



**Opportunities For Learning
 Public Charter Schools**

EMS

DATE: October 23, 2009
TO: Iqbal Badwalz, Charter Schools Division-CDE
FROM: John Hall, President – Opportunities For Learning Public Charter Schools
SUBJECT: Opportunities For Learning 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 Opportunities For Learning 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 Opportunities For Learning Charter Schools:

Charter School Name	Charter School Number	Current Funding Level
Opportunities For Learning-Santa Clarita	214	85%
Opportunities For Learning-Baldwin Park	402	85%
Opportunities For Learning-Capistrano	463	85%
Opportunities For Learning-Baldwin Park II	874	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.



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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?

Opportunities For Learning has experienced an ADA growth of 54% 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?

Opportunities For Learning 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?



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Opportunities For Learning has reviewed the federal funding grants currently available and has chosen not to apply for those programs. Therefore, Opportunities For Learning 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:

Opportunities For Learning has opened 9 new locations in the past two years, and is in the process of opening an additional 3 locations during the school year 2009-2010, and as a non-classroom based program, OFL is ineligible for Proposition 39 funding. In addition, the Charter School has also relocated 5 existing centers to accommodate student population growth. Since 2007, Opportunities For Learning has grown by 54%. 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
Watts	Simi Valley	Monrovia
Huntington Park	Inglewood	Reseda
Compton	East Los Angeles Area	Canyon Country
Pasadena		Ridgecrest
Homeboy Industries		Chatsworth
Ettie-Lee		
Castaic		
City of Industry		
Ramona Resource Center		

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

Funds received by OFL are and will be expended in accordance with all applicable state law including but not limited to SB 740. OFL maintains prudent cash reserves to ensure its ability to manage contingencies, funding uncertainties and delays as well as future development.

8. How would you assure SBE and CDE that the funds generated from the relief will not flow to the stock holders of the for profit corporation?

Funds received by OFL are required to be used to meet all financial obligations of the charter schools, including the maintenance of prudent and adequate reserves, before any funds are



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available for distribution to shareholders. OFL's request for relief is for the primary purpose of receiving adequate funding necessary to ensure OFL's ability to meet all of its financial obligations.

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

With respect to such contractors, OFL is amenable to providing copies of all contracts, invoices and other documents in its possession evidencing the services rendered and amounts paid therefore. To the extent information of some other nature or detail is being sought, OFL requests further clarification/ details.