



Fully Accredited by the Schools Commission of the
Western Association of Schools and Colleges

To: California Department of Education
Beth Huckapiller, Director, Charter Schools Division
Brian Bauer, Chair, Advisory Commission on Charter Schools

Re: Request for Mitigating Circumstances for Upcoming SB740 Funding Determination Period for Golden Valley Virtual Charter School

We are requesting your consideration in granting us 100% funding for five years in our SB740 funding determination due to mitigating circumstances. Without full funding, we are almost certain that we will be unable to continue to operate. We are currently in our second year of operation, with the financial data reported in the attached funding determination application reflective of our first year of operation. Although we easily met the spending requirement for certificated salaries (44.11%), our total instructional costs represented only 75.12% of our revenues. We were unable to limit our non-instructional costs to 20% in our first year of operation for the following reasons:

Revenue loss due to enrollment

With more than ten years of experience in serving students in a non classroom-based environment, our initial projected enrollment was a conservative 50 for year one. At that level, our budget was designed to meet the stringent SB740 spending requirements for non classroom-based charters. However, for our new virtual school, we did not anticipate serving a significantly large number of drop out/recovery students, and experienced difficulty in keeping these students on track and enrolled. Enrollment fell through the year as follows: September (59), November (71), January (48), March (41), May (34), and June (25). This resulted in an approximate loss in revenue of \$132,167.

Revenue loss due to attendance

The students we were serving who remained enrolled were unable or unwilling to attend school virtually on a daily basis and generate a full day's worth of work daily which we require for apportionment claims. Serving this predominantly dropout/recovery population, which we did not expect to serve in our virtual school environment designed primarily for the accelerated student population, resulted in an unexpectedly low attendance rate of only 85%. This resulted in an approximate loss in revenue of \$18,003.

By our estimates, the revenue loss due to attendance and enrollment alone was enough to prevent us from reaching our SB740 spending requirements.

Unavoidable fixed cost obligations

We had a number of unavoidable fixed cost obligations that were critically essential to the effective start up management of our first year school operations. Our most costly obligation, which is specified in our charter, was the business services provided by the Ventura County Schools Business Services Authority (VCSBSA). The VCSBSA has established a minimum fee for all charter schools of \$31,400., regardless of enrollment. This fee totaled 9.23 % of our total revenue.

Additional unavoidable fixed and other administrative-related cost obligations included: audit fee, liability insurance, authorizing district oversight fee, and legal fees. These fees combined totaled 6.64 % of our total revenue.

Mandated reserve requirement

As a mandated requirement in our MOU agreement with our authorizer, Mesa Union, we had no choice but to put remaining funds into reserves rather than spend unnecessarily on curriculum not necessary in our first year. We are required to maintain a reserve that is equivalent to that of a school district of similar size. The minimum reserve requirement for schools with an ADA of 0-300 is \$60,000. After meeting financial obligations including certificated salaries and fixed cost obligations, we were only able to put into reserve \$ 21,482 (includes lottery). With an almost certain reduction in per pupil funding in future years, this has proved to be a prudent requirement to ensure our school's sustainability in these challenging and prolonged budget crisis times. This totaled 6.31% of our total revenue.

Longevity and experience

Golden Valley Virtual Charter School's (GVVCS) founder and Executive Director has effectively led Golden Valley Charter School (GVCS) for ten years. GVVCS is managed by the same board of directors as GVCS; is authorized by the same district, Mesa Union Elementary School District, as GVCS; and uses the same sound business services provider and auditor as both GVCS and Mesa Union. GVCS, a non classroom-based charter in its 11th year with an API of 800 and which has consistently met SB740 spending requirements, received a five-year 100% funding determination in January, 2011. GVVCS has already received full WASC accreditation. We are certain that once this new school is established, we will be able to meet reasonable spending requirements according to the budget climate. We are all aware of the overwhelming challenges facing new start up charter schools in these very challenging and unpredictable fiscal times. Additional flexibility consideration in the SB740 funding determination process is absolutely essential to help support struggling schools like ours to establish some semblance of fiscal predictability in order to effectively manage our program, weather this storm, and serve our students successfully.

We are requesting your consideration in granting us 100% funding for five years. Without full funding, we are almost certain that we will be unable to continue to operate.

Thank you for your consideration,

Terri Adams, Executive Director

Golden Valley Virtual Charter School