



CHARTER
IMPACT

Demystifying Funding Determination

Let's shed some light on an often-scary subject

Agenda

- Who's In the Room
- Fill Out A Sample Form
- Mitigating Circumstances
- LAO/FCMAT Report
- Questions

Who's in the room and what is a funding determination form

Let's set expectations and get to know each other better

Presenters



Jason Sitomer – Managing Director
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Jim Surmeian – Senior Director of Client Finance
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Dr. Amanda Fernandez – Chief Fiscal Officer

Who is in the Room?

- Are you running a homeschool, independent study, fully virtual, or some other model?
- Does your school submit using SACs coding or the Alternative Form?
- Who has completed a Funding Determination Form before?
 - How many have you completed?
- Is this completed internally, or do you utilize a back-office/consultant?
- Have you ever had to apply for mitigating circumstances?
- What other interesting/weird situations have you come across?

Why does a Funding Determination Form Exist

- SB740 (Senate Bill 740) was passed in October 2001. It was created to give stronger governmental oversight on Flex-Based programs
- It added transparency by including the disclosure of board members, top vendors, and any conflicts of interest
- Implementation was turbulent in the first several years and the process has changed many times since its implementation
- The goals and the results of this program have been underwhelming, as it has never caught any bad actors because of this additional step (or at least that I could find in my research)

What is a Funding Determination Form

A requirement for Flex-Based Charters only

- SB740 means something completely different to a classroom-based program

It determines a school's funding levels by measuring the certificated spending, instructional spending, and a school's PTR (Pupil Teacher Ratio)

- It is attempting to vet for bad actors and ensure funds are not syphoned away from schools

It limits a school's surplus to be (likely) 10% or less

- Again, this is only a limitation on Flex-Based programs

Where is a Funding Determination Form

- Its online 😊
- <https://www.cde.ca.gov/sp/ch/nclrbifunddet.asp>



The screenshot shows a web browser window displaying the California Department of Education website. The URL in the address bar is [cde.ca.gov/sp/ch/nclrbifunddet.asp](https://www.cde.ca.gov/sp/ch/nclrbifunddet.asp). The page header features the California Department of Education logo and a search bar. A navigation menu includes links for Teaching & Learning, Testing & Accountability, Finance & Grants, Data & Statistics, Specialized Programs, Learning Support, and Professional Learning. The breadcrumb trail reads: Home / Specialized Programs / Charter Schools / Nonclassroom-Based Determination of Funding. The main heading is "Nonclassroom-Based Determination of Funding" with the subtext "Information for nonclassroom-based charter schools on how to apply for a funding determination." A "Section Menu" on the left lists several links: Background, Information and Updates, Nonclassroom-Based Funding Determination Requests by Fiscal Year, Funding Determination Submission Deadlines, Forms and Instructions, and Laws, Regulations, and Guidance. On the right, there is a "Share this Page" section with icons for email, Twitter, Facebook, LinkedIn, and a link icon, and a "Related Content" section below it.

What's on the website?

An Excel spreadsheet of when all schools are up for renewal and their current funding information

Nonclassroom-Based Funding Determination Requests

A compilation of nonclassroom-based funding determination requests heard by the State Board of Education (SBE), or otherwise approved, during fiscal years (FYs) 2002–03 through 2023–24 pursuant to *California Code of Regulations* Created by California Department of Education, Charter Schools Division, December 2019

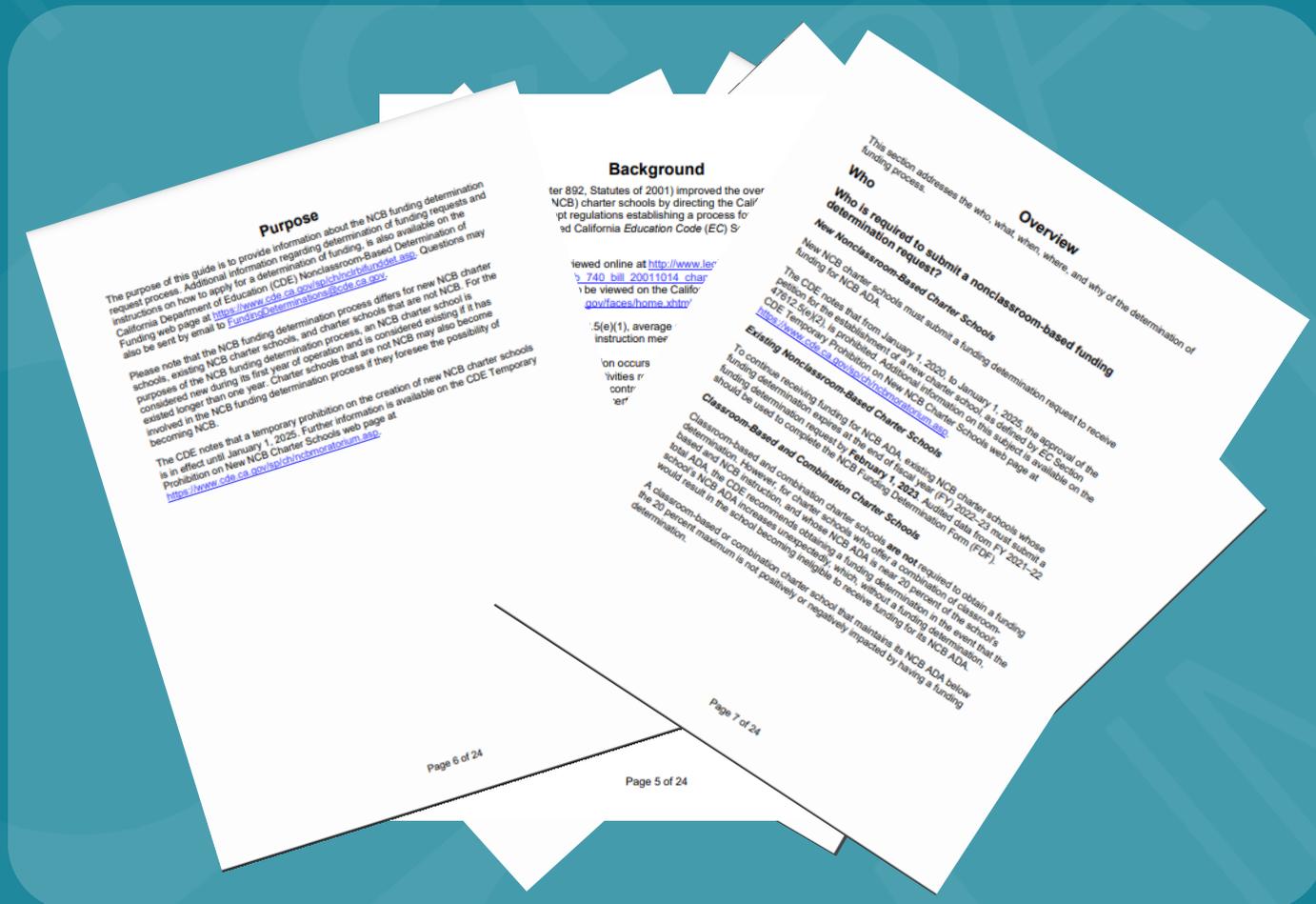
Last modified July 13, 2023

N/A: Not Available

| County-District-School (CDS) Code | Charter Number | County | Charter Authorizer | Charter School Name | Retroactive / Untimely Request | Mitigating Circumstances Provided (5 CCR Section 11963.4[e]) | Reconsideration / Revision (5 CCR Section 11963.4[c] or 11963.6[g]) | Approval Month / Year | Approved Funding Determination | Approved Period of Funding Determination (or Considered Period, if Denied) | Next Funding Determination Due Date |
|-----------------------------------|----------------|----------------|--------------------------------------|---|--------------------------------|--|---|-----------------------|--------------------------------|--|-------------------------------------|
| 19-75309-0134619 | 1836 | Los Angeles | Acton-Agua Dulce Unified | Empower Generations | No | No | No | July 2023 | 100% | 2023–24 through 2025–26 | 2/1/2026 |
| 19-64584-1996305 | 0285 | Los Angeles | Gorman Joint | Gorman Learning Center | No | No | No | July 2023 | 100% | 2023–24 through 2026–27 | 2/1/2027 |
| 36-75051-0137794 | 1977 | San Bernardino | Lucerne Valley Unified | Gorman Learning Center San Bernardino/Santa Clarita | No | No | No | July 2023 | 100% | 2023–24 through 2026–27 | 2/1/2027 |
| 16-63925-0137901 | 1997 | Kings | Hanford Joint Union High | Hanford Online Charter | No | Yes | No | July 2023 | 100% | 2023–24 through 2024–25 | 2/1/2025 |
| 19-75309-0131987 | 1699 | Los Angeles | Acton-Agua Dulce Unified | iLEAD Hybrid | No | No | No | July 2023 | 100% | 2023–24 through 2025–26 | 2/1/2026 |
| 51-10512-0140152 | 2089 | Sutter | Sutter County Office of Education | Pathways Charter Academy | No | Yes | No | July 2023 | 100% | 2023–24 through 2024–25 | 2/1/2025 |
| 56-72553-0139592 | 2062 | Ventura | Pleasant Valley | Peak Prep Pleasant Valley | No | Yes | No | July 2023 | 100% | 2023–24 through 2024–25 | 2/1/2025 |
| 08-61820-0137729 | 0859 | Del Norte | Del Norte County Unified | Uncharted Shores Academy | No | Yes | No | July 2023 | 100% | 2023–24 through 2024–25 | 2/1/2025 |
| 19-64246-0126003 | 1415 | Los Angeles | Antelope Valley Union High | Academies of the Antelope Valley | No | No | No | May 2023 | 100% | 2023–24 through 2026–27 | 2/1/2027 |
| 31-66787-0126664 | 1429 | Placer | Auburn Union Elementary | Alta Vista Community Charter | No | No | No | May 2023 | 100% | 2023–24 through 2024–25 | 2/1/2025 |
| 19-64857-0112714 | 0841 | Los Angeles | Palmdale Elementary | Antelope Valley Learning Academy | No | No | No | May 2023 | 100% | 2023–24 through 2026–27 | 2/1/2027 |
| 37-10371-0134577 | 1835 | San Diego | San Diego County Office of Education | Audeo Charter II | No | No | No | May 2023 | 100% | 2023–24 through 2026–27 | 2/1/2027 |
| 37-68106-0137034 | 1935 | San Diego | Escondido Union High | Audeo Charter School III | No | No | No | May 2023 | 100% | 2023–24 through 2026–27 | 2/1/2027 |
| 10-10108-0119628 | 1085 | Fresno | Fresno County Office of Education | Big Picture Educational Academy | No | No | No | May 2023 | 100% | 2023–24 through 2026–27 | 2/1/2027 |
| 15-63628-0134312 | 1816 | Kern | Marcopa Unified | Blue Ridge Academy | No | No | No | May 2023 | 100% | 2023–24 through 2026–27 | 2/1/2027 |
| 37-68163-0139402 | 2055 | San Diego | Julian Union Elementary | Brookfield Engineering Science Technology Academy | No | No | No | May 2023 | 100% | 2023–24 through 2025–26 | 2/1/2026 |
| 54-75523-0114348 | 0867 | Tulare | Porterville Unified | Butterfield Charter | No | Yes | No | May 2023 | 100% | 2023–24 through 2024–25 | 2/1/2025 |
| 42-75010-0138891 | 2031 | Santa Barbara | Cuyama Joint Unified | California Connections Academy Central Coast | No | No | No | May 2023 | 100% | 2023–24 through 2025–26 | 2/1/2026 |

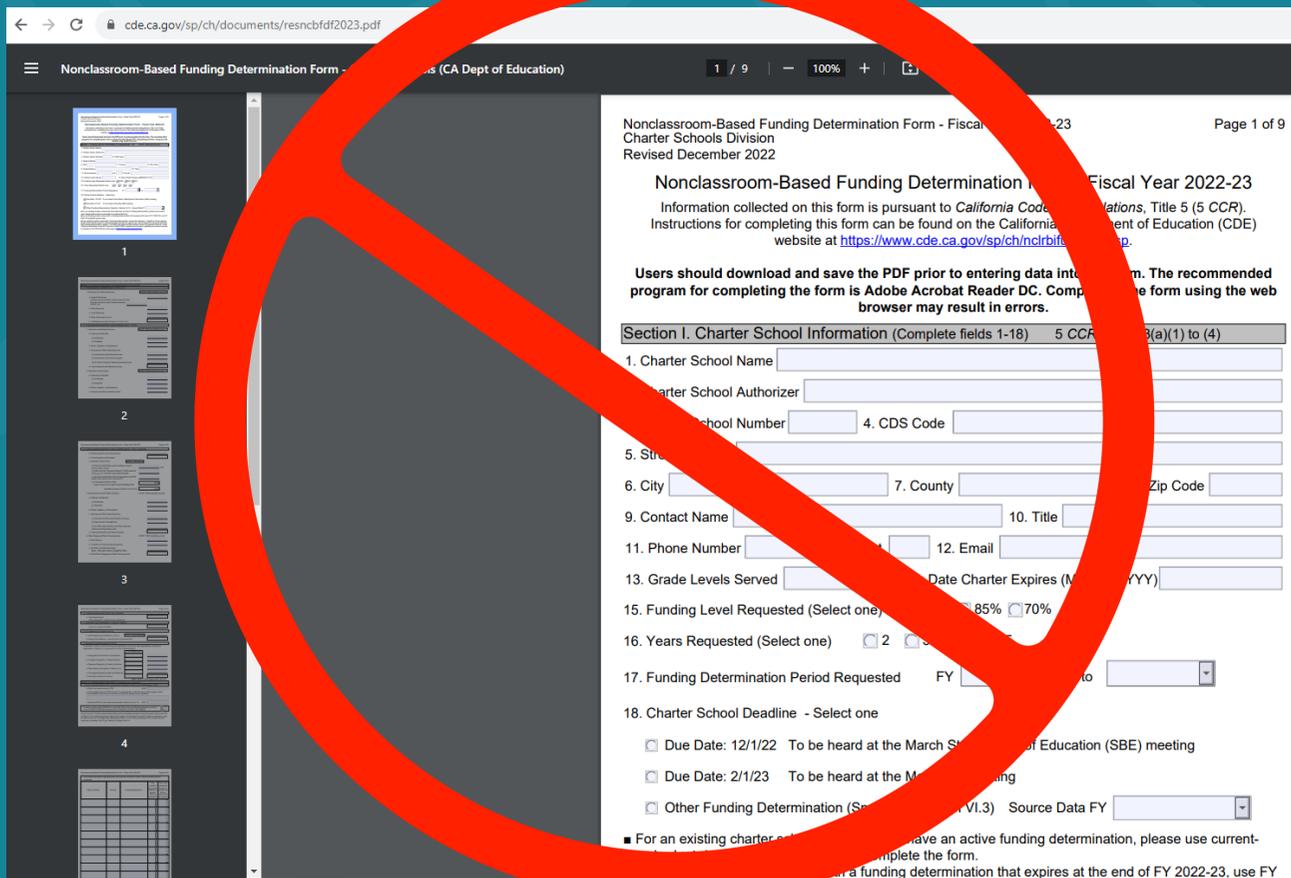
What's on the website?

A 26-page PDF with instructions on how to fill out the funding determination form



What's on the website?

The 9-page editable Funding Determination Form template



The screenshot shows a web browser displaying the "Nonclassroom-Based Funding Determination Form - Fiscal Year 2022-23" from the California Department of Education (CDE). The form is titled "Nonclassroom-Based Funding Determination Form - Fiscal Year 2022-23" and is revised as of December 2022. It is a 9-page document, with the current page being page 1 of 9. The form is intended for charter schools and is used to determine funding for nonclassroom-based programs. The form includes a section for "Section I. Charter School Information" which contains 18 numbered fields for completion. A large red 'X' is overlaid on the entire screenshot, indicating that the form is not to be used.

Nonclassroom-Based Funding Determination Form - Fiscal Year 2022-23
Charter Schools Division
Revised December 2022

Page 1 of 9

Nonclassroom-Based Funding Determination Form - Fiscal Year 2022-23
Information collected on this form is pursuant to *California Code of Regulations, Title 5 (5 CCR)*.
Instructions for completing this form can be found on the California Department of Education (CDE)
website at <https://www.cde.ca.gov/sp/ch/nclrbf/>.

Users should download and save the PDF prior to entering data into the form. The recommended program for completing the form is Adobe Acrobat Reader DC. Completing the form using the web browser may result in errors.

Section I. Charter School Information (Complete fields 1-18) 5 CCR 50033(a)(1) to (4)

1. Charter School Name
2. Charter School Authorizer
3. Charter School Number 4. CDS Code
5. Street
6. City 7. County Zip Code
9. Contact Name 10. Title
11. Phone Number 12. Email
13. Grade Levels Served Date Charter Expires (Month/Year)
15. Funding Level Requested (Select one) 85% 70%
16. Years Requested (Select one) 2 3
17. Funding Determination Period Requested FY to
18. Charter School Deadline - Select one
 Due Date: 12/1/22 To be heard at the March State Board of Education (SBE) meeting
 Due Date: 2/1/23 To be heard at the May State Board of Education (SBE) meeting
 Other Funding Determination (See 5 CCR 50033(a)(1)(VI.3) Source Data FY

■ For an existing charter school that currently has an active funding determination, please use current-
year data to complete the form.
■ For a new charter school or a charter school with a funding determination that expires at the end of FY 2022-23, use FY

A new version is released annually (around December), so always use the most recent version

What's on the website?

A 31-page webform to submit the FDF



Form

Nonclassroom-Based Funding Determination Request 2023–24

Charter Schools Division

The Funding Determination Form must be submitted by charter schools to receive funding for their nonclassroom-based average daily attendance (ADA) if it exceeds 20 percent of their total ADA. The form may also be submitted by charter schools whose nonclassroom-based ADA is near the 20 percent threshold. Information collected on this form is pursuant to *California Code of Regulations*, Title 5 (5 CCR) Section 11963.3. Instructions can be found on the [Nonclassroom-Based Determination of Funding web page](#) of the California Department of Education (CDE) website. Questions regarding this form can be sent to the Charter Schools Division via email at FundingDeterminations@cde.ca.gov.

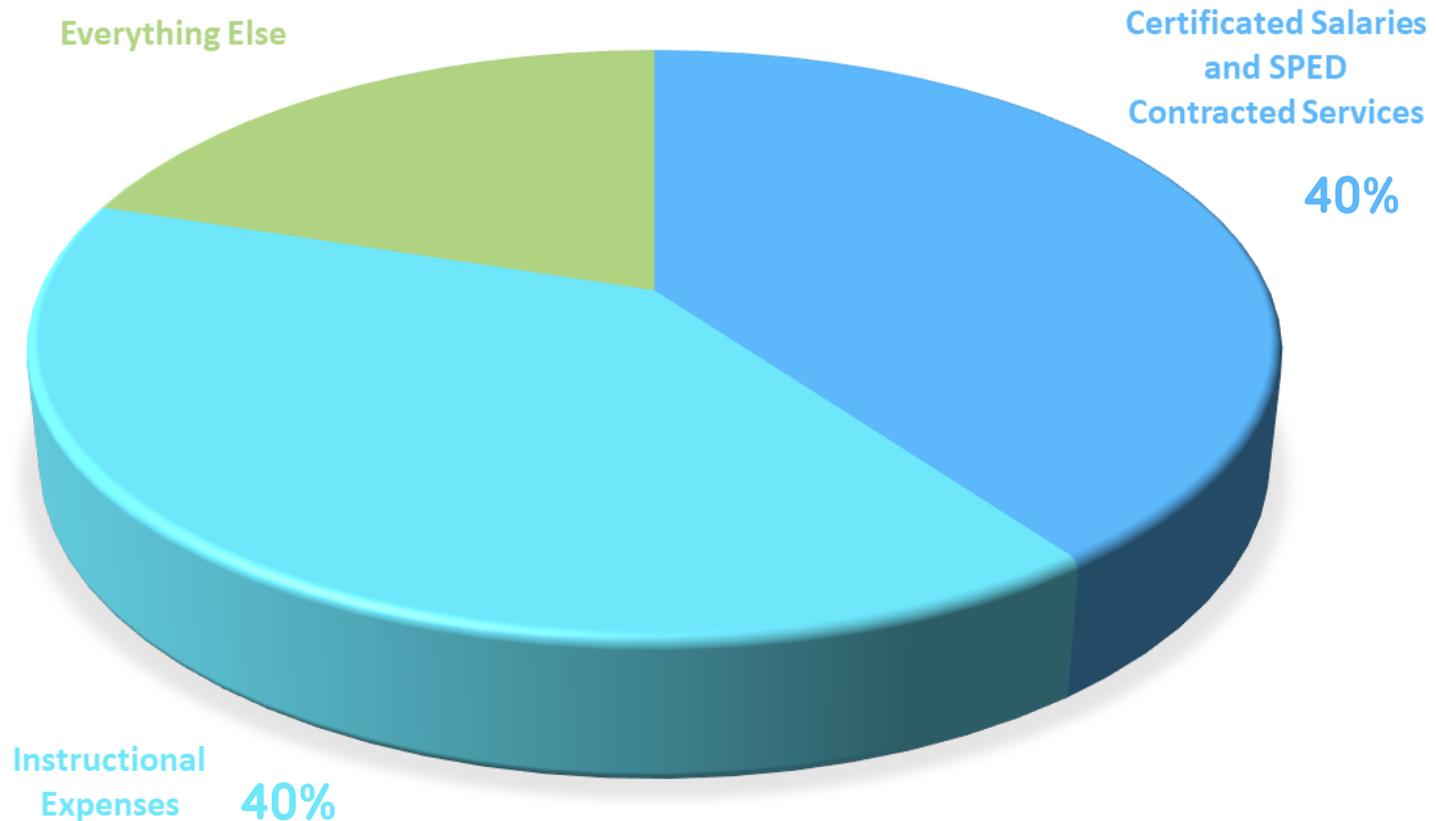
Once you begin the form, you can save and return to it at any time by selecting the **Save For Later** button at the bottom of each page. You will be provided a unique URL (web address) for entrance back into the form. This URL is the only way back into the saved form. Please note that the **Save For Later** button should only be selected if you are taking a break from filling out the form; it is not necessary to select the **Save For Later** button each time before selecting the **Next** button. To return to a previous page of the form, use the **Back** button located at the bottom of the page; do not use the web browser's back button. Using the web browser's back button may cause an error on the form; if this error occurs, use the refresh button on the web browser.

The submission of this form requires a certification from the charter school's director, principal, or governing board chairperson, pursuant to 5 CCR Section 11963.3(b)(1). You will have the opportunity to print a copy of the form for your records before submitting it.

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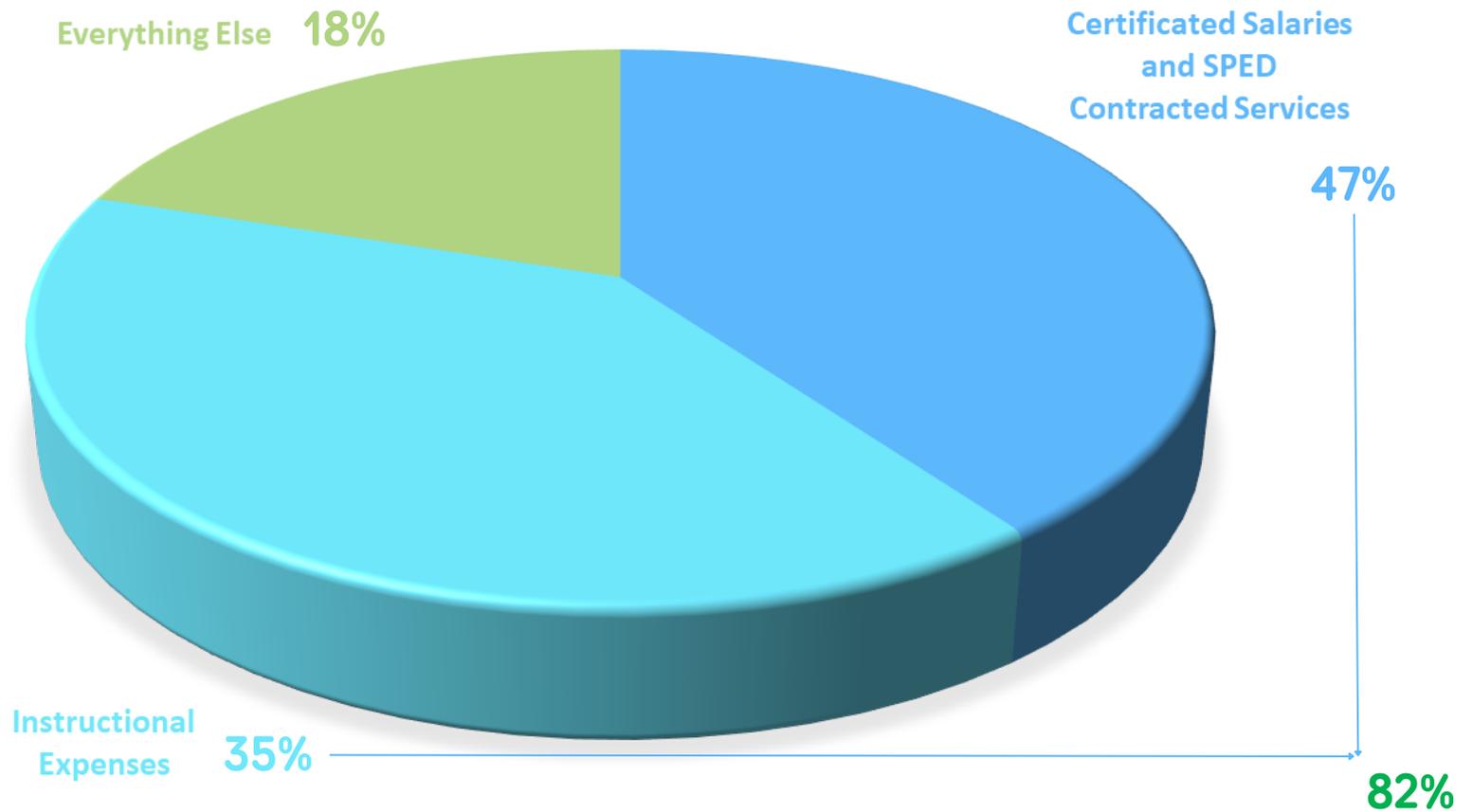
Next

How the FDF is measured

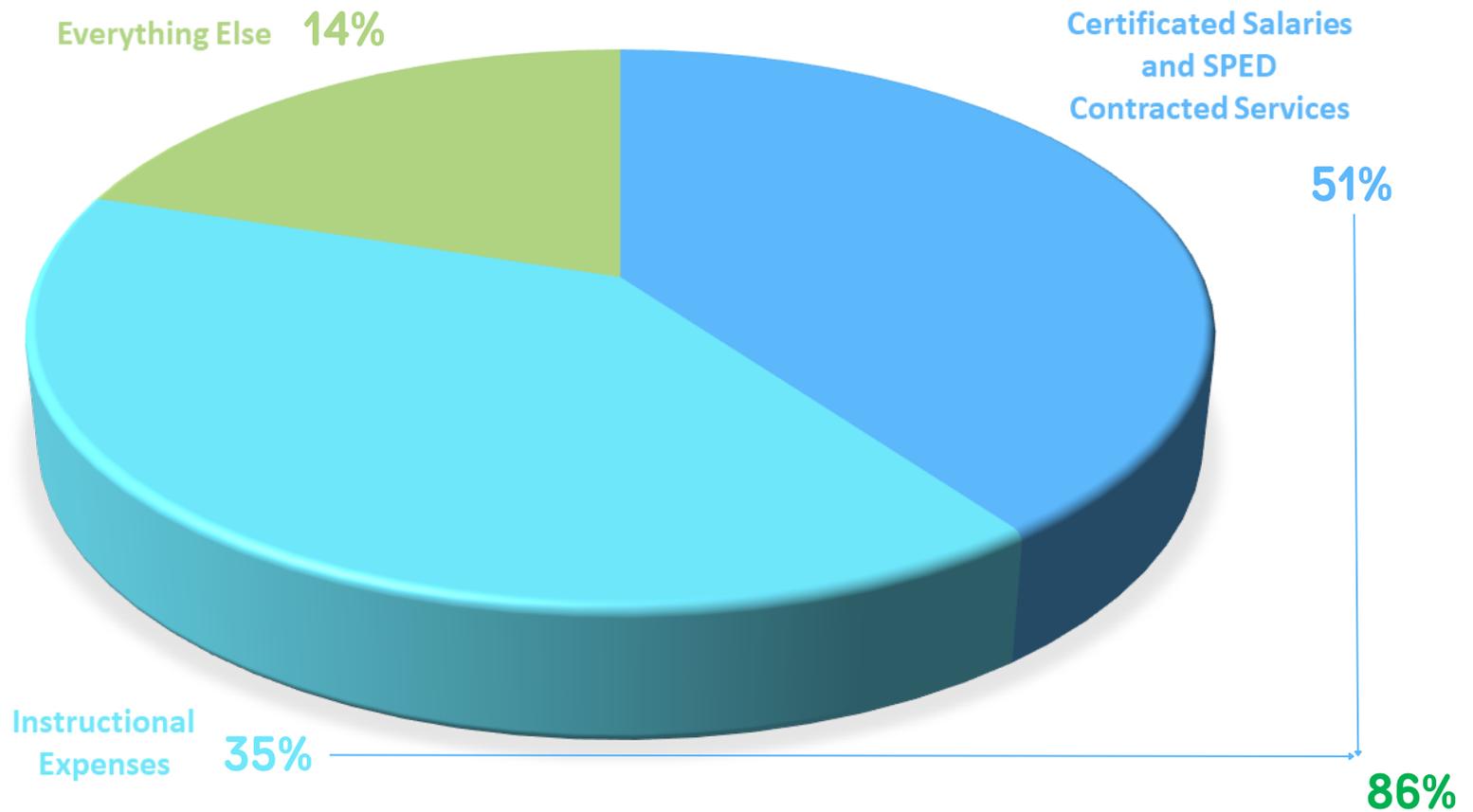


Often referred to as the 40/80 measurement

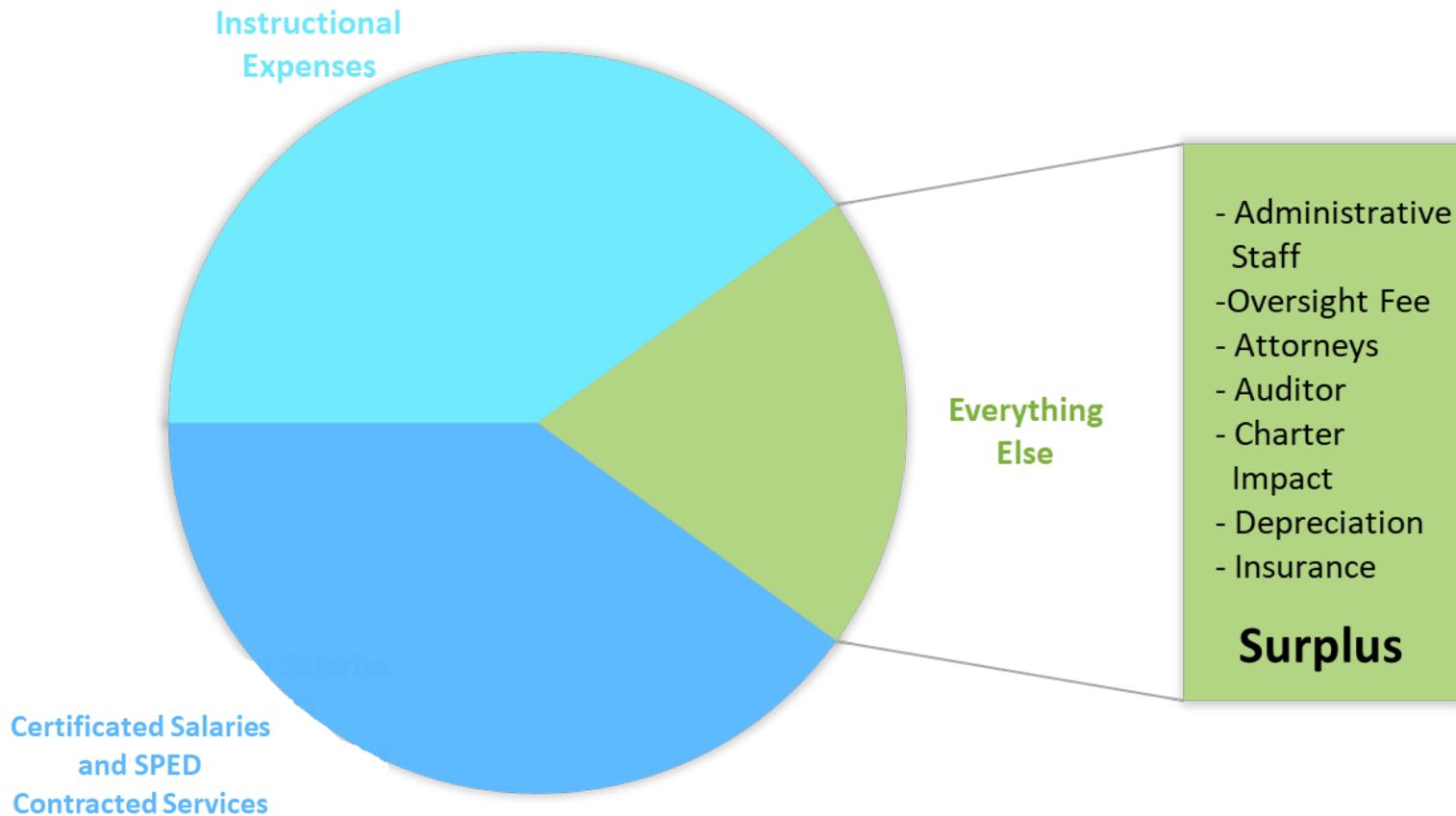
How the FDF Works in Reality



How the FDF Works in Reality



Funding Determination – 40/80



How to prepare for a funding determination year

PLAN AND TRACK!

| | A | B | C | D | E | L | M | N | O | P | Q | R | S | T | U | V | W | | | | |
|-----|--------------------------------------|-----------|-----------|-----------|-----------|-------------|-----------|------------|------------|-------------------|-----------------|---------------------|----------------------|---|---|---|---|---------------------|--|---------|--|
| 1 | Sample Charter School | | | | | | | | | | | | | | | | | | | | |
| 2 | Forecast FY22-23 | | | | | | | | | | | | | | | | | | | | |
| 3 | <i>Revised 5/14/2023</i> | | | | | | | | | | | | | | | | | | | | |
| | ADA = 2654.00 | | | | | | | | | | | | | | | | | | | | |
| 4 | | | | 23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Year-End Accruals | Annual Forecast | Original Budget Tot | Favorable / (Unfav.) | | | | | | | | |
| 150 | Interest | | | | | | | | | | | | | | | | | | | | |
| 152 | - | | | | | | | | | | | | | | | | | | | | |
| 153 | - | | | | | | | | | | | | | | | | | | | | |
| 154 | Total Expenses | | | | | | | | | | | | | | | | | | | | |
| | 0,594 | 3,448,812 | 3,183,320 | 3,084,218 | 2,784,437 | 2,056,945 | 85,925 | 34,761,797 | 32,941,148 | (1,820,649) | | | | | | | | | | | |
| 156 | Monthly Surplus (Deficit) | | | | | | | | | | | | | | | | | | | | |
| | 5,363 | (194,033) | 917,232 | 1,126,859 | 532,358 | (1,034,254) | 4,075,794 | 2,232,792 | 1,050,810 | 1,181,983 | | | | | | | | | | | |
| 157 | 6.4% | | | | | | | | | | | | | | | | | | | | |
| 158 | Cash Flow Adjustments | | | | | | | | | | | | | | | | | | | | |
| 159 | Monthly Surplus (Deficit) | | | | | | | | | | | | | | | | | Cert. | | Instr. | |
| 160 | Cash flows from operating activities | | | | | | | | | | | | | | | | | 50.5% | | 81.8% | |
| 161 | Depreciation/Amortization | | | | | | | | | | | | | | | | | 3,869,208 | | 654,087 | |
| 162 | Public Funding Receivables | | | | | | | | | | | | | | | | | | | | |
| 163 | Grants and Contributions Rec. | | | | | | | | | | | | | | | | | Pupil:Teacher Ratio | | | |
| 164 | Due To/From Related Parties | | | | | | | | | | | | | | | | | 18.69 | | :1 | |
| 165 | Prepaid Expenses | | | | | | | | | | | | | | | | | | | | |
| 166 | Other Assets | | | | | | | | | | | | | | | | | | | | |

How to prepare for a funding determination year

Know what year you need to apply and provide transparency to your board

Sample Highlights

- P2 ADA is now known at 2,654
 - Up 19 ADA from last month
- Revenue increased by \$237K
- Expenses increased by \$69K
- Annual cash remains balanced and strong
- Senate Bill-740 Requirements:

• 40/80 Expense Ratio

| Cert. | Instr. |
|-----------|---------|
| 50.5% | 81.8% |
| 3,869,215 | 654,101 |

• 25:1 Pupil-Teacher ratio

| Pupil:Teacher Ratio |
|---------------------|
| 19.65 :1 |

Tips from a Charter Fiscal Officer

- Internal controls and standard operating procedures/ processes are so important and will save you time and energy
- Take the time to build your coding structure for LCAP expenditures and all one-time funding.
- Code your employees from position management through budgeting all the way to payroll.
- **Review, review, review**

Budgeting & Beginning of the Year

Staffing

- Position Management-
Budget- Payroll alignment
- Ensure all of your staff are coded correctly before you run your first payroll
- Ensure your pupil: teacher ratio is at least 25:1
- Insurance
- Benefits

School Expenditures

- Ensure you have budgeted to meet your 40/80
- Leases & Tenant Improvement
- Contracts
 - Tech (refresh)
 - Curriculum
 - Professional Development
- Student Activities
- Auto

Weekly Review

- Cash flow: know how much cash on hand you have.
- AP Aging: use your cash flow projections to determine your weekly accounts payable approval amounts
- Purchase Requests: have internal controls and processes for ALL purchases
- Invoices: process daily so that your weekly aging is up-to-date

Monthly Review

Review and analyze:

- Estimated to actual revenues and expenditures
- Know where your 40/80 spending is
- Make expenditure adjustments if needed
- Know what your pupil: teacher ratio is (25:1)
- Hire staff if needed
- Monthly Financials/ standard compliance reporting

Quarterly Review

General Ledger (GL) Review

- LCAP expenditures
- One-time expenditures
- Labor Allocation Report

End of Year Review

End of Feb LCFF updates based on your P-1 certification

- This means you may increase or decrease in your LCFF revenue
 - Adjust accordingly

March-May Spending Adjustments

- June may be too late

Know where your end-of-year expenditure projections are

- 40/80
- Instructional funds (NCB)
 - Pre-buy
 - Stipends
 - Contracts
 - Curriculum
 - Tech

Filling Out A Sample Form

Let's break it down into digestible bits

Page 1 – General Info

Sample Charter School

| | |
|----------------|---|
| County | Los Angeles 7 |
| District | Los Angeles Unified |
| School | Sample Charter School |
| CDS Code | 19 64733 9999999 |
| School Address | 555 South Smith Ave. 5 6 8 Los Angeles, CA 90048-2922 Google Map  |

Section I. Charter School Information (Complete fields 1-18) 5 CCR 11963.3(a)(1) to (4)

1. Charter School Name
2. Charter School Authorizer
3. Charter School Number 4. CDS Code
5. Street Address
6. City 7. County 8. Zip Code

Page 2 through 4 – Financial Info

If using SACS coding....

Create a workbook that will group these into the specific categories utilized in the Funding Determination Form:

Example:

- 1) If an object code starts with "1," FDF code will be B1a(i)
- 2) If an object code starts with "3" and ends with "1," FDF code will be B1a(i)
- 3) If a contracted service / sub-agreement are for SPED, FDF code will be B1a(i)

B. Total Expenditures and Other Uses (Complete lines B.1 to B.4)

1. Instruction and Related Services

5 CCR 11963.3(a)(5)(B) and (6)

a. Salaries and Benefits

(i) Certificated

Page 2 through 4 – Financial Info

If not using SACS coding....

I would recommend tracking and tagging expenses throughout the year to save with the lift required when doing the Funding Determination Form (similar to a restricted resource but utilizing a different segment).

This can be done by utilizing Object Codes that would be instructional only or administrative only within allowable group codes.

If not tracked during the year, you may need to peel apart by vendor/invoice to create both your functional report for audit and your FDF.

Page 2 through 4 – Financial Info

| | | | |
|------------------|--|---------|---------|
| B3a(i)-Salaries | Certificated Salaries | - | - |
| B3a(i)-Benefits | Certificated Benefits | - | - |
| B3a(i) | | - | - |
| B3a(ii)-Salaries | Classified Salaries | 67,957 | 67,957 |
| B3a(ii)-Benefits | Classified Benefits | 14,411 | 14,411 |
| B3a(ii) | | 82,368 | 82,368 |
| B3b-Books | Books | - | - |
| B3b-Supplies | Supplies | 2,151 | 2,151 |
| B3b-Equipment | Equipment | 2,339 | 2,339 |
| B3b | | 4,490 | 4,490 |
| B3c(i) | Contracts for Administrative Cost | - | - |
| B3c(ii) | Supervisory Oversight | 36,542 | 36,542 |
| B3c(iii) | All other administration & other activities, services & op | 154,119 | 154,119 |
| B3d | Subtotal admin. and all other activities | 277,518 | 277,518 |

3. Administration and All Other Activities

5 CCR 11963.3(a)(5)(D) and (6)

a. Salaries and Benefits

(i) Certificated

0

(ii) Classified

82,368

b. Books, Supplies, and Equipment

4,490

c. Services and Other Operating Costs

(i) Contracts for Other Administrative Services

0

(ii) Supervisory Oversight Fee

36,542

(iii) All Other Administration and Other Activities,
Services and Operating Costs

154,119

d. Total Administration and Other Activities

277,518

Strategies for Fund Balance

Have a board approved Fund Balance / Reserve Balance Policy

Economic Uncertainty – This assignment represents an overall “safety net” for the School to cover a variety of unforeseen mid-term to long-term economic circumstances, including higher than expected outflows in any of the above three assignments. The onset of the COVID-19 pandemic in 2020 is an excellent example of how unforeseen events can require substantial reserves. Within a space of two months, the State budget chose to defer nearly 34% of state funding. While federal stimulus ended up mitigating some of this, there are no guarantees that future unforeseen impacts will be similarly mitigated. Designating thirty percent (30%) of the School’s fund balance for economic uncertainty represent the amounts necessary to protect the School from any combination of unforeseen revenue shortfalls, unexpected costs, and economic uncertainties.

Page 2 through 4 – Financial Info

| | |
|--|--------------------------------|
| B. Total Expenditures and Other Uses, continued | |
| 5. Total Expenditures (Sum of lines B.1.d, B.2.e, B.3.d, and B.4.d) | 1,790,536 |
| C. Revenues Over Expenditures - Surplus or (Deficit) | |
| (Line A.1.e minus Line B.5) | 169,785 |
| D. Fund Balance (Complete line D.a) | |
| a. Enter Beginning Fund Balance (July 1) | 5 CCR 11963.3(a)(5)(A) 500,000 |
| b. Ending Fund Balance - June 30 (Line C plus Line D.a) | 669,785 |
| E. Reserves (Complete lines E.a. to E.e) | |
| If reserves in line E.a or E.b are more than \$50,000 or over 5% of total expenditures, provide an explanation in Section III.6, pursuant to 5 CCR 11963.3(a)(5)(F). | |
| a. Designated for Economic Uncertainties | |
| b. Facilities Acquisition or Capitol Projects | |
| c. Reserves Required by Charter Authorizer | |
| d. Other Reserves (Explain in Section III.5) | |
| e. Unassigned/Unappropriated Fund Balance | |
| f. Total (Sum of lines E.a to E.e) | 37% 669,785 |

Every 1% = 17,905
(1,790,536/100)

669,785 = 37.4%
(669,785/17,905)

Note - Line E.f must agree with Line D.b

Reserve Explanation

E. Reserves (Complete lines E.a. to E.e)

If reserves in line E.a or E.b are more than \$50,000 or over 5% of total expenditures, provide an explanation in Section III.6, pursuant to 5 CCR 11963.3(a)(5)(F).

| | % of Expenditures | |
|---|-------------------|---------|
| a. Designated for Economic Uncertainties | 20% | 358,100 |
| b. Facilities Acquisition or Capitol Projects | | |
| c. Reserves Required by Charter Authorizer | 5% | 89,525 |
| d. Other Reserves (Explain in Section III.5) | 12% | 222,160 |
| e. Unassigned/Unappropriated Fund Balance | | |
| f. Total (Sum of lines E.a to E.e) | 37% | 669,785 |

Note - Line E.f must agree with Line D.b

6. If reserves reported on line E.a (designated for economic uncertainties) OR E.b (facilities acquisition or capital projects) exceed the greater of \$50,000 or 5% of total expenditures, explain the need for such excess reserves.

E.a

Percentage

E.b

Percentage

At the May 21, 2023, Sample Charter School board meeting, the board approved a fund reserve policy designating 20% of the school's fund balance to economic uncertainty. The onset of the COVID-19 pandemic in 2020 is an excellent example of how unforeseen events can require substantial reserves. Within a space of two months, the State budget chose to defer nearly 34% of state funding. 20% represents less than 2 ½ months for any unforeseen situation but gives the school a good foundation for time to find a solution.

Did we make it?

Tracking is key:

| | | | |
|--|-----------|---|-----------|
| Total Expenditures | 1,790,536 | - | 1,790,536 |
| EXCESS REVENUE OVER EXPENDITURES | 169,785 | - | 169,785 |
| Calculated Funding Determination Percentage of Actuals through 6/30/2023 | | | |
| 1. Percent of Certificated Employee Salaries & Benefits to Total Public Revenues Formula: Certificated S&B Line B.1.a (1) / Federal Revenues Lines A.1.a - PCSGP A.1.a (i) | 52.29% | | 52.29% |
| 2. Percent of Instruction & Instruction-Related Services to Total Revenues Formula: Instructional & Related Svcs. Line B.1.d. + Allowable Facilities 2.f.(iv) / Total Revenues | 76.53% | | 76.53% |
| SPENDING GAPS THROUGH 6/30/2023 | | | |
| Certificated Spending Gap - Need To Spend | - | | - |
| Instructional Spending Gap - Need to Spend | 67,981 | | 67,981 |
| Section V. Calculated Funding Determination Percentage | | | |
| 1. Percent spent on Certificated Employee Salaries and Benefits to Total Public Revenues 5 CCR 11963.3(c)(1) | | | 52.29% |
| Certificated Salaries and Benefits costs Line B.1.a(i)/Federal Revenues Lines A.1.a - PCSGP A.1.a(i) + State Revenues A.1.b | | | |
| 2. Percent spent on Instruction and Related Services to Total Revenues 5 CCR 11963.3(c)(2) | | | 76.53% |
| Instructional and Related Services costs Line B.1.d + Allowable Facilities costs 2.f.(iv)/Total Revenues Line A.1.e | | | |

Sample Charter School Qualifies for...

Funding Determination Criteria

If the percentages from lines V.1 or V.2 do not meet the spending criteria of the funding level requested as shown below, complete Section VI to provide mitigating circumstances for consideration by the Advisory Commission on Charter Schools (ACCS) for making a recommendation other than one that results from the criteria specified in regulations.

| | |
|--------|---|
| 100% | <ul style="list-style-type: none"> 1) Line V.1 must equal or exceed 40 percent, 2) Line V.2 must equal or exceed 80 percent, AND 3) Line III.1.a. PTR cannot exceed 25:1 OR the PTR on line III.1.c, the ACCS shall recommend approval at 100%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][3]). |
| 85% | <ul style="list-style-type: none"> 1) Line V.1 must equal or exceed 40 percent, AND 2) Line V.2 must equal or exceed 70 percent but less than 80 percent, the ACCS shall recommend approval at 85%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][2]). |
| 70% | <ul style="list-style-type: none"> 1) Line V.1 must equal or exceed 35 percent, AND 2) Line V.2 must equal or exceed 60 percent but less than 70 percent, the ACCS shall recommend approval at 70%, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][1]). |
| Denied | <ul style="list-style-type: none"> 1) Line V.1 is less than 35 percent, OR 2) Line V.2 is less than 60 percent, the ACCS shall recommend that the SBE deny the request, unless there is a reasonable basis to recommend otherwise (5 CCR 11963.4[a][4]). |

Mitigating Circumstances

Section VI. Mitigating Circumstances (Complete lines 1-3 and attach any supporting documentation)

1. Explain why the charter school did not meet the criteria for the funding level requested. Include specific measures or actions taken by the charter school to comply.

2. List and explain the mitigating circumstance(s) to be considered by the CDE and ACCS.

3. Provide any other pertinent information that may assist the CDE and ACCS in conducting a detailed review or develop a reasonable basis for a recommendation.

Don't forget to sign and send before 2/1

Section VII. Certification (Review, sign, and date)

5 CCR 11963.3(b)(1)

I certify that:

1. The information provided is true and correct to the best of my ability and knowledge.
2. This charter school's nonclassroom-based instruction is conducted for and substantially dedicated to the instructional benefit of the school's students.
3. This charter school's governing board has adopted and implemented conflict of interest policies.
4. All of the charter school's transactions, contracts, and agreements are in the best interest of the school and reflect a reasonable market rate for all goods, services, and considerations rendered for or supplied to the school.

Enter Name of Charter School's Director, Principal, or Governing Board Chairperson

Title of Authorized Individual

Before certifying with electronic/digital signature below, please be sure to check all numerical entries and information provided, and save a copy of this form. Modifications to the information reported on this form cannot be made after the signature field below has been completed. If providing a wet signature instead of an electronic one, please date the signature.

Signature of Charter School's Director, Principal, or Governing Board Chairperson

Submit completed and electronically signed forms via email to FundingDeterminations@cde.ca.gov.

The cde, the accs, the sbe, and Mitigating Circumstances

Something to be avoided, if possible, but knowledge is power

ACCS and SBE Meetings

Agenda Items

[Item 01](#) (DOCX)

Type of Action: Action, Information

Subject: Consideration of Requests for Determination of Funding 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.

- [Item 01 Attachment 1: Proposed Recommendations for Nonclassroom-Based Determinations of Funding](#) (XLSX)
- [Item 01 Attachment 2: Determination of Funding Request for Academies of the Antelope Valley, Charter #1415](#) (PDF)
- [Item 01 Attachment 3: Determination of Funding Request for Alta Vista Community Charter, Charter #1429](#) (PDF)
- [Item 01 Attachment 4: Determination of Funding Request for Antelope Valley Learning Academy, Charter #0841](#) (PDF)
- [Item 01 Attachment 5: Determination of Funding Request for Audeo Charter II, Charter #1835](#) (PDF)
- [Item 01 Attachment 6: Determination of Funding Request for Audeo Charter School III, Charter #1935](#) (PDF)
- [Item 01 Attachment 7: Determination of Funding Request for Big Picture Educational Academy, Charter #1085](#) (PDF)
- [Item 01 Attachment 8: Determination of Funding Request for Blue Ridge Academy, Charter #1816](#) (PDF)
- [Item 01 Attachment 9: Determination of Funding Request for Brookfield Engineering Science Technology Academy, Charter #2055](#) (PDF)
- [Item 01 Attachment 10: Determination of Funding Request for California Connections Academy Central Coast, Charter #2031](#) (PDF)
- [Item 01 Attachment 11: Determination of Funding Request for California Connections Academy Monterey Bay, Charter #2056](#) (PDF)
- [Item 01 Attachment 12: Determination of Funding Request for California Connections Academy North Bay, Charter](#)

ACCS and SBE Meetings

Attachment 1: Proposed Recommendations for Nonclassroom-Based Determinations of Funding

Created by the California Department of Education (CDE), Charter Schools Division, March 2023

SBE: California State Board of Education

| County-District-School Code | Charter Number | County | Charter Authorizer | Charter School Name | Percent Spent on Certificated Staff Compensation | Percent Spent on Instruction and Instruction-Related Services | Pupil: Teacher Ratio | Funding Determination and Time Period Requested by Charter School | CDE Proposed Recommended Funding Determination and Time Period |
|-----------------------------|----------------|---------------|--------------------------------------|--|--|---|----------------------|---|--|
| 19-64246-0126003 | 1415 | Los Angeles | Antelope Valley Union High | Academies of the Antelope Valley | 68.63% | 85.54% | 19.00 | 100% for 5 Years (2023–24 through 2027–28) | 100% for 4 Years (2023–24 through 2026–27) |
| 31-66787-0126664 | 1429 | Placer | Auburn Union Elementary | Alta Vista Community Charter | 50.50% | 86.97% | 21.00 | 100% for 4 Years (2023–24 through 2026–27) | 100% for 2 Years (2023–24 through 2024–25) |
| 19-64857-0112714 | 0841 | Los Angeles | Palmdale Elementary | Antelope Valley Learning Academy | 45.61% | 88.20% | 14.18 | 100% for 5 Years (2023–24 through 2027–28) | 100% for 4 Years (2023–24 through 2026–27) |
| 37-10371-0134577 | 1835 | San Diego | San Diego County Office of Education | Audeo Charter II | 61.76% | 80.25% | 13.53 | 100% for 5 Years (2023–24 through 2027–28) | 100% for 4 Years (2023–24 through 2026–27) |
| 37-68106-0137034 | 1935 | San Diego | Escondido Union High | Audeo Charter School III | 67.83% | 80.20% | 9.59 | 100% for 5 Years (2023–24 through 2027–28) | 100% for 4 Years (2023–24 through 2026–27) |
| 10-10108-0119628 | 1085 | Fresno | Fresno County Office of Education | Big Picture Educational Academy | 47.99% | 91.24% | 23.00 | 100% for 5 Years (2023–24 through 2027–28) | 100% for 4 Years (2023–24 through 2026–27) |
| 15-63628-0134312 | 1816 | Kern | Maricopa Unified | Blue Ridge Academy | 53.74% | 84.72% | 20.88 | 100% for 4 Years (2023–24 through 2026–27) | 100% for 4 Years (2023–24 through 2026–27) |
| 37-68163-0139402 | 2055 | San Diego | Julian Union Elementary | Brookfield Engineering Science Technology Academy | 44.17% | 82.64% | 21.20 | 100% for 5 Years (2023–24 through 2027–28) | 100% for 3 Years (2023–24 through 2025–26) |
| 42-75010-0138891 | 2031 | Santa Barbara | Cuyama Joint Unified | California Connections Academy Central Coast | 52.65% | 89.69% | 24.43 | 100% for 4 Years (2023–24 through 2026–27) | 100% for 3 Years (2023–24 through 2025–26) |
| 54-71803-0112458 | 0804 | Tulare | Alpaugh Unified | California Connections Academy Central Valley | 41.71% | 80.13% | 21.51 | 100% for 4 Years (2023–24 through 2026–27) | 100% for 4 Years (2023–24 through 2026–27) |
| 44-75432-0139410 | 2056 | Santa Cruz | Scotts Valley Unified | California Connections Academy Monterey Bay | 47.98% | 85.06% | 22.59 | 100% for 4 Years (2023–24 through 2026–27) | 100% for 3 Years (2023–24 through 2025–26) |
| 17-64055-0129601 | 1653 | Lake | Middletown Unified | California Connections Academy North Bay | 43.02% | 80.46% | 16.66 | 100% for 4 Years (2023–24 through 2026–27) | 100% for 4 Years (2023–24 through 2026–27) |
| 39-68650-0125849 | 1398 | San Joaquin | Ripon Unified | California Connections Academy Northern California | 46.57% | 84.95% | 23.68 | 100% for 4 Years (2023–24 through 2026–27) | 100% for 4 Years (2023–24 through 2026–27) |

Mitigating Circumstances

5 CCR Section 11963.4(e) A reasonable basis for the Advisory Commission on Charter Schools to make a recommendation other than one that results from the criteria specified in subdivision (a) may include, but not be limited to, the following: the information provided by the charter school pursuant to paragraphs (2) through (8), inclusive, of subdivision (b) of section 11963.3, 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, and how many years the charter school has been in operation. The Advisory Commission on Charter Schools 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.

Mitigating Circumstances – Example 1

Section VI. Mitigating Circumstances (Complete lines 1-3 and attach any supporting documentation)

1. Explain why the charter school did not meet the criteria for the funding level requested. Include specific measures or actions taken by the charter school to comply.

Community Montessori received \$750,000.00 from a PPP loan in May 2020. The loan was forgiven in August 2021 and thus the Federal income for Community Montessori is inflated in the FY 21/22 school year by the \$750,000.00 as a result of the accounting treatment for a forgiven loan. The forgiveness of the loan is a non-cash transaction. The cash was received in May 2020, not the year under review. PPP guidelines were specific about what those funds could be used for. Per the loan paperwork "the funds will be used to retain workers and maintain payroll or make mortgage payments, lease payments and utility payments". One time instructional purchases were not a choice. Community Montessori also received a transfer in of \$58,733.22 from the closed Home Office of the corporation. This is a result of capitalized assets still on the books being reclassified to Community Montessori as they are the new owner/user of these assets. If you back out these additional onetime revenues Community Montessori would meet the

2. List and explain the mitigating circumstance(s) to be considered by the CDE and ACCS.

40%-80% thresholds. The percent spent on certificated employee salaries/benefits would be in excess of 40% threshold and the percent spent on instruction and related services would be in excess of 81% qualifying Community Montessori for one hundred percent funding.

APPROVED

Mitigating Circumstances – Example 2

Section VI. Mitigating Circumstances (Complete lines 1-3 and attach any supporting documentation)

1. Explain why the charter school did not meet the criteria for the funding level requested. Include specific measures or actions taken by the charter school to comply.

District salary schedules & benefits packages for certificated and classified staff were not competitive with the surrounding area. The lower costs related to salaries and benefits impacted the percentage spent on certificated employee salaries and benefits. This is also impacted our percentage spent on instruction and related services.

Chawanakee has taken specific measures to remedy this by negotiating with Chawanakee Teachers Association and revising the salary schedule and benefits package. This has resulted in increasing teacher pay to rates between 8-16%, that are competitive with local area districts.

2. List and explain the mitigating circumstance(s) to be considered by the CDE and ACCS.

Our charter has taken specific measures to remedy this by revision our salary schedule and benefits package. This has resulted in increasing our teacher pay to rates that are competitive with our local area and an 8-16% increase to all employee units.

Mitigating circumstances will include regular review of our salary schedule and benefits package.

**REQUEST
DENIED**

Mitigating Circumstances – Example 3

Determination
Heartwood

Determination
Heartwood C

Determination of Funding Request for
Heartwood Charter, Charter #2071

accs-apr23item02
Attachment 10
Page 12 of 12

Heartwood Charter Funding Determination M

Heartwood did not meet the threshold for Inst revenue because the school needed to improv the school easily meets the target as percenta it makes it very challenging for a school to hav threshold.

Heartwood had significant financial challenges that they were able to claim for funding purpo ADA was limited when the attendance year wa pandemic. Heartwood had been increasing en the attendance period prior to P2 being cut sh months, the school incurred an operating loss which resulted in an audit finding from their a

Year two (2020-21), brought another signific schools were limited to their prior year ADA. T enrollment to a sustainable level and resulted funded on their 2019-20 ADA of 117. This caus and provided a very small fund balance (rough

Last year (2020-21) was the first year that Heal school was serving. The first two years of oper and the school didn't have the available funds operation. Still, the program thrived, and the s While the school met the requirements for the hiring for instruction related administrators, in Heartwood had jobs for these positions posted employment shortage, and the competitive co of these jobs went unfilled.

Heartwood's other challenge was that even th 22, as the school continued to increase enrollr from the state started to reflect the number o the growth cap in 2020-21, Heartwood was tw students served. From August through Februa their year one ADA of 117, while serving 350 s school had to rely on financing, which came at

In order to create a path to financial sustainab school revenue on financing fees, Heartwood enough that it made it virtually impossible to r compounded by the fact that Heartwood spen fees, both costs that the school is reporting un operating income leaves them with a fund bal expenses.

With more certainty around cash flow this year biggest area of increase is in staffing, where the teachers, instruction related administrators, ins and increase competitiveness in hiring, Heartwo the significant cash flow and sustainability conc operation, Heartwood can now operate at mucl school's 2022-23 first interim budget, which pro \$58,474 in 2023-24, which results in a total func the school with enough reserves to avoid signifi charter schools typically build by the end of the



California Department of Education
1430 N Street
Sacramento, CA 95814-5901

January 20, 2023

To Whom It May Concern:

This letter is to assist Heartwood Charter School in their request to file a nonclassroom-based funding determination with mitigating circumstances.

We have been Heartwood's auditors since their first year of operation in 2019-20. Heartwood's first year of operation was financially challenging, which resulted in an audit finding for having a negative fund balance. Since then, Heartwood has had to take out various costly finance sources to keep the school in operation. We agree Heartwood's operating income in the prior year was needed and would have been difficult for them to meet spending targets and have the operating income necessary to be financially sustainable in the long term.

Sincerely,

Susan Taylor
Audit Senior II

Cc: Mark Puccinelli
Bryce Fleming
Jeff Nigro



Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA
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www.nncpas.com • Licensed by the California Board of Accountancy

Mitigating Circumstances

And then.... You wait....

The CDE might reach out with a few questions, or you may never hear from them....

Until their recommendations are post, which is only required 10 days before the ACCS Meeting

| County-District-School Code | Charter Number | County | Charter School Authorizer | Charter School Name | Percent Spent on Certificated Salaries and Benefits | Percent Spent on Instruction and Related Services | Pupil-Teacher Ratio | Funding Level and Time Period Requested by Charter School | Qualified Funding Level Without Consideration of MC | CDE Proposed Recommendation to Approve or Deny MC | CDE Proposed Recommendation for Funding Level and Time Period |
|-----------------------------|----------------|----------------|--------------------------------------|--------------------------------------|---|---|---------------------|---|---|---|---|
| 54-75523-0114348 | 0867 | Tulare | Porterville Unified | Butterfield Charter | 53.48% | 61.92% | 18.82 | 100% for 5 Years (2023-24 through 2027-28) | 70% | Approve | 100% for 2 Years (2023-24 through 2024-25) |
| 34-76505-0139584 | 2072 | Sacramento | Twin Rivers Unified | California Innovative Career Academy | 28.81% | 59.13% | 16.96 | 100% for 2 Years (2023-24 through 2024-25) | 0% | Approve | 100% for 2 Years (2023-24 through 2024-25) |
| 08-10082-0830059 | 0358 | Del Norte | Del Norte County Office of Education | Castle Rock | 44.05% | 76.98% | 22.00 | 100% for 5 Years (2023-24 through 2027-28) | 85% | Deny | 85% for 2 Years (2023-24 through 2024-25) |
| 20-75606-0132936 | 1763 | Madera | Chawanakee Unified | Chawanakee Academy Charter | 39.08% | 62.70% | 24.00 | 100% for 5 Years (2023-24 through 2027-28) | 70% | Deny | 70% for 2 Years (2023-24 through 2024-25) |
| 37-10371-0137695 | 1947 | San Diego | San Diego County Office of Education | Community Montessori | 37.13% | 74.72% | 21.50 | 100% for 5 Years (2023-24 through 2027-28) | 70% | Approve | 100% for 2 Years (2023-24 through 2024-25) |
| 01-10017-0136101 | 1881 | Alameda | Alameda County Office of Education | Connecting Waters Charter - East Bay | 42.93% | 79.13% | 19.00 | 100% for 5 Years (2023-24 through 2027-28) | 85% | Approve | 100% for 2 Years (2023-24 through 2024-25) |
| 16-63875-0101717 | 0571 | Kings | Armona Union Elementary | Crossroads Charter Academy | 46.03% | 70.74% | 8.25 | 100% for 5 Years (2023-24 through 2027-28) | 85% | Approve | 100% for 2 Years (2023-24 through 2024-25) |
| 36-67736-0139576 | 2073 | San Bernardino | Helendale Elementary | Excel Academy Charter | 45.57% | 77.16% | 19.05 | 100% for 5 Years (2023-24 through 2027-28) | 85% | Deny | 85% for 2 Years (2023-24 through 2024-25) |
| 42-69112-0111773 | 0763 | Santa Barbara | Blochman Union Elementary | Family Partnership Charter | 40.55% | 65.71% | 25.00 | 100% for 5 Years (2023-24 through 2027-28) | 70% | Approve | 85% for 2 Years (2023-24 through 2024-25) |

Can only be approved for 2-years with mitigating circumstances

The LAO/FCMAT Report

Our Key Takeaways and Actions

The LAO/FCMAT Report

Required by SB114

- The same SB that put the moratorium on NCBs

28-page report

- Outlining what a charter school is, how an NCB differs from a CB program, what a funding determination is, and includes over 20 recommendations
 - Key recommendations on the next slide to discuss

Report Recommendations

Set a Fixed Percentage for Funding

- Would remove the FDF process
- Seems based on an assumption that NCBs need less money than they already receive to run a proper program
 - The report already identified several funding streams that NCBs are not allowed to participate in
 - School Facility Grant, CCSPP, ELOP
 - Others omitted: ASES, 21st Century, nutrition

Allow NCBs to Obtain Facility Funding

- Would be a great addition to those that provide in-person instruction and level the playing field

Report Recommendations

Narrow the definition of NCB

- Sounds simple on the surface, but could divide and conquer

Define a “virtual charter school”

- Same as the above

Require additional documents with FDF

- Could be positive as a stand alone, but burdensome with other recommendations.

Require authorizers to monitor

- Same as the above
- Would be good to codify auditor requirements

Report Recommendations

Use Multiple Years of Data for FDF

- This might address funding fluctuations, but could exacerbate the CDE's ability to vet

Require Networks to Apply as One School

- This seems like it would be very difficult to define
- Different locations could have different needs

Align FDF with Charter Renewals

- 👍👍👍

Automatically Adj. for One-Time Funding

- This could vary between schools, but would welcome the opportunity for the CDE to try

Report Recommendations

Modify the Approach to Reserves

- Increase Economic uncertainty, but I fear a cap could also be implemented

Require PTR be in the Audit Report

- A welcome addition from our perspective

Increase Minimum Requirement for Authorizers

- Would be great to create uniformity in expectations

Set ADA and Grade Span Limits for Authorizers

- Nice in concept but would require schools to split or change authorizers
- Some of the smallest authorizers have the most detailed oversight

Report Recommendations

Allow Authorizers to Charge Up To 3%

- Should be for actual costs incurred
- Would be more burdensome for smaller schools
- Could be a lot of extra work for charter schools

Reconsider Authorization Structure for Virtual

- Fear the displacement of students in a program that is working for them

Enhance the Auditing Process

- Process is already burdensome, but will do extra work to ensure bad actors are caught
- Cannot be an all of the above option – reduce funding, increase oversight & fee, plus this

What Now???

Remain Active, Vigilant, and Vocal!

- Join Advocacy Groups
 - CCSA (obviously), CSDC, APLUS+

Join Insight Groups

- CASI, CASBO

Speak Up

- ACCS Meeting on 4/9

Other thoughts and suggestions from the group



CHARTER
IMPACT

Thank you for Coming!

Any Questions?