

MEMORANDUM

Staff Summary Item No. 6

Date: August 28, 2019

To: Members of the California School Finance Authority

From: Thomas Dear, Staff Services Manager II

Subject: Resolution No. 19-25 Approving Final Awards and Authorizing the Disbursement of Funds under the Fifteenth Funding Round of the State Charter School Facilities Incentive Grants Program (CFDA #84.282D)

Resolution 19-25 grants approval of the final award of grant funds to the top ranking applications in line for a grant award; allowing the Executive Director (or the Deputy Treasurer) the ability to take the steps necessary to execute the grant agreements, disburse the grant funds, and make awards to alternate applications as applicable - in the event program funds become available. The fifteenth funding round applicants, potential awardees, and alternates, are shown in Attachment B attached hereto.

Background: On behalf of the State of California, in 2004, the California School Finance Authority (Authority) received a five-year, \$49.25 million grant from the U.S. Department of Education for a State Charter School Facilities Incentive Grants Program (Federal Program). In 2009, the Authority was awarded a second five-year grant in the amount of approximately \$48.5 million for the Federal Program. In 2014, the Authority applied for and was awarded a third five-year grant in the amount of \$50 million for the Federal Program. The Authority will award approximately \$12.75 million in funding in the fifteenth funding round.

The Federal Program is intended to provide financial assistance to California charter schools based on demonstrated need. The Authority uses a 150-point scale to award points based on the following:

- 1) Zero to 60 points based on the number of low-income students served by the school (as measured by the number of students eligible for free or reduced price meals);
- 2) Zero or 10 points based on the degree of overcrowding and when the school is located within a specified number of miles (three miles for city schools or 10 miles for suburban schools or 15 miles for rural schools) of a traditional public school identified as overcrowded, under the Overcrowding Relief Grant or the Critically Overcrowded School programs;
- 3) Zero or 20 points based on the non-profit status of the school or the entity operating the school;
- 4) Zero or 20 points for student performance awarded if a minimum of 60 percent of the charter school's students meet or exceed the standard for either English Language Arts/Literacy or Mathematics under the Smarter Balance Assessment system;

5) Zero to 20 points:

- 5a. 10 points if the applicant charter school is physically located within the driving distance of an applicable traditional public school serving a minimum of 50 percent of the same grade levels assessed (grades 3 – 8 and 11) as the applicant charter school, and a higher percentage of the applicant charter school's students met or exceeded the Smarter Balanced Assessment - English Language Arts/Literacy standard than did the traditional school's students for the most recent year;
- 5b. 10 points if the applicant charter school is physically located within the driving distance of an applicable traditional public school serving a minimum of 50 percent of the same grade levels assessed (grades 3 – 8 and 11) as the applicant charter school, and a higher percentage of the applicant charter school's students met or exceeded the Smarter Balanced Assessment - Mathematics standard than did the traditional school's students for the most recent year; and

6) Zero or 20 points for first time awardees.

Authority staff relied on the same data sources to assign points under this funding round as it has in previous rounds. The California Department of Education (CDE) provided information based on how many low-income students served by the applicant charter schools are eligible for free or reduced price meals, and overcrowding information by identifying public schools meeting the criteria for funding under the Overcrowding Relief Grant or the Critically Overcrowded School programs. CDE's Smarter Balanced Assessment data was used for student performance and school choice. The website (<https://nces.ed.gov/>) for the National Center for Education Statistics (NCES) was relied upon for determining the locale code of city/urban, suburban, or town/rural, which the charter schools applying for funding are located. Applicants were charged with providing staff with documentation demonstrating the charter school is a non-profit entity or operated by a non-profit entity.

The following steps were taken to process Federal Program applications:

1. Program Eligibility: Staff evaluated applications for Federal Program eligibility and completeness. If applicants were deemed ineligible for participation, letters were sent which explained the Authority's rationale. If information was missing from the application packet, applicants were given a deadline for submitting required information. Staff also verified applicants were free of any conflicts of interest as well as vetted applicants' legal status questionnaire responses.
2. Charter School Facility Grant Program Eligibility: Per requirements that federal funds supplement and not supplant State funds, staff evaluated if applicants were eligible for the State Program. If an applicant is eligible for both the federal and state program, applicants must be funded out of the State Program rather than the Federal Program.
3. Low-Income Preference Points: In order to assign low-income preference points, staff received from CDE the free and reduced price meal data for each applicant. The data measured the number of students at the school in the 2018-19 school year that were eligible for free or reduced price meals, and calculated the percentage of the students

attending the school who qualified for free/reduced meal programs. *The school does not necessarily need to have a lunch program in order to file this information with CDE, as this data also is used to measure the number of low-income students being served by the school.*

4. Overcrowding Preference Points: CDE identified public schools eligible for funding under the Overcrowding Relief Grant and the Critically Overcrowded School programs. Additionally, using Google maps as the resource, staff searched for overcrowded public schools located within a specified number of miles (three miles for city/urban schools or 10 miles for suburban school or 15 miles for town/rural schools) of the applicant charter schools to identify whether the applicant charter schools were eligible for 10 overcrowded points. If no locale code data was available, applicants received 0 points.
5. Non-Profit Points: An applicant charter school, which demonstrated that it, or its operator, are organized and operated as a 501(c)(3) or as a nonprofit California public benefit corporation, were awarded 20 preference points in this category. The name of the organization on the non-profit documentation must match the name of the applicant charter school or governing organization. Appropriate documentation from the U.S. Treasury Department or the California Secretary of State is required to receive points in this category.
6. Student Performance Points: If a minimum of 60 percent of the charter school's students meet or exceed either English Language Arts/Literacy or Mathematics under the Smarter Balance Assessment system, 20 preference points were assigned.
7. School Choice: If the charter school's English Language Arts/Literacy scores meet or exceed those of a traditional school within the driving distance utilized for overcrowding, 10 preference points were awarded. If the charter school's Mathematics scores meet or exceed those of a traditional school within the driving distance utilized for overcrowding, 10 preference points were awarded - for a maximum of 20 preference points for this category.
8. First-Time Award Competitive Priority: If an applicant charter school has not received an award previously, the applicant was awarded an additional 20 points. Staff reviewed the list of all prior Federal Program awardees to assign preference points in this category.
9. Compliance With Charter Terms and Good Standing with Authorizer: To ensure that applicants were in compliance with the terms of their charters and in good standing with their chartering entities at the time of application submission, as required in the Federal Program regulations, Authority staff sent out letters to chartering entities requesting verification of charter compliance and good standing confirmation.
10. Notification of Preference Points Assignment: Notification has been provided to applicants regarding eligibility as well as the preliminary preference point assignments. Applicants were given the opportunity to contest assigned preference points.

2019 Funding Round: Applications for this funding round of the Federal Program were due to the Authority no later than April 19, 2019, and the Authority received 101 applications, with funding requests totaling over \$49.6 million. A data analysis of applicants can be found in Attachment C. Below we have highlighted information regarding eligibility and the award process under this funding round:

1. The Authority received 30 fewer applications over last year's funding round, from 131 in 2018 to 101 applications in 2019.
2. Public outreach efforts were continued from previous rounds to ensure schools applied to the correct program – state versus federal. Education outreach efforts included hosting a detailed webinar prior to the application deadline, in which Authority staff discussed program eligibility, preference point award process, eligible costs, and the interplay between the federal and state programs.
3. The application deadlines for the state and federal programs were scheduled relatively close to one another in order to allow staff adequate time to analyze the best facility funding program for each school.
4. As 2018-19 Average Daily Attendance and Enrollment data from CDE was available, staff calculated awards for schools under both programs using the most current data.
5. Staff reviewed executed 2019-20 lease agreements (as applicable).
6. Each eligibility and preference point determination was peer reviewed.
7. Preference Point Letters were sent to all eligible schools, including potential alternates.

Recommendation: Staff recommends members of the California School Finance Authority Board adopt Resolution 19-25 approving staff's funding recommendations contained in Attachment B of Resolution 19-25. Approval of Resolution 19-25 also authorizes the Executive Director (or the Deputy Treasurer) to execute the grant agreements and disburse the funds on behalf of the Authority as well as make awards to eligible alternates.