



AB 2484 (Bonta): Charter School Closure Accountability Act of 2022

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SUMMARY

AB 2484 strengthens accountability with regard to usage of the Charter School Facility Grant Program (CSFGP) and mitigates the impacts of charter school closures on students.

BACKGROUND

Charter schools in California are authorized to operate by a local school board, county board of education, or the State Board of Education. Charter authorizers, the state, and taxpayers spend significant resources to fund charter facilities. Since 2004, more than \$2.5 billion in local, state, and federal dollars have funded charter facilities in California, at a cost to taxpayers of more than \$1.3 billion.

In their petitions to their authorizers, charters identify a facility for their school to operate and accommodate the number of students that the school aims to educate. Some charters utilize property provided by a school districts pursuant to Proposition 39, others lease private spaces such as a church space or storefront, and others utilize new school facilities constructed with general obligation bonds or conduit revenue bonds.

One option that charter schools utilize to finance their facilities is the Charter School Facilities Grant Program, also known as the SB 740 program. This program, originally intended to provide charter schools serving the state's lowest income areas with assistance for facilities rent and lease costs, does not require a school district or public agency to hold the title to a school facility.

A charter school may close voluntarily or through charter non-renewal or revocation at any point during the year.

PROBLEM

Over the last twenty years, usage of the CSFGP has strayed from the program's original intent, to provide assistance with facilities and rent costs. Charter management organizations (CMOs) have created limited liability companies (LLCs) to use the program funds to pay off private mortgages or conduit revenue bond obligations and acquire property. Though these

properties are held by private corporations, they are purchased with Proposition 98 dollars. These private corporations have no obligation to use these facilities for a public, nonsectarian educational purpose when a charter school closes.

Additionally, while public school districts that acquire properties with funding from the state school facilities program are required to reimburse the State Allocation Board if that property is sold within 10 years of purchase, charter schools that receive funding from the CSFGP are not.

Finally, charter school closures disrupt students' learning experiences and leave neighboring public schools with the burden of accommodating an influx of pupils—sometimes in the middle of the school year. While the California Department of Education (CDE) tracks which charter schools close each year, it does not track how many students are displaced by these school closures and how these disruptions ultimately impact their learning outcomes.

SOLUTION

AB 2484 protects taxpayer investments in educational facilities purchased wholly or partially with Proposition 98 dollars through the SB 740 Program.

Specifically, this bill would require a charter school to reimburse the CSFGP fund if, after closure, it sells or leases its related-party owned facility—within 10 years of receiving grant funds—for a noneducational purpose. This mirrors the requirements that public school districts must comply with after purchasing properties using state school facilities program funding.

The bill will also allow local school districts to spend funds and dispose of other assets that have been abandoned by charter schools after closure.

Finally, AB 2484 requires charter schools to report pupil data to the California Longitudinal Pupil Achievement Data System (CALPADS) prior to closure and report to CDE the number of students displaced by a school closure.

SUPPORT

- California School Employees Association, AFL-CIO (Sponsor)
- California Federation of Teachers (Co-Sponsor)
- California Labor Federation

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