

### ***Proration Under the Charter School Facility Grant (SB740) Program***

The Governor's approval of the 2017-18 Budget included modifications to the Education Code 47614.5 (b)(1)(B) which increased funding per unit of Average Daily Attendance (ADA) under the Charter School Facility Grant Program (Program) from \$750 to \$1,117. Due to Program modifications, increases in facility costs, and a greater number of Program applications, staff anticipates the Program will be significantly oversubscribed and awards will be prorated. Program Regulations Section 10170.9 – "Apportionment of Grant Funds" states the following related to proration:

- (f) If insufficient funds remain available from the Fiscal Year's appropriation, the following conditions shall be in effect:
- 1) The Authority shall determine the pro rata share to which each Grantee is entitled by calculating the percentage of the Fiscal Year's appropriation as compared to the funds needed to fully award all Grantees. This percentage shall be applied to the Grantee's annual award and shall serve as the Grantee's pro rata share.
  - 2) The Authority shall disburse funds in three apportionments pursuant to subsections (b) - (e).
    - (A) The first apportionment shall be 50% of the pro rata share of the Estimated Annual Entitlement as determined by calculating the percentage of the Fiscal Year's appropriation as compared to the funds needed to fully award all Grantee's Maximum ADA Cap.
    - (B) The second apportionment shall be 25% of the pro rata share of the Estimated Annual Entitlement as determined by calculating the percentage of the Fiscal Year's appropriation as compared to the funds needed to fully award all Grantee's Maximum ADA Cap.
    - (C) The third apportionment shall be the pro rata share of the Grantee's remaining balance of the Final Fiscal Year Entitlement.

### ***What does this mean?***

- In any year when the request for eligible funds exceeds the available funding, SB740 awards will be prorated.
- To ensure each applicant is not overfunded, prorated awards will be based on the Maximum ADA Cap Award for each eligible applicant (applicant's ADA x \$1,117).
- The pro-rata reduction for each award will be calculated by dividing the total appropriation of \$112 million (or the level of program funding in the budget) by the total amount necessary to fund all eligible applicants' Maximum ADA Cap Award to come up with the proration percentage. This percentage or factor will be applied to all applicants' Initial and Second Awards.

## ***Implementing Prorated Awards***

- When oversubscription occurs and pro-ration is instituted, applicant's awards will be disbursed as follows:

### Initial Award

- 50% of the estimated award reduced by the pro-rata percentage.
- During the Initial Award review, only lease/rent costs shall be incorporated in the award calculator. As is the current policy, applicants with solely other costs will have to wait until True-up to request reimbursement of these costs.

### Second Award

- 25% of the estimated award reduced by the pro-rata percentage

### True Up Award

- Remaining balance of the pro-rata share of the applicant's Final Fiscal Year Entitlement to be disbursed at the end of the funding round
- During True-up, staff shall reevaluate each applicant's eligibility and facility costs. Applicants requesting reimbursement of other costs will need to complete and submit the Invoice Template by July 15. If an increase in other costs submissions based on the 2017-18 applications occurs, the gap between 75% of lease/rent costs and the ADA Cap widens due to the implementation of the increase.
- Any funds used to reimburse other costs will lower all applicants' awards.

*First year charter schools with no prior year data will need to submit their Period 1 Free and Reduced Priced Meal (FRPM) data and their FRPM eligibility as the Initial Award shall be based solely on the charter school site's FRPM. This process is required to ensure each Initial Awardee remains eligible throughout the funding round.*