

**Charter School Facilities Program
2022 Filing Round
Staff Summary Report – March 2024
Item 13 Resolution 24-12**

Applicant/Obligor:	Education for Change
Project School:	Cox Academy
CDS (County – District – School) Code:	01-10017-6001788
School Address/Proposed Site:	9860 Sunnyside Street Oakland, CA 94603
Type of Project:	Rehabilitation
Type of Apportionment:	Advance
County:	Alameda
District in which Project is Located:	Oakland Unified
Charter Authorizer:	Alameda County Office of Education
Total OPSC Project Cost:	\$28,694,964
State Apportionment (50% Project Cost):	\$14,347,482
Total CSFP Financed Amount:	\$14,347,482
First Year of Occupancy of New Project:	2026-27

Staff recommends that the California School Finance Authority (Authority or CSFA) Board determine that Education for Change (EFC) on behalf of Cox Academy (School or CA) is financially sound for the purposes of Charter School Facilities Program (Program or CSFP) Advance Apportionment. This determination, as it relates to Advance 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 EFC electing 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 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 EFC/CA. Detailed information is contained in the body of the report:

Criteria	Comments
Demographic Information	In 2022-23, EFC had a total enrollment of 2,642 students across all network schools; the average daily attendance (ADA) rate was 92.2%, and the Unduplicated Pupil Percentage (UPP) of ADA was 100%.
Debt Service Coverage	EFC’s debt service coverage from adjusted net income on this CSFP loan is projected to average 708.3% over the first two years that payments are due.
Eligibility Criteria	CA has met all eligibility criteria: (1) CA commenced operations in 1980; (2) CA’s charter is in place through June 2025; (3) CA is in good standing with its chartering authority, and in compliance with the terms of its charter.
Student Performance	CA students consistently perform as well or better on average than demographic peers in their local district based on California standardized testing (CAASPP).

Program Eligibility: Alameda County Office of Education has confirmed that as of March 20, 2024, CA 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: The scope of the project includes the replacement of six aging modular classroom buildings totaling 5,760 square feet, as well as improvements to three existing, permanent builds, comprising 40,511 square feet. Also included are approximately 2,088 square feet of restroom area, split between the portable and permanent structures.

School Organizational Information: Cox Academy is a TK-5 school in East Oakland providing rigorous instruction in the core content areas while fostering critical thinking, problem-solving, and application of learning to prepare students for success in higher education. CA is committed to creating student leaders who are stewards of the greater community. CA focuses on the whole child by providing a systemic wrap-around program focused on a comprehensive system of supports and interventions for children and families.

Education for Change is a charter management organization (CMO) that operates a portfolio of neighborhood schools in Oakland, California. EFC schools each have unique programming and grade configurations but share resources and best practices to ensure all schools are positioned to engage students meaningfully and accelerate their academic development.

CA is governed by the EFC Board of Directors, a policy-making board that oversees the fundamental aspects of the Charter School. The Board of Directors consists of members from a variety of professional and academic backgrounds to ensure that CA has the necessary supporting expertise to maintain a high-quality program.

Larissa Adam is the current Superintendent of Schools for EFC; Sundar Chari is the current Chief Strategy Officer (CSO). Omar Currie is the current Principal of CA. Staff reviewed the credentials of EFC and CA key leaders, concluding the management team demonstrates the required experience and educational background to effectively oversee the operations of EFC and, by extension, CA.

2023-24 Education for Change Board of Directors

Name	Role(s)	Term
Nick Driver	Board Chair, Exec. Committee Chair	2022-2025
Eva Camp	Student Outcomes Committee, Exec. Committee	2022-2025
Damon Grant	Student Outcomes Committee, Exec. Committee	2021-2024
Mike Barr	Finance Committee Chair	2023-2026
Lauren Weston	Finance Committee	2023-2026
Valia Almendarez	Student Outcomes Committee	2022-2025
Erika Cisneros	Board Member	2023-2026
Sonia Urzua	Board Member	2023-2026
Niloy Gangopadhyay	Board Member	2023-2026
Stephish Ycoy-Walton	Parent Board Member	2023-2024
Marleny Regalado	Parent Board Member	2023-2024

School Academic Performance: The following tables represent the recent academic performance of CA, a similar local K-5 school, Brookfield Elementary, and Oakland Unified. Results are provided through CDE’s CAASPP Smarter Balanced testing data. Percentages represent students who met or exceeded performance standards. Staff would note that the schools compared below have **significantly** higher UPP than the Oakland Unified average. **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 data was suppressed to protect student privacy.*

English Language Arts Achievement

	FY17	FY18	FY19	FY20	FY21	FY22	FY23
CA	18%	25%	23%	*	**	21%	17%
Brookfield	16%	12%	18%	*	**	21%	12%
District	32%	33%	33%	*	**	35%	33%

Mathematics Achievement

	FY17	FY18	FY19	FY20	FY21	FY22	FY23
CA	18%	25%	23%	*	**	15%	23%
Brookfield	16%	12%	18%	*	**	10%	7%
District	32%	33%	33%	*	**	26%	25%

Enrollment Trends and Projections: The table below presents enrollment and average daily attendance information for EFC from FY 2019 through FY 2029. The assumptions made

in the projected years are considered reasonable by staff and consistent based on historical data.

EFC Student Enrollment and Average Daily Attendance

Year (FY)	2021	2022	2023	2024	2025	2026	2027	2028	2029
Enrollment	2737	2632	2642	2663	2647	2635	2606	2582	2580
ADA (%)	94	90	92.2	93.7	93.7	93.7	93.7	93.7	93.7

Financial Analysis

While this report’s academic analysis and project narrative describe local conditions at Cox Academy, staff’s enrollment and financial analysis were focused on EFC schools which will be acting as Obligor for the proposed CSFP loan.

Financial Data Sources: This financial analysis is based on the consideration and review of the following for CA: (1) audited financial statements for FYs 2020-21 through 2022-23; and (2) projections for FYs 2023-24 through 2028-29 along with assumptions.

Assumptions: Staff’s financial analysis of EFC is based upon the following assumptions: (1) final occupancy of the new facilities by FY 2026-27; (2) the repayment of EFC’s CSFP matching share loan in the amount of \$14,347,482 at 3.5% interest commencing in FY 2027-28; (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 CA’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 2021	Actual FY 2022	Actual FY 2023	Projected FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	AVERAGE	THRESHOLD LEVEL
OPERATIONAL & FINANCIAL											
Enrollment	2,737	2,632	2,642	2,663	2,647	2,635	2,606	2,582	2,580		
Average Daily Attendance (ADA)	2,573	2,369	2,436	2,495	2,480	2,469	2,442	2,419	2,417		
Average Daily Attendance (%)	94.0%	90.0%	92.2%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	93.2%	< 94.0%
FTE Teachers	161	170	178	174	171	171	171	171	171	171	
Pupil-Teacher Ratio	17.0	15.5	14.8	15.3	15.5	15.4	15.2	15.1	15.1	15.4	> 25.0
LCFF Sources/ADA	\$ 10,773	\$ 11,795	\$ 13,322	\$ 14,464	\$ 14,588	\$ 14,992	\$ 15,468	\$ 15,959	\$ 16,471	\$ 14,204	
% Change		9.5%	12.9%	8.6%	0.9%	2.8%	3.2%	3.2%	3.2%	5.5%	
Operating Revenues/ADA	\$ 17,248	\$ 23,886	\$ 23,015	\$ 24,151	\$ 22,635	\$ 22,982	\$ 23,238	\$ 23,172	\$ 23,018	\$ 22,594	
% Change		38.5%	-3.6%	4.9%	-6.3%	1.5%	1.1%	-0.3%	-0.7%	4.4%	
Operating Expenses plus CSFP Lease/ADA	\$ 15,832	\$ 20,192	\$ 22,119	\$ 23,999	\$ 22,460	\$ 22,774	\$ 23,251	\$ 23,305	\$ 23,463	\$ 21,933	
% Change		27.5%	9.5%	8.5%	-6.4%	1.4%	2.1%	0.2%	0.7%	5.4%	
Free Cash Flow/ADA	\$ 1,416	\$ 3,694	\$ 896	\$ 152	\$ 175	\$ 208	\$ (13)	\$ (133)	\$ (445)	\$ 661	< 0
DEBT SERVICE COVERAGE											
Total Operating Revenues	\$ 44,379,557	\$ 56,586,488	\$ 56,063,208	\$ 60,262,672	\$ 56,141,322	\$ 56,742,224	\$ 56,742,420	\$ 56,060,686	\$ 55,644,185		
Total Operating Expenses	40,735,015	47,532,007	53,575,627	59,580,097	54,833,103	55,355,387	55,900,395	54,729,024	55,066,670		
Total Other Sources/Uses	-	-	-	-	-	-	-	-	-		
Net Income Available for CSFP Lease Payment	3,644,542	9,054,481	2,487,581	682,575	1,308,219	1,386,837	842,025	1,331,662	577,515		
Add Back Capital Outlay	-	-	-	1,241,918	1,241,918	1,241,918	1,822,315	1,822,315	1,822,315		
Add Back Depreciation	-	-	-	-	-	-	-	-	-		
Adjusted Net Income Available for CSFP Lease Pymt.	3,644,542	9,054,481	2,487,581	1,924,493	2,550,137	2,628,755	2,664,340	3,153,977	2,399,830		
CSFP Lease Payments	-	303,786	303,786	303,786	873,978	873,978	873,978	1,654,070	1,654,070		
Free Cash Flow	\$ 3,644,542	\$ 8,750,695	\$ 2,183,795	\$ 1,620,707	\$ 1,676,159	\$ 1,754,777	\$ 1,790,362	\$ 1,499,907	\$ 745,760	\$ 2,629,634	< 0
DSC from Adj. Net Income	N/A	2980.5%	818.9%	633.5%	291.8%	300.8%	304.9%	190.7%	145.1%	708.3%	< 110.0%
DSC from LCFF Sources subject to CSFA Intercept								1871.6%	1930.2%	1900.9%	
CSFP Lease Payment/Oper. Revenues	N/A	0.5%	0.5%	0.5%	1.6%	1.5%	1.5%	3.0%	3.0%	1.5%	> 15.0%
FUNDRAISING											
Fundraising for Operations	\$ 2,882,668	\$ 4,393,386	\$ 2,508,523	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,087,175	
Fundraising/Oper. Revenues	6.5%	7.8%	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	> 15.0%
DSC without Fundraising	N/A	1534.3%	-6.9%	633.5%	291.8%	300.8%	304.9%	190.7%	145.1%	424.3%	< 100.0%
LIQUIDITY											
Current Assets	\$ 14,655,680	\$ 10,075,234	\$ 23,898,720								
Current Liabilities	16,465,774	15,703,039	19,569,098								
Net Working Capital	\$ (1,810,094)	\$ (5,627,805)	\$ 4,329,622								
Net Working Capital/Oper. Expenses	-4.4%	-11.8%	8.1%							-2.7%	< 5.0%
Unrestricted Cash & Cash Equivalents	\$ 3,753,275	\$ 1,118,304	\$ 12,642,931								
Unrest. Cash & CE/Oper. Expenses (Days)	34	9	86								
Unrest. Cash & CE/All Expenses (Days)	34	9	86							43	< 90

Benchmark Summary:

- Enrollment – ADA nearly meets target threshold of 94%. EFC schools experienced a temporary decline in attendance rates in FY 2021-22 consistent with state-wide trends associated with the COVID-19 pandemic. Staff find projections anticipating a steady return to 94% reasonable.
- FTE Teachers – Pupil-teacher ratio consistently resides below maximum target of 25.
- Free Cash Flow and/or per ADA – EFC operates with historically positive cash flow; records reflect a surplus in FY 2021-22, and a corresponding return to normal in FY 2022-23 related to the injection of one-time grants related to COVID-19 pandemic relief efforts.
- Debt Service Coverage from Adj. Net Income – Estimated 708.3% average debt service coverage includes surplus from one-time funding in FY 2021-22. Excluding the outlier of FY 2021-22 still results in over 380% debt service coverage. This coverage is inclusive of EFC’s other two outstanding CSFP loans.
- Net Working Capital relative to Operating Expenses – EFC administration provided additional information regarding liquidity metrics for FY 2020-21 and FY 2021-22: During those periods, the organization utilized cash reserves to fund construction projects at two network schools, Latitude 37.8 High (privately funded), and Achieve Academy (CSFP funded), until associated loan proceeds were received. This resulted in a temporary decline in liquidity. The Latitude project loan funds were received in FY

2022-23 as confirmed by independent, year-end audit, and the Achieve Academy CSFP loan funds were received in January 2024 as confirmed by OPSC. Cash and Equivalents on hand equate to an average of 43 days' worth of expenses based on liquidity conditions described above. Staff find these metrics acceptable based on the clarifying information and independent verification.

Staff Recommendation: Staff recommends that the California School Finance Authority (CSFA) Board determine that Education for Change (EFC) on behalf of Cox Academy (CA) is financially sound for the purposes of this Charter School Facilities Program (CSFP) Advance Apportionment. This determination, as it relates to Advance 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 EFC electing to have its CSFP payments intercepted at the state-level, 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.