

## MEMORANDUM

**Date:** March 11, 2015

**Staff Summary No. 5**

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

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

**Re:** Resolution No. 15-07 Approving New Regulations for the Charter School Facilities Grant Program and Authorizing the Emergency Rulemaking Process

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Pursuant to AB 86 (Chapter 48, Statutes of 2013), the administration of the Charter School Facility Grant Program (Program) was transferred to the California School Finance Authority (Authority) commencing with the 2013-14 fiscal year. The Program provides assistance with facilities rent and lease costs for pupils in charter schools and requires the Authority to allocate facilities grants to eligible charter schools. At its July 2013 board meeting, the Authority board adopted regulations.

Since the transfer of the program and adoption of regulations in July 2013, AB 948 was passed, expanding Program eligibility in any year in which additional funds remain by reducing the Free or Reduced-Price Meal Eligibility (FRPM) threshold one percentage point at a time, but in no case below sixty percent (60%). Along with the changes required by implementation of AB 948, Authority staff and counsel are proposing the following changes and the adoption of emergency regulations that are intended to clarify certain provisions in the existing regulations. Staff notes that these changes reflect stakeholder input as well.

### **Section 10170.2 Definitions**

The amended Section clarifies the definition of "Average Daily Attendance" and Free and Reduced-Price Meals" (FRPM). This section also incorporates by reference the State Charter School Facility Grants Program Application form (CSFA 740-01; Rev. 3/2015), which is herein incorporated by reference.

The changes to this Section are necessary to provide consistency and clarity of language and ensure that all eligibility requirements are current, relevant and understood by applicants to the program.

### **Section 10170.3 Eligible Applicant**

The amended Section sets forth that an additional funding round will be conducted, pursuant to AB948 which expands the eligibility for charter schools to participate in the Program, and sets forth how schools will be funded, in the event the program is oversubscribed. Additionally, a provision was added that memorializes that applicants must be in compliance with all other programs administered by CSFA.

The changes to this Section are necessary to provide explicit guidance regarding eligibility for charter schools, ensure eligibility based on a charter school's compliance with other

CSFA programs, where applicable, and ensure that all eligibility requirements are current and relevant.

#### **Section 10170.4 Eligible Costs**

The amendments to this Section clarify which costs are eligible and ineligible, pursuant to the Program's statute. The changes to this Section are necessary to provide explicit guidance regarding eligibility for charter schools, ensure eligibility based on a charter school's compliance where applicable, and ensure that all eligibility requirements are current and relevant.

#### **Section 10170.5 Application Submission**

This section was amended to allow for the electronic submission of application documentation, and sets forth application submission information for the additional funding round pursuant to AB 948. The changes are necessary to provide guidance to the charter school community regarding the expansion of the program, and provide information about applying for funding under the new funding round.

#### **Section 10170.6 Content of Application**

The amendments to this section are intended to clarify application submission instructions, provide for an Invoice Report to be submitted by applicants for additional costs incurred, and clarify information needed to review first year schools' eligibility. The changes to this Section are necessary to provide explicit guidance regarding application content in order to vet program eligibility.

#### **Section 10170.7 Estimated Annual Entitlement Calculation**

The amendments to this section eliminate redundant language, clarify the estimated annual entitlement calculation, and set forth information for first year charter schools. These changes are warranted to provide clarity to applicants regarding how grant amounts are calculated.

#### **Section 10170.8 Final Fiscal Year Entitlement Calculation**

The amended Section sets forth information about staff's methodology for calculating final fiscal year ("true-up") grant amounts, and deletes redundant language. The changes to this Section are necessary to provide clarity to charter schools regarding staff's methodology for calculating schools' final "true-up" grant amounts.

#### **Section 10170.9 Apportionment of Grant Funds**

The changes to this Section omit language specific to previous funding rounds, improve readability, allow for the submission of an Invoice Report, and clarify procedures related to the reimbursement of invoice costs.

### **Program Application**

Authority staff and counsel also are proposing amendments to the Program Application (CSFA Form 740-01) that are intended to clarify certain provisions in the existing regulations and comply with the Treasurer's request to provide access to electronic forms.

The amendments include requests for information regarding the legal and financial relationship between the charter school and the property owners of facilities being leased. The changes also set forth that signed certifications are required for the Legal Status Questionnaire and Charter School Certification. The Charter School Certification has been amended to include compliance with California Corporations Code Section 15908.02.

### **Recommendation**

Staff recommends that the members adopt Resolution 15-05 approving the proposed regulations for the administration of the Charter School Facility Grant Program. If approved, the Executive Director will initiate the emergency rulemaking file for processing by the Office of Administrative Law, and will distribute the proposed changes to interested parties in accordance with the emergency rulemaking process.