

**CHARTER SCHOOL FACILITIES PROGRAM
DECEMBER 2010 LOTTERY FUNDING ROUND
STAFF SUMMARY REPORT – MAY 2013**

Applicant/Obligor:	Pathways to College
Project School:	Pathways to College
CDS (County – District – School) Code:	36-75044-0112441
Type of Project:	New Construction
Proposed Project Location:	5 th Street between Olive & Sultana
County:	San Bernardino
District in which Project is Located:	Hesperia Unified School District
Charter Authorizer:	Hesperia Unified School District
	Proposition 55: \$7,961,296
	Proposition 1D: <u>\$5,438,876</u>
Total OPSC Project Cost:	\$13,382,976
State Apportionment (50% Project Cost):	\$6,691,488
Lump Sum Contribution:	\$0
Total CSFP Financed Amount:	\$6,691,488
Length of CSFP Funding Agreement:	30 years
Assumed Interest Rate:	2.00%
Estimated Annual CSFP Payment:	\$298,774
First Year of Occupancy of New Project:	2014-15

Staff Recommendation: Staff recommends that the California School Finance Authority (CSFA) Board determine that Pathways to College (Pathways) is financially sound for the purposes of the Charter School Facilities Program (CSFP or the Program) Final Apportionment. This determination as it relates to a Final Apportionment is in place for six months and assumes no financial, operational, or legal material findings within this time period. This determination of financial soundness also is contingent upon Pathways agreeing to have its CSFP payments intercepted at the state level, pursuant to sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. Staff recommends that the CSFA Board direct staff to notify the Office of Public School Construction and the State Allocation Board regarding this determination.

Background: On May 22, 2008, the Authority determined that Pathways was financially sound for a Preliminary Apportionment, and on May 28, 2008, the State Allocation Board awarded Pathways a Preliminary Apportionment in the amount of \$8,837,944. On April 13, 2011, the Authority determined that Pathways was financially sound for an Advance Apportionment for design and site acquisition, and on May 27, 2011, the Office of Public School Construction disbursed to Pathways the amounts of \$591,862 for site acquisition and \$816,480 for design.

On December 22, 2004, the Authority determined that Crosswalk Charter School (Crosswalk) was financially sound for purposes of the Charter School Facilities Program. The State Allocation Board subsequently awarded a Preliminary Apportionment to on February 23, 2005 in the amount of \$6,556,218 to Crosswalk. Subsequently, the Authority determined that Crosswalk was financially sound for purposes of Advance Apportionments for project design and site acquisition. Pursuant to the Authority’s determinations regarding Advance Apportionment, the Office of Public School Construction disbursed to Crosswalk the amounts of \$622,622 for design (4/20/05) and \$330,000 for site acquisition (1/10/08).

In a letter, dated May 29, 2012, Pathways’ and Crosswalk’s umbrella organization, Crosswalk Hesperia Experiential Learning Pathways (Crosswalk-Pathways), a 501(c)(3) organization, requested that the Office of Public School Construction allow Pathways to apply the apportionment for Crosswalk towards the Pathways project at the site purchased for Pathways, given that Crosswalk, then a grades 9-12 high school, closed its operations at the end of the 2011-12 academic year. As a part of this request, (Crosswalk-Pathways) clarified that Pathways’ newly adopted charter allows for expansion to grades K-8 from the original grades K-6. As such, Crosswalk-Pathways requested that the relevant (grades 7-8) pupil grants for Crosswalk be applied towards the Pathways project, acknowledging that Crosswalk’s grades 9-12 pupil grades would no longer be available. According to the request, this would allow Pathways to complete a project consisting of 22 classrooms, which is necessary to house the projected number of students, instead of the originally planned 8 classrooms. In a response letter, dated July 10, 2012, OPSC indicated its acceptance of the request based on the fact that the switch would not affect any of the Preference Points or other funding categories used to determine the Preliminary Apportionment funding order. The OPSC also advised Crosswalk-Pathways on the following conditions: (1) the two Preliminary Apportionments would need to be converted to Final Apportionments under their separate original OPSC Application numbers; (2) the grades 9-12 pupil grants would be forfeited; and (3) pursuant to School Facilities Program Regulations, Section 1859.74, since sites have been purchased for both projects, some project costs would be prorated at the time of conversion to Final Apportionment if the total proposed acreage exceeded the master plan site size acreage approved by the California Department of Education.

Staff notes that Crosswalk had originally requested K-6, 7-8, 9-12, Non-Severe and Sever pupil grants. Pathways’ request was to just use the K-6, 7-8 and Non-Severe grants. Since Pathways would no longer be building 9-12 classrooms, OPSC did not allow Pathways to keep Crosswalk’s 9-12 pupil grants. In addition, Pathways could have kept the severe pupil grants, but it did not end up building any severe pupil classrooms, so these were forfeited as well.

Application Highlights: Below staff has highlighted key criteria that were evaluated when conducting our financial soundness review of Pathways. Detailed information is contained in the body of the report.

Criteria	Comments
Eligibility Criteria	Pathways met all Program eligibility criteria, including 1) having a charter in place and 2) being in compliance and in good standing with its chartering authority.

Demographic Information	Pathways serves grade levels K-8 and has current enrollment of 323 students for 2012-13. Pathways projects enrollment to be 470 by the time of CSFP project occupancy in 2014-15. Staff considers Pathways' enrollment projections to be somewhat aggressive. However, Pathways has seen significant enrollment growth over the past two years.
Debt Service Coverage	Debt service coverage for 2015-16 and 2016-17 are projected to be 251.7% and 233.2%. This indicates adequate coverage of the CSFP payment.
Other Financial Factors	The CSFP payment as a percentage of revenues in 2015-16 through 2016-17 is projected to be 10.0% of revenues.
Student Performance	Pathways met all AYP criteria in 2009-10 but did not meet all criteria in 2008-09, 2010-11, or 2011-12. The school had a 722 API growth score in 2011-12 but did not record statewide or similar school rankings. Statewide and similar schools rankings for 2010-11 were both 2 out of 10

Program Eligibility: In January 2013, staff received notification from the Hesperia Unified School District (District), that Pathways is: 1) in compliance with the terms of its charter agreement, and 2) in good standing with its chartering authority. Pathways' charter was authorized by the Hesperia Unified School District on March 6, 2006, renewed in 2011, and is valid through June 2016.

Legal Status Questionnaire: Staff reviewed Pathways responses to the questions contained in the Legal Status Questionnaire (LSQ). With certification on behalf of Pathways, dated January 17, 2013, Pathways responded that it does not have any civil or criminal matters to report and answered "No" to the questions.

Project Description: Pathways is currently leasing District office space. Pathways' planned project, which has already obtained Department of the State Architect approval, is to consist of new construction of a 19-classroom building on Fifth Street, between Olive and Sultanta, within the Hesperia Unified School District's boundaries. The classrooms will be modular construction, a library, and multipurpose rooms. The project is expected to be completed by the end of the 2013-14 fiscal year, with the anticipated first year of occupancy being 2014-15. The construction of the 19-classroom building represents an enhancement of the originally planned 8-classroom project based on OPSC's approval for the application of Crosswalk's Proposition 55 apportionment towards Pathways' project. Pathways anticipates that the project will provide a capacity of 470 students in grades K-8.

Educational Management Organization: Pathways is a public charter school serving grades K-8, and founded and governed by Crosswalk: Hesperia Experiential Learning Pathways, a non-profit public benefit 501(c)(3) corporation. Pathways served 93 students in its first year (2006-07) and is currently serving 323 students in grades K-8. Pathways was created for the purpose of educating students in kindergarten through eighth grade and plans to actively recruit a diverse student population from the district and surrounding areas. Pathways describes itself as being a classical method school based on the Hillsdale method and modeled after Temecula Preparatory located in Temecula, California. The school

features a "highly traditional, values-centered curriculum stressing basic skills and critical analysis." With small classroom settings (20 students to 1 teacher), Pathways supports "learning where children are led to discover the world about them at a pace, and in increments, wherein each child is able to digest and build systematically."

Management Experience for Schools Open Less than Two Years: Not applicable; Pathways began operation in 2006-07.

Staff Experience: Joe Williams has served as Principal of Pathways since May 2011. Prior to this position, Mr. Williams served as Dean of Students at Crosswalk High School (8/2011-5/2012), and Counselor at Silverado High School (Victor Valley Union High School District) (8/2010-7/2011). Mr. Williams holds a Bachelors of Arts in Curriculum (2008) and Master of Arts in Educational Counseling as well as a Pupils Service Credential from Azusa Pacific University (2010). Mr. Williams is in the process of completing his Administrative Credential at Azusa Pacific University and expects completion by June 2013.

Ms. Lisa Groot has served as the Business Manager at Pathways since 2008-09. Ms. Groot managed another charter school and has experience in attendance accounting, writing reports to the district and the state, managing personnel files, payroll, and numerous other business related projects. She has 12 years of experience in accounting and business services, 8 years of which have been in school financial business services.

Board Experience: Pathways is governed by Crosswalk: Hesperia Experiential Learning Pathways, and its board. The board members include: Russell Byrd, Board President, who is a Chief Pharmacist with the Victorville Federal Correctional Complex (term expires in May 2016); Clara Blumfield, Board Vice President, an experienced educator (term expires in May 2014); Alexis Magnesi, Board Secretary/Treasurer, who has experience in working with children with special needs (term expires in May 2016); Matthew Agbiosi, Assistant Supervisor of Education with the Victorville Federal Correctional Complex (term expires in May 2015); and Salee Bayer, homemaker (term expires in May 2013). All Board members reside in San Bernardino County.

Student Performance: Because of its implications for student enrollment stability and growth, staff views student performance as a leading indicator of a charter school's financial position. Schools with improving student performance trends are viewed favorably, especially if these trends exceed threshold goals set by the school or the California Department of Education (CDE). In order to measure student performance, staff utilizes Academic Performance Index (API) and Adequate Yearly Progress (AYP) trend data generated by the CDE. The API is also used as an indicator for measuring AYP per the No Child Left Behind Act of 2001. Any school not meeting AYP targets would face additional mandates and corrective actions if the school is a recipient of federal Title I funds.

Staff has received four years of reported AYP information for Pathways. However, due to irregularities in the Standardized Testing and Reporting (STAR) testing process during 2010-11 academic year along with an inadequate number of students taking the tests in prior years, API growth information is not available for the past three years, and API base score rankings are not available for 2011-12. As such, staff has reviewed the STAR test results, which are separately reported on the CDE website, for the past three academic years relative to trends and patterns with percentages of students performing "Below Basic"

and “Far Below Basic” in CST English-Language Arts. The following table summarizes AYP information available for Pathways as well as limited API information, and the narrative below it provides an assessment regarding staff’s review of STAR test results.

Pathways to College	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
ADEQUATE YEARLY PROGRESS (AYP)				
Met All AYP Criteria?	No	Yes	No	No
Criteria Met / Required Criteria	3 / 5	11 / 11	8 / 15	9 / 17
Met API Indicator for AYP?	No	Yes	No	No
Met Graduation Rate?	N/A	N/A	N/A	N/A
ACADEMIC PERFORMANCE INDEX (API)				
Met Schoolwide Growth Target?	No	N/A	N/A	N/A
Met Comparable Improvement Growth Target?	Yes	N/A	N/A	N/A
Met Both Schoolwide & CI Growth Targets?	No	N/A	N/A	N/A
API Base Statewide Rank (10 = best)	N/A	1	2	N/A
API Base Similar Schools Rank (10 = best)	N/A	N/A	2	N/A
School's Actual Growth	N/A	N/A	N/A	N/A
Similar Schools Median of Actual Growth	N/A	N/A	N/A	N/A
Did School's Growth Exceed Median?	N/A	N/A	N/A	N/A

Pathways has only met all AYP criteria in one of the past four years, 2009-10. Based on API base scores, Pathways’ Statewide Ranks were “1” and “2” during 2009-10 and 2010-11, respectively. Staff’s review of the STAR Test Results found no conclusive trends showing improvement with the percentages of students performing “Below Basic” and “Far Below Basic” in CST English-Language Arts. Staff has concerns regarding Pathways’ academic performance, specifically with both AYP and API. Please refer to Pathways’ action plan to address both low retention rates and low academic performance below under “Student Enrollment.”

Student Enrollment: Overall, Pathways has shown consistent enrollment growth from its inception in 2006-07. For 2006-07 through 2008-09, Pathways served 93, 125, and 117 students, respectively, in grades K-4. For 2009-10 through 2011-12, Pathways served 190, 191, and 274 students, respectively, in grades K-8. For the current 2012-13 academic year, Pathways achieved enrollment of 323 students. Pathways anticipates enrollment growth to 335 for 2013-14, and with project occupancy expected for 2014-15, 470 for all subsequent years.

Staff considers Pathways’ enrollment projections to be somewhat aggressive. However, Pathways has seen significant enrollment growth over the past two years, growing enrollment by 43% in 2011-12 (274 students) and 18% in 2012-13 (323 students). The school is currently at capacity of the current campus and doesn’t allow for additional enrollment expansion. Pathway’s current waitlist of 66 students is relatively low considering the projected 2014-15 enrollment of 470 in the new CSFP facility. Under “Financial Analysis”, Staff provides a sensitivity analysis regarding Pathway’s enrollment projections and projected debt service coverage.

Commencing in 2014-15, Pathways will target a 25:1 student to teacher ratio, moving from 20:1 in 2013-14. This will allow Pathways to serve additional students without additional cost of full-time teachers, while maintaining an adequate student to teacher ratio.

For 2009-10 through 2011-12, Pathways' ADA was 98%, 95%, and 92%, respectively, and for 2012-13, based on the P-1 Report, Pathways' ADA is 95%, which provides support for the school's 95% ADA assumption in its financial forecasts. Staff notes that these ADA figures are based on enrollment reported on the CBEDS form, as reported to CDE in October of the respective year. For the past two academic years, Pathways achieved year-to-year retention rates of 76.8% and 81.8%, respectively.

Staff inquired with Pathways regarding the reason for the low retention rate and the action plan to correct it, as well as an action plan to address low student performance. Pathways indicated that during the past year, 19% of students did not return due to their moving out of state or the local area, and a large number left due to the fact that Pathways does not provide transportation. With respect to Pathways' action plan, Pathways provided the following statement.

Pathway to College's Principal, Mr. Joe Williams, is currently completing his Administrative Credential program. In addition, he holds a Pupil Personnel Services and Career Technical Education Teaching Credential. Prior to the 2012/13 school year, Mr. Williams conducted an extensive evaluation of our school and, after identifying areas for improvement, the following actions were taken:

- *Implementation of teacher professional performance reviews twice a year – Pathways to College (PTC) uses the Standard for the Teaching Profession Observation and Evaluation form provided by the CDE.*
- *Response to Intervention (RTI) system academic program put into place during and after school – Response to Intervention is a 3-tier system that includes an after school focus on state standards, student pull-out for small group learning on state standards, and student pull-out for one-on-one learning for state standards.*
- *Implementation of curriculum consistent throughout all grade levels – PTC currently uses McGraw Hill Imagine It curriculum and Saxon Math with a supplement of Excel Math in all grade levels.*
- *Preparation of credentialed staff towards transitioning to common core standards – PTC will be holding mandatory training for all teachers as we transition to the common core standards for the 2013/14 school year.*
- *Improved technical equipment and IT support – Availability to operational computers, printers and internet service was improved and PTC subcontracted with an IT provider for administration and classroom support.*
- *Implementation of new school website – In an effort to communicate better with parents, students, and our community, PTC has developed a new school website that includes all of the information needed, such as enrollment packets, the PTC student handbook, afterschool activities, and staff directory.*
- *Added a computer lab with 25 stations – Our new computer lab aids in the academic growth of all grade levels, including our kinder students.*
- *Added clubs and activities such as Good News Club, cheerleading, and basketball – PTC understands that after school activities are important for social interaction and development.*
- *Added a parent liaison to reactivate the parent/teacher committee – For the 2012/13 school year PTC added a parent liaison to coordinate the parent/teacher*

committee. This committee meets monthly to disseminate important information and review school functions.

- *Implementation of positive behavioral support plans – For the 2012/13 school year PTC has implemented an intervention framework for positive behavior support. This framework is designed to encourage our students' social competence, academic achievement, and improve behavioral outcomes*
- *Increased staff development days – PTC has staff development days that include training in: Curriculum Development, Response to Intervention, Positive Behavior Support, Classroom Management , CPR & First Aide, Blood Borne Pathogens, and Sexual Harassment.*

Other programs already in place that continue to aid in student retention are:

- *Full-day kindergarten – Currently our kindergarten has two full-day classes for parent support.*
- *State certified lunch program – PTC's Free and Reduced Lunch population is at 86%. Our school lunch program provides a hot lunch for many under privileged students who would otherwise go hungry.*
- *After-school program – This program is provided for working parents who are unable to pick up their child directly after school lets out.*
- *Highly Qualified Teachers - All PTC teachers are highly qualified under NCLB regulations.*
- *English Learner Advisory Committee (ELAC) Program - ELAC meets on a regular basis. This committee, comprised of parents, staff, and community members, is specifically designated to support parents of English Learners and bring awareness to school officials regarding English Learner program services.*
- *Annual Loss Control & Safety Audit – An annual safety audit is conducted by Charter Safe through California Charter Schools Joint Powers Authority to ensure a safe environment for students and staff.*

Financial Analysis: Highlighted in this section are financial data and credit indicators used to evaluate the applicant's ability to meet its CSFP obligations. The following table excerpted from the financial model created for each applicant summarizes key aspects of the school's past and projected financial performance.

Staff's financial review of Pathways is based on four years of audited financial statements (2008-09 through 2011-12), the 2012-13 second interim budget, and financial projections through 2016-17 as provided by Pathways. Pathways expects to occupy the project in 2014-15, by which time their enrollment is projected to have increased to 470 students from 323 students in 2012-13.

Pathways to College	Actual FY 2010-11	Actual FY 2011-12	2nd Interim FY 2012-13	Projected FY 2013-14	Projected FY 2014-15	Projected FY 2015-16	Projected FY 2016-17
ENROLLMENT PROJECTIONS							
Enrollment	191	274	323	335	470	470	470
Average Daily Attendance	182	253	297	318	446	446	446
Average Daily Attendance (%)	95%	92%	92%	95%	95%	95%	95%
FINANCIAL PROJECTIONS							
Total Revenues Available for CSFP Lease Payment	\$ 1,497,222	\$ 1,738,483	\$ 1,983,734	\$ 2,159,291	\$ 2,984,624	\$ 2,984,624	\$ 2,984,624
Total Expenses Paid Before CSFP Lease Payment	1,362,687	1,739,374	1,991,892	2,072,755	2,192,036	2,232,685	2,287,736
Accounting Adjustments	-	-	-	-	-	-	-
Net Revenues Available for CSFP Lease Payment	\$ 134,535	\$ (891)	\$ (8,158)	\$ 86,536	\$ 792,588	\$ 751,939	\$ 696,888
CSFP Lease Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298,774	\$ 298,774
Net Revenues After CSFP Lease Payment	\$ 134,535	\$ (891)	\$ (8,158)	\$ 86,536	\$ 792,588	\$ 453,165	\$ 398,114
FINANCIAL INDICATORS							
Net Revenues Available for CSFP Lease Payment	\$ 134,535	\$ (891)	\$ (8,158)	\$ 86,536	\$ 792,588	\$ 751,939	\$ 696,888
Debt Service Coverage by Net Revenues	N/A	N/A	N/A	N/A	N/A	251.7%	233.2%
Contributions	\$ 5,284	\$ 6,007	\$ -	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000
Debt Service Coverage by Net Revenues (w/out Contributions)	N/A	N/A	N/A	N/A	N/A	247.3%	228.9%
CSFP Lease Payment / Revenues	N/A	N/A	N/A	N/A	N/A	10.0%	10.0%
Contributions / Revenues	0.4%	0.3%	N/A	0.6%	0.4%	0.4%	0.4%
Net Revenues After CSFP Lease Payment / Revenues	9.0%	-0.1%	-0.4%	4.0%	26.6%	15.2%	13.3%
Revenues / ADA	\$ 8,245	\$ 6,871	\$ 6,671	\$ 6,790	\$ 6,692	\$ 6,692	\$ 6,692
Expenses / ADA	\$ 7,504	\$ 6,875	\$ 6,699	\$ 6,518	\$ 4,915	\$ 5,676	\$ 5,799
Surplus (Deficit) / ADA	\$ 741	\$ (4)	\$ (27)	\$ 272	\$ 1,777	\$ 1,016	\$ 893
Net Working Capital	\$ 143,197	\$ 808,618					
Net Working Capital / Expenses	10.5%	46.5%					

Financial Performance – Staff’s analysis of financial performance includes expense adjustments for capital outlay and loan repayment; therefore, our results may differ from audited figures.

As of June 30, 2012, Pathways maintained two long-term liabilities. Pathways received a CDE State Loan in the amount of \$250,000 in 2007-08, \$50,000 of which remained outstanding at June 30, 2012. As of May 2013, the CDE Loan obligation has been repaid in full. Pathways’ only current outstanding long-term obligation is through the allocations received from Advance Apportionment. The outstanding balance of long-term liabilities through the CSFP program is currently \$704,171. Interest is currently not accruing on these amounts, and loan repayment will commence in the second year of occupancy of the CSFP project.

In October 2012, Pathways received a working capital loan in an amount up to \$813,000 from Citi to finance projected State deferrals for 2012-13. The working capital loan will be repaid in full by August 2013.

In 2009-10, net revenues decreased by \$27,849 on revenues of \$1.41 million and \$1.43 million in expenses. For 2010-11, Pathways’ experienced an increase in net revenue of \$134,535, which is based on \$1.50 million in revenue and \$1.36 million in expenses. In 2011-12, net revenues decreased by \$891, more or less breaking even on the year.

Pathways’ financial projections assume an ADA rate of 95.0%, which is consistent with Pathways’ average ADA rate over the last three years. However, Pathways ADA rate of 92% for 2011-12 was slightly below the average. Pathways utilizes general purpose block grant per ADA rates of \$5,077, \$5,153, and \$5,306 for grades K-3, 4-6, and 7-8 along with an assumed conservative growth rate of 0% for 2013-14 through 2016-17.

Certified/classified salaries, books/supplies, and services increase in the financial projections by 2.0% to 4.0%, annually.

According to the second interim budgets for 2012-13, the school projects a slight decrease in net assets of \$8,158, with roughly equal revenue and expenses of \$2.00 million. From 2013-14 through 2015-17, Pathways projects an increase in net assets of \$86,536, \$792,588, \$751,939 and \$696,888, respectively, prior to payment of the CSFP lease..

Liquidity measured in terms of net working capital (NWC) is calculated by subtracting current liability from current assets. Pathways' NWC for 2011-12 was \$808,618 or 46.5% of expenses. NWC substantially increased from 2010-11 when it was 143,197 or 10.5%. NWC is in excess of Staff's recommendation of 5% of expenses. As of June 30, 2012, Pathway's maintained cash balances of \$62,365 and accounts receivable of \$736,904.

Projected Debt Service Coverage – Pathways' financial projections indicate that they will be able to afford the projected annual CSFP lease payment of \$298,774 as evidenced by the debt service coverage ratios of 251.7% and 233.2% projected for 2015-16 and 2016-17. With CSFP payments expected to represent 11.5% of projected revenues for 2015-16 and 2016-17, staff believes that the CSFP payment will not significantly reduce the school's flexibility to fund unforeseen costs during the term of repayment.

Staff's analysis of Pathways projected enrollment and debt service coverage determined that Pathways is projected to meet the 100% debt service coverage requirement with enrollment of 390 students in 2014-15 (Pathways projects enrollment of 470 students in 2014-15). The waitlist of 66 students and recent positive enrollment trend serves as a mitigant to the aggressive enrollment assumptions.

Strengths, Weaknesses and Mitigants

- + Pathways' financial projections indicate that they will be able to afford the annual lease payments, as evidenced by the debt service coverage ratios of 251.7% and 233.2% projected for 2015-16 and 2016-17.
- + With CSFP payments are expected to average 10.0% of projected revenues, staff believes that the CSFP obligation will not significantly reduce the school's flexibility to fund unforeseen costs during the term of repayment.
- + Pathways' NWC for 2011-12 was \$808,618 or 46.5% of expenses. NWC substantially increased from 2011-12 when it was 143,197 or 10.5%.
- +/- Staff considers Pathways' enrollment projections to be somewhat aggressive. However, the waitlist of 66 students and recent positive enrollment trend serves as a mitigant to the aggressive enrollment assumptions.
- Pathways did not meet all applicable AYP requirements for three of the last four years, and its most recently reported (2010-11) statewide and similar schools ranking were "2" and "2" ("10"=best), respectively.

Staff Recommendation: Staff recommends that the California School Finance Authority (CSFA) Board determine that Pathways to College (Pathways) is financially sound for the purposes of the Charter School Facilities Program (CSFP or the Program) Final Apportionment. This determination as it relates to a Final Apportionment is in place for six months and assumes no financial, operational, or legal material findings within this time period. This determination of financial soundness also is contingent upon Pathways agreeing to have its CSFP payments intercepted at the state level, pursuant to sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. Staff recommends that the CSFA Board direct staff to notify the Office of Public School Construction and the State Allocation Board regarding this determination.