

Santa Clara County  Office of Education

**STAFF ANALYSIS  
DOWNTOWN COLLEGE PREP ALUM ROCK CHARTER SCHOOL  
MATERIAL REVISION**

**April 30, 2024  
for County Board of Education Meeting of May 15, 2024**

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The Santa Clara County Office of Education’s (SCCOE) Charter Schools Department staff reviewed a request for material revision to the charter of Downtown College Prep Alum Rock (DCP Alum Rock) submitted to the Santa Clara County Board of Education (SCCBOE) on April 11, 2024. On March 4, 2024, the Across the Bridge Foundation (ABF), the governing board of DCP Alum Rock, acted to stop offering grades 9-12 and close the DCP Alum Rock High School campus while continuing to offer only grades 6-8 at the existing site. DCP Alum Rock is seeking approval to revise its charter to align it with its operations offering only grades 6-8 at a single school site, effective for the 2024-25 school and fiscal year. The proposed changes constitute a material revision to the DCP Alum Rock charter.

Material revisions to charters approved by the Santa Clara County Board of Education (SCCBOE) on appeal from a school district are governed by the standards and criteria in *EC* sections 47605 and 47607 and shall include, but not be limited to, a reasonably comprehensive description of any new requirement of charter schools enacted into law after the charter was originally granted or last renewed.

**PROCEDURAL STATUS**

DCP Alum Rock submitted the complete material revision charter petition, including appendices and a signed certification of completeness on April 11, 2024, in print form and digitally via flash drive. The SCCOE Charter Schools Department (CSD) received the documents and posted the material revision request to the SCCOE website on the same date. DCP Alum Rock is seeking SCCBOE approval of the material revisions to its charter and has specified that it has updated the charter to conform with any new laws enacted since the charter was last renewed.

The Charter Schools Act provides that, “No later than 60 days after receiving a petition,” the SCCBOE must hold a public hearing on the charter provisions, at which it “shall consider the level of support for the petition,” and within 90 days, the SCCBOE shall either grant or deny the requested material revision. Additionally, the SCCOE CSD Staff’s recommendations, including recommended findings, must be published at least 15 days prior to the SCCBOE rendering a decision. On April 17, 2024, in compliance with *EC* section 47605, the SCCBOE held a public hearing, and on April 30, 2024, this Staff Analysis of the material revision petition and the corresponding proposed resolution, setting forth Charter Schools Department Staff’s recommendations, including recommended findings, were published by posting to the SCCOE website.

SCCOE, DCP Alum Rock, and ABF currently have in place a Memorandum of Understanding (MOU) and an addendum to the MOU (Addendum), which govern the respective fiscal, operational, and administrative responsibilities, legal relationships, and other matters not otherwise addressed or resolved by the terms of the charter, which MOU and Addendum will remain in full force and effect whether the SCCBOE grants or denies DCP Alum Rock's request for material revision. The MOU and Addendum supplement, correct, and clarify the terms of the current charter, and the CSD Staff's review and analysis of the materially revised charter petition was informed by and performed in conjunction with consideration of the terms of the MOU and Addendum. Consistent with the provisions of County Board Policy 0420.4 and the provisions and recommendations of this Staff Analysis, CSD Staff recommends that any SCCBOE approval of the requested material revision be conditional as described herein, including a condition that SCCOE, DCP Alum Rock, DCP and ABF agree to a second addendum to the current MOU to address the concerns described herein and in the proposed resolution of those concerns.

## **BACKGROUND**

DCP Alum Rock was initially approved by the SCCBOE as a 6-12 grade school on November 18, 2009, for a five-year term. In April of 2010, the SCCBOE approved a material revision to delay the school's opening until the 2011-12 school year. DCP Alum Rock opened in August of 2011 and was renewed on March 2, 2016, and December 16, 2020, for five years in each instance. DCP Alum Rock's charter term was set to end on June 30, 2026, but was extended by one year to June 30, 2027, by operation of law as provided by EC section 47607.4.

DCP Alum Rock is a single charter school currently operating on two campuses, a middle school campus for grades 6-8 and high school campus for grades 9-12. The middle school is located within the Alum Rock Union School District (ARUSD) at Ocala Middle School. The high school is in East Side Union High School District (ESUHSD) at Independence High School. DCP Alum Rock currently serves approximately 459 students between the two campuses – 256 at the middle school and 203 at the high school.

On April 11, 2024, SCCOE received the material revision request to revise the program description to be consistent with the reduction in the grade levels offered by DCP Alum Rock to grades 6-8, after the ABF acted on March 4, 2024, to reduce the grade levels served from 6-12 to 6-8 by stopping services to grades 9-12 and closing the high school campus effective June 30, 2024. DCP Alum Rock reports that the reason it took action to reduce the grade levels offered and is seeking approval of the material revisions to make the program described in the charter consistent with that change, is because the school experienced significant declining enrollment that directly correlates with a reduction in its revenue. While DCP Alum Rock is authorized and established as a charter school to serve students in grades 6-12, by revising the charter to reflect and be consistent with DCP's changes in practice and requiring that DCP Alum Rock seek a material revision setting forth the specifics of the program, educational plan, financial plan, and supporting information in order for DCP Alum Rock to again offer any of grades 9-12 in the future, DCP Alum Rock and the County Board will help ensure that the school operates in a fiscally and educationally sound manner.

As reflected in Table 1 below, DCP Alum Rock has seen a 35% decrease in enrollment overall with 37% and 32% decline for the DCP Alum Rock Middle School (ARMS) and the DCP Alum Rock High (ARHS) School, respectively. In the First Interim Report for 2023-24, DCP Alum Rock reported that a continuation of the current enrollment pattern and financial trajectory would result in projected deficit spending in this current fiscal year (2023-24) and the two subsequent fiscal years, 2024-25 and 2025-26.

<b>Table 1: Detailed Enrollment<sup>1</sup></b>					
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Grade 6	131	99	104	89	76
Grade 7	141	129	88	100	86
Grade 8	138	133	122	81	95
Grade 9	72	104	87	63	30
Grade 10	83	66	98	80	56
Grade 11	80	71	53	66	67
Grade 12	69	67	62	50	54
Total DCP-AR Enrollment	714	669	614	529	464
Increase/(Decrease) From Prior Year	46	(45)	(55)	(85)	(65)
DCP-AR Enrollment Variance	7%	-6%	-8%	-14%	-12%
<b>Enrollment change since FY 2019-20 (# students)</b>					<b>(250)</b>
<b>Enrollment change since FY 2019-20 (%)</b>					<b>-35%</b>
Total DCP-AR Middle School Enrollment	410	361	314	270	257
Increase/(Decrease) From Prior Year	43	(49)	(47)	(44)	(13)
DCP-AR Middle School Enrollment Variance	12%	-12%	-13%	-14%	-5%
<b>Enrollment change since FY 2019-20 (# students)</b>					<b>(153)</b>
<b>Enrollment change since FY 2019-20 (%)</b>					<b>-37%</b>
Total DCP-AR High School Enrollment	304	308	300	259	207
Increase/(Decrease) From Prior Year	3	4	(8)	(41)	(52)
DCP-AR High School Enrollment Variance	1%	1%	-3%	-14%	-20%
<b>Enrollment change since FY 2019-20 (# students)</b>					<b>(97)</b>
<b>Enrollment change since FY 2019-20 (%)</b>					<b>-32%</b>

1. Historical enrollment data is based on Census Day enrollment. FY 2023-24 enrollment data is based on Second Interim report.

As reflected in Table 2, the projected ongoing deficit spending would result in a negative four percent (-4%) fund balance by 2025-26 for the DCP ARHS site. Additionally, DCP Alum Rock has stated that due to the nature of high school operations, the DCP ARHS site historically requires a larger financial investment than operating the DCP ARMS site which is consistent with general school operations.

<b>Table 2: FY 2023-24 First Interim Report Multi-Year Projection</b>							
		<b>2023-24</b>		<b>2024-25</b>		<b>2025-26</b>	
		<b>DCP-ARMS</b>	<b>DCP-ARHS</b>	<b>DCP-ARMS</b>	<b>DCP-ARHS</b>	<b>DCP-ARMS</b>	<b>DCP-ARHS</b>
		<b>[M]</b>	<b>[H]</b>	<b>[M]</b>	<b>[H]</b>	<b>[M]</b>	<b>[H]</b>
<b>[A]</b>	<b>Total Revenues</b>	5,068,483	3,487,442	5,107,964	3,363,864	5,227,086	3,459,771
<b>[B]</b>	<b>Total Expenses</b>	6,178,229	4,530,331	5,553,265	3,646,373	5,635,351	3,732,959
<b>[D]</b>	<b>Beginning Fund Balance</b>	5,946,175	1,434,236	4,836,429	391,347	4,391,128	108,838
<b>[A - B]</b>	<b>Net Income (Loss)</b>	(1,109,746)	(1,042,889)	(445,301)	(282,509)	(408,265)	(273,188)
<b>[C]</b>	<b>Total Net Assets, End of Year</b>	<b>\$ 4,836,429.00</b>	<b>\$ 391,347.00</b>	<b>\$ 4,391,128.00</b>	<b>\$ 108,838.00</b>	<b>\$ 3,982,863.00</b>	<b>\$ (164,350.00)</b>
<b>[C/B]</b>	<b>Fund Balance % By Site</b>	<b>78%</b>	<b>9%</b>	<b>79%</b>	<b>3%</b>	<b>71%</b>	<b>-4%</b>
<b>[CM + CH]/ [BM + BH]</b>	<b>Consolidated Fund Balance % (For LEA)</b>	<b>49%</b>		<b>49%</b>		<b>41%</b>	

The historical financial summary for DCP Alum Rock in Table 3 demonstrates the DCP ARHS site has deficit spent in one year, 2021-22, of the most recent three fiscal years. This deficit spending at the ARHS has been sustained by accessing the school's combined ARHS and ARMS reserves. DCP Alum Rock's FY 2022-23 financial audit reported healthy reserves with a 66% ending fund balance as a percentage of total expenditures.

Table 3: Historical Financial Summary <sup>1</sup>						
	2020-21		2021-22		2022-23	
	DCP-ARMS	DCP-ARHS	DCP-ARMS	DCP-ARHS	DCP-ARMS	DCP-ARHS
	[M]	[H]	[M]	[H]	[M]	[H]
[A] Total Revenues	5,531,866	4,471,016	5,364,944	4,891,255	7,483,993	6,135,173
[B] Total Expenses	5,063,004	4,009,531	5,087,579	5,023,012	6,157,183	5,105,458
[D] Beginning Fund Balance	3,873,138	74,793	4,342,000	536,278	4,619,365	404,521
[A - B] Net Income (Loss)	468,862	461,485	277,365	(131,757)	1,326,810	1,029,715
[C] Total Net Assets, End of Year	\$ 4,342,000.00	\$ 536,278.00	\$ 4,619,365.00	\$ 404,521.00	\$ 5,946,175.00	\$ 1,434,236.00
[C/B] Fund Balance % By Site	86%	13%	91%	8%	97%	28%
[CM + CH]/ Consolidated Fund Balance % [BM + BH] (For LEA)	54%		50%		66%	

1. Source of Data: Audited Financial Reports

### **EDUCATION CODE REQUIREMENTS FOR REVIEW OF A REQUEST FOR MATERIAL REVISIONS TO A CHARTER**

Education Code section 47607(b) states, “Renewals and material revisions of charters are governed by the standards and criteria described in Section 47605, and shall include, but not be limited to, a reasonably comprehensive description of any new requirement of charter schools enacted into law after the charter was originally granted or last renewed.” As such, the standards for approval/denial of a material revision request are generally the same as those for a new charter petition EC 47605 specifies the SCCBOE “shall consider the academic needs of the pupils the school proposes to serve” and shall grant the requested material revisions if it is satisfied that the grant “is consistent with sound educational practice and with the interests of the community in which the school is proposing to locate.” The SCCBOE shall not deny the request for material revisions unless it makes written factual findings, specific to the materially revised charter petition, setting forth specific facts to support one or more of the following findings:

- (1) The charter school presents an unsound educational program for the pupils to be enrolled in the charter school.
- (2) The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.
- (3) The petition does not contain an affirmation of each of the conditions described in Education Code Section 47605 (e).
- (4) The petition does not contain reasonably comprehensive descriptions of all of the charter elements.
- (5) The petition does not contain a declaration of whether or not the charter school shall be deemed the exclusive public school employer of the employees of the charter school for purposes of the Educational Employment Relations Act (Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code).
- (6) The material revision is demonstrably unlikely to serve the interests of the entire community in which the school is proposing to locate. Analysis of this finding shall include consideration of the fiscal impact of the proposed material revision. A written factual finding under this paragraph shall detail specific facts and circumstances that analyze and consider the following factors:
  - a. The extent to which the proposed material revisions would substantially undermine existing services, academic offerings, or programmatic offerings.

b. *Whether the proposed material revisions would duplicate a program currently offered within the school district and the existing program has sufficient capacity for the pupils proposed to be served within reasonable proximity to where the charter school intends to locate.*

(7) *The school district is not positioned to absorb the fiscal impact of the proposed material revision. A school district satisfies this paragraph if it has a qualified interim certification pursuant to Section 42131 and the county superintendent of schools, in consultation with the County Office Fiscal Crisis and Management Assistance Team, certifies that approving the material revision would result in the school district having a negative interim certification pursuant to Education Code Section 42131, has a negative interim certification pursuant to 42131, or is under state receivership. Charter schools proposed in a school district satisfying one of these conditions shall be subject to a rebuttable presumption of denial.*

## **REVIEW OF THE PETITION**

CSD Staff reviewed the petition pursuant to California EC sections 47605 and 47607, and consistent with the SCCBOE's Policy 0420.4 – Charter Schools. The results of the CSD Staff's review and analysis, and the CSD Staff's recommendations and recommended findings, are presented below and in the corresponding resolution.

### **1. Sound educational program**

In the cover letter to its request for material revision, DCP Alum Rock states the requested material change is to remove grades 9-12 from its school offering and update the charter petition to conform with any new laws enacted since the charter was renewed in 2020. The CSD Staff infers there are no proposed changes to the DCP Alum Rock Middle School program, as there are no changes indicated in the petition submitted for revision. The material revision request petition was not specifically updated to address all the items outlined in the 2020 MOU or Addendum between DCP Alum Rock, DCP, ABF and SCCOE, though the charter does incorporate some of those requirements. In the material revision request DCP affirmed its compliance with the current MOU and Addendum. The current MOU and Addendum will remain in full force and effect pursuant to their terms regardless of whether or not the SCCBOE approves the request for material revisions.

CSD Staff finds the petition, as revised, presents a sound educational program.

### **2. Ability to successfully implement the program set forth in the materially revised charter**

DCP Alum Rock has requested the material revision to remove the high school grades program description, because it has suffered a 30% decrease in enrollment over the last four years and its Board took action to cease offering high school grades as of the start of the 2024-25 school year. The decreased enrollment also corresponds to a decrease in revenue.

On February 26, 2024, the CSD visited the DCP Alum Rock Middle School campus as part of the statutorily required annual site visit. During this visit, CSD staff observed many instructional best practices and integrated English Language Development (ELD) strategies. Focus groups indicated the administration is building a community of teachers, students, and families. A review of DCP Alum Rock's student records and submitted compliance documents demonstrate administrative and organizational capacity to effectively operate a school according to legal requirements. Moreover, Alum Rock Middle School was designated as a State and National School to Watch in 2017 and redesignated in 2020.

CSD Staff also considered the fiscal documentation and projections submitted by DCP Alum Rock in light of the fiscal concerns that led to the reduction of grades being offered by DCP Alum Rock in order to determine if DCP Alum Rock is demonstrably unlikely to successfully implement the program set forth in the materially revised charter, as analyzed more fully below.

CSD Staff finds the petitioners **are not demonstrably unlikely** to successfully implement the program set forth in the petition as revised as long as ABF/DCP Alum Rock comply with the fiscal conditions described and recommended below.

**3. Affirmation of each of the conditions required by statute 47605(c)(4)**

Affirmations in the DCP Alum Rock petition were updated to conform to the new law, with some of the required affirmations in the “Affirmations and Declaration” section and some in the Admissions Policies and Procedures element of the Charter.

CSD Staff finds the petition, as revised, contains the required affirmations.

**4. Reasonably comprehensive description of the required elements**

A reasonably comprehensive description must describe how the material revisions to the petition affect each of the required elements, comply with all changes to the law, and are consistent with SCCOE’s standards and expectations for charter schools under its oversight. CSD Staff found that the materially revised charter contains a reasonably comprehensive description of all the required elements, though some information should be supplemented through a second addendum to the MOU. The specific analysis of whether there is a reasonably comprehensive description of each of the 15 required elements (Elements A-O) is set forth below:

**A. Element One: *Description of the Educational Program***

As stated above, DCP Alum Rock is requesting a material revision to reflect the reduction in grade levels offered to grades 6-8, as the ABF Board has acted to stop offering grades 9-12 and close the Alum Rock High School campus, effective June 30, 2024.

DCP Alum Rock states in the cover letter to its request for material revision that the material change is to remove grades 9-12 from its school offering and to update the charter petition to conform with any new laws enacted since the charter was renewed in 2020. DCP Alum Rock does not propose changes to its middle school program. DCP Alum Rock will continue to serve grades 6-8 on the Ocala Middle School campus.

CSD Staff finds this element of the petition, as revised, includes a reasonably comprehensive description.

**B. Element Two: *Measurable Pupil Outcomes***

Elimination of language referencing high school grade offerings did not materially affect this element’s description applicable to the middle school grade levels. Previous staff analysis on this element of the petition from the 2020 renewal remains unchanged and was addressed in the MOU and Addendum to the MOU.

CSD Staff finds this element of the petition, as revised, includes a reasonably comprehensive description.

**C. Element Three: *Method by Which Pupil Progress in Meeting Outcomes will be Measured***

Elimination of language referencing high school grade offerings did not materially affect this element’s description applicable to the middle school grade levels. All previous staff analysis on this element of the petition from the renewal in 2020 remains unchanged and was addressed in the MOU and Addendum to the MOU.

CSD Staff finds this element of the petition, as revised, includes a reasonably comprehensive description.

**D. Element Four: *Governance Structure***

Elimination of high school grade offerings does not materially affect this element, and no revision was required for that purpose. All previous staff analysis on this element of the petition from the renewal in 2020 remains unchanged and was addressed in the MOU and Addendum to the MOU.

CSD Staff notes the Addendum to the MOU required that ABF's Bylaws be revised to reserve a minimum of one seat on the ABF Board for a parent of a current student and that the Charter School work diligently to recruit and maintain a parent(s) on the Board. The Charter has been revised to state that ABF "has added parent representation to the Board" (emphasis added), and the ABF Board does currently include parent representation.

The Addendum to the MOU required updates to the ABF Bylaws, though the Bylaws attached to the materially revised charter are the version submitted with the 2020 charter renewal. The current Bylaws, incorporating the updates required as part of the 2020 renewal, should be attached as an exhibit to the second addendum to the MOU.

CSD Staff finds this element of the petition, as revised, includes a reasonably comprehensive description.

**E. Element Five: *Employee Qualifications***

Elimination of language referencing high school grade offerings did not materially affect this element, and no additional revision by DCP Alum Rock was required for that purpose. All previous staff analysis on this element of the petition from the renewal in 2020 remains unchanged and was addressed in the MOU and Addendum to the MOU, and the charter has been updated to reflect the credential requirements for the principal and assistant principal positions, as mandated by the SCCBOE during DCP's 2020 renewal.

CSD Department Staff finds this element of the petition, as revised, includes a reasonably comprehensive description.

**F. Element Six: *Health and Safety Policies and Procedures***

Elimination of language referencing high school grade offerings did not materially affect this element, and no additional revision by DCP Alum Rock was required for that purpose. All previous staff analysis on this element of the petition from the renewal in 2020 remains unchanged and was addressed in the MOU and Addendum to the MOU. DCP Alum Rock revised the charter to include its commitments to comply with additional health and safety requirements of law applicable to charter schools since the time the charter was last renewed.

CSD Staff finds this element of the petition, as revised, includes a reasonably comprehensive description.

**G. Element Seven: *Racial, Ethnic, Special Education, and English Learner Pupil Balance***

Elimination of language referencing high school grade offerings did not materially affect this element, and no additional revision by DCP Alum Rock was required for that purpose. All previous staff analysis on this element of the petition from the renewal in 2020 remains unchanged and was addressed in the MOU and Addendum to the MOU.

CSD Staff finds this element of the petition, as revised, includes a reasonably comprehensive description.

**H. Element Eight: *Admission Policies and Procedures***

Elimination of language referencing high school grade offerings did not materially affect this element, and no revision was required for that purpose. All previous staff analysis on this element of the petition from the renewal in 2020 remains unchanged and was addressed in the MOU and Addendum to the MOU.

CSD Staff finds this element of the petition, as revised, includes a reasonably comprehensive description.

**I. Element Nine: *Financial Audit***

Elimination of language referencing high school grade offerings did not materially affect this element, and no revision was required for that purpose. All previous staff analysis on this element of the petition from the renewal in 2020 remains unchanged and was addressed in the MOU and Addendum to the MOU.

CSD Staff finds this element of the petition, as revised, includes a reasonably comprehensive description.

**J. Element Ten: *Student Suspension/Expulsion Procedures***

DCP Alum Rock updated this section to comply with the due process requirements in *EC* section 47605(c)(5)(J), enacted as of January 1, 2018, and January 1, 2020. DCP Alum Rock further updated its student handbook to comply with the revised laws. However, the updated charter and handbook do not include any references to Title IX requirements that apply to DCP Alum Rock. Upon review of the DCP Alum Rock website, the Title IX policy, training, and forms are posted, as required by law.

Charter Schools Department Staff finds this element of the petition, as revised, provides a reasonably comprehensive description, but that DCP Alum Rock should be required to commit in a second addendum to the MOU to a comprehensive plan to comply with all Title IX requirements, including in discipline cases involving discrimination on the basis of sex, and to update its student handbook to provide appropriate information about Title IX, including how to file a Title IX complaint.

**K. Element Eleven: *Retirement System***

Elimination of language referencing high school grade offerings did not materially affect this element, and no revision was required for that purpose. All previous staff analysis on this element of the petition from the renewal in 2020 remains unchanged and was addressed in the MOU and Addendum to the MOU.

CSD Staff finds this element of the petition, as revised, includes a reasonably comprehensive description.

**L. Element Twelve: *Public School Attendance Alternatives***

Elimination of language referencing high school grade offerings did not materially affect this element, and no revision was required for that purpose. All previous staff analysis on this element of the petition from the renewal in 2020 remains unchanged and was addressed in the MOU and Addendum to the MOU.

CSD Staff finds this element of the petition, as revised, includes a reasonably comprehensive description.

**M. Element Thirteen: *Employee Return Rights***

Elimination of language referencing high school grade offerings did not materially affect this element, and no revision was required for that purpose. All previous staff analysis on this element of the petition from the renewal in 2020 remains unchanged and was addressed in the MOU and Addendum to the MOU.

CSD Staff finds this element of the petition, as revised, includes a reasonably comprehensive description.

**N. Element Fourteen: *Dispute Resolution***

Elimination of language referencing high school grade offerings did not materially affect this element, and no revision was required for that purpose. All previous staff analysis on this element of the petition from the renewal in 2020 remains unchanged and was addressed in the MOU and Addendum to the MOU.



CSD Staff finds this element of the petition, as revised, includes a reasonably comprehensive description, but that DCP Alum Rock should be required to commit in a second addendum to the MOU to comply at all times with a comprehensive plan to comply with all Title IX requirements and include information about its policies and procedures for investigating and resolving internal disputes and complaints, including pursuant to Title IX and the Uniform Complaint Procedures, in its Staff Handbook and its Student/Family Handbook.

**O. Element Fifteen: Closure Procedures**

Elimination of language referencing high school grade offerings did not materially affect this element, and no additional revision by DCP Alum Rock for that purpose. All previous staff analysis on this element of the petition from the renewal in 2020 remains unchanged and was addressed in the MOU and Addendum to the MOU.

CSD Staff finds this element of the petition, as revised, includes a reasonably comprehensive description.

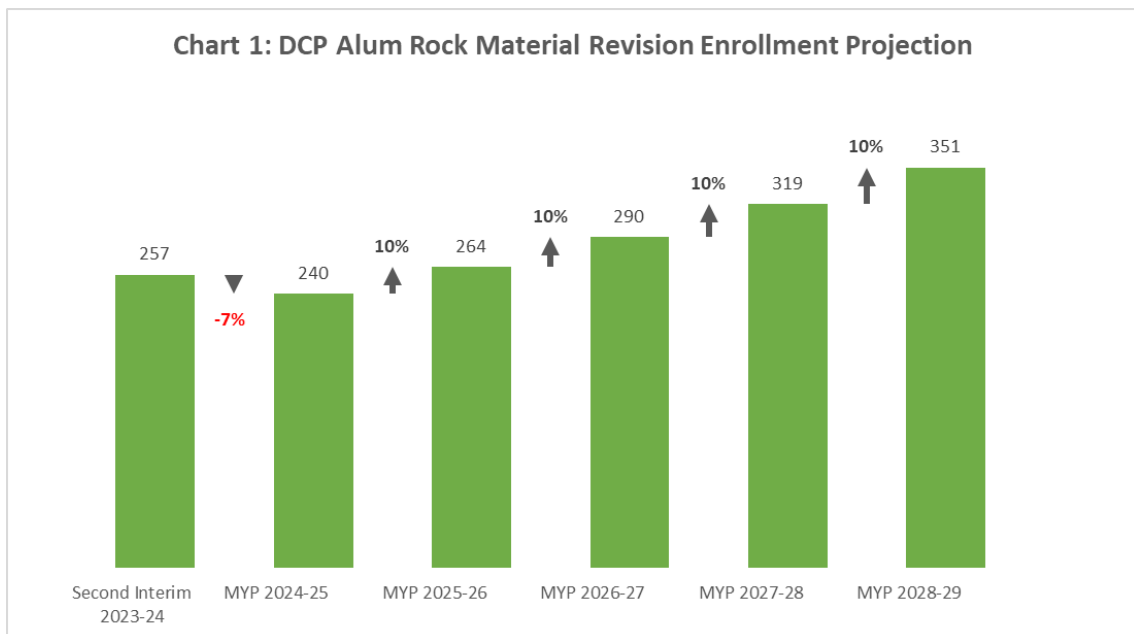
**\*Required Supplemental Information:**

**Financial Planning, Reports, and Accountability**

CSD Staff reviewed DCP Alum Rock’s materially revised charter petition, which includes the Budget Narrative and Budget for Fiscal Years (FY) 2024-25 through 2028-29. CSD Staff has also reviewed additional information from documents and the public hearing to provide clarification on DCP Alum Rock’s financial position. This included reviewing financial audits, monthly financial statements, state-required financial reports, annual visits, and the Fiscal Crisis Management Assessment Team (FCMAT) Local Control Funding Formula (LCFF) Calculator, which CSD Staff re-created to recalculate the LCFF Revenue sources reported in the Petition.

**Enrollment and Average Daily Attendance (ADA)**

As reflected in Chart 1, the materially revised charter petition submitted by DCP Alum Rock projects a 7% decline in enrollment from FY 2023-24 to FY 2024-25 and a 10% increase in every fiscal year thereafter through FY 2028-29.



**Table 4: DCP Alum Rock Historical and Projected Enrollment and ADA<sup>1</sup>**

	Historical Data				Enrollment Projection					
	2019-20	2020-21*	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Grade 6	131	99	104	89	76	75	96	96	106	116
Grade 7	141	129	88	100	86	75	87	97	106	118
Grade 8	138	133	122	81	95	90	81	97	107	117
A. Actual Enrollment	410	361	314	270						
B. Projected Enrollment					257	240	264	290	319	351
C. Incr/(Decr) in Enrollment <sup>2</sup>	43	(49)	(47)	(44)	(13)	(17)	24	26	29	32
D. Enrollment Variance <sup>3</sup>	12%	-12%	-13%	-14%	-5%	-7%	10%	10%	10%	10%
E. % Rate change in Enrollment YoY <sup>4</sup>		-24%	-1%	-1%	9%	-2%	17%	0%	0%	0%
F. ADA	386.36	386.36	297.30	242.45	237.73	224.40	248.16	274.05	303.05	328.09
G. ADA % <sup>5</sup>	94%	94%	95%	90%	93%	94%	94%	95%	95%	93%

<sup>1</sup> Historical enrollment data is based on Census Day enrollment and historical ADA is based on P-Annual.

FY 2023-24 enrollment data is based on Second Interim report. FY 2024-25 through FY 2028-29 is based on Material Revision Projections

<sup>2</sup> Current Year Enrollment - Prior Year Enrollment

<sup>3</sup> Row C/Prior Year Enrollment

<sup>4</sup> Current Year Enrollment Variance - Prior Year Enrollment Variance (Row D)

<sup>5</sup> Row F/Row A or Row B

As presented in Table 4 above, the percentage of change in enrollment, which defines the rate at which the enrollment increases or decreases, for the current FY 2023-24 was a positive 9% rate change from the FY 2022-23. Further, DCP Alum Rock reports the material revision enrollment projections are conservative and include a negative 2% year-over-year change in enrollment for FY 2024-25. However, in FY 2025-26, with the projected enrollment increase of 10%, the year-over-year percentage rate change increases to 17%.

Additionally, based on the analysis of historical data, DCP Alum Rock has had an overall average daily attendance of 94%. As reflected in Table 4, the DCP ARMS site experienced below-average ADA during FY 2021-22 with an ADA percentage of 77%, which was reported to be due to the COVID-19 pandemic. Despite this, starting in FY 2022-23, DCP ARMS reported a gradual return to pre-pandemic average daily attendance levels and reported a 93% ADA percentage in the FY 2023-24 second interim reporting period. DCP Alum Rock’s material revision projections reasonably project a continued steady increase in ADA percentage from 94% in FY 2024-25 to 95% by FY 2026-27. However, the projected 17% change in enrollment for FY 2025-26 is not comparable to DCP Alum Rock’s historical enrollment trend in which the rate of percentage change of enrollment has not been increasing. Since the reported reason for the material revision request was driven by the financial impact of decreased enrollment, DCP Alum Rock is required to closely monitor ADA and enrollment and report any significant changes to CSD Staff and provide DCP Alum Rock’s corresponding plans to respond to such changes to maintain a fiscally viable program consistent with the terms of the charter and the MOU and addenda thereto.

### Revenues and Expenses

As reflected in Table 5, DCP Alum Rock presents a five-year material revision budget for FYs 2024-25 through 2028-29. DCP Alum Rock anticipates to deficit spend from the current FY 2023-24 through 2026-27 and then projects a net income in FY 2027-28 and 2028-29. DCP Alum Rock plans to sustain its deficit spending with reserves. Because DCP Alum Rock will no longer have the expenses associated with ARHS site, it projects that its reserves will grow from a 49% in FY 2023-24 to 92% in FY 2024-25. DCP Alum Rock’s primary source of funding is Local Control Funding Formula (LCFF) revenue, and, on average, 55% of the projected expenditures are personnel costs, 20% are facilities expenses, and the remaining 25% of

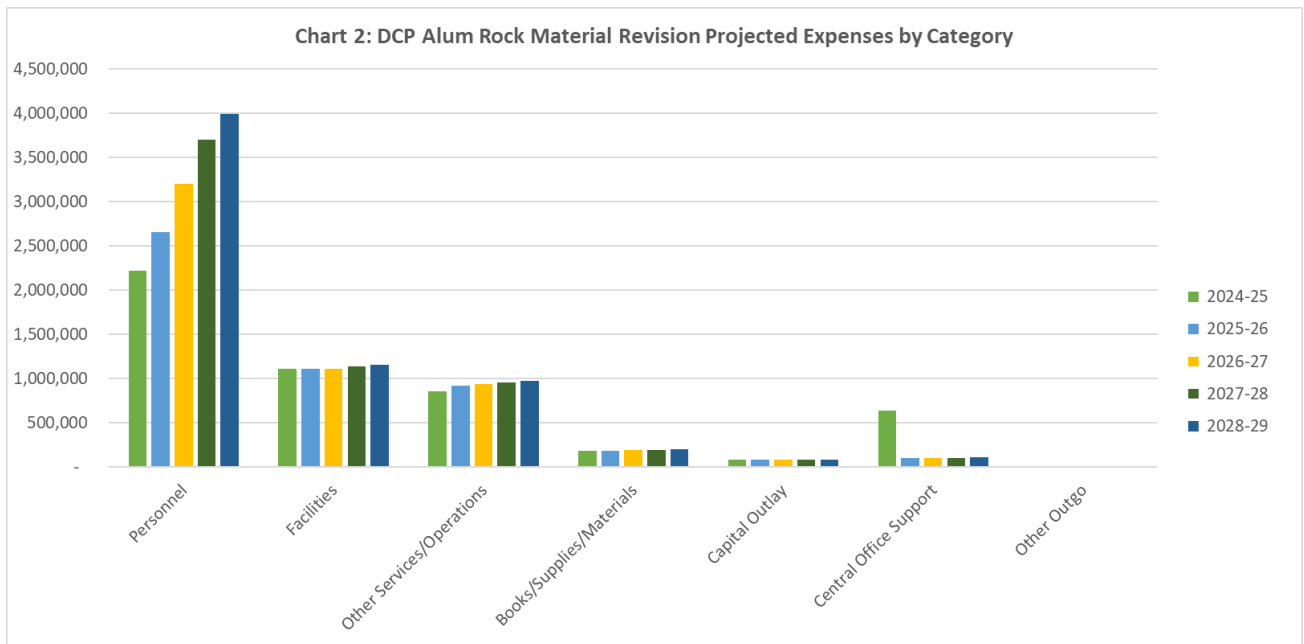
expenses include, but are not limited to, central office support costs, materials and supplies, and instructional consultants.

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
[A] Total Revenues	8,619,354	4,492,574	4,941,261	5,590,127	6,333,096	6,985,193
[B] Total Expenses	10,706,555	5,089,897	5,046,422	5,617,456	6,166,916	6,503,492
[C] = [A - B] Net Income (Loss)	(2,087,201)	(597,323)	(105,161)	(27,329)	166,180	481,701
[D] Beginning Fund Balance	7,552,930	5,293,210	4,695,887	4,590,726	4,563,397	4,729,577
[E] Adj. to Beg. Fund Balance	(172,519)					
[F] = [(D+E) + C] Total Net Assets, End of Year	<b>\$ 5,293,209.80</b>	<b>\$ 4,695,886.96</b>	<b>\$ 4,590,725.93</b>	<b>\$ 4,563,397.23</b>	<b>\$ 4,729,576.87</b>	<b>\$ 5,211,278.32</b>
G = [F/B] Reserve Percentage	<b>49%</b>	<b>92%</b>	<b>91%</b>	<b>81%</b>	<b>77%</b>	<b>80%</b>

1. Source of data for FY 2023-24 is DCP Alum Rock Second Interim Report and includes ARHS site

Source of data for FY 2024-25 - FY 2028-29 is DCP Alum Rock Material Revision projections that assumes reduction of 9-12 grade levels

As shown in Chart 3, in alignment with the projected increase in enrollment, personnel cost is projected to gradually increase in the upcoming fiscal years. Additionally, DCP Alum Rock, plans to transition from a Central Office Support model to site-based wraparound services, which will decrease Central Office Support costs from the previously projected 12.5% of total revenues to 2% of total revenues.

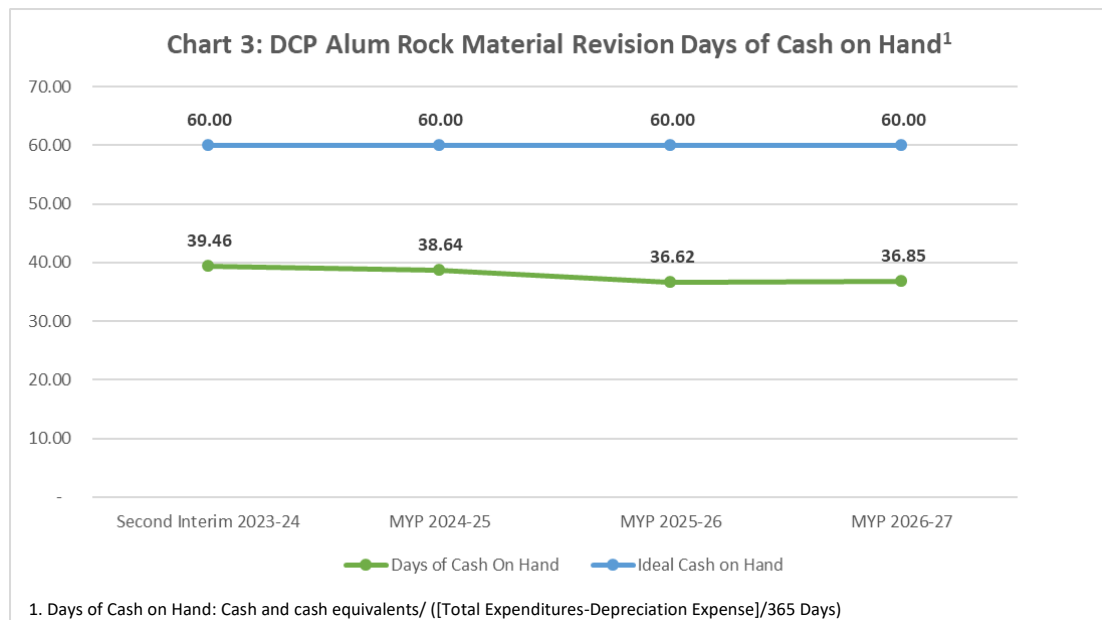


Charter Schools Department Staff finds the Material Revision Multi-Year Projection in the petition includes a reasonably comprehensive description of multi-year financial projections based on the reduction of grade levels served. Further, the DCP Alum Rock MOU currently requires a reserve of three percent or greater of expenditures in each respective fiscal year while best practice and SCCOE current expectation is a reserve of four percent or greater. Notwithstanding the fact that DCP Alum Rock’s current reserves exceed the three percent set forth in the MOU and, in fact, exceed four percent, to comply with SCCOE’s

best practices, CSD staff recommend that the second addendum include an increase in reserve to four percent or greater.

### Cash Flow

DCP Alum Rock’s material revision includes cash flow projections for FY 2024-25 through FY 2026-27. The cash flow projections include reasonable assumptions pertaining to cash flow timings of major revenue sources. As shown in Chart 4, on average, DCP Alum Rock projects a fiscal year ending cash balance of 38 days of cash on hand. Also, the cash flow projections report various months within the fiscal years with significantly low days of cash on hand. This could result in the school’s failure to meet its cash demands. DCP Alum Rock reports it will address months with low cash by receiving interfund financial support approved by the ABF. The CSD Staff concludes that DCP Alum Rock’s material revision cash flow projections **do not meet** the best practice and SCCOE expectation of 60 days of cash on hand.



Additionally, as reported in the DCP Alum Rock audit reports and bond documentation, in 2016, the California School Finance Authority issued a Charter School Revenue Bond to an ABF obligated group that includes the DCP Alum Rock Middle School site. The bond requires compliance with a liquidity covenant of 45 days of cash on hand at the end of the fiscal year as measured by the aggregate cash position of the obligated group. Complying with the liquidity covenant will rely on the cash health of the obligated group, and DCP Alum Rock’s low cash may adversely affect the ABF’s ability to meet this covenant.

To address cash flow projection concerns, the CSD Staff emphasizes the MOU between SCCOE and DCP Alum requires that if cash demands cannot be met at any given time during the fiscal year, an updated cash flow projection must be submitted to SCCOE along with an ABF Board approved resolution and minutes that reflect the interfund financial support between ABF and DCP Alum Rock. The CSD Staff recommends augmenting the existing MOU requirement to specify that any ABF Board resolution authorizing interfund financial support to DCP Alum Rock must clearly define the type of interfund financial support from ABF (e.g., short-term borrowing) and the corresponding terms. Lastly, the CSD Staff requests that DCP Alum Rock, in alignment with the bond’s required quarterly financial reporting, provide to SCCOE confirmation of ABF’s progress towards meeting the required bond covenants. CSD Staff

recommends that approval of the material revision includes a condition that these requirements be included in a second addendum to the MOU.

**Potential Civil Liability Effects on the School and County Office of Education**

The provisions of the charter related to insurance and indemnification, defense, and hold harmless requirements are supplemented and updated by the requirements of the MOU. DCP Alum Rock is in compliance with its current MOU. There is no reason to believe that DCP Alum Rock will not continue to abide by SCCOE's requirements and the agreed upon MOU and any addenda thereto, including the insurance and indemnification provisions thereof.

Charter Schools Department Staff finds this section of the petition, as revised and supplemented with the requirements of the MOU, provides for appropriate insurance coverage and indemnification, defense, and hold harmless of the SCCBOE and SCCOE.

**5. Exclusive Public Employer**

The materially revised charter continues to include the declaration that ABF will be the exclusive public employer of the employees of the charter school for purposes of the Educational Employment Relations Act.

CSD Staff finds the charter complies with this requirement of the Charter Schools Act.

**6. Community Impact**

No school districts or community members expressed concerns about community impact.

Charter Schools Department Staff does not find that the material revision is demonstrably unlikely to serve the interests of the entire community in which DCP Alum Rock is located.

**7. Fiscal Impact on District**

ESUHSD has not expressed any concerns relative to the potential fiscal impact of the requested material revision.

Charter Schools Department Staff does not find that ESUHSD is not positioned to absorb the fiscal impact of the proposed material revision.

**8. Requirements for Grade-Levels Served, Facility Location, and Students Served**

As stated above, DCP Alum Rock is requesting approval of material revisions to its charter to be consistent with DCP Alum Rock's decision to offer only middle school grades 6-8 on a single campus effective June 30, 2024, and remove the description of the prior high school grades program from the charter. DCP Alum Rock will maintain its middle school location on the Ocala Middle School campus and will continue to provide transportation from the middle school to the DCP El Primero High School, located on Monterey Avenue, should any students wish to attend there. While DCP Alum Rock is established as a 6-12 grade charter school, if the material revision is approved, should DCP Alum Rock desire to again offer any of grades 9-12 and/or operate at more than one site, it would be required to obtain approval of a material revision to the charter that fully describes its program, operations, and financial plans to offer such grade(s) and/or operate at such additional site(s).

The Charter Schools Department Staff finds the provisions of the petition, as revised, provide adequate descriptions of the facilities to be used and the grade levels and students to be served.

## **CONCLUSION**

Staff reviewed the material revision petition utilizing the criteria for approval set forth in Education Code Section 47605 and 47607. Based upon its comprehensive review and analysis of the material revision, CSD Staff finds there are fiscal issues that must be addressed through a second addendum to the MOU in order to establish the current and ongoing fiscal viability of DCP Alum Rock:

- DCP Alum Rock is required to closely monitor ADA and enrollment and report any significant changes to Charter Schools Department Staff and provide DCP Alum Rock's corresponding plans to respond to such changes to maintain a fiscally viable program consistent with the terms of the charter and the MOU and addenda thereto.
- ABF Board resolutions authorizing interfund financial support from ABF to DCP Alum Rock must clearly define the type of support (e.g., short-term borrowing) and the corresponding terms.
- DCP Alum Rock, in alignment with the bond's required quarterly financial reporting, must provide to SCCOE confirmation of ABF's progress towards meeting the required bond covenants.
- DCP Alum Rock must maintain a minimum reserve of four percent or greater of expenditures in each respective fiscal year or as otherwise agreed upon with SCCOE.

Additionally, CSD Staff recommends that the second addendum to the MOU also include DCP Alum Rock's commitment to comply with and disseminate information about Title IX and the Uniform Complaint Procedures, include the current Bylaws consistent with the 2020 renewal, and incorporate any additional SCCOE best practices for SCCBOE-approved charter schools.

Accordingly, staff recommends that the SCCBOE adopt the proposed Board Resolution of conditional approval and conditionally approve the request for material revisions to the Downtown College Prep Alum Rock Charter School Petition, effective July 1, 2024, with the condition that ABF, DCP Alum Rock, and SCCOE enter into a second addendum to the MOU to address CSD Staff's concerns and the conditions specified herein and in the proposed Board Resolution.