

**Date:** June 8, 2011

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

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

**Subject:** Resolution 11-29 Approving Awards and Authorizing the Disbursement of Funds Under the Seventh Funding Round of the State Charter School Facilities Incentive Grants Program (CFDA #84.282D)

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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., title 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 in 2004 a \$49.25 million grant from the U.S. Department of Education for a charter school facilities grant program. In 2009, the Authority applied for and was awarded a second grant in the amount of approximately \$46 million under the Grant Program. Applications for the seventh funding round of the Grant Program were due to the Authority no later than March 1, 2011, and the Authority received 157 applications.

The Grant Program is intended to provide financial assistance to California charter schools based on demonstrated need. The Authority uses a 160-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 or 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 as overcrowded 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; 4) Zero or 20 points based on student performance as measured by whether the school met its Academic Performance Index (API) Growth Target for the most recent year; 5) Zero to 20 points based on the school providing a school choice option in a community of greatest need; and 6) Zero or 20 points for first time award competitive priority based on whether the applicant charter school has received an award under the 2004 Grant Program (rounds 1-6).

Authority staff relied on the same data sources to assign points under this funding round as it has in previous rounds. The California Department of Education (CDE) provided low income information based on how many students served by the charter school are eligible for free or reduced price meals, student performance information based on whether the school met its API growth targets and all AYP criteria 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. The Office of Public School Construction (OPSC) provides overcrowding based on the remaining new construction eligibility information for the school districts in which the charter schools applying for funding are located as it is available for the current year; and the 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. Staff relied on student performance data from CDE, and location information from the applicant schools, to assign preference points in the school choice category. Lastly, staff determined whether an applicant had previously received an award through the Grant Program. 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. 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 received from CDE staff free and reduced price meal data for each applicant. The data measured the number of students at the school in the 2010-11 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, as 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) Overcrowding percentages for the districts where the applicants are located is provided by OPSC for the current year as it is available. 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 Google maps as the resource, staff searched for public schools 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. Documentation from the U.S. Treasury Department or the California Secretary of State is required to receive points in this category. The name of the organization on the non-profit documentation must match the name of the applicant charter school or governing organization.

5. Student Performance: Applicant charter schools that met their API growth target for either school-wide or all subgroups for the most recent year were awarded 20 preference points in this category.
6. School Choice: Applicant schools that are providing a school choice in a community of need were assigned up to 20 preference points. Applicants were assigned 10 points if the charter school is meeting all AYP criteria for the most recent year and the school is located within 3 miles driving distance (as measured by Google maps) of any traditional (non-charter) school that failed to meet AYP. Similarly, applicants were assigned 10 points if the charter school met its API growth target for both school-wide and subgroups for the most recent year and the school is located within 3 miles driving distance (as measured by Google maps) of any traditional school that did not meet these two criteria.
7. First-Time Award Competitive Priority: If an applicant charter school has not received an award under the 2004 Grant Program (rounds 1 – 5), the applicant was awarded an additional 20 points. Staff reviewed the list of all prior Grant Program awardees to assign preference points in this category.
8. Compliance With Charter Terms and Good 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.
9. Notification of Preliminary Point Assignment: Notification has been provided to applicants regarding their eligibility as well as their preliminary preference point assignments.

### **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.

## **Data Analysis**

- **Total – 157 Applications Received**
  - **20 Applications Ineligible**
    - 3 – Current Subgrantee
    - 3 – Good Standing Letter Issues
    - 5 – Late
    - 6 – Less Than One Year of Operations
    - 1 – Non-Site Based School
    - 2 – Non-Eligible Costs
  - **23 Awardees**
    - 2010-11 enrollment is 6,659 students
    - Use of Funds Breakdown
      - 19 – Lease Costs
      - 2 – Renovations
      - 1 – Debt Service
      - 1 - Purchase
    - Low Income Range = 71.26% - 100% (38-60 points)
    - 22 Schools received points for Overcrowding School Site
    - All schools received points for API student performance
    - All schools received points for Non-Profit Status
    - 10 schools have previously received grant awards under this program
    - AYP School Choice = 57%
    - API School Choice = 91%
  - **137 Eligible Schools**
    - 39 Chartering Authorities Represented
    - Low Income Range = 0-100%
      - 0-20% = 23 schools (17%)
      - 20-40% = 8 schools (6%)
      - 40-60% = 20 schools (14%)
      - 60-80% = 26 schools (19%)
      - 80-100% = 60 schools (44%)
    - Overcrowding School Site = 73%
    - API Student Performance = 57%
    - API School Choice = 42%
    - AYP School Choice = 34%
    - Non-Profit Status = 96%
    - No Previous Award Under This Program = 73%

## **Recommendation**

Staff recommends members of the California School Finance Authority adopt Resolution 11-29 approving staff's funding recommendations contained in the following spreadsheet. Approval of Resolution 11-29 also authorizes the Executive Director to execute the grant agreements on behalf of the Authority.