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Los Angeles County Office of Education

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June 28, 2022

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Mr. LaMar Brown, Board President
Dr. Gabriel Ramirez, Executive Director
T.I.M.E. Community Schools Governing Board
2100 West Cleveland Ave.
Montebello, CA, 90640

Dear Mr. Brown, Dr. Ramirez, and Members of the T.I.M.E. Community Schools Governing Board:

Notice of Concern Pursuant to California Education Code 47607(g)

This *Notice of Concern (Notice)* informs T.I.M.E. Community Schools (TIME) Board that it is in violation of the law, its charter, and the Los Angeles County Office of Education (LACOE) Monitoring and Oversight Memorandum of Understanding (MOU). For the reasons stated herein, LACOE, as the designated monitoring and oversight body of the charter school, is recommending the California State Board of Education (SBE) consider the issuance of a Notice of Violation (NOV) to TIME at the SBE July 14-15 meeting.

California Education Code (EC) Section 47605(k)(1) and (2)), as written at the time of TIME's charter petition, specified, among other things, that the California State Board of Education may, by mutual agreement, designate its supervisory and oversight responsibilities for a charter school approved by the SBE to any local educational agency in the county in which the charter school is located, and this designated local educational agency shall have all monitoring and supervising authority of a chartering agency, including, but not limited to, powers and duties set forth in Section 47607, except the power of revocation, which shall remain with the SBE.

On July 9, 2020, the SBE approved the charter for TIME. Subsequently, in an MOU signed on October 19, 2020, the Los Angeles County Board of Education (County Board) agreed to supervisory and oversight responsibilities for TIME on behalf of the SBE.

The County Board delegates the monitoring and oversight of the charter schools it authorizes to the Los Angeles County Superintendent of Schools and LACOE staff as detailed in the LACOE MOU, which TIME signed on December 17, 2020.

The LACOE Charter School Office (CSO) has identified a number of violations that, if not resolved immediately by the TIME Board, will directly impact the ability of TIME to continue operations in 2022-23.

Instances of Violation

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The TIME Board engaged in fiscal mismanagement (EC Section 47607[f](3)).

TIME has engaged in fiscal mismanagement under the EC Section 47607(f)(3) by continuing to base its budget and multiyear projections on unrealistic enrollment projections and failing to demonstrate financial viability in the current or subsequent two fiscal years. TIME continues to incur substantial deficit spending and increasing debts due to cash deficiencies and is projected to be insolvent for fiscal year 2021-22. TIME’s future fiscal solvency is dependent on achieving unrealistic enrollment projections.

Unrealistic Enrollment and Average Daily Attendance (ADA) Projections

Pursuant to EC 47652, a charter school in its first year of operation shall be eligible to receive funding for the advance apportionment based on an estimate of average daily attendance for the current fiscal year. TIME submitted its *Pupil Estimates for New or Significantly Expanding Charters* (PENSEC) report in order to receive the First Special Advance Apportionment for Charter Schools. As detailed in the table below, actual enrollment and ADA fall substantially below TIME’s estimated projections.

	PENSEC Estimates	20-Day Attendance Report	Month 10 (5/27/2022) Attendance Report	Projection for 2022-23	Projection for 2023-24
Enrollment	165 students	29 students	41 students	110 students	165 students
ADA	95	25.80	36.68	104.50	156.75

As of December 2021, TIME revised its budget and projected enrollment of 135 students for 2022-23 and 285 students for 2023-24. In its latest budget, TIME projects enrollment of 110 students for 2022-23 and 165 students for 2023-24. TIME has not submitted documentation or demonstrated that it will be able to achieve the projected enrollment of 110 students for 2022-23. Additionally, TIME’s approved Public Charter School Grant Program (PCSGP) Start-Up Sub-Grant totaling \$500,000 was placed on hold by the California Department of Education (CDE) during 2021-22 because it failed to enroll the required minimum of 80 students. CDE has indicated this grant will be terminated if TIME does not meet the minimum enrollment target or demonstrate financial sustainability by June 30, 2022. Should TIME be unable to achieve its stated enrollment and ADA projections, its fiscal condition could further deteriorate.

Projected Fiscal Insolvency

The table below provides a summary of TIME’s financial projections during the 2021-22 fiscal year and includes year-to-date actuals from July 2021 through May 2022.

	2021-22 Budget	2021-22 First Interim	2021-22 Second Interim	July 2021 to May 2022 Actuals
Total Revenues	\$2,386,765	\$605,813	\$897,549	\$654,916
Total Expenditures	\$2,010,305	\$1,197,288	\$1,220,959	\$976,380
Surplus (Deficits)	\$376,460	(\$591,475)	(\$323,401)	(\$321,464)
Beginning Net Position	*\$91,812	\$109,671	\$109,671	\$109,671
Ending Net Position	\$468,272	(\$481,804)	(\$213,730)	(\$211,793)

*The \$91,812 was estimated based on TIME’s 2020-21 (planning year) estimated actuals ending Net Position. TIME’s 2020-21 actuals ended with a balance of \$109,671 or \$17,859 higher.

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As illustrated in the table above, TIME's 2021-22 adopted budget projected an operating surplus of approximately \$376,000 and an ending Net Position of \$468,000. Due to TIME's substantial enrollment shortfall, in its 2021-22 First Interim Report, TIME projected an operating deficit of \$591,000 and an ending Net Position of negative \$482,000. Per a request from LACOE's Business Advisory Services, TIME submitted a revised current year budget, multiyear projections for 2022-23 and 2023-24, and updated cash flow projection with its 2021-22 Second Interim Report. TIME's 2021-22 Second Interim Report projected an operating deficit of \$323,000 and an ending Net Position of negative \$214,000. The Second Interim reflected improvement from the First Interim's projected deficit spending due primarily to the addition of federal one-time ESSER II and ESSER III funding, totaling approximately \$282,000. As of May 31, 2022, TIME has an operating deficit of \$321,000, an ending Net Position of negative \$212,000, and a reserve for economic uncertainties of negative 21.7 percent. The reserve is well below the 3 percent minimum reserve requirement pursuant to the Memorandum of Understanding, page 18, section 3.4 (Revenue and Expenditure Reporting). In summary, TIME's future fiscal solvency is dependent on achieving its unrealistic enrollment and ADA projections.

Debt Accumulation

TIME's substantial enrollment and ADA shortfall contributed to deficit spending, cash deficiencies, and increasing debts in the current fiscal year. As of May 31, 2022, TIME reported total assets of \$161,419, total liabilities of \$373,213, an ending Net Position of negative \$211,794. Included in the total liabilities are various notes payable totaling \$221,348 due to its Executive Director, a private lender and a California School Financing Authority (CSFA) Charter School Revolving Loan of \$100,000. TIME's ability to repay outstanding liabilities will be dependent on future revenue growth in excess of program expenditures. We remain extremely concerned about TIME's rising debts and its ability to secure additional funding in order to satisfy its immediate and future financial obligations.

Cash Flow Projection

TIME's ability to meet its financial obligations is reliant on substantial enrollment growth and cash borrowing, including the sales of current and future receivables. As of May 31, 2022, TIME has a cash balance of \$8,105; this represents three days of operating cash. TIME's 2022-23 cash flow projection includes selling current and future State Aid receivables and accessing a CSFA Charter School Revolving Loan in the amount of \$150,000. Although TIME is projecting substantial revenue growth for 2022-23 due to a projected enrollment increase, the cash flow projections reflect negative cash balances, ranging from negative \$14,679 to negative \$81,254, for six out of twelve months; the months of July, August, October, December, January, and February reflect negative ending balances. TIME has indicated it will borrow, fundraise, and/or sell future receivables to address its cash needs. For the period of July 2021 through May 2022, TIME reported total Local Revenues of \$11,206, which are comprised of fundraising and contributions. Because TIME has accumulated a significant amount of debts, its borrowing options or capacity to borrow may be limited, and the cost to finance debt could become costly, particularly in an inflationary and rising interest environment. The costs of borrowing also negatively impacts TIME's financial resources. Due to its cash deficiencies, TIME may not be able to make payments on its current obligations, including payroll expenses and related benefits.

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The TIME Board failed to meet or pursue pupil outcomes identified in the charter (EC Section 47607[f][2]).

Failure to Report Academic Performance for All Students

According to Section 2.2 of the MOU between the LACOE and TIME, it is the school’s responsibility to submit to LACOE, in a timely manner, the results of the academic performance of the students for both English Language Arts and Mathematics, based on baseline, mid-year, and end of year results. TIME failed to report the results of interim/benchmark assessments used to evaluate student progress during the 2021-22 school year for all students and all student groups. TIME submitted partial school-wide benchmark assessment data and no data disaggregated by student groups. Benchmarks serve as a measurement gauge to monitor a student’s progress and to determine if the student is making sufficient progress towards attaining academic goals. TIME’s failure to submit data on the academic performance of all its students and student groups effectively prevented LACOE from evaluating the academic performance of students enrolled at the charter school.

Low Participation Rates for Benchmark Assessments

The student participation rates for TIME’s benchmark assessments are significantly below the 95 percent threshold established by the SBE for verifiable student data. Low benchmark assessment participation has a significant impact on the school’s ability to evaluate academic progress and make data-based instructional decisions for the school’s 9th and 10th grade students. TIME uses NWEA’s Measures of Academic Progress (MAP) for benchmark assessments. The NWEA benchmarks are designed to evaluate a full year’s learning through the administration of three assessments given in the Fall, Winter, and Spring that include assessments in math, reading, and language usage. The charts below show participation rates for TIME’s 2021-22 benchmark assessments for the schools twenty-five 9th ninth grade students and fifteen 10th grade students.

2021-22 9th Grade NWEA Benchmark Participation Rates

	Fall	Winter	Spring
Algebra/Geometry	95%	100%	No data reported
Reading	38%	100%	No data reported
Language Usage	59%	8%	Test not given
Source: T.I.M.E. Community Schools 2021-22 Annual Report to LACOE			

2021-22 10th Grade NWEA Benchmark Participation Rates

	Fall	Winter	Spring
Algebra/Geometry	70%	100%	No data reported
Reading	50%	100%	No data reported
Language Usage	40%	8%	Test not given
Source: T.I.M.E. Community Schools 2021-22 Annual Report to LACOE			

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The TIME Board committed a material violation of the conditions, standards, or procedures set forth in the charter petition (EC Section 47607[f][1]).

Facilities Design and Usage Does Not Reflect Description in Charter

The school facility that TIME occupied in the 2021-22 school year did not align with the facility design included in the charter petition. The petition describes a specific facility layout designed to support the unique TIME Community Schools (TCS) Learning Model. The petition includes a diagram of a school facility that integrates flexible classrooms, open classroom design, and a learning hub. TIME's failure to provide a learning environment that meets the unique needs of the TIME Learning Model constitutes a material violation of the approved charter petition.

The petition states:

- TCS will build a lab school environment and border free classrooms in which our innovative daily schedule will prepare students for taking their 21st century STEAM learning into the community.
- TCS will expand the flexible classroom concept and integrate it into an open school design where students will be surrounded by a physical environment that adapts to their learning needs.
- Grade level space includes four classrooms and a learning hub that is both personalized and adaptable. Each of the four classrooms will have flexible seating, flexible tables/stations, and space to collaborate.

While the petition states that TIME recognizes traditional classroom space may be converted into learning hubs, there was no evidence of adjustments to the 2021-22 facility that aligned with the facility description included in the petition. While LACOE acknowledges the constraints that Prop 39 facilities usage agreements may impose on substantive modifications to existing school facilities, TIME did not show evidence that the traditional physical environment was personalized or adjusted to innovatively meet students' learning needs.

Proposed 2022-2023 Staffing Does Not Include the Key Position of Counselor

The 2022-23 proposed staff list provided by TIME does not include a full-time counselor. The original approved petition budget included one counselor in year 1, adding an additional counselor in years two and three. During the 2021-22 school year TIME hired a counselor; however, due to a budget shortfall, the counseling position was left vacant for most of the school year. The charter petition states that part of the counselor's job responsibilities include:

- Working with students on developing academic and career goals, ensuring students are meeting high school graduation requirements, and addressing specific educational needs of students pertaining to college/career choices.
- Collecting, disaggregating, and analyzing student learning data from standardized tests and school assessments.

Based on the job responsibilities described in the petition, the impact of TIME operating without a counselor has already negatively impacted the instructional program. As previously noted, TIME failed to assess all

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students on NWEA benchmark assessments. In addition, there has been no evidence submitted to LACOE of analysis of NWEA assessment data. TIME will begin enrolling 11th grade students in Fall 2022. This grade level requires significant support in exploring college/career choices and exploring post-secondary options. Additionally, research shows significant increases in the social-emotional needs of students resulting from the COVID-19 pandemic and traumatic experiences outside of school. With no counselor to implement school wide, small group, and individual supports for students, this key position that is critical for any high school will not be present at TIME. As such, TIME's failure to hire and retain a full-time counselor is a material violation of the approved charter petition.

Other Concerns

- TIME's initial WASC accreditation visit was in April of 2022; however, the school has not yet received an accreditation term.
- LACOE staff met with the TIME Board and Executive Director on May 25, 2022. During the meeting TIME was asked to submit NWEA normed Conditional Growth Index data, NWEA data broken down by student group, the number of students on track for CSU/UC eligibility, and end of year transcripts for all students. TIME has not submitted the requested data.

Right to Respond to Instances of Violation

If the SBE issues a NOV at the July SBE meeting, as recommended by LACOE, TIME will have the right to respond to the instances of violation. To do so, TIME may:

- (1) Submit to the LACOE and SBE a detailed, written response addressing each identified violation that shall include remedial action taken by the charter school specific to each alleged violation. The written response is due by **5:00 p.m. on Wednesday, July 20, 2022**.
- (2) Attach to the written response supporting evidence of remedial action, or proposed remedial action, if any, and other appropriate documentation.

If the SBE issues a NOV, failure to provide substantial evidence that refutes, remedies, or proposes to remedy the alleged violations may provide sufficient grounds to form the basis for an SBE action to revoke the TIME charter at its September 14-15, 2022 meeting, pursuant to *EC* Section 47607(f).

If the SBE declines to issue a NOV, the above responses to the instances of violation are still due to LACOE in response to this notice, and following the same timeline.

If you have any questions regarding this subject, please contact me at (562) 922-8806 or by email at Ciccarelli_Indra@lacoedu.

Sincerely,

Indra Ciccarelli
Director II
Charter School Office

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IC:ls

c: Linda Darling-Hammond, Ed.D., President, SBE
Stephanie Farland, Director, Charter Schools Division, CDE
Mark Skvarna, Ed.D., Superintendent, Montebello USD
Debra Duardo, M.S.W., Ed.D., Superintendent, LACOE
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