

**MEMORANDUM**

**Date:** December 7, 2009  
**To:** Members, California School Finance Authority  
**From:** Katrina M. Johantgen, Executive Director  
**Re:** Consideration of Changes to the State Charter School Facilities Incentive Grants Program Regulations (Resolution No. 09-16)

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The California School Finance Authority received another award from the U.S. Department of Education under the State Charter School Facilities Incentive Grant. This new 2009 grant of \$46 million will be awarded to California's charter schools over five years.

Staff is proposing changes to the regulations that guide the State Charter School Facilities Incentive Grants Program (Program). The changes to the regulations will guide the final three years of the initial grant and will include additional criteria required to administer the new grant. This staff summary outlines the proposed changes to the regulations and the rationale for the amendments.

The most significant change is in Section 10182 and identifies a proposed new preference point category for school choice and provides a 20-point increase in the total maximum preference points to 140. As part of the new 2009 State Charter School Facilities Incentive Grants Program, Authority staff is proposing a modification to the preference points used as evaluation criteria in existing Program regulations to target grant awards to charter schools offering school choice in the communities of greatest need. The proposed methodology would assign up to 20 preference points to applicant charter schools operating within three miles driving distance of a traditional public school that does not meet both federal AYP (Adequate Yearly Progress) and the State's API (Academic Performance Index) Growth Target for the most recent year. The applicant charter school would need to meet AYP and the API Growth Target to receive the 10 points in each category.

Another change confirms the end of the grant funding period for the first five funding rounds as September 2012 and provides for a First-Time Award Competitive Priority of 20 points for applicant charter schools that have *not* received an award during the first five funding rounds.

Other proposed clarifying changes to the regulations include:

- Clarification that these regulations apply to the administration of both grant(s).
- Addition of the definitions for API and AYP.
- Clarification that these grant funds may be applied toward a charter school's cost of:  
1) rent and lease; 2) mortgage and debt service payments; or 3) purchase, acquisition, design, construction, and renovation of a facility.
- Clarification that funds awarded under the two grants received from the U.S. Department of Education may not be combined. So that funds awarded to the Authority in 2004 may

be granted to subgrantees from the first five funding rounds only. Funds awarded to the Authority in 2009 will be designated for subsequent funding rounds.

- Identification that applications for grant funds are to include a description of the project and potential benefits to the students that may be obtained. This information will assist in meeting the reporting requirements of the U.S. Department of Education.
- Amending of terminology to align with new terminology on the California Department of Education's website describing API Growth Targets for either Schoolwide or Subgroups.
- Identification of deadlines for submission of invoices and other documents needed to verify costs for purchase, construction, or renovation projects. This will ensure all eligible costs are identified and funds are appropriately disbursed to the subgrantee or to an alternate subgrantee prior to the end of the grant funding period.
- Inclusion of facilities, charter standing, and project when identifying any material changes for which an applicant charter school is responsible for providing notice to the Authority.
- Clarification of the audit and site visit requirements. This requirement is inclusive of the requirement by the U.S. Department of Education that subgrantees receiving \$500,000 or more in federal funds through this grant program and in combination with any other federally-funded program in any given year are required to conduct an A-133 audit.

Staff is recommending that the members adopt Resolution No. 09-16 authorizing the proposed amendments to the regulations. If approved, the Executive Director will initiate the rulemaking file for processing by the Office of Administrative Law, and will distribute to proposed changes to interested parties for public comment.