

MEMORANDUM

Staff Summary No. 9

Date: February 8, 2017

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Consideration of Appeal Regarding the Charter School Facility Grant Program for Westchester Secondary Charter

Background: In June 2016, staff of the California School Finance Authority (CSFA) began the California School Facility Grant Program (Program) 2015-16 true-up process for all 2015-16 schools. Part of that process included establishing each school's continuous good standing designation with its authorizer.

To date, Westchester Secondary Charter's (Westchester) authorizer, Los Angeles County Office of Education (LACOE), has provided CSFA with two certifications dated June 14, 2016 and October 18, 2016 stating that Westchester is not in good standing.

Pursuant to Section 10170.3(f) of Program regulations, a charter school is eligible for a grant if the charter school is in "good standing with its chartering authority, is in compliance with the terms of its charter at the time of application submission, and without interruption throughout the term of the grant." Because LACOE has stated in two separate letters that Westchester was not in good standing, CSFA determined that Westchester was ineligible for its third apportionment of 2015-16 Program funds. An ineligibility notice was sent on September 6, 2016.

Westchester sent an appeal dated October 25, 2016 stating that the remaining Program funds due to them would alleviate the financial solvency issue presented in LACOE's second certification. As the letter dated October 18, 2016 from LACOE found Westchester not in good standing, CSFA maintained its determination that the school was ineligible to receive additional 2015-16 Program funds. CSFA staff sent a second Ineligibility Notice on December 12, 2016.

Westchester reported on January 24, 2017 that they have reduced their total debt to approximately \$53,000. The school further asserted that they would be able to get a letter of good standing from LACOE now, if determined eligible for the Program and the remaining balance of 2015-16 Program funds were awarded. Program staff has confirmed that if deemed eligible, the program funds due to them will be approximately \$98,000.

Analysis: According to CSFA's records, Westchester received 75 percent of its 2015-16 Program award totaling \$80,437 in two disbursements on: January 25, 2016 and March 3, 2016. LACOE's certifications to the CSFA specifically noted a concern about Westchester's continued financial insolvency and cited specific conditions for Westchester to meet in order to become financially solvent. The concerns cited in LACOE's denial of good standing are characterized as ongoing issues that were present even after CSFA had disbursed over \$80,000 to the school.

Recommendation: CSFA provides Program funds to schools that can maintain a good standing designation with their authorizer throughout the term of their grant. As the letter dated October 18, 2016 from LACOE found Westchester not in good standing, the Authority maintains its determination that the school is ineligible to receive any additional 2015-16 Program funds.

Attachments: Westchester Appeal and supporting documents, LACOE Certifications