



2010-11 Non-Classroom-Based Funding Determination

Supplementary Response: Question (7)

RE: Response to Question (7) of the 2010-11 Non-Classroom Based Funding Determination, Requesting Mitigating Circumstances for 75.97% of Revenue Spent on Instructional Purposes

The current state budget crisis has caused unprecedented financial hardship and challenges when it comes to fulfilling the State regulations applied to our charter school. We are an independent study, facilities-based charter school, and similar to other IS schools. Therefore, the Advisory Commission on Charter Schools will view nothing we are seeking in this mitigation request as out-of-the-ordinary.

At the same time, our school has been lauded as a model of innovation for independent study programs:

- Coastal Academy was named a California Distinguished School in 2009, a rare distinction among independent study charter schools.
- Coastal Academy was named California's first Exemplary Independent Study Charter School by the California Department of Education (CDE) and the California Consortium for Independent Study (CCIS) in April 2008. Coastal shares this distinction with only one other independent study public charter school: our sister elementary school campus in Escondido.
- Coastal Academy's credentialed teachers are a distinguished group. In March 2010, Coastal 5th Grade Teacher Danielle Diaz was named "Teacher of the Year" by the California Charter Schools Association, out of over 10,000 Charter Schools Association teachers.
- Coastal Academy was validated by Western Association of Schools and Colleges (WASC) in 2006 with a Certificate of Accreditation through 2012.
- Coastal Academy received the prestigious California Charter Schools designation as a 2006/2007 Certified Charter School (1 of 39 in California).



- Coastal Academy has achieved excellent API scores since the last funding award, consistently over 855, with statewide “9” rankings in 2008 and 2009.
- Coastal Academy is a direct-funded charter school that has produced exception-free audits since opening in 2003.

It goes without saying that any independent study school that runs a successful program, and incorporates some facilities-based learning in the program, will face challenges similar to those that we have faced this year.

Pursuant to Cal. Code of Regulations, Title 5, Sec. 11963.4(a)(2), there is a reasonable basis for our school to request a waiver for mitigating circumstances where the percentage outlined in this section falls above 70 percent but below 80 percent. The difference between the percentage we have attained, 75.97%, and the normally required 80%, can be explained for the reasons outlined below, all due to the current California economic climate. As a charter school with seven years of successful operation and outstanding audits, we have for the first time experienced the punishing effect on cash flow from the States legislative’s decision to defer the release of funds to all schools.

This cash flow deferral alone would make it impossible for us to spend the difference between 75.97% and 80% of our itemized revenues for instructional purposes, even if all such funds were committed to instructional purposes, because we simply do not and will not have the money in hand at the appropriate time.

Accordingly, we respectfully request the CDE’s consideration of the following mitigating factors:

1. We would request that the CDE consider the exclusion of one-time special purpose funds, the balance of the federal ARRA-SFSF funds received in 2009/10. These funds were originally received in June 2009, which allowed us to save certificated positions for that year and the following fiscal year. We ask that CDE exclude this one-time revenue when calculating the funding determination for future years in this multi-year application. These amounted to \$12,955.00, and we do not expect this source of revenue in the next five years of our funding approval cycle.
2. Our fixed overhead costs have increased substantially as a percentage of our overall revenue, because we added facilities to enhance the delivery of our program. At our



primary site we leased an additional 4,000 square feet in the same building, to expand the space used by our credentialed teachers, who meet with parents and students year round. The use of this additional space freed up approximately 2,000 feet of additional classroom and assembly space, where we have expanded our science programming and offer additional space to our special education students.

3. We use our approximately 40,000 square foot building quite intensely for our independent study program, and have many students on our campus on most days of the week, between 7:30 a.m. and 6:00 p.m. The building was leased at 2003 lease rates for 10 years, and the fixed costs for maintenance and lease payments for the facility are higher than are allowed for in the independent study program Regulations. These Regulations do not take into account the unique features of our award-winning independent study program, which offers our facility to our students and parents, and interaction with credentialed faculty more than most other programs.

In conclusion, we request to be permitted to direct at least 75.97% of our expenditures on “instruction and related services” costs, as defined, whereas current law requires 80 percent to qualify for full funding. Based on the current year information, this change in instructional costs will afford our charter school the flexibility to have 24.03% of total revenue not allocated to “instruction,” as this term is defined in the Regulations, but will allows us to continue to use these “non-instruction” dollars for expenses that directly relate to providing an outstanding education for our students and their families.

The deficit in “instructional costs” outlined in the above paragraph (i.e., the difference between the 75.97% mitigation requested and the 80% required by the Regulations, or a difference of 4.03%) is almost entirely attributable to the fixed costs of our facilities. Since these costs are used to pay for the land and buildings used to provide instruction, we view them as “instructional expenses,” even though they are not defined as such by the Regulations. The Regulations therefore employ a definition of “instructional expenses” that is somewhat outmoded with respect to independent study schools like ours. Unlike digital, distance learning and other remote access programs, we use facilities to enhance the delivery of our instruction, by partnering with parents, by providing a significant number of credentialed and classified staff to assist parents and students, and ample facilities where interactions between these staff and parents and children can occur.