

M E M O R A N D U M

Staff Summary #7.b.

Date: April 10, 2019
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 – Environmental Charter Middle – Gardena (Environmental Charter)

Background: The Charter School Facility Grant Program (Program) is intended to provide charter schools assistance with facilities rent and lease costs. Pursuant to Education Code 47614.5(f) the Program funds may also be applied to costs associated with the facility including but not limited to: Remodeling buildings, deferred maintenance, installations, and common area maintenance charges (Other Costs). Since the California School Finance Authority (Authority) began administering the Program in fiscal year 2013-14 these (Other Costs) have been due to the Authority and the end fiscal year for which the Application was submitted. On October 23, 2015 the Board approved Program regulations which required all requests for other costs be submitted to the Authority no later than July 15 following the applicable fiscal year for which the Application was submitted. These regulations changes were approved by the Office of Administrative Law and went into effect the following fiscal year. The July 15 deadline has been in place since fiscal year 2015-16.

During the 2017-18 fiscal year July 15, 2018 fell on a Sunday so Applicants were requested to submit their (Other Costs) and Facility Invoice Expenditure Report no later than July 16, 2018. All 2017-18 Program participants were notified via-email of the deadline for submission of request for reimbursement of (Other Costs). The Authority received 236 timely (Other Cost) submissions.

Issue: Environmental Charter Middle – Gardena (CDS Code #19101990121772) (Environmental Charter) asked the Authority to consider a late submission of (Other Costs) for the 2017-18 Funding Round. Pursuant to regulations 10170.6(e) the Authority is unable to accept late submission of (Other Costs).

The Authority sent 3 email messages to Program participants reminding them of the July 16th deadline. These emails were sent to the Environmental Charter contact on file, Alayna Santos. The Authority received 236 timely requests for reimbursement of additional costs by the July 16th deadline including one from Alayna Santos and Farnaz Golshani-Flechner for Environmental Charter High (CDS Code #19646911996438).

On December 6, 2018, the Authority received an appeal to consider a late submission of other costs for the 2017-18 Funding Round on behalf of Environmental Charter. In its appeal, Environmental Charter asserts that “[d]ue to a series of coincidental and unfortunate staffing changes” it was “unable to timely submit all receipts for the additional SB740 funding.” Specifically, the appeal details three critical reasons for its failure to submit a timely request:

- (1) Because the Director of Finance and Operations went on maternity leave much earlier than anticipated, and immediately before the application due date, training of the incoming COO was incomplete and “did not cover crucial SB740 information.”
- (2) The Principal resigned in October 2017 and his permanent replacement did not start until July 2018, resulting in a lack of “a crucial level of oversight on the application and receipt submission process”.
- (3) The Manager of Facilities and Sustainability, who was the individual receiving communications from the Authority regarding SB740, failed to submit the request for additional funding, and “she did not inform leadership when she missed the deadline for submission.”

The Director of Operations included the additional SB740 funds in Environmental Charter’s budget forecast. Without them, according to the school, Environmental Charter will be unable to add an additional math teacher and retain an existing school counselor, and will have to use the money allocated for these positions to pay for basic facility costs.

The appeal was denied on January 7, 2019, based on the August 10, 2016 Board policy memo recommending that late applications be accepted at the staff level when 1) all other programmatic requirements have been met by the applicant; and 2) there is funding available under the Program. Staff maintains that this policy is reasonably extended to submission of (Other Costs). Unfortunately, the Program is currently oversubscribed, therefore there is no funding available, and so the second of the two tests fails. Although the policy memo was cited as reason for the Authority’s inability to accept a late submission of (Other Costs), upon further review, the Authority has determined that what is at issue is compliance with the Program regulations regarding (Other Costs). On February 22, 2019, Environmental Charter appealed the Staff determination restating the arguments in its initial appeal.

Since 2013-14, in each funding round, Environmental Charter has applied and been awarded Program funds, and 2014-15 is the only other year in which they requested (Other Costs). That request was timely and funds were awarded. The Authority did not receive a request to submit 2017-18 (Other Costs) from Environmental Charter until after the school’s final award notice was issued.

In accordance with Education Code Section 47614.5 (b), the Authority must disburse available funds on a pro-rata basis. Due to this provision, the funds needed to award Environmental Charter’s late submission of a request for reimbursement of \$182,857.81 in other costs would reduce other applicants’ awards by a total of approximately \$91,789.59 (0.06% or an average of \$164.30 per applicant) while yielding the school only an additional \$68,842.19 (estimated).

Recommendation: Staff recommends denial of the appeal on behalf of Environmental Charter based on its failure to meet the Program deadline.

Attachments:

- Attachment #1 - Environmental Charter Award History
- Attachment #2 - Environmental Charter 2nd Appeal
- Attachment #3 - CSFA Appeal Response
- Attachment #4 - Environmental Charter 1st Appeal
- Attachment #5 - 2017-18 Invoice Report Announcement