June 27, 2011

Paul Preston, Superintendent/CEO and Member of the California College, Career, and Technical Education Center Board of Directors
California College, Career, and Technical Education Center
890 Embarcadero Drive
West Sacramento, CA 95691

David Kopperud and Steve McPherson, Members of the California College, Career, and Technical Education Center Board of Directors
California College, Career, and Technical Education Center
890 Embarcadero Drive
West Sacramento, CA 95691

Subject: Notice of Violation Pursuant to Education Code (EC) Section 47607(d)

Dear Mr. Preston and Members of the CCCTEC Board of Directors:

The State Board of Education (SBE) has recently been made aware of a number of issues and allegations that, if not resolved immediately by the governing board, will directly impact the ability of the California College, Career, and Technical Education Center (CCCTEC) to continue operations in 2011-12. Specifically, the items of concern are as follows:

1. CCCTEC appears to have failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement (EC Section 47607(c)(3)):

   - The SBE has been unable to ascertain the fiscal health of the charter, as multiple budgets and cash flow statements have been submitted to the California Department of Education (CDE) Charter Schools Division (CSD) between February and June of 2011 that present different information, making it difficult to accurately analyze the school's ability to operate or repay its debts.

   - The current attendance accounting system appears to be inadequate, and teachers and staff may not have adequate training to record attendance accurately.

   - Due to last-minute changes to the school calendar and a lack of clarity over appropriate supervision by credentialed teachers, it is unclear whether CCCTEC has offered the minimum number of days and minutes of instruction to receive full apportionment funding.
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- Certificated staff have attested that CCCTEC is anywhere from one to four months behind in issuing paychecks. Teachers have reported walking off the job due to a failure of CCCTEC to issue paychecks or paychecks being returned due to insufficient funds in the CCCTEC account.

- On March 5, 2011, the Yolo County Office of Education (Yolo COE) reported to the CDE that CCCTEC was not current in its California State Teachers Retirement System (CALSTRS) payments to Yolo COE, and that CCCTEC issued a check to Yolo COE that was returned due to insufficient funds. After multiple communications between CDE and CCCTEC and Yolo COE, on March 15, 2011, CCCTEC authorized Yolo COE to redirect a portion of CCCTEC’s in-lieu tax proceeds to cover the CALSTRS payment. As of June 15, 2011, Yolo COE reported that no payroll information had been submitted from CCCTEC since February 2011.

- On March 7, 2011, the CDE was contacted regarding CCCTEC’s participation in the federal Carol M. White Physical Education Program (PEP) grant program as CCCTEC had not been responsive to inquiries from the PEP grant office. The CDE requested that CCCTEC respond to these inquiries. On May 9, 2011, the PEP grant office conducted an on-site monitoring review, which resulted in the release of a monitoring report on May 31, 2011. Findings documented in this report require CCCTEC to appropriately document expenditures of funds from the PEP grant and to return $57,651 to the program by June 10, 2011, with no extensions granted.

- The CDE has been presented with delinquent accounts payable from several vendors who report being paid with checks that were returned for insufficient funds. The CDE has made multiple communications between these vendors and CCCTEC. One vendor reports that as of June 10, 2011, over $5,000 is still owed by CCCTEC.

2. CCCTEC appears to have violated a provision of law (EC Section 47607[c][4]):

- CCCTEC does not appear to be compliant with EC Section 47605(l), which requires teachers of core subjects to possess an appropriate credential or other document authorizing them to teach the subjects to which they are assigned.

In response to communications received by CDE indicating that teachers may not have been paid and that teachers may have been planning to walk off the job, the CDE requested a meeting with Mr. Preston, the CCCTEC board, and a CCCTEC teacher representative on Monday, June 6, 2011. Due to concerns raised at the meeting, on June 9, 2011, the CDE requested that CCCTEC provide evidence regarding communication with teachers about the lack of payment of salaries and documentation regarding the payment of salaries. CCCTEC provided information to the CDE on June 12, 2011; however, the information provided was incomplete. In addition, the CDE conducted a site visit to CCCTEC on June 8, 2011. During the site visit, the CDE was informed of the likelihood of attendance audit findings and that the last day of school was going to be moved up to the following Friday, a week earlier than scheduled.
In addition, SBE Executive Director Sue Burr contacted you on June 27 to provide advance notice that this matter would be publicly noticed on July 1, 2011 and considered by the SBE at the July 13-14 SBE meeting.

Failure to provide substantial evidence that refutes, remedies, or proposes to remedy all of these alleged will provide grounds sufficient to form the basis for an action to revoke the CCCTEC charter pursuant to EC Section 47607(c). On September 7, 2011, the SBE in a public hearing will consider whether there is substantial evidence to refute or remedy each alleged violation, at which time it may issue a Notice of Intent to Revoke, pursuant to EC Section 47607(e). If the SBE issues a Notice of Intent to Revoke, the SBE will hold a public hearing on September 8, 2011, at which time the SBE will determine whether sufficient evidence exists to revoke CCCTEC’s charter. This letter serves as a formal Notice of Violation, pursuant to EC Section 47607(d) and provides CCCTEC a reasonable period in which to address these concerns.

A written response and supporting evidence addressing each of the above-outlined issues must be received by Sue Burr, Executive Director, SBE at 1430 N Street, Ste. 5111, Sacramento, CA, 95814 no later than the close of business (5:00 p.m. Pacific Standard Time) on Friday, July 22, 2011:

1. A budget and cash flow statement that includes all sources of revenue and liabilities, including, but not limited to, the following items:

   a. Revenues for the remainder of the current fiscal year and through February 2012, including, but not limited to, the following (do not include grant funds):

      i. Revenue from the state

      ii. Revenue from other sources, including but not limited to, revenue from subleases

      iii. Revenue from the sales of receivables, less any interest or administrative fees

   b. Liabilities for the remainder of the current fiscal year and through February 2012, including, but not limited to, the following:

      i. Certificated staff salaries, broken down by full-time equivalents

      ii. Classified staff salaries, broken down by full-time equivalents

      iii. Certificated and classified staff health and retirement benefits, including California State Teachers Retirement System benefits

      iv. Repayment of funds to the Carol M. White PEP grant fund as outlined in the site visit report dated May 31, 2011
v. Facilities lease payments and utilities

vi. Liability insurance and worker's compensation insurance premiums

vii. Repayment of sold receivables

viii. Any apportionment or other funding owed to the state

ix. Any in lieu taxes or other payments due to the local district or county as a result of overpayment

x. Any funds reserved for potential audit exceptions

xi. Any outstanding invoices due to vendors, including, but not limited to, Athletics Unlimited

2. Evidence of highly-qualified status and proper credentialing for all core teachers employed in the 2010–11 and 2011–12 school years and a detailed plan regarding plans to recruit and hire highly-qualified and properly credentialed teachers for the 2011–12 school year, including master schedules that identify teacher assignments for each course

If you have any questions or need any additional information regarding this Notice of Violation, please contact Sue Burr, Executive Director, SBE at 916-319-0827 or via email at SBurr@cde.ca.gov.

Sincerely,

Michael W. Kirst

Dr. Michael Kirst, President
California State Board of Education

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