



## Guidance to Districts on Requirements for Sponsoring Charter Schools

The State Board of Education (SBE) and the Department issue the following guidance in response to the growing interest of school district governing boards in authorizing charter schools and to notify school district governing boards of recent changes to the statutory requirements for charter school authorizers.

### Threshold Legal Issues

The SBE, the Department, and its counsel have identified several threshold legal issues that may affect the ability for school districts to sponsor and operate charter schools. While **state law empowers school district governing boards to authorize (sponsor) charter schools, there is not a clearly equivalent authorization allowing school district governing boards to operate the charter school itself.** Although a school district governing board is arguably a "public body" that may contract to establish a charter school (A.R.S. § 15-183(B)), the school district governing board has limited powers (A.R.S. §§ 15-341 -342). Furthermore, there is a question as to whether it is appropriate for the school district governing board to contract with itself to establish the charter school by acting as both sponsor and charter holder. **The SBE, the Department, and its counsel would welcome input from school districts, district sponsored charter schools, and their counsel on these issues.**

### Statutory Requirements for Charter School Authorization

School district governing boards have been statutorily empowered to authorize (sponsor) charter schools since the inception of the charter school movement in Arizona. Additionally, the SBE, the State Board for Charter Schools (SBCS), and Arizona community college districts and public universities are able to authorize charter schools. The SBCS is the primary authorizer, sponsoring 409 charters.

Charter schools – including those authorized by school district governing boards - **must comply with all the statutory requirements contained within Arizona Revised Statutes (A.R.S.), Title 15, Chapter 1, Article 8, in order to receive state funding** (A.R.S. §15-181). Significant changes were made to the charter school statutes (specifically, A.R.S. §15-183) over the past two years to ensure the alignment of requirements for authorizer processes and oversight of their sponsored schools. Laws 2012, Ch. 155, and this year's S.B. 1204 passed with an emergency clause (Laws 2013, Ch. 68, effective April 5, 2013), are examples of **recently passed legislation that established criteria for all charter authorizers.**

The following is a summary of the **requirements** relating to the application and authorizing process, oversight and administration, and provisions relating to reporting and financing of school district sponsored charter schools. This summary is not all inclusive, but contains only the most relevant provisions.

#### Applicants and Application Process

- The application used by the authorizer must ask the applicant to include (and the applicant must submit) detailed:
    - Education plan;
    - Business plan;
    - Operational plan; and
    - Information about the applicant including fingerprint clearance cards and criminal background checks.
- SBCS provides examples at [http://www.asbcs.az.gov/applicant\\_resources/new\\_charter\\_application.asp](http://www.asbcs.az.gov/applicant_resources/new_charter_application.asp).
- Requires the application, application process and timelines be posted on the authorizer's website.

### Authorizer Oversight and Administration

- **Requires sponsors to base decisions relating to the charter school on its adopted performance framework which must include the:**
  - **Academic performance expectations and how sufficient progress toward those expectations will be measured;**
  - **Operational expectations including adherence to all applicable laws and obligations contained within the charter; and**
  - **Intervention and improvement policies.**
- Designates the sponsoring entity as having oversight and administrative responsibility for the charter schools it authorizes.
- Directs the authorizer to make the performance framework publicly available and posted on their website.
- Requires the sponsor to conduct reviews of the charter at 5 year intervals and to use the adopted performance framework for the reviews and renewal decisions.

### Notification & Financial Provisions

- **Charter school financing option - FIRST FISCAL YEAR OF OPERATION:**
  - **The school district increases its student count by the number of students attending the charter school new to the school district, based on the actual registration of pupils for the upcoming school year;**
  - **Only those charter school pupils new to district are eligible for Charter School Additional Assistance funding; and**
  - **Continuing district students attending the charter school receive funding through the prior year count for the soft capital allocation (SCA) and capital outlay revenue limit (CORL) (referred to as District Additional Assistance beginning in FY2014).**
- **Charter school financing option – AFTER FIRST FISCAL YEAR OF OPERATION:**
  - **Charter school moves to current year funding model using estimated counts, based on actual registrations and adjusted during fiscal year for actual counts; and**
  - **All charter school students receive Charter School Additional Assistance funding.**
- **Other finance provisions:**
  - **School district may not include charter school students in count for Sudden Growth adjustments, eligibility for funding from the School Facilities Board;**
  - **School district may include charter school students in counts for calculating overrides; and**
  - **The school district must provide the charter school with the amount of Additional Assistance received for the student count generating the funds.**
- **Directs a school district governing board who authorizes a charter school(s) to notify the SBE the authorization before the first fiscal year in which the charter school will operate, the notification must include:**
  - Copies of the executed charter and application;
  - Estimated student for the first fiscal year of the charter school's operation; and
  - School district's plan to fund the school (from the available statutory options):
    - School districts may either treat the charter school and its student count as they would any other district school, OR
    - Use the charter school financing statutes, as they apply to district sponsored charter schools, for funding purposes.
- **If a school district chooses to convert a charter school back to a district public school, the school district is required to repay the state the total Charter School Additional Assistance received for the charter school for all years that the charter school was in operation in one lump sum, which will be reduced from the school district's current year equalization assistance and the district's general budget limit in the year of the conversion.**

### Charter

- All charters must ensure:
  - Compliance with federal, state, and local laws, rules, and regulations relating to health, safety, civil rights, special education and insurance as well as financial and electronic data submission requirements;
  - Programs, admission policies, employment practices and other operations are nonsectarian;
  - A comprehensive program of instruction is offered in grade levels served (K-12 - no preschool) which may emphasize specific learning philosophy, style or subject areas;
  - There is a method to measure pupil progress toward outcomes adopted by SBE, statewide assessments and the completion and distribution of the annual school report cards;
  - Exemption from statutes and rules applying to school district governing boards, school districts and schools unless otherwise provided in law;
  - A governing body responsible for the policy decisions of the charter school; and
  - Provide statutory compliant number of instructional days.
- Establishes length of initial charters as 15 years which may be renewed for 20 year periods and specifies process for renewals.
- Prohibits school district governing boards from sponsoring charter schools outside district's boundaries.