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**MEMORANDUM**

DATE: **October 28, 2014**

TO: **Commissioners, SFUSD Board of Education**

FROM: **Michael Davis**  
**Director, Charter Schools**

SUBJECT: **FACTUAL FINDINGS: NEW SCHOOL OF SAN FRANCISCO PETITION**

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**Findings**

Under California Education Code section 47605(b): "The governing board of the school district shall grant a charter for the operation of a school under this part if it is satisfied that granting the charter is consistent with sound educational practice. The governing board of the school district shall not deny a petition for the establishment of a charter school unless it makes **written factual findings**, specific to the particular petition, setting for specific facts to support one or more of the following findings:

1. The charter school presents an unsound educational program for the pupils to be enrolled in the charter school.
2. The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.
3. The petition does not contain the number of signatures required by subdivision (a).
4. The petition does not contain an affirmation of each of the conditions described in subdivision (d).
5. The petition does not contain reasonably comprehensive descriptions of all the descriptive elements, as required under the Code.

**Factual Finding: The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.**

The Petitioners have presented a petition for a Kindergarten through 12<sup>th</sup> Grade charter school. The educational program and financial information presented by the Petitioner outlined a K-5

program. The Petitioners would be first-time administrators of a public school, tasked with building an educational program for the entire K-12 grade span.

### **Background**

In the public meeting of September 9, 2014, the San Francisco Board of Education received a petition from The New School of San Francisco seeking authorization to operate a K-12 Public charter school. The petition was referred to the Budget and Business Services and Curriculum and Program Committees. The petition was reviewed by both committees using the criteria prescribed in California Education Code section 47605 as outlined in the SFUSD Charter Petition Review Matrix. The Committee reviews are summarized below.

### **Staff Review – SFUSD Petition Review Matrix**

The petition outlines a K-12 school starting with 2015-16 enrollment of 88 pupils in grades K and 1, growing to 264 pupils in grades K-5, in 2019-20. For start-up costs, the Petitioners have raised \$200,000 in grants, received a pledge of \$515,000 in interest-free loans, and plan to apply for a \$250,000 loan from the Charter School Finance Authority. The Petition includes detailed five year budget and cash flow projections

#### **Educational Program**

The matrix review found the Educational Program elements of the Petition to be “Sufficient”. The Curriculum and Program Committee raised concerns regarding the Petition’s grade span, and methods for handling student discipline.

#### **Budget and Financial**

The matrix review found the financial elements of the petition discussed below to be “Insufficient”. These concerns were shared with the Petitioners and discussed in the October 1, 2014 meeting of the Budget and Business Services Committee.

### **Insufficiencies/Concerns**

1. As stated above, the Petitioner’s start-up funding includes a pledged \$515,000 interest-free loan to be received in varying amounts over the period beginning July 31, 2015 and ending July 31, 2019. The loan is to be repaid by December 31, 2020. The loan proceeds would exceed 10% of operating costs in the second year of operation, and either failure to receive pledged funds, or repayment of those funds prior to 2021 (which does not appear in the budget) could negatively affect solvency.
2. The five-year salary and benefits budget assumes a STRS employer contribution rate of 8.25% in each year of operation. Under the STRS “Fix” plan agreed to this year by the

Governor and Legislators, the STRS employer rate for the 2015-16 school year is 10.73%, and will rise to 19.1% in 2020.

- 3.** The cash flow documents provided reflect extremely low cash balances in years one and two, and assume no expenditures in the month of July for each year.

The Petitioners provided amending and clarifying information to the Budget and Business Services Committee, and provided information in response to concerns raised by the Curriculum and Program Committee.