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For more information regarding the content of this material, please contact the Charter Schools Division by phone at 916-322-6029 or by e-mail at charters@cde.ca.gov.



Los Angeles County Office of Education

Serving Students ■ Supporting Communities ■ Leading Educators

January 26, 2022

Debra Duardo, M.S.W., Ed.D.
Superintendent

Via First Class Mail & E-mail to:
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Los Angeles County
Board of Education

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

Notice of Concern: Fiscal Stability, Student Enrollment, English Learner Instruction, Teacher Credentialing, and Facilities

This *Notice of Concern (Notice)* informs T.I.M.E. Community Schools (TIME) 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).

California Education Code (EC) Section 47605(k)(1) and (2) specifies, among other things, that the California State Board of Education (SBE) 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 purpose of this *Notice* is to inform the TIME Governing Board of concerns regarding fiscal stability, student enrollment, English learner (EL) instruction, teacher credentialing, and facilities. The LACOE Charter School Office (CSO) has previously discussed these concerns with TIME via email, subsequent discussions, and the CSO Fall oversight visit to the TIME site on November 10, 2021.

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Concern #1: Failure to Demonstrate Fiscal Stability

TIME has failed to demonstrate financial viability in the current and subsequent fiscal years due to its enrollment shortfall, deficit spending, potential cash deficiencies, reliance on debts, and a negative ending net position for the 2021-22 fiscal year.

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 ADA 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 fell substantially below TIME’s estimated projections.

	<i>PENSEC Estimates</i>	<i>20-Day Attendance Report</i>	<i>Month 5 Attendance Report</i>
Enrollment	165 students	29 students	41 students
ADA	95	25.80	36.42

In its latest revised budget, TIME projects an enrollment of 135 students for 2022-23 and 285 students for 2023-24. In light of the substantial enrollment shortfall in the current fiscal year, LACOE is concerned that TIME may not be able to achieve its stated enrollment and ADA projections.

Local Control Funding Formula (LCFF) State Aid Apportionment

TIME received the First Special Advance Apportionment in the amount of \$383,754 based on its PENSEC report. On December 17, 2021, the California Department of Education (CDE) released the certified Second Special Advance Apportionment for Charter Schools for fiscal year 2021-22. Based on the Charter School 20-Day Attendance Report, CDE estimated TIME’s total 2021-22 LCFF State Aid to be \$359,821, which is less than the \$383,754 already advanced to TIME.

Additionally, CDE estimated that TIME’s total First and Second Advance Apportionments for the period July 2021 through January 2022 is \$197,902. Therefore, TIME is not eligible for the Second Special Advance Apportionment because it received overpayment of \$185,852 (\$383,754 less \$197,902). The overpayment will be recaptured and no additional LCFF State Aid apportionment is expected to be allocated to TIME for the remainder of the fiscal year, unless the reported ADA increase would generate additional LCFF revenues beyond the amount already received.

Deficit Spending/Negative Net Position and Reserve for Economic Uncertainties

TIME’s 2021-22 First Interim Report projected an operating deficit of approximately \$590,000 and an ending Net Position of negative \$480,000 for 2021-22. At LACOE’s request, TIME submitted a revised budget and multiyear projections for 2022-23 and 2023-24 along with a cash flow projection (dated January 5, 2022). Unfortunately, TIME continues to project fiscal insolvency with an operating deficit of \$368,000 and an ending net position of negative \$258,000 for 2021-22. Furthermore, TIME projects a reserve for economic uncertainties of negative 20.8%, which is well below the 3% minimum reserve

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requirement pursuant to the LACOE MOU, page 18, section 3.4 (Revenue and Expenditure Reporting). In sum, TIME's future fiscal solvency is dependent on achieving its unrealistic enrollment and ADA projections.

Concerns with Cash Flow Projection

LCFF State Aid apportionments represent the primary source of revenues for charter schools. However, TIME is not expected to receive additional apportionments for the remainder of the fiscal year, as stated above. TIME projects low cash balances for several months spanning from January through June 2022, and is projecting a June 2022 ending cash balance of approximately \$85,000. These projections assume the following: TIME securing a private debt of \$150,000 in January 2022; accessing a \$150,000 CDE Revolving Loan in April 2022; and receiving \$141,000 in federal ESSER II and ESSER III funding in both March and June 2022. Should any of these funds not materialize, TIME is in jeopardy of not meeting its financial obligations in the current fiscal year.

TIME was approved for the Public Charter School Grant Program (PCSGP) Start-Up Sub-Grant. It has received full Planning phase funds; however, Implementation funds are currently on hold by CDE pending a review of TIME's financial sustainability.

LACOE remains concerned about TIME's ability to secure and access various sources of funding, as well as the timing of when these funds will be available in order to satisfy its immediate and future financial obligations. At present, TIME is projected to be insolvent with a negative Net Position of **\$258,000** for June 30, 2022.

Concern #2: Failure to Meet Enrollment Projections

TIME has failed to meet its enrollment projections as stated in the approved charter petition. Per the LACOE MOU, page 20, section 4.1 (Fulfilling Charter Terms), enrollment changes of more than 20 percent +/- of the enrollment originally projected in the charter in any given year is a material change of the charter, which can significantly impact the financial sustainability of the school.

The enrollment projections listed in the charter petition on page 7 state that academic year 2021-22 enrollment would be 260 students (inclusive of 150 ninth grade students and 110 tenth grade students). On April 23, 2021, as part of the SBE conditions for authorization, TIME submitted 89 students' applications for enrollment and 174 students' intent to enroll forms totaling 263 families demonstrating meaningful interest in attending TIME. However, at the time of the CSO Fall oversight visit the school had only 41 students enrolled (representing just 15.7% of the projected enrollment).

Concern #3: Failure to Implement English Language Development (ELD) Standards for Long-Term English Learners

TIME has failed to demonstrate the implementation of ELD standards for long-term English learner (EL) students as required by federal and state law. During the CSO Fall oversight visit at TIME, LACOE staff observed classrooms to verify the school's program for ELs, and did not see evidence of standards-based ELD instruction for long-term ELs. The school leader stated that a review of TIME's long-term EL students' transcripts indicated that they had previously taken ELD courses, so they were not scheduled into any ELD courses. He further stated that he believed the English-Language Arts teacher had included the

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ELD standards for long-term English learners in planning lessons. As such, a sample lesson plan was requested by the CSO, but was never received. On November 15, 2021, an email was sent to TIME after the oversight visit, noting the CSO's concern regarding the lack of required academic programming for long-term English learners.

Concern #4: Failure to Implement Teacher Credential Requirements

TIME has not demonstrated compliance with teacher credentialing requirements as evidenced by the *Staffing Information List* (staff list) submitted to the CSO on September 16, 2021. The staff list revealed concerns regarding the school's process of reviewing and monitoring teacher credentials. The teacher assignments below do not align with the teacher credentials and/or authorization requirements in alignment with *EC 47605(1)*:

- Teacher (K. Chen) appeared on the staff list as teaching Career and Technical Education (CTE) in Robotics; however, a search of the Commission on Teacher Credentialing website indicated that this teacher did not hold a teaching credential for this teaching assignment. The school did not provide evidence of a Temporary County Certificate (TCC). Additionally, this teacher did not hold EL authorization to provide instruction for ELD or specially designed content instruction delivered in English to ELs. *This teacher is no longer teaching at the school.*
- Teacher (F. Martinez) was listed as teaching CTE in Robotics; however, there was no credential document number listed. TIME stated that there had been an issue processing the CTE credential and that it was going to be re-issued. TIME has not provided evidence that this teacher held the required credential for this assignment. Additionally, TIME has not provided evidence that this teacher held an EL authorization to provide instruction for ELD or specially designed content instruction delivered in English to ELs. *This teacher is no longer teaching at the school.*
- Teacher (J. Pfaff) is currently listed on the TIME master schedule as teaching three courses; however, the school has not provided evidence that this teacher holds an EL authorization to provide instruction for ELD or specially designed content instruction delivered in English to ELs.

Of note, TIME has experienced significant teacher turnover to date. As a result, it is imperative that the school evaluates its process to review teaching credentials to ensure that all teachers hold required and appropriate authorizations prior to hiring and throughout their employment.

Concern #5: Failure to Cure Required Items Listed in the Facilities Inspection Reports

Failure to cure required facilities corrections is a violation of the provisions of the school's executed MOU, page 21, section 4.3 (Site Visits) and *EC 47610(d)* that states charter schools shall comply with local building enforcement agency requirements. TIME has failed to implement all required items from the initial facilities inspection conducted by the LACOE Division of Facilities and Construction on May 13, 2021. The report identified eight required corrections to TIME's facility. A second facilities inspection was conducted on November 18, 2021, and listed two remaining required corrections to the facility. These items include: (1) provide ADA parking space signage; and (2) provide fire alarm strobes as required. The CSO informed the school leader of the concern regarding the outstanding required corrections via emails on September 9, 2021, and November 15, 2021.

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REQUIRED ACTIONS:

In order to address the concerns enumerated in this *Notice*, TIME must complete the following:

1. Provide a Fiscal Stabilization Plan (FSP) along with the 2021-22 Second Interim Report, due to LACOE by **March 9, 2022**. The FSP must include a detailed narrative regarding revenue enhancements and/or expense reductions necessary to achieve fiscal stability.
2. Submit an update to TIME's multiyear projections for the current and subsequent two fiscal years with the 2021-22 Second Interim Report, to demonstrate financial stability and meet the minimum 3% reserves for economic uncertainties.
3. Submit updated monthly cash flow projections to accompany the monthly financial statements, starting with the February 2022 financials, due on the 15th day following the end of each month.
4. Provide an Outreach & Recruitment Action Plan, including specific locations, times, and/or media outlets where outreach in appropriate languages will be conducted to increase student enrollment, by **March 1, 2022**.
5. Provide evidence of the instructional program for long-term ELs by **February 14, 2022**.
6. Provide an updated Staffing Information List by **February 4, 2022**.
7. Provide a description of how teacher credentials will be reviewed and monitored (including new applicants and current staff) by **March 1, 2022**.
8. Provide evidence that all required facilities corrections listed on the LACOE Facilities Inspection report have been completed by **March 1, 2022**.
9. Submit a description of the site's emergency procedures for classroom lockdowns by **February 4, 2022**.

Based on the school's failure to comply with law and the terms and conditions of its charter, LACOE can recommend to the SBE that a *Notice of Violation* under EC 47607(c) be considered, which provides that:

A charter may be revoked by the authority that granted the charter under this chapter if the authority finds, through a showing of substantial evidence, that the charter school did any of the following:

- (A) Committed a material violation of any of the conditions, standards, or procedures set forth in the charter.
- (B) Failed to meet or pursue any of the pupil outcomes identified in the charter.
- (C) Failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement.
- (D) Violated any provision of law.

Prior to revocation, the SBE would have to notify the charter school, through a *Notice of Violation*, of any violation of this section and give the school a reasonable opportunity to remedy the violation, unless the authority determines, in writing, that the violation constitutes a severe and imminent threat to the health or safety of the pupils (EC 47607(d)).

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I am hopeful that the TIME Governing Board will take immediate action to correct the concerns documented in this *Notice*. LACOE staff will continue to work in partnership with TIME to provide ongoing monitoring and support in furtherance of achieving compliance with regard to these concerns. Should you have any questions, please contact me at (562) 922-8806 or by email at Ciccarelli_Indra@lacoedu.

Sincerely,



Indra Ciccarelli
Director II
Charter School Office

IC:ls

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