

## MEMORANDUM

Staff Summary No. 4

**Date:** April 9, 2013

**To:** Members of the California School Finance Authority

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

**Subject:** Appeal by the Academy of Art's and Sciences of Schools Regarding the Charter School Revolving Loan Fund Program

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**Background:** On February 2, 2014, the California School Finance Authority (Authority) posted Charter School Revolving Loan Fund Program (Program) documents to the Authority's website, including: Program regulations and application information. The documents, as well as the website, both stated the application submission deadline for the 2013-14 funding round under the Program. Section 10170.19(e)(1) of the Program regulations sets forth an application deadline of February 24, 2014 at 5:00 P.M.

The Authority received applications for 60 loans. Of those applications, three application packages for the 2013-14 funding round of the Program were late, and represented 12 loan requests. All three applicants contacted the Authority about their late applications, and all claimed that their applications were late because of the mail company they used. The Authority staff decided that if the applicants could provide confirmation that their application packages were delivered to a mail company in sufficient time to arrive on time, the Authority would deem their applications as eligible for the funding round.

Two of the three application packages were deemed eligible due to the documentation they provided showing that their packages were sent by Friday 21, 2014 before 5:00 PM for Next Day delivery. However, Academy of Arts and Sciences (AAS) provided information that showed that their application package was sent on Friday 21, 2014 at 7:05 P.M. as FedEx Ground. According to AAS's package tracking information, the package was received by the FedEx store after the final FedEx location pickup had occurred and therefore was scheduled to be picked up the following day. (See Attached FedEx documentation). AAS was requesting ten loans totaling \$2.5 million for the following schools: 1) Academy of Arts & Sciences – El Cajon Elementary; 2) Academy of Arts & Sciences – Fresno; 3) Academy of Arts & Sciences – Los Angeles K-8; 4) Academy of Arts & Sciences – Los Angeles 9-12; 5) Academy of Arts & Sciences – San Joaquin; 6) Academy of Arts & Sciences – Sonoma; 7) Cal Stem – San Joaquin; 8) Valley Prep Charter School K-5; 9) Valley Prep Charter School 6-8; and 10) Valley Prep Charter School 9-12.

On March 21, 2014, the Authority sent AAS a letter deeming their 10 applications ineligible. Soon after, an AAS representative contacted the Authority staff requesting that we accept their late applications. The Authority staff informed the representative that they would need to send the Authority a formal appeal letter on behalf of the schools. AAS sent the Authority their appeal letter on March 23, 2014 – see attached letter for your reference. The appeal submitted by the AAS notes that “these loans would greatly help our students”.

**Recommendation:** Staff is recommending that the board deny the appeal by the Academy of Arts and Sciences. Program regulations clearly state the submission deadline and AAS was unable to show suitable proof that FedEx was at fault for the late applications. Whereas we are empathetic to the financial ramifications this denial may have on the schools, we cannot violate Program regulations or make exemptions. Furthermore, the Authority received 50 eligible applications with requests totaling \$12.5 million for approximately \$10MM in available loan funds for the 2013-14 funding round. If AAS is allowed to compete in this funding round, other charter schools that submitted their applications on time will be deprived of funding.