

— The California School Finance Authority (CSFA) Presents: —

SB 740 Charter School Facility Grant Program

Annual Funding Round Webinar – 2023-24 Funding Round

April 17, 2023



Speakers

Jeff Martin, Lead Program Analyst
Elizabeth Mendez, Lead Program Analyst
Linda Doan, Program Analyst
Ryan Storey, Program Manager
Katrina Johantgen, Executive Director

Table of Contents

- Program Overview
- CSFA Website
- Other Costs
- Invoice Templates & Instructions
- Regulations
- Eligibility and Best Practices
- Application Overview
- Facility Agreements
- Independent Appraisals
- Reimbursable Lease Costs
- Upcoming Events
- Appendix: Reference Materials
- Contact Information



Program Overview

Program Funding:

- 2020-21: \$136,786,000.00
- 2021-22: \$141,041,000.00
- 2022-23: \$182,487,000.00
- 2023-24: \$194,466,000.00

Assist charter schools:

- At least 55% students meeting Free and Reduced Priced Meals (FRPM) criteria; or
- Located in attendance area of an elementary schools with at least 55% FRPM along with preference in admission

Funding Formula – Lesser of the following:

- $\$1,420^* \times \text{Average Daily Attendance (ADA)}$; or
- 75% of costs associated with rent/lease costs

**Per the Governors 2023-24 proposed budget*



Program Overview

Funding Formula – Lesser of the following:

- \$1,420 x Average Daily Attendance (ADA); or
- 75% of reimbursable costs associated with rent/lease costs

Example:

- XYZ Charter:
 - 2022-23 ADA: 50.54 ($50.54 \times \$1,420 = \$71,766.80$)
 - 2022-23 Reimbursable Rent: \$5,000/mo. ($\$5,000 \times 12 \text{ mo.} = \$60,000 \times 75\% = \$45,000$)
- XYZ Charter's 2023-24 Award would be \$45,000

**Per the Governors 2023-24 proposed budget*



CFSA Website

Contact Information

If you have any questions about the SB740 program, please contact [CSFA](#).

Program Updates

[2020-21 Annual Report](#)

[FAQ has been Updated](#)

[Added 2020-21 Funding Round to Awardee Lists](#)

Quick Links

The Charter School Facility Grant (SB740) Program provides annual grants to offset annual on-going facility costs for charter schools that service a high-percentage of students eligible for free or reduced-price meals (FRPM) or located in a public elementary school boundary serving a similar demographic. This program, previously administered by the California Department of Education, was transferred to the Authority in 2013-14. CSFA's administration of the Charter School Facility Grant Program has resulted in an increase of funding to charter schools from \$47 million in 2011-12 to \$184 million in 2022-23.

SB740 2023-24 Application

The 2022-23 Funding Round application portal will be open from April 17, 2023 at 8:00AM and will close on Friday, June 2, 2023 at 5:00PM.

- [Online Application Portal](#)

SB740 2023-24 Funding Round Webinar

The 2022-23 Funding Round Webinar will be held on Monday, April 17, 2023 from 10:00AM to 11:30AM. Please register in advance using [this link](#).

SB740 Regulations

[Current Program Regulations](#)



Regulations

- Current regulations can be found on the SB740 website
- Pending Changes:
 - Static Application Dates
 - Attendance Area defined
 - COVID-19 mitigation cost allowance

Future Regulations:

- Changes to Good Standing & Related Parties in development stages
- Expected to implemented for the 2024-25 Funding Round



Eligibility and Best Practices



Eligible Costs

- Facility costs associated with sites not owned by either a School District or County Office of Education (not located in a district/Prop 39 facility)
- Costs associated with rent, lease, and/or remodeling, deferred maintenance, initially installing service systems, site improvements, etc.
- Classroom-based instruction

Good Standing – Form sent to and completed by Authorizers

- Compliance with charter agreement;
- No pending corrective actions or notice of intent to revoke;
- If good standing is restored by the end of the fiscal year, Applicant will be eligible;
- No response from Authorizers will be presumed as acknowledgment of Good Standing

Conflict of Interest Vetting

- Charter must be in compliance with SB 126's government agency transparency rules including Government Code 1090

Legal Status Questionnaire

- Applicant must disclose any past or current legal, civil, criminal or regulatory investigations

Non-Profit Verification

- Applicant must provide documentation for non-profit operating status.



Eligibility and Best Practices

Payee Data Record (STD 204)

- State Controller's Office uses this form to process awards
- Available on CA DGS Website
- Enter name as it appears on Employer Identification Number (EIN)
- Lookup EIN information here: <https://apps.irs.gov/app/eos/>

<https://www.documents.dgs.ca.gov/dgs/fmc/pdf/std204.pdf>

STATE OF CALIFORNIA – DEPARTMENT OF FINANCE
PAYEE DATA RECORD
 (Required when receiving payment from the State of California in lieu of IRS W-9 or W-7)
 STD 204 (Rev. 03/2021)

Section 1 – Payee Information

NAME (This is required. Do not leave this line blank. Must match the payee's federal tax return)

BUSINESS NAME, DBA NAME or DISREGARDED SINGLE MEMBER LLC NAME (If different from above)

MAILING ADDRESS (number, street, apt. or suite no.) (See instructions on Page 2)

CITY, STATE, ZIP CODE **E-MAIL ADDRESS**

Section 2 – Entity Type

Check one (1) box only that matches the entity type of the Payee listed in Section 1 above. (See instructions on page 2)

<input type="checkbox"/> SOLE PROPRIETOR / INDIVIDUAL <input type="checkbox"/> SINGLE MEMBER LLC <i>Disregarded Entity owned by an individual</i> <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> ESTATE OR TRUST	<input type="checkbox"/> CORPORATION (see instructions on page 2) <input type="checkbox"/> MEDICAL (e.g., dentistry, chiropractic, etc.) <input type="checkbox"/> LEGAL (e.g., attorney services) <input type="checkbox"/> EXEMPT (e.g., nonprofit) <input type="checkbox"/> ALL OTHERS
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Section 3 – Tax Identification Number

Enter your Tax Identification Number (TIN) in the appropriate box. The TIN must match the name given in Section 1 of this form. Do not provide more than one (1) TIN. The TIN is a 9-digit number. **Note:** Payment will not be processed without a TIN.

- For **Individuals**, enter SSN.
- If you are a **Resident Alien**, and you do not have and are not eligible to get an SSN, enter your ITIN.
- Grantor Trusts (such as a Revocable Living Trust while the grantors are alive) may not have a separate FEIN. Those trusts must enter the individual grantor's SSN.
- For **Sole Proprietor or Single Member LLC (disregarded entity)**, in which the sole member is an individual, enter SSN (ITIN if applicable) or FEIN (FTB prefers SSN).
- For **Single Member LLC (disregarded entity)**, in which the sole member is a business entity, enter the owner entity's FEIN. Do not use the disregarded entity's FEIN.
- For all other entities including LLC that is taxed as a corporation or partnership, estates/trusts (with FEINs), enter the entity's FEIN.

Social Security Number (SSN) or Individual Tax Identification Number (ITIN)

OR

Federal Employer Identification Number (FEIN)

Section 4 – Payee Residency Status (See instructions)

CALIFORNIA RESIDENT – Qualified to do business in California or maintains a permanent place of business in California.

CALIFORNIA NONRESIDENT – Payments to nonresidents for services may be subject to state income tax withholding.

No services performed in California
 Copy of Franchise Tax Board waiver of state withholding is attached.

Section 5 – Certification



Eligibility and Best Practices

Must submit new form if applicant wishes to update:

- Name
- Mailing address
- EIN

BEST PRACTICE IS TO RESUBMIT!

[Print Form](#) [Reset Form](#)

STATE OF CALIFORNIA – DEPARTMENT OF FINANCE
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- For **Single Member LLC (disregarded entity)**, in which the sole member is a business entity, enter the owner entity's FEIN. Do not use the disregarded entity's FEIN.
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CALIFORNIA NONRESIDENT – Payments to nonresidents for services may be subject to state income tax withholding.

No services performed in California

Copy of Franchise Tax Board waiver of state withholding is attached.

Section 5 – Certification



Application Overview

- The Online Application is available on CSFA's website as of Monday, April 17, 2023 at 8:00 am
- Application deadline Friday, June 2, 2023 at 5:00 pm
- All applicants are to submit their application using the Online Application

No Late Applications will be accepted



Application Overview

Applications should be submitted under the school's name

Documents must be a PDF with a maximum file size is 5000KB (5 MB)

Documents to Submit with Application:

- Current valid charter agreement/petition
- Approved authorizing board resolution regarding petition approval/adoption
- List of Board Members
- Completed Legal Status Questionnaire (LSQ) and Certification Signature Pages (DocuSign is acceptable)
- Other documents could include Board Meeting Minutes and Resolutions and Facility Appraisals



Application Overview

- All Facility/Lease Agreements must be current and executed by all parties.
- Each lease agreement should be scanned/added separately
- Save by using the following convention:
 - Applicant - Facility Street Address - Term (EX: XYZ Charter - 123 Main St. – 2021-2025)

Important Note:

- One upload per facility site
- Combine any corresponding amendment(s) and original lease as a single document (latest amendment first.)



Facility Agreements

Type of Facility/Lease Agreements

- Multi-year Facility/Lease Agreement
 - Any Facility/Lease Agreements unchanged and approved from the most recent funding round
- New Facility Agreements that meets one or more of the following:
 - A rental or lease agreement for a facility not previously occupied by the charter school
 - A rental or lease agreement that includes additional square footage; and/or
 - A new agreement for existing facilities or square footage when the existing lease is up for renewal or expires
- Exception: Options to renew contained in existing rent or lease agreements, on file with the Authority, executed by the Charter School and the Lessor will not be considered a New Facility Agreement.



Facility Agreements

Examples of New Facility/Lease Agreements

1. XYZ Charter increases 50 sq. feet by amending its current lease - *New Agreement*
2. XYZ Charter signs a new lease with a new landlord for the same site and square footage - *New Agreement*
3. XYZ Charter exercises a renewal option in last year's lease - ***Multi-year Agreement***
4. XYZ Charter opens a new site - *New Agreement*



Independent Appraisal

Appraisal Request

Independent Appraisal will be required based on the following:

- Applicant meets Program eligibility requirements
- Applicant's facility has a New Facility Agreement
- An appraisal on file completed within the last three years

Contents of the Appraisal

The Appraisal shall be consistent with the Uniform Standards of Professional Appraisal Practice (USPAP), and at a minimum contain the following items:

- Certified General Appraiser licensed by the California Department of Real Estate Appraisers;
- The Appraiser shall not be a Related party as defined in section 10170.14(a)(3);
- "Intended Client" shall be the Charter School;
- "User" shall be the California School Finance Authority for Charter School Facility Grant Program eligibility;
- Provide a Fair Market Rent Analysis including a signed Certification consistent with language found in USPAP.



Reimbursable Lease Costs

XYZ Charter						
<u>Year</u>	<u>Actual Rent</u>	<u>CAP Type</u>	<u>Appraisal</u>	<u>COLA %</u>	<u>FY Reimbursable Rent</u>	<u>Reimbursable Rent</u>
2017-18	\$ 100,000.00	Appraisal	\$ 125,000.00	N/A	N/A	\$ 100,000.00
2018-19	\$ 105,000.00	COLA	N/A	2.71%	\$ 100,000.00	\$ 102,710.00
2019-20	\$ 110,000.00	COLA	N/A	3.26%	\$ 102,710.00	\$ 106,058.35
2020-21	\$ 130,000.00	Appraisal	\$ 129,000.00	2.31%	\$ 106,058.35	\$ 129,000.00
2021-22	\$ 135,000.00	COLA	N/A	2.31%	\$ 129,000.00	\$ 131,979.90

Example:

- XYZ Charter has a lease agreement for 25,000 sq. ft. from 2017-2020.
 - XYZ receives required appraisal that indicates an increase in rent
 - For 2018-19 and 2019-20, XYZ's lease was capped by COLA increases based on FY reimbursable rent
- XYZ Charter renews the lease agreement for 2020-2022 with an increase to 27,500 square feet
 - XYZ obtains required appraisal which was lower than their actual rent and caps the award
 - For 2021-22, XYZ's lease was capped by COLA increases based on FY reimbursable rent



Other Costs

2023-24 Other Costs Augmentation*

- The Governor enacted a \$30 million augmentation in appropriation in an attempt to fund eligible Other Costs.
- These funds can be used for costs associated with remodeling buildings, deferred maintenance, initial installation or extension of service systems and other built-in equipment, site improvements, and facility modifications to mitigate the spread of COVID-19.

**Per the Governors 2022-23 enacted budget*



Other Costs

- All Other Costs must be submitted with the **Invoice Report** (Invoice wizard)
- Remodeling Buildings
- Deferred Maintenance
- Installation and Extending Service Systems
- Built-In Equipment
- Improving Sites
- Maintaining/Repairing Common Areas

Note: Other Costs will only be included in the Awardee's Final True-Up Award



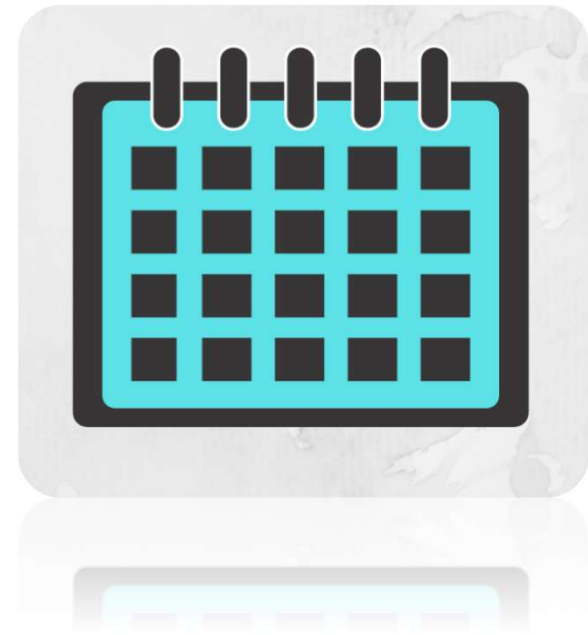
Invoice Templates (Updates & Clarifications)

- Invoice costs shall be reviewed for related parties
- Consumables such as janitorial supplies are ineligible
- Employee salary and benefits are ineligible
- Invoices for **Other Costs** are due to the Authority by **Mid-July 2024.**



Upcoming Events

- **April 17th:** Beginning of 2023-24 Funding Round Application period
- **June 2nd:** Close of 2023-24 Funding Round Application period
- **Late May:** Other Facility Costs Webinar
- **Early July:** 2022-23 Other Costs submission begins



Appendix: Reference Materials

Frequently Asked Questions:

<http://www.treasurer.ca.gov/csfa/csfgp/faq.pdf>

Current Regulations:

<https://www.treasurer.ca.gov/csfa/csfgp/Current-Regulations.pdf>

Payee Data Record (STD 204)

<https://www.documents.dgs.ca.gov/dgs/fmc/pdf/std204.pdf>

EIN information: <https://apps.irs.gov/app/eos/>

Join Our Listserv:

<https://orange.hosting.lsoft.com/list/subscribe.html;jsessionid=26509EF21DC5F5026B1BBE3F14916AAC?lui=ov8ia944&mContainer=12&mOwner=G1j>



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