

# MEMORANDUM

**Date:** June 28, 2007

**To:** Members, California School Finance Authority

**From:** Katrina M. Johantgen, Executive Director

**Subject:** Resolution 07-08 Approving awards and authorizing the disbursement of funds under the Third Funding Round of the State Charter School Facilities Incentive Grants Program

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Consideration of the resolution approving that those charter schools meeting all eligibility criteria have been ranked based on the number of assigned preference points for purposes of the State Charter School Facilities Incentive Grants Program (Grant Program) (Cal. Code Regs., tit. 4, §10175 et seq.), by using established uniform terms and conditions that were applied equally to all charter schools seeking funding.

## **Background and Process**

On behalf of the State of California, the California School Finance Authority (Authority) received a \$49.25 million grant from the U.S. Department of Education for a charter school facilities grant program. Applications for the third funding round of the Grant Program were due to the Authority no later than May 7, 2007. The Authority received 115 applications, with total funding requests exceeding \$17.4 million.

The Grant Program is intended to provide financial assistance to California charter schools based on demonstrated need. The Authority used a 110-point scale to award points based on the following: 1) Zero to 60 points based on the number of low-income students served by the school (as measured by the number of students eligible for free & reduced price meals); 2) Zero to 20 points based on the degree of overcrowding in the district where the school is located (as measured by the district's remaining new construction eligibility); 3) Zero or 20 points based on the non-profit status of the school or the entity operating the school and 4) Zero or 10 points based on the school meeting its Academic Performance Index (API) Growth Target for the most recent year.

As this preference point scale was used to allocate the \$400 million through the State's Charter School Facilities Program, Authority staff relied on the same data sources to assign points under this federal Grant Program: the California Department of Education (CDE) provided the information on how many students served by the charter school are eligible for free & reduced price meals, and the Office of Public School Construction (OPSC) provided the remaining new construction eligibility information for the school districts in which the charter schools applying for funding are located. Applicants to the Grant Program were charged with providing staff with documentation demonstrating the

charter school is a non-profit entity or operated by a non-profit entity. The following steps were taken to process Grant Program applications:

1. Grant Program Eligibility: Staff evaluated applications for Grant Program eligibility and completeness. If applicants were deemed ineligible for participation, letters were sent which explained our rationale, and provided applicants an opportunity to appeal our determination. If information was missing from the application packet, applicants were given a deadline for submitting required information.
2. Low-Income Preference Points: In order to assign low-income preference points, staff retrieved 2006-07 free & reduced price meal data from CDE's website for each applicant. The data measures the number of students at the school in the 2006-07 school year that were eligible for free & reduced price meals, and calculates the percentage of the students attending the school who qualify for free/reduced meal programs. The school does not necessarily need to have a lunch program in order to file this information with CDE, rather this data also is used to measure the number of low-income students being served by the school.
3. Overcrowding Preference Points: Staff provided a list of Grant Program applicants to our colleagues at OPSC requesting overcrowding percentages for the districts in which the applicant charter schools are located. If OPSC did not have current information in-house, Authority staff sent letters to districts requesting that an updated State Allocation Board Form 50-01 (which contains updated enrollment information, dwelling unit information, and other projections) be submitted so that the overcrowding percentage could be calculated for the applicant charter school. In some cases, districts had not submitted updated enrollment information to OPSC in the last few years, which required the submission of two additional forms (50-02 and 50-03). The Percentage Overcrowded is determined by dividing the district's remaining New Construction Eligibility by its current enrollment, and multiplying the product by 100.
4. Non-Profit Points: Applicant charter schools that demonstrated that it, or its operator, is organized and operated as a 501(c)(3) or as a nonprofit California public benefit corporation, were awarded 20 preference points in this category.
5. Student Performance: Applicant charter school that met its API growth target for the most recent year, were awarded 10 preference points in this category.
6. Compliance with Charter Terms and Standing with Authorizer: To ensure that applicants were in compliance with the terms of their charters, and in good standing with their chartering entities at the time of application submission, as required in the Grant Program regulations, Authority staff sent out a letter to chartering entities requesting verification of charter compliance and good standing.
7. Notification of Preliminary Point Assignment: Notification has been provided to applicants regarding their eligibility as well as their preliminary preference point assignments. Authority staff noted when preference points were not awarded in any given category. Applicants were afforded an opportunity to discuss the point assignments with staff of the Authority, OPSC and CDE regarding point assignments in the respective categories.

## **Award Methodology**

Pursuant to section 10183 of the regulations, the Authority shall rank the applications based on the total points received, with the highest score ranking first. In the event that more than one application has the same overall score, the application with the highest points in the low-income category will receive a higher ranking. If more than one application has the same overall score as well as the same low-income points, the application with the highest points in the overcrowded school district category will receive a higher ranking. If application of the tiebreaker described above results in more than one application still having the same ranking, applications with the earliest mailing date will be given preference.

For each funding round, the Authority will make an initial award for each application, taking into account the ranking of all applications, the total amount of funds requested and the total amount of funds available. In the event total funds requested exceed total funds available, the Authority shall allocate funds beginning with the application scoring the highest ranking, and then proceed with the next highest rank until all funds have been awarded.

## **Recommendation**

Staff recommends members of the California School Finance Authority adopt Resolution 07-08 approving staff's funding recommendations contained in the following spreadsheet. Approval of Resolution 07-08 also authorizes the Executive Director to execute the grant agreements on behalf of the Authority.