



DATE: October 23, 2009
 TO: Iqbal Badwalz, Charter Schools Division-CDE
 FROM: Joan Hall, President – Options For Youth Public Charter Schools
 SUBJECT: Options For Youth Public Charter Schools Request for Mitigating Circumstances

This memo is in response to the questions received on October 22, 2009, from the Charter School Division of the CDE regarding Options For Youth Public Charter School's request for mitigating circumstances resulting from the recent budget cuts due to the State's economic crisis. This response is on behalf of the following Options For Youth Charter Schools:

Charter School Name	Charter School Number	Current Funding Level
Options For Youth-Burbank	130	85%
Options For Youth-San Gabriel	117	85%
Options For Youth-San Juan	217	85%
Options For Youth-Upland	105	85%
Options For Youth-Victor Valley	013	85%

1. How did the school determine that a 35% expend rate for certificated staff compensation instead of 40% currently required for 85% funding determination would be the amount of flexibility needed

The school determined that a 35% expend rate for certificated staff compensation would be the amount of flexibility needed due to the 13.9% funding cut the school received for the fiscal years 2008-09 and 2009-10. We have reviewed all expenses and recognized certain fixed costs such as rent, maintenance and utilities remain relatively constant. Our relief would need to be from the variable certificated and instructional costs. The Charter School calculated a 12.5% reduction of certificated and instructional expenses would be sufficient.

40%	Current Certificated Spending Requirement
(5%)	Less Reduction of 12.5% (40% times 12.5%)
35%	New Certificated Spending Requirement



The Charter School also requested to increase the reserve limit to 10% of the expenses in order for the Charter School to build a prudent reserve while experiencing funding cuts and payment delays. A 10% reserve is equal to 36.5 days (365 days times 10%) which provides for 1.2 months of delayed funding.

2. How did the school determine that a 61.25% expend rate for instructional compensation instead of 70% currently required for 85% funding determination would be the amount of flexibility needed

The school determined that a 61.25% expend rate for instructional compensation would be the amount of flexibility needed due to the 13.9% funding cut the school received for the fiscal years 2008-09 and 2009-10. We have reviewed all expenses and recognized certain fixed costs such as rent, maintenance and utilities remain relatively constant. Our relief would need to be from the variable certificated and instructional costs. The Charter School calculated a 12.5% reduction of certificated and instructional expenses would be sufficient.

70%	Current Instructional Spending Requirement
(8.75%)	Less Reduction request of 12.5% (70% times 12.5%)
61.25%	New Instructional Spending Requirement

The Charter School also requested to increase the reserve limit to 10% of the expenses in order for the Charter School to build a prudent reserve while experiencing funding cuts and payment delays. A 10% reserve is equal to 36.5 days (365 days times 10%) which provides for 1.2 months of delayed funding.

3. How did the school determine that a 10% reserve of budgeted expenses instead of 5% would be the flexibility needed?

Options For Youth has experienced an ADA growth of 35% since July of 2007. The additional growth has increased the Charter school's required spending for Certificated Staff and Instructional costs as outlined by SB740. To provide the flexibility that is needed due to the 13.9% budget cuts from the State for fiscal years 2008-09 and 2009-2010, and the 3-6 month delay in State funding payments, the Charter School requests the reserve limit to be increased to 10%. This increase will also allow the Charter School to provided relief in the certificated staff and instructional costs for economic uncertainties and future growth due to the increased at-risk student population. The 10% cash reserve over a 12 month fiscal calendar is a 1.2 month reserve which is necessary because of the significant delay in funding.



4. How did the school determine 27.5 ADA per full-time equivalent instead of the current 25:1?

Options For Youth is withdrawing this request for consideration and will maintain the current 25:1.

5. What are the one-time funding sources Charter schools would like to exclude? Explain hardship for example if the charter school is to exclude federal or state funding, explain why?

Options For Youth has reviewed the federal funding grants currently available and has chosen not to apply for those programs. Therefore, Options For Youth has decided to withdraw the "One-time funding sources excluded" request.

6. If facilities are being used as mitigating factors what evidence of new facilities are added and will be added:

Options For Youth has opened 5 new locations in the past two years, and is in the process of opening an additional location during the school year 2009-2010, and as a non-classroom based program, OFY is ineligible for Proposition 39 funding. In addition, the Charter School has also relocated 5 existing centers to accommodate student population growth. Since 2007, Options For Youth has grown by 35%. This increase directly impacts the facilities of the Charter Schools, as they must ensure adequate room is available for the student population growth. Each new center has an initial opening start-up cost of \$250K-\$300K with additional monthly costs for the first year. The breakeven duration of a center is approximately 2 – 3 years.

New Locations Since 2007	New Locations Opening 2009/2010	Relocations/Expansions Since 2007
Pomona 1	San Bernardino	Burbank 1
Pomona 2		Burbank 2
Chino 2		San Gabriel
Ontario		Hesperia 1
Victorville 5		Van Nuys

7. How will you assure SBE and CDE any unexpended funds will be retained for use in Charter Schools for future use?

Options for Youth is a collective of non-profits organizations with educational missions and the use of funds received by Options for Youth is limited by such educational missions. All funds received by Options for Youth charter schools are expended in compliance with state and federal law including but not limited to SB 740 and consistent with the Options for Youth's non-profit educational mission.



8. Are you willing to open your records for contractors over \$50,000?

Options for Youth is amenable to providing copies (in its possession) of contracts, invoices and other documents evidencing the services provided by such contractors. To the extent other documentation or other information is being sought, Options for Youth requests additional clarification of this request.