

MEMORANDUM

Date: June 30, 2009

To: Members, California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution 09-05 Approving Awards and Authorizing the Disbursement of Funds Under the Fifth Funding Round of the State Charter School Facilities Incentive Grants Program (CFDA #84.282D)

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 fifth funding round of the Grant Program were due to the Authority no later than April 20, 2009. The Authority received 102 applications, with total funding requests exceeding \$32.3 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 where the school is located, (as measured by either option a) the district's remaining new construction eligibility, or by option b) whether the school is located within three miles of a public school identified under the Overcrowding Relief Grant or the Critically Overcrowded School programs); 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 is similar to the preference point scale 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 Office of Public School Construction (OPSC) provided overcrowding based on the remaining new construction eligibility information for the school districts in which the charter schools applying for funding are located; and the California Department of Education (CDE) provided low income information based on how many students served

by the charter school are eligible for free & reduced price meals, student performance information based on whether the school met its API growth targets for the most recent year, and overcrowding information by identifying public schools meeting the criteria for funding under the Overcrowding Relief Grant or the Critically Overcrowded School programs. 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 2008-09 free and reduced price meal data from CDE's website for each applicant. The data measured the number of students at the school in the 2008-09 school year that were eligible for free or reduced price meals, and calculated the percentage of the students attending the school who qualified 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: One of two methods was used to determine the assignment of preference points for overcrowding. Schools were assigned points based on the higher of the two methods: Option A) OPSC provided available overcrowding percentages for the districts where the applicants are located. The Percentage Overcrowded is determined by dividing the district's remaining New Construction Eligibility by its current enrollment, and multiplying the product by 100. Option B) CDE identified public schools eligible for funding under the Overcrowding Relief Grant of the Critically Overcrowded School programs. Staff contacted applicants and requested assistance identifying overcrowded schools located within three miles of the applicant school. Additionally, using Yahoo maps as the resource, staff searched for public schools physically located within three (3.0) miles of the applicant charter schools and matched against the overcrowded school list to identify overcrowded schools. Under the Option B method, several schools were assigned 10 overcrowding points.
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 schools that met the 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 letters 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 09-05 approving staff's funding recommendations contained in the following spreadsheet. Approval of Resolution 09-05 also authorizes the Executive Director to execute the grant agreements on behalf of the Authority.