

This is the official scanned version of Item 19 Attachment 2 from the California State Board of Education (SBE) Meeting Agenda for November 2015 posted at

<http://www.cde.ca.gov/be/ag/ag/yr15/agenda201511.asp>

An accessible version of the contents of this document is located at

<http://www.cde.ca.gov/be/ag/ag/yr15/nov15item19a2aav.asp>

The scanned document starts following this initial page.



CALIFORNIA  
DEPARTMENT OF  
EDUCATION

**TOM TORLAKSON**  
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

*Sent via First Class Mail and E-mail to:*  
[denise@encorehighschool.com](mailto:denise@encorehighschool.com)

October 9, 2015

Denise Griffin, Executive Director  
Synergy Education Project  
355 East Leland Road  
Pittsburg, CA 94565

Subject: Letter of Concern Regarding Synergy Education Project Material Revision and Request for Corrective Actions

Dear Director Griffin:

The purpose of this letter is to notify you of several concerns the California Department of Education (CDE) has for Synergy Education Project (SEP). The concerns and required corrective actions for SEP are as follows:

- **Governance:** SEP currently does not have a functioning board, as it has no members, which is not consistent with the SEP charter petition or the SEP bylaws. The revised SEP charter petition states that the SEP board shall have seven to nine directors and the SEP bylaws state that the board shall have up to nine but not fewer than five members. Currently the SEP board has no members. Additionally, prior to resigning, board members approved a calendar for quarterly board meetings however, the SEP bylaws state these meetings would be held once a month and the SEP petition states these meetings of the SEP Board will take place on the second Tuesday of each month unless otherwise designated.
  - **Corrective Actions:** An updated board roster, including biographies of each SEP board member to reflect that the SEP board has the minimum number of board members stated in the SEP charter petition and bylaws. This roster must be accompanied by SEP board minutes of the SEP board meeting where action was taken regarding installation of SEP board members and must be submitted to the CDE by **November 16, 2015**.
  - Additionally, a copy of the revised SEP bylaws to reflect the minimum number of board members that is consistent with the number stated in the revised SEP charter petition. The copy of the bylaws must be accompanied by evidence of SEP board approval and submitted to the CDE by **November 30, 2015**.
- **Suspension and Expulsion:** The CDE noted several concerns with the suspension and expulsion policies outlined in the SEP charter petition and requested technical amendments be made to the SEP petition. To date, SEP has not addressed these technical amendments and therefore, it is unclear to the CDE which policies are being

Denise Griffin, Executive Director  
October 9, 2015  
Page 2

implemented with regard to the pupils that the SEP Dean of Students reported were expelled at the beginning of the school year.

- **Corrective Actions:** SEP will provide the following to the CDE.
  - SEP will provide a record of the suspension and expulsion procedures that were implemented with the pupils who were suspended and expelled during the 2015–16 school year to the CDE by **October 30, 2015**.
  - SEP will provide evidence that students expelled were provided with their due process right to a hearing prior to expulsion to the CDE by **October 30, 2015**.
  - SEP will provide a copy of the revised SEP discipline policy, which reflects all technical amendments regarding the suspension and expulsion policy. The revised SEP discipline policy must be accompanied by evidence of SEP board approval and submitted to the CDE by **November 30, 2015**.
- **Technical Amendments:** At the July 9, 2015, State Board of Education (SBE) meeting, the SBE approved the SEP material revision to revise its governance structure and educational program with the condition to comply with the technical amendments identified by the CDE to the charter petition as a condition of approval. SEP submitted a revised charter petition by e-mail to the CDE on August 21, 2015. Upon reviewing the document, the CDE has noted that the technical amendments to be incorporated into the SEP petition have not all been addressed. The CDE requested that the technical amendments be completed and the revised SEP petition be resubmitted by August 28, 2015. To date, SEP has not completed this request.
  - **Corrective Action:** A complete revised SEP petition addressing all of the technical amendments is due to the CDE on **November 16, 2015**.
- **A–G Courses:** SEP has A–G approved courses for grade nine only.
  - **Corrective Action:** SEP will issue a letter to each grade nine through grade eleven parent explaining the purpose of A–G approved courses and providing parents with a list of courses, by grade level, that SEP offers that meet A–G approval. This letter to parents must be sent by **October 30, 2015**. SEP must provide evidence of this mailing and a copy of the letter to the CDE.
- **Enrollment:** The enrollment information posted on the SEP Web site is not consistent with the SEP charter petition with regard to admissions preferences. The current enrollment form requires families to provide a copy of a pupil's Individualized Education Program (IEP) and/or 504 plan, if applicable, as a condition of enrollment. Additionally, it

Denise Griffin, Executive Director  
October 9, 2015  
Page 3

states, "By not providing a copy of a current IEP or 504 plan you are impeding services and enrolling the student without modifications or services."

- **Corrective Action:** SEP must revise the SEP Web site to reflect correct admissions preferences, upload a revised enrollment form to the SEP Web site that does not include the requirement that parents are to submit a pupil's IEP/504 plan as a condition of enrollment by October 15, 2015. Additionally, a hard copy of the revised enrollment with the same revisions must be submitted to the CDE by **October 30, 2015**.
- **Local Control Accountability Plan:** SEP has not completed a Local Control Accountability Plan (LCAP) for the 2015–18 school years or an annual update for the 2014–15 school year.
  - **Corrective Action:** SEP will provide a copy of a 2014–15 LCAP Annual Update and a 2015–18 LCAP both approved by the SEP board to the CDE by **November 30, 2015**. Additionally, SEP will provide CDE with documentation of this action.

**If SEP is unable to make these changes or otherwise provide the corrective action for each of these concerns raised by the CDE, by the due dates listed in this letter, the CDE will recommend that the SBE issue a Notice of Violation to the SEP board. A Notice of Violation is the initial step in the charter revocation procedure.**

If you have any questions regarding this subject, please contact Judie Hall, Education Administrator, Charter Schools Division, by phone at 916-323-2694 or by e-mail at [juhall@cde.ca.gov](mailto:juhall@cde.ca.gov).

Sincerely,

/s/

Cindy S. Chan, Director  
Charter Schools Division

CC:km

cc: Karen Stapf Walters, Executive Director, California State Board of Education  
Nick Schweizer, Deputy Superintendent, California Department of Education,  
Services for Administration, Finance, Technology, and Infrastructure Branch



CALIFORNIA  
DEPARTMENT OF  
EDUCATION

**TOM TORLAKSON**  
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

February 6, 2015

Cheryl Townsend, Principal  
Synergy Charter School  
355 East Leland Road  
Pittsburg, CA 94565

Dear Principal Townsend:

Subject: Second Letter of Concern addressing Supplanting of Public Charter School Grant Program Funds and Corrective Action Plan submitted by Synergy Charter School

The purpose of this letter is to notify you of significant ongoing concerns the California Department of Education (CDE) has for Synergy Charter School (SCS). Public Charter Schools Grant Program (PCSGP) funds were used to pay for and support certificated and classified salaries and benefits that should have been paid for out of the Local Control Funding Formula (LCFF) general purpose entitlement.

- In fiscal year (FY) 2012–13, the PCSGP grant was charged for certificated salaries of \$84,852.89, classified salaries of \$37,874.58 and employee benefits of \$29,724.31.
- In FY 2013–14, the PCSGP grant was charged for certificated salaries of \$75,870.88 and employee benefits of \$19,873.01.
- The total unallowable costs for FY 2012–13 and 2013–14 are \$248,195.67.

Therefore, the CDE is requesting a Corrective Action Plan (CAP) to address this supplanting of funds.

This letter also provides feedback from the CDE staff review of the CAP/First Interim Report submitted by SCS on December 19, 2014.

SCS submitted the requested CAP, which included a narrative to summarize the budget plan and multi-year projection of 2014–15 through 2016–17.

CDE staff reviewed and analyzed the submitted documents and CAP and found that SCS had made progress toward addressing concerns in the following area:

Cheryl Townsend, Principal  
February 6, 2015  
Page 2

- SCS reduced expenditures by \$550,511 in salaries, benefits, books and supplies, and services/operations.

The CAP provided in response to the Letter of Concern dated in December 2014 was not sufficient to constitute a clearly delineated plan of action to remedy the situation; therefore, the CDE is requesting the following items:

1. Specific information of how SCS plans to recruit and retain new students for existing grade levels and more detail of the plan of adding grade eleven for 2015–16 and grade twelve for 2016–17.
2. A legally binding written commitment or confirmation if a commitment is not generated in regards to the partnership with ACRE Development to procure a new and expanded site for SCS. The commitment or confirmation should indicate the maximum capacity of the facility and monthly facilities expenses.
3. A detailed back-up plan of moving to a new facility to accommodate the projected increasing enrollment for upcoming years if a partnership with ACRE Development does not exist.
4. Board minutes reflecting approval of the CAP/First Interim Report regarding the proposed plan to address and eliminate the budget deficit after the third Letter of Concern issued in September 2014.

Please provide the CDE with a written response and supporting evidence addressing each of the items outlined above. Please submit this correspondence to:

Kylie Kwok, Education Fiscal Services Assistant  
Charter Schools Division  
California Department of Education  
1430 N Street, Suite 5401  
Sacramento, California 95814

The requested documentation must be received no later than the close of business day **(5 p.m. Pacific Standard Time) on February 12, 2015.**

If SCS is unable to provide the requested written documentation, the CDE may request that the State Board of Education consider these matters for possible action.

Cheryl Townsend, Principal  
February 6, 2015  
Page 3

If you have any questions or need any additional information regarding this subject, please contact Kylie Kwok, Education Fiscal Services Assistant, Charter Schools Division, by phone at 916-319-0498 or by e-mail at [kkwok@cde.ca.gov](mailto:kkwok@cde.ca.gov).

Sincerely,



Cindy S. Chan, Interim Director  
Charter Schools Division

CSC:kk



CALIFORNIA  
DEPARTMENT OF  
EDUCATION

**TOM TORLAKSON**  
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

September 19, 2014

Cheryl Townsend, Principal  
Synergy Charter School  
355 East Leland Road  
Pittsburg, CA 94565

Dear Principal Townsend:

Subject: Letter of Concern addressing the Corrective Action Plan submitted by Synergy Charter School

The purpose of this letter is to notify you of the continued concerns the California Department of Education (CDE) has for Synergy Charter School (SCS). This letter also provides feedback from the CDE staff review of the Corrective Action Plan (CAP) submitted by SCS on March 31, 2014.

SCS submitted the requested CAP, which included a narrative summarizing a budget plan and the multi-year projection for 2013–14 through 2015–16.

CDE staff has reviewed and analyzed the reasonableness of the CAP and multi-year projection summary and detail submitted by SCS and identifies the following concerns:

- The SCS budget submitted is out of balance and is projecting continued deficit spending through 2015–16 and negative reserves. A specific budget reduction was not provided to address the deficit spending.
- SCS submitted a revised budgeted enrollment based on an average daily attendance (ADA) assuming a 94 percent attendance ratio. This ADA appears to be overestimated based on the prior year trend of 89 percent.
- The SCS provided board meeting agenda and minutes for January 21, 2014, documenting the board's discussion and action taken. However, these board minutes address a prior Letter of Concern the CDE issued in April 2013, not the recent Letter of Concern issued in March 2014.

The CAP provided in response to the Letter of Concern dated in March 2014 was determined as not sufficient to constitute a clearly delineated plan of action to remedy the situation. Therefore, the CDE held a telephone conference call with SCS on September 4, 2014, to obtain further clarification and to inform the SCS staff of the continued concerns. During this call, the CDE requested that SCS submit a revised CAP and multi-year projection summary and detail for fiscal recovery that includes the following:

1. A balanced budget and adequate reserve with detailed assumptions on revenues and expenditures

Cheryl Townsend, Principal  
September 19, 2014  
Page 2

2. A revised budget with enrollment and ADA with 89% attendance ratio based on prior year trends
3. Board minutes reflecting approval of the amended budget and board discussion regarding the proposed Corrective Action Plan to address and eliminate the budget concerns as identified in this letter.

Please provide the CDE with a written response and supporting evidence addressing each of the issues outlined above. Please submit this correspondence to:

Kylie Kwok, Education Fiscal Services Assistant  
Charter Schools Division  
California Department of Education  
1430 N Street, Suite 5401  
Sacramento, California 95814

The requested documentation must be received no later than the close of business day (5:00 p.m. Pacific Standard Time) on October 1, 2014.

If SCS is unable to make these changes or otherwise remedy each of the concerns raised by the CDE, the CDE may request that the State Board of Education consider these matters for possible action.

If you have any questions or need any additional information regarding this subject, please contact Kylie Kwok, Education Fiscal Services Assistant, Charter Schools Division by phone, at 916-319-0498 or by e-mail at [kkwok@cde.ca.gov](mailto:kkwok@cde.ca.gov).

Sincerely,

/s/

Julie Russell, Director  
Charter Schools Division  
California Department of Education



CALIFORNIA  
DEPARTMENT OF  
EDUCATION

**TOM TORLAKSON**  
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

March 13, 2014

Cheryl Townsend, Principal  
Synergy Charter School  
355 East Leland Road  
Pittsburg, CA 94565

Subject: Fiscal issues for Synergy Charter School

Dear Principal Townsend:

The purpose of this letter is to express concern for Synergy Charter School (SCS), to outline specific areas of concern in need of improvement, and to present a course of action to attempt to remedy these concerns.

As background, SCS has struggled financially since 2012–13, its first year of operation. The California Department of Education (CDE) continues to have concerns about SCS's ability to sustain operation and successfully implement its school program as set forth in the petition.

In April 2013, the CDE had issued a letter of concern to SCS identifying the specific financial items of concern and had requested a corrective action plan (CAP) that was due by May 1, 2013. Upon the review of the CAP, we note that the FY 2013–14 July 1 budget has projected enrollment and Average Daily Attendance (ADA) of 297 and 285 that reflects the preliminary budget received in July 2013. In addition, the projected ending balance on CAP is \$137,529 that is a slightly higher than the one on July preliminary budget of \$116,535. Both CAP and July preliminary budget have recommended five percent in reserves required in the Memorandum of Understanding. However, we find the following areas of concerns upon the review of audit reports and interim reports:

- Budget is out of balance. SCS reported deficit spending (source: 2012–13 audit report) for FY 2012–13 (\$194,158) and is projecting continued deficit spending at (\$195,400) for FY 2013–14 (source: 2013–14 First Interim Report).
  - ADA for FY 2013-14 budgeted at 285 was reduced to 193 according to the First Interim Report which equals a \$619,239 drop in revenues.

Cheryl Townsend, Principal  
March 13, 2014

- SCS is projecting fund balance will decline to (\$389,558) and (\$248,317) for FY 2013–14 and 2014–15 (source: 2013–14 First Interim Report), which will be below the recommended five percent in reserves required in the Memorandum of Understanding.
- SCS reported the total amount of \$1,500,000 in 2012–13 Revenue Anticipation Notes (RANs), Series A that \$500,000 was paid and \$1,000,000 will be due by September 2014. SCS's reliance on borrowing has negatively affected the cash flow.
- Debt ratio (total liabilities to total assets) is high. The SCS debt ratio (source: 2012–13 audit) reported for the FY 2012–13 at 1.14 is high. A high debt ratio could jeopardize the school's ability to obtain financing. A high debt ratio may also result in higher financing costs.

Given the school's negative beginning balance of \$194,158 as of July 1, 2013, the CDE is concerned that SCS may not have sufficient resources to continue its operations successfully during the current school year without immediate action.

To remedy these concerns, the CDE is requesting that SCS provide the following items:

- A narrative explaining how the school plans to adjust and balance its school budget, including details on how the negative fund balance will be eliminated.
- A revised budget with enrollment and ADA adjusted to reflect current counts. The CDE would expect to see appropriate reductions to expenditures, including staffing, in order to achieve a balanced budget.
- Board minutes reflecting approval of the amended budget and board discussion regarding the proposed plan to address and eliminate the budget deficit.
- Please provide CDE with a written response and supporting evidence addressing each of the issues outlined above. Please submit this correspondence to: CDE Attention: Kylie Kwok, 1430 N Street, Suite 5401 Sacramento, California 95814. This must be received no later than the close of business day (5:00 p.m. Pacific Standard Time) on Friday, March 28, 2014.

If SCS is unable to make these changes or otherwise remedy each of the concerns raised by the CDE, the CDE will request that the SBE consider these matters for possible action.

Cheryl Townsend, Principal  
March 13, 2014

If you have any questions or need any additional information regarding this subject, please contact Kylie Kwok, Education Fiscal Services Assistant, Charter Schools Division, by phone at 916-319-0498 or by e-mail at [kkwok@cde.ca.gov](mailto:kkwok@cde.ca.gov).

Sincerely,

Julie Russell, Director  
Charter Schools Division  
California Department of Education



CALIFORNIA  
DEPARTMENT OF  
EDUCATION

**TOM TORLAKSON**  
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

April 11, 2013

Cheryl Townsend, Director of Programs  
Synergy School  
355 East Leland Road  
Pittsburg, CA 94565

Subject: Letter of Concern regarding current fiscal situation for Synergy Charter School

Dear Director Townsend:

The purpose of this letter is to notify you of concerns the California Department of Education (CDE) has with Synergy Charter School (SCS) regarding the charter's current fiscal situation. The concerns for SCS are as follows:

- No reserves are reported for fiscal year (FY) 2012–13 (source: 2012–13 2<sup>nd</sup> Interim report). The Memorandum of Understanding specifies that reserves of five percent of expenditures are expected to be maintained.
- Fund balance is negative. SCS reported negative fund balances (source: 2012–13 2<sup>nd</sup> interim report) for the FY 2012–13 (\$47,342). A negative fund balance could jeopardize the financial sustainability of SCS.
- Budget is out of balance. SCS reported deficit spending (source: 2012–13 2<sup>nd</sup> interim report) due to startup and expansion costs incurred in its first year of operation, FY 2012–13.

This is the first year of operation for SCS, and the CDE understands that SCS is anticipating substantial enrollment growth as grade levels are added and facilities are expanded which should improve the SCS's fiscal situation. The CDE requests that SCS provide to the CDE a corrective action plan by **May 1, 2013**. The action plan will include:

- A narrative updating on any changes to its latest multiyear projections.
- A narrative outlining action for which SCS will undertake to ensure enrollment growth and facility expansion.

Cheryl Townsend, Director of Programs  
April 11, 2013  
Page 2

The CDE will continue to monitor the fiscal situation of SCS and will provide technical assistance as deemed necessary. Should the negative fiscal condition persist, the CDE may recommend the California State Board of Education take appropriate action.

If you have any questions or need any additional information regarding this subject, please contact Christy Gardner, Education Programs Consultant, Charter Schools Division, by phone at 916-323-5791 or by e-mail at [cgardner@cde.ca.gov](mailto:cgardner@cde.ca.gov).

Sincerely,

/s/

Julie Russell, Director  
Charter Schools Division  
California Department of Education

JR:cg