

MEETING NOTES

**Advisory Commission on Charter Schools**

*An Advisory Body to the State Board of Education*

California Department of Education  
721 Capitol Mall, Room 558  
Sacramento, California

Tuesday-Wednesday, February 19-20, 2002

Tuesday, February 19, 2002

California Department of Education, 560 J Street, Room 397, Sacramento, California

MEMBERS PRESENT

Mark Kushner, Chair  
Steve Barr  
Tom Conry  
Linda Frost  
Beth Hunkapiller  
H. Wes Pratt  
Marta Reyes  
Jan Sterling\*  
Johnathan Williams

MEMBERS ABSENT

None

\* Jan Sterling is the State Superintendent of Public Instruction's designee.

PRINCIPAL STAFF TO THE ADVISORY COMMISSION

Greg Geeting, Assistant Executive Director, State Board of Education  
Eileen Cubanski, Administrator, CDE Charter Schools Office

Call to Order. Mr. Kushner called the meeting to order at 10:09 a.m. [The meeting had been noticed for Room 395, but was held in the adjacent room (Room 397) out of courtesy to the group that had been scheduled in Room 397, but inadvertently had set up in Room 395. Appropriate signs were posted.]

Flag Salute. Mr. Kushner asked Mr. Geeting to lead the members, staff, and audience in the Pledge of Allegiance.

Organizational Matters. Mr. Kushner briefly went over the agenda for the day and the various documents to which the members would be referring. The members were presented four groups of determination of funding requests, each with a different color of cover sheet:

MEETING NOTES  
**Advisory Commission on Charter Schools**  
February 19-20, 2002

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- The “green” group: Recommended for 100 percent funding (29 requests).
- The “pink” group: Recommended for 100 percent funding, but presenting some mitigating factors that CDE staff wished to call to the members’ attention (9 requests).
- The “blue” group: Recommended for 95 percent funding (43 requests).
- The “yellow” group: Recommended for 95 percent funding, but presenting some mitigating factors that CDE staff wished to call to the members’ attention (9 requests).

A single copy of the full set (all four groups) of the determination of funding requests that the Advisory Commission would be considering was made available for public inspection. In addition, staff provided a copy of an individual school’s request (including the CDE staff analysis) to any designated representative of the school who was in attendance. Mr. Kushner indicated that time for public comments would be provided at appropriate times during the day, but that the primary purpose of the day’s session would be to review the written requests which the members were seeing for the first time. He expressed the Advisory Commission’s gratitude for the outstanding effort of CDE staff to analyze and prepare copies of the many requests during Thursday and Friday of the preceding week and over the three-day holiday.

Mr. Kushner asked Mr. Geeting to be informal timekeeper (as needed) for the meeting. He invited Mr. Barr to keep informal notes on the meeting process and to share his thoughts with the group at the end of the day’s session.

Introductions. The members of the Advisory Commission introduced themselves briefly. Mr. Kushner then invited the members of the audience to introduce themselves as well, and to identify the organization (if any) that each represented.

Review of determination of funding requests. Mr. Kushner invited Ms. Cubanski to describe the general guidelines that CDE staff used in sorting the requests into the various groups. He then asked that the members individually review the requests in the yellow group. Subsequently, Ms. Cubanski reviewed the staff analysis form using the Choices 2000 Online request as an example. Then, the members proceeded to consider the requests in the yellow group to get a better sense of the task before them and to decide if there were special areas of concern with respect to the requests in this particular group. Mr. Kushner also entertained presentations on the requests to the extent individuals representing the schools were in attendance.

Choices 2000 Online (#61). Mr. Kushner invited representatives of Choices 2000 Online to make a presentation regarding the request. The presentation included comments from Dan King, Dennis D. Murray, and the parent of a student (and a former student herself).

MEETING NOTES  
**Advisory Commission on Charter Schools**  
February 19-20, 2002

---

Among the matters mentioned in the presentation were the school's use of part-time, hourly teachers; savings for facility purposes; classified employees being essential to keeping the school's technology operating properly; how online classes are conducted; the fact that the program is WASC accredited; the relationship of the school to the district (contract services in particular). There was considerable focus on the facility issue. Apparently the higher expenditure for facilities was largely a one-time issue (2000-01) at this school. The facility was described in some detail. The school representatives indicated that they would supply some supplemental information in writing.

Circle of Independent Learning (#152). There was some discussion of issues of particular concern to the members. Among the issues identified were the high reserve, facilities costs (why not spread out the costs over multiple years?), and the nature of program.

Dehesa Charter School (#419) and Westwood charter School (#399). These two schools appear to have reported the exact same figures. The only difference is the number of credentialed employees. It's unclear what each school is receiving for the \$97,000 spent for management services.

Excelsior Education Center (#74). Chuck Gehrke, the school's Executive Director, made a presentation; among the key points were the school's positive relationship with the district's governing board; the fact that the school is gradually taking over more of its own administrative functions (e.g., payroll); audit issues have all been resolved; the high reserve came about because of savings to purchase portable classrooms; the composition of the student body served by the school; changes in progress in the delivery of services to students; and the appointment of governing board members. Following some discussion with the Commission members, he agreed to provide additional information in writing.

Natomas Charter School (#19). Some of the issues that surfaced in the discussion included the possibility that the school set aside funds as a contingency due to the potential for having reduced funding for nonclassroom-based students; the school operates a "blended" program (part classroom-based, part Independent Study); the school employs a number of non-credentialed arts specialists. Ms. Reyes indicated that she had personal knowledge of this program and felt it was exemplary. It was unclear to some members whether the nonclassroom-based students were being provided an equal educational opportunity or were actually "subsidizing" the program offered to the classroom-based students.

Lunch Break. 1:05 – 2:12 p.m.

MEETING NOTES  
**Advisory Commission on Charter Schools**  
February 19-20, 2002

---

San Lorenzo Valley Charter School (#25). Among the issues that surfaced in the discussion were the closeness of the school to the 50 percent threshold; the high reserve level (more explanation would be helpful); district employees being counted as charter school employees; possible conflicts of interest in the school governance structure; and the school's expenditures for facility leases. Mr. Barr suggested that it was important to introduce more program quality issues into the larger discussion (not directed at this school in particular); this whole endeavor must not become just one of "debating the margins" or of "protecting our own."

Shasta Secondary Home School (#256). Some of the key issues mentioned included the school's deficit and the relatively high amount for services. The members stressed that it was important not to make assumptions "one way or the other" about relatively high or relatively low amounts. It would be best to get more information from the affected school.

Wheatland Charter Academy (#370). Among the key issues mentioned were that the school "appears to be in a start-up mode" and that, as a "blended" (hybrid) school, the data make for something of an apples-to-oranges comparison – very difficult to sort through and analyze.

Facilities. Mr. Kushner invited members to share their thoughts on the issue of facilities. Some of the key points included the following.

- Mr. Barr indicated that it is important to "respect" teachers by providing them with office space. That said, however, it is somewhat suspect for schools that are entirely nonclassroom-based to be spending large amounts for facilities. What's a reasonable allowance for facilities? "Instructional space" needs to be defined.
- Ms. Reyes commented that she felt instructional space was reasonably well defined already as space that is used primarily for instruction.
- Ms. Hunkapiller indicated that facilities costs doubtless need to play some role in the consideration of determination of funding requests. The question is what is the proper role, particularly for start-up schools.
- Mr. Kushner indicated that facilities was a big issue in his mind where schools were under the 50 percent threshold. How many building do they have? How many hours per day are they in use?
- Mr. Conry indicated that paying off facilities costs quickly (e.g., in one year) seemed generally irresponsible if the facilities were to be used over many years. Why should today's students suffer limitations in educational services to pay off facilities on an accelerated basis?

MEETING NOTES  
**Advisory Commission on Charter Schools**  
February 19-20, 2002

---

- Mr. Kushner indicated that the facilities costs issue is very complex. There may be solid reasons to accelerate the purchase of facilities (e.g., there may be an exceptional deal available now that won't be available in the future). Also, some charter schools may find it difficult to get financing for long-term purchases of facilities. One can't say universally that long-term financing for facilities is better than cash or short-term financing; it depends on the circumstances.
- Ms. Hunkapiller commented that one should not assume that the traditional classroom is a "better" setting for education. Also, she indicated that she would be interested in learning the proportion of facilities (in the case of nonclassroom-based instruction) that are being used for instructional purposes versus administration or other activities.

Public Comment. Mr. Kushner called for public comment on the issued addressed thus far in the meeting.

- Buzz Breedlove. The Advisory Commission may wish to seek out professional advice on facility cost allocation issues (e.g., short-term versus long-term financing, asset/liability determinations). It's difficult to make judgments about such complex matters in the abstract. Certainly if a school closes, then the value of its facilities is a major issue. The Commission may also wish to explore whether the average dollars per FTE certificated employee is really providing consistent and valuable information for purposes of considering determination of funding requests.
- Eric Premack. The amount per FTE certificated employee is questionable data. It varies widely. Seniority has a huge effect on the number, as does the school's geographical location. The whole area of conflicts of interest raises interesting questions; one needs to "peel back the onion" to find out what's really going on. The information being collected is inadequate to this task. Some schools easily pass the threshold test by providing essentially meaningless data. They may, for example, be including salaries and benefits of certificated employees who aren't benefiting students, or the reports may be "padded" with portions of the salaries and benefits of district employees. The 50 percent threshold is "just a bad idea." Schools need more time to respond for requests for data than is being allowed in this process. The Advisory Commission is trying to figure out what the crime is while lining up the guilty for punishment; be cautious in reducing funds this year. It's difficult for some charter schools to get long-term financial for facilities.

Mr. Kushner invited responses from Advisory Commission members.

- Mr. Conry indicated that SB 740 is "not a bad law." It responded to very serious concerns. Approving 100 percent for everyone is not why the Commission is

MEETING NOTES  
**Advisory Commission on Charter Schools**  
February 19-20, 2002

---

- here. To do that would be to hand a victory to those who lost that fight in the Legislature.
- Mr. Barr indicated that the well-publicized problems of some charter schools leave an imprint from which all suffer. The process outlined in SB 740 and the work of the Advisory Commission is, no doubt, less than perfect. We'll make some mistakes, but we are performing a valuable service and doing a good job. To the extent we err, we have organized in such a way as to err on the side of the requestors.
  - Ms. Hunkapiller noted that, under the Emergency Regulations, the Commission must have reasons for all its recommendations, both to go above 95 percent and not to provide 100 percent.

Break. 3:31 – 3:50 p.m.

Continuation of review of determination of funding requests. Mr. Kushner invited the members to review the “pink” group individually for a while, then he would entertain group discussion on each. He indicated that the group discussion would be focused particularly on whether additional information would be needed to evaluate any of the requests.

Academy for Career Education (#183). Consensus that more information is needed. Why are certificated salaries so high? More explanation needed regarding governing board selection and potential conflicts of interest. Would like to have the school complete part (E) of the form.

Antelope View Home Charter (#344). Consensus that more information is needed. What's the composition of FTE certificated that would produce an average salary so low? What's the salary schedule? Could a comparison teacher-pupil ratio be provided?

Charter School of San Diego (#28). Average salary and teacher-pupil ratio both seem high. More explanation would be helpful.

Eagles Peak (#305). A high contract amount, and questions about governing board composition and potential conflicts of interest. Is the audit available yet? Completion of part (E) would be helpful.

Lubeles Academy (#272). General consensus was that there is sufficient information on this school's request.

Muir Charter School (#255). There was extensive discussion of the organization and management of this school. Mr. Breedlove and Mr. Premack provided a description of

MEETING NOTES  
**Advisory Commission on Charter Schools**  
February 19-20, 2002

---

both the previous organizational structure and changes that took effect January 1, 2002. Mr. Breedlove indicated that Mr. Pratt (who was unable to attend the afternoon portion of the day's session) wished the record to show that he felt he had a conflict with respect to this school since it provides educational services to California Conservation Corps members. Mr. Pratt does not plan to participate in any deliberation or vote on this request. The general consensus appeared to be that more information was needed on this request, including completion of part (E), particularly the high management fee.

New Jerusalem Charter School (#171). More information is needed, including completion of part (E). The teacher-pupil ratio seems high; a comparison teacher-pupil ratio (largest unified in the county) would be helpful.

Prosser Creek Charter School (#144). More information is needed, including completion of part (E). Salaries appear very low; comparison salary information would be helpful.

Twin Ridges Home Study Charter (#26). More information is needed, including completion of part (E). More information on governing board selection and potential conflicts of interest would be helpful. Awaiting information on resolution of audit exceptions related to independent study ADA.

Public Comments. Mr. Kushner asked for public comments on the matters just considered by the Advisory Commission.

- Eric Premack. Just the fact of having audit exceptions at some time is not necessarily a bad thing. If a charter school has used (is using) audit exceptions to "clean up its act," then it should not be punished by a reduction in funding.
- David Patterson. The Advisory Commission should continue to focus on "keeping it simple," not trying to delve into great depth in the operations of individual charter schools. The Commission should reserve reduction in funding to just those charter schools that are clearly outside reasonable parameters.

Lessons Learned. During the day, Mr. Kushner had asked staff periodically to write down important thoughts for improving aspects of the determination of funding request process. They were:

- *Governing Boards*. It would be helpful to have charter schools provide more detailed information regarding selection and measures being taken to avoid any conflicts of interest (e.g., self-dealing transactions).
- *Reasons for funding level*. It would be helpful to have charter schools provide draft reasons for approval at the requested level and, similarly, for CDE staff (when recommending reductions) to provide a draft of reasons.

MEETING NOTES  
**Advisory Commission on Charter Schools**  
February 19-20, 2002

---

- *Missing information.* It would be helpful to be able to give individual charter schools a clear idea of additional information they need to provide.
- *Program description.* It would be helpful to have charter schools include a narrative description of the program(s) offered. It's often difficult to tell what the program(s) look like.
- *Management company.* If a charter school is being managed by a management company, it would be helpful to have that stated "up front" rather than having to tease it out of the information provided.
- *Large contracts.* It would be helpful to have more information about the nature of large contract amounts? How much of the contract is actual instruction?
- *Organizational status.* It would be helpful to know the structure of a charter school: a district program, a non-profit corporation, a profit-making corporation.
- *Excess revenues.* It would be helpful to have more information when a charter school has a large amount of excess revenues. What's the plan to expend the excess revenues? Are they being saved for a specific purpose (e.g., purchasing a facility)?
- *Facility lease costs.* It would be helpful to have facility lease costs separated. Currently they are lumped in with services.
- *Facility use.* It would be helpful to know what percentage of a charter school's facility or facilities are being used primarily for instruction.
- *Students or ADA.* It would be helpful to have the numbers of students (or ADA), both total and nonclassroom-based. The total can be calculated roughly from the pupil-teacher ratio. But that number alone is not helpful in getting a sense about a hybrid school.
- *Part (E).* It would be helpful to have all charter schools complete part (E) regardless of whether they meet or exceed the 50 percent threshold.
- *Hybrid or all nonclassroom-based.* It would be helpful to know "up front" whether a school is a hybrid or is entirely nonclassroom-based.

Process Check. Mr. Barr indicated that he felt the group had made good progress in view of the complexity of the task. Not making final decisions this day was a positive thing, as was having the listing of "lessons learned." Taking time in the middle of the meeting to address a larger issue (facilities) provided a nice break from the review of individual requests; we should think about ways to incorporate a period break like this in forthcoming meetings.

MEETING NOTES  
**Advisory Commission on Charter Schools**  
February 19-20, 2002

---

Homework. Members will review the requests in the “green” and “blue” groups both this evening and tomorrow morning. To provide adequate time for that, the following day’s meeting will actually start at 10:00 a.m., even though posted for 8:00 a.m.

Adjournment of Tuesday Session. 6:15 p.m.

MEETING NOTES  
**Advisory Commission on Charter Schools**  
February 19-20, 2002

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Wednesday, February 20, 2002

CSUS Regional & Continuing Education Center, 515 L Street, Classroom D,  
Sacramento, California

MEMBERS PRESENT

Mark Kushner, Chair  
Steve Barr  
Tom Conry  
Linda Frost  
Beth Hunkapiller  
Marta Reyes  
Jan Sterling\*  
Johnathan Williams

MEMBER ABSENT

H. Wes Pratt

\* Jan Sterling is the State Superintendent of Public Instruction's designee.

PRINCIPAL STAFF TO THE ADVISORY COMMISSION

Greg Geeting, Assistant Executive Director, State Board of Education  
Eileen Cubanski, Administrator, CDE Charter Schools Office

Call to Order. Mr. Kushner called the meeting to order at 10:25 a.m. [The meeting had been noticed for 560 J Street, Room 395, but was moved to the CSUS Regional & Continuing Education Center, 515 L Street, Classroom D, because Room 395 had been double-booked and because Classroom D would provide additional room for an anticipated larger audience. Appropriate signs were posted, and Mr. Kushner waited extra time before starting the meeting to be sure that all interested parties had had time to walk to the alternate location.]

Flag Salute. Mr. Kushner asked Mr. Geeting to lead the members, staff, and audience in the Pledge of Allegiance.

Organizational Matters. Mr. Kushner briefly went over the agenda for the day. It was decided that lunch would be ordered for delivery so as to minimize the time to be taken for a lunch break.

Introductions. The members of the Advisory Commission introduced themselves briefly. Mr. Kushner then invited the members of the audience to introduce themselves as well, and to identify the organization (if any) that each represented.

MEETING NOTES  
**Advisory Commission on Charter Schools**  
February 19-20, 2002

---

Conflicts. Ms. Reyes indicated that she had a conflict with respect to Charter Community School, Home Study Academy and Extended Day (#5), and that she would leave the room and not participate in any discussion or vote with respect to that school's request. Mr. Geeting reminded the members, staff, and audience that Mr. Breedlove had noted at the preceding day's meeting Mr. Pratt's conflict with respect to Muir Charter School (#255).

Schools that have not submitted determination of funding requests. Ms. Cubanski reported that six schools, which had reported independent study ADA in 2000-01, had not submitted determination of funding requests. Mr. Geeting indicated that there would doubtless be some schools that do not realize the need to submit determination of funding requests until later in the year, including some that may not realize the need until their audits are completed. He also indicated that there would be an opportunity for the State Board to consider and act upon late-submitted requests at the April and May meetings; no reduction in funding will occur until the second principal apportionment (P2) at the end of June.

Average teacher salary data. Ms. Sterling distributed some average teacher salary data that she had compiled for the members' background information.

Consideration of determination of funding requests. Following a brief discussion about the CDE review form, Mr. Kushner set the context for the day, indicating that the objective would be to reach recommendations on requests to the extent the members felt comfortable in so doing and discussing how the group would proceed on Monday (February 25) when a considerable number of presentations are expected. He asked that the members turn first to the "green" list, those requests recommended for approval (without reservation) at the 100 percent level by CDE staff. He suggested that the group might agree to "pull off" any request where two or more members felt there were significant questions or issues to be explored.

The group proceeded through the list of 29 schools' requests. There was discussion of some, including a short presentation on Choices (#275) by Greg Roseboom. Ms. Reyes left the room while the members considered Charter Community School, Home Study Academy and Extended Day (#5). Eventually, it appeared evident that the group felt comfortable in approving all of these requests at the 100 percent level in accordance with the recommendations of CDE staff.

- **RECOMMENDATION APPROVED:** Mr. Kushner moved that the Advisory Commission recommend to the State Board of Education that it approve the 29 requests on the "green" list at the 100 percent level in accordance with the recommendations of CDE staff. In each case, the requesting charter schools had: (1) submitted requests that are (in the view of the Advisory Commission and CDE

MEETING NOTES  
**Advisory Commission on Charter Schools**  
February 19-20, 2002

---

staff) at least “substantially complete”; (2) provided evidence of spending at least 50 percent of the public revenues received (in 2000-01) for the salaries and benefits of certificated employees; and (3) provided evidence of otherwise meeting the criteria set forth in the Emergency Regulations approved by the State Board at the January 2002 meeting. Moreover, both the Advisory Commission and CDE staff had concluded that each of these schools presented sufficient evidence (taking the totality of the request into account along with any other credible information that may have been available) that the 100 percent funding level is necessary for the school to maintain nonclassroom-based instruction that is conducted for the instructional benefit of the student and is substantially dedicated to that function. Ms. Hunkapiller seconded the motion. The motion was approved by unanimous vote of the members present. Ms. Reyes did not vote on motion to the extent that the motion pertained to Charter Community School, Home Study Academy and Extended Day (#5).

Mr. Kushner asked the group to look through the “blue” list (recommended by CDE staff for approval at the 95 percent level) to see if members wished to proceed with approval of any at the 100 percent level and/or to hear presentations regarding the requests to the extent individuals were in attendance for that purpose.

Presenters were identified for Bitney Springs Charter School (#177), Heritage Family Academy (#216), Horizon Instructional Systems (#15), and Visions in Education Charter School (#248). In addition, members briefly discussed and/or posed questions concerning California Charter Academy – Orange (#297), Eleanor Roosevelt Community Learning Center (#395), Elk Grove Charter School (#27), Modoc Charter School (#279), and Yuba County Career Preparatory Charter (#92).

Mr. Geeting suggested that the members might consider making a recommendation on the nine requests from the Opportunities for Learning and Options for Youth organizations, all of which requested funding at the 95 percent level.

- **RECOMMENDATION APPROVED:** Mr. Kushner moved that the Advisory Commission recommend that the State Board of Education approve the nine requests from the Opportunities for Learning and Options for Youth charter schools at the 95 percent level in accordance with the recommendations of CDE staff. In each case, the requesting charter schools have submitted requests that are (in the view of the Advisory Commission and CDE staff) at least “substantially complete,” and each of the requests is for funding at the 95 percent level. Therefore, approval of these requests at the 95 percent level does not constitute a “reduction” within the meaning of Education Code section 47634.2(b)(4), and no reasons for a reduction need to be stated. Ms. Reyes seconded the motion. The motion was approved by unanimous vote of the members present.

MEETING NOTES  
**Advisory Commission on Charter Schools**  
February 19-20, 2002

---

Mr. Kushner indicated that the Advisory Commission would now entertain presentations from the individuals present. He set a target time of five minutes for each presentation with an additional five minutes (following the presentation) for members' questions.

Bitney Springs Charter School (#177). Lisa Corr. The school was just under the 50 percent threshold. The main issue here is payments to the district for services; the district provides lots of services to this school. The school has approximately 300 students and 13 faculty. A representative will come on Monday. Key issues include amounts spent for special education and how much of amount paid to the district was for instruction.

Heritage Family Academy (#216). Randy Gaschler. It's very difficult to make mid-year adjustment in spending. Some things are more expensive in the home school mode of instruction. Some of the spending that's listed as "administrative" is actually accountability-related, such as checking instructional materials to be sure they are free of sectarian content. It's unfair to have accountability-related expenditures "held against" the school; these are really "instruction-related" costs. The school has given its teachers a 20 percent raise this year. The school's audit for the previous year is promised in the near future; it may even be ready this day. The members asked Mr. Gaschler if he could provide some additional information in writing; among the issue areas were explanation of contracts (vis-à-vis how much is for instruction), types of expenses, special education costs, classified salaries for administration, cost allocation per student, and job descriptions of administrative personnel.

Eagles Peak (#305). Randy Gaschler. Will prepare a response in writing to the questions that arose at the preceding day's session. In addition, members asked for more information concerning administrative salaries, the fee charged to entities by the management company, salaries for various positions, the costs per student, and the governing board structure and how conflicts of interest are avoided (how arm's length transactions are assured).

Lunch Break. 12:27 – 1:09 p.m.

Horizon Instruction Systems (#15). Jeff Rice. The school offers a "personalized model" of instruction. There are many "instruction-related" costs that are "buried" in administrative costs. Some examples include process training for employees, professional development in curriculum, and checking instructional materials. The school has reorganized extensively since last year; unfair to judge the school on last year's expenditures. This year there has been a significant increase in teacher salaries, and a significant reduction in administration (down some 37 percent). There was considerable discussion about the school's reorganization, including the termination of a relationship with IEM. The school serves some 3,800 students; the charter was issued by

MEETING NOTES  
**Advisory Commission on Charter Schools**  
February 19-20, 2002

---

Western Placer Unified. Horizon is no longer performing administrative services for other schools; it has eliminated about \$1 million in administrative expenditures. Additional information will be supplied regarding revenues and expenditures (particularly instructional costs).

Visions in Education Charter School (#248). Greg Roseboom. The school serves approximately 4,500 students with 220 teachers; it constitutes roughly 10 percent of San Juan Unified School District's total ADA. Technically a number of the teachers are not "employees." It is very difficult to explain the "lump sum" payment to San Juan Unified, because the composition of services provided changes depending on the school's needs. In future years, the school will be shifting to a fee-for-service model, which will permit a clearer detailing of expenditures. The governing board is the San Juan Unified Board of Education. The school was saving for instruction-related expenditures, which caused a high reserve in 2000-01.

Excelsior Education Center (#74). Chuck Gehrke. The school serves about 1,000 students; the chartering district (Victor Valley Union High School District) has a total of about 6,500 students. He presented some additional information in writing regarding revenues, salaries, the school's contract with the chartering district, and the facility. He explained that a considerable reserve had been maintained in anticipation of significant costs related to FICA payments for employees. The costs were lower than expected, which allowed some of that reserve to be used for other purposes.

Antelope View Home Charter (#344). Paul Keefer. Presentation covered salaries, relationship with the chartering district, cash flow issues, and the district's diminishing revenue situation. The district has the highest API of all districts in Sacramento County. The school uses many part-time teachers (who also teach in the Center Unified School District) and retired teachers. On an hourly basis, the school pays a higher rate than does the district. Creation of a meaningful pupil-teacher ratio is very difficult for this school. The discussion covered average costs per student (ADA), hours that teachers work, comparative pupil-teacher ratios, and the age range of students (school is K-12, but most students are 8-12).

Major issues. Mr. Kushner invited the group to identify major issues that had surfaced in the discussion regarding all of the schools. It was hoped that CDE staff could inform those planning to submit additional information in writing or make a presentation at Monday's meeting as to these major issue areas. The schools' representatives can then select those issues that pertain to their operations and focus on them.

- How much was actually spent for instruction (some of which may have been shown as contracts for administrative services)?

MEETING NOTES  
**Advisory Commission on Charter Schools**  
February 19-20, 2002

---

- Does the governing board have any real or apparent conflicts of interest (e.g., employees serving on the board or funds being paid to other organizations of which board members are employees or owners)?
- How was the pupil-teacher ratio calculated? What are some appropriate comparative pupil-teacher ratios for the school?
- What are excess revenues being used for?
- What are the actual services being provided in any major contract with the charter entity?

It was agreed that CDE staff would fax a message to the charter schools with determination of funding requests still pending outlining the issues (above) and providing a copy of the CDE review form.

Requests that are deemed not substantially complete as of February 13, 2002. Following some discussion, there was a general consensus that those requests deemed not substantially complete (as of February 13, 2002) by CDE staff would be reported as such to the State Board with the staff recommendation that the State Board make a finding to that effect (thereby ensuring that the requests are not automatically approved at full funding for 2001-02 as of March 19, 2002). Given the time constraints, it is not practical for the Advisory Commission to review these requests. Moreover, it will be possible to review the requests and present recommendations to the State Board for consideration in April or May.

Possibility of withdrawing a determination of funding request. Mr. Geeting pointed out that one option an individual charter school would have is to withdraw its determination of funding request from consideration at the March 2002 State Board meeting. In exercising this option, the school would give up its right to automatic approval for 2001-02 at full funding (absent State Board action to the contrary by March 19, 2002). However, if it turns out that developing and presenting additional information might help a school achieve a positive recommendation from the Advisory Commission (and CDE staff), the option is one the school's representatives might consider.

- **RECOMMENDATION APPROVED:** Mr. Kushner moved that the Advisory Commission recommend that the State Board of Education approve the request from Lubeles Academy (#272) at the 100 percent level in accordance with the recommendation of CDE staff. The requesting charter school has: (1) submitted a request that is (in the view of the Advisory Commission and CDE staff) at least "substantially complete"; (2) provided evidence of spending at least 50 percent of the public revenues received (in 2000-01) for the salaries and benefits of certificated employees; and (3) provided evidence of otherwise meeting the criteria set forth in the Emergency Regulations approved by the State Board at the

MEETING NOTES  
**Advisory Commission on Charter Schools**  
February 19-20, 2002

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January 2002 meeting. Moreover, both the Advisory Commission and CDE staff have concluded that the school presented sufficient evidence (taking the totality of the request into account along with any other credible information that may have been available) that the 100 percent funding level is necessary for the school to maintain nonclassroom-based instruction that is conducted for the instructional benefit of the student and is substantially dedicated to that function. Mr. Barr seconded the motion. The motion was approved by unanimous vote of the members present.

- **MOTION FAILS.** Mr. Kushner moved that the Advisory Commission recommend that the State Board of Education approve the request from Excelsior Education Center (#74) at the 100 percent level notwithstanding the recommendation of CDE staff. The requesting charter school has: (1) submitted a request that is (in the view of the Advisory Commission) at least “substantially complete”; and (2) provided evidence of meeting the criteria set forth in the Emergency Regulations approved by the State Board at the January 2002 meeting. Moreover, the Advisory Commission concluded that the school presented sufficient evidence (taking the totality of the request into account along with any other credible information that may have been available) that the 100 percent funding level is necessary for the school to maintain nonclassroom-based instruction that is conducted for the instructional benefit of the student and is substantially dedicated to that function.. Ms. Hunkapiller seconded the motion. The motion failed by a vote of 3-5. [Ms. Hunkapiller, Mr. Kushner, and Ms. Reyes voted in favor of the motion.]
  
- **RECOMMENDATION APPROVED:** Mr. Conry moved that the Advisory Commission recommend that the State Board of Education approve the request from Lubeles Academy (#272) at the 95 percent level in accordance with the recommendation of CDE staff. The request is (in the view of the Advisory Commission and CDE staff) at least “substantially complete.” In this case, the 95 percent funding level reflects a reduction (from the full funding requested) within the meaning of Education Code section 47634.2(b)(4). Therefore, reasons for the denial are to be stated and, if appropriate, a description of how any deficiencies or problems may be addressed is to be included. Recommended Reason: The charter school’s expenditures for certificated salaries and benefits were below 50 percent of its public revenues in 2000-01, and (taking into account the totality of the information presented) the school did not present compelling evidence to justify funding in 2001-02 at the 100 percent level. One way in which the deficiency or problem could be addressed would be to expend a greater percentage of public revenues for certificated salaries and benefits in this and forthcoming fiscal years. Mr. Williams seconded the motion. The motion was

MEETING NOTES  
**Advisory Commission on Charter Schools**  
February 19-20, 2002

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approved by a vote of 5-3. [Ms. Hunkapiller, Mr. Kushner, and Ms. Reyes voted against the motion.]

Closing Thoughts. Ms. Cubanski provided some additional information regarding Twin Ridges Home Study Center (#26). Acknowledging that there may be representatives of many charter schools wishing to make presentations on Monday (which may necessitate modifying any plans the group might make at this point), Mr. Kushner indicated that, to the extent practical, he would like to begin by completing consideration of the schools on the “pink” and “yellow” lists, then proceed to the remainder of the “blue” list. The March 5 meeting will be cancelled if the members complete all pending work on Monday (February 25).

Ms. Reyes commended Mr. Kushner for his work as chair, noting that he had engendered great public confidence by his fair, evenhanded approach as well as his obvious depth of knowledge about charter schools.

Public Comments. Mr. Kushner invited public comments.

- David Patterson. Should CANEC work with CDE staff to develop information that will be of assistance to the field on the requests remaining under consideration? Yes.
- Lisa Corr. Urged the Advisory Commission to take action on each request at the time the presentation is made, rather than waiting until all presentations have been concluded. Waiting to the end may result in members becoming confused among the requests. Also, waiting to the end will make the logistics difficult for the presenters who will want to stay until a decision is made.

Process Check. Ms. Hunkapiller indicated that the members will need to be “very disciplined” to get through Monday’s meeting in an orderly and timely way. To every extent possible, we need to be clear and consistent in our actions.

Adjournment. Mr. Kushner adjourned the meeting at 3:24 p.m.