

**Charter School Facilities Program
 Proposition 51 Funding Round
 Staff Summary Report – April 2023
 Item# 9 Resolution 23-21**

Applicant/Obligor:	San Diego Unified
Project School:	Albert Einstein Academies
CDS (County – District – School) Code:	37-68338-0111898
School Address/Proposed Site:	3035 Ash St. / 446 26th St. San Diego, CA 92102
Type of Project:	Rehabilitation
Type of Apportionment:	Final
County:	San Diego
District in which Project is Located:	San Diego Unified
Charter Authorizer:	San Diego Unified
Total OPSC Project Cost:	\$32,861,372
State Apportionment (50% Project Cost):	\$16,430,686
Local Matching Share Lump Sum:	\$16,430,686
Total CSFP Financed Amount:	\$0
First Year of Occupancy of New Project:	FY2026-2027

Staff recommends that the California School Finance Authority (Authority or CSFA) Board determine that San Diego Unified (District or SDUSD) on behalf of Albert Einstein Academies (School or AEA) is financially sound for the purposes of Charter School Facilities Program (Program or CSFP) Final Apportionment. This determination, as it relates to Final Apportionment, shall remain in effect for twelve months and assumes no financial, operational, or legal material findings within this time period. This recommendation is contingent upon SDUSD fulfilling the Program local matching share requirement by providing a lump sum in the amount of \$16,430,686, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. Staff recommends that the CSFA Board direct staff to immediately notify the Office of Public School Construction (OPSC) and the State Allocation Board (SAB) regarding this determination.

Application Highlights: Below staff highlighted key criteria evaluated when conducting the financial soundness review for AEA. Detailed information is contained in the body of the report:

Criteria	Comments
Demographic Information	In 2021-22, AEA had a total enrollment of 1,421 students across grades K-8; the average daily attendance (ADA) rate was 93.6%, and the Unduplicated Pupil Percentage (UPP) of ADA was 52.3%.
Origin of Lump Sum	SDUSD will satisfy the local matching share requirement by drawing from local school bond proceeds. On July 26, 2022 a contract in excess of \$18 million was awarded to commence the facilities rehabilitation project at AEA.
Eligibility Criteria	AEA has met all eligibility criteria: (1) AEA commenced operations in 2006; (2) AEA's charter is in place through June 30, 2027; (3) AEA is in good standing with its chartering authority, and in compliance with the terms of its charter.
Student Performance	AEA students consistently perform as well or better than demographic peers in their local district based on California standardized testing (CAASPP).

Program Eligibility: SDUSD has confirmed that as of March 10, 2023, AEA is in compliance with the terms of its Charter Agreement, has no pending or outstanding Notices of Violation, and has no unresolved or outstanding Notices of Intent to Revoke.

Legal Status Questionnaire: Staff reviewed the applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed that would lead staff to question the financial or legal integrity of this applicant.

Project Description: This facilities project will comprise the renovation and reuse of an existing building located at 446 26th St., San Diego, CA. Originally constructed in 1972, this approximately 78,000 square foot, six story building will be repurposed into a high school, facilitating AEA's expansion into serving students in grades 9-12. Renovations are anticipated to be completed in the fall of 2026, and will include administration space, food services, classrooms, science labs, visual and performing arts, a library media center, physical education space, and an improved, expanded parking lot.

School Organizational Information: AEA is governed by a seven-member board of trustees. Trustees are selected and appointed by the trustees currently holding office. Marcie Dart is the current school Principal. Staff reviewed the credentials of current trustees, AEA Superintendent, Elementary Principal, and Middle School Principal, and determined that collectively and individually, the management team demonstrates having the required experience and educational background to effectively oversee the operations of AEA.

2022-23 Albert Einstein Academies Board of Trustees

Name	Position	Term
Maria Ortega	President	2022-2025
Richard Vernon Moore	Vice President	2022-2025
Christopher Beesley	Treasurer	2022-2025
Kristin Rebien	Secretary	2020-2023
Christiana Gauger	Member	2022-2025
Beverly Hayes	Member	2023-2028
Dr. Felicia Singleton	Member	2023-2028

School Academic Performance: The following tables represent the recent academic performance of AEA, a similar local K-8 school, Golden Hill, and the SDUSD. Results are provided through CDE’s CAASPP Smarter Balanced testing data. Percentages represent students who met or exceeded performance standards.

**2019–20 results are not available due to the suspension of testing as a result of the novel coronavirus disease 2019 (COVID-19).*

***2020–2021 Due to factors surrounding the novel coronavirus (COVID-19) pandemic, testing participation in 2020–21 varied. Care should be used when interpreting results.*

**** In order to protect student privacy, data is suppressed because 10 or fewer students tested.*

English Language Arts Achievement

	FY17	FY18	FY19	FY20	FY21	FY22
AEA	62%	56%	52%	*	***	48%
Local K-8	39%	45%	45%	*	***	49%
District	56%	56%	57%	*	82%**	53%

Mathematics Achievement

	FY17	FY18	FY19	FY20	FY21	FY22
AEA	51%	44%	44%	*	***	44%
Local K-8	23%	25%	27%	*	***	25%
District	46%	47%	49%	*	67%**	41%

Enrollment Trends and Projections: The table below presents enrollment and average daily attendance information for AEA from FY 2020 through FY 2028. The assumptions made in the projected years are considered reasonable by staff and consistent based on historical data.

AEA Student Enrollment and Average Daily Attendance

Year (FY)	2020	2021	2022	2023	2024	2025	2026	2027	2028
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Enrollment	1410	1401	1421	1431	1431	1431	1431	1631	1831
ADA	97%	97%	93.6%	93.9%	93.9%	93.9%	93.9%	93.9%	93.9%

Financial Analysis

When evaluating a project wherein the local matching share will be satisfied by a lump sum, rather than evaluating debt service coverage (as in the case of a state loan), staff seek to determine: 1) whether the school is being managed in a responsible and sustainable manner; and 2) the origin and availability of funds set aside for the local matching share.

Financial Data Sources: This financial analysis is based on the consideration and review of the following for AEA: (1) audited financial statements for FYs 2019-20 through 2021-22; (2) approved budget for FY 2022-23; and (3) projections for FYs 2023-24 through 2027-28 along with assumptions.

Assumptions: Staff’s financial analysis of AEA is based upon the following assumptions: (1) occupancy of the new facility in August 2026; (2) provision of the local matching share by SDUSD as a lump sum in the amount of \$16,430,686; (3) school enrollment and ADA projections as provided above under Enrollment Trends and Projections.

Long-Term Liabilities: Staff do not foresee any significant long-term liabilities. Additionally, applicants are required to notify the Authority before taking on additional debt that exceeds certain thresholds.

Benchmark Summary and Analysis: The following table and summary listing sets forth the results of staff’s analysis regarding AEA’s financial soundness. Where a threshold has been established based on industry standards or practice, the listing indicates whether or not the threshold was met.

OPERATIONAL, FINANCIAL & STUDENT PERFORMANCE METRICS											
	Actual FY 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	AVERAGE	THRESHOLD LEVEL
OPERATIONAL & FINANCIAL											
Enrollment	1,410	1,401	1,421	1,431	1,431	1,431	1,431	1,631	1,831		
Average Daily Attendance (ADA)	1,368	1,359	1,330	1,344	1,344	1,344	1,344	1,532	1,719		
Average Daily Attendance (%)	97.0%	97.0%	93.6%	93.9%	93.9%	93.9%	93.9%	93.9%	93.9%	94.6%	< 94.0%
FTE Teachers	62	62	62	58	58	58	58	65	73	62	
Pupil-Teacher Ratio	22.7	22.6	22.9	24.7	24.7	24.7	24.7	25.1	25.1	24.1	> 25.0
LCFF Sources/ADA	\$ 8,953	\$ 8,972	\$ 9,391	\$ 10,519	\$ 11,060	\$ 11,585	\$ 12,015	\$ 12,515	\$ 12,972	\$ 10,887	
% Change	0.2%	4.7%	12.0%	5.1%	4.7%	3.7%	4.2%	3.7%	4.8%		
Operating Revenues/ADA	\$ 11,211	\$ 12,788	\$ 13,258	\$ 14,950	\$ 13,857	\$ 14,284	\$ 14,741	\$ 15,093	\$ 15,443	\$ 13,958	
% Change	14.1%	3.7%	12.8%	-7.3%	3.1%	3.2%	2.4%	2.3%	4.3%		
Operating Expenses plus CSFP Lease/ADA	\$ 11,056	\$ 11,991	\$ 14,099	\$ 15,004	\$ 14,500	\$ 14,115	\$ 14,449	\$ 14,657	\$ 15,206	\$ 13,897	
% Change	8.5%	17.6%	6.4%	-3.4%	-2.7%	2.4%	1.4%	3.7%	4.2%		
Free Cash Flow/ADA	\$ 154	\$ 798	\$ (841)	\$ (54)	\$ (643)	\$ 169	\$ 293	\$ 436	\$ 238	\$ 61	< 0
DEBT SERVICE COVERAGE											
Total Operating Revenues	\$ 15,332,834	\$ 17,379,077	\$ 17,633,714	\$ 20,088,003	\$ 18,620,425	\$ 19,193,039	\$ 19,807,761	\$ 23,114,781	\$ 26,551,947		
Total Operating Expenses	15,121,900	16,295,248	18,752,655	20,160,495	19,483,827	18,966,046	19,414,724	22,447,743	26,143,300		
Total Other Sources/Uses	-	-	-	-	-	-	-	-	-		
Net Income Available for CSFP Lease Payment	210,934	1,083,829	(1,118,941)	(72,492)	(863,402)	226,993	393,037	667,038	408,647		
Add Back Capital Outlay	-	-	33,226	68,360	61,676	42,635	41,495	37,501	36,326		
Add Back Depreciation	-	-	-	-	-	-	-	-	-		
Adjusted Net Income Available for CSFP Lease Pymt.	210,934	1,083,829	(1,085,715)	(4,132)	(801,726)	269,628	434,532	704,539	444,973		
CSFP Lease Payments	-	-	-	-	-	-	-	-	-		
Free Cash Flow	\$ 210,934	\$ 1,083,829	\$ (1,085,715)	\$ (4,132)	\$ (801,726)	\$ 269,628	\$ 434,532	\$ 704,539	\$ 444,973	\$ 139,651	< 0
LIQUIDITY											
Current Assets	\$ 9,343,196	\$ 11,067,496	\$ 10,565,102								
Current Liabilities	1,913,861	2,276,663	1,323,066								
Net Working Capital	\$ 7,429,335	\$ 8,790,833	\$ 9,242,036								
Net Working Capital/Oper. Expenses	49.1%	53.9%	49.3%							50.8%	< 5.0%
Unrestricted Cash & Cash Equivalents	\$ 5,372,698	\$ 5,217,051	\$ 5,569,868								
Unrest. Cash & CE/Oper. Expenses (Days)	130	117	108								
Unrest. Cash & CE/All Expenses (Days)	130	117	108							118	< 90

Benchmark Summary:

- Enrollment – ADA consistently exceeds target threshold of 94%.
- FTE Teachers – Pupil-teacher ratio consistently resides below maximum target of 25.
- Free Cash Flow and/or per ADA – School operates with historically positive cash flow on average, persisting even through statewide trends of decreased enrollment and increased expenses associated with the COVID-19 pandemic and ongoing recovery.
- Liquidity – AEA liquidity metrics are strong. Official audits reflect over 50% ratio of net working capital to operational expenses, and 118 days of operating expenses sustainable by unrestricted cash and equivalents.
- Local Match – SDUSD has provided documentation certifying contracts worth over \$18 million have been awarded for the Albert Einstein Academies facilities project. These funds, sourced from multiple local bond measures passed by voters between 2008 and 2022, exceed the required local match amount.

Staff Recommendation: Staff recommends that the California School Finance Authority (CSFA) Board determine that San Diego Unified (SDUSD) on behalf of Albert Einstein Academies (AEA) is financially sound for the purposes of this Charter School Facilities Program (CSFP) Final Apportionment. This determination, as it relates to Final Apportionment, is in place for twelve months and assumes no financial, operational, or legal material findings within this time period. This recommendation is contingent upon SDUSD fulfilling the Program local matching share requirement by providing a lump sum in the amount of \$16,430,686, pursuant to Sections 17199.4. Staff recommends that the CSFA Board direct staff to immediately notify the Office of Public School Construction and the State Allocation Board regarding this determination.