

## MEMORANDUM

## Staff Summary No. 5

**Date:** September 13, 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

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**Background:** In 2013-14, the administration of the Charter School Facility Grant Program (Program) was transferred from the California Department of Education (CDE) to the California School Finance Authority (Authority). Since 2013-14, the Authority has received late applications following each funding round's application deadline. Therefore, on August 10, 2016, the Board approved a policy memo regarding late application submission for the Program. The memo recommended that late applications be accepted when both of the following conditions are met: 1) all other programmatic requirements have been met; and 2) there is funding capacity under the Program.

**Issue:** All California charter schools on file with CDE are notified via-email and through the Authority listserv of the deadline for application submission. Program regulations, section 10175.5 (a) state the "Application deadline shall be 5:00 p.m. on the date five weeks from the date the application is made available by the Authority." The application was made available April 21, 2017 and was due on June 1, 2017 at 5:00 p.m. For the 2017-18 funding round, the Authority received 426 applications by the regulatory deadline of June 1, 2017. Three late applications were received from Alta Public Schools and accepted by the Board during the August 3, 2017 Board meeting.

On August 1, 2017, the Authority received a letter of appeal and Program application for Lake County International Charter (Lake County). Authority staff have reviewed the school's appeal and determined them ineligible. A summary of the school's appeal follows:

- Lake County relies on the Program funds to "keep facilities clean and in good repair." Without Program funds, Lake County will have to rely on volunteers for their cleaning services.

Since January 2016, Lake County has owned its facilities and has only requested reimbursement for renovation and common area maintenance costs (Other Costs).

- In the 2015-16 funding round, Lake County was reimbursed 75% of its entire \$28,845.36 Other Costs submission (\$21,634) and 7 months of rent costs (\$6,050).
- In the 2016-17 funding round, Lake County was reimbursed 75% of its entire \$78,799.98 Other Costs submission (\$59,099). The reasons for the increase in costs submitted were major renovations done to repair air conditioners and the school's roof.

Since 2013-14, in each funding round, Lake County has applied and been awarded Program funds; 2017-18 marks the school's first late application submission.

While Lake County appears to meet other programmatic requirements, the 2017-18 funding round is currently oversubscribed. In accordance with Education Code Section 47614.5 (b), the Authority will have to disburse available funds on a pro-rata basis. Due to this provision, the funds needed to award Lake County will reduce other applicants' awards. As shown in the table in Exhibit A, if the Lake County is found eligible for funding consideration, other applicants' awards may decrease by 0.05% to 0.06%, depending on certain assumptions. (See Exhibit A, Potential column)

**Recommendation:** Staff recommends denial of the appeal on behalf of Lake County based on the currently projected oversubscription of the Program.

**Attachments:**

- Exhibit A - Analysis of Lake County awards and their impact on the oversubscribed Program
- Lake County Appeal Letter dated July 17, 2017 & Application
- Late Applications Memo approved by the Board on August 10, 2016

## Exhibit A

| School                            | CDS Code       | 2017-18 Rent Costs | 2017-18 Other Costs (based on 2016-17 Submission) | 75% of Facility Costs | 2016-17 P-2 ADA per CDE | ADA x \$1,117 | 2017-18 Award      | Potential Award    |
|-----------------------------------|----------------|--------------------|---|-----------------------|-------------------------|---------------|--------------------|--------------------|
| Lake County International Charter | 17640550108340 | \$0.00             | \$78,799.98                                       | \$59,099.99           | 64.48                   | \$72,024.16   | \$59,099.99        | \$72,024.16        |
| <b>TOTAL Award</b>                |                |                    |   |                       |                         |               | <b>\$59,099.99</b> | <b>\$72,024.16</b> |

|  |                  |                   |
|--|------------------|-------------------|
| (a) 2017-18 Eligible Applicants (as of 9.1.17)                         | 419              |                   |
| (b) Total funds needed to award all eligible applicants (as of 9.1.17) | \$121,596,696.93 |                   |
|  | <b>Actual</b>    | <b>Potential*</b> |
| (c) Amount of funds needed to award APS Schools:                       | \$59,099.99      | \$72,024.16       |
| (d) Total funds needed with APS Schools ( b + c )                      | \$121,655,796.91 | \$121,668,721.09  |
| Each eligible applicant's award will be decreased by: ( [d - b] ÷ b )  | 0.05%            | 0.06%             |
| On average eligible applicants' awards shall be lowered by: ( c ÷ a )  | \$141.05         | \$171.90          |

Note:

- **Actual** - Award amounts based on costs currently received by the Authority
- **Potential** - Award amounts based on the maximum award the school could receive if additional other costs were submitted to the Authority