

California Department of Education

Executive Office

SBE-003 (REV. 11/2017)

lab-csd-may23item02

# California State Board of Education May 2023 Agenda Item #11

## Subject

Consideration of Requests for Determination of Funding with “Reasonable Basis”/Mitigating Circumstances as Required for Nonclassroom-Based Charter Schools Pursuant to California *Education Code* sections 47612.5 and 47634.2, and Associated *California Code of Regulations*, Title 5.

## Type of Action

Action, Information

## Summary of the Issue

California *Education Code* (*EC*)sections 47612.5 and 47634.2 established the eligibility requirements for apportionment funding for charter schools that offer nonclassroom-based (NCB) instruction. The statutes specify that a charter school that offers NCB instruction in excess of the amount authorized by *EC* Section 47612.5(e)(1) may receive apportionment funding for NCB instruction only if a determination of funding is made by the California State Board of Education (SBE). The California Department of Education (CDE) reviews a charter school’s determination of funding request and presents it for consideration by the Advisory Commission on Charter Schools (ACCS) and SBE, pursuant to relevant *California Code of Regulations*, Title 5 (5 *CCR*). The ACCS and SBE may include the consideration of mitigating circumstances.

This item considers determination of funding requests with mitigating circumstances for 34 charter schools.

## Recommendation

The CDE recommends that the SBE take the following actions on the charter schools’ mitigating circumstances requests and determination of funding requests:

1. Approve the mitigating circumstances requests and determination of funding requests at 100 percent for 20 charter schools, as specified below and in Attachment 1.
2. Approve the mitigating circumstances requests and determination of funding requests at 85 percent for seven charter schools, as specified below and in Attachment 1.
3. Deny the mitigating circumstances requests and approve the determination of funding requests at the level for which they qualify based on their reported expenditures for seven charter schools, as specified below and in Attachment 1.

## Advisory Commission on Charter Schools Recommendation

At its April 18, 2023, meeting, as one commissioner recused themselves from this item, the ACCS took the following actions:

* **Motion 1:** The ACCS moved for recommendation to the SBE to approve 33 schools’ (excluding Opportunity Youth Academy [Charter #1840]) determination of funding requests at 100 percent funding for two years as specified in Attachment 1.

The motion passed by a vote of six to two.

* **Motion 2:** The ACCS moved for recommendation to the SBE to approve the determination of funding request for Opportunity Youth Academy (Charter #1840) at 100 percent funding for two years as specified in Attachment 1.

The motion passed by a vote of five to two.

The notice for the April 18, 2023, ACCS meeting and the funding determination forms for the schools presented in this item are located on the April 2023 ACCS Meeting Agenda web page (Item 02) at <https://www.cde.ca.gov/be/cc/cs/accsnotice041823.asp>.

## Funding Determination Criteria

*EC* Section 47634.2(a)(1) provides the following:

Notwithstanding any other provision of law, 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…shall be adjusted by the State Board of Education. The State Board of Education shall adopt regulations setting forth criteria for the determination of funding for nonclassroom-based instruction, at a minimum the regulation shall specify that the nonclassroom-based instruction is conducted for the instructional benefit of the pupil and substantially dedicated to that function. In developing these criteria and determining the amount of funding to be allocated to a charter school pursuant to this section, the State Board of Education shall consider, among other factors it deems appropriate, the amount of the charter school’s total budget expended on certificated employee salaries and benefits and on schoolsites, as defined in paragraph (3) of subdivision (d) of Section 47612.5, and the teacher-to-pupil ratio in the school.

*EC* Section 47634.2(a)(4) further states:

For the 2003–04 fiscal year and each fiscal year thereafter, the amount of funding determined by the State Board of Education pursuant to this section shall not be more than 70 percent of the unadjusted amount to which a charter school would otherwise be entitled, unless the State Board of Education determines that a greater or lesser amount is appropriate based on the criteria specified in paragraph (1) of subdivision (a).

Pursuant to *EC* Section 47634.2 and SBE-adopted regulations, a charter school may qualify for either 70 percent, 85 percent, or 100 percent funding, or may be denied funding (i.e., 0 percent) for its NCB instruction.

To qualify for a recommendation for 100 percent funding, a charter school must meet the following criteria:

* Spend at least 40 percent of the school’s public revenues on salaries and benefits for all employees who possess a valid teaching certificate
* Spend at least 80 percent of all revenues on instruction and related services
* Maintain a ratio of average daily attendance (ADA) for independent study pupils to full-time certificated employees (FTE) that does not exceed a pupil-to-teacher ratio (PTR) of 25:1 or the PTR of the largest unified school district in the county or counties in which the charter school operates

The expenditure and PTR criteria for all funding levels for which a charter school may qualify to receive for its NCB instruction are specified in 5 *CCR* Section 11963.4(a). A summary of the criteria is provided in the table below:

Nonclassroom-Based Instruction Funding Levels

| **Funding Level** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR[[1]](#footnote-1)** |
| --- | --- | --- | --- |
| **100%** | ≥ 40 | ≥ 80 | ≤ 25 to 1 |
| **85%** | ≥ 40 | ≥ 70 | Not Applicable |
| **70%** | ≥ 35 | ≥ 60 | Not Applicable |
| **0%** | < 35 | < 60 | Not Applicable |

A determination of funding may not exceed five years, pursuant to *EC* Section 47612.5(d)(2). For a new charter school in its first year of operation, a funding determination shall be for a period of two fiscal years, pursuant to 5 *CCR* Section 11963.6(a). For an existing charter school with an active funding determination, a funding determination shall be in increments of a minimum of two years and a maximum of five years in length, pursuant to 5 *CCR* Section 11963.6(c). For an existing charter school, it is the CDE’s current practice to recommend a time period of two to four years based on the number of times the charter school has renewed its funding determination with the SBE.

For charter schools requesting the consideration of mitigating circumstances, the CDE typically recommends a funding determination period of two years, regardless of the number of times the school has renewed its funding determination with the SBE. A period of two years allows the CDE to timely revisit a charter school’s funding determination, ensure that the school meets the appropriate expenditure requirements for its approved level of funding for its NCB instruction, and follow up on other matters reported by the school on its funding determination form.

In the past, the CDE recommended five-year periods dependent on a charter school’s Academic Performance Index (API) rank, pursuant to *EC* Section 47612.5(d)(2); however, because API is no longer calculated, the CDE does not currently recommend five-year funding determination periods.

### Mitigating Circumstances

For charter schools that do not meet the requirements and criteria outlined in 5 *CCR* Section 11963.4(a), the ACCS may find a “reasonable basis” (also referred to as mitigating circumstances) by which to make an “other” recommendation in order to allow an NCB charter school to receive a different percentage of funding than it qualifies for based on its expenditures (5 *CCR* Section 11963.4[e]). Specifically, 5 *CCR* Section 11963.4(e), allows the ACCS to consider “documented data regarding individual circumstances of the charter school” and provides examples of the types of mitigating circumstances that the ACCS might consider, which may include, but are not limited to, the following:

* Information provided by the charter school, pursuant to 5 *CCR* Section 11963.3(b)(2) through (8)
  + PTR, calculated pursuant to 5 *CCR* Section 11704
  + Listing of entities receiving $50,000 or 10 percent or more of total expenditures
  + Identification of governing board members
  + Explanation of outgo transfers; explanation of reserves, if over the allowable amount
  + Facility costs and square footage
  + Number of FTE employees with a valid teaching certificate
* Documented data regarding individual circumstances of the charter school (e.g., one-time or unique or exceptional expenses for facilities, acquisition of a school bus, acquisition and installation of computer hardware not related to the instructional program, special education charges levied on the charter school by a local educational agency, restricted state, federal, or private grants of funds awarded to the charter school that cannot be expended for teacher salaries, or contracted instructional services other than those for special education)
* The size of the charter school
* The number of years the charter school has been in operation

Additionally, under 5 *CCR* Section 11963.4(e), the ACCS shall give charter schools with less than a total of one hundred (100) units of prior year second period ADA or that are in their first year of operation serious consideration of 100 percent funding for its NCB instruction.

When considering a charter school’s request for mitigating circumstances, the CDE also reviews other information provided on the school’s funding determination form, including the school’s reserves, as permitted by *CCR* Section 11963.3(a)(5)(F), which states,

Reserves in excess of the greater of fifty-thousand dollars or five percent of total expenditures may be allowed for economic uncertainties or long-term expenditures such as capital projects if the excess reserves are satisfactorily explained pursuant to section 11963.4(b).

The CDE also considers a charter school’s previous requests to the ACCS and the SBE for the consideration of mitigating circumstances.

## Analysis of Mitigating Circumstances Requests

All schools presented in this item do not meet the requirements to qualify for 100 percent funding for their NCB instruction based on reported fiscal year (FY) 2021–22 data. Details of each school’s mitigating circumstances, as well as the CDE’s analysis of its mitigating circumstances request and recommendation to the SBE, are provided below.

For instances in which a school’s funding determination is approved at a lower level than requested, the school may submit a funding determination reconsideration request, pursuant to 5 *CCR* Section 11963.6(g).

### Recommendations for Approval of Mitigating Circumstances and 100 Percent Funding

The CDE finds a reasonable basis for the following schools to be approved for 100 percent funding for their NCB instruction despite not meeting the regulatory criteria, and recommends that the SBE approve the schools’ mitigating circumstances requests and determination of funding requests at 100 percent for two years.

#### Butterfield Charter, Charter #0867

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 70 percent funding for its NCB instruction:

Butterfield Charter Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **70 Percent Funding** | ≥ 35 | ≥ 60 | NA |
| **Charter School** | 53.48 | 61.92 | 18.82 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a2.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Porterville Unified School District’s implementation of an independent study program (separate from the charter school) and reassignment of the school’s teachers to this program in response to the COVID-19 pandemic (pandemic), which reduced the school’s NCB ADA as students previously attending the school transitioned to the new program
* Supply chain issues and postponement of the school’s expenditures as a result of the pandemic
* Inability to fill teacher vacancies due to the statewide teacher shortage

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. The school experienced reduced NCB ADA, teacher reassignments, and expenditure postponements due to the pandemic. Additionally, the CDE finds that the school’s inability to fill its vacant teaching positions contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $1,229,447, or 49.32 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated that it plans to use its reserves for facility projects and student technology expenditures that were postponed due to supply chain issues that resulted from the pandemic. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### California Innovative Career Academy, Charter #2072

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school fails to qualify for funding for its NCB instruction:

California Innovative Career Academy Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **0 Percent Funding** | < 35 | < 60 | NA |
| **Charter School** | 28.81 | 59.13 | 16.96 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a3.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Enrollment growth
* Inability to fill teacher vacancies due to the statewide teacher shortage
* Hold harmless provision of the 2020–21 Budget Act
* Receipt of significant one-time revenues from the following:
  + A-G Completion Improvement Grant
  + Educator Effectiveness Block Grant
  + Elementary and Secondary School Emergency Relief (ESSER) II
  + ESSER III
  + Ethnic Studies Grant
  + Expanded Learning Opportunity (ELO) Grants
  + Governor’s Emergency Education Relief (GEER) II
  + Paycheck Protection Program (PPP) loan forgiveness[[2]](#footnote-2)

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. The school’s rapid enrollment growth combined with difficulty in hiring teachers and hold harmless adjustments contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met. Additionally, the school received significant one-time revenues, which further impacted its expenditure percentages.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $6,075,699, or 55.25 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated that it plans to use its reserves to acquire additional facilities and for deficit spending on curriculum costs. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### Community Montessori, Charter #1947

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 70 percent funding for its NCB instruction:

Community Montessori Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **70 Percent Funding** | ≥ 35 | ≥ 60 | NA |
| **Charter School** | 37.13 | 74.72 | 21.50 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a4.pdf>.

The following bullet summarizes the school’s mitigating circumstances request:

* Receipt of significant one-time revenues from the following:
  + Transfer of capitalized assets from the corporation’s closed home-office
  + PPP loan forgiveness[[3]](#footnote-3)

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. The aforementioned one-time revenues received by the school contributed towards its failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $3,318,034, or 39.71 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated that it plans to use a portion of its reserves for building improvements and that more of its reserves may be allocated for that purpose to accommodate for deferred maintenance and to allow flexibility to purchase one of the sites that the school leases if it became available for sale. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### Connecting Waters Charter - East Bay, Charter #1881

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 85 percent funding for its NCB instruction:

Connecting Waters Charter - East Bay Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 42.93 | 79.13 | 19.00 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a5.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Receipt of significant one-time revenues from the following:
  + A-G Completion Improvement Grant
  + Educator Effectiveness Block Grant
  + PPP loan forgiveness[[4]](#footnote-4)
* Inability to fill teacher vacancies due to the statewide teacher shortage

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. The receipt of one-time funding and the inability to fill teacher vacancies contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $4,568,112, or 101.12 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated that it plans to use its reserves for facility projects, which are estimated to cost between $10–12.5 million. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### Crossroads Charter Academy, Charter #0571

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 85 percent funding for its NCB instruction:

Crossroads Charter Academy Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 46.03 | 70.74 | 8.25 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a6.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Pandemic-related travel restrictions for both student educational field trips and professional development in FY 2020–21 and FY 2021–22
* Cancelation of classes at the school site due to the pandemic, including the cancelation of material purchases, in FY 2020–21 and FY 2021–22
* Decrease in student hours at the school site due to the pandemic
* Supply chain issues and postponement of the school’s expenditures as a result of the pandemic
* Fluctuations in ADA attributed to the pandemic
* Receipt of significant one-time revenues from the following:
  + A-G Completion Improvement Grant
  + Educator Effectiveness Block Grant
  + ELO Grant
  + ESSER II
  + ESSER III

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. Pandemic-related restrictions preventing the school from making planned expenditures and the receipt of one-time funding contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $1,974,280, or 90.53 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated that it plans to use its reserves either to acquire a new facility or renovate its current facility. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### Folsom Cordova K-8 Community Charter, Charter #0650

The CDE recommends that the SBE approve the school’s mitigating circumstances request and its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 85 percent funding for its NCB instruction, as detailed in the table below:

Folsom Cordova K-8 Community Charter Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 49.17 | 73.76 | 23.00 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a8.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* A temporary enrollment spike attributed to the pandemic
* Receipt of significant one-time revenues from the following:
  + Contributions from the district general fund
  + Educator Effectiveness Block Grant
  + ELO Grant
* Inability to fill teacher vacancies due to the statewide teacher shortage

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. The school’s increased enrollment was temporary due to the pandemic, and the school is likely to return to pre-pandemic enrollment and funding levels. The school’s one-time revenues and inability to fill teacher vacancies also contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $514,122, or 23.14 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated that it plans to use its reserves to purchase instructional materials for students and for professional development. Additionally, the school projected deficit spending in FY 2022–23. The CDE found the school’s explanation of its excess reserves to be satisfactory.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### Fusion Charter, Charter #1695

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 85 percent funding for its NCB instruction, as detailed in the table below:

Fusion Charter Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 57.74 | 77.84 | 9.59 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a9.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Low student attendance on campus as a result of the pandemic, which reduced the amount of facility costs that the school could claim as an instructional cost
* Low ADA attributed to the pandemic, which disproportionately affected its low-income at-risk demographic and reduced revenues available to offset facility costs
* Increased facility maintenance expenses due to the pandemic (e.g., for sanitation)
* Receipt of significant one-time revenues from the A-G Access Grant

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. Reduced student hours at the school site, reduced ADA, increased facility maintenance expenses, and one-time funding contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met.

During its review of the school’s funding determination request, the CDE noted that the school did not report total reserves greater than what is allowed pursuant to 5 *CCR* Section 11963.3(a)(5)(F).

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### Heartwood Charter, Charter #2071

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 70 percent funding for its NCB instruction, as detailed in the table below:

Heartwood Charter Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **70 Percent Funding** | ≥ 35 | ≥ 60 | NA |
| **Charter School** | 41.86 | 66.60 | 21.35 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a10.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Hold harmless provision of the 2020–21 Budget Act
* Inability to fill teacher vacancies due to the statewide teacher shortage

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. Hold harmless adjustments and the inability to fill teacher vacancies contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $1,008,260, or 32.90 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated its plan to increase expenditures, which would reduce its reserves relative to total expenditures for future years. Specifically, the school has increased the number of teachers, instruction-related administrators, and instructional aides. Additionally, the school has increased all salaries by 15 percent in FY 2022–23. The school projects that the increase in expenditures will cause its reserves as a percentage of total expenditures to be reduced to 18 percent by the end of FY 2023–24. The school intends to have enough reserves to avoid the need to rely on financing to meet basic operational needs. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### La Vida Charter, Charter #0822

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 85 percent funding for its NCB instruction, as detailed in the table below:

La Vida Charter Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 40.47 | 70.60 | 12.00 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a32.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Administrative classified costs were higher than usual
* Unexpectedly high legal costs resulting from the school’s first ever special education due process complaint and settlement in 21 years
* Inability to fill teacher vacancies due to the statewide teacher shortage
* Being a small school with less than 100 ADA[[5]](#footnote-5)

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. The CDE acknowledges that the school had higher administrative costs than usual, that it was unable to fill teacher vacancies, and that it is a small school with less than 100 ADA, all of which contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $373,188, or 34.05 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated that amount includes reserves to offset potential declining enrollment and potential continued legal fees, reserves required by the charter authorizer, restricted revenue fund balance, a potential 3 percent increase above COLA for certificated salaries, a balance for the board non-profit corporation account to support school emergencies and bonuses ($37,821), and an unassigned balance. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

At the April 18, 2023, ACCS meeting, the school provided written public comment in support of its request for 100 percent funding for its NCB instruction, which can be found on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/accsnotice04182302pc4.asp>. The CDE reviewed the information provided by the school in its written public comment.

In its written public comment, the school reiterates its previously-cited mitigating circumstances and states that the illness and passing away of its long-time business manager resulted in little monitoring of the funding determination requirements. The school also notes that it was awarded the rating of a Highly Effective School by the Western Association of Schools & Colleges and that its personal learning plans and Rudolf Steiner-inspired methods are expensive.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### Maidu Virtual Charter Academy, Charter #1976

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 85 percent funding for its NCB instruction, as detailed in the table below:

Maidu Virtual Charter Academy Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 68.20 | 78.67 | 25.00 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a12.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Reduced opportunities to fund staff professional development and conferences due to the pandemic
* Inability to fill teacher vacancies due to the statewide teacher shortage

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. The school’s inability to fund staff professional development and conferences and fill teacher vacancies contributed towards its failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $240,180, or 25.50 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated that it plans to purchase Internet hot spots for students and new educator laptops to support virtual teaching. Staff will also attend conferences, such as the California Charter Schools Conference and the California Charter Authorizing Professionals Conference. The school’s reserves also include one-time revenues that will be spent over multiple years. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### Olive Grove Charter - Buellton, Charter #2013

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 85 percent funding for its NCB instruction, as detailed in the table below:

Olive Grove Charter - Buellton Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 53.20 | 77.62 | 17.52 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a14.pdf>.

The following bullet summarizes the school’s mitigating circumstances request:

* Student hours attended by the NCB pupils at the school site declined significantly due to the pandemic, decreasing the amount of facilities costs which could be considered as instructional costs

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. The school’s student hours attended by the NCB pupils at the school site declined significantly due to the pandemic and contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met. Additionally, the school is making efforts to reduce its facility costs and increase on-site student engagement.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $115,352, or 21.02 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated that it required cash flow financing to maintain operational viability during the pandemic due to Local Control Funding Formula (LCFF) deferrals. Given that recent financial hardship, the school believes the current reserve levels are reasonable. Additionally, varying timing and reliability of payment by its district for in-lieu of property taxes revenue creates an additional layer of economic uncertainty. The school also stated that having low enrollment and lower staffing levels requires additional reserves to cover potential special education needs that could arise at any time. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### Opportunity Youth Academy, Charter #1840

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 70 percent funding for its NCB instruction, as detailed in the table below:

Opportunity Youth Academy Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **70 Percent Funding** | ≥ 35 | ≥ 60 | NA |
| **Charter School** | 57.38 | 69.73 | 25.00 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a15.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Receipt of significant one-time revenues from the following:
  + A-G Access/Success Grant
  + Educator Effectiveness Block Grant
  + Learning Loss Mitigation Funding

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. One-time funding contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $599,545, or 11.62 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school’s reserves are comprised entirely of its one-time funds that will be spent in FY 2023–24. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### Pathways Academy Charter School - Adult Education, Charter #2052

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 85 percent funding for its NCB instruction, as detailed in the table below:

Pathways Academy Charter School - Adult Education Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 49.25 | 70.73 | 20.90 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a16.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Hold harmless provision of the 2020–21 Budget Act
* Being a small school with less than 100 ADA[[6]](#footnote-6)

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. Hold harmless adjustments and the school’s need to build reserves to maintain a positive fund balance contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met. Additionally, the school is likely to meet the expenditure requirements for 100 percent funding in the future as the school grows in ADA.

During its review of the school’s funding determination request, the CDE noted that the school did not report total reserves greater than what is allowed pursuant to 5 *CCR* Section 11963.3(a)(5)(F).

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### Pivot Charter School - San Diego II, Charter #1983

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 85 percent funding for its NCB instruction, as detailed in the table below:

Pivot Charter School - San Diego II Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 51.53 | 76.04 | 17.00 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a18.pdf>.

The following bullet summarizes the school’s mitigating circumstances request:

* Receipt of significant one-time revenues from the PPP loan forgiveness[[7]](#footnote-7)

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. One-time revenue from the PPP loan forgiveness contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $574,503, or 41.43 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school aims to maintain a healthy, liquid reserve as a safety net in the event of financial hardship stemming from state funding decreases, deferrals, and/or under-enrollment. The school has a relatively high proportion of LCFF state aid, due to in-lieu of property tax funds being fairly low, and the school's cashflow is therefore particularly vulnerable to LCFF deferrals. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### Pivot Charter School North Valley II, Charter #1982

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 85 percent funding for its NCB instruction, as detailed in the table below:

Pivot Charter School North Valley II Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 53.94 | 78.76 | 20.00 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a19.pdf>.

The following bullet summarizes the school’s mitigating circumstances request:

* Receipt of significant one-time revenues from the PPP loan forgiveness[[8]](#footnote-8)

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. One-time revenue from the PPP loan forgiveness contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $384,643, or 30.91 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school aims to maintain a healthy, liquid reserve as a safety net in the event of financial hardship stemming from state funding decreases, deferrals, and/or under-enrollment. The school has a relatively high proportion of LCFF state aid, due to in-lieu of property tax funds being fairly low, and the school's cashflow is therefore particularly vulnerable to LCFF deferrals. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### San Jose Conservation Corps Charter, Charter #0425

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 85 percent funding for its NCB instruction, as detailed in table below:

San Jose Conservation Corps Charter Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 40.97 | 70.14 | 25.00 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a20.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Hold harmless provision of the 2020–21 Budget Act
* Inability to fill teacher vacancies due to the statewide teacher shortage

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. The recognition of hold harmless revenue and inability to fill teacher vacancies contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $1,203,887, or 58.71 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school reports that $644,739 of its reserves are fixed assets. The remaining reserves are held to help buffer for economic uncertainty and enrollment fluctuations for the small school (86 ADA) that serves a highly mobile population of adult students. The school’s board of directors is currently in the process of creating and adopting a new policy to address the excess reserves. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### Shasta View Academy, Charter #2065

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school fails to qualify for funding for its NCB instruction, as detailed in the table below:

Shasta View Academy Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **0 Percent Funding** | < 35 | < 60 | NA |
| **Charter School** | 57.67 | 58.95 | 14.98 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a21.pdf>.

The following bullet summarizes the school’s mitigating circumstances request:

* Receipt of significant one-time revenues from the transfer of funds from its closed sister school, New Day Academy

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. The transfer of funds from its closed sister school contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $3,985,027, or 74.07 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated that it plans to use its reserves to build a resource center and expand its Innsbruck Learning Center. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### Taylion High Desert Academy/Adelanto, Charter #1520

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school fails to qualify for funding for its NCB instruction, as detailed in the table below:

Taylion High Desert Academy/Adelanto Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **0 Percent Funding** | < 35 | < 60 | NA |
| **Charter School** | 34.64 | 80.13 | 14.31 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a24.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Enrollment growth
* Inability to fill teacher vacancies due to the statewide teacher shortage
* Low participation from eligible staff for the retirement plan and health benefits

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. The school’s rapid growth combined with difficulty in hiring teachers and low participation from eligible staff for the retirement plan and health benefits contributed towards the school’s failure to meet the expenditure requirement for certificated salaries and benefits.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $2,242,173, or 62.17 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The total reserves were comprised of $1,227,310 in liquid cash and $1,904,661 in receivables. The school projected monthly expenditures of $571,301 in July 2022 and $780,615 in August of 2022, which would have left the school with two months of cash on hand, when it aims to have three months of cash. In consideration of the school’s large enrollment growth from one year to the next, the school believed it was fiscally prudent to ensure ample reserves were maintained to allow for that growth as well as to pay all current and incoming staff. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

At the April 18, 2023, ACCS meeting, the school provided multiple written public comments in support of its request for 100 percent funding for its NCB instruction. All written public comments for this school are provided on the April 2023 ACCS Meeting Agenda web page, as follows:

* <https://www.cde.ca.gov/be/cc/cs/accsnotice04182302pc2.asp>
* <https://www.cde.ca.gov/be/cc/cs/accsnotice04182302pc3.asp>
* <https://www.cde.ca.gov/be/cc/cs/accsnotice04182302pc5.asp>
* <https://www.cde.ca.gov/be/cc/cs/accsnotice04182302pc6.asp>

The CDE reviewed the information provided by the school in its written public comments.

In its written public comments, the school states that its failure to meet the expenditure criteria for certificated salaries and benefits was due to a lack of applications from experienced teachers and the school’s hiring of newly-credentialed teachers, which resulted in lower expenditures compared to the school’s projected and budgeted expenditures.

The CDE notes, that the school has demonstrated a history of failing to meet the expenditure requirements for 100 percent funding for its NCB instruction. The school has requested the consideration of mitigating circumstances on two additional occasions, which were approved by the SBE in July 2016 and November 2018. At the time of its previous requests for mitigating circumstances, the school qualified for 0 percent funding for its NCB instruction, as detailed in the table below.

Taylion High Desert Academy/Adelanto Previous Requests for Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **0 Percent Funding** | < 35 | < 60 | NA |
| **July 2016 Request** | 33.67 | 67.20 | 25.0 |
| **November 2018 Request** | 20.49 | 55.79 | 22.4 |
| **Current Request** | 34.64 | 80.13 | 14.31 |

The CDE acknowledges that since the school’s previous requests for the consideration of mitigating circumstances, the school has increased its percentage of spending on instruction and related services. Additionally, the CDE finds that the school has provided new information that was not included in its initial funding determination request, and that supports its claim for mitigating circumstances and its request for 100 percent funding. The CDE therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### Tracy Independent Study Charter, Charter #2090

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 70 percent funding for its NCB instruction, as detailed in the table below:

Tracy Independent Study Charter Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **70 Percent Funding** | ≥ 35 | ≥ 60 | NA |
| **Charter School** | 45.21 | 66.11 | 21.00 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a26.pdf>.

The following bullet summarizes the school’s mitigating circumstances request:

* Having incorrectly charged $665,542 of expenditures to its authorizer, Tracy Joint Unified School District, rather than the school. Of this amount, $424,433 were instruction and related services expenses.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. The school’s failure to meet the expenditure requirements for 100 percent funding is a result of errors in accounting and is not a reflection of the school’s failure to spend funds on instruction and related services. Had expenses been correctly charged to the school, it would have met the expenditure requirements for 100 percent funding. Additionally, the school has stated that it will pay back the district in FY 2022–23 for the incorrectly charged expenses.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $846,417, or 40.87 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school ordered furnishings and renovations totaling $296,161 that were anticipated to be paid in FY 2021–22, but due to supply chain issues, the products and renovations were completed late and the expenses were not made until FY 2022–23. Additionally, the school stated it was conservative in spending down its reserves due to enrollment uncertainty coming out of the pandemic. The school stated that as enrollment has remained stable, it plans to invest in on-site and virtual mental health services and facility needs for other in-person services. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

#### Valley Oak Charter, Charter #0501

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 100 percent.

Without the consideration of mitigating circumstances, the school qualifies for 85 percent funding for its NCB instruction, as detailed in the table below:

Valley Oak Charter Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 60.22 | 71.59 | 12.53 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a27.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* The school’s closure due to the pandemic resulted in students’ inability to utilize on-site services
* Spending a significant amount of its revenues to secure a 4.5-acre property
* Being a small school with less than 100 ADA[[9]](#footnote-9)

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. The school is currently spending a significant amount of its revenues on its facility, which will end when it is paid off within the next two years. The school’s closure and limited enrollment of 75 students also contributed towards its failure to meet the expenditure requirements for 100 percent funding.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $1,000,171, or 139.12 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The majority of the school’s reserves ($680,378) represents depreciation of the school's building. The remaining amount largely represents one-time funds that will be spent in future years and reserves held to address possible deficit spending tied to future declining enrollment. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances and its request for 100 percent funding and therefore recommends that the school receive 100 percent funding for its NCB instruction.

### Recommendations for Approval of Mitigating Circumstances and 85 Percent Funding

The CDE finds a reasonable basis for the following schools to be approved at 85 percent for their NCB instruction, a higher level of funding than for which they qualify based on their reported expenditures, and recommends that the SBE approve the schools’ mitigating circumstances requests and determination of funding requests at 85 percent for two years.

#### Family Partnership Charter, Charter #0763

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 85 percent.

Without the consideration of mitigating circumstances, the school qualifies for 70 percent funding for its NCB instruction, as detailed in the table below:

Family Partnership Charter Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **70 Percent Funding** | ≥ 35 | ≥ 60 | NA |
| **Charter School** | 40.55 | 65.71 | 25.00 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a7.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Receipt of significant one-time revenues from the following:
  + A-G Completion Improvement Grant
  + Educator Effectiveness Block Grant
  + ELO Grant
  + ESSER III
  + Special Education Learning Recovery Support
* Hold harmless provision of the 2020–21 Budget Act

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. One-time funding and hold harmless adjustments contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $2,610,115, or 64.48 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated that it plans to use a portion of its reserves to increase certificated and classified staff salaries and that it is in negotiations for another salary increase. As reserves are not an ongoing fund source, based on the information provided by the school, the CDE finds the use of reserves to increase staff salaries to be unsustainable. Furthermore, the school did not provide a satisfactory plan for its remaining reserves. For these reasons, the CDE finds the school’s overall explanation of its excess reserves to be unsatisfactory.

At the April 18, 2023, ACCS meeting, the school provided written public comment in support of its request for 100 percent funding for its NCB instruction, which can be found on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/accsnotice04182302pc7.asp>. The CDE reviewed the information provided by the school in its written public comment.

In its written public comment, the school cites the pandemic, increased reserve balances, and prior-year negotiations as contributing towards its failure to meet the funding criteria. The school also provides additional mitigating circumstances, which include abrupt leadership changes, loan payments, and facility-related expenses, and other enrollment-related information. The school also provides a list of the actions and measures it has taken to meet the funding criteria for its NCB instruction.

While the school provided additional mitigating circumstances, the school failed to specify how those circumstances impacted its ability to meet the regulatory expenditure requirements. As such, the CDE finds that the school did not provide any new information that would change its recommendation of the school’s funding determination.

Although the school’s claim for mitigating circumstances is reasonable, the CDE finds that the information submitted by the school does not support its request for 100 percent funding. The school would have qualified for 85 percent funding, not 100 percent funding, if the one-time funding that it received were excluded. Additionally, the school did not provide a satisfactory plan for its reserves, which could have been spent on instruction and related services. Therefore, the CDE recommends that the school receive 85 percent funding for its NCB instruction.

#### Learning Works, Charter #1031

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 85 percent.

Without the consideration of mitigating circumstances, the school qualifies for 70 percent funding for its NCB instruction, as detailed in the table below:

Learning Works Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **70 Percent Funding** | ≥ 35 | ≥ 60 | NA |
| **Charter School** | 35.94 | 84.71 | 24.00 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a11.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Receipt of significant one-time revenues from the A-G Completion Improvement Grant
* Inability to fill teacher vacancies due to the statewide teacher shortage

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. The school’s inability to fill a full-time position and receiving A-G grant money contributed towards its failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $1,560,031, or 52.33 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school has designated reserves for additional staffing, increased employee benefits, increased pay, upgraded vehicles to transport students, and facility costs. The school’s reserves also include one-time revenues that will be spent over multiple years. The CDE finds the school’s use of excess reserves for one-time expenses to be reasonable. However, reserves are not an ongoing fund source; based on the information provided by the school, the CDE finds the use of reserves to increase staff salaries to be unsustainable. For this reason, the CDE finds the school’s overall explanation of its excess reserves to be unsatisfactory.

At the April 18, 2023, ACCS meeting, the school provided written public comment in support of its request for 100 percent funding for its NCB instruction, which can be found at the SBE April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/accsnotice04182302pc9.asp>. The CDE reviewed the information provided by the school in its written public comment.

In its written public comment, the school provides additional information regarding its use of reserves for staffing expenses. Additionally, the school states its plans to invest in facilities and school infrastructure over the next two years and provides background information on its student population and mission to serve those students.

While the school provided further details of its use of reserves for staffing-related expenses, the school did not satisfactorily explain why its staffing-related expenses could not be accomplished through its budget nor did it provide a clean plan for the use of its remaining excess reserves. As such, the CDE finds that the school did not provide any new information that would change its recommendation of the school’s funding determination.

Although the school’s claim for mitigating circumstances is reasonable, the CDE finds that the information submitted by the school does not support its request for 100 percent funding. The school did not provide a satisfactory plan for its reserves, which could have been spent on instruction and related services. Therefore, the CDE recommends that the school receive 85 percent funding for its NCB instruction.

#### Northwest Prep Charter, Charter #0526

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 85 percent.

Without the consideration of mitigating circumstances, the school qualifies for 70 percent funding for its NCB instruction, as detailed in the table below:

Northwest Prep Charter Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **70 Percent Funding** | ≥ 35 | ≥ 60 | NA |
| **Charter School** | 49.82 | 63.22 | 21.00 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a13.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Expenditures not made due to pandemic-related restrictions, such as field trips for students and professional development for staff
* The school’s closure in FY 2020–21 due to the pandemic caused leftover instructional materials to be carried over to FY 2021–22, reducing expenditures
* Increased student enrollment in independent study relative to classroom-based instruction, which lowered in-person instruction-related expenditures
* Receipt of significant one-time revenues from the following:
  + A-G Completion Improvement Grant
  + Educator Effectiveness Block Grant
  + ELO Grant
  + Restricted lottery funds
* Inability to fill teacher vacancies due to the statewide teacher shortage

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. Pandemic-related restrictions, the school’s closure, increased enrollment in independent study, one-time revenues, and teacher vacancies contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $695,258, or 45.91 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school has a committed fund balance for facility projects in FY 2022–23 and board-approved raises. The CDE finds the school’s use of excess reserves for one-time expenses to be reasonable. However, reserves are not an ongoing fund source; based on the information provided by the school, the CDE finds the use of reserves to permanently increase staffing expenses and instructional funds for students to be unsustainable. Furthermore, the school did not provide a satisfactory plan for its remaining reserves. For these reasons, the CDE finds the school’s overall explanation of its excess reserves to be unsatisfactory.

At the April 18, 2023, ACCS meeting, the school did not provide written comment or additional information for consideration nor has any new information been submitted by the school as of the date of this posting.

Although the school’s claim for mitigating circumstances is reasonable, the CDE finds that the information submitted by the school does not support its request for 100 percent funding. If the school’s one-time revenues were excluded and the school’s estimated expenditures not made were included in the school’s funding determination calculation, the school would have qualified for 85 percent funding. Additionally, the school did not provide a satisfactory plan for its reserves, which could have been spent on instruction and related services. Finally, the school has a demonstrated history of failing to meet the regulatory criteria for funding for its NCB instruction as it has failed to meet the expenditure requirements for 100 percent funding for its previous two determination of funding request submissions. Therefore, the CDE recommends that the school receive 85 percent funding for its NCB instruction.

#### South Bay Charter, Charter #1303

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 85 percent.

Without the consideration of mitigating circumstances, the school fails to qualify for funding for its NCB instruction, as detailed in the table below:

South Bay Charter Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **0 Percent Funding** | < 35 | < 60 | NA |
| **Charter School** | 45.94 | 59.48 | 23.60 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a22.pdf>.

The following bullet summarizes the school’s mitigating circumstances request:

* Hold harmless provision of the 2020–21 Budget Act

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. The school received higher LCFF revenues than expected. If the unexpected funds were excluded, the school would have met the expenditure requirements for 100 percent funding.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $631,759, or 70.59 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated it plans to use its reserves to maintain elevated staffing levels for the next two to three years to support students recovering from the effects of the pandemic, purchase technology upgrades, adopt new English and math curriculums, and implement additional staff training for FY 2022–23 and the next two years. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

At the April 18, 2023, ACCS meeting, the school did not provide written comment or additional information for consideration nor has any new information been submitted by the school as of the date of this posting.

Although the school’s claim for mitigating circumstances is reasonable, the CDE finds that the information submitted by the school does not support its request for 100 percent funding. The school projects that it will only meet the expenditure requirements for 85 percent funding in FY 2022–23 with significantly fewer revenues than the prior year. Therefore, the CDE recommends that the school receive 85 percent funding for its NCB instruction.

#### South Sutter Charter, Charter #0724

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 85 percent.

Without the consideration of mitigating circumstances, the school qualifies for 70 percent funding for its NCB instruction, as detailed in the table below:

South Sutter Charter Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **70 Percent Funding** | ≥ 35 | ≥ 60 | NA |
| **Charter School** | 40.02 | 69.99 | 21.83 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a23.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Receipt of significant one-time revenues from the following:
  + Educator Effectiveness Block Grant
  + ESSER
* Inability to fill teacher vacancies due to the statewide teacher shortage

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. One-time funding and the inability to fill teacher vacancies contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding, which it would have otherwise met.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $23,119,365, or 84.31 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated that it plans to increase salaries for all certificated and classified staff and expand services. Additionally, the school stated that it will increase instructional funds for students. The school also stated that its reserves are the cumulative result from incremental operational balances carried forward over the last 15 years and that it is fiscally sound to maintain three months’ reserves of cash ($8 million). The school stated that it anticipates operational deficits of $600,000 annually for the next few years. Reserves are not an ongoing fund source; based on the information provided by the school, the CDE finds the use of reserves to increase staff salaries to be unsustainable. Furthermore, the school did not provide a satisfactory plan for its remaining reserves. For these reasons, the CDE finds the school’s overall explanation of its excess reserves to be unsatisfactory.

At the April 18, 2023, ACCS meeting, the school did not provide written comment or additional information for consideration nor has any new information been submitted by the school as of the date of this posting.

Although the school’s claim for mitigating circumstances is reasonable, the CDE finds that the information submitted by the school does not support its request for 100 percent funding. The school did not provide a satisfactory plan for its reserves, which could have been spent on instruction and related services. Therefore, the CDE recommends that the school receive 85 percent funding for its NCB instruction.

#### Tehama eLearning Academy, Charter #0430

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 85 percent.

Without the consideration of mitigating circumstances, the school qualifies for 70 percent funding for its NCB instruction, as detailed in the table below:

Tehama eLearning Academy Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **70 Percent Funding** | ≥ 35 | ≥ 60 | NA |
| **Charter School** | 39.45 | 68.03 | 22.89 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a25.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Pandemic-related restrictions limited expenditures on travel for professional development and student field trips; community events for students and their families; and on-site engagement activities
* Inability to fill teacher vacancies due to the statewide teacher shortage

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. Pandemic-related restrictions and vacancies caused the school’s expenditures to be lower than expected and contributed towards its failure to meet the expenditure requirements for 100 percent funding.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $2,427,897, or 161.30 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated it will spend $658,794 of its reserves as follows: the school will increase the FTE for the site principal from 0.80 to 1.00, fill vacancies, increase salaries, provide one-time off schedule payment to staff, update its curriculum, purchase transportation for students, enhance technology, provide additional services for students, increase allocation of direct Special Education services, and support student career exploration. The CDE finds the school’s use of excess reserves for one-time expenses to be reasonable. However, reserves are not an ongoing fund source; based on the information provided by the school, the CDE finds the use of reserves to permanently increase staffing expenses and instructional funds for students to be unsustainable. Furthermore, the school did not provide a satisfactory plan for its remaining reserves. For these reasons, the CDE finds the school’s overall explanation of its excess reserves to be unsatisfactory.

At the April 18, 2023, ACCS meeting, the school did not provide written comment or additional information for consideration nor has any new information been submitted by the school as of the date of this posting.

Although the school’s claim for mitigating circumstances is reasonable, the CDE finds that the information submitted by the school does not support its request for 100 percent funding. Had the aforementioned expenditures been made and teacher vacancies filled, the school would have only qualified for 85 percent funding. Additionally, the school did not provide a satisfactory plan for its reserves, which could have been spent on instruction and related services. Therefore, the CDE recommends that the school receive 85 percent funding for its NCB instruction.

#### West Park Charter Academy, Charter #0044

The CDE recommends that the SBE approve the school’s mitigating circumstances request and approve its determination of funding request at 85 percent.

Without the consideration of mitigating circumstances, the school qualifies for 70 percent funding for its NCB instruction, as detailed in the table below:

West Park Charter Academy Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **70 Percent Funding** | ≥ 35 | ≥ 60 | NA |
| **Charter School** | 42.01 | 61.61 | 25.00 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a28.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Inability to fill teacher vacancies due to the statewide teacher shortage
* Receipt of significant one-time revenues from the following:
  + A-G Access/Success Grant
  + A-G Learning Loss Mitigation Grant
  + Educator Effectiveness Block Grant
  + ELO Grant

The CDE finds that the information submitted by the school supports its claim for mitigating circumstances. The school’s inability to fill its vacant teaching positions and the receipt of one-time revenues contributed towards the school’s failure to meet the expenditure requirements for 100 percent funding.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $4,040,384, or 135.17 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested additional information of the school regarding its excess reserves. The school stated that it plans to spend its reserves by hiring four additional teachers, an academic counselor, a reading specialist, and additional tutors, and providing additional tutoring for students during winter and summer break. The school also stated that its reserves have been used to purchase curriculum and supplemental materials, as needed, and that the school will continue to review its needs. The CDE finds the school’s use of excess reserves for one-time expenses to be reasonable. However, reserves are not an ongoing fund source; based on the information provided by the school, the CDE finds the use of reserves to permanently increase staffing expenses and instructional funds for students to be unsustainable. Furthermore, the school did not provide a satisfactory plan for its remaining reserves. For these reasons, the CDE finds the school’s overall explanation of its excess reserves to be unsatisfactory.

At the April 18, 2023, ACCS meeting, the school did not provide written comment or additional information for consideration nor has any new information been submitted by the school as of the date of this posting.

Although the school’s claim for mitigating circumstances is reasonable, the CDE finds that the information submitted by the school does not support its request for 100 percent funding. Even if all vacancies were filled, the school would have only qualified for 85 percent funding. Additionally, the school did not provide a satisfactory plan for its reserves, which could have been spent on instruction and related services. Therefore, the CDE recommends that the school receive 85 percent funding for its NCB instruction.

### Recommendations for Denial of Mitigating Circumstances and Approval at the Funding Level for Which They Qualify

The CDE does not find a reasonable basis for the following schools to be funded at a higher level of funding than for which they qualify, and recommends that the SBE deny the schools’ mitigating circumstances requests and approve their determination of funding requests at the funding level for which they qualify for two years.

#### Castle Rock, Charter #0358

The CDE recommends that the SBE deny the school’s mitigating circumstances request and approve its determination of funding request at 85 percent, the level of funding for which the school qualifies pursuant to regulations, as detailed in the table below.

Castle Rock Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 44.05 | 76.98 | 22.00 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a29.pdf>.

The following bullet summarizes the school’s mitigating circumstances request:

* Receipt of $1,703,554 in Education Protection Account funding

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $1,947,250, or 48.69 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated that it plans to increase in-person tutorials at students’ households, increase certificated staff wages, increase travel expenses for professional development, and fill teacher vacancies. The CDE finds the school’s use of excess reserves for one-time expenses to be reasonable. However, reserves are not an ongoing fund source; based on the information provided by the school, the CDE finds the use of reserves to permanently increase staffing expenses to be unsustainable. Furthermore, the school did not provide a satisfactory plan for its remaining reserves. For these reasons, the CDE finds the school’s overall explanation of its excess reserves to be unsatisfactory.

At the April 18, 2023, ACCS meeting, the school provided written public comment in support of its request for 100 percent funding for its NCB instruction, which can be found on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/accsnotice04182302pc1.asp>. The CDE reviewed the information provided by the school in its written public comment.

In its written public comment, the school states that it erroneously cited increased EPA funds as a substantial factor in its failure to meet the criteria and provides additional information regarding its request for mitigating circumstances. Specifically, the school cites one-time funds (including, A-G Completion Improvement Grant, Education Effectiveness Block Grant, and ELO Grants), inability to hire positions, labor negotiations, and assistance from the county office as factors that contributed to its failure to meet the expenditure requirements for 100 percent funding for its NCB instruction.

The CDE finds the new information provided by the school to support its claim for mitigating circumstances. However, although the CDE finds the school’s claim for mitigating circumstances to be reasonable, the information submitted by the school still does not support its request for 100 percent funding. While the school elaborated on the factors contributing to its mitigating circumstances, including its excess reserves, the school did not explain how it intends to spend down its excess reserves or why its current level of reserves is reasonable. Therefore, the CDE recommends that the school receive 85 percent funding, the level of funding for which it qualifies, for its NCB instruction.

#### Chawanakee Academy Charter, Charter #1763

The CDE recommends that the SBE deny the school’s mitigating circumstances request and approve its determination of funding request at 70 percent, which is the level of funding for which the school qualifies, as detailed in the table below.

Chawanakee Academy Charter Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **70 Percent Funding** | ≥ 35 | ≥ 60 | NA |
| **Charter School** | 39.08 | 62.70 | 24.00 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a30.pdf>.

The following bullet summarizes the school’s mitigating circumstances request:

* Its salary schedules and benefits packages for certificated and classified staff were not competitive with surrounding areas

The CDE finds that the information submitted by the school does not support its claim for mitigating circumstances. Additionally, the CDE notes that the school shares a governing board with its charter authorizer, Chawanakee Unified School District. Chawanakee Unified School District received an audit finding stating that district expenses for teacher salaries were 47.97 percent of total educational expenses when it is required to be 55 percent.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $2,516,763, or 91.09 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested additional information of the school regarding its excess reserves. The school has reserved $1,197,852 to purchase or lease a building to accommodate its projected growth rate of about 10 percent every year. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

At the April 18, 2023, ACCS meeting, the school did not provide written comment or additional information for consideration nor has any new information been submitted by the school as of the date of this posting.

The CDE finds that the school did not provide a reasonable basis for the CDE to make a recommendation other than one that results from the expenditure criteria outlined in 5 *CCR* and that the information submitted by the school does not support its request for 100 percent funding. Therefore, the CDE recommends that the school receive 70 percent funding, the level of funding for which it qualifies, for its NCB instruction.

#### Excel Academy Charter, Charter #2073

The CDE recommends that the SBE deny the school’s mitigating circumstances request and approve its determination of funding request at 85 percent, which is the level of funding for which the school qualifies, as detailed in the table below.

Excel Academy Charter Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 45.57 | 77.16 | 19.05 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a31.pdf>.

The following bullet summarizes the school’s mitigating circumstances request:

* Receipt of significant one-time revenue from the PPP loan forgiveness[[10]](#footnote-10)

The CDE finds that the information submitted by the school would support its claim for mitigating circumstances. However, during its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $1,936,893, or 30.98 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated that it plans to use its reserves to increase salaries for teachers and support staff and provide them an off-salary bonus and to increase annual instructional funds to its students. The school has also hired an occupational therapist. The CDE finds the school’s use of excess reserves for one-time expenses to be reasonable. However, reserves are not an ongoing fund source; based on the information provided by the school, the CDE finds the use of reserves to permanently increase staffing expenses and instructional funds for students to be unsustainable. Furthermore, the school did not provide a satisfactory plan for its remaining reserves. For these reasons, the CDE finds the school’s overall explanation of its excess reserves to be unsatisfactory.

At the April 18, 2023, ACCS meeting, the school did not provide written comment or additional information for consideration nor has any new information been submitted by the school as of the date of this posting.

The CDE finds that the information submitted by the school does not support its request for 100 percent funding. The school did not provide a satisfactory plan for its reserves, which could have been spent on instruction and related services. Therefore, the CDE recommends that the school receive 85 percent funding, the level of funding for which it qualifies, for its NCB instruction.

#### Liberty Independent Study, Charter #2102

The CDE recommends that the SBE deny the school’s mitigating circumstances request and approve its determination of funding request at 85 percent, which is the level of funding for which the school qualifies, as detailed in the table below.

Liberty Independent Study Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 137.32 | 78.25 | 1.82 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a33.pdf>.

The following bullet summarizes the school’s mitigating circumstances request:

* Lower enrollment and ADA compared to its first year of operation, which in turn decreased expenditures

The CDE finds that the information submitted by the school does not support its claim for mitigating circumstances. The CDE notes that for its first year of operation in FY 2020–21, the school reported an ADA of 32.50, compared to an ADA of 1.82 in FY 2021–22. Additionally, the school has not provided a satisfactory plan to meet expenditure requirements for 100 percent funding in future years. Furthermore, the school projects reporting less than one ADA in FY 2022–23, which would be a failure to meet its own ADA threshold to meet the expenditure requirements for 100 percent funding.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $67,541, or 47.30 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school’s reserves consist of reserves designated for economic uncertainties and restricted funds. The CDE finds the school’s explanation of its excess reserves to be satisfactory.

At the April 18, 2023, ACCS meeting, the school did not provide written comment or additional information for consideration nor has any new information been submitted by the school as of the date of this posting.

The CDE finds that the school did not provide a reasonable basis for the CDE to make a recommendation other than one that results from the expenditure criteria outlined in 5 *CCR* and that the information submitted by the school does not support its request for 100 percent funding. Therefore, the CDE recommends that the school receive 85 percent funding, the level of funding for which it qualifies, for its NCB instruction.

#### Motivated Youth Academy, Charter #1628

The CDE recommends that the SBE deny the school’s mitigating circumstances request and approve its determination of funding request at 85 percent, which is the level of funding for which the school qualifies without the consideration of mitigating circumstances:

Motivated Youth Academy Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 43.42 | 70.14 | 20.30 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a34.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Hold harmless provision of the 2020–21 Budget Act
* Challenges regarding its financial back-office providers

The CDE finds that the information submitted by the school does not support its claim for mitigating circumstances. The CDE acknowledges that the school may not have received funding that reflected its growing enrollment in FY 2020–21 due to the hold harmless provision. However, in its mitigating circumstances request, the school stated that it had three different financial back-office providers in the last three years and that its back-office provider during FY 2021–22 did not understand the importance of meeting the expenditure requirements. The CDE does not find the failure to understand the regulatory spending requirements to be a reasonable circumstance by which to recommend a higher level of funding.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $1,117,500, or 50.56 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school stated that while its reserves appear to be large based on its current ADA, the school seeks to grow from 178.4 P-2 ADA in FY 2021–22 to over 500 ADA in the future, which would make the school’s $1,117,500 in reserves relatively smaller. The school also would like high reserves to prepare for the possibility of an upcoming recession and deferrals. The school partially attributes its high reserves to the mismanagement by the prior back-office financial advisor and stated it will develop a plan for its reserves during FY 2022–23. The CDE finds the school’s explanation of its excess reserves to be unsatisfactory.

At the April 18, 2023, ACCS meeting, the school did not provide written comment or additional information for consideration nor has any new information been submitted by the school as of the date of this posting.

The CDE finds that the school did not provide a reasonable basis for the CDE to make a recommendation other than one that results from the expenditure criteria outlined in 5 *CCR* and that the information submitted by the school does not support its request for 100 percent funding. Additionally, the school did not provide a satisfactory plan for its reserves, which could have been spent on instruction and related services. Therefore, the CDE recommends that the school receive 85 percent funding, the level of funding for which it qualifies, for its NCB instruction.

#### Santa Cruz County Career Advancement Charter, Charter #1904

The CDE recommends that the SBE deny the school’s mitigating circumstances request and approve its determination of funding request at 70 percent, which is the level of funding for which the school qualifies without the consideration of mitigating circumstances:

Santa Cruz County Career Advancement Charter Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **70 Percent Funding** | ≥ 35 | ≥ 60 | NA |
| **Charter School** | 54.93 | 66.10 | 23.28 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a35.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Deciding to spend conservatively and electing not to add new FTE positions that could be subject to reduction or layoff during the pandemic if a decrease in ADA or funding were realized
* Being a newer charter school having opened in FY 2017–18

The CDE finds that the information submitted by the school does not support its claim for mitigating circumstances. While the CDE acknowledges that the school budgeted conservatively during the pandemic, the CDE does not find the school’s opening in FY 2017–18 to be a reasonable circumstance by which to recommend a higher level of funding.

During its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $803,472, or 50.67 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested additional information of the school regarding its excess reserves. The school stated that its reserves are intended to be spent on hiring new instructional positions, increasing instructional expenses for English as a Second Language curriculum, and including an on-site childcare option. The CDE finds the school’s use of excess reserves for one-time expenses to be reasonable. However, reserves are not an ongoing fund source; based on the information provided by the school, the CDE finds the use of reserves to permanently increase staffing expenses and instructional funds for students to be unsustainable. For this reason, the CDE finds the school’s overall explanation of its excess reserves to be unsatisfactory.

At the April 18, 2023, ACCS meeting, the school did not provide written comment or additional information for consideration nor has any new information been submitted by the school as of the date of this posting.

The CDE finds that the school did not provide a reasonable basis for the CDE to make a recommendation other than one that results from the expenditure criteria outlined in 5 *CCR* and that the information submitted by the school does not support its request for 100 percent funding. Additionally, the school did not provide a satisfactory plan for its reserves, which could have been spent on instruction and related services. Furthermore, the school has demonstrated a history of failing to meet the expenditure requirements for 100 percent funding and does not foresee meeting them in FY 2022–23. Therefore, the CDE recommends that the school receive 70 percent funding, the level of funding for which it qualifies, for its NCB instruction.

#### Sky Mountain Charter, Charter #0905

The CDE recommends that the SBE deny the school’s mitigating circumstances request and approve its determination of funding request at 85 percent, which is the level of funding for which the school qualifies without the consideration of mitigating circumstances:

Sky Mountain Charter Nonclassroom-Based Instruction Funding

| **Criteria** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR** |
| --- | --- | --- | --- |
| **85 Percent Funding** | ≥ 40 | ≥ 70 | NA |
| **Charter School** | 43.01 | 72.45 | 22.07 |

The school’s complete funding determination with mitigating circumstances request is provided on the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/documents/accs-apr23item02a36.pdf>.

The following bullets summarize the school’s mitigating circumstances request:

* Inability to fill teacher vacancies due to the statewide teacher shortage
* Administrative staff vacancies
* Receipt of significant one-time revenues from the following:
  + Educator Effectiveness Block Grant
  + ESSER I
  + ESSER II

The CDE finds that the information submitted by the school would support its claim for mitigating circumstances. However, during its review of the school’s funding determination request, the CDE noted that the school reported total reserves of $16,484,208, or 73.60 percent of total expenditures. Pursuant to 5 *CCR* Section 11963.3(a)(5)(F), the CDE requested an explanation of the school’s plans for its excess reserves. The school has increased salaries for all certificated and classified staff and expanded services and has also increased spending on instructional supplies and materials for students. The school expects operating deficits of roughly $200,000 to $400,000 annually over the next three years that will result in reductions of its fund balance, outside of the one-time funding spend down. Reserves are not an ongoing fund source; based on the information provided by the school, the CDE finds the use of reserves to permanently increase staffing expenses and instructional funds for students to be unsustainable. Furthermore, the school did not provide a satisfactory plan for its remaining reserves. For these reasons, the CDE finds the school’s overall explanation of its excess reserves to be unsatisfactory.

At the April 18, 2023, ACCS meeting, the school did not provide written comment or additional information for consideration nor has any new information been submitted by the school as of the date of this posting.

The CDE finds that the school did not provide a reasonable basis for the CDE to make a recommendation other than one that results from the expenditure criteria outlined in 5 *CCR* and that the information submitted by the school does not support its request for 100 percent funding. The school did not provide a satisfactory plan for its reserves, which could have been spent on instruction and related services. Therefore, the CDE recommends that the school receive 85 percent funding, the level of funding for which it qualifies, for its NCB instruction.

## Summary of Previous California State Board of Education Discussion and Action

The SBE is responsible for approving determination of funding requests to establish eligibility for apportionment funding for charter schools that offer NCB instruction. The CDE notes that this type of request is a recurring action item for the SBE.

## Fiscal Analysis

If approved by the SBE, the charter schools included in this item would receive apportionment funding for their NCB ADA under the LCFF model.

## California Department of Education Staff Review

Direct links to the funding determination forms for all schools presented in this item are provided under each school’s analysis of mitigating circumstances section. All forms are also available under Item 02 of the April 2023 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/accsnotice041823.asp>.

## Attachment

* **Attachment 1:** Recommendation for Nonclassroom-Based Determination of Funding (2 Pages)

1. The PTR criteria outlined in this table pertain only to charter schools submitting NCB funding determination requests for their NCB instruction. All charter schools offering independent study are required to comply with the ADA-to certificated-employee ratios outlined in *EC* Section 51745.6. [↑](#footnote-ref-1)
2. The charter school had to apply for forgiveness for the PPP loan. [↑](#footnote-ref-2)
3. The charter school had to apply for forgiveness for the PPP loan. [↑](#footnote-ref-3)
4. The charter school had to apply for forgiveness for the PPP loan. [↑](#footnote-ref-4)
5. Pursuant to 5 *CCR* Section 11963.4(e), the ACCS shall give charter schools with less than a total of one hundred (100) units of prior year second period average daily attendance or that are in their first year of operation serious consideration of full funding. [↑](#footnote-ref-5)
6. Pursuant to 5 *CCR* Section 11963.4(e), the ACCS shall give charter schools with less than a total of one hundred (100) units of prior year second period average daily attendance or that are in their first year of operation serious consideration of full funding. [↑](#footnote-ref-6)
7. The charter school had to apply for forgiveness for the PPP loan. [↑](#footnote-ref-7)
8. The charter school had to apply for forgiveness for the PPP loan. [↑](#footnote-ref-8)
9. Pursuant to 5 *CCR* Section 11963.4(e), the ACCS shall give charter schools with less than a total of one hundred (100) units of prior year second period average daily attendance or that are in their first year of operation serious consideration of full funding. [↑](#footnote-ref-9)
10. The charter school had to apply for forgiveness for the PPP loan. [↑](#footnote-ref-10)