

California Department of Education
Fiscal Year 2015–16
Nonclassroom-Based Funding Determination - Mitigating Circumstances Summary Sheet

A. Charter School Information (complete lines 1 to 4)

| | | | |
|--|--|-----------------|-------------------------|
| 1. Charter School: | Delta Keys/ Formerly Cal Stem San Joaquin | 2. Charter No.: | 1645 |
| 3. Funding % Requested with mitigating circumstances | 100% | 4. CDS Code: | 39-68627-0129908 |

B. Nonclassroom-Based Funding Determination Criteria

| Funding Determination Criteria | Certificated Staff to Total Public Revenues Ratio | Instruction and Instruction-Related Services to Total Revenues 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 |

C. Enter the reported Charter School's Ratios and PTR from the Form FDF

| | Certificated Staff Costs to Total Public Revenues Ratio | Instruction and Instruction-Related Services Costs to Total Revenues Ratio | Pupil toTeacher Ratio (PTR) |
|---|---|--|-----------------------------|
| Enter the charter school's calculated ratios from the FDF in Section VI. Line 1. and VI. Line 2 ----->. | 21.68 % | 50.07 % | 25 : 1 |

If the reported ratios / PTR do not meet the funding determination criteria for the funding level requested, review the regulations in Section D and complete Sections E and F. Sign and attach any documentation that provides further support or clarification.

D. Regulations

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) 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.

E. Mitigating Circumstances (complete this section and attach any supporting documentation)

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

The 2014-15 financial information for the charter school does not meet the required percentages due to mismanagement by the former operator of the charter school. In 2014-15, Cal Stem San Joaquin ("Cal Stem"), since renamed Delta Keys, was a new charter school established and operated by a non-profit charter school operator, Academy of Arts and Sciences ("Operator"). In performing its oversight of the charter school, New Jerusalem Elementary School District ("District") became concerned about the operation of Cal Stem. When the Operator submitted the First Interim Report, attached as Exhibit A, the First Interim Report showed expenditures that were lower than anticipated based on Cal Stem's approved budget and mission. The District learned that only basic online instruction was being provided and not the type of blended-learning, science-centered instruction, including science labs and frequent contact with students, that was described in Cal Stem's charter. There were also mounting issues with compliance in areas such as student records and individualized education programs. The District attempted to work with the Operator to make the necessary changes to meet compliance standards and provide instruction that was consistent with the provisions of Cal Stem's charter. Shortly after the submittal of the Second Interim Report by the Operator, attached as Exhibit B, it became clear that necessary changes to Cal Stem's instruction would not be implemented by the Operator. The District and the Operator agreed to transfer operational control of Cal Stem to the District. The transfer of operational control to the District became effective on July 1, 2015, resulting in the change of the charter school's name to Delta Keys. The District is now operating Delta Keys and intends to continue operating Delta Keys. Delta Keys provides the type of extensive teacher contact that was expected of Cal Stem, which requires a higher number of staff members and more time. Given these changes, the Delta Keys' expenditures in 2015-16 are consistent with the previously approved 2015-16 nonclassroom-based apportionment and Delta Keys' 2015-16 budget, which is attached as Exhibit C. The Delta Keys 2015-16 First Interim Report is attached as Exhibit D. Based upon the 2015-16 First Interim Report, Delta Keys' expenditures to date, and the 2015-16 budget, the District believes that Delta Keys' 2015-16 expenditures will meet the criteria for 100% funding, with an expected Percent spent on Certificated Employee Salaries and Benefits to Total Public Revenue of approximately 42%, an expected Percent spent on Instruction and Instruction-Related Services to Total Revenue of approximately 82%, and a Pupil to Teacher ratio of 25 to 1.

2. List and explain the mitigating circumstance(s) to be considered by the CDE and Advisory Commission on Charter Schools (ACCS).

(1) Mismanagement and Subsequent Transfer of Operational Control. The 2015-16 Nonclassroom-Based Funding Determination relies on 2014-15 Financial Information and related percentages. Due to the District's concerns about the operation and mismanagement of Cal Stem by the former Operator during 2014-15, operational control of Cal Stem was transferred to the District, effective July 1, 2015. The District has since changed the operations of Cal Stem to provide extensive contact between students and staff. To do so, it has hired more staff members. The 2015-16 expenditures are in line with the District's budget and 2015-16 apportionment, and the District anticipates that the 2015-16 expenditures will meet the percentage criteria for a funding determination of 100%. **(2) Following Transfer of Operational Control, Improper Retention of Unspent Apportionment Funds.** When operational control of Cal Stem was transferred to the District, the former Operator retained the unspent apportionment funds without the District's permission, roughly 50% of Cal Stem's 2014-15 apportionment. The high percentage of unspent funds is a result of the Operator's mismanagement of Cal Stem and its failure to provide the type of science-focused instruction and related support and interaction that was expected by the terms of Cal Stem's charter. The District and the charter school do not have access to the unspent 2014-15 unspent apportionment funds. The District is currently seeking the return of those unspent funds to the charter school. The District will update CDE with its progress related to the efforts during the funding determination process.

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.

The District assumed operational control of Delta Keys as of July 1, 2015 and desires to keep Delta Keys, a personalized learning school that provides customized instruction options to high risk students, open and to maintain its focus on extensive student/staff interaction in 2016-17 and beyond. Given the former Operator's gross mismanagement of funds, the subsequent transfer of operational control to the District, the former Operator's improper retention of the 2014-15 unspent apportionment in the amount of \$611,332, the changes the District made to the operation of Delta Keys and support provided to students, and the current and anticipated Delta Keys 2015-16 expenditures, the District is requesting a 100% funding determination.

F. Certification

I hereby certify to the best of my knowledge and belief, that the information is true and correct.

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

Jeff Tilton

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

Director

Title of Authorized Individual

Date