

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 07/19/2017  
POSITION: Oppose

BILL NUMBER: AB 1217  
AUTHOR: Bocanegra, Raul

**BILL SUMMARY: Pupil instruction: state school: STEM instruction.**

This bill establishes a state school governed by a nonprofit public benefit corporation for the purpose of providing instruction in the science, technology, engineering, and mathematics (STEM) subjects to historically underrepresented pupils in grades 6 to 12. The state school is to be located in a county with a population of more than 3.5 million.

The bill requires the state school to complete a plan that governs the education of its pupils and the operation of the school, and to submit this plan for review and approval to the State Superintendent of Public Instruction. The statute that authorizes the school would become inoperative after the school has operated for five full school years.

**FISCAL SUMMARY**

The Department of Education estimates annual oversight costs of \$286,000 non-Proposition 98 General Fund for each of the five years the school is in operation, for total costs of \$1.4 million non-Proposition 98 General Fund. The \$286,000 General Fund would cover one full-time education programs consultant, one partial education fiscal services consultant, partial costs for other staff time, and an annual site visit for two staff. The department also indicates that there could be significant costs associated with assisting the school in developing their plan, pursuant to this bill.

**COMMENTS**

Department of Finance is opposed to this bill for the following reasons:

- It would be more appropriate for the school to seek establishment from the local school district, rather than from the Superintendent. The bill requires the school to develop a similar plan that charter schools must develop when submitting their petitions for charter, while circumventing the existing process to establish charter schools in the state.
- It could result in a school that lacks proper oversight, as it requires the Superintendent to issue reports to the Governor and the Legislature if the school fails to comply with this bill, but does not give the Superintendent authority to rescind its approval of the school or take other remediating measures.
- It sets a precedent for the Superintendent to approve, oversee, monitor, and report on the operation of the school beyond what the Superintendent is required to do with existing state schools.
- It creates additional total costs of \$1.4 million non-Proposition 98 General Fund over five years that are beyond those included in the recently enacted Budget Act.

Analyst/Principal (0352) J.Holmes	Date	Program Budget Manager Jeff Bell	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

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**ANALYSIS**

## 1. Programmatic Analysis

This bill establishes a state school governed by a nonprofit public benefit corporation, for the purpose of providing STEM instruction in Los Angeles County. Further, this bill:

- Requires the state school to complete a plan that governs the operation of the school and the education of its pupils, with feedback from the Superintendent. The state school is required to adopt the plan no later than 30 days after the Superintendent approves the plan.
- Requires the governing body of the state school to have a minimum of seven members, including a representative from the University of California, Los Angeles, and members appointed by the Speaker of the Assembly and the Senate Committee on Rules.
- Requires the state school to provide admissions priority to unduplicated pupils, and not provide admissions based on academic performance, participation in extracurricular activities, or require parents or legal guardians to volunteer.
- Requires annual, independent financial audits of the state school.
- Requires admissions to be determined by a public random drawing and extends preference to specified pupils if the number of pupils who wish to attend exceed the school's capacity.
- Allow the state school to claim average daily attendance for the state school, and receive apportionments under the Local Control Funding Formula in the same manner as charter schools.
- Allows the state school to apply for funding under the Charter School Facility Grant Program.
- Requires the Superintendent to oversee, monitor, and report on the operation of the state school, and visit the state school at least once during each school year.
- Requires the Superintendent to submit a report to the Governor and Legislature if the Superintendent determines that the state school has failed to comply with the law.
- Requires the state school to annually prepare and submit its local control and accountability plan and an annual update, in addition to a budget for the upcoming year.
- Repeals this section after the state school has operated for five full school years.

This bill allows the process to establish the STEM state school to be similar to the process to establish a charter school by requiring the state school to develop a plan which must be approved by the Superintendent. Existing law allows charter schools to submit petitions to local school districts for establishment, and requires the petitions to include specified information. If the petition is denied by the school district, then the charter school may submit its petition to the county board of education. If the county board of education denies the petition, the charter school may submit its petition to the state board of education. A petition for a state charter school with multiple sites throughout the state may be directly submitted to the state board, and be approved if it provides instructional services of statewide benefit that cannot be provided by a charter school operating in only one district or county.

Existing law establishes three state schools – the California School for the Deaf in both Alameda and Riverside counties, and the California School for the Blind in Alameda County. The Superintendent and the department oversee the operations of these schools, including maintaining a comprehensive elementary educational program, prescribing rules for the governance of the schools, and appointing

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**ANALYSIS** (continued)

and removing officers, teachers and employees. The department indicates that it also oversees and monitors most state charters. Existing law allows the state board to designate its supervisory and oversight responsibilities for a charter school approved by the state board to any local educational agency in the county in which the charter school is located or to the governing board of the school district that first denied the petition.

It would be more appropriate for the school to first seek establishment through its local school district, and if denied, go through the remaining steps of the existing process. Instead, this bill statutorily establishes the state school in a county with a population of more than 3.5 million, which only the County of Los Angeles satisfies. The bill would benefit the local community as opposed to providing a statewide benefit by limiting potential school sites to Los Angeles County, giving preference to pupils who live in the school district and Los Angeles County if a random drawing occurs, and by requiring the school's enrollment to resemble the diversity of Los Angeles County.

Further, the bill does not provide the same level of oversight over the state school that existing law provides for charters. This bill allows the Superintendent to monitor and investigate the school, and submit a report if the Superintendent finds that the school is out of compliance with the bill. The statute authorizing the school will expire after five years, mirroring existing law regarding charter schools that are required to seek renewals every five years. In contrast, existing law allows a charter to be revoked if it is found to have violated its charter, failed to meet pupil outcomes identified in the charter, engaged in fiscal mismanagement, or broken the law. This bill does not provide the authority for revocation if the school is found to have violated its plan, engaged in fiscal mismanagement, or broken the law.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						
	LA	(Dollars in Thousands)						
	CO	PROP					Fund	
	RV	98	FC	2017-2018	FC	2018-2019	FC	2019-2020
	SO	No	C	286	C	286	C	286 0001
6100/Dep of Educ	SO	No	C	286	C	286	C	286 0001