
21 authority, the Controller, or the Superintendent may refer an  
22 independent auditor of a local educational agency to the California  
23 Board of Accountancy for action described in paragraph (2) of  
24 subdivision (c) if any of the following circumstances exists:

25 (1) An audit of a local educational agency was conducted in a  
26 manner that may constitute unprofessional conduct as defined by  
27 Section 5100 of the Business and Professions Code, including, but  
28 not limited to, gross negligence resulting in a material misstatement  
29 in the audit.

30 (2) Material deficiencies are discovered in the quality control  
31 review conducted pursuant to this section.

32 (3) The continuing education and prior experience requirements  
33 of Section 41020 are not met.

34 SEC. 8. Section 14505 of the Education Code is amended to  
35 read:

36 14505. (a) The governing board or body of a local educational  
37 agency shall include both of the following provisions in their  
38 contracts for audits:

1 (1) A provision to withhold 10 percent of the audit fee until the  
2 Controller certifies that the audit report conforms to the reporting  
3 provisions of subdivision (a) of Section 14503.

4 (2) A provision to withhold 50 percent of the audit fee for any  
5 subsequent year of a multiyear contract if the prior year's audit  
6 report was not certified as conforming to reporting provisions of  
7 subdivision (a) of Section 14503. This provision shall include a  
8 statement that a multiyear contract will be null and void if a firm  
9 or individual is declared ineligible pursuant to subdivision (c) of  
10 Section 41020.5. The amount withheld is not payable unless  
11 payment is ordered by the California Board of Accountancy or the  
12 audit report for that subsequent year is certified by the Controller  
13 as conforming to reporting provisions of subdivision (a) of Section  
14 14503.

15 (b) Within 30 days from the date of receipt of written  
16 notification that the Controller refuses to certify an audit report as  
17 conforming to reporting provisions of subdivision (a) of Section  
18 14503, an auditor or audit firm having a portion of an audit fee  
19 withheld pursuant to these provisions may file an appeal in writing  
20 with the California Board of Accountancy. The California Board  
21 of Accountancy shall complete an investigation of the appeal within  
22 90 days of the filing date and, on the basis of the investigation, do  
23 either of the following:

24 (1) Order the Controller to provide notification that the audit  
25 report conforms to reporting provisions of subdivision (a) of  
26 Section 14503.

27 (2) Schedule the appeal for a hearing, in which case the final  
28 action on the appeal shall be completed by the California Board  
29 of Accountancy within one year from the date of filing the appeal.

30 (c) If the California Board of Accountancy orders the Controller  
31 to provide notification pursuant to paragraph (1) of subdivision  
32 (b), the Controller shall notify the contracting local educational  
33 agency which shall then release the portion of the audit fee being  
34 withheld in accordance with this section.

35 SEC. 9. Section 14506 of the Education Code is amended to  
36 read:

37 14506. The Controller shall conduct any additional audits that  
38 are necessary to carry out the Controller's duties and  
39 responsibilities pursuant to this code and the Government Code.  
40 This chapter does not authorize a local educational agency, or a

1 subcontractor or subrecipient, to constrain, in any manner, the  
2 Controller from carrying out additional audits. To the extent that  
3 the required financial and compliance audits provide the Controller  
4 with the information necessary to carry out the Controller's  
5 responsibilities, the Controller shall plan additional audits as  
6 appropriate to avoid unnecessary duplication of audit efforts. In  
7 performing additional audits, the Controller shall, to the extent  
8 deemed appropriate under the circumstances, build upon the work  
9 performed during the required financial and compliance audit. The  
10 Controller shall not bill the local educational agency for the costs  
11 of these additional audits.

12 SEC. 10. Section 14507 of the Education Code is amended to  
13 read:

14 14507. The Controller shall report to the Superintendent on or  
15 before June 30 of each year in order to apprise the Superintendent  
16 of those local educational agencies that are not in compliance with  
17 the applicable statutes and regulations. The Controller's report  
18 shall categorize audit exception by types and shall identify the  
19 reasons for the exceptions. The reasons may be the legislative  
20 intent or language is unclear or the administrative requirement is  
21 not feasible. The Controller shall make recommendations as to  
22 what action should be taken by the Superintendent. Before issuing  
23 the report, the Controller shall allow each local educational agency  
24 that is specified in the report a reasonable period of time to review  
25 and comment on the section of the report affecting that local  
26 educational agency.

27 SEC. 11. Section 14508 of the Education Code is amended to  
28 read:

29 14508. The Controller shall submit a report to the Legislature  
30 on or before June 30 of each year regarding any recommendations  
31 made to the Superintendent pursuant to Section 14507.

32 SEC. 12. Section 14509 of the Education Code is amended to  
33 read:

34 14509. The funding appropriated in Item 6100-161-0001 of  
35 the annual Budget Act for mental health services shall be subject  
36 to existing state and federal audit requirements. Audit procedures  
37 shall be included in the audit guide to review whether funding for  
38 educationally related mental health services pursuant to this item  
39 was used by local educational agencies for its intended purposes  
40 in the 2016–17 fiscal year. These audit procedures shall be included

1 in future fiscal years if the addition of these procedures is  
 2 recommended by the Controller pursuant to subdivision (a) of  
 3 Section 14502.1. If any mental health audit findings are generated  
 4 through this process, the Superintendent shall ensure that the local  
 5 educational agency has either corrected or developed a plan of  
 6 correction for state and federal mental health funds pursuant to  
 7 subdivision (o) of Section 41020.

8 SEC. 13. Section 17604 of the Education Code is amended to  
 9 read:

10 17604. (a) Wherever in this code the power to contract is  
 11 invested in the governing board of the school district, the governing  
 12 body of a charter school, or any member thereof, the power may,  
 13 by a majority vote of the governing board or body, be delegated  
 14 to its district superintendent or charter school administrator, or to  
 15 any persons that the district superintendent or charter school  
 16 administrator may designate, or if there is no district superintendent  
 17 or charter school administrator, then to any other officer or  
 18 employee of the school district or charter school that the governing  
 19 board or body may designate. The delegation of power may be  
 20 limited as to time, money, or subject matter or may be a blanket  
 21 authorization in advance of its exercise, all as the governing board  
 22 or body may direct. A contract made pursuant to the delegation  
 23 and authorization shall not be valid or constitute an enforceable  
 24 obligation against the school district or charter school unless the  
 25 same shall have been approved or ratified by the governing board  
 26 or body, the approval or ratification to be evidenced by a motion  
 27 of the governing board or body duly passed and adopted.

28 (b) In the event of malfeasance in office, the school district or  
 29 charter school official invested by the governing board or body  
 30 with the power of contract shall be personally liable to the school  
 31 district or charter school employing the official for any and all  
 32 moneys of the school district or charter school paid out as a result  
 33 of the malfeasance.

34 SEC. 14. Section 33309.5 is added to the Education Code, to  
 35 read:

36 33309.5. (a) The Office of the Education Inspector General is  
 37 hereby established in the department. The Education Inspector  
 38 General shall be appointed by the Governor, subject to confirmation  
 39 by a majority of the membership of the Senate, without regard to  
 40 political affiliation, and solely on the basis of integrity and

1 demonstrated ability in accounting, auditing, financial analysis,  
2 law, management analysis, public administration, or investigations.  
3 The Education Inspector General shall report to, and be under the  
4 general supervision of, the state board. The state board shall not  
5 prevent or prohibit the Education Inspector General from initiating,  
6 carrying out, or completing an audit or investigation, or from  
7 issuing a subpoena during the course of an audit or investigation.

8 (b) The Office of the Education Inspector General shall be  
9 responsible for all of the following:

10 (1) Conducting and supervising audits and investigations relating  
11 to the programs and operations of the department, local educational  
12 agencies, and entities managing a charter school, as defined in  
13 subdivision (a) of Section 47604.1.

14 (2) Providing leadership and coordination relating to, and  
15 recommending policies for, the prevention and detection of fraud  
16 and abuse in the programs and operations of the department, local  
17 educational agencies, and entities managing a charter school, as  
18 defined in subdivision (a) of Section 47604.1.

19 (3) Providing a means for keeping the state board and the  
20 Legislature fully and currently informed about problems and  
21 deficiencies relating to the administration of the programs and  
22 operations of the department, local educational agencies, and  
23 entities managing a charter school, as defined in subdivision (a)  
24 of Section 47604.1, and the necessity for, and progress of,  
25 corrective actions that the Education Inspector General deems to  
26 be appropriate.

27 (c) For purposes of this section, “local educational agency”  
28 means a school district, county office of education, charter school,  
29 educational joint powers authority, or state special school.

30 SEC. 15. Section 41020 of the Education Code is amended to  
31 read:

32 41020. (a) (1) It is the intent of the Legislature to encourage  
33 sound fiscal management practices among local educational  
34 agencies for the most efficient and effective use of public funds  
35 for the education of children in California by strengthening fiscal  
36 accountability at the school district, county, and state levels.

37 (2) It is the further intent of the Legislature that all charter  
38 schools be audited.

39 (b) (1) (A) On or before May 1 of each fiscal year, the  
40 governing board of each school district or educational joint powers

1 authority shall either provide for an audit of all funds under the  
 2 control of that school district or educational joint powers authority,  
 3 including an audit of income and expenditures by source of funds,  
 4 or shall make arrangements with the county superintendent of  
 5 schools having jurisdiction over the school district or educational  
 6 joint powers authority to provide for that auditing.

7 (B) A contract to perform the audit of a school district or  
 8 educational joint powers authority that has a disapproved budget  
 9 or has received a negative certification on any budget or interim  
 10 financial report during the current fiscal year or either of the two  
 11 preceding fiscal years, or for which the county superintendent of  
 12 schools has otherwise determined that a lack of going concern  
 13 exists, is not valid unless approved by the responsible county  
 14 superintendent of schools and the governing board of the school  
 15 district or educational joint powers authority.

16 (2) (A) On or before May 1 of each fiscal year, the governing  
 17 body of each charter school shall either provide for an audit of all  
 18 funds under the control of the charter school, including an audit  
 19 of income by source of funds, or shall make arrangements with  
 20 the chartering authority to provide for that auditing. Except as  
 21 provided in clause (ii) of subparagraph (B), an independent audit  
 22 shall be separately conducted and reported for each charter school  
 23 that is assigned a County-District-School code.

24 (B) (i) All charter schools shall be audited and subject to the  
 25 applicable provisions of this section.

26 (ii) Notwithstanding subparagraph (A) of paragraph (2), financial  
 27 data for charter schools that are a component entity of a school  
 28 district or county office of education shall be presented separately  
 29 in the applicable audit report as if the financial data of the charter  
 30 school represents a major fund, and not as a separately conducted  
 31 and reported audit.

32 (3) On or before May 1 of each fiscal year, each county  
 33 superintendent of schools shall either (A) provide for an audit of  
 34 all funds under their jurisdiction and control, including an audit  
 35 of income and expenditures by source of funds, or (B) make  
 36 arrangements with the Superintendent to provide for that auditing.

37 (c) If the governing board of a school district or educational  
 38 joint powers authority, the governing body of a charter school, or  
 39 a county superintendent of schools pursuant to paragraph (3) of  
 40 subdivision (b) has not provided for an audit of the books and

1 accounts of the local educational agency by April 1, one of the  
2 following shall apply, as applicable:

3 (1) For a school district or an educational joint powers authority,  
4 the county superintendent of schools having jurisdiction over the  
5 school district or educational joint powers authority shall provide  
6 for the audit.

7 (2) For a charter school, the chartering authority having  
8 jurisdiction over the charter school shall provide for the audit.

9 (3) For a county superintendent of schools, the Superintendent  
10 shall provide for the audit.

11 (d) An audit conducted pursuant to this section shall comply  
12 fully with the Government Auditing Standards issued by the  
13 Comptroller General of the United States.

14 (e) For purposes of this section, “local educational agency”  
15 means a school district, educational joint powers authority, county  
16 superintendent of schools, or charter school.

17 (f) Each audit conducted in accordance with this section shall  
18 include all of the following:

19 (1) All funds, books, and accounts of the local educational  
20 agency, including the student body and cafeteria funds and accounts  
21 and any other funds under the control or jurisdiction of the local  
22 educational agency.

23 (2) An audit of pupil attendance procedures and other applicable  
24 compliance items as detailed in the audit guide adopted pursuant  
25 to Section 14502.1.

26 (3) A determination of whether funds were expended pursuant  
27 to a local control and accountability plan or an approved annual  
28 update to a local control and accountability plan pursuant to Article  
29 4.5 (commencing with Section 52059.5) of Chapter 6.1 of Part 28  
30 of Division 4 or, for a charter school, Section 47606.5.

31 (g) All audit reports for each fiscal year shall be developed and  
32 reported using a format established by the Controller after  
33 consultation with the Superintendent and the Director of Finance.

34 (h) (1) The cost of an audit provided for by a county  
35 superintendent of schools for a school district or educational joint  
36 powers authority shall be paid from the county school service fund  
37 and the county superintendent of schools shall transfer the pro rata  
38 share of the cost chargeable to each school district or educational  
39 joint powers authority from school district or educational joint  
40 powers authority funds.

1 (2) The cost of an audit provided for by a chartering authority  
2 for a charter school shall be paid by the chartering authority and  
3 the chartering authority shall collect the pro rata share of the cost  
4 chargeable to each charter school from charter school funds.

5 (3) The cost of an audit provided for by the Superintendent for  
6 a county superintendent of schools shall be paid by the  
7 Superintendent and the Superintendent shall collect the pro rata  
8 share of the cost chargeable to each county superintendent of  
9 schools from the respective county school service fund.

10 (4) The cost of an audit provided for by a governing board or  
11 body of a local educational agency shall be paid from local  
12 educational agency funds. The audit of the funds under the  
13 jurisdiction and control of a county superintendent of schools shall  
14 be paid from the county school service fund.

15 (i) (1) The audits shall be made by a certified public accountant  
16 or a public accountant, licensed by the California Board of  
17 Accountancy, and selected by the local educational agency, as  
18 applicable, from a directory of certified public accountants and  
19 public accountants deemed by the Controller as qualified to conduct  
20 audits of local educational agencies, which shall be published by  
21 the Controller on or before December 31 of each year.

22 (2) Commencing with the 2003–04 fiscal year and except as  
23 provided in subdivision (d) of Section 41320.1, it is unlawful for  
24 a public accounting firm to provide audit services to a local  
25 educational agency if the lead audit partner, or coordinating audit  
26 partner, having primary responsibility for the audit, or the audit  
27 partner responsible for reviewing the audit, has performed audit  
28 services for that local educational agency in each of the six previous  
29 fiscal years. The Education Audit Appeals Panel may waive this  
30 requirement if the panel finds that no otherwise eligible auditor is  
31 available to perform the audit.

32 (3) It is the intent of the Legislature that, notwithstanding  
33 paragraph (2), the rotation within public accounting firms conform  
34 to provisions of the federal Sarbanes-Oxley Act of 2002 (15 U.S.C.  
35 Sec. 7201 et seq.), and upon release of the report required by the  
36 act of the Comptroller General of the United States addressing the  
37 mandatory rotation of registered public accounting firms, the  
38 Legislature intends to reconsider paragraph (2). In determining  
39 which certified public accountants and public accountants shall

1 be included in the directory, the Controller shall use the following  
2 criteria:

3 (A) The certified public accountants or public accountants shall  
4 be in good standing as certified by the Board of Accountancy.

5 (B) The certified public accountants or public accountants, as  
6 a result of a quality control review conducted by the Controller  
7 pursuant to Section 14504.2, shall not have been found to have  
8 conducted an audit in a manner constituting noncompliance with  
9 subdivision (a) of Section 14503.

10 (4) (A) (i) Commencing with the ~~2026-27~~ 2027-28 fiscal year,  
11 and every two years thereafter, certified public accountant firms,  
12 certified public accountants or public accountants, and audit staff  
13 that conduct audits of local educational agencies shall complete  
14 24 hours of continuing education in governmental accounting,  
15 auditing, or related subjects specific to local educational agencies  
16 and the most current Guide for Annual Audits of K-12 Local  
17 Education Agencies and State Compliance Reporting. The  
18 continuing education shall include both of the following:

19 (I) Training on the specific requirements included in the most  
20 current Guide for Annual Audits of K-12 Local Education  
21 Agencies and State Compliance Reporting.

22 (II) Training on compliance topics that include pupil attendance,  
23 independent study, charter schools, nonclassroom-based instruction,  
24 school calendars, and instructional minutes.

25 (ii) Continuing education units taken as part of the California  
26 Board of Accountancy licensure requirements may be used to meet  
27 the requirements of clause (i) if the continuing education is specific  
28 to local educational agencies and includes the training content  
29 described in subclauses (I) and (II) of clause (i).

30 (B) Commencing with the ~~2026-27~~ 2027-28 fiscal year,  
31 certified public accountant firms, certified public accountants or  
32 public accountants, and audit staff that conduct audits of local  
33 educational agencies shall comply with both of the following:

34 (i) Have certified prior experience conducting financial and  
35 compliance audits for local educational agencies.

36 (ii) Have been peer reviewed by the California Board of  
37 Accountancy to ensure that the selection of audits for each auditor  
38 undergoing a peer review is representative of each type of local  
39 educational agency for which an auditor performs audits and the

1 reviewers have relevant experience with financial or compliance  
2 audits of local educational agencies.

3 (C) The continuing education units and prior experience required  
4 pursuant to this paragraph shall be evidenced by a certification to  
5 the Controller from the certified public accountant firms, the  
6 certified public accountant or public accountant, or the audit staff  
7 that the requirements have been met.

8 (5) The requirements of this subdivision shall apply to audits  
9 of local educational agencies regardless of whether the local  
10 educational agency is a governmental agency or a nonprofit  
11 organization.

12 (6) Auditors that are under contract with a local educational  
13 agency shall notify the chartering authority or the county  
14 superintendent of schools, as applicable, the Superintendent, and  
15 the Controller in the event that the auditor's contract with the local  
16 educational agency is terminated or otherwise denied for renewal.  
17 The notification shall include the reason for the termination or  
18 denial for renewal and shall be made within 30 calendar days of  
19 the effective date of that termination or nonrenewal.

20 (7) Auditors that conduct audits of local educational agencies  
21 shall share work papers and draft audit reports upon request by  
22 the local educational agency or a successor auditor of the local  
23 educational agency.

24 (8) A successor auditor of a local educational agency shall  
25 request all work papers and draft audit reports in the event that the  
26 previous auditor is terminated or otherwise denied for renewal.

27 (j) (1) The auditor's report shall include each of the following:

28 (A) A statement that the audit was conducted pursuant to  
29 standards and procedures developed in accordance with Chapter  
30 3 (commencing with Section 14500) of Part 9 of Division 1 of  
31 Title 1.

32 (B) A summary of audit exceptions and management  
33 improvement recommendations.

34 (C) An evaluation by the auditor on whether there is substantial  
35 doubt about the ability of the local educational agency to continue  
36 as a going concern for a reasonable period of time. This evaluation  
37 shall be based on the Statement on Auditing Standards No. 59, as  
38 issued by the American Institute of Certified Public Accountants  
39 regarding disclosure requirements relating to the ability of the  
40 entity to continue as a going concern.

1 (2) To the extent possible, a description of correction or plan  
2 of correction shall be incorporated in the audit report, describing  
3 the specific actions that are planned to be taken, or that have been  
4 taken, to correct the problem identified by the auditor. The  
5 descriptions of specific actions to be taken or that have been taken  
6 shall not solely consist of general comments such as “will  
7 implement,” “accepted the recommendation,” or “will discuss at  
8 a later date.”

9 (k) (1) On or before December 15, a report of each local  
10 educational agency audit for the preceding fiscal year shall be filed  
11 with specified entities, as follows:

12 (A) For school districts and educational joint powers authorities,  
13 with the county superintendent of schools of the county in which  
14 the local educational agency is located, the Superintendent, and  
15 the Controller.

16 (B) For charter schools, with its chartering authority, the  
17 Superintendent, the Controller, and the county superintendent of  
18 schools of the county in which the charter school is located, unless  
19 the county board of education of the county in which the charter  
20 school is located is the chartering authority.

21 (C) For county superintendents of schools, with the  
22 Superintendent and the Controller.

23 (2) The Superintendent shall make any adjustments necessary  
24 in future apportionments of all state funds to correct any audit  
25 exceptions revealed by those audit reports.

26 (l) (1) Pursuant to this section and subdivision (d) of Section  
27 41320.1, each county superintendent of schools shall be responsible  
28 for reviewing the audit exceptions contained in an audit of a school  
29 district or educational joint powers authority under their jurisdiction  
30 related to attendance, inventory of equipment, internal control,  
31 teacher misassignments pursuant to Section 44258.9, audit  
32 exceptions related to instructional materials and information  
33 reported on the school accountability report card pursuant to  
34 Section 33126, and any miscellaneous items, and determining  
35 whether the exceptions have been either corrected or an acceptable  
36 plan of correction has been developed.

37 (2) Upon submission of the final audit report to the governing  
38 board of each school district or educational joint powers authority  
39 and subsequent receipt of the audit by the county superintendent  
40 of schools having jurisdiction over the school district or educational

1 joint powers authority, the county superintendent of schools shall  
2 do all of the following:

3 (A) Review audit exceptions related to attendance, inventory  
4 of equipment, internal control, teacher misassignments pursuant  
5 to Section 44258.9, audit exceptions related to instructional  
6 materials and information reported on the school accountability  
7 report card pursuant to Section 33126, and other miscellaneous  
8 exceptions. Attendance exceptions or issues shall include, but not  
9 be limited to, those related to local control funding formula  
10 allocations pursuant to Section 42238.02, as implemented by  
11 Section 42238.03, and independent study.

12 (B) If a description of the correction or plan of correction has  
13 not been provided as part of the audit required by this section, the  
14 county superintendent of schools shall notify the school district or  
15 educational joint powers authority and request the governing board  
16 of the school district or educational joint powers authority to  
17 provide to the county superintendent of schools a description of  
18 the corrections or plan of correction before March 15.

19 (C) Review the description of correction or plan of correction  
20 and determine its adequacy. If the description of the correction or  
21 plan of correction is not adequate, the county superintendent of  
22 schools shall require the school district or educational joint powers  
23 authority to resubmit that portion of its response that is inadequate.

24 (3) Each county superintendent of schools shall certify to the  
25 Superintendent and the Controller, on or before May 15, that the  
26 county superintendent of schools' staff has reviewed all audits of  
27 school districts or educational joint powers authorities under the  
28 county superintendent of schools' jurisdiction for the prior fiscal  
29 year, that all exceptions that the county superintendent of schools  
30 was required to review were reviewed, and that all of those  
31 exceptions, except as otherwise noted in the certification, have  
32 been corrected by the school district or educational joint powers  
33 authority or that an acceptable plan of correction has been  
34 submitted to the county superintendent of schools. In addition, the  
35 county superintendent of schools shall identify, by school district  
36 or educational joint powers authority, any attendance-related audit  
37 exception or exceptions involving state funds, and require the local  
38 educational agency to which the audit exceptions were directed to  
39 submit appropriate reporting forms for processing by the  
40 Superintendent.

1 (4) In the audit of a school district or educational joint powers  
2 authority for a subsequent year, the auditor shall review the  
3 correction or plan or plans of correction submitted by the school  
4 district or educational joint powers authority to determine if the  
5 exceptions have been resolved. If an exception has not been  
6 resolved, the auditor shall immediately notify the appropriate  
7 county superintendent of schools and the Superintendent and restate  
8 the exception in the audit report. After receiving that notification,  
9 the Superintendent shall either consult with the school district or  
10 educational joint powers authority to resolve the exception or  
11 require the county superintendent of schools to follow up with the  
12 school district or educational joint powers authority.

13 (m) (1) (A) Each chartering authority shall be responsible for  
14 reviewing the audit exceptions contained in an audit of a charter  
15 school under its jurisdiction and determining whether the  
16 exceptions have been either corrected or an acceptable plan of  
17 correction has been developed.

18 (B) If a description of the corrections or plan of correction has  
19 not been provided as part of the audit required by this section, the  
20 chartering authority shall notify the charter school and request the  
21 governing body of the charter school to provide to the chartering  
22 authority a description of the correction or plan of correction before  
23 March 15.

24 (C) The chartering authority shall review the description of the  
25 correction or plan of correction and determine its adequacy. If the  
26 description of the correction or plan of correction is not adequate,  
27 the chartering authority shall require the charter school to resubmit  
28 that portion of its response that is inadequate.

29 (2) (A) Except as provided in subparagraph (B), each chartering  
30 authority shall certify to the county superintendent of schools of  
31 the county in which the charter school is located, on or before  
32 April 15, that the chartering authority has done all of the following  
33 for the prior fiscal year:

34 (i) Reviewed all audits of charter schools under its jurisdiction.

35 (ii) Reviewed all exceptions that the charter school was required  
36 to review were reviewed, and that all of those exceptions, except  
37 as otherwise noted in the certification, have been corrected by the  
38 charter school or that an acceptable plan of correction has been  
39 submitted to the chartering authority.

- 1 (iii) Identified any attendance-related audit exception or  
2 exceptions involving state funds and required the charter school  
3 to submit appropriate reporting forms for processing by the  
4 Superintendent.
- 5 (B) If the county board of education of the county in which the  
6 charter school is located is the chartering authority, the county  
7 board of education shall certify to the Superintendent, on or before  
8 April 15, that the county superintendent of schools has done all of  
9 the following for the prior fiscal year:
  - 10 (i) Reviewed all audits of charter schools under its jurisdiction.
  - 11 (ii) Reviewed all exceptions that the charter school was required  
12 to review were reviewed, and that all of those exceptions, except  
13 as otherwise noted in the certification, have been corrected by the  
14 charter school or that an acceptable plan of correction has been  
15 submitted to the chartering authority.
  - 16 (iii) Identified any attendance-related audit exception or  
17 exceptions involving state funds and required the charter school  
18 to submit appropriate reporting forms for processing by the  
19 Superintendent.
- 20 (3) (A) In the audit of a charter school for a subsequent year,  
21 the auditor shall review the correction or plan or plans of correction  
22 submitted by the charter school to determine if the exceptions have  
23 been resolved.
- 24 (B) (i) Except as provided in subparagraph (C), if the exceptions  
25 identified in subparagraph (A) have not been corrected, the auditor  
26 shall restate the exception in the audit report and shall immediately  
27 notify the appropriate chartering authority and the county  
28 superintendent of schools of the county in which the charter school  
29 is located.
- 30 (ii) After receiving notification pursuant to clause (i), the county  
31 superintendent of schools shall either consult with the charter  
32 school to resolve the exception or require the chartering authority  
33 to follow up with the charter school.
- 34 (C) (i) If the exceptions identified in subparagraph (A) have  
35 not been corrected and the county board of education of the county  
36 in which the charter school is located is the chartering authority,  
37 the auditor shall restate the exception in the audit report and shall  
38 immediately notify the Superintendent.
- 39 (ii) After receiving notification pursuant to clause (i), the  
40 Superintendent shall consult with the charter school to resolve the

1 exception or shall require the county board of education as the  
2 chartering authority to follow up with the charter school.

3 (4) (A) In the audit of a county superintendent of schools for  
4 a subsequent year, the auditor shall review the correction or plan  
5 or plans of correction submitted by the county superintendent of  
6 schools to determine if the exceptions have been resolved.

7 (B) If the exceptions identified in subparagraph (A) have not  
8 been resolved, the auditor shall immediately notify the  
9 Superintendent and restate the exception in the audit report.

10 (n) (1) The Superintendent shall review the audit exceptions  
11 contained in an audit of a county superintendent of schools and  
12 shall determine whether the exceptions have been corrected or an  
13 acceptable plan of correction has been developed.

14 (2) After receiving a final audit report submitted to a county  
15 superintendent of schools or the county board of education, the  
16 Superintendent shall do all of the following:

17 (A) Review audit exceptions, including attendance exceptions  
18 or issues, that shall include, but not be limited to, those related to  
19 local control funding formula allocations pursuant to Chapter 12.5  
20 (commencing with Section 2574) of Part 2 of Division 1 of Title  
21 1 and those related to independent study.

22 (B) Notify the county superintendent of schools and request the  
23 county superintendent of schools to provide to the Superintendent  
24 a description of the corrections or plan of correction before March  
25 15 if a description of the correction or plan of correction has not  
26 been provided as part of the audit required by this section.

27 (C) Review the description of correction or plan of correction  
28 and determine its adequacy. If the description of the correction or  
29 plan of correction is not adequate, require the county superintendent  
30 of schools to resubmit that portion of its response that is inadequate.

31 (o) (1) The Superintendent is responsible for ensuring that local  
32 educational agencies have either corrected or developed plans of  
33 correction for any one or more of the following:

34 (A) All federal and state compliance audit exceptions identified  
35 in the audit.

36 (B) Exceptions that the county superintendent of schools or  
37 chartering authority certifies as of May 15 have not been corrected.

38 (C) Repeat audit exceptions that are not assigned to a county  
39 superintendent of schools or chartering authority to correct.

1 (2) In addition, the Superintendent is responsible for ensuring  
2 that county superintendents of schools and each county board of  
3 education that serves as the governing board or body of a local  
4 educational agency either correct all audit exceptions identified in  
5 the audits of county superintendents of schools and of the local  
6 educational agencies for which the county boards of education  
7 serve as the governing boards or develop acceptable plans of  
8 correction for those exceptions.

9 (3) The Superintendent shall report annually to the Controller  
10 on the Superintendent's actions to ensure that school districts,  
11 county superintendents of schools, and each county board of  
12 education that serves as the governing board of a school district  
13 have either corrected or developed plans of correction for any of  
14 the exceptions noted pursuant to paragraph (1).

15 (p) To facilitate correction of the exceptions identified by the  
16 audits issued pursuant to this section, the Controller shall require  
17 auditors to categorize audit exceptions in each audit report in a  
18 manner that will make it clear to chartering authorities, the county  
19 superintendent of schools, and the Superintendent which exceptions  
20 they are responsible for ensuring the correction of by a local  
21 educational agency. In addition, the Controller annually shall select  
22 a sampling of chartering authorities and county superintendents  
23 of schools, perform a followup of the audit resolution process of  
24 those chartering authorities and county superintendents of schools,  
25 and report the results of that followup to the Superintendent, the  
26 chartering authorities, and the county superintendents of schools  
27 that were reviewed.

28 (q) County superintendents of schools shall adjust subsequent  
29 local property tax requirements to correct audit exceptions relating  
30 to local educational agency tax rates and tax revenues.

31 (r) If a governing board or body of a local educational agency,  
32 chartering authority, or county superintendent of schools fails or  
33 is unable to make satisfactory arrangements for the audit pursuant  
34 to this section, the Controller shall make arrangements for the audit  
35 and the cost of the audit shall be paid from local educational agency  
36 funds or the county school service fund, as the case may be.

37 (s) Audits of regional occupational centers and programs are  
38 subject to this section.

1 (t) This section does not authorize examination of, or reports  
2 on, the curriculum used or provided for in any local educational  
3 agency.

4 (u) Notwithstanding any other law, a nonauditing, management,  
5 or other consulting service to be provided to a local educational  
6 agency by a certified public accounting firm while the certified  
7 public accounting firm is performing an audit of the agency  
8 pursuant to this section shall be in accordance with the generally  
9 accepted government auditing standards promulgated by the United  
10 States General Accountability Office.

11 SEC. 16. Section 41020.2 of the Education Code is amended  
12 to read:

13 41020.2. (a) (1) If the governing board of a school district or  
14 educational joint powers authority has entered into a contract for  
15 an independent audit of its financial statements in accordance with  
16 Section 41020 and the audited financial statements have not been  
17 filed with the county superintendent of schools on or before the  
18 due date established under Section 41020, the county  
19 superintendent of schools shall investigate the causes for the delay  
20 and initiate one of the actions described in subdivision (c) that will  
21 provide the required audited financial statements in the most  
22 effective manner.

23 (2) If the governing body of a charter school has entered into a  
24 contract for an independent audit of its financial statements in  
25 accordance with Section 41020 and the audited financial statements  
26 have not been filed with the chartering authority on or before the  
27 due date established under Section 41020, the chartering authority  
28 shall investigate the causes for the delay and initiate one of the  
29 actions described in subdivision (c) that will provide the required  
30 audited financial statements in the most effective manner.

31 (3) If the county superintendent of schools has entered into a  
32 contract for an independent audit of its financial statements in  
33 accordance with Section 41020 and the audited financial statements  
34 have not been filed with the Superintendent on or before the due  
35 date established under Section 41020, the Superintendent shall  
36 investigate the causes for the delay and initiate one of the actions  
37 described in subdivision (c) that will provide the required audited  
38 financial statements in the most effective manner.

39 (b) (1) (A) The county superintendent of schools or chartering  
40 authority may, after consultation with the governing board or body

1 of the local educational agency and the auditors under contract to  
2 the local educational agency, and with the consent of the  
3 Controller’s office and the Superintendent, grant an appropriate  
4 extension for the completion of the audit and the filing of the  
5 audited financial statements. An extension does not waive the legal  
6 deadline, but permits the filing of the report after the deadline.

7 (B) As applicable pursuant to subdivision (a), the Superintendent  
8 may, after consultation with the county board of education and the  
9 auditors under contract to the county board of education for the  
10 county office of education or for a charter school where the county  
11 board of education of the county in which the charter school is  
12 located is the chartering authority, and with the consent of the  
13 Controller’s office, grant an appropriate extension for the  
14 completion of the audit and the filing of the audited financial  
15 statements. An extension does not waive the legal deadline, but  
16 permits the filing of the report after the deadline.

17 (2) An extension granted pursuant to this subdivision shall be  
18 appropriate if the extension adheres to all of the following  
19 requirements:

20 (A) An extension shall be the shortest amount of time reasonable  
21 given the extenuating circumstances justifying the extension.

22 (B) Extensions shall be in increments of no longer than 45  
23 calendar days.

24 (C) Extensions shall not exceed a total of 90 calendar days from  
25 the due date established pursuant to Section 41020.

26 (3) As applicable pursuant to subdivision (a), the county  
27 superintendent of schools, chartering authority, or Superintendent,  
28 may, after consultation with the governing board or body of a local  
29 educational agency, the auditors under contract to the local  
30 educational agency and the Controller’s office, contract with  
31 another qualified certified public accountant or public accountant  
32 to obtain the required audited financial statements and charge the  
33 cost of the audit to the funds of the local educational agency. The  
34 county superintendent of schools, chartering authority, or  
35 Superintendent, shall, to the extent feasible, assist the local  
36 educational agency in initiating action to avoid payment to the  
37 auditors under contract who did not complete the original audit.

38 (4) As applicable pursuant to subdivision (a), the county  
39 superintendent of schools, chartering authority, or Superintendent,

1 may request the Controller's office to investigate the situation and  
2 initiate action as provided in subdivision (c).

3 (c) (1) If the audited financial statements required by Section  
4 41020 have not been filed by a local educational agency with the  
5 Controller's office on or before the due date established under  
6 Section 41020, the Controller's office shall determine the most  
7 advantageous method of obtaining the required audited financial  
8 statements. The Controller's office may do any of the following:

9 (A) Accept the action of the county superintendent of schools,  
10 chartering authority, or Superintendent, permitted by subdivision  
11 (b).

12 (B) Conduct the audit and prepare the auditor's report, using  
13 the staff available within that office and charge the cost of the audit  
14 to the next regular apportionment from the State School Fund to  
15 the district or county superintendent of schools.

16 (C) Contract with any qualified certified public accountant or  
17 public accountant, using the appropriate contracting procedures,  
18 for the conduct of the audit and preparation of the audited financial  
19 statements and charge the cost of the audit to the next regular  
20 apportionment from the State School Fund to the local educational  
21 agency.

22 (D) Consistent with the limits described in paragraph (2) of  
23 subdivision (b), grant a reasonable extension of the time for filing  
24 the report if, in the judgment of the Controller's office, this will  
25 provide the required audited financial statements within the shortest  
26 time period. The extension of the time for filing does not waive  
27 the legal deadline, but permits the filing of the report after the  
28 deadline.

29 (2) The Controller's office shall consult with the governing  
30 board or body of the local educational agency, the auditors under  
31 contract to the local educational agency, and the county  
32 superintendent of schools or the chartering authority, as applicable,  
33 before making the determination of the method to be used in  
34 obtaining the audited financial statements. The Controller's office  
35 shall, to the extent feasible, assist the local educational agency in  
36 initiating action to avoid payment to the auditors under contract  
37 who did not complete the original audit.

38 (d) Notwithstanding any extension granted under subdivision  
39 (b) or subparagraph (D) of paragraph (1) of subdivision (c), the  
40 Controller's office may determine at any time after the due date

1 for filing of audit reports established by Section 41020 that the  
2 audited financial statements not yet filed with that office are  
3 delinquent and that the audit will be performed under subparagraph  
4 (B) or (C) of paragraph (1) of subdivision (c).

5 (e) If the audited financial statements required by Section 41020  
6 have not been filed by a local educational agency with the  
7 Controller's office on or before the due date established under  
8 Section 41020, the auditors under contract with the local  
9 educational agency shall notify the chartering authority, the county  
10 superintendent of schools, the Superintendent, and the Controller  
11 that the audit filing is delayed, the reasons for the delay, and the  
12 estimated filing date. The notification shall be made no later than  
13 15 calendar days from the due date established under Section  
14 41020.

15 (f) For purposes of this section, "local educational agency"  
16 means a school district, educational joint powers authority, county  
17 superintendent of schools, or charter school.

18 SEC. 17. Section 41020.3 of the Education Code is amended  
19 to read:

20 41020.3. By January 31 of each year, the governing board or  
21 body of each local educational agency shall review, at a public  
22 meeting, the annual audit of the local educational agency for the  
23 prior year, any audit exceptions identified in that audit, the  
24 recommendations or findings of any management letter issued by  
25 the auditor, and any description of correction or plans to correct  
26 any exceptions or management letter issue. This review shall be  
27 placed on the agenda of the meeting pursuant to Sections 35145,  
28 47604, and 47604.1.

29 SEC. 18. Section 41020.4 is added to the Education Code, to  
30 read:

31 41020.4. (a) Commencing with the ~~2026-27~~ 2027-28 fiscal  
32 year Guide for Annual Audits of K-12 Local Education Agencies  
33 and State Compliance Reporting, the Controller shall include, but  
34 is not limited to, instructions necessary to require, at a minimum,  
35 all of the following supplemental information and schedules in  
36 audit report components for an audit of a local educational agency,  
37 except as noted:

38 (1) (A) Schedule of pupil enrollment: schedule of pupil  
39 enrollment by grade, month, category, and, if operating a multitrack  
40 year-round calendar, by track, including beginning enrollment,

1 additions, subtractions, and transfers, reconciled to ending  
2 enrollment and categorized by classroom-based and independent  
3 study. Monthly enrollment shall be reported as the enrollment  
4 recorded on the last day of the school month, as that term is  
5 described in Section 37201.

6 (B) For charter schools, require auditors to specifically disclose  
7 in the audit, and separately by notice to the chartering authority,  
8 county superintendent of schools, and the Superintendent, any  
9 instance where enrollment increases or decreases by more than 5  
10 percent at the end of the month as compared to the prior month.

11 (2) (A) Schedule of pupil attendance: schedule of pupil  
12 attendance by grade, month, category, and, if operating a multitrack  
13 year-round calendar, by track, including the number of days  
14 instruction was offered and categorized by classroom-based and  
15 independent study.

16 (B) For charter schools, require auditors to specifically disclose  
17 in the audit, and separately by notice to the chartering authority,  
18 county superintendent of schools, and the Superintendent, any  
19 instance where average daily attendance increases or decreases by  
20 more than 5 percent at the end of the month as compared to the  
21 prior month.

22 (3) Schedule of payments or transfers: schedule of the largest  
23 25 aggregate payments or transfers of assets to organizations,  
24 determined by the value accumulated over the fiscal year, including  
25 to individuals, corporations, partnerships, nonprofit organizations,  
26 and other organizations. The schedule shall also include the name  
27 of the payee and a brief description of the services or goods  
28 purchased.

29 (4) Schedule of highest compensation: schedule of compensation  
30 for the five highest paid employees, including by salary, deferred  
31 salary, retirement, health benefits, and any other contractually  
32 obligated payments earned by the employee during the fiscal year.

33 ~~(5) (A) Schedule of pupil-to-teacher ratio: for independent  
34 study programs at a school district, county office of education, or  
35 charter school, the schedule of pupil-to-teacher ratio, including,  
36 but not limited to, for each employee, their California Longitudinal  
37 Pupil Achievement Data System unique identifier number,  
38 percentage of full-time equivalent, credential, names of all  
39 employing local educational agencies, and numbers of pupils  
40 assigned to that teacher across the teacher's assignment.~~

1     ~~(B) For a charter school or an entity managing a charter school,~~  
 2 ~~as defined in Section 47604.1, that assign teachers to provide~~  
 3 ~~instruction to pupils enrolled at more than one charter school,~~  
 4 ~~include all pupils receiving instruction from the teacher in the~~  
 5 ~~pupil-to-teacher ratio.~~

6     ~~(C) For independent study programs at school districts, county~~  
 7 ~~offices of education, or charter schools, provide a schedule of the~~  
 8 ~~pupil-to-teacher ratios and calculations required pursuant to Section~~  
 9 ~~51745.6.~~

10     ~~(6)~~

11     (5) Board members and related management organizations: for  
 12 charter schools, a disclosure of the charter school governing body’s  
 13 composition, including member names and terms, if applicable,  
 14 any related entity managing a charter school, as defined in Section  
 15 47604.1, including governing body composition and governing  
 16 body members and terms, if applicable, the members of executive  
 17 management of any related entity managing a charter school, and  
 18 any staff shared by the charter school and the related entity  
 19 managing a charter school, or other related charter schools.

20     ~~(7)~~

21     (6) Related loans: for charter schools, a disclosure of any loans,  
 22 including the terms of those loans, to or from the charter school  
 23 and the charter school’s governing body members, related entity  
 24 managing a charter school, as defined in Section 47604.1, including  
 25 governing board members or members of executive management  
 26 of any related entity managing a charter school, or staff of the  
 27 charter school or other related charter schools.

28     ~~(8) Schedule of expense of education: schedule of the calculation~~  
 29 ~~for the school’s current expense of education, as defined in Section~~  
 30 ~~41372.~~

31     ~~(9)~~

32     (7) Schedule of charter school oversight expenses and activities:  
 33 schedule of calculation for charter school oversight fees, notating  
 34 staff time and activities, including, but not limited to, fiscal review,  
 35 schoolsite visits, documentation review, teacher misassignment  
 36 review, audit review, pupil attendance and average daily attendance  
 37 review, review of the percentage of classroom instruction provided,  
 38 pupil-to-teacher ratio review, local control and accountability plan  
 39 review, charter school renewal, and charter school material  
 40 revisions.

1 ~~(10) Schedule of funding determination thresholds: for~~  
2 ~~nonclassroom-based charter schools, a schedule of the funding~~  
3 ~~determination process thresholds, including the percent of revenue~~  
4 ~~expended on certificated staff compensation, percent of revenue~~  
5 ~~expended on instruction and related services, and the~~  
6 ~~pupil-to-teacher ratios.~~

7 (b) Commencing with the ~~2026-27~~ 2027-28 fiscal year Guide  
8 for Annual Audits of K-12 Local Education Agencies and State  
9 Compliance Reporting, the Controller shall include, but is not  
10 necessarily limited to, instructions necessary to require, at a  
11 minimum, that all of the following compliance procedures are  
12 performed in an audit of a local educational agency, except as  
13 otherwise limited:

14 (1) Compliance: compliance with professional accounting and  
15 auditing standards with an emphasis in the audit guide that audits  
16 of local educational agencies shall be conducted in compliance  
17 with Governmental Accounting Standards Board (GASB) and  
18 Financial Accounting Standards Board (FASB) statements and  
19 standards, as applicable, and Generally Accepted Auditing  
20 Standards (GAAS).

21 (2) (A) Sample selection: where representative samples of  
22 pupils, pupil work product, financial transactions, or other sampling  
23 is *are* required to be performed and selected, the auditor shall  
24 independently identify the sample and make that selection  
25 personally.

26 (B) Auditor transaction sampling shall include a sample size  
27 appropriate for the type of local educational agency pursuant to  
28 the test of compliance sample table in the Guide for Annual Audits  
29 of K-12 Local Education Agencies and State Compliance  
30 Reporting.

31 (C) Sampling of pupil enrollment, attendance, and instructional  
32 minutes shall be made from all programs, attendance months, and  
33 tracks, if applicable.

34 (D) For charter schools that are a component entity of a school  
35 district or county office of education, the auditor shall ensure that  
36 transaction samples are selected, evaluated, and reported on for  
37 each charter school as if the charter school or schools were the  
38 equivalent of a major fund of the school district or county office  
39 of education.

1 (3) (A) Materiality: explicitly state that all discrepancies in  
2 average daily attendance and instructional minutes at charter  
3 schools meet the materiality standard.

4 (B) Charter schools that are a component entity of a school  
5 district or county office of education shall report charter school  
6 financial data separately from the general fund of the school district  
7 or county office of education, and the auditor shall sample  
8 transactions of the charter school as if the financial data of the  
9 charter school represented a major fund of the school district or  
10 county office of education. The auditor shall also present financial  
11 data separately for each individual charter school in the  
12 supplemental section or footnotes of the audit report.

13 (4) (A) Enrollment and residency: for nonclassroom-based  
14 instruction, verify enrollment and residency of pupils.

15 (B) Using appropriate sampling techniques, verify pupil  
16 enrollment and verify that a pupil's residence is located within the  
17 jurisdiction of the county in which the chartering authority is  
18 located or an adjacent county, based on residency documentation  
19 provided by the parent or guardian of the pupil at the time of  
20 enrollment.

21 (C) State in a finding any inappropriately reported enrollment  
22 or residency identified.

23 (5) Chartering authority input: require auditors to consult with  
24 and interview the chartering authority for input and information,  
25 including a focus on fiscal and compliance areas that the charter  
26 school excels in or may not meet expectations, potential fraud  
27 risks, irregularities in observations and reporting, and other  
28 background information pertinent to the audit.

29 (6) (A) Related parties: determining if a related entity, such as  
30 a charter management organization, education management  
31 organization, or similar third party with financial, economic, or  
32 controlling membership interest, exists with the charter school.

33 (B) If a relationship is determined to exist pursuant to  
34 subparagraph (A), evaluate the level of the relationship to  
35 determine if it is material. For purposes of materiality, determine  
36 if the related party has a material financial, economic, or controlling  
37 interest in the charter school or can exercise material control, such  
38 as common management or board, majority voting interest, or sole  
39 corporate or statutory member or other arrangement.

1 (C) If a relationship is determined to be material pursuant to  
2 subparagraph (B), ensure that the financial statements of the related  
3 entity are reviewed through a separate independent audit and  
4 consolidated into the charter school’s audit report pursuant to the  
5 related party disclosure rules of the Financial Accounting Standards  
6 Board Accounting Standards Codification and pronouncements,  
7 and other generally accepted accounting principles and constraints  
8 regarding when financial statement consolidation is required,  
9 permitted, and prohibited.

10 (D) If a relationship is determined to be material pursuant to  
11 subparagraph (B) and consolidation of financial reporting is  
12 required, then prepare a side-by-side comparison of board members  
13 and executive management.

14 (7) (A) Verification: verify the percentage of pupils engaged  
15 in classroom-based instruction as submitted by the charter school  
16 to the Superintendent pursuant to Section 47634.2, and report any  
17 discrepancies as a finding.

18 (B) ~~Verify~~ *Verify, for a nonclassroom-based charter school,*  
19 *the calculation of the school’s current expense of education,*  
20 *certificated staff salaries and benefits using the documentation*  
21 *provided to the department in the funding determination pursuant*  
22 *to clause (ii) of subparagraph (A) of paragraph (3) of subdivision*  
23 *(d) of Section 47634.2 and report any discrepancies as a finding.*

24 (C) ~~Verify the pupil-to-teacher ratio calculation. For independent~~  
25 ~~study programs at school districts, county offices of education,~~  
26 ~~and charter schools, verify the pupil-to-teacher ratios ratio and~~  
27 ~~calculations required pursuant to Section 51745.6. For charter~~  
28 ~~schools that assign teachers to provide instruction to pupils enrolled~~  
29 ~~at more than one charter school, include all pupils receiving~~  
30 ~~instruction from the teacher in the pupil-to-teacher ratio. 51745.6~~  
31 ~~and report any discrepancies as a finding. For charter schools,~~  
32 ~~verify the pupil-to-teacher ratio and calculations using the~~  
33 ~~documentation provided to the department pursuant to clause (i)~~  
34 ~~of subparagraph (A) of paragraph (3) of subdivision (d) of Section~~  
35 ~~47634.2.~~

36 (8) Payments: select a sample of all payments and verify that  
37 those payments are legal and have proper authorization. The  
38 sampling shall include, but not be limited to, payments obtained  
39 through credit card statements, debit card statements, other  
40 electronic payment methods and media, and bank statements.

1 (9) Nonclassroom-based charter school network: for  
 2 nonclassroom-based charter schools, determine all of the following:  
 3 (A) Whether the charter school employs teachers who are  
 4 required to provide instruction to pupils enrolled in  
 5 nonclassroom-based charter schools other than the charter school  
 6 holding the teacher’s employment contract.  
 7 (B) Whether the charter school has teachers who are required  
 8 to provide instruction to pupils who attend another  
 9 nonclassroom-based charter school.  
 10 (C) Whether the charter school is in a network of  
 11 nonclassroom-based charter schools, as defined in Section 47634.3.  
 12 (D) If a determination is made pursuant to subparagraph (A),  
 13 (B), or (C), identify the other nonclassroom-based charter schools  
 14 *within the network of nonclassroom-based charter schools* and  
 15 report these results to the chartering authority of the charter school  
 16 and the department.  
 17 (10) Funding determination thresholds: for nonclassroom-based  
 18 charter schools, determine all of the ~~following~~: *following and*  
 19 *report any discrepancies*:  
 20 (A) Whether the charter school submitted a determination of  
 21 funding request to the state board.  
 22 (B) Whether the state board approved the determination of  
 23 funding request.  
 24 ~~(C) Whether the documentation provided to the state board is~~  
 25 ~~the same as the calculations in the funding determination audit~~  
 26 ~~schedule.~~  
 27 ~~(D)~~  
 28 (C) Whether the charter school is complying with the thresholds  
 29 included in the state board approved determination of ~~funding~~.  
 30 *funding using the documentation provided to the department*  
 31 *pursuant to subparagraph (A) of paragraph (3) of subdivision (d)*  
 32 *of Section 47634.2.*  
 33 (c) Commencing with the ~~2026–27~~ 2027–28 fiscal year Guide  
 34 for Annual Audits of K–12 Local Education Agencies and State  
 35 Compliance Reporting, the Controller shall include a minimum of  
 36 two sample audit reports that incorporate best practices and meet  
 37 audit reporting requirements for format and content. At a minimum,  
 38 the two sample audit reports shall include a sample audit report  
 39 for a school district and a sample audit report for a charter school.

1 (d) For purposes of this section, “local educational agency”  
2 means a school district, county office of education, charter school,  
3 or educational joint powers authority.

4 SEC. 19. Section 41020.5 of the Education Code is amended  
5 to read:

6 41020.5. (a) (1) If the Controller determines by two  
7 consecutive quality control reviews pursuant to Section 14504.2,  
8 or if the Superintendent, chartering authority, or a county  
9 superintendent of schools determines, that audits performed by a  
10 certified public accountant or public accountant under Section  
11 41020 were not performed in substantial conformity with  
12 provisions of the audit guide, or that the audit reports, including  
13 amended reports, submitted by February 15 following the close  
14 of the fiscal year audited, for two consecutive years do not conform  
15 to provisions of the audit guide as required by Section 14504, the  
16 Controller, the Superintendent, the chartering authority, or the  
17 county superintendent of schools, as appropriate, shall notify in  
18 writing the certified public accountant or public accountant and  
19 the California Board of Accountancy.

20 (2) If the certified public accountant or public accountant does  
21 not file an appeal in writing with the California Board of  
22 Accountancy within 30 calendar days after receipt of the  
23 notification from the Controller, Superintendent, chartering  
24 authority, or county superintendent of schools, the determination  
25 of the Controller, Superintendent, chartering authority, or county  
26 superintendent of schools pursuant to this section shall be final.

27 (b) If an appeal is filed with the California Board of  
28 Accountancy, the board shall complete an investigation of the  
29 appeal within 90 days of the filing date. On the basis of the  
30 investigation, the board may do either of the following:

31 (1) Find that the determination of the Controller, Superintendent,  
32 chartering authority, or county superintendent of schools should  
33 not be upheld and has no effect.

34 (2) Schedule the appeal for a hearing, in which case, the final  
35 action on the appeal shall be completed by the board within one  
36 year from the date of filing the appeal.

37 (c) If the determination of the Controller, Superintendent,  
38 chartering authority, or county superintendent of schools under  
39 subdivision (a) becomes final, the certified public accountant or  
40 public accountant shall be ineligible to conduct audits under

1 Section 41020 for a period of three years, or, in the event of an  
 2 appeal, for any period, and subject to the conditions, that may be  
 3 ordered by the California Board of Accountancy. Not later than  
 4 the first day of March of each year, the Controller shall notify each  
 5 school district, charter school, and county office of education of  
 6 those certified public accountants or public accountants determined  
 7 to be ineligible under this section. School districts, charter schools,  
 8 and county offices of education shall not use the audit services of  
 9 a certified public accountant or public accountant ineligible under  
 10 this section.

11 (d) For purposes of this section, “certified public accountant or  
 12 public accountant” includes any person or firm entering into a  
 13 contract to conduct an audit under Section 41020.

14 (e) This section shall not preclude the California Board of  
 15 Accountancy from taking any disciplinary action it deems  
 16 appropriate under other laws.

17 SEC. 20. Section 41020.8 of the Education Code is amended  
 18 to read:

19 41020.8. (a) Notwithstanding any other law, the auditor  
 20 conducting an annual audit pursuant to Section 41020 shall, upon  
 21 request, provide financial and compliance information to specified  
 22 entities as follows:

23 (1) To the county superintendent of schools for a school district  
 24 or educational joint powers authority within the county  
 25 superintendent of schools’ jurisdiction.

26 (2) To the chartering authority or county superintendent of  
 27 schools for a charter school if the county superintendent of schools  
 28 is not the chartering authority.

29 (3) To the Superintendent and the Controller for any local  
 30 educational agency.

31 (b) Information provided by an auditor to the chartering  
 32 authority, a county superintendent of schools, the Controller, or  
 33 the Superintendent pursuant to this section shall be submitted  
 34 simultaneously to the named school district, charter school, or  
 35 county superintendent of schools, as applicable, and shall not  
 36 constitute a violation of auditor-client confidentiality.

37 SEC. 21. Section 41341 of the Education Code is amended to  
 38 read:

39 41341. (a) (1) If, during any fiscal year, the amount  
 40 apportioned to a school district, county office of education, charter

1 school, or to any fund from Section A of the State School Fund  
2 differs either positively or negatively from the amount to which  
3 the school district, county office of education, charter school, or  
4 fund was entitled by an amount equal to the local control funding  
5 formula allocation pursuant to Section 2574 or 42238.02, as  
6 implemented pursuant to Section 42238.03, for one unit of average  
7 daily attendance, the Superintendent, in accordance with  
8 regulations that the Superintendent is hereby authorized to adopt,  
9 not later than the first succeeding fiscal year from the fiscal year  
10 in which the computational error was made, shall withhold from,  
11 or add to, the apportionment made during that fiscal year, the  
12 amount of the excess or deficiency, as the case may be.  
13 Notwithstanding any other provision of this code to the contrary,  
14 excesses withheld or deficiencies added by the Superintendent  
15 pursuant this subdivision shall be added to or allowed from any  
16 portion of the State School Fund.

17 (2) Notwithstanding paragraph (1), excesses may be withheld  
18 or deficiencies added to apportionments on account of audit  
19 exceptions reported in an audit or review, as described in  
20 subdivision (e) of Section 41344, or audit or review conducted by  
21 a certified public accountant or public accounting firm designated  
22 by a governmental agency that provided the local educational  
23 agency the opportunity to provide a written response.

24 (3) If, during any fiscal year, a school district, county office of  
25 education, or charter school determines that the amount apportioned  
26 to the school district, county office of education, charter school,  
27 or to any fund from Section A of the State School Fund differs  
28 either positively or negatively from the amount to which the school  
29 district, county office of education, charter school, or fund was  
30 entitled by an amount equal to the local control funding formula  
31 allocation pursuant to Section 2574 or 42238.02, as implemented  
32 pursuant to Section 42238.03, for one or more units of average  
33 daily attendance, the school district, county office of education,  
34 or charter school shall report the corrected amount to the  
35 Superintendent.

36 (b) If, during any fiscal year, the amount apportioned to a  
37 community college district or to any fund from Section B of the  
38 State School Fund differs either positively or negatively from the  
39 amount to which the community college district or fund was  
40 entitled, by an amount equal to the funding of one full-time

1 equivalent student, the Chancellor of the California Community  
2 Colleges, in accordance with regulations that the chancellor is  
3 hereby authorized to adopt, not later than the first succeeding fiscal  
4 year from the fiscal year in which the computational error was  
5 made, shall withhold from, or add to, the apportionment made  
6 during that fiscal year, the amount of the excess or deficiency, as  
7 the case may be. Notwithstanding any other provision of this code  
8 to the contrary, excesses withheld or deficiencies added by the  
9 Chancellor of the California Community Colleges under this  
10 subdivision shall be added to or allowed from any portion of the  
11 State School Fund.

12 SEC. 22. Section 41344.4 of the Education Code is amended  
13 to read:

14 41344.4. Notwithstanding any other law, a local educational  
15 agency shall not be required to repay an apportionment based on  
16 a significant audit exception related to the requirements specified  
17 in subparagraphs (A), (B), and (C) of paragraph (1) of subdivision  
18 (b) of Section 14501 if the county superintendent of schools  
19 certifies to the Superintendent and the Controller that the audit  
20 exception was corrected by the local educational agency or that  
21 an acceptable plan of correction was submitted to the county  
22 superintendent of schools pursuant to paragraph (3) of subdivision  
23 (l) of Section 41020. With respect to textbooks and instructional  
24 materials, the plan shall be consistent with the requirements of  
25 subparagraph (A) of paragraph (2) of subdivision (a) of Section  
26 60119.

27 SEC. 23. Section 41372 of the Education Code is amended to  
28 read:

29 41372. (a) For purposes of this section, the following  
30 definitions apply:

31 (1) “Salaries of classroom teachers” and “teacher” have the  
32 same meanings as defined in Section 41011 provided that the cost  
33 of all health and welfare benefits provided to the teachers by the  
34 school district or charter school are included within the meaning  
35 of salaries of classroom teachers.

36 (2) (A) “Current expense of education” means the gross total  
37 expended (not reduced by estimated income or estimated federal  
38 and state apportionments) for the purposes classified in the final  
39 budget of a school district or charter school (except one which,  
40 during the preceding fiscal year, had less than 101 units of average

1 daily attendance) submitted to and approved by the county  
2 superintendent of schools pursuant to Section 42127 or 47604.33,  
3 as applicable, for certificated salaries other than certificated salaries  
4 for pupil transportation, food services, and community services;  
5 classified salaries other than classified salaries for pupil  
6 transportation, food services, and community services; employee  
7 benefits other than employee benefits for pupil transportation  
8 personnel, food services personnel, and community services  
9 personnel; books, supplies, and equipment replacement other than  
10 for pupil transportation and food services; and community services,  
11 contracted services, and other operating expenses other than for  
12 pupil transportation, food services, and community services.

13 (B) “Current expense of education” does not include  
14 expenditures classified as sites, buildings, books, and media and  
15 new equipment (object of expenditure 6000 of the California  
16 School Accounting Manual), the amount expended from categorical  
17 aid received from the federal or state government which funds  
18 were granted for expenditures in a program not incurring any  
19 teacher salary expenditures or requiring disbursement of the funds  
20 without regard to the requirements of this section, or expenditures  
21 for facility acquisition and construction, and does not include the  
22 amount expended pursuant to any lease agreement for plant and  
23 equipment or the amount expended from funds received from the  
24 federal government pursuant to the federal “Economic Opportunity  
25 Act of 1964” or any extension of that act of Congress.

26 (b) There shall be expended during each fiscal year for payment  
27 of salaries of classroom teachers:

28 (1) By an elementary school district or elementary charter  
29 school, 60 percent of the school district’s or charter school’s current  
30 expense of education.

31 (2) By a high school district or high school charter school, 50  
32 percent of the school district’s or charter school’s current expense  
33 of education.

34 (3) By a unified school district or charter school serving pupils  
35 in kindergarten and grades 1 to 12, inclusive, 55 percent of the  
36 school district’s or charter school’s current expense of education.

37 (4) By a nonclassroom-based charter school, 40 percent of the  
38 charter school’s current expense of education.

39 (c) If the county superintendent of schools having jurisdiction  
40 over the school district or charter school determines, on the basis

1 of an audit conducted pursuant to Section 41020, that a school  
2 district or charter school has not expended the applicable  
3 percentage of current expense of education for the payment of  
4 salaries of classroom teachers during the preceding fiscal year, the  
5 county superintendent of schools shall, in apportionments made  
6 to the school district or charter school from the State School Fund  
7 after April 15 of the current fiscal year, designate an amount of  
8 this apportionment or apportionments equal to the apparent  
9 deficiency in school district or charter school expenditures. Any  
10 amount designated by the county superintendent of schools shall  
11 be deposited in the county treasury to the credit of the school  
12 district or charter school, but shall be unavailable for expenditure  
13 by the school district or charter school pending the determination  
14 to be made by the county superintendent of schools on any  
15 application for exemption that may be submitted to the county  
16 superintendent of schools. If it appears to the governing board of  
17 a school district or the governing body of a charter school that the  
18 application of this section during a fiscal year results in serious  
19 hardship to the school district or charter school, or in the payment  
20 of salaries of classroom teachers in excess of the salaries of  
21 classroom teachers paid by other school districts or charter schools  
22 of comparable type and functioning under comparable conditions,  
23 the governing board or body may apply to the county  
24 superintendent of schools in writing not later than September 15  
25 of the succeeding fiscal year for exemption from the requirements  
26 of this section for the fiscal year on account of which the  
27 application is made. Upon receipt of this application, the county  
28 superintendent of schools shall grant the school district or charter  
29 school an exemption for any amount that is less than one thousand  
30 dollars (\$1,000). If the amount is one thousand dollars (\$1,000)  
31 or greater, the county superintendent of schools may grant an  
32 exemption from the requirements for the fiscal year on account of  
33 which the application is made. If the exemption is granted by the  
34 county superintendent of schools, the designated moneys shall be  
35 immediately available for expenditure by the governing board of  
36 the school district or the governing body of the charter school. If  
37 no application for exemption is made or exemption is denied, the  
38 county superintendent of schools shall order the designated amount  
39 or amount not exempted to be added to the amounts to be expended  
40 for salaries of classroom teachers during the next fiscal year.

1 (d) The county superintendent of schools shall enforce the  
2 requirements prescribed by this section, and may adopt necessary  
3 rules and regulations to that end.

4 SEC. 24. Section 44258.9 of the Education Code is amended  
5 to read:

6 44258.9. (a) (1) The Legislature finds and declares both of  
7 the following:

8 (A) That continued monitoring of educator assignments by the  
9 commission and the county superintendents of schools and  
10 continued reporting of educator assignments by the department  
11 will help ensure that local educational agencies meet state and  
12 federal reporting requirements, including the requirements of the  
13 federal Every Student Succeeds Act (Public Law 114-95), or any  
14 other federal law that effectively replaces that act, and will ensure  
15 that the rate of educator misassignments remains low.

16 (B) That local educational agencies, state officials, pupils, and  
17 guardians have a vested interest in knowing and understanding the  
18 capacity of local educational agencies to fill all available and  
19 funded teaching assignments with educators who are fully  
20 credentialed for the subjects and pupils they are teaching, and a  
21 vested interest in understanding the scope of the teacher shortage  
22 across the TK/K–12 educational system, including, but not limited  
23 to, those instances where vacancies cannot be filled, resulting in  
24 the use of substitutes, increases in class size, or cancellation of  
25 courses or classes.

26 (2) To support pupil access to credentialed and appropriately  
27 assigned educators, the commission and the department shall  
28 collaborate to publish annual data on educator credentialing and  
29 assignment, at the school, local educational agency, and state  
30 levels. To the extent possible, and with the funds provided for that  
31 purpose, each county office of education shall perform its duties  
32 as a monitoring authority, as specified in subdivision (e).

33 (3) The commission and the department shall collaborate to  
34 perform the duties specified in this section, with the commission  
35 executing the assignment monitoring process and the department  
36 facilitating the annual teaching assignment monitoring data  
37 production and publication.

38 (4) The teaching assignment monitoring outcome data reporting  
39 shall be executed in a manner consistent with the statewide system  
40 of support and the school accountability system established

1 pursuant to Article 4.5 (commencing with Section 52059.5) of  
2 Chapter 6.1 of Part 28 of Division 4, county office of education  
3 monitoring established pursuant to Article 2 (commencing with  
4 Section 1240) of Chapter 2 of Part 2 of Division 1 of Title 1, and  
5 the state plan approved by the state board that is required for  
6 compliance with the federal Every Student Succeeds Act, or any  
7 other federal law that effectively replaces that act.

8 (b) For purposes of this section, the following definitions and  
9 identifications apply:

10 (1) (A) “An instance of a teacher shortage” means an  
11 identification by the commission that a course or class assignment  
12 is not any of the following:

13 (i) Permanently filled as of Census Day.

14 (ii) Filled by a fully credentialed teacher.

15 (iii) Filled by a teacher who is appropriately assigned.

16 (B) A “fully credentialed teacher” means an individual who has  
17 completed a teacher preparation program, as defined in subdivision  
18 (e) of Section 44225.7, and who holds a valid preliminary or clear  
19 credential issued based upon the completion of that teacher  
20 preparation program.

21 (C) An assignment is “permanently filled as of Census Day” if  
22 the educator serving as a teacher has been contracted as of Census  
23 Day to provide instruction for either the entire school year or for  
24 a one-semester course for the entire semester.

25 (D) A teacher is “appropriately assigned” if the teacher holds  
26 a credential, permit, or waiver issued by the commission that  
27 contains an authorization to legally teach in the setting, in the  
28 subject area, and the pupil population associated with the  
29 assignment.

30 (2) “An unfilled position” shall be identified in each instance  
31 where a local educational agency has attempted to fill or is actively  
32 trying to fill an open and funded position, but is unable to do so.

33 (3) “A vacant position” shall be identified in each instance  
34 where, as of Census Day, a course or class assignment has not  
35 been permanently filled by a single-designated certificated  
36 employee serving for either the entire school year or for a  
37 one-semester course for the entire semester. For purposes of  
38 identifying an instance of a teacher shortage pursuant to paragraph  
39 (3) of subdivision (h), a “vacant position” shall be limited to an  
40 employee serving as a teacher.

1 (4) “Assignment” means the placement of an individual in a  
2 teaching or services position. An “assignment” can be filled legally  
3 by an individual with a credential, permit, waiver, or any other  
4 document issued by the commission authorizing the assignment,  
5 or the individual may be otherwise authorized by statute.

6 (5) “Local educational agency” means a school district, county  
7 office of education, charter school, or state special school.

8 (6) “Misassignment” has the same meaning as defined in Section  
9 33126. For purposes of this section, “employee,” as used in the  
10 definition of “misassignment” in Section 33126, includes an  
11 individual hired on a contract. *For purposes of this section, in a*  
12 *charter school, “misassignment” shall apply only to employees*  
13 *in teaching positions.*

14 (7) “Monitoring authority” means:

15 (A) The county office of education for school districts in the  
16 county and programs operated by the county office of education.

17 (B) The commission for a school district or county office of  
18 education that operates within a city or county in which there is a  
19 single school district, including the Counties of Alpine, Amador,  
20 Del Norte, Mariposa, Plumas, and Sierra, and the City and County  
21 of San Francisco, and the state special schools.

22 (C) (i) The chartering authority for a charter school.

23 (ii) Notwithstanding clause (i), in cases where a charter school  
24 operates under the authority of a school district in which the charter  
25 school is the sole schoolsite in the school district, the commission  
26 shall serve as the monitoring authority.

27 (8) “System,” unless the context requires otherwise, means the  
28 California Statewide Assignment Accountability System, which  
29 is an electronic data system administered by the commission for  
30 monitoring educator assignments and vacant positions and uses  
31 department data collected pursuant to Sections 10600 and 60900  
32 for its functioning.

33 (c) The commission and the department shall enter into a data  
34 sharing agreement for the department to provide the commission  
35 with educator assignment data necessary to annually identify  
36 educator assignments, including assignments filled by individuals  
37 on preliminary or clear credentials, intern credentials, permits or  
38 waivers, misassignments, and vacant positions at local educational  
39 agencies. The data sharing agreement shall also require the  
40 commission to make credential, permit, waiver, misassignment,

1 vacant positions, and other relevant data available to the department  
2 to support reporting consistent with the state plan approved by the  
3 state board that is required for compliance with the federal Every  
4 Student Succeeds Act (Public Law 114–95), or any other federal  
5 law that effectively replaces that act, and applicable state reporting  
6 requirements, including for the statewide system of support  
7 established pursuant to Article 4.5 (commencing with Section  
8 52059.5) of Chapter 6.1 of Part 28 of Division 4.

9 (d) The commission and the department may engage in a variety  
10 of activities designed to inform school administrators, teachers,  
11 and personnel within the county offices of education of the  
12 regulations and statutes affecting the assignment of educators and  
13 how data on educator assignments is published and used. These  
14 activities may include, but shall not necessarily be limited to, the  
15 preparation of instructive brochures and the holding of regional  
16 workshops.

17 (e) (1) The commission shall annually use the data provided  
18 by the department pursuant to subdivision (c) to produce an initial  
19 data file of vacant positions and educator assignments that do not  
20 have a clear match of credential to assignment. The commission  
21 shall notify local educational agencies and monitoring authorities  
22 of the opportunity to access the system and review the initial data  
23 file of potential misassignments and vacant positions.

24 (2) A local educational agency may do any of the following  
25 within 60 days of the commission’s notification pursuant to  
26 paragraph (1):

27 (A) Access and review the initial data file in the system to  
28 determine if each educator included in the initial data file is  
29 otherwise legally authorized for the assignment.

30 (B) Submit documentation or additional assignment information  
31 to the commission and monitoring authority showing that the  
32 educator is otherwise legally authorized for the assignment. This  
33 information may include the use of local assignment options  
34 outlined in any statute or regulation.

35 (C) Submit documentation to the commission and monitoring  
36 authority showing that a position identified in the initial data file  
37 as vacant was miscoded and that a legally authorized educator was  
38 assigned to the position.

1 (3) Information submitted to the commission and monitoring  
2 authority pursuant to paragraph (2) shall be submitted electronically  
3 through the system.

4 (4) A monitoring authority shall access the system to review  
5 the initial data file and any documentation or additional information  
6 submitted by a local educational agency for which it is a monitoring  
7 authority and make a determination of potential misassignments  
8 and vacant positions within 90 days of the commission's  
9 notification pursuant to paragraph (1).

10 (5) The commission shall have the authority to make a final  
11 determination for all potential assignments and misassignments.

12 (6) After the 90-day review period pursuant to paragraph (4),  
13 the commission shall share all educator assignment data, including  
14 all preliminary and clear credentials, intern credentials, permits,  
15 waivers, misassignments, and vacant positions for that year, with  
16 the department for the department's teaching assignment  
17 monitoring outcomes report and other state and federal reporting  
18 requirements.

19 (7) Once published, the commission shall post a link to the  
20 department's teaching assignment monitoring outcomes reporting  
21 on its internet website, with resources for local educational agencies  
22 seeking to maintain a fully credentialed and appropriately assigned  
23 educator workforce.

24 (8) Notwithstanding any other law, the commission, when  
25 identifying misassignments using the system, shall identify an  
26 educator in a teaching or services position, including an educator  
27 at a charter school, as correctly assigned only when the educator  
28 holds the certificate or credential required by the commission for  
29 that assignment in a noncharter public school, taking into account  
30 local assignment options.

31 (9) Commencing in the 2020–21 school year, a chartering  
32 authority, as provided in this section, may request technical  
33 assistance to assist in its determination of potential misassignments  
34 and vacant positions from the county office of education in the  
35 county in which the chartering authority is located.

36 (10) For a school district, the county superintendent of schools  
37 shall notify, through the office of the school district superintendent,  
38 a certificated school administrator responsible for the assignment  
39 of a certificated person to a position for which the person has no  
40 legal authorization of the misassignment, and shall advise the

1 school administrator to correct the assignment within 30 calendar  
 2 days. For a charter school, the monitoring authority shall notify  
 3 the charter school administrator responsible for the assignment of  
 4 a certificated person to a position for which the person has no legal  
 5 authorization of the misassignment and shall advise the charter  
 6 school administrator to correct the assignment within 30 calendar  
 7 days.

8 (f) The system and the data reported from the system shall not  
 9 be used by a local educational agency for purposes of evaluating  
 10 certificated employees, certificated employee performance  
 11 determinations, or employment decisions.

12 (g) If an employee, including an employee who is employed by  
 13 a charter school, is required by a local educational agency to accept  
 14 an assignment in a teaching or services position for which the  
 15 employee has no legal authorization, all of the following shall  
 16 occur:

17 (1) (A) After exhausting existing local remedies, an employee  
 18 of a school district shall notify the superintendent of the school  
 19 district, and an employee of a charter school shall notify the  
 20 administrator of the charter school, in writing, of the illegal  
 21 assignment.

22 (B) If no action is taken after the notice required pursuant to  
 23 subparagraph (A), an employee of a school district shall notify the  
 24 county superintendent of schools, and an employee of a charter  
 25 school shall notify the chartering authority, in writing, of the illegal  
 26 assignment.

27 (2) In the case of an assignment by a school district for which  
 28 the employee has filed a notice that the employee has no legal  
 29 authorization, the school district or county superintendent of  
 30 schools shall advise the employee about the legality of the  
 31 assignment within 15 working days. In the case of an assignment  
 32 by a charter school for which the employee has filed a notice that  
 33 the employee has no legal authorization, the administrator of the  
 34 charter school or the chartering authority shall advise the employee  
 35 about the legality of the assignment within 15 working days.

36 (3) A local educational agency shall not take adverse action  
 37 against an employee who files a notice of misassignment pursuant  
 38 to paragraph (1).

39 (4) Notwithstanding any other law, for purposes of a charter  
 40 school authorized by the state board, the employee shall file the

1 written notices regarding misassignment described in paragraph  
2 (1) with the commission.

3 (5) During the period of a misassignment, the certificated  
4 employee who files a written notice pursuant to subparagraph (B)  
5 of paragraph (1) shall be exempt from Section 45034.

6 (6) If it is determined that a misassignment has occurred, a  
7 performance evaluation pursuant to Article 11 (commencing with  
8 Section 44660) of Chapter 3 of the certificated employee in the  
9 misassignment shall be nullified.

10 (7) A certificated employee who has not attained permanent  
11 status is subject to the protections described in this subdivision  
12 and subdivision (f) even if the certificated employee does not  
13 provide notice pursuant to paragraph (1).

14 (h) For the 2019–20 school year, the final data file generated  
15 by the system to identify misassignments and vacant positions  
16 shall be nonconsequential and shall be provided to the department,  
17 local educational agencies, and monitoring authorities by the  
18 commission for informational purposes only.

19 (i) Commencing with the 2020–21 school year, and each school  
20 year thereafter, following the 90-day review period provided for  
21 monitoring authorities pursuant to subdivision (e), the commission  
22 shall do all of the following:

23 (1) Ensure local educational agencies have access to the results  
24 of the system’s process of assignment monitoring to support local  
25 continuous improvement efforts.

26 (2) Publish annual certificated educator assignment data that  
27 reflects the level of preparation and licensure of educators serving  
28 California pupils. This data shall include comprehensive  
29 information on all educator assignments, including those filled by  
30 individuals on permits or waivers, intern credentials, and  
31 preliminary or clear credentials, and those appropriately assigned  
32 and misassigned, at the schoolsite, local educational agency,  
33 county, and state levels. The commission may also publish data  
34 on educators serving on administrative and pupil services  
35 credentials, educator preparation pathways, and educator retention,  
36 and whether certificated staff are employed in K–12 education.

37 (3) (A) Identify instances of a teacher shortage in each instance  
38 where, as of Census Day, a course or class assignment is  
39 permanently filled by an employee who is not fully credentialed

1 or who is not appropriately assigned, as identified in clauses (i) to  
2 (vii), inclusive, below:

3 (i) Individuals who are fully credentialed teachers and are  
4 serving outside their credential area based on holding a valid  
5 commission-issued permit authorizing the subject, setting, or pupil  
6 population being taught.

7 (ii) Individuals who are fully credentialed teachers and are  
8 serving outside of their credential area pursuant to a statute or Title  
9 5 of the California Code Regulations that allows a local educational  
10 agency to otherwise legally assign the individual at the local level.

11 (iii) Individuals serving on a valid district or university intern  
12 credential that authorizes the subject, setting, or pupil population  
13 being taught.

14 (iv) Individuals who are fully credentialed teachers but are  
15 teaching a subject, setting, or pupil population not authorized by  
16 their credential area, excluding assignments authorized by  
17 subdivision (b) of Section 80005 of Title 5 of the California Code  
18 of Regulations.

19 (v) Individuals serving on the basis of a valid permit issued by  
20 the commission that authorizes the subject, setting, or pupil  
21 population being taught.

22 (vi) Individuals serving on a short-term or variable-term waiver  
23 document issued by the commission that authorizes the subject,  
24 setting, or pupil population being taught.

25 (vii) Individuals who are identified as misassigned by the  
26 commission, other than those educators described in clause (iv).

27 (B) Identify instances of a teacher shortage in each instance  
28 where, as of Census Day, a local educational agency identifies a  
29 vacant position or an unfilled position.

30 (4) Support the department to do all of the following:

31 (A) Make annual educator assignment, misassignment, and  
32 vacant position data generated by the system publicly available in  
33 a searchable format on the department's internet website. Data  
34 shall be updated annually and provide comprehensive information  
35 on teaching assignment outcomes inclusive of all educator  
36 classifications at the schoolsite, school district, and county levels.

37 (B) Ensure that data for charter schools is distinguishable from  
38 data for noncharter public schools when made publicly available  
39 in a searchable format.

40 (C) Maintain each year's data for no less than five years.

1 (D) Ensure that the publicly available misassignment data  
2 reported from the system shall not include any personally  
3 identifiable information, including names, social security numbers,  
4 home addresses, telephone numbers, or email addresses of  
5 individual educators.

6 (j) The commission may promulgate regulations that define  
7 standards for a local educational agency, including a charter school,  
8 that consistently misassigns educators and what sanctions, if any,  
9 to impose on that local educational agency.

10 (k) (1) On or before December 1, 2022, the commission shall  
11 report to the appropriate policy and fiscal committees of the  
12 Legislature on the development of the system, including, but not  
13 limited to, all of the following:

14 (A) The development and current status of the system.

15 (B) The ability of the system to efficiently produce accurate  
16 annual data on teacher misassignments.

17 (C) Statewide information regarding misassignments, delineated  
18 by credential type, assignment, and type of school.

19 (D) Use of local assignment options, delineated by local  
20 assignment option and type of school.

21 (E) Any recommendations to improve the system and the local  
22 assignment monitoring process required by this section.

23 (F) Identification of any need for further technical assistance  
24 for local educational agencies, including chartering authorities, to  
25 improve assignment monitoring and reduce the overall rate of  
26 misassignment.

27 (2) Pursuant to Section 10231.5 of the Government Code, the  
28 reporting requirement described in paragraph (1) shall be  
29 inoperative on December 1, 2026.

30 (l) This section shall not relieve a local educational agency from  
31 compliance with state and federal law regarding teachers of English  
32 learners or be construed to alter the definition of “misassignment”  
33 for purposes of Section 33126 or the definition of “vacancy” for  
34 purposes of Section 35186.

35 (m) This section does not change existing rights or obligations,  
36 including, but not limited to, those specified in Sections 33126  
37 and 33315.

38 (n) A teacher of a course ~~offered~~ *offered* by a local educational  
39 agency in which pupils receive course credit or that counts towards  
40 instructional minutes, or both, shall hold the certificate, permit, or

1 other document required by the commission for that assignment  
 2 and shall be monitored.

3 SEC. 25. Section 45037 of the Education Code is amended to  
 4 read:

5 45037. (a) Except as provided in Section 45036, for the fiscal  
 6 year 2001–02 and for any fiscal year thereafter in which a person  
 7 renders service as a teacher in kindergarten or any of grades 1 to  
 8 12, inclusive, who does not have a valid certification document,  
 9 the school district, county office of education, or charter school  
 10 that the person is employed by shall be assessed a penalty that  
 11 shall be calculated as provided in subdivision (b) and withheld  
 12 from state funding otherwise due to the school district, county  
 13 office of education, or charter school.

14 (1) Notwithstanding Section 46300, the attendance of the  
 15 noncertificated person’s pupils during the period of service shall  
 16 be included in the computation of average daily attendance.

17 (2) The noncertificated person’s period of service shall not be  
 18 excluded from the determination of eligibility for instruction time  
 19 pursuant to Article 8 (commencing with Section 46200) of Chapter  
 20 2 of Part 26.

21 (b) (1) For each person who rendered service in the employment  
 22 of the school district, county office of education, or charter school  
 23 as a teacher in kindergarten or any of grades 1 to 12, inclusive,  
 24 during the fiscal year, add the total number of schooldays on which  
 25 the person rendered any amount of the service.

26 (2) For each person who rendered service in the employment  
 27 of the school district, county office of education, or charter school  
 28 as a teacher in kindergarten or any of grades 1 to 12, inclusive,  
 29 during the fiscal year, for a period of service during which the  
 30 person did not have a valid certification document, add the number  
 31 of schooldays on which the person rendered any amount of the  
 32 service without a valid certification document.

33 (3) Divide the number determined in paragraph (2) by the  
 34 number determined in paragraph (1) and carry the result to four  
 35 decimal places.

36 (4) Multiply a school district’s or charter school’s local control  
 37 funding formula grant apportionment for the fiscal year, calculated  
 38 pursuant to Section 42238.02, as implemented by Section 42238.03,  
 39 or a county office of education’s local control funding formula  
 40 alternative education grant computed pursuant to Section 2574, as

1 apportioned pursuant to Section 2575, for the fiscal year, for the  
2 program in which the noncertificated person rendered service by  
3 the number determined in paragraph (3).

4 (c) Beginning in 2002–03, if a county office of education  
5 releases a warrant in favor of a person for whom a period of school  
6 district or charter school service is included in the calculation set  
7 forth in paragraph (2) of subdivision (b), and the warrant is either  
8 compensation for employment as a teacher or for employment in  
9 some other capacity if the county office of education has direct  
10 knowledge or is in possession of information giving rise to a  
11 reasonable inference that the person is rendering service as a  
12 teacher, the county office of education shall be assessed a penalty.  
13 The penalty assessed to a county office of education for any fiscal  
14 year in which one or more school district or charter school teachers  
15 did not have a valid certification document shall be equal to the  
16 lesser of three amounts as follows:

17 (1) Fifty percent of all penalties assessed for that fiscal year to  
18 all school districts or charter schools in the county office of  
19 education’s jurisdiction pursuant to subdivision (b).

20 (2) One-half percent of the total expenditures for that fiscal year  
21 from unrestricted resources, as defined in the California School  
22 Accounting Manual, in the county office of education’s county  
23 school service fund, when two or fewer school districts or charter  
24 schools in the county office of education’s jurisdiction are subject  
25 to penalties pursuant to subdivision (b).

26 (3) One percent of the total expenditures for that fiscal year  
27 from unrestricted resources, as defined in the California School  
28 Accounting Manual, in the county office of education’s county  
29 school service fund, when three or more school districts or charter  
30 schools in the county office of education’s jurisdiction are subject  
31 to penalties pursuant to subdivision (b).

32 (d) Except as provided in Section 41344.1, nothing in this  
33 section may be waived in whole or in part.

34 SEC. 26. Section 45125.1 of the Education Code is amended  
35 to read:

36 45125.1. (a) Any entity that has a contract with a local  
37 educational agency shall ensure that any employee who interacts  
38 with pupils has a valid criminal records summary as described in  
39 Section 44237. When the contracting entity performs the criminal  
40 background check, it shall immediately provide any subsequent

1 arrest and conviction information it receives to any local  
2 educational agency that it is contracting with pursuant to the  
3 subsequent arrest service.

4 (b) (1) This section does not apply to an entity providing  
5 services to a local educational agency, as described in subdivision  
6 (a), in an emergency or exceptional situation, such as when pupil  
7 health or safety is endangered or when repairs are needed to make  
8 school facilities safe and habitable.

9 (2) Notwithstanding subdivision (a), an employee of any entity  
10 that has a contract with a local educational agency, and that offers  
11 work experience opportunities for pupils, including, but not limited  
12 to, opportunities pursuant to Section 51760, 52336, 52372, 52410,  
13 or 52460, Article 1 (commencing with Section 52300), Article 5  
14 (commencing with Section 52381), or Article 7 (commencing with  
15 Section 52450) of Chapter 9 of Part 28 of Division 4, Chapter 16.5  
16 (commencing with Section 53070) of Part 28 of Division 4, Article  
17 5 (commencing with Section 54690) of Chapter 9 of Part 29 of  
18 Division 4, or Part 54.5 (commencing with Section 88820) of  
19 Division 7 of Title 3, or workplace placements as part of a pupil's  
20 individualized education program, including, but not limited to,  
21 the services described in Article 3 (commencing with Section  
22 56470) of Chapter 4.5 of Part 30 of Division 4, is not required to  
23 have a valid criminal records summary pursuant to subdivision (a)  
24 if all of the following requirements are met:

25 (A) At least one adult employee in the workplace during the  
26 pupil's work hours, who has direct contact with the pupil and has  
27 been designated by the employer as the employee of record who  
28 is responsible for the safety of the pupil, has a valid criminal  
29 records summary as described in Section 44237.

30 (B) A staff representative of the local educational agency makes  
31 visitations as specified in a pupil's individualized education  
32 program, or, if unspecified, at least once every three weeks to  
33 consult with the pupil's workplace liaison, observe the pupil at the  
34 workplace, and check in with the pupil to ensure the pupil's health,  
35 safety, and welfare, including by addressing any concerns the pupil  
36 has raised.

37 (C) The parent or guardian of the pupil has signed a consent  
38 form regarding the pupil's work placement, attesting that the parent  
39 or guardian understands the duties assigned to the pupil and the  
40 nature of the workplace environment.

1 (3) If a pupil participates in services provided by a contractor  
2 as part of an independent study program and the pupil is under the  
3 immediate supervision and control of the pupil's parent or guardian  
4 during the provision of those services, the local educational agency  
5 shall do either of the following:

6 (A) Verify completion of a valid criminal records summary for  
7 all employees of the contractor who interact with the pupil.

8 (B) Ensure that the parent or guardian of the pupil has signed  
9 a consent form before the pupil's interaction with a person  
10 employed by the contractor, attesting that the parent or guardian  
11 understands that the person employed by the contractor has not  
12 completed a valid criminal records summary as described in  
13 Section 44237.

14 (c) On a case-by-case basis, a local educational agency may  
15 require an entity with whom it has a contract to comply with the  
16 requirements of this section for employees in addition to those  
17 described in subdivision (a). The entity shall prepare and submit  
18 those employee's fingerprints to the Department of Justice, as  
19 described in subdivision (a).

20 (d) (1) The Department of Justice shall ascertain whether the  
21 individual whose fingerprints were submitted to it pursuant to  
22 subdivision (a), (c), or (h) has been arrested or convicted of any  
23 crime insofar as that fact can be ascertained from information  
24 available to the Department of Justice. Upon implementation of  
25 an electronic fingerprinting system with terminals located statewide  
26 and managed by the Department of Justice, the Department of  
27 Justice shall ascertain the information required pursuant to this  
28 section within three working days. When the Department of Justice  
29 ascertains that an individual whose fingerprints were submitted to  
30 it pursuant to subdivision (a), (c), or (h) has a pending criminal  
31 proceeding for a felony as defined in Section 45122.1 or has been  
32 convicted of a felony as defined in Section 45122.1, the Department  
33 of Justice shall notify the employer designated by the individual  
34 of that fact. The notification shall be delivered by telephone or  
35 email to the employer.

36 (2) The Department of Justice, at its discretion, may notify the  
37 local educational agencies in instances when the employee is  
38 defined as having a pending criminal proceeding described in  
39 Section 45122.1 or has been convicted of a felony as defined in  
40 Section 45122.1.

1 (3) The Department of Justice shall forward one copy of the  
2 fingerprints to the Federal Bureau of Investigation to verify any  
3 record of previous arrests or convictions of the applicant. The  
4 Department of Justice shall review the criminal record summary  
5 it obtains from the Federal Bureau of Investigation and shall notify  
6 the employer only as to whether or not an applicant has any  
7 convictions or arrests pending adjudication for offenses that, if  
8 committed in California, would have been punishable as a violent  
9 or serious felony. The Department of Justice shall not provide any  
10 specific offense information received from the Federal Bureau of  
11 Investigation. The Department of Justice shall provide written  
12 notification to the contract employer only concerning whether an  
13 applicant for employment has any conviction or arrest pending  
14 final adjudication for any of those crimes, as specified in Section  
15 45122.1, but shall not provide any information identifying any  
16 offense for which an existing employee was convicted or has an  
17 arrest pending final adjudication.

18 (e) (1) An entity having a contract as described in subdivision  
19 (a) or that is required to comply with this section for other  
20 employees pursuant to subdivision (c) shall not permit an employee  
21 to interact with pupils until the Department of Justice has  
22 ascertained that the employee has not been convicted of a felony  
23 as defined in Section 45122.1.

24 (2) The prohibition in paragraph (1) does not apply to an  
25 employee solely on the basis that the employee has been convicted  
26 of a felony if the employee has obtained a certificate of  
27 rehabilitation and pardon pursuant to Chapter 3.5 (commencing  
28 with Section 4852.01) of Title 6 of Part 3 of the Penal Code.

29 (3) The prohibition in paragraph (1) does not apply to an  
30 employee solely on the basis that the employee has been convicted  
31 of a serious felony that is not also a violent felony if that employee  
32 can prove to the sentencing court of the offense in question, by  
33 clear and convincing evidence, that the employee has been  
34 rehabilitated for the purposes of schoolsite employment for at least  
35 one year. If the offense in question occurred outside this state, then  
36 the person may seek a finding of rehabilitation from the court in  
37 the local educational agency in which the employee is a resident.

38 (f) An entity having a contract as described in subdivision (a)  
39 or that is required to comply with this section for other employees  
40 pursuant to subdivision (c) shall certify in writing to the local

1 educational agency that neither the employer nor any of its  
2 employees who are required by this section to submit or have their  
3 fingerprints submitted to the Department of Justice and who may  
4 interact with pupils have been convicted of a felony as defined in  
5 Section 45122.1.

6 (g) Where reasonable access to the statewide electronic  
7 fingerprinting network is available, the Department of Justice may  
8 mandate electronic submission of the fingerprint cards and other  
9 information required by this section.

10 (h) (1) For purposes of this section, an individual operating as  
11 a sole proprietor of an entity that has a contract with a local  
12 educational agency, as described in subdivision (a), shall be  
13 considered an employee of that entity.

14 (2) To protect the safety of any pupil that may interact with an  
15 employee of an entity that is a sole proprietorship and has a contract  
16 as described in subdivision (a) or that is required to comply with  
17 this section for other employees pursuant to subdivision (c), a local  
18 educational agency shall prepare and submit the employee's  
19 fingerprints to the Department of Justice, as described in  
20 subdivision (a).

21 (i) For purposes of this section, "local educational agency"  
22 means a school district, county office of education, or charter  
23 school.

24 SEC. 27. Section 46306 is added to the Education Code, to  
25 read:

26 46306. (a) The department, in consultation with the County  
27 Office Fiscal Crisis and Management Assistance Team, shall  
28 provide a report to the Legislature detailing the business and  
29 alternatives analysis of integrating the California Longitudinal  
30 Pupil Achievement Data System (CALPADS) and the average  
31 daily attendance apportionment data system for purposes of  
32 monitoring statewide average daily attendance by unique pupil  
33 identifier.

34 (b) The report shall include, but not be limited to, all of the  
35 following:

36 (1) A procurement and cost analysis to integrate CALPADS  
37 and the average daily attendance apportionment data system.

38 (2) The necessary timeline to complete an integration of  
39 CALPADS and the average daily attendance apportionment data  
40 system.

1 (3) The logistical and state- and end-user requirements for  
2 integrating CALPADS and the average daily attendance  
3 apportionment data system.

4 (4) A recommendation regarding the most efficient state  
5 department or entity to house an integrated CALPADS and the  
6 average daily attendance apportionment data system.

7 (5) A recommendation for a reasonable frequency for local  
8 educational agencies to report attendance information to the state.

9 (c) The report with recommendations shall be completed by  
10 January 1, 2030, and be presented to the appropriate policy and  
11 fiscal committees of the Legislature in compliance with Section  
12 9795 of the Government Code.

13 (d) Pursuant to Section 10231.5 of the Government Code, this  
14 section shall remain in effect only until January 1, 2031, and as of  
15 that date is repealed.

16 SEC. 28. Section 47604.32 of the Education Code is amended  
17 to read:

18 47604.32. (a) Each chartering authority, in addition to any  
19 other duties imposed by this part, shall do all of the following with  
20 respect to each charter school under its authority:

21 (1) Identify at least one staff member as a contact person for  
22 the charter school.

23 (2) (A) Visit each charter schoolsite, resource center, meeting  
24 space, and satellite facility established by the charter school at  
25 least annually.

26 (B) Commencing July 1, 2028, annually attend a meeting of the  
27 governing body of the charter school and, if applicable, a meeting  
28 of the governing body of the entity managing the charter school,  
29 and review the agendas and minutes of those meetings to monitor  
30 actions that may be taken.

31 (3) Ensure that each charter school under its authority complies  
32 with all reports required of charter schools by law, including the  
33 local control and accountability plan and annual update to the local  
34 control and accountability plan required pursuant to Section  
35 47606.5.

36 (4) (A) Monitor the fiscal condition of each charter school  
37 under its authority.

38 (B) Commencing July 1, 2028, annually monitor payments of  
39 each charter school under its authority to verify that the payments  
40 are legal and have proper authorization. Monitoring shall include,

1 but not be limited to, a review of credit statements, debit card  
2 statements, other electronic payment methods and media, and bank  
3 statements.

4 (5) Provide timely notification to the department if any of the  
5 following circumstances occur or will occur with regard to a charter  
6 school for which it is the chartering authority:

7 (A) A renewal of the charter is granted or denied.

8 (B) The charter is revoked.

9 (C) The charter school will cease operation for any reason.

10 (6) (A) Commencing July 1, 2028, annually verify all of the  
11 following for a nonclassroom-based charter school:

12 (i) The percentage of pupils engaged in classroom-based  
13 instruction submitted by the charter school pursuant to Section  
14 47634.2.

15 (ii) The average-daily-attendance-to-certificated-teacher ratio  
16 used by the charter school pursuant to Section 51745.6, across a  
17 teacher's entire assignment. For charter schools that assign teachers  
18 to provide instruction to pupils enrolled at more than one charter  
19 school, include all pupils receiving instruction from the teacher in  
20 the pupil-to-teacher ratio.

21 (iii) (I) Average daily attendance at the first, second, and annual  
22 principal apportionment reporting, including subsequent corrected  
23 reports, after performing reasonable testing of monthly enrollment  
24 and monthly attendance reports to be submitted to the chartering  
25 authority by the charter school to determine enrollment and  
26 attendance trends and averages.

27 (II) Monthly enrollment reports shall reflect sufficient details  
28 by month and, if applicable, by track, including beginning  
29 enrollment, additions, subtractions, and transfers, reconciled to  
30 ending enrollment. Attendance reports shall reflect sufficient details  
31 to enable the chartering authority to determine a reasonable  
32 alignment of enrollment to attendance. Compare enrollment reports  
33 with the charter petition and budget projections.

34 (III) Types of analysis regarding both enrollment and attendance  
35 trends and averages may include, but are not limited to, all of the  
36 following:

37 (ia) A comparison of the total first, second, and annual principal  
38 apportionment attendance to the total respective data reported in  
39 the prior year.

1 (ib) A comparison of California Longitudinal Pupil Achievement  
2 Data System (CALPADS) Fall 1 data to first and second period  
3 principal apportionment attendance using historical ratios.

4 (ic) Comparable trending of enrollment and attendance in a  
5 given period by increases or decreases of 5 percent or more.

6 (IV) Types of analysis regarding the  
7 average-daily-attendance-to-certificated-teacher ratio across a  
8 teacher’s entire assignment may include, but shall not be limited  
9 to, comparing the charter school ratio to the chartering authority  
10 independent study ratio, if applicable, and comparing the charter  
11 school ratio to the ratio of the high school or unified school district  
12 with the largest average daily attendance of pupils, as described  
13 in Section 51745.6, in the county.

14 (V) If the enrollment or attendance verification fails to support  
15 the applicable first, second, or annual principal apportionment  
16 reporting, including subsequent corrected reports, submitted to the  
17 chartering authority, the chartering authority shall not certify the  
18 applicable principal apportionment report.

19 (B) A charter school shall provide the chartering authority the  
20 necessary supporting documentation in order for the chartering  
21 authority to perform the verification described in subparagraph  
22 (A).

23 (7) Commencing July 1, 2028, a chartering authority shall notify  
24 the certified public accountant or public accountant performing  
25 the audit of a charter school if a charter school does not provide  
26 the required documentation pursuant to paragraph (6). Failure of  
27 a charter school to provide the documentation required pursuant  
28 to paragraph (6) shall result in the certified public accountant or  
29 public accountant performing the audit reporting an attendance  
30 apportionment finding in their annual audit report and a  
31 corresponding reduction in allowable attendance apportionment  
32 by the charter school.

33 (b) The cost of performing the duties required by this section  
34 shall be funded with supervisorial oversight fees collected pursuant  
35 to Section 47613.

36 SEC. 29. Section 47604.35 is added to the Education Code,  
37 immediately following Section 47604.33, to read:

38 47604.35. To ensure consistency in financial reporting, and  
39 promote transparency and accountability of all local educational  
40 agencies, the state board, in consultation with the Superintendent,

1 shall revise regulations to require that charter schools report  
2 periodic and annual financial data in the same manner and on the  
3 same form prescribed for school districts in accordance with all  
4 of the following:

5 (a) Charter schools with an average daily attendance of 5,000  
6 or more pupils and all nonclassroom-based charter schools shall  
7 report periodic and annual financial data in the same manner and  
8 on the same form prescribed for school districts commencing with  
9 the 2026–27 fiscal year.

10 (b) Charter schools, excluding nonclassroom-based charter  
11 schools, with an average daily attendance of 2,500 or more pupils  
12 but fewer than 5,000 pupils shall report periodic and annual  
13 financial data in the same manner and on the same form prescribed  
14 for school districts commencing with the 2027–28 fiscal year.

15 (c) Charter schools, excluding nonclassroom-based charter  
16 schools, with an average daily attendance of fewer than 2,500  
17 pupils shall report periodic and annual financial data in the same  
18 manner and on the same form prescribed for school districts  
19 commencing with the 2028–29 fiscal year.

20 SEC. 30. Section 47605 of the Education Code is amended to  
21 read:

22 47605. (a) (1) Except as set forth in paragraph (2), a petition  
23 for the establishment of a charter school within a school district  
24 may be circulated by one or more persons seeking to establish the  
25 charter school. A petition for the establishment of a charter school  
26 shall identify a single charter school that will operate within the  
27 geographic boundaries of that school district. A charter school  
28 may propose to operate at multiple sites within the school district  
29 if each location is identified in the charter school petition. The  
30 petition may be submitted to the governing board of the school  
31 district for review after either of the following conditions is met:

32 (A) The petition is signed by a number of parents or legal  
33 guardians of pupils that is equivalent to at least one-half of the  
34 number of pupils that the charter school estimates will enroll in  
35 the charter school for its first year of operation.

36 (B) The petition is signed by a number of teachers that is  
37 equivalent to at least one-half of the number of teachers that the  
38 charter school estimates will be employed at the charter school  
39 during its first year of operation.

1 (2) A petition that proposes to convert an existing public school  
 2 to a charter school that would not be eligible for a loan pursuant  
 3 to subdivision (c) of Section 41365 may be circulated by one or  
 4 more persons seeking to establish the charter school. The petition  
 5 may be submitted to the governing board of the school district for  
 6 review after the petition is signed by not less than 50 percent of  
 7 the permanent status teachers currently employed at the public  
 8 school to be converted.

9 (3) A petition shall include a prominent statement that a  
 10 signature on the petition means that the parent or legal guardian  
 11 is meaningfully interested in having their child or ward attend the  
 12 charter school, or in the case of a teacher’s signature, means that  
 13 the teacher is meaningfully interested in teaching at the charter  
 14 school. The proposed charter shall be attached to the petition.

15 (4) After receiving approval of its petition, a charter school that  
 16 proposes to expand operations to one or more additional sites or  
 17 grade levels shall request a material revision to its charter and shall  
 18 notify the chartering authority of those additional locations or  
 19 grade levels. The chartering authority shall consider whether to  
 20 approve those additional locations or grade levels at an open, public  
 21 meeting. If the additional locations or grade levels are approved  
 22 pursuant to the standards and criteria described in subdivision (c),  
 23 they shall be a material revision to the charter school’s charter.

24 (5) (A) A charter school that established one site outside the  
 25 boundaries of the school district, but within the county in which  
 26 that school district is located before January 1, 2020, may continue  
 27 to operate that site until the charter school submits a request for  
 28 the renewal of its charter petition. To continue operating the site,  
 29 the charter school shall do either of the following:

30 (i) First, before submitting the request for the renewal of the  
 31 charter petition, obtain approval in writing from the school district  
 32 where the site is operating.

33 (ii) Submit a request for the renewal of the charter petition  
 34 pursuant to Section 47607 to the school district in which the charter  
 35 school is located.

36 (B) If a Presidential declaration of a major disaster or emergency  
 37 is issued in accordance with the federal Robert T. Stafford Disaster  
 38 Relief and Emergency Assistance Act (42 U.S.C. Sec. 5121 et  
 39 seq.) for an area in which a charter schoolsite is located and  
 40 operating, the charter school, for not more than five years, may

1 relocate that site outside the area subject to the Presidential  
2 declaration if the charter school first obtains the written approval  
3 of the school district where the site is being relocated to.

4 (C) Notwithstanding subparagraph (A), if a charter school was  
5 relocated from December 31, 2016, to December 31, 2019,  
6 inclusive, due to a Presidential declaration of a major disaster or  
7 emergency in accordance with the federal Robert T. Stafford  
8 Disaster Relief and Emergency Assistance Act (42 U.S.C. Sec.  
9 5121 et seq.), that charter school shall be allowed to return to its  
10 original campus location in perpetuity.

11 (D) (i) A charter school in operation and providing educational  
12 services to pupils before October 1, 2019, located on a federally  
13 recognized California Indian reservation or rancheria or operated  
14 by a federally recognized California Indian tribe shall be exempt  
15 from the geographic restrictions of paragraph (1) and subparagraph  
16 (A) of this paragraph and the geographic restrictions of subdivision  
17 (a) of Section 47605.1.

18 (ii) The exemption to the geographic restrictions of subdivision  
19 (a) of Section 47605.1 in clause (i) does not apply to  
20 nonclassroom-based charter schools operating pursuant to Section  
21 47612.5.

22 (E) The department shall regard as a continuing charter school  
23 for all purposes a charter school that was granted approval of its  
24 petition, that was providing educational services to pupils before  
25 October 1, 2019, and is authorized by a different chartering  
26 authority due to changes to this paragraph that took effect January  
27 1, 2020. This paragraph shall be implemented only to the extent  
28 it does not conflict with federal law. In order to prevent any  
29 potential conflict with federal law, this paragraph does not apply  
30 to covered programs as identified in Section 8101(11) of the federal  
31 Elementary and Secondary Education Act of 1965 (20 U.S.C. Sec.  
32 7801) to the extent the affected charter school is the restructured  
33 portion of a divided charter school pursuant to Section 47654.

34 (6) Commencing January 1, 2003, a petition to establish a charter  
35 school shall not be approved to serve pupils in a grade level that  
36 is not served by the school district of the governing board  
37 considering the petition, unless the petition proposes to serve pupils  
38 in all of the grade levels served by that school district.

39 (b) No later than 60 days after receiving a petition, in accordance  
40 with subdivision (a), the governing board of the school district

1 shall hold a public hearing on the provisions of the charter, at  
2 which time the governing board of the school district shall consider  
3 the level of support for the petition by teachers employed by the  
4 school district, other employees of the school district, and parents.  
5 Following review of the petition and the public hearing, the  
6 governing board of the school district shall either grant or deny  
7 the charter within 90 days of receipt of the petition, provided,  
8 however, that the date may be extended by an additional 30 days  
9 if both parties agree to the extension. A petition is deemed received  
10 by the governing board of the school district for purposes of  
11 commencing the timelines described in this subdivision on the day  
12 the petitioner submits a petition to the district office, along with a  
13 signed certification that the petitioner deems the petition to be  
14 complete. The governing board of the school district shall publish  
15 all staff recommendations, including the recommended findings  
16 and, if applicable, the certification from the county superintendent  
17 of schools prepared pursuant to paragraph (8) of subdivision (c),  
18 regarding the petition at least 15 days before the public hearing at  
19 which the governing board of the school district will either grant  
20 or deny the charter. At the public hearing at which the governing  
21 board of the school district will either grant or deny the charter,  
22 petitioners shall have equivalent time and procedures to present  
23 evidence and testimony to respond to the staff recommendations  
24 and findings.

25 (c) In reviewing petitions for the establishment of charter schools  
26 pursuant to this section, the chartering authority shall be guided  
27 by the intent of the Legislature that charter schools are and should  
28 become an integral part of the California educational system and  
29 that the establishment of charter schools should be encouraged.  
30 The governing board of the school district shall grant a charter for  
31 the operation of a school under this part if it is satisfied that  
32 granting the charter is consistent with sound educational practice  
33 and with the interests of the community in which the school is  
34 proposing to locate. The governing board of the school district  
35 shall consider the academic needs of the pupils the school proposes  
36 to serve. The governing board of the school district shall not deny  
37 a petition for the establishment of a charter school unless it makes  
38 written factual findings, specific to the particular petition, setting  
39 forth specific facts to support one or more of the following  
40 findings:

1 (1) The charter school presents an unsound educational program  
2 for the pupils to be enrolled in the charter school.

3 (2) The petitioners are demonstrably unlikely to successfully  
4 implement the program set forth in the petition.

5 (3) The petition does not contain the number of signatures  
6 required by subdivision (a).

7 (4) The petition does not contain an affirmation of each of the  
8 conditions described in subdivision (e).

9 (5) The petition does not contain reasonably comprehensive  
10 descriptions of all of the following:

11 (A) (i) The educational program of the charter school, designed,  
12 among other things, to identify those whom the charter school is  
13 attempting to educate, what it means to be an “educated person”  
14 in the 21st century, and how learning best occurs. The goals  
15 identified in that program shall include the objective of enabling  
16 pupils to become self-motivated, competent, and lifelong learners.

17 (ii) The annual goals for the charter school for all pupils and  
18 for each subgroup of pupils identified pursuant to Section 52052,  
19 to be achieved in the state priorities, as described in subdivision  
20 (d) of Section 52060, that apply for the grade levels served, and  
21 specific annual actions to achieve those goals. A charter petition  
22 may identify additional school priorities, the goals for the school  
23 priorities, and the specific annual actions to achieve those goals.

24 (iii) If the proposed charter school will serve high school pupils,  
25 the manner in which the charter school will inform parents about  
26 the transferability of courses to other public high schools and the  
27 eligibility of courses to meet college entrance requirements.  
28 Courses offered by the charter school that are accredited by the  
29 Western Association of Schools and Colleges may be considered  
30 transferable and courses approved by the University of California  
31 or the California State University as creditable under the “A to G”  
32 admissions criteria may be considered to meet college entrance  
33 requirements.

34 (B) The measurable pupil outcomes identified for use by the  
35 charter school. “Pupil outcomes,” for purposes of this part, means  
36 the extent to which all pupils of the charter school demonstrate  
37 that they have attained the skills, knowledge, and attitudes specified  
38 as goals in the charter school’s educational program. Pupil  
39 outcomes shall include outcomes that address increases in pupil  
40 academic achievement both schoolwide and for all pupil subgroups

1 served by the charter school, as that term is defined in subdivision  
2 (a) of Section 52052. The pupil outcomes shall align with the state  
3 priorities, as described in subdivision (d) of Section 52060, that  
4 apply for the grade levels served by the charter school.

5 (C) The method by which pupil progress in meeting those pupil  
6 outcomes is to be measured. To the extent practicable, the method  
7 for measuring pupil outcomes for state priorities shall be consistent  
8 with the way information is reported on a school accountability  
9 report card.

10 (D) The governance structure of the charter school, including,  
11 but not limited to, the process to be followed by the charter school  
12 to ensure parental involvement.

13 (E) The qualifications to be met by individuals to be employed  
14 by the charter school.

15 (F) The procedures that the charter school will follow to ensure  
16 the health and safety of pupils and staff. These procedures shall  
17 require all of the following:

18 (i) That each employee of the charter school furnish the charter  
19 school with a criminal record summary as described in Section  
20 44237.

21 (ii) For all schools, the development of a school safety plan,  
22 which shall include the safety topics listed in subparagraphs (A)  
23 to (M), inclusive, of paragraph (2) of subdivision (a) of Section  
24 32282. For schools serving pupils in any of grades 7 to 12,  
25 inclusive, the development of a school safety plan shall also include  
26 the safety topic listed in subparagraph (N) of paragraph (2) of  
27 subdivision (a) of Section 32282.

28 (iii) That the school safety plan be reviewed and updated by  
29 March 1 of every year by the charter school.

30 (G) The means by which the charter school will achieve a  
31 balance of racial and ethnic pupils, special education pupils, and  
32 English learner pupils, including redesignated fluent English  
33 proficient pupils, as defined by the evaluation rubrics in Section  
34 52064.5, that is reflective of the general population residing within  
35 the territorial jurisdiction of the school district to which the charter  
36 petition is submitted. Upon renewal, for a charter school not  
37 deemed to be a local educational agency for purposes of special  
38 education pursuant to Section 47641, the chartering authority may  
39 consider the effect of school placements made by the chartering  
40 authority in providing a free and appropriate public education as

1 required by the federal Individuals with Disabilities Education Act  
2 (Public Law 101-476), on the balance of pupils with disabilities  
3 at the charter school.

4 (H) Admission policies and procedures, consistent with  
5 subdivision (e).

6 (I) The procedures by which pupils can be suspended or expelled  
7 from the charter school for disciplinary reasons or otherwise  
8 involuntarily removed from the charter school for any reason.  
9 These procedures, at a minimum, shall include an explanation of  
10 how the charter school will comply with federal and state  
11 constitutional procedural and substantive due process requirements  
12 that are consistent with all of the following:

13 (i) For suspensions of fewer than 10 days, provide oral or written  
14 notice of the charges against the pupil and, if the pupil denies the  
15 charges, an explanation of the evidence that supports the charges  
16 and an opportunity for the pupil to present the pupil's side of the  
17 story.

18 (ii) For suspensions of 10 days or more and all other expulsions  
19 for disciplinary reasons, both of the following:

20 (I) Provide timely, written notice of the charges against the pupil  
21 and an explanation of the pupil's basic rights.

22 (II) Provide a hearing adjudicated by a neutral officer within a  
23 reasonable number of days at which the pupil has a fair opportunity  
24 to present testimony, evidence, and witnesses and confront and  
25 cross-examine adverse witnesses, and at which the pupil has the  
26 right to bring legal counsel or an advocate.

27 (iii) Contain a clear statement that no pupil shall be involuntarily  
28 removed by the charter school for any reason unless the parent or  
29 guardian of the pupil has been provided written notice of intent to  
30 remove the pupil no less than five schooldays before the effective  
31 date of the action. The written notice shall be in the native language  
32 of the pupil or the pupil's parent or guardian, or, if the pupil is a  
33 homeless child or youth, or a foster child or youth, in the native  
34 language of the homeless or foster child's educational rights holder.  
35 In the case of a foster child or youth, the written notice shall also  
36 be provided to the foster child's attorney and county social worker.  
37 If the pupil is an Indian child, as defined in Section 224.1 of the  
38 Welfare and Institutions Code, the written notice shall also be  
39 provided to the Indian child's tribal social worker and, if applicable,  
40 county social worker. The written notice shall inform the pupil,

1 the pupil’s parent or guardian, the homeless child’s educational  
2 rights holder, the foster child’s educational rights holder, attorney,  
3 and county social worker, or the Indian child’s tribal social worker  
4 and, if applicable, county social worker of the right to initiate the  
5 procedures specified in clause (ii) before the effective date of the  
6 action. If the pupil’s parent or guardian, the homeless child’s  
7 educational rights holder, the foster child’s educational rights  
8 holder, attorney, or county social worker, or the Indian child’s  
9 tribal social worker or, if applicable, county social worker initiates  
10 the procedures specified in clause (ii), the pupil shall remain  
11 enrolled and shall not be removed until the charter school issues  
12 a final decision. For purposes of this clause, “involuntarily  
13 removed” includes disenrolled, dismissed, transferred, or  
14 terminated, but does not include suspensions specified in clauses  
15 (i) and (ii).

16 (iv) A foster child’s educational rights holder, attorney, and  
17 county social worker and an Indian child’s tribal social worker  
18 and, if applicable, county social worker shall have the same rights  
19 a parent or guardian of a child has to receive a suspension notice,  
20 expulsion notice, manifestation determination notice, involuntary  
21 transfer notice, and other documents and related information.

22 (J) The manner by which staff members of the charter schools  
23 will be covered by the State Teachers’ Retirement System, the  
24 Public Employees’ Retirement System, or federal social security.

25 (K) The public school attendance alternatives for pupils residing  
26 within the school district who choose not to attend charter schools.

27 (L) The rights of an employee of the school district upon leaving  
28 the employment of the school district to work in a charter school,  
29 and of any rights of return to the school district after employment  
30 at a charter school.

31 (M) The procedures to be followed by the charter school and  
32 the chartering authority to resolve disputes relating to provisions  
33 of the charter.

34 (N) The procedures to be used if the charter school closes. The  
35 procedures shall ensure a final audit of the charter school to  
36 determine the disposition of all assets and liabilities of the charter  
37 school, including plans for disposing of any net assets and for the  
38 maintenance and transfer of pupil records.

39 (6) The petition does not contain a declaration of whether or  
40 not the charter school shall be deemed the exclusive public

1 employer of the employees of the charter school for purposes of  
2 Chapter 10.7 (commencing with Section 3540) of Division 4 of  
3 Title 1 of the Government Code.

4 (7) The charter school is demonstrably unlikely to serve the  
5 interests of the entire community in which the school is proposing  
6 to locate. Analysis of this finding shall include consideration of  
7 the fiscal impact of the proposed charter school. A written factual  
8 finding under this paragraph shall detail specific facts and  
9 circumstances that analyze and consider the following factors:

10 (A) The extent to which the proposed charter school would  
11 substantially undermine existing services, academic offerings, or  
12 programmatic offerings.

13 (B) Whether the proposed charter school would duplicate a  
14 program currently offered within the school district and the existing  
15 program has sufficient capacity for the pupils proposed to be served  
16 within reasonable proximity to where the charter school intends  
17 to locate.

18 (8) The school district is not positioned to absorb the fiscal  
19 impact of the proposed charter school. A school district satisfies  
20 this paragraph if it has a qualified interim certification pursuant to  
21 Section 42131 and the county superintendent of schools, in  
22 consultation with the County Office Fiscal Crisis and Management  
23 Assistance Team, certifies that approving the charter school would  
24 result in the school district having a negative interim certification  
25 pursuant to Section 42131, has a negative interim certification  
26 pursuant to Section 42131, or is under state receivership. Charter  
27 schools proposed in a school district satisfying one of these  
28 conditions shall be subject to a rebuttable presumption of denial.

29 (d) (1) Charter schools shall meet all statewide standards and  
30 conduct the pupil assessments required pursuant to Section 60605  
31 and any other statewide standards authorized in statute or pupil  
32 assessments applicable to pupils in noncharter public schools.

33 (2) Charter schools shall, on a regular basis, consult with their  
34 parents, legal guardians, and teachers regarding the charter school's  
35 educational programs.

36 (e) (1) In addition to any other requirement imposed under this  
37 part, a charter school shall be nonsectarian in its programs,  
38 admission policies, employment practices, and all other operations,  
39 shall not charge tuition, and shall not discriminate against a pupil  
40 on the basis of the characteristics listed in Section 220. Except as

1 provided in paragraph (2), admission to a charter school shall not  
2 be determined according to the place of residence of the pupil, or  
3 of that pupil's parent or legal guardian, within this state, except  
4 that an existing public school converting partially or entirely to a  
5 charter school under this part shall adopt and maintain a policy  
6 giving admission preference to pupils who reside within the former  
7 attendance area of that public school.

8 (2) (A) A charter school shall admit all pupils who wish to  
9 attend the charter school.

10 (B) If the number of pupils who wish to attend the charter school  
11 exceeds the charter school's capacity, attendance, except for  
12 existing pupils of the charter school, shall be determined by a  
13 public random drawing. Preference shall be extended to pupils  
14 currently attending the charter school and pupils who reside in the  
15 school district except as provided for in Section 47614.5.  
16 Preferences, including, but not limited to, siblings of pupils  
17 admitted or attending the charter school and children of the charter  
18 school's teachers, staff, and founders identified in the initial charter,  
19 may also be permitted by the chartering authority on an individual  
20 charter school basis. Priority order for any preference shall be  
21 determined in the charter petition in accordance with all of the  
22 following:

23 (i) Each type of preference shall be approved by the chartering  
24 authority at a public hearing.

25 (ii) Preferences shall be consistent with federal law, the  
26 California Constitution, and Section 200.

27 (iii) Preferences shall not result in limiting enrollment access  
28 for pupils with disabilities, academically low-achieving pupils,  
29 English learners, neglected or delinquent pupils, homeless pupils,  
30 or pupils who are economically disadvantaged, as determined by  
31 eligibility for any free or reduced-price meal program, foster youth,  
32 or pupils based on nationality, race, ethnicity, or sexual orientation.

33 (iv) In accordance with Section 49011, preferences shall not  
34 require mandatory parental volunteer hours as a criterion for  
35 admission or continued enrollment.

36 (C) In the event of a drawing, the chartering authority shall  
37 make reasonable efforts to accommodate the growth of the charter  
38 school and shall not take any action to impede the charter school  
39 from expanding enrollment to meet pupil demand.

1 (3) If a pupil is expelled or leaves the charter school without  
2 graduating or completing the school year for any reason, the charter  
3 school shall notify the superintendent of the school district of the  
4 pupil's last known address within 30 days, and shall, upon request,  
5 provide that school district with a copy of the cumulative record  
6 of the pupil, including report cards or a transcript of grades, and  
7 health information. If the pupil is subsequently expelled or leaves  
8 the school district without graduating or completing the school  
9 year for any reason, the school district shall provide this  
10 information to the charter school within 30 days if the charter  
11 school demonstrates that the pupil had been enrolled in the charter  
12 school. This paragraph applies only to pupils subject to compulsory  
13 full-time education pursuant to Section 48200.

14 (4) (A) A charter school shall not discourage a pupil from  
15 enrolling or seeking to enroll in the charter school for any reason,  
16 including, but not limited to, academic performance of the pupil  
17 or because the pupil exhibits any of the characteristics described  
18 in clause (iii) of subparagraph (B) of paragraph (2).

19 (B) A charter school shall not request a pupil's records or require  
20 a parent, guardian, or pupil to submit the pupil's records to the  
21 charter school before enrollment.

22 (C) A charter school shall not encourage a pupil currently  
23 attending the charter school to disenroll from the charter school  
24 or transfer to another school for any reason, including, but not  
25 limited to, academic performance of the pupil or because the pupil  
26 exhibits any of the characteristics described in clause (iii) of  
27 subparagraph (B) of paragraph (2). This subparagraph shall not  
28 apply to actions taken by a charter school pursuant to the  
29 procedures described in subparagraph (I) of paragraph (5) of  
30 subdivision (c).

31 (D) The department shall develop a notice of the requirements  
32 of this paragraph. This notice shall be posted on a charter school's  
33 internet website. A charter school shall provide a parent or  
34 guardian, or a pupil if the pupil is 18 years of age or older, a copy  
35 of this notice at all of the following times:

- 36 (i) When a parent, guardian, or pupil inquires about enrollment.
- 37 (ii) Before conducting an enrollment lottery.
- 38 (iii) Before disenrollment of a pupil.

39 (E) (i) A person who suspects that a charter school has violated  
40 this paragraph may file a complaint with the chartering authority.

1 (ii) The department shall develop a template to be used for filing  
2 complaints pursuant to clause (i).

3 (5) Notwithstanding any other law, a charter school in operation  
4 as of July 1, 2019, that operates in partnership with the California  
5 National Guard may dismiss a pupil from the charter school for  
6 failing to maintain the minimum standards of conduct required by  
7 the Military Department.

8 (6) A charter school shall, at a governing body meeting, obtain  
9 the approval of the governing body of the charter school for any  
10 contract that would cause the charter school to compensate an  
11 individual contractor more than one hundred thousand dollars  
12 (\$100,000) in a fiscal year.

13 (f) The governing board of a school district shall not require an  
14 employee of the school district to be employed in a charter school.

15 (g) The governing board of a school district shall not require a  
16 pupil enrolled in the school district to attend a charter school.

17 (h) The governing board of a school district shall require that  
18 the petitioner or petitioners provide information regarding the  
19 proposed operation and potential effects of the charter school,  
20 including, but not limited to, the facilities to be used by the charter  
21 school, the manner in which administrative services of the charter  
22 school are to be provided, and potential civil liability effects, if  
23 any, upon the charter school and upon the school district. The  
24 description of the facilities to be used by the charter school shall  
25 specify where the charter school intends to locate. The petitioner  
26 or petitioners also shall be required to provide financial statements  
27 that include a proposed first-year operational budget, including  
28 startup costs, and cashflow and financial projections for the first  
29 three years of operation. If the school is to be operated by, or as,  
30 a nonprofit public benefit corporation, the petitioner shall provide  
31 the names and relevant qualifications of all persons whom the  
32 petitioner nominates to serve on the governing body of the charter  
33 school.

34 (i) In reviewing petitions for the establishment of charter schools  
35 within the school district, the governing board of the school district  
36 shall give preference to petitions that demonstrate the capability  
37 to provide comprehensive learning experiences to pupils identified  
38 by the petitioner or petitioners as academically low achieving  
39 pursuant to the standards established by the department under  
40 Section 54032, as that section read before July 19, 2006.

1 (j) Upon the approval of the petition by the governing board of  
2 the school district, the petitioner or petitioners shall provide written  
3 notice of that approval, including a copy of the petition, to the  
4 applicable county superintendent of schools, the department, and  
5 the state board.

6 (k) (1) (A) (i) If the governing board of a school district denies  
7 a petition, the petitioner may elect to submit the petition for the  
8 establishment of a charter school to the county board of education.  
9 The petitioner shall submit the petition to the county board of  
10 education within 30 days of a denial by the governing board of the  
11 school district. At the same time the petition is submitted to the  
12 county board of education, the petitioner shall also provide a copy  
13 of the petition to the school district. The county board of education  
14 shall review the petition pursuant to subdivisions (b) and (c). If  
15 the petition submitted on appeal contains new or different material  
16 terms, the county board of education shall immediately remand  
17 the petition to the governing board of the school district for  
18 reconsideration, which shall grant or deny the petition within 30  
19 days. If the governing board of the school district denies a petition  
20 after reconsideration, the petitioner may elect to resubmit the  
21 petition for the establishment of a charter school to the county  
22 board of education.

23 (ii) The county board of education shall review the appeal  
24 petition pursuant to subdivision (c). If the denial of the petition  
25 was made pursuant to paragraph (8) of subdivision (c), the county  
26 board of education shall also review the school district's findings  
27 pursuant to paragraph (8) of subdivision (c).

28 (iii) As used in this subdivision, "material terms" of the petition  
29 means the signatures, affirmations, disclosures, documents, and  
30 descriptions described in subdivisions (a), (b), (c), and (h), but  
31 shall not include minor administrative updates to the petition or  
32 related documents due to changes in circumstances based on the  
33 passage of time related to fiscal affairs, facilities arrangements, or  
34 state law, or to reflect the county board of education as the  
35 chartering authority.

36 (B) If the governing board of a school district denies a petition  
37 and the county board of education has jurisdiction over a single  
38 school district, the petitioner may elect to submit the petition for  
39 the establishment of a charter school to the state board. The state  
40 board shall review a petition submitted pursuant to this

1 subparagraph pursuant to subdivision (c). If the denial of a charter  
2 petition is reversed by the state board pursuant to this subparagraph,  
3 the state board shall designate the governing board of the school  
4 district in which the charter school is located as the chartering  
5 authority.

6 (2) If the county board of education denies a petition, the  
7 petitioner may appeal that denial to the state board.

8 (A) The petitioner shall submit the petition to the state board  
9 within 30 days of a denial by the county board of education. The  
10 petitioner shall include the findings and documentary record from  
11 the governing board of the school district and the county board of  
12 education and a written submission detailing, with specific citations  
13 to the documentary record, how the governing board of the school  
14 district and the county board of education abused their discretion.  
15 The governing board of the school district and county board of  
16 education shall prepare the documentary record, including  
17 transcripts of the public hearing at which the governing board of  
18 the school district and county board of education denied the charter,  
19 at the request of the petitioner. The documentary record shall be  
20 prepared by the governing board of the school district and county  
21 board of education no later than 10 business days after the request  
22 of the petitioner is made. At the same time the petition and  
23 supporting documentation is submitted to the state board, the  
24 petitioner shall also provide a copy of the petition and supporting  
25 documentation to the school district and the county board of  
26 education.

27 (B) If the appeal contains new or different material terms, as  
28 defined in clause (iii) of subparagraph (A) of paragraph (1), the  
29 state board shall immediately remand the petition to the governing  
30 board of the school district to which the petition was submitted  
31 for reconsideration. The governing board of the school district  
32 shall grant or deny the petition within 30 days. If the governing  
33 board of the school district denies a petition after reconsideration,  
34 the petitioner may elect to resubmit the petition to the state board.

35 (C) Within 30 days of receipt of the appeal submitted to the  
36 state board, the governing board of the school district or county  
37 board of education may submit a written opposition to the state  
38 board detailing, with specific citations to the documentary record,  
39 how the governing board of the school district or the county board  
40 of education did not abuse its discretion in denying the petition.

1 The governing board of the school district or the county board of  
2 education may submit supporting documentation or evidence from  
3 the documentary record that was considered by the governing  
4 board of the school district or the county board of education.

5 (D) The state board’s Advisory Commission on Charter Schools  
6 shall hold a public hearing to review the appeal and documentary  
7 record. Based on its review, the Advisory Commission on Charter  
8 Schools shall submit a recommendation to the state board whether  
9 there is sufficient evidence to hear the appeal or to summarily deny  
10 review of the appeal based on the documentary record. If the  
11 Advisory Commission on Charter Schools does not submit a  
12 recommendation to the state board, the state board shall consider  
13 the appeal, and shall either hear the appeal or summarily deny  
14 review of the appeal based on the documentary record at a regular  
15 public meeting of the state board.

16 (E) The state board shall either hear the appeal or summarily  
17 deny review of the appeal based on the documentary record. If the  
18 state board hears the appeal, the state board may affirm the  
19 determination of the governing board of the school district or the  
20 county board of education, or both of those determinations, or may  
21 reverse only upon a determination that there was an abuse of  
22 discretion by both the governing board of the school district and  
23 the county board of education. Abuse of discretion is the most  
24 deferential standard of review, under which the state board must  
25 give deference to the decisions of the governing board of the school  
26 district and the county board of education to deny the petition. If  
27 the denial of a charter petition is reversed by the state board, the  
28 state board shall designate, in consultation with the petitioner,  
29 either the governing board of the school district or the county board  
30 of education in which the charter school is located as the chartering  
31 authority.

32 (3) A charter school for which a charter is granted by either the  
33 county board of education or the state board based on an appeal  
34 pursuant to this subdivision shall qualify fully as a charter school  
35 for all funding and other purposes of this part.

36 (4) A charter school that receives approval of its petition from  
37 a county board of education or from the state board on appeal shall  
38 be subject to the same requirements concerning geographic location  
39 to which it would otherwise be subject if it received approval from  
40 the chartering authority to which it originally submitted its petition.

1 A charter petition that is submitted to either a county board of  
2 education or to the state board shall meet all otherwise applicable  
3 petition requirements, including the identification of the proposed  
4 site or sites where the charter school will operate.

5 (5) Upon the approval of the petition by the county board of  
6 education, the petitioner or petitioners shall provide written notice  
7 of that approval, including a copy of the petition, to the governing  
8 board of the school district in which the charter school is located,  
9 the department, and the state board.

10 (6) If either the county board of education or the state board  
11 fails to act on a petition within 180 days of receipt, the decision  
12 of the governing board of the school district to deny the petition  
13 shall be subject to judicial review.

14 (l) (1) Teachers in charter schools shall hold the Commission  
15 on Teacher Credentialing certificate, permit, or other document  
16 required for the teacher's certificated assignment. These documents  
17 shall be maintained on file at the charter school and are subject to  
18 periodic inspection by the chartering authority. A governing body  
19 of a direct-funded charter school may use local assignment options  
20 authorized in statute and regulations for the purpose of legally  
21 assigning certificated teachers, in accordance with all of the  
22 requirements of the applicable statutes or regulations in the same  
23 manner as a governing board of a school district. A charter school  
24 shall have authority to request an emergency permit or a waiver  
25 from the Commission on Teacher Credentialing for individuals in  
26 the same manner as a school district.

27 (2) By July 1, 2020, all teachers in charter schools shall obtain  
28 a certificate of clearance and satisfy the requirements for  
29 professional fitness pursuant to Sections 44339, 44340, and 44341.

30 (3) The Commission on Teacher Credentialing shall include in  
31 the bulletins it issues pursuant to subdivision (k) of Section 44237  
32 to provide notification to local educational agencies of any adverse  
33 actions taken against the holders of any commission documents,  
34 notice of any adverse actions taken against teachers employed by  
35 charter schools, and shall make this bulletin available to all  
36 chartering authorities and charter schools in the same manner in  
37 which it is made available to local educational agencies.

38 (m) A charter school shall conduct an annual and independent  
39 financial audit that employs generally accepted accounting  
40 principles and is in accordance with Section 41020.

1 (n) A charter school may encourage parental involvement, but  
2 shall notify the parents and guardians of applicant pupils and  
3 currently enrolled pupils that parental involvement is not a  
4 requirement for acceptance to, or continued enrollment at, the  
5 charter school.

6 (o) The requirements of this section shall not be waived by the  
7 state board pursuant to Section 33050 or any other law.

8 SEC. 31. Section 47605.6 of the Education Code is amended  
9 to read:

10 47605.6. (a) (1) In addition to the authority provided by  
11 Section 47605.5, a county board of education may also approve a  
12 petition for the operation of a charter school that operates at one  
13 or more sites within the geographic boundaries of the county and  
14 that provides instructional services that are not generally provided  
15 by a county office of education. A county board of education may  
16 approve a countywide charter only if it finds, in addition to the  
17 other requirements of this section, that the educational services to  
18 be provided by the charter school will offer services to a pupil  
19 population that will benefit from those services and that cannot be  
20 served as well by a charter school that operates in only one school  
21 district in the county. A petition for the establishment of a  
22 countywide charter school pursuant to this subdivision may be  
23 circulated throughout the county by any one or more persons  
24 seeking to establish the charter school. The petition may be  
25 submitted to the county board of education for review after either  
26 of the following conditions is met:

27 (A) The petition is signed by a number of parents or guardians  
28 of pupils residing within the county that is equivalent to at least  
29 one-half of the number of pupils that the charter school estimates  
30 will enroll in the school for its first year of operation and each of  
31 the school districts where the charter school petitioner proposes  
32 to operate a facility has received at least 30 days' notice of the  
33 petitioner's intent to operate a charter school pursuant to this  
34 section.

35 (B) The petition is signed by a number of teachers that is  
36 equivalent to at least one-half of the number of teachers that the  
37 charter school estimates will be employed at the school during its  
38 first year of operation and each of the school districts where the  
39 charter school petitioner proposes to operate a facility has received

1 at least 30 days' notice of the petitioner's intent to operate a charter  
2 school pursuant to this section.

3 (2) An existing public school shall not be converted to a charter  
4 school in accordance with this section.

5 (3) After receiving approval of its petition, a charter school that  
6 proposes to establish operations at additional sites within the  
7 geographic boundaries of the county board of education shall notify  
8 the school districts where those sites will be located. The charter  
9 school shall also request a material revision of its charter by the  
10 county board of education that approved its charter and the county  
11 board of education shall consider whether to approve those  
12 additional locations at an open, public meeting, held no sooner  
13 than 30 days following notification of the school districts where  
14 the sites will be located. If approved, the location of the approved  
15 sites shall be a material revision of the charter school's approved  
16 charter.

17 (4) A petition shall include a prominent statement indicating  
18 that a signature on the petition means that the parent or guardian  
19 is meaningfully interested in having their child or ward attend the  
20 charter school, or in the case of a teacher's signature, means that  
21 the teacher is meaningfully interested in teaching at the charter  
22 school. The proposed charter shall be attached to the petition.

23 (b) No later than 60 days after receiving a petition, in accordance  
24 with subdivision (a), the county board of education shall hold a  
25 public hearing on the provisions of the charter, at which time the  
26 county board of education shall consider the level of support for  
27 the petition by teachers, parents or guardians, and the school  
28 districts where the charter school petitioner proposes to place  
29 school facilities. Following review of the petition and the public  
30 hearing, the county board of education shall either grant or deny  
31 the charter within 90 days of receipt of the petition. However, this  
32 date may be extended by an additional 30 days if both parties agree  
33 to the extension. A petition is deemed received by the county board  
34 of education for purposes of commencing the timelines described  
35 in this subdivision when the petitioner submits a petition, in  
36 accordance with subparagraph (A) or (B) of paragraph (1) of  
37 subdivision (a), to the county office of education. The county board  
38 of education shall publish all staff recommendations, including  
39 the recommended findings, regarding the petition at least 15 days  
40 before the public hearing at which the county board of education

1 will either grant or deny the charter. At the public hearing at which  
2 the county board of education will either grant or deny the charter,  
3 petitioners shall have equivalent time and procedures to present  
4 evidence and testimony to respond to the staff recommendations  
5 and findings. A county board of education may impose any  
6 additional requirements beyond those required by this section that  
7 it considers necessary for the sound operation of a countywide  
8 charter school. A county board of education may grant a charter  
9 for the operation of a charter school under this part only if it is  
10 satisfied that granting the charter is consistent with sound  
11 educational practice and that the charter school has reasonable  
12 justification for why it could not be established by petition to a  
13 school district pursuant to Section 47605. The county board of  
14 education shall deny a petition for the establishment of a charter  
15 school if it finds one or more of the following:

16 (1) The charter school presents an unsound educational program  
17 for the pupils to be enrolled in the charter school.

18 (2) The petitioners are demonstrably unlikely to successfully  
19 implement the program set forth in the petition.

20 (3) The petition does not contain the number of signatures  
21 required by subdivision (a).

22 (4) The petition does not contain an affirmation of each of the  
23 conditions described in subdivision (e).

24 (5) The petition does not contain reasonably comprehensive  
25 descriptions of all of the following:

26 (A) (i) The educational program of the charter school, designed,  
27 among other things, to identify those pupils whom the charter  
28 school is attempting to educate, what it means to be an “educated  
29 person” in the 21st century, and how learning best occurs. The  
30 goals identified in that program shall include the objective of  
31 enabling pupils to become self-motivated, competent, and lifelong  
32 learners.

33 (ii) The annual goals for the charter school for all pupils and  
34 for each subgroup of pupils identified pursuant to Section 52052,  
35 to be achieved in the state priorities, as described in subdivision  
36 (d) of Section 52060, that apply for the grade levels served by the  
37 charter school, and specific annual actions to achieve those goals.  
38 A charter petition may identify additional school priorities, the  
39 goals for the school priorities, and the specific annual actions to  
40 achieve those goals.

1 (iii) If the proposed charter school will enroll high school pupils,  
2 the manner in which the charter school will inform parents  
3 regarding the transferability of courses to other public high schools.  
4 Courses offered by the charter school that are accredited by the  
5 Western Association of Schools and Colleges may be considered  
6 to be transferable to other public high schools.

7 (iv) If the proposed charter school will enroll high school pupils,  
8 information as to the manner in which the charter school will  
9 inform parents as to whether each individual course offered by the  
10 charter school meets college entrance requirements. Courses  
11 approved by the University of California or the California State  
12 University as satisfying their prerequisites for admission may be  
13 considered as meeting college entrance requirements for purposes  
14 of this clause.

15 (B) The measurable pupil outcomes identified for use by the  
16 charter school. “Pupil outcomes,” for purposes of this part, means  
17 the extent to which all pupils of the charter school demonstrate  
18 that they have attained the skills, knowledge, and aptitudes  
19 specified as goals in the charter school’s educational program.  
20 Pupil outcomes shall include outcomes that address increases in  
21 pupil academic achievement both schoolwide and for all pupil  
22 subgroups served by the charter school, as that term is defined in  
23 subdivision (a) of Section 52052. The pupil outcomes shall align  
24 with the state priorities, as described in subdivision (d) of Section  
25 52060, that apply for the grade levels served by the charter school.

26 (C) The method by which pupil progress in meeting those pupil  
27 outcomes is to be measured. To the extent practicable, the method  
28 for measuring pupil outcomes for state priorities shall be consistent  
29 with the way information is reported on a school accountability  
30 report card.

31 (D) The location of each charter school facility that the petitioner  
32 proposes to operate.

33 (E) The governance structure of the charter school, including,  
34 but not limited to, the process to be followed by the charter school  
35 to ensure parental involvement.

36 (F) The qualifications to be met by individuals to be employed  
37 by the charter school.

38 (G) The procedures that the charter school will follow to ensure  
39 the health and safety of pupils and staff. These procedures shall  
40 require all of the following:

1 (i) That each employee of the charter school furnish the charter  
2 school with a criminal record summary as described in Section  
3 44237.

4 (ii) For all schools, the development of a school safety plan,  
5 which shall include the safety topics listed in subparagraphs (A)  
6 to (M), inclusive, of paragraph (2) of subdivision (a) of Section  
7 32282. For schools serving pupils in any of grades 7 to 12,  
8 inclusive, the development of a school safety plan shall also include  
9 the safety topic listed in subparagraph (N) of paragraph (2) of  
10 subdivision (a) of Section 32282.

11 (iii) That the school safety plan be reviewed and updated by  
12 March 1 of every year by the charter school.

13 (H) The means by which the charter school will achieve a  
14 balance of racial and ethnic pupils, special education pupils, and  
15 English learner pupils, including redesignated fluent English  
16 proficient pupils as defined by the evaluation rubrics in Section  
17 52064.5, that is reflective of the general population residing within  
18 the territorial jurisdiction of the county board of education to which  
19 the charter petition is submitted. Upon renewal, for a charter school  
20 not deemed to be a local educational agency for purposes of special  
21 education pursuant to Section 47641, the chartering authority may  
22 consider the effect of school placements made by the chartering  
23 authority in providing a free and appropriate public education as  
24 required by the federal Individuals with Disabilities Education Act  
25 (Public Law 101-476), on the balance of pupils with disabilities  
26 at the charter school.

27 (I) The procedures by which pupils can be suspended or expelled  
28 from the charter school for disciplinary reasons or otherwise  
29 involuntarily removed from the charter school for any reason.  
30 These procedures, at a minimum, shall include an explanation of  
31 how the charter school will comply with federal and state  
32 constitutional procedural and substantive due process requirements  
33 that is consistent with all of the following:

34 (i) For suspensions of fewer than 10 days, provide oral or written  
35 notice of the charges against the pupil and, if the pupil denies the  
36 charges, an explanation of the evidence that supports the charges  
37 and an opportunity for the pupil to present the pupil's side of the  
38 story.

39 (ii) For suspensions of 10 days or more and all other expulsions  
40 for disciplinary reasons, both of the following:

1 (I) Provide timely, written notice of the charges against the pupil  
2 and an explanation of the pupil's basic rights.

3 (II) Provide a hearing adjudicated by a neutral officer within a  
4 reasonable number of days at which the pupil has a fair opportunity  
5 to present testimony, evidence, and witnesses and confront and  
6 cross-examine adverse witnesses, and at which the pupil has the  
7 right to bring legal counsel or an advocate.

8 (iii) Contain a clear statement that no pupil shall be involuntarily  
9 removed by the charter school for any reason unless the parent or  
10 guardian of the pupil has been provided written notice of intent to  
11 remove the pupil no less than five schooldays before the effective  
12 date of the action. The written notice shall be in the native language  
13 of the pupil or the pupil's parent or guardian, or, if the pupil is a  
14 homeless child or youth, or a foster child or youth, in the native  
15 language of the homeless or foster child's educational rights holder.  
16 In the case of a foster child or youth, the written notice shall also  
17 be provided to the foster child's attorney and county social worker.  
18 If the pupil is an Indian child, as defined in Section 224.1 of the  
19 Welfare and Institutions Code, the written notice shall also be  
20 provided to the Indian child's tribal social worker and, if applicable,  
21 county social worker. The written notice shall inform the pupil,  
22 the pupil's parent or guardian, the homeless child's educational  
23 rights holder, the foster child's educational rights holder, attorney,  
24 and county social worker, or the Indian child's tribal social worker  
25 and, if applicable, county social worker of the right to initiate the  
26 procedures specified in clause (ii) before the effective date of the  
27 action. If the pupil's parent or guardian, the homeless child's  
28 educational rights holder, the foster child's educational rights  
29 holder, attorney, or county social worker, or the Indian child's  
30 tribal social worker or, if applicable, county social worker initiates  
31 the procedures specified in clause (ii), the pupil shall remain  
32 enrolled and shall not be removed until the charter school issues  
33 a final decision. For purposes of this clause, "involuntarily  
34 removed" includes disenrolled, dismissed, transferred, or  
35 terminated, but does not include suspensions specified in clauses  
36 (i) and (ii).

37 (iv) A foster child's educational rights holder, attorney, and  
38 county social worker and an Indian child's tribal social worker  
39 and, if applicable, county social worker shall have the same rights  
40 a parent or guardian of a child has to receive a suspension notice,

1 expulsion notice, manifestation determination notice, involuntary  
2 transfer notice, and other documents and related information.

3 (J) The manner by which staff members of the charter school  
4 will be covered by the State Teachers' Retirement System, the  
5 Public Employees' Retirement System, or federal social security.

6 (K) The procedures to be followed by the charter school and  
7 the county board of education to resolve disputes relating to  
8 provisions of the charter.

9 (L) Admission policy and procedures, consistent with  
10 subdivision (e).

11 (M) The public school attendance alternatives for pupils residing  
12 within the county who choose not to attend the charter school.

13 (N) The rights of an employee of the county office of education,  
14 upon leaving the employment of the county office of education,  
15 to be employed by the charter school, and any rights of return to  
16 the county office of education that an employee may have upon  
17 leaving the employment of the charter school.

18 (O) The procedures to be used if the charter school closes. The  
19 procedures shall ensure a final audit of the charter school to  
20 determine the disposition of all assets and liabilities of the charter  
21 school, including plans for disposing of any net assets and for the  
22 maintenance and transfer of pupil records.

23 (6) A declaration of whether or not the charter school shall be  
24 deemed the exclusive public school employer of the employees of  
25 the charter school for purposes of the Educational Employment  
26 Relations Act (Chapter 10.7 (commencing with Section 3540) of  
27 Division 4 of Title 1 of the Government Code).

28 (7) Any other basis that the county board of education finds  
29 justifies the denial of the petition.

30 (c) A county board of education that approves a petition for the  
31 operation of a countywide charter may, as a condition of charter  
32 approval, enter into an agreement with a third party, at the expense  
33 of the charter school, to oversee, monitor, and report to the county  
34 board of education on the operations of the charter school. The  
35 county board of education may prescribe the aspects of the charter  
36 school's operations to be monitored by the third party and may  
37 prescribe appropriate requirements regarding the reporting of  
38 information concerning the operations of the charter school to the  
39 county board of education.

1 (d) (1) Charter schools shall meet all statewide standards and  
2 conduct the pupil assessments required pursuant to Section 60605  
3 and any other statewide standards authorized in statute or pupil  
4 assessments applicable to pupils in noncharter public schools.

5 (2) Charter schools shall on a regular basis consult with their  
6 parents and teachers regarding the charter school's educational  
7 programs.

8 (e) (1) In addition to any other requirement imposed under this  
9 part, a charter school shall be nonsectarian in its programs,  
10 admission policies, employment practices, and all other operations,  
11 shall not charge tuition, and shall not discriminate against any  
12 pupil on the basis of ethnicity, national origin, gender, gender  
13 identity, gender expression, or disability. Except as provided in  
14 paragraph (2), admission to a charter school shall not be determined  
15 according to the place of residence of the pupil, or of the pupil's  
16 parent or guardian, within this state.

17 (2) (A) A charter school shall admit all pupils who wish to  
18 attend the charter school.

19 (B) If the number of pupils who wish to attend the charter school  
20 exceeds the charter school's capacity, attendance, except for  
21 existing pupils of the charter school, shall be determined by a  
22 public random drawing. Preference shall be extended to pupils  
23 currently attending the charter school and pupils who reside in the  
24 county except as provided for in Section 47614.5. Preferences,  
25 including, but not limited to, siblings of pupils admitted or  
26 attending the charter school and children of the charter school's  
27 teachers, staff, and founders identified in the initial charter, may  
28 also be permitted by the chartering authority on an individual  
29 charter school basis. Priority order for any preference shall be  
30 determined in the charter petition in accordance with all of the  
31 following:

32 (i) Each type of preference shall be approved by the chartering  
33 authority at a public hearing.

34 (ii) Preferences shall be consistent with federal law, the  
35 California Constitution, and Section 200.

36 (iii) Preferences shall not result in limiting enrollment access  
37 for pupils with disabilities, academically low-achieving pupils,  
38 English learners, neglected or delinquent pupils, homeless pupils,  
39 or pupils who are economically disadvantaged, as determined by

1 eligibility for any free or reduced-price meal program, foster youth,  
2 or pupils based on nationality, race, ethnicity, or sexual orientation.

3 (iv) In accordance with Section 49011, preferences shall not  
4 require mandatory parental volunteer hours as a criterion for  
5 admission or continued enrollment.

6 (C) In the event of a drawing, the county board of education  
7 shall make reasonable efforts to accommodate the growth of the  
8 charter school and in no event shall take any action to impede the  
9 charter school from expanding enrollment to meet pupil demand.

10 (3) If a pupil is expelled or leaves the charter school without  
11 graduating or completing the school year for any reason, the charter  
12 school shall notify the superintendent of the school district of the  
13 pupil's last known address within 30 days and shall, upon request,  
14 provide that school district with a copy of the cumulative record  
15 of the pupil, including report cards or a transcript of grades, and  
16 health information. If the pupil is subsequently expelled or leaves  
17 the school district without graduating or completing the school  
18 year for any reason, the school district shall provide this  
19 information to the charter school within 30 days if the charter  
20 school demonstrates that the pupil had been enrolled in the charter  
21 school. This paragraph applies only to pupils subject to compulsory  
22 full-time education pursuant to Section 48200.

23 (4) (A) A charter school shall not discourage a pupil from  
24 enrolling or seeking to enroll in the charter school for any reason,  
25 including, but not limited to, academic performance of the pupil  
26 or because the pupil exhibits any of the characteristics described  
27 in clause (iii) of subparagraph (B) of paragraph (2).

28 (B) A charter school shall not request a pupil's records or require  
29 a parent, guardian, or pupil to submit the pupil's records to the  
30 charter school before enrollment.

31 (C) A charter school shall not encourage a pupil currently  
32 attending the charter school to disenroll from the charter school  
33 or transfer to another school for any reason, including, but not  
34 limited to, academic performance of the pupil or because the pupil  
35 exhibits any of the characteristics described in clause (iii) of  
36 subparagraph (B) of paragraph (2). This subparagraph shall not  
37 apply to actions taken by a charter school pursuant to the  
38 procedures described in subparagraph (I) of paragraph (5) of  
39 subdivision (b).

1 (D) The department shall develop a notice of the requirements  
2 of this paragraph. This notice shall be posted on a charter school’s  
3 internet website. A charter school shall provide a parent or  
4 guardian, or a pupil if the pupil is 18 years of age or older, a copy  
5 of this notice at all of the following times:  
6 (i) When a parent, guardian, or pupil inquires about enrollment.  
7 (ii) Before conducting an enrollment lottery.  
8 (iii) Before disenrollment of a pupil.  
9 (E) (i) A person who suspects that a charter school has violated  
10 this paragraph may file a complaint with the chartering authority.  
11 (ii) The department shall develop a template to be used for filing  
12 complaints pursuant to clause (i).  
13 (5) Notwithstanding any other law, a charter school in operation  
14 as of July 1, 2019, that operates in partnership with the California  
15 National Guard may dismiss a pupil from the charter school for  
16 failing to maintain the minimum standards of conduct required by  
17 the Military Department.  
18 (6) A charter school shall, at a governing body meeting, obtain  
19 the approval of the governing body of the charter school for any  
20 contract that would cause the charter school to compensate an  
21 individual contractor more than one hundred thousand dollars  
22 (\$100,000) in a fiscal year.  
23 (f) The county board of education shall not require an employee  
24 of the county or a school district to be employed in a charter school.  
25 (g) The county board of education shall not require a pupil  
26 enrolled in a county program to attend a charter school.  
27 (h) The county board of education shall require that the  
28 petitioner or petitioners provide information regarding the proposed  
29 operation and potential effects of the charter school, including, but  
30 not limited to, the facilities to be used by the charter school, the  
31 manner in which administrative services of the charter school are  
32 to be provided, and potential civil liability effects, if any, upon the  
33 charter school, any school district where the charter school may  
34 operate, and upon the county board of education. The petitioner  
35 or petitioners shall also be required to provide financial statements  
36 that include a proposed first-year operational budget, including  
37 startup costs, and cashflow and financial projections for the first  
38 three years of operation. If the charter school is to be operated by,  
39 or as, a nonprofit public benefit corporation, the petitioner shall  
40 provide the names and relevant qualifications of all persons whom

1 the petitioner nominates to serve on the governing body of the  
2 charter school.

3 (i) In reviewing petitions for the establishment of charter schools  
4 within the county, the county board of education shall give  
5 preference to petitions that demonstrate the capability to provide  
6 comprehensive learning experiences to pupils identified by the  
7 petitioner or petitioners as academically low achieving pursuant  
8 to the standards established by the department under Section 54032,  
9 as that section read before July 19, 2006.

10 (j) Upon the approval of the petition by the county board of  
11 education, the petitioner or petitioners shall provide written notice  
12 of that approval, including a copy of the petition, to the school  
13 districts within the county, the Superintendent, and the state board.

14 (k) If a county board of education denies a petition, the petitioner  
15 shall not elect to submit the petition for the establishment of the  
16 charter school to the state board.

17 (l) (1) Teachers in charter schools shall be required to hold the  
18 Commission on Teacher Credentialing certificate, permit, or other  
19 document required for the teacher's certificated assignment. These  
20 documents shall be maintained on file at the charter school and  
21 shall be subject to periodic inspection by the chartering authority.  
22 A governing body of a direct-funded charter school may use local  
23 assignment options authorized in statute and regulations for the  
24 purpose of legally assigning certificated teachers, in accordance  
25 with all of the requirements of the applicable statutes or regulations  
26 in the same manner as a governing board of a school district. A  
27 charter school shall have authority to request an emergency permit  
28 or a waiver from the Commission on Teacher Credentialing for  
29 individuals in the same manner as a school district.

30 (2) The Commission on Teacher Credentialing shall include in  
31 the bulletins it issues pursuant to subdivision (k) of Section 44237  
32 to provide notification to local educational agencies of any adverse  
33 actions taken against the holders of any commission documents,  
34 notice of any adverse actions taken against teachers employed by  
35 charter schools. The Commission on Teacher Credentialing shall  
36 make this bulletin available to all chartering authorities and charter  
37 schools in the same manner in which it is made available to local  
38 educational agencies.

1 (m) A charter school shall conduct an annual and independent  
2 financial audit that employs generally accepted accounting  
3 principles and is in accordance with Section 41020.

4 (n) A charter school may encourage parental involvement but  
5 shall notify the parents and guardians of applicant pupils and  
6 currently enrolled pupils that parental involvement is not a  
7 requirement for acceptance to, or continued enrollment at, the  
8 charter school.

9 (o) The requirements of this section shall not be waived by the  
10 state board pursuant to Section 33050 or any other law.

11 SEC. 32. Section 47605.8 is added to the Education Code, to  
12 read:

13 47605.8. The state board shall appoint an advisory committee  
14 on charter schools. The advisory committee shall include, but shall  
15 not necessarily be limited to, representatives from school district  
16 superintendents, charter schools, teachers, parents, members of  
17 the governing boards of school districts, county superintendents  
18 of schools, and the Superintendent.

19 SEC. 33. Section 47605.10 is added to the Education Code,  
20 immediately following Section 47605.9, to read:

21 47605.10. (a) Notwithstanding any other law, a school district  
22 shall be limited in the size of the totality of the nonclassroom-based  
23 charter schools that it may authorize, except as provided in  
24 subdivision (d). A school district with an average daily attendance  
25 of fewer than 10,000 pupils shall not authorize one or more  
26 nonclassroom-based charter schools or approve a material revision  
27 to expand one or more existing nonclassroom-based charter schools  
28 if doing so would result in more than a totality of 100 percent of  
29 the average daily attendance of the school district authorizing the  
30 charter.

31 (b) For purposes of this section, the determination of the average  
32 daily attendance used shall be the second principal apportionment  
33 in the prior year.

34 (c) Except as provided in subdivision (d), if the average daily  
35 attendance of a nonclassroom-based charter school exceeds the  
36 limits established in this section, the charter school shall, at the  
37 next renewal of the charter school, present their renewal to the  
38 existing chartering authority. If the chartering authority approves  
39 the renewal, the chartering authority shall notify the state board  
40 of the approval. The state board shall, in consultation with the

1 charter school and the school district, assign a new school district  
2 with an average daily attendance that meets the requirements of  
3 this section to be the chartering authority of the charter school. If  
4 there is not a school district in the county where the chartering  
5 authority is located that meets the average daily attendance  
6 requirements of this section, the state board shall assign the county  
7 board of education in which the chartering authority is located as  
8 the chartering authority of the charter school.

9 (d) (1) Notwithstanding subdivisions (a) and (c), a chartering  
10 authority that authorized a nonclassroom-based charter school in  
11 operation on or before December 31, 2025, and that exceeds the  
12 limits established in subdivision (a), may reauthorize and continue  
13 to be the chartering authority for that nonclassroom-based charter  
14 school if, as of December 31, 2025, the chartering authority  
15 employs at least four full-time equivalent executive-level staff  
16 members whose primary responsibilities are related to the following  
17 job classifications and areas of employment:

- 18 (A) Superintendent.
- 19 (B) Chief business official.
- 20 (C) Human resources.
- 21 (D) Special education.
- 22 (E) Curriculum.

23 (2) Staff members who have the job responsibilities described  
24 in subparagraphs (A), (C), (D), and (E) of paragraph (1) shall hold  
25 an administrative credential issued by the Commission on Teacher  
26 Credentialing, as required by Section 35028.

27 SEC. 34. Section 47609 is added to the Education Code, to  
28 read:

29 47609. (a) (1) The Charter Authorizing Support Team program  
30 is hereby established, to be administered by the County Office  
31 Fiscal Crisis and Management Assistance Team, in consultation  
32 with the department, as an initiative to expand uniform charter  
33 school authorizing and oversight practices in the state.

34 (2) (A) The program shall develop high-quality fiscal, academic,  
35 and governance oversight and monitoring tools for uniform charter  
36 school authorizing practices. The program shall employ the  
37 proposed values and principles to be developed by the advisory  
38 board for quality charter school authorizing practices, as provided  
39 in subdivision (d), as guidance. The program shall share and update  
40 developed tools and materials, as needed, to help strengthen charter

1 school authorizing practices, with a special focus on chartering  
2 authorities with an average daily attendance of fewer than 2,500  
3 pupils.

4 (B) Materials and trainings provided for in this section shall  
5 ensure consistent and transparent charter school authorizing  
6 processes across the state. The trainings shall include, but not be  
7 limited to, the charter school petition review and appeal process,  
8 memorandum of understanding development, charter school  
9 oversight practices, the charter renewal process, and the charter  
10 school intervention and charter revocation process.

11 (b) Responsibilities of the County Office Fiscal Crisis and  
12 Management Assistance Team shall include all of the following:

- 13 (1) Acting as the fiscal agent for the program.
- 14 (2) (A) Collaborating with leading chartering authorities, county  
15 offices of education, and subject matter experts in the development  
16 and dissemination of high-quality charter school authorizing and  
17 oversight tools and best practices to ensure statewide consistency.  
18 (B) Consulting with the state board in the development of  
19 high-quality charter school authorizing tools and best practices.
- 20 (3) Creating and maintaining an online database of materials  
21 and resources that can be adapted for use by chartering authorities.
- 22 (4) Facilitating an annual statewide conference for chartering  
23 authorities.
- 24 (5) Establishing and facilitating an advisory board, as provided  
25 in subdivision (e), to provide input on the development and full  
26 implementation of services provided by the program.
- 27 (6) Providing information, as requested, to the Legislative  
28 Analyst’s Office for purposes of subdivision (e) to measure the  
29 program’s continual improvement and program fidelity, and to  
30 document the program’s impact.
- 31 (7) Providing technical assistance and support to school districts  
32 and county offices of education when they have questions on the  
33 charter school petition review and appeal process, the charter  
34 renewal process, the charter school intervention and charter  
35 revocation processes, memorandum of understanding development,  
36 and the charter oversight process by and through all of the  
37 following:
- 38 (A) Establish and staff a help desk to respond to inquiries from  
39 chartering authorities and facilitate the connection between need  
40 and resources.

1 (B) Establish a community listserv for chartering authorities to  
2 ask each other questions, gather information, and generate  
3 feedback.

4 (C) Identify and maintain a list of school district and county  
5 office of education personnel designated as responsible for charter  
6 school authorizing or charter oversight activity. Chartering  
7 authorities shall be invited and encouraged to attend regional  
8 meetings and trainings to build their knowledge and expertise.

9 (D) Provide professional learning on best practices for the  
10 charter school petition review and appeal process, the charter  
11 renewal process, and adherence to timelines.

12 (E) Provide professional learning on best practices for the charter  
13 school intervention and charter revocation process.

14 (F) Provide professional learning on best practices for the charter  
15 oversight process, including ongoing monitoring and site reviews.

16 (c) In order to guide the preparation of materials and resources  
17 and provide professional learning opportunities consistent with its  
18 responsibilities, the program shall do all of the following:

19 (1) Seek input from chartering authorities across the state to  
20 determine the type of charter school materials, resources, training,  
21 and support needed in order to build the capacity of chartering  
22 authorities.

23 (2) Provide program data to assist in evaluating the effectiveness  
24 of the program in improving the quality of charter school  
25 authorizing practices.

26 (3) Offer outreach to chartering authorities that have not  
27 previously participated in program trainings or conferences.

28 (d) (1) An advisory board shall be appointed by the board of  
29 directors of the County Office Fiscal Crisis and Management  
30 Assistance Team, to be composed of 13 members, including five  
31 experienced professionals from chartering authorities, two  
32 certificated representatives, one classified representative, two  
33 representatives from other organizations with expertise in charter  
34 school authorizing, one charter school representative, one  
35 representative of the department, and the Chief Executive Officer  
36 of the County Office Fiscal Crisis and Management Assistance  
37 Team, or their designee.

38 (2) The board of directors of the County Office Fiscal Crisis  
39 and Management Assistance Team shall establish bylaws for the  
40 advisory board that, at a minimum, provide for all of the following:

- 1 (A) The role and functions of the advisory board.
- 2 (B) The process and qualifications for appointment as an
- 3 advisory board member. At least one of the five experienced
- 4 professionals from chartering authorities required in this
- 5 subdivision shall be from a chartering authority with an average
- 6 daily attendance of fewer than 2,500 pupils.
- 7 (C) The terms of advisory board members.
- 8 (D) The selection of a chairperson and vice chairperson, and
- 9 the establishment of subcommittees.
- 10 (E) Meetings, including the frequency of meetings.
- 11 (F) The rules of order.
- 12 (G) The process for amending bylaws.
- 13 (3) Notwithstanding any other law, the advisory board shall be
- 14 subject to the Bagley-Keene Open Meeting Act (Article 9
- 15 commencing with Section 11120) of Chapter 1 of Part 1 of
- 16 Division 3 of Title 2 of the Government Code).
- 17 (4) The advisory board shall develop values and principles for
- 18 charter school authorizing and oversight that will provide guidance
- 19 for the preparation of materials and resources, professional learning
- 20 opportunities, and conference materials. The values and principles
- 21 developed by the advisory board shall include, but are not limited
- 22 to, all of the following:
- 23 (A) That the actions and decisions of effective chartering
- 24 authorities are guided by all of the following values:
- 25 (i) Responsibility: the duty to serve the state’s pupils and the
- 26 public.
- 27 (ii) Integrity: adherence to moral and ethical principles in all
- 28 aspects of charter school authorizing and oversight.
- 29 (iii) Fairness: impartial and just treatment of all stakeholders.
- 30 (iv) Knowledge: understanding of charter school law and
- 31 practice.
- 32 (B) In complying with the requirements of this part, chartering
- 33 authorities shall consider all of the following foundational
- 34 principles:
- 35 (i) Through charter school approval and oversight, chartering
- 36 authorities serve the interests of pupils and the public.
- 37 (ii) Chartering authorities hold charter schools accountable for
- 38 results in exchange for the substantial autonomy the law grants to
- 39 charter schools.

1 (iii) Accountability for results includes maintaining high  
2 standards for performance in academics, finance, personnel  
3 management, operations, and governance.

4 (iv) Standards for performance include ensuring access and  
5 pursuing achievement for all pupils.

6 SEC. 35. Section 47612.5 of the Education Code is amended  
7 to read:

8 47612.5. (a) Notwithstanding any other law and as a condition  
9 of apportionment, a charter school shall do all of the following:

10 (1) For each fiscal year, offer, at a minimum, the following  
11 number of minutes of instruction:

12 (A) To pupils in kindergarten, 36,000 minutes.

13 (B) To pupils in grades 1 to 3, inclusive, 50,400 minutes.

14 (C) To pupils in grades 4 to 8, inclusive, 54,000 minutes.

15 (D) To pupils in grades 9 to 12, inclusive, 64,800 minutes.

16 (2) Maintain written contemporaneous records that document  
17 all pupil attendance and make these records available for audit and  
18 inspection.

19 (3) Certify that its pupils have participated in the state testing  
20 programs specified in Chapter 5 (commencing with Section 60600)  
21 of Part 33 in the same manner as other pupils attending public  
22 schools as a condition of apportionment of state funding.

23 (b) Notwithstanding any other law and except to the extent  
24 inconsistent with this section and Section 47634.2, a charter school  
25 that provides independent study shall comply with Article 5.5  
26 (commencing with Section 51745) of Chapter 5 of Part 28 and  
27 implementing regulations adopted thereunder. The state board  
28 shall adopt regulations that apply Article 5.5 (commencing with  
29 Section 51745) of Chapter 5 of Part 28 to charter schools. To the  
30 extent that these regulations concern the qualifications of  
31 instructional personnel, the state board shall be guided by  
32 subdivision (l) of Section 47605.

33 (c) A reduction in apportionment made pursuant to subdivision  
34 (a) shall be proportional to the magnitude of the exception that  
35 causes the reduction. For purposes of paragraph (1) of subdivision  
36 (a), for each charter school that fails to offer pupils the minimum  
37 number of minutes of instruction specified in that paragraph, the  
38 Superintendent shall withhold from the charter school's  
39 apportionment for average daily attendance of the affected pupils,  
40 by grade level, the sum of that apportionment multiplied by the

1 percentage of the minimum number of minutes of instruction at  
2 each grade level that the charter school failed to offer.

3 (d) (1) Notwithstanding any other law and except as provided  
4 in paragraph (1) of subdivision (e), a charter school that has an  
5 approved charter may receive funding for nonclassroom-based  
6 instruction only if a determination for funding is made pursuant  
7 to Section 47634.2 by the state board. The determination for  
8 funding shall be subject to any conditions or limitations the state  
9 board may prescribe. The state board shall adopt regulations on  
10 or before January 1, 2027, *to commence with the 2027–28 fiscal*  
11 *year*, that define and establish general rules governing  
12 nonclassroom-based instruction that apply to all charter schools  
13 and to the process for determining funding of nonclassroom-based  
14 instruction by charter schools offering nonclassroom-based  
15 instruction other than the nonclassroom-based instruction  
16 authorized by paragraph (1) of subdivision (e).  
17 Nonclassroom-based instruction includes, but is not limited to,  
18 independent study, home study, workstudy, and distance and  
19 computer-based education. In prescribing any conditions or  
20 limitations relating to the qualifications of instructional personnel,  
21 the state board shall be guided by subdivision (l) of Section 47605.

22 (2) ~~Except as provided in paragraph (2) of subdivision (b) of~~  
23 ~~Section 47634.2, a~~ A charter school that receives a determination  
24 pursuant to ~~subdivision (b) of~~ Section 47634.2 is not required to  
25 reapply annually for a funding determination of its  
26 nonclassroom-based instruction program if an update of the  
27 information the state board reviewed when initially determining  
28 funding would not require material revision, as that term is defined  
29 in regulations adopted by the state board. Notwithstanding any  
30 other law, the state board may require a charter school to provide  
31 updated information at any time it determines that a review of that  
32 information is necessary. The state board may terminate a  
33 determination for funding if updated or additional information  
34 requested by the state board is not made available to the state board  
35 by the charter school within ~~30 calendar days~~ *a reasonable amount*  
36 *of time* or if the information otherwise supports termination. *A*  
37 *determination for funding pursuant to Section 47634.2 shall not*  
38 *exceed five years.*

39 (3) A charter school that offers nonclassroom-based instruction  
40 in excess of the amount authorized by paragraph (1) of subdivision

1 (e) is subject to the determination for funding requirement of  
2 Section 47634.2 to receive funding each time its charter is renewed  
3 or materially revised pursuant to Section 47607. A charter school  
4 that materially revises its charter to offer nonclassroom-based  
5 instruction in excess of the amount authorized by paragraph (1)  
6 of subdivision (e) is subject to the determination for funding  
7 requirement of Section 47634.2.

8 (e) (1) Notwithstanding any other law, and as a condition of  
9 apportionment, “classroom-based instruction” in a charter school,  
10 for purposes of this part, occurs only when charter school pupils  
11 are engaged in educational activities required of those pupils and  
12 are under the immediate supervision and control of an employee  
13 of the charter school who possesses a valid certification document  
14 registered as required by law. For purposes of calculating average  
15 daily attendance for classroom-based instruction apportionments,  
16 at least 80 percent of the instructional time offered by the charter  
17 school shall be at the schoolsite, and the charter school shall require  
18 the attendance of all pupils for whom a classroom-based  
19 apportionment is claimed at the schoolsite for at least 80 percent  
20 of the minimum instructional time required to be offered pursuant  
21 to paragraph (1) of subdivision (a).

22 (2) For the purposes of this part, “nonclassroom instruction” or  
23 “nonclassroom-based instruction” means instruction that does not  
24 meet the requirements specified in paragraph (1). The state board  
25 may adopt regulations pursuant to paragraph (1) of subdivision  
26 (d) specifying other conditions or limitations on what constitutes  
27 nonclassroom-based instruction, as it deems appropriate and  
28 consistent with this part.

29 (3) For purposes of this part, a schoolsite is a facility that is used  
30 principally for classroom instruction.

31 (4) For purposes of ~~this part~~, *data collection in the California*  
32 *Longitudinal Pupil Achievement Data System (CALPADS)*, “virtual  
33 charter school” means a school that provides less than 20 percent  
34 of in-person instruction, excluding services provided through an  
35 individualized education program or federal or state required  
36 assessments that are completed in person.

37 (5) Notwithstanding any other law, the state board and the  
38 Superintendent shall not waive the requirements of paragraph (1)  
39 of subdivision (a).

1 SEC. 36. Section 47612.7 of the Education Code is amended  
2 to read:

3 47612.7. (a) Notwithstanding any other law and except as  
4 provided in subdivision (b), from January 1, 2020, to December  
5 31, 2025, inclusive, the approval of a petition for the establishment  
6 of a new charter school, as defined in paragraph (2) of subdivision  
7 (e) of Section 47612.5, is prohibited.

8 (b) Subdivision (a) shall not apply to a nonclassroom-based  
9 charter school that was granted approval of its petition and  
10 providing educational services to pupils before October 1, 2019,  
11 under either of the following circumstances:

12 (1) If Assembly Bill 1507 of the 2019–20 Regular Session  
13 amends Section 47605.1 and becomes operative on January 1,  
14 2020, and the charter school is required to submit a petition to the  
15 governing board of a school district or county board of education  
16 in an adjacent county in which its existing resource center is located  
17 in order to comply with Section 47605.1, as amended by Assembly  
18 Bill 1507 of the 2019–20 Regular Session, or to retain current  
19 program offerings or enrollment.

20 (2) If a charter school is required to submit a petition to a school  
21 district or county board of education in which a resource center is  
22 located in order to comply with the court decision in Anderson  
23 Union High School District v. Shasta Secondary Home School  
24 (2016) 4 Cal.App.5th 262, or other relevant court ruling, and the  
25 petition is necessary to retain current program offerings or  
26 enrollment.

27 (3) A charter school authorized by a different chartering  
28 authority pursuant to paragraphs (1) and (2) shall be regarded by  
29 the department as a continuing charter school for all purposes to  
30 the extent it does not conflict with federal law. In order to prevent  
31 any potential conflict with federal law, this paragraph does not  
32 apply to covered programs as identified in Section 8101(11) of the  
33 federal Elementary and Secondary Education Act of 1965 (20  
34 U.S.C. Sec. 7801) to the extent the affected charter school is the  
35 restructured portion of a divided charter school pursuant to Section  
36 47654.

37 (c) Notwithstanding Section 33050 or any other law, the state  
38 board shall not waive the restrictions described in this section.

39 (d) (1) No later than October 1, 2023, the Legislative Analyst  
40 and the County Office Fiscal Crisis and Management Assistance

1 Team shall study the processes used to determine funding for  
2 nonclassroom-based charter schools.

3 (2) The study shall identify and make recommendations on  
4 potential improvements to the processes, including  
5 recommendations for enhancing oversight and reducing fraud,  
6 waste, and abuse.

7 (3) No later than March 1, 2024, the Legislative Analyst and  
8 the County Office Fiscal Crisis and Management Assistance Team  
9 shall report to the appropriate fiscal and policy committees of the  
10 Legislature, the Department of Finance, the department, and the  
11 executive director of the state board on recommendations and  
12 observations as a result of the study. These recommendations or  
13 observations shall consider the fiscal impact on the state.

14 (e) This section shall remain in effect only until January 1, 2026,  
15 and as of that date is repealed.

16 SEC. 37. Section 47613.3 is added to the Education Code, to  
17 read:

18 47613.3. (a) A charter school shall comply with all of the  
19 following:

20 (1) For purposes of providing direct services to pupils, a charter  
21 school shall not expend public funds for a contract with a  
22 contractor, unless that contractor complies with both of the  
23 following requirements:

24 (A) The materials, programs, and organizations providing  
25 services are nonsectarian.

26 (B) The funds that would be used to pay for direct services to  
27 pupils are not used to pay tuition or fees at a private school.

28 (2) A charter school shall not offer any financial payments or  
29 gifts to a teacher, a pupil or prospective pupil, or to the parent or  
30 guardian of a pupil or prospective pupil for enrollment, referral,  
31 retention, participation in school meetings or activities, or  
32 participation in direct services to pupils by contractors.

33 (3) The salary and other income paid to an employee by a charter  
34 school or an entity managing a charter school, as defined by Section  
35 47604.1, shall not depend on pupil attendance or pupil course  
36 completion.

37 (4) Management services, business services, marketing, and  
38 technology contract fees, including, but not limited to, an entity  
39 managing a charter school, as defined by Section 47604.1, shall

1 not be calculated as a percentage of the revenue of the charter  
2 school, as defined in Section 47613.

3 (b) The extent of the charter school’s compliance with  
4 subdivision (a) shall be reviewed and reported as part of the annual,  
5 independent financial audit that a charter school is required to  
6 transmit by December 15 of each year pursuant to Section 41020.

7 (c) The Controller shall include the items listed in paragraphs  
8 (1) to (4), inclusive, of subdivision (a) in the next revision of the  
9 audit guide.

10 (d) This section does not supersede or invalidate a contract that  
11 is in effect at the time this section becomes operative. If a contract  
12 is in effect at the time this section becomes operative, the contract  
13 shall remain in effect until the parties to the agreement negotiate  
14 a successor agreement. A memorandum of understanding shall not  
15 extend a contract that is in effect at the time this section becomes  
16 operative.

17 (e) This section shall become operative on July 1, 2026.

18 SEC. 38. Section 47634.2 of the Education Code is amended  
19 to read:

20 47634.2. (a) (1) Notwithstanding any other provision of law,  
21 through the 2025–26 fiscal year, the amount of funding to be  
22 allocated to a charter school on the basis of average daily  
23 attendance that is generated by pupils engaged in  
24 nonclassroom-based instruction, including funding provided on  
25 the basis of average daily attendance pursuant to Sections 47613.1,  
26 47633, and 47664, shall be adjusted by the state board.

27 ~~(2) (A) Notwithstanding any other provision of law, for the~~  
28 ~~2026–27 fiscal year and each fiscal year thereafter, a charter school~~  
29 ~~that offers less than 75 percent of the instructional time at the~~  
30 ~~schoolsite and requires the attendance of all pupils for less than~~  
31 ~~75 percent of the minimum instructional time required to be offered~~  
32 ~~shall have the amount of funding to be allocated on the basis of~~  
33 ~~average daily attendance that is generated by pupils engaged in~~  
34 ~~nonclassroom-based instruction, including funding provided on~~  
35 ~~the basis of average daily attendance pursuant to Sections 47613.1,~~  
36 ~~47633, and 47664, adjusted by the state board.~~

37 ~~(B) A charter school that offers 75 percent or more of the~~  
38 ~~instructional time at the schoolsite and requires the attendance of~~  
39 ~~all pupils for 75 percent or more of the minimum instructional~~

1 ~~time required to be offered shall not be required to submit a funding~~  
2 ~~determination to the state board and shall receive full funding.~~

3 ~~(C)~~

4 (2) The determination for funding shall be on a percentage basis  
5 and the Superintendent shall implement the determination for  
6 funding by reducing the charter school's reported average daily  
7 attendance by the determination for funding percentage specified  
8 by the state board in accordance with this section.

9 (b) (1) The state board shall adopt regulations setting forth  
10 criteria for the determination of funding for nonclassroom-based  
11 instruction and shall specify that the nonclassroom-based  
12 instruction is conducted for the instructional benefit of the pupil  
13 and substantially dedicated to that function. In developing these  
14 criteria and determining the amount of funding to be allocated to  
15 a charter school pursuant to this section, the state board shall  
16 consider, among other factors it deems appropriate, all of the  
17 following:

18 (A) The amount of the charter school's total budget expended  
19 on certificated employee salaries and benefits and on schoolsites.

20 ~~(B) The current expense of education calculation.~~

21 ~~(C)~~

22 (B) The teacher-to-pupil ratio in the school.

23 ~~(D) One-time state funds and expenses for facilities.~~

24 (C) *One-time local, state, and federal funds.*

25 (D) *Expenses for facilities.*

26 (E) Budget reserves.

27 ~~(F) For charter schools that are part of a network of~~  
28 ~~nonclassroom-based charter schools, the factors identified in~~  
29 ~~subparagraphs (A), (B), and (C), using aggregate data from all~~  
30 ~~charter schools in the network.~~

31 (2) The state board shall appoint an advisory ~~committee~~  
32 *commission* to recommend criteria to the state board in accordance  
33 with this section if it has not done so by January 1, 2002. The  
34 advisory ~~committee~~ *commission* shall include, but is not limited  
35 to, representatives from school district superintendents, charter  
36 schools, teachers, parents, members of the governing boards of  
37 school districts, county superintendents of schools, and the  
38 Superintendent.

39 (c) Commencing with the ~~2026-27~~ 2027-28 fiscal year, the  
40 state board's Advisory Commission on Charter Schools shall

1 recommend to the state board the approval of a funding  
2 determination request submitted by a charter school consistent  
3 with all of the following:

4 (1) (A) Approval of the request at 70 percent if both of the  
5 following criteria are ~~met~~: *met, unless there is a reasonable basis*  
6 *to recommend otherwise*:

7 (i) The percentage calculated for certificated employee salaries  
8 and benefits equals at least 35 percent but less than 40 percent.

9 (ii) The percentage calculated for total expenditures on  
10 instruction and related services equals at least 60 percent but less  
11 than 70 percent.

12 (B) If the recommended percentage made pursuant to this  
13 paragraph is lower than the requested percentage, the  
14 recommendation shall include the reasons justifying the reduction,  
15 and, if appropriate, a description of how any deficiencies or  
16 problems can be addressed by the charter school.

17 (2) (A) Approval of the request at 85 percent, unless there is a  
18 reasonable basis to recommend ~~less~~, *otherwise*, if both of the  
19 following criteria are met:

20 (i) The percentage calculated for certificated employee salaries  
21 and benefits equals at least 40 percent.

22 (ii) The percentage calculated for total expenditures on  
23 instruction and related services equals at least 70 percent but less  
24 than 80 percent.

25 (B) A recommendation made pursuant to this paragraph shall  
26 include the reasons justifying a percentage that is greater than 70  
27 percent or if the recommended percentage is lower than the  
28 requested percentage, the reasons justifying the reduction, and, if  
29 appropriate, a description of how any deficiencies or problems can  
30 be addressed by the charter school.

31 (3) (A) Approval of the request at 100 percent, unless there is  
32 a reasonable basis to recommend less, if all of the following criteria  
33 are met:

34 (i) The percentage calculated for certificated employee salaries  
35 and benefits equals at least 40 percent.

36 (ii) The percentage calculated for total expenditures on  
37 instruction and related services equals at least 80 percent.

38 (iii) The ratio of average daily attendance for independent study  
39 pupils to full-time certificated employees responsible for  
40 independent study does not exceed a pupil-teacher ratio of 25:1

1 or the equivalent ratio of pupils to full-time certificated employees  
2 for all other educational programs operated by the largest unified  
3 school district, as measured by average daily attendance, in the  
4 county or counties in which the charter school operates.

5 (B) If the recommended percentage made pursuant to this  
6 paragraph is lower than the requested percentage, the  
7 recommendation shall include the reasons justifying the reduction  
8 and, if appropriate, a description of how any deficiencies or  
9 problems can be addressed by the charter school.

10 (4) (A) Due to the nonclassroom-based instruction not being  
11 substantially dedicated to the instructional benefit of the pupils, a  
12 denial of the request if one or ~~more~~ *both* of the following criteria  
13 are ~~met~~: *met, unless there is a reasonable basis to recommend*  
14 *otherwise:*

15 (i) The percentage calculated for certificated employee salaries  
16 and benefits is less than 35 percent.

17 ~~(ii) The current expense of education is less than 40 percent.~~

18 ~~(iii)~~

19 (ii) The percentage calculated for total expenditures on  
20 instruction and related services is less than 60 percent.

21 (B) A recommendation made pursuant to this paragraph shall  
22 include the reasons justifying the denial and, if appropriate, a  
23 description of how any deficiencies or problems can be addressed  
24 by the charter school.

25 (d) Commencing with the ~~2026–27~~ 2027–28 fiscal year, all of  
26 the following shall apply:

27 (1) An approved determination of funding for a new charter  
28 school in its first year of operation shall be submitted by December  
29 1 and shall be for two fiscal years. Within 90 days after the end of  
30 its first fiscal year of operation, a charter school shall submit  
31 unaudited actual expense reports and a funding determination form  
32 based on the charter school’s actual second-year budget. If the  
33 Advisory Commission on Charter Schools determines that the  
34 actual expenditures of the charter school or the second-year funding  
35 determination form do not support the funding determination for  
36 the second year, the Advisory Commission on Charter Schools  
37 shall recommend that the state board revise the funding  
38 determination.

39 (2) ~~(A) For charter~~ Charter schools that are part of a network  
40 of nonclassroom-based charter schools, a funding determination

1 ~~shall be for one year and shall be based on the aggregate data of~~  
 2 ~~all nonclassroom-based charter schools in the network. schools~~  
 3 ~~shall apply for a funding determination at the same time in a year~~  
 4 ~~determined by the department and shall be considered by the state~~  
 5 ~~board at the same hearing. The department shall determine the~~  
 6 ~~year based on the furthest funding determination date within the~~  
 7 ~~network, but no later than five years after the network is identified.~~  
 8 ~~The funding determination for a charter school that is part of a~~  
 9 ~~network of nonclassroom-based charter schools shall not exceed~~  
 10 ~~three years. If a charter school already has a multiyear funding~~  
 11 ~~determination prior to being identified as part of a network, that~~  
 12 ~~determination shall be deemed invalid and the network shall submit~~  
 13 ~~documentation for a new funding determination.~~

14 ~~(B) For nonclassroom-based charter schools that are not part of~~  
 15 ~~a network, funding determinations shall be set to align with the~~  
 16 ~~duration of the remainder of their charter pursuant to Sections~~  
 17 ~~47605.9, 47607, and 47607.2. Nonclassroom-based charter schools~~  
 18 ~~shall apply for a funding determination concurrently with having~~  
 19 ~~their charter renewed.~~

20 (3) (A) Nonclassroom-based charter schools shall submit the  
 21 financial documentation required for a funding determination to  
 22 the department on an annual basis in the years between funding  
 23 ~~determinations. determinations, and the department shall review~~  
 24 ~~the documentation, consistent with all of the following:~~

25 (i) *Documentation for the pupil-to-teacher ratio shall include,*  
 26 *for each certificated employee, their Commission on Teacher*  
 27 *Credentialing-provided State Teacher Educator Identifier (SEID)*  
 28 *as reported in the California Longitudinal Pupil Achievement Data*  
 29 *System unique identifier number, percentage of full-time equivalent,*  
 30 *credential, names of all employing local educational agencies,*  
 31 *and the calculation of the pupil-to-teacher ratio.*

32 (ii) *Documentation for the certificated staff salaries and benefits*  
 33 *shall include, for each employee, their Commission on Teacher*  
 34 *Credentialing-provided State Teacher Educator Identifier (SEID)*  
 35 *as reported in the California Longitudinal Pupil Achievement Data*  
 36 *System unique identifier number, percentage of full-time equivalent,*  
 37 *salary and benefit amounts, percent of time spent on providing*  
 38 *direct instruction and instructional support to pupils, indicate*  
 39 *whether the certificated employee provides direct instruction or*  
 40 *instructional support to pupils at two or more nonclassroom-based*

1 *charter schools at the direction of their employer, and the*  
2 *calculation of the percent of revenue expended on certificated staff*  
3 *salaries and benefits.*

4 *(iii) Documentation for instruction and related services shall*  
5 *include financial records and other supporting records necessary*  
6 *to determine the qualifying expenditures, consistent with the*  
7 *definition of instruction and related services, and the calculation*  
8 *of the percent of revenue expended on instruction and related*  
9 *services.*

10 (B) *The Advisory Commission on Charter Schools shall*  
11 *recommend to the state board shall make funding determinations*  
12 *based on a review of aggregate expenditure and revenue*  
13 *information from all years since the prior funding determination*  
14 *was made and shall reduce recommend reducing the funding*  
15 *accordingly.*

16 ~~(4) Data submitted by a charter school as part of its funding~~  
17 ~~determination shall be consistent with its annual independent~~  
18 ~~financial audit pursuant to Section 41020 for the year of the funding~~  
19 ~~determination. If the information in the funding determination~~  
20 ~~form is not consistent with the information reported in its annual~~  
21 ~~independent financial audit, a charter school shall provide~~  
22 ~~clarification and backup documents along with their form. A charter~~  
23 ~~school shall concurrently submit its funding determination form~~  
24 ~~to its chartering authority. The chartering authority shall review~~  
25 ~~the form and notify the department of any concerns with the form,~~  
26 ~~including, but not limited to, discrepancies with the data submitted.~~

27 (5)

28 (4) Any multiyear funding determination approved by the state  
29 board may be modified by the state board, including the terms of  
30 the multiyear approval and the funding authorized. The state board  
31 may terminate a determination of funding if updated or additional  
32 information requested by the department or the advisory committee  
33 pursuant to this section is not made available by a charter school  
34 within ~~30 calendar days~~ *a reasonable amount of time* or if credible  
35 information from any source supports termination. If credible  
36 information from a source supports termination, the charter school  
37 shall have ~~30 calendar days~~ *a reasonable amount of time* prior to  
38 the termination of funding to provide additional information to  
39 support the charter school's determination of funding.

40 (6)

1 (5) If a charter school is maintaining an unassigned fund balance  
 2 for economic uncertainties that is 5 percent or less of the charter  
 3 school’s annual expenditures, the Superintendent shall notify the  
 4 chartering authority of the charter school to investigate whether  
 5 the charter school has sufficient reserves to address economic  
 6 uncertainties.

7 ~~(7)~~

8 (6) A charter school that is eligible for a funding determination  
 9 based on the criteria pursuant to ~~subparagraph (A) of paragraph~~  
 10 ~~(4) of subdivision (c) shall not~~ *may* be eligible for an increase in  
 11 the funding determination ~~based on mitigating circumstances. only~~  
 12 *if the state board finds a reasonable basis to recommend an*  
 13 *increase in accordance with the mitigating circumstances described*  
 14 *in paragraph (7). A charter school granted an increase in the*  
 15 *funding determination based on mitigating circumstances shall*  
 16 *receive a funding determination not to exceed two years.*

17 (7) (A) *A reasonable basis for the Advisory Commission on*  
 18 *Charter Schools to make a recommendation other than one that*  
 19 *results from the criteria described in subdivision (c) includes, but*  
 20 *is not limited to, documented data regarding the individual*  
 21 *circumstances of the charter school related to the following:*  
 22 *one-time, unique, or exceptional expenses for facilities, the*  
 23 *acquisition of one or more schoolbuses, the acquisition and*  
 24 *installation of computer hardware not related to the instructional*  
 25 *program, special education charges levied on the charter school*  
 26 *by a local educational agency, or restricted private grants of funds*  
 27 *awarded to the charter school that cannot be expended for teacher*  
 28 *salaries. The Advisory Commission on Charter Schools may give*  
 29 *charter schools that are in their first year of operation serious*  
 30 *consideration of full funding.*

31 (B) *Documentation for one-time, unique, or exceptional expenses*  
 32 *for facilities shall be evidenced by at least one of the following:*  
 33 *an approved material revision of the school’s charter by their*  
 34 *chartering authority to add one or more locations; an approved*  
 35 *facility lease, facility purchase agreement, or contracts for*  
 36 *architectural services, building construction services, or the like;*  
 37 *evidence of plans submitted to a local government for permitting*  
 38 *approval; a published request for proposals; or an item approved*  
 39 *by the governing body of the charter school declaring the school’s*

1 *intent to lease, acquire, or renovate a facility that includes a*  
2 *detailed project budget and project timeline.*

3 (C) *A charter school that applies for a funding determination*  
4 *based on mitigating circumstances related to documented one-time,*  
5 *unique, or exceptional expenses for facilities in two or more*  
6 *consecutive funding periods shall be required to demonstrate*  
7 *substantial progress towards the leasing, purchase, or renovation*  
8 *of that facility in order to receive a greater funding determination*  
9 *level than which they would normally qualify pursuant to the*  
10 *criteria established in subdivision (c).*

11 (D) *The Advisory Commission on Charter Schools shall consider*  
12 *a charter school's amount of budget reserves, categories of*  
13 *reserves, and purpose of reserves in determining whether a*  
14 *reasonable basis to make a recommendation other than one that*  
15 *results from the criteria described in subdivision (c) is appropriate.*

16 (e) *Commencing with the ~~2026-27~~ 2027-28 fiscal year, charter*  
17 *schools that submit a funding determination request shall adhere*  
18 *to all of the following:*

19 (1) *Exclude unspent one-time revenues that are permitted to be*  
20 *spent over multiple fiscal years from the calculations of the*  
21 *percentage of school revenues spent on instruction and related*  
22 *services if the charter school recognizes these revenues and*  
23 *expenditures in the year the funds are actually spent.*

24 (2) *May include any funds spent on resource centers or*  
25 *site-based instructional facilities operated by the charter school*  
26 *used primarily for purposes of in-person instruction and pupil*  
27 *support services, including, but not limited to, tutoring, counseling,*  
28 *special education services, libraries, and visual and performing*  
29 *arts facilities. A charter school shall provide the department with*  
30 *supporting documentation related to these costs.*

31 (3) *Report the amount and classification of its reserves on*  
32 *funding determination forms consistent with state accounting*  
33 *categories of assigned, unassigned, restricted, committed, and*  
34 *nonspendable.*

35 (4) *Exclude from the revenue ~~any~~ the portion of a net increase*  
36 *to the reserve for economic uncertainties that is sufficient to*  
37 *increase the fund balance to 10 percent of the charter school's*  
38 *annual expenditures if the charter school has ~~an unassigned~~ a fund*  
39 *balance that represents less than 10 percent of their annual*

1 expenditures. *This excluded amount shall not exceed 5 percent of*  
2 *a charter school’s total revenue in any one year.*

3 (5) If applicable, explain on the funding determination form the  
4 purposes for which unassigned fund balances are being maintained  
5 at a level that is 10 percent or more of the charter school’s annual  
6 expenditures.

7 (f) This section does not authorize the state board to adjust the  
8 amount of funding a charter school receives on the basis of average  
9 daily attendance generated through classroom-based instruction,  
10 as defined for purposes of calculating average daily attendance for  
11 classroom-based instruction apportionments by paragraph (1) of  
12 subdivision (d) of Section 47612.5.

13 (g) Each charter school offering nonclassroom-based instruction  
14 shall, in each report provided to the Superintendent for  
15 apportionment purposes, identify the portion of its average daily  
16 attendance that is generated through nonclassroom-based  
17 instruction.

18 (h) Notwithstanding any other provision of law, charter schools  
19 shall be subject, with regard to subdivisions (c) and (d) of Section  
20 47612.5 and this section, to audits conducted pursuant to Section  
21 41020.

22 (i) For purposes of this section, the following definitions apply:

23 ~~(1) “Current expense of education” has the same meaning as~~  
24 ~~defined in subdivision (b) of Section 41372.~~

25 ~~(2)~~

26 (1) “Network of nonclassroom-based charter schools” has the  
27 same meaning as defined in subdivision (b) of Section 47634.3.

28 ~~(3)~~

29 (2) “Nonclassroom-based instruction” has the same meaning  
30 as defined in paragraph (2) of subdivision (e) of Section 47612.5.

31 ~~(4)~~

32 (3) “Pupil-teacher ratio” has the same meaning as described in  
33 Section 51745.6.

34 ~~(5)~~

35 (4) “Schoolsite” has the same meaning as described in paragraph  
36 (3) of subdivision (e) of Section 47612.5.

37 SEC. 39. Section 47634.3 is added to the Education Code, to  
38 read:

39 47634.3. (a) Beginning with the 2027–28 school year, the  
40 department shall annually develop a list that identifies networks

1 of nonclassroom-based charter schools, as described in this section,  
2 based on data from the prior school year.

3 (b) For purposes of this section, a “network of  
4 nonclassroom-based charter schools” means two or more  
5 nonclassroom-based charter schools, as defined pursuant to  
6 paragraph (2) of subdivision (e) of Section 47612.5, that meet one  
7 or more of the following:

8 ~~(1) Employ teachers that teach pupils enrolled at schools other  
9 than the charter school holding the teacher’s employment contract  
10 or employ teachers at more than one local educational agency.~~

11 ~~(2)~~  
12 (1) Have a shared *governance* or management structure, ~~such~~  
13 ~~as including~~ having supervisors and managers who typically  
14 function on a ~~regional~~ multischool level and oversee, evaluate,  
15 ~~and control~~ *teaching assignments, control class rosters, or*  
16 discipline teachers across multiple schools.

17 ~~(3) Have contracts with the same vendor totaling at least 40  
18 percent of the school’s annual total revenue.~~

19 (2) *Are under the control of the same corporate or legal entity,  
20 or are controlled by legal entities wherein one or more of the  
21 corporate directors are appointed or elected by another common  
22 entity.*

23 (3) *Have two or more nonclassroom-based charter schools that  
24 are determined by the Public Employment Relations Board to  
25 constitute either a single employer or joint employer.*

26 SEC. 40. Section 51745.6 of the Education Code is amended  
27 to read:

28 51745.6. (a) The ratio of average daily attendance for  
29 independent study pupils 18 years of age or less to school district,  
30 county office of education, or charter school full-time equivalent  
31 certificated employees responsible for independent study,  
32 calculated as specified by the department, shall comply with one  
33 of the following:

34 (1) It shall not exceed the equivalent ratio of average daily  
35 attendance to full-time equivalent certificated employees providing  
36 instruction in other educational programs operated by the school  
37 district, county office of education, or charter school, unless a new  
38 higher or lower average daily attendance ratio for all other  
39 educational programs offered is negotiated in a collective  
40 bargaining agreement or a memorandum of understanding is

1 entered into that indicates an existing collective bargaining  
2 agreement contains an alternative average daily attendance ratio.

3 (2) It shall not exceed the equivalent prior year ratio of average  
4 daily attendance to full-time equivalent certificated employees for  
5 all other educational programs operated by the high school or  
6 unified school district with the largest average daily attendance of  
7 pupils in the county or the collectively bargained alternative ratio  
8 used by that high school or unified school district in the prior year,  
9 unless a new higher or lower average daily attendance ratio for all  
10 other educational programs offered is negotiated in a collective  
11 bargaining agreement or a memorandum of understanding is  
12 entered into that indicates an existing collective bargaining  
13 agreement contains an alternative average daily attendance ratio.  
14 In the case of a charter school serving pupils in more than one  
15 county, the ratio shall not exceed the ratio of the high school or  
16 unified school district with the average daily attendance of pupils  
17 in the county in which the chartering authority is located. The  
18 computation of the ratios shall be performed annually by the  
19 reporting agency at the time of, and in connection with, the second  
20 principal apportionment report to the Superintendent. A high school  
21 or unified school district shall annually report the attendance ratios  
22 to the county office of education by a date established by the county  
23 office of education. The county office of education shall annually  
24 report the attendance ratios on their internet website.

25 (3) It shall be calculated by using a fixed  
26 average-daily-attendance-to-certificated-employee ratio of 25 to  
27 1, or by using a ratio of less than 25 pupils per certificated  
28 employee. A new higher or lower ratio for all other educational  
29 programs offered by a school district, county office of education,  
30 or charter school may be negotiated in a collective bargaining  
31 agreement, or a memorandum of understanding indicating that an  
32 existing collective bargaining agreement contains an alternative  
33 average daily attendance ratio. All pupils of the school district,  
34 county office of education, or charter school, regardless of age,  
35 shall be included in the applicable  
36 average-daily-attendance-to-certificated-employee ratio  
37 calculations.

38 (b) Only those units of average daily attendance for independent  
39 study that reflect a pupil-teacher ratio that does not exceed the  
40 ratios described in subdivision (a) shall be eligible for

1 apportionment pursuant to Section 2575, for county offices of  
2 education, and Section 42238.05, for school districts. This section  
3 does not prevent a school district or county office of education  
4 from serving additional units of average daily attendance greater  
5 than the ratios described in subdivision (a), except that those  
6 additional units shall not be funded pursuant to Section 2575 or  
7 42238.05, as applicable. If a school district, charter school, or  
8 county office of education has a memorandum of understanding  
9 to provide instruction in coordination with the school district,  
10 charter school, or county office of education at which a pupil is  
11 enrolled, the ratios that shall apply for purposes of this paragraph  
12 are the ratios for the local educational agency providing the  
13 independent study program to the pupil pursuant to Section  
14 51749.5.

15 (c) The calculations performed for purposes of this section shall  
16 not include either of the following:

17 (1) The average daily attendance generated by special education  
18 pupils enrolled in special day classes on a full-time basis, or the  
19 teachers of those classes.

20 (2) The average daily attendance or teachers in necessary small  
21 schools that are eligible to receive funding pursuant to Article 4  
22 (commencing with Section 42280) of Chapter 7 of Part 24 of  
23 Division 3.

24 (d) Commencing with the 2021–22 fiscal year Guide for Annual  
25 Audits of K–12 Local Education Agencies and State Compliance  
26 Reporting, the Controller shall incorporate verification of the ratios  
27 included in this section, including fiscal penalties for  
28 noncompliance as described in this section.

29 SEC. 41. Section 51746 of the Education Code is amended to  
30 read:

31 51746. It is the intent of the Legislature that local educational  
32 agencies offering independent study shall provide appropriate  
33 existing services and resources to enable pupils to complete their  
34 independent study successfully and shall ensure the same access  
35 to all existing services and resources in the school in which the  
36 pupil is enrolled pursuant to Section 51748 as is available to all  
37 other pupils in the school. In addition, the services and resources  
38 may include, but need not be limited to, any of the following:

39 (a) A designated learning center or study area staffed by  
40 appropriately trained personnel.

1 (b) The services of qualified personnel to assess the  
2 achievement, abilities, interests, aptitudes, and needs of  
3 participating pupils to determine each of the following:

4 (1) Whether full-time independent study is the most appropriate  
5 placement for the pupil being referred.

6 (2) If the answer to paragraph (1) is affirmative, the  
7 determination of the most appropriate individualized plan and  
8 resources to be made available to pupils enrolled in full-time  
9 independent study.

10 SEC. 42. Section 51748 of the Education Code is amended to  
11 read:

12 51748. School districts, charter schools, and county offices of  
13 education shall not be eligible to receive apportionment for  
14 independent study attendance by any pupil who is not otherwise  
15 identified in the written records of the school district, charter  
16 school, or county board of education by grade level, program  
17 placement, and the school in which the pupil is enrolled.

18 SEC. 43. Section 51749.7 is added to the Education Code,  
19 immediately following Section 51749.6, to read:

20 51749.7. (a) A local educational agency shall not allocate, or  
21 advertise the availability of, funds or credits to be spent at the  
22 discretion of a pupil’s parent, guardian, or education rights holder  
23 for educational enrichment activities that are not provided by a  
24 credentialed employee of the local educational agency for the pupil  
25 and that are paid for by the local educational agency.

26 (b) It is the intent of the Legislature that this section does not  
27 apply to expanded learning opportunities programs.

28 SEC. 44. If the Commission on State Mandates determines  
29 that this act contains costs mandated by the state, reimbursement  
30 to local agencies and school districts for those costs shall be made  
31 pursuant to Part 7 (commencing with Section 17500) of Division  
32 4 of Title 2 of the Government Code.