

MEMORANDUM

Staff Summary No. 5

Date: July 29, 2021

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution No. 21-21 – Approval of the Charter School Revolving Loan Fund Program Recommendations and Amounts (Action Item)

Overview: The California School Finance Authority (Authority) opened the application period for the 2020-21 Funding Round B of the Charter School Revolving Loan Fund Program (Program) on April 1, 2021. The Program has approximately \$14.5 million available to award for this funding round. The Authority received 14 timely applications by the April 30, 2021 deadline, with funding requests totaling \$3.4 million.

Since April 30, 2021, Authority staff has assessed eligible loan applications in accordance with the framework established by statute and regulations. All applicants in this funding round are Priority One Schools that plan to open in 2021. One application was deemed ineligible as the applicant failed to submit information to the Authority in a timely manner. One applicant has received \$100,000 through the Program and therefore is only eligible for \$150,000 under this round. Staff is recommending the other 12 schools receive the maximum loan amount of \$250,000.

The Governor recently signed into law the Charter School Renewal Extension. A significant issue that charter schools face, as schools return to a more traditional pre-pandemic in school schedule, is how charter renewals will be determined with two-years of missing Dashboard and California Assessment of Student Performance and Progress (CAASPP) data, basically annual test scores. A new law recently enacted is Education Code Section 47607.4, states:

“Notwithstanding the renewal process and criteria established in sections 47605.9, 47607, and 47607.2 or any other law, effective July 1, 2021, all charter schools whose term expires on or between January 1, 2022, and June 30, 2025, inclusive, shall have their term extended by two years.”

The Authority legal advisor within the State Treasurer’s Office opined that this law applies to all charters that fall within these renewal dates. As such, staff included the two-year extension on all applicable applicants as part of our regular evaluation process and payment calculation and found nine of 13 are impacted by the change in law. Staff is

recommending the 13 loans, totaling \$3.15 million, for board approval. Exhibit A of Resolution No. 21-21 contains a listing of schools and loan amounts.

Recommendation: Staff recommends the Board adopt Resolution No. 21-21, approving Program recommendations and amounts to the charter schools listed in Exhibit A – Board Matrix. Once approved, staff will notify schools of the conditional loan approvals, confirm these schools meet all funding criteria before releasing funds, distribute and execute loan agreements, and carry out all other necessary steps to disburse funds to these charter schools.