

Staff Summary No. 4

Date: July 14, 2010

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Re: Consideration of Revisions to Funding Awards Under the State Charter School Facilities Incentive Grants Program (Resolution No. 10-18)

Staff is proposing a change in the total grant funds awarded to a charter school in the sixth funding round of the State Charter School Facilities Incentive Grants Program.

Background: On behalf of the State of California, the California School Finance Authority (Authority) received approximately \$95.37 million in grants from the U.S. Department of Education for a per-pupil, facilities aid program for California charter schools.

On June 9, 2010, the Authority members approved funding recommendations for the sixth funding round of approximately \$7.5 million to the top 22 ranked charter schools, serving over 6,400 students. The new awardees met all eligibility criteria and had been ranked based on the number of assigned preference points for purposes of the Program (Cal Code Regs., title 4, § 10175 et seq.), by using established uniform terms and conditions that were applied equally to all charter schools seeking funding.

Since that time, the renovation project proposed by a new awardee has been identified as being largely ineligible under this grant program. After discussion with staff, the awardee has requested a change in the use of the grant funds from renovation to debt service, which results in a significant increase in the proposed grant award.

Pursuant to Section 10186 of Program regulations, a change in the use of grant funds is allowable on a case-by-case basis as long as the change is consistent with the Program.

Issue: The change in the use of grant funds would more than double the total grant funds eligible for award to the charter school from \$86,925 to \$180,861. While maximum grant awards are typically “locked-in” when the grant agreement is executed, this new awardee has not yet received a grant agreement and no funds have yet been requested nor disbursed.

Additionally, this proposed revision to the funding determinations for the sixth funding round will not affect the number of charter schools designated as awardees. With the end of the fiscal year, unused funds designated for administration costs have been identified and may be reallocated to subgrantees.

Recommendation: Staff recommends the members approve Resolution No. 10-18 authorizing the increase in the maximum total three-year grant award for River Oak Charter School to \$180,861 due to the change in use as requested under the sixth funding round of the State Charter School Facilities Incentive Grants Program. Approval of Resolution 10-18 also authorizes the Executive Director to execute the grant agreement on behalf of the Authority.