Funding Determination Request for
The Classical Academy Inc. #199

California Department of Education Funding Determination

Nonclassroom-Based

Fiscal Year 2013-14

CDE Funding Determination Information: www.cde.ca.gov/sp/cs/as/nclrbifunddet.asp

	Check One
New Charter School: Due on or before December 1, 2013 (Requesting funding determination applicable for the FYs 2013-14 and 2014-15)	( )
Note- The second FY funding determination is subject to additional review. New charters are required to file two reports: 1) FY 2013-14 unaudited actual report, and 2) a Funding Determination Form using FY 2014-15 budget data. Both reports are due to the CDE on or before September 30, 2014. Source: 5 CCR Section 11963.6 (a)	
Continuing Charter School: Due on or before February 1, 2014 (Requesting funding determination for up to a maximum of 5 years beginning with the FY 2014-15)	x

For New or Continuing charter schools, complete sections I through IV. For Virtual or On-Line charter schools, complete sections I through V.

Section I. Charter Information

(Complete information fields a through v)

a. Charter School Name	**The Classical Academy, Inc.**			b. Charter #	**199**
c. Charter Authorizer	**Escondido Union School District**			d. CDS Code	**37-68098-6116776**
e. Street Address	**2950 S. Bear Valley Parkway**				
f. City	**Escondido**	CA	h. Zip Code	**92025**	
i. Contact Name	**Cameron Curry or Sandra Reeve**	j. Title	**Executive Director/Director of Finance**		
k. Phone Number	**760-520-6687/520-6738**	l. Fax No.	**760-520-6808**		
m. E-mail	ccurry@classicalacademy.com (and/or) sreeve@classicalacademy.com				

n. Requested Funding % (select one): **100%**

o. No. of years requested (2, 3, 4, or 5): 5 Note- new charters are limited to two years.

p. Current Funding Determination expires: **6/30/2014**

q. Requested Fiscal Years: **2014-15**

r. Date Charter Granted: **4/9/1999**

s. Date Charter or Charter Renewal Expires: **6/30/2019**

t. Grade Levels Served: **K-8**

u. P2 ADA: **1033.75** Continuing Charters

v. Est ADA: New Charters

Section II. Certification

(Sign and date)

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.

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

Executive Director
Title of Authorized Individual

30-Jan-14
Date

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Fiscal Year 2013-14

Section III. Financial Information (For guidance on function / object definitions, use the California School Accounting Manual)

	A. Resources Available for Expenditure (Complete lines A.1.a. to d. and line 2)		
	1. Revenues and Other Financing Sources		
5 CCR 11963.3 (c) (1)	**a.** Federal Revenues		$ -
	(i) Amount of Public Charter Schools Grant Program start up, implementation and dissemination grant included in line 1a.	$ -	
5 CCR 11963.3 (c) (1)	**b.** State Revenues		$ 4,338,566
	c. Local Revenues		$ 2,028,364
5 CCR 11963.3 (c) (1)	**(i)** Amount in Lieu of Property Taxes in line 1c.	$ 1,694,927	
	d. Other Financing Sources		
5 CCR 11963.3 (c) (2)	**e. Subtotal**		$ 6,366,929
	2. Ending Balance from Prior Fiscal Year		$ 1,786,030
	3. Total Resources (Line A.1.e plus line A.2)		$ 8,152,959
	B. Expenditures and Other Uses (Complete lines B.1. to B.4.)		
	1. Instruction and Related Services		
	a. Salaries and Benefits		
5 CCR 11963.3 (c) (1)	**(i)** Certificated		$ 2,541,418
	(ii) Classified		$ 483,445
	b. Books, Supplies and Equipment		$ 197,415
	c. Services and Other Operating Costs		$ -
	(i) Contracts for Instructional Services		$ 289,228
	(ii) Contracts for Instructional Support		$ -
	(iii) All other Instruction Related Operating Costs		$ 477,654
5 CCR 11963.3 (c) (2)	**d.** Subtotal Instruction and Related Services *		$ 3,989,160
	2. Operations and Facilities		
	a. Salaries and Benefits		
	(i) Certificated		
	(ii) Classified		$ 16,009
	b. Books, Supplies and Equipment		$ 45,134
	c. Services and Other Operating Costs		$ 726,708
	d. Facility Acquisition & Construction		$ -
	e. Subtotal Operations and Facilities *		$ 787,851
	f. Allowable Facility Costs		
	(i) Enter actual square feet occupied by charter	33,800	
	(ii) Total Classroom-Based ADA (if applicable) reported at P-2 apportionment		
	(iii) Total Student Hours attended by nonclassroom-based pupils at the school site	514,948.00	
5 CCR 11963.3 (c) (2)	**(iv)** Allowable Facilities Costs Lesser of Line B2e or [(B2fii+(B2fiii / 868)] * $1,000	593,258.06	
		$ 593,258.06	
	3. Administration and All Other Activities		
	a. Salaries and Benefits		
	(i) Certificated		$ 173,888
	(ii) Classified		$ 687,681
	b. Books, Supplies and Equipment		$ 82,029
	c. Services and Other Operating Costs		
	(i) Contracts for Other Administrative Services		$ 24,666
	(ii) Supervisorial Oversight Fee		$ 60,182
	(iii) All Other Administration & Other Activities, Services & Operating Costs		$ 106,293
	d. Subtotal Administration and All Other Activities *		$ 1,134,740

Funding Determination Request for
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California Department of Education Funding Determination

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Fiscal Year 2013-14

Section III. Financial Information (continued)

B. Expenditures and Other Uses (continued)

4. Other Outgo and Other Uses		
a. Debt Service	$	69,726
b. Transfer to District or County	$	-
c. All Other Outgo	$	-
d. Subtotal Other Outgo and Other Financing Uses *	$	69,726
5. Total Expenditures (Sum of lines B1 to B4)	$	5,981,477
C. Revenues Over Expenditures (Deficit) (Line A.1.e minus B.5)	$	385,453
D. Fund Balance		
a. Beginning Fund Balance (Line A.2)	$	1,786,030
b. Ending Fund Balance* (Line C plus Line D.a.)	$	2,171,482

(Complete lines E.a. to E.d.)

E. Reserves

If amounts or percentages in lines E.a. or E.b. are $50,000 or more OR 5% or more, explain in Section IV.7. below why reserve levels were maintained at such levels, pursuant to Title 5, Section 11963.3(a)(5)(F).

	% of Expenditures		
a. Designated for Economic Uncertainties	0.031933251	$	191,008
b. Facilities Acquisition or Capital Projects	0.331101182	$	1,980,474
c. Reserves required by Charter Authorizer		$	-
d. Other Reserves (identify in Section IV.5 below)		$	-
e. Unobligated Fund Balance		$	-
d. Total (Sum of lines E.a to E.e.) **Note- Line E.d. must agree with Line D.b**.		$	2,171,482

Section IV. Supplemental Information (Complete lines 1 to 7)

1. Enter the charter school's pupil-teacher ratio as calculated pursuant to Education Code Section 51745.6 and CCR, Title 5, Section 11704.

25:01:00	a. Enter the Pupil to FTE Teacher Ratio of the charter school
25:01:00	b. Enter the Pupil to FTE Teacher Ratio of the largest unified school district in the county(ies) served by the charter.
	Enter the name of the largest unified school district in the county(ies) served by the charter school

2. For the FY 2012-13 or 2013-14, did any entity receive $50,000 or more OR 10% or more of the charter school's total expenditures. Generally, these expenditures are reported in Section III, Lines B.1.c, B.2.c, and B.3.c. **No**

If Yes, list the name of each entity separately and the amount received. Are each of the contract payments made by the charter school based on specific services rendered, clearly stating the fee per service rendered and invoiced accordingly? Are any of the contract payments based upon an amount per unit of average daily attendance or some other percentage of the charter school's revenues, enrollment, etc.? If yes, please identify.

	Entity	Amount	Purpose/Explanation	Payment Basis: Fee for Service rendered - invoiced	Payment Basis: % per ADA or other %
a				**Select one**	**Select one**
b				**Select one**	**Select one**
c				**Select one**	**Select one**
d				**Select one**	**Select one**
e				**Select one**	**Select one**
f				**Select one**	**Select one**
g				**Select one**	**Select one**
h				**Select one**	**Select one**
i				**Select one**	**Select one**

Funding Determination Request for
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California Department of Education Funding Determination

Nonclassroom-Based

Fiscal Year 2013-14

Section IV Supplemental Information (continued)

3. Composition of the charter school's **CURRENT** governing board

	Board Member Name	ID (ie., Parent, Teacher, etc)	How was board member selected?	Is member affiliated with any entity listed in Section IV. 2. (Yes/No)?	Member's Board Term (From/To)
a	**Cynthia Selbrede**	**President**	**Application Process**	**No**	**Aug 2013 thru July 2015**
b	**Mark Reardon**	**Secretary**	**Application Process**	**No**	**Dec 2010 thru Jan 2015**
c	**Patricia Huerta**	**Treasurer**	**Application Process**	**No**	**Dec 2010 thru Jan 2015**
d	**Frances Overstreet**	**Member**	**Application Process**	**No**	**Apr 2013 thru May 2017**
e	**Cameron Curry**	**Executive Director**	**Appointed**	**No**	**Indefinite**
f					
g					
h					

a. Has the governing board adopted and implemented conflict of interest policies and procedures? **Yes**

b. For any governing board member identified as affiliated with an entity as reported in Section IV.2, explain the nature of the affiliation.

N/A

4. Describe the entities or accounts involved for transfers and other outgo reported in Line B.4.b. or c.

N/A

5. Identify reserves listed as "Other Reserves" and reported on Line E.d.

Amount of Reserve	Purpose of Reserve
N/A	

6. Indicate the number of full-time equivalent employees who possess a valid teaching certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold issued by the Commission on Teacher Credentialing and who work in the charter school in a position required to provide direct instruction or direct instructional support to students.

FY 2012-13	**40.7**
FY 2013-14	**40.5**

7. If reserve amounts designated for economic uncertainties or capital projects are over the greater of $50,000 or 5% (Lines E.a. or E.b.), explain the purpose and the need to maintained reserves at reported levels, pursuant to 5 CCR 11963.4(b).

Over the years the charter has been reserving funds for future facility acquisition, currently we are at over 33%. Our plans are to maintain the reserves for the purpose of future facilities, as we grow in the next few years.

Funding Determination Request for
The Classical Academy Inc. #199

California Department of Education Funding Determination

Nonclassroom-Based

Fiscal Year 2013-14

Section V. Nonclassroom-Based Virtual or On-Line Charters ONLY

If at least 80 percent of teaching and student interaction for this charter occurs via the internet, complete lines 1 through 3.

1. Is this charter school a Nonclassroom-Based Virtual or On-Line charter school as defined in 5 CCR Section 11963.5?

   No

2. Did charter maintain an 8 or above API in either its statewide or similar schools ranking and had no less than a 6 in the other of these two rankings?

   Yes

3. Can charter school demonstrate compliance with the 8 criteria specified in 5 CCR Section 11963.5 (b)?

   N/A

Funding Determination Request for
The Classical Academy Inc. #199

California Department of Education
Nonclassroom-Based Funding Determination
FY 2013-14 Summary and Recommendation

A. Charter Information

Charter School:	**The Classical Academy, Inc.**	Charter #:	**199**
Charter Authorizer:	**Escondido Union School District**	P2 ADA:	**1033.75**
Charter Number	**199**	Est. ADA:	**0.00**
Requested Fiscal Years:	**2014-15**		
Date Charter Granted:	**4/9/1999**	Date Charter Expires:	**6/30/2019**

B. Calculated Funding Determination Percentage

42.12%	**1. Certificated Employee Salaries & Benefits / Total Public Revenues %** **Source: 5 CCR 11963.3 (c) (1)**	
	Formula:	Line B.1.a.(i) divided by Lines A.1.a. - A.1.a.(i) + A.1.b. + A.1.c.(i)
71.97%	**2. Instruction & Related Services / Total Revenues %** **Source: 5 CCR 11963.3 (c) (2)**	
	Formula:	Line B.1.d. + 2.f.(iv) divided by line A.1.e.

C. Funding Determination Criteria

Charter Requested Funding Determination % **100%**

100%	Certificated staff compensation equals or exceeds 40 percent of total public revenues AND the percentage calculated for Total Expenditures on Instruction and Related Services equals or exceeds 80 percent of total revenues AND the charter's pupil-teacher does not exceed 25:1 or the equivalent pupil-teacher ratio of the largest unified school district in the county or counties in which the charter school operates
85%	Certificated staff compensation equals or exceeds 40% of total public revenues AND the percentage calculated for Total Expenditures on Instruction and Related Services equals or exceeds 70% but is less than 80% of total revenues.
70%	Certificated staff compensation equals or exceeds 35% but is less than 40% of total public revenues AND the percentage calculated for Total Expenditures on Instruction and Related Services equals or exceeds 60% of total revenues.
Zero	Certificated staff compensation is less than 35% of total public revenues OR the percentage calculated for Total Expenditures on Instruction and Related Services is less than 60% of total revenues. Nonclassroom-based instructional ADA will not be funded.

D. Recommendation and Comments (For CDE Use Only)

Did Section B comply with charter's requested percentage? (Yes/No)

No, with mitigating circumstances

Number of Years 5

Fiscal Year Period

2014-15 through 2018-19

CDE Recommended %

85%

Basis for Recommendation

At its May 2010 meeting, the SBE approved a five-year 100 percent funding determination with the consideration of the school's mitigating circumstances. The school included in that request the same reason that is in its current request which is that its underspending in instruction is almost entirely attributable to fixed costs for the school's facilities.

Other Comments

California Department of Education 2013–14
Nonclassroom-Based Funding Determination
Mitigating Circumstances Request Form

A. Charter Information

Charter School:	**The Classical Academy, Inc.**			Charter #	199
Charter Authorizer:	**Escondido Union School District**			CDS Code:	**68098-61167**
Requested Funding Determination %:	**100%**	Years in Operation:	**15**	P2 ADA:	**1033.75**

B. Funding Determination Percentage (CDE Funding Determination Form must be completed and filed with this form)

Percent Funding Criteria per *5 CCR*	**Certificated Staff Ratio**	**Instruction and Related Services Ratio**	**Pupil toTeacher Ratio**
100% Funding [5 *CCR* , Sec. 11963.4 (a)(3)]	= or > 40%	= or > 80%	< 25 : 1
85% Funding [5 *CCR* , Sec. 11963.4 (a)(2)]	= or > 40%	= or > 70%	Not Applicable
70% Funding [5 *CCR* , Sec. 11963.4 (a)(1)]	= or > 35%	= or > 60%	Not Applicable
0% Funding [5 *CCR* , Sec. 11963.4 (a)(4)]	< 35%	< 60%	Not Applicable

Enter charter school's calculated ratios from Form FDF

	Certificated Staff Ratio	**Instruction and Related Services Ratio**	**Pupil toTeacher Ratio**
a. 100% Funding [5 *CCR* , Sec. 11963.4 (a)(3)]	%	%	**25:01**
b. 85% Funding [5 *CCR* , Sec. 11963.4 (a)(2)]	%	%	N/A
c. 70% Funding [5 *CCR* , Sec. 11963.4 (a)(1)]	%	%	N/A
d. 0% Funding [5 *CCR* , Sec. 11963.4 (a)(4)]	%	%	N/A

C. Charter School's Mitigating Circumstances

California Code of Regulations , Title 5 (5 *CCR*), Sec. 11963.4(e): A reasonable basis for the ACCS 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 (FDF form) 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.

1. Explain why the charter school failed to meet the 5 *CCR* requirements for funding, include specific action taken to comply.SEE ATTACHE

Funding Determination Request for
The Classical Academy Inc. #199

2.	**Explain why idenfied expenses are unique or exceptional and warrant consideration as mitigating circumstances. SEE ATTACHED**
3.	**Provide any other explanation that will assist the CDE and ACCS in making a decision on an appropriate funding determination.SEE ATTA**

D. Certification

I certify that:	The information provided is true and correct to the best of my ability and knowledge.
	Signature of Charter School's Director, Principal, or Governing Board Chairperson
	Executive Director — 30-Jan-14
	Title of Authorized Individual — Date

THE CLASSICAL ACADEMIES
318 West Valley Parkway, Escondido, CA 92025
www.classicalacademy.com
760-842-8000

2014 Nonclassroom-Based Funding Determination

Supplementary Response to Section C:
Charter School's Mitigating Circumstances

1. Why the Charter School fails to meet the 5 CCR Requirements

Over the last twelve years, the Classical Academy has been able to deliver a successful independent study program that combines home instruction with a rich array of classroom opportunities for our students, while consistently spending between 72% and 76% on the State's definition of "Instructional Purposes." Our school fails to meet the 5 CCR requirements for 80% instructional funding for the same reasons that have affected our program over these past twelve years, and the 8% gap can be explained by the following:

1. Unique and exceptional Facilities expenses that go beyond the facility expense allowed for "non-classroom based schools" (and related expenses tied directly to the facilities we use for our programs, such as maintenance, technology infrastructure, classroom remodels, security, etc.);
2. Capitalized expenses for instructional related items that are not reflected in the P&L; and
3. The timing of this application comes at the end of a historically negative time for California schools, but as we head into the next five years, the outlook is entirely positive.

2. Why Identified Expenses are Unique or Exceptional

Our facilities expenses exceed those allowed under the State's formulas for determining "instructional purposes," even though all of our facilities are used by credentialed teachers to deliver classroom instruction. (Our expenses for certificated staff <u>always</u> exceed 40%.) These excess facilities costs are "unique and exceptional" expenses because of the nature of the programming we offer each year to our 'independent study' students. A good portion of the missing 8% has over the past twelve years been spent on facilities used to supplement our home-based instructional program with the classroom portion of our hybrid home school/classroom program.

Our students who are primarily studying at home may still attend classes two days a week in a variety of subjects, with each class offered for thirty weeks of the year. These include core subjects, but also include writing instruction, robotics, music, art, language, and others.

Many of our students attend a two-day classroom program, where the same group of 20 students spend the entire school day with a credentialed teacher, like a traditional classroom. The other two days, the same teacher has 20 different students. On Mondays, these students may also attend "lab" classes, which offer extracurricular enrichment, including dance, athletics, art, computers, cooking, crafting, woodworking, and others.

Facilities expenses have increased for our middle school grades during the most recent funding cycle, as we have added a three-day in-class program for 7th and 8th grades. This program is designed to support the transition to our high school program, which is offered under a separate charter.

(All programs result in no more than 75% in-class time for each of our students.)

Second, there are some instructional related expense items that are capitalized because their value exceeds the $5,000 threshold, and they therefore are not reflected as "instructional expenses" in the past year's budget.

Finally, we know that the additional revenues afforded to schools both through the passage of Proposition 30 as well as the Governor's budget objectives will enhance revenues and improve our position in the next funding cycle. However, the EPA funds that arrived in 2013 arrived too late to benefit the budget that makes up part of this application, and deferrals of payments to schools are still a factor in our cash expenses available for operations.

3. Any Other Helpful Information

It has become eminently clear over the last ten years in the State of California that many gains have been made by independent study schools who use classroom space in non-traditional ways, to innovate how children learn in the 21st century. In our case, we have one seat in our school for every three students we carry on our

enrollment, since each student does not attend classes on campus every day. Other schools use many different successful models that deviate from the calculations and formulas used to calculate "instructional purposes." We believe the key is for the Commission to prevent abuse, to identify the types of expenses that are causing a deviation in the formulas (in our case, 8%), and to consider unique and exceptional circumstances like ours.

Our leadership team and the parents we serve certainly view our programs as unique and exceptional. But all of the other independent study charter schools that use facilities in creative ways would also be negatively impacted by a strict adherence to the State's established formulas, which are not intended to take "non-traditional" models into account. These "non-traditional" models (independent study with classrooms) are the future however, and the future is here, and our budget reflects it.

Therefore, we believe that nothing we seek through this mitigation request should be viewed as out-of-the-ordinary by the Commission.

The end of the current funding cycle, from 2009-2014 marks an era of significant financial hardship and challenges for all California public schools. Yet the future is bright, and for once, we can project that over the upcoming five-year funding cycle, this 8-percent gap will begin to close, because of the priority the State and the Governor have placed on restoring funding and eliminating deferral payments to our schools.

4. Conclusion

Pursuant to Cal. Code of Regulations, Title 5, Sec. 11963.4(e), there is a reasonable basis for the Commission to recommend approval of 100% funding for our school, using our school's request for mitigating circumstances, where the percentage of our revenue spent on "instructional expenses" falls above 70 percent but below 80 percent.

The 8% difference between the percentage we have consistently attained, 72%, and the normally required 80%, is supported in our financials and can be explained for the reasons outlined in these comments.

As a California Distinguished charter school with fifteen years of successful operations, API scores above 800, many other laurels and recognitions, and outstanding exception-free audits, we have survived and thrived in a lean school economy in the State, and look forward to brighter days for all of us.