



## Senator Angelique V. Ashby, 8<sup>th</sup> Senate District

### **SB 1477 – School accountability: Charter School Auditing Process**

*Protects education funding by preventing fraudulent use of funds.*

#### **SUMMARY**

SB 1477 would implement recommendations from a recent report by the Legislative Analyst's Office (LAO) and the Fiscal Crisis Management Assistance Team (FCMAT). This bill broadens oversight for charter schools to prevent fraud, improve charter school governance and transparency, and hold bad actors accountable.

#### **BACKGROUND**

Nonclassroom-based charter schools have gained popularity among families seeking alternatives to traditional schooling. This is especially true for families who require flexibility due to medical conditions, professional commitments, or other circumstances that make attending a traditional school difficult.

Nonclassroom-based charter schools in California offer a wide range of educational programs, including online learning, homeschooling support, blended learning models, and specialized programs for students with unique learning needs.

California has instituted various oversight regulations that govern nonclassroom-based charter schools with the goal of ensuring accountability and quality education. However, various studies and audits have determined that significant gaps exist within our current oversight structure.

#### **THE PROBLEM**

A recent joint report by the LAO and the FCMAT identified concerns with the lack of nonclassroom-based charter school oversight. The report highlighted serious concerns regarding funding transparency, conflicts of interests, and lack of oversight.<sup>1</sup>

The report additionally pointed out recent cases of fraudulent activities at charter schools and provided potential changes to address these broader oversight issues.

#### **THE SOLUTION**

SB 1477 implements a number of recommendations from the LAO report – strengthening auditing, contracting, and enrollment policies for **all charter schools**. This bill:

- Makes independent auditors ineligible to perform local education agency audits if one of their audits is found non-conforming with the audit guide requirements.
- Requires the auditor to sample financial documents, identify transfers of funds, identify transactions that do not meet minimum standards, and prepare a letter with the audit report that identifies information needed for charter school authorizers to provide better oversight.
- Requires a charter school board to set minimum standards for vendors providing enrichment activities to ensure educational benefit to students, pupil safety and fiscal reasonableness.
- Requires vendor contracts exceeding \$100,000 to have charter school board approval.

#### **SUPPORT**

- REAL Journey Academies (co-sponsor)
- Visions in Education (co-sponsor)
- Allegiance Steam Academy Thrive
- ASA Charter School
- Excelsior Charter Schools
- Fenton Charter Public Schools
- JCS Family Charter Schools
- Julia Lee Performing Arts Academy
- La Verne Elementary Preparatory Academy
- Liberty Charter High School
- Los Angeles Leadership Academy
- Public Safety Academy of San Bernardino
- Santa Rosa Academy
- SOAR Charter Academy
- Springs Charter Schools
- Sycamore Academy of Science and Cultural Arts
- Temecula International Academy

<sup>1</sup> [Review of the Funding Determination Process for Nonclassroom-Based Charter Schools](#)

**FOR MORE INFORMATION**

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