

M E M O R A N D U M

Staff Summary No. 6

Date: July 27, 2023
To: Members of the California School Finance Authority
From: Katrina M. Johantgen, Executive Director
Re: Resolution 23-32 - Charter School Facility Grant Program (SB740) Regulatory Items Regarding Program Application Dates (Action Item)

The Charter School Facility Grant Program or SB740 Program (Program) provides annual assistance with facilities rent and lease costs for pupils in California’s charter schools. Since 2013-14, the Authority has made changes to the regulations that guide this Program. The Authority is requesting approval of these most recent revisions based on feedback from stakeholders and to improve Program efficiencies. Upon board approval, the changes will become part of the program regulations once approved by the Office of Administrative Law.

These proposed amendments to the regulations add specific dates regarding the opening and closing of the Program application submission.

The Authority intends to submit these proposed regulations through the Regular Rulemaking Action upon the Authority Board’s approval of the following proposed regulations:

Section 10170.5. Application Submission

(a)(1) – Add “by 9:00 a.m. on April 10.” and “on June 2 of the same year.” and “and deadlines” were added and remove “in the month of” and “the date five weeks from the date the Application is made available by the Authority” to have static dates for the initial application.

(a)(4) - Add “If any of the dates listed in 10170.5(a)(1) & (2) fall on a Saturday or Sunday or a holiday listed in Education Code Section 45203, the new date will be the following business day.”

Section 10170.6. Content of Application

(e) – Remove “July 15” as the deadline for other facility related cost submission and replace with “August 31”.

Recommendation: Authority staff recommends the Board adopt Resolution 23-32, approving the proposed regulations for the administration of the Charter School Facility Grant Program. If approved, the Executive Director will include the Resolution demonstrating the Board approval with the rulemaking file to the Office of Administrative Law.

**TEXT OF REGULATIONS
CALIFORNIA CODE OF REGULATIONS
Title 4, Division 15, Article 1.5
Charter School Facility Grant Program**

§ 10170.5. Application Submission.

- (a) Application for grant funds shall be made on an online form (CSFA Form 740-01) prescribed by the Authority, and will be available as described below. The Authority will accept Applications during the Application periods described. Applications may not be submitted by email or facsimile.
- (1) The Initial Application period for each grant year shall be made available by the Authority by 9:00 a.m. on in the month of April 10th. Application deadlines shall be 5:00 p.m. on June 2nd of the same year. the date five weeks from the date the Application is made available by the Authority. The Authority shall make Application materials available on the Authority's website and notify the public of the Application release and deadline dates.
 - (2) The Second Application period for each grant year shall be made available by the Authority on September 10 of each Fiscal Year. The Application deadline shall be 5:00 p.m. on October 15 of each Fiscal Year. The Authority shall make Application materials available on the Authority's website and notify the public of the Application release date. Under the following circumstances, an Application may be submitted during the Second Application Period:
 - (A) A Charter School relocates from a facility that was ineligible for a grant award to a facility that is eligible, and the Application includes a description of the change in facility circumstances; or
 - (B) A First Year Charter School.
 - (3) Late Applications and late Facility Invoice Expenditure Reports are ineligible for Program funds and are not eligible for the appeal process described in Section 10170.10.
 - (4) If any of the dates listed in Section 10170.5(a)(1) and (2) fall on a Saturday, Sunday, or a holiday listed in Education Code Section 45203, the new date will be the following business day. The Authority shall notify the public of dates subject to this subsection.
- (b) The Authority's review and evaluation of an Application for purposes of calculating the Estimated Annual Entitlement shall be based on the information contained in and submitted with the Application, and supporting information obtained directly from other state and local agencies.
- (c) Organizations operating more than one Charter School, as identified by separate County District School (CDS) codes, must submit a separate Application for each Charter School with a separate CDS code for which a grant award is sought. Organizations operating more than one facility location under the same CDS code must combine all facilities operating under that CDS code in one Application.

Note: Authority cited: Section 47614.5, Education Code. Reference: Section 47614.5, Education Code.

§ 10170.6. Content of Application.

Completed Applications and all attachments shall be submitted to the Authority via the online Application form (CSFA Form 740-01) and shall include all of the following items.

- (a) Application. The Application shall include identifying information, a completed Legal Status Questionnaire, and signed certification that the data and information reported is true and correct and the charter will continue to comply with state and federal laws.
- (b) Copy of current charter agreement and verification of Authorizing Board adoption and expiration date.
- (c) Copy of the rent or lease agreement contract, or other documentation, verifying the Charter School's facilities rent or lease costs for the Fiscal Year for which a grant award is requested, and evidence that the rent or lease term matches or exceeds the anticipated grant term. If the Charter School does not have an executed rent or lease agreement for the Fiscal Year, the Applicant shall produce an executed lease or rental agreement for the Prior Year or other documentation sufficient to show the Charter School's actual facilities rent or lease costs for the Prior Year. If the Charter School does not have a rental or lease agreement for the Fiscal Year or Prior Year, the Applicant shall provide such other evidence to the satisfaction of the Authority, such as a pending lease agreement, that establishes the Applicant's best estimate of such costs for the Fiscal Year.
- (d) After the Authority has confirmed the Applicant's eligibility and determined one or more of the Applicant's facilities is a New Facility Agreement, the Authority will use an Independent Appraisal, completed within the last three Fiscal Years, that was previously filed with the Authority during a prior Application round. Otherwise, the Authority will request an Independent Appraisal completed within the Fiscal Year. The Appraisal shall be consistent with the USPAP, and at a minimum contain the following items:
 - (1) Use a Certified Real Estate Appraiser or Certified General Appraiser licensed by the California Department of Real Estate Appraisers;
 - (2) The Appraiser shall not be a Related Party as defined in Section 10170.14(a)(3);
 - (3) "Client" shall be the Charter School;
 - (4) "Intended User" shall be the California School Finance Authority for Charter School Facility Grant Program eligibility;
 - (5) Provide a Fair Market Rent Analysis including an explanation that supports the conclusions reached; and
 - (6) Signed Certification consistent with language found in USPAP.
- (e) An Applicant requesting reimbursement for Charter School costs associated with remodeling buildings, deferred maintenance, initially installing or extending service systems and other built-in equipment, improving sites and common area maintenance charges shall submit no later than ~~July 15~~ August 31 following the applicable Fiscal Year all of the following:
 - (1) A description of the work for which the reimbursement is requested, including how it meets one of the categories of eligible work;
 - (2) A Facility Invoice Expenditure Report, as provided by the Authority, detailing the costs to be reimbursed; and
 - (3) Applicable contracts for work to be performed to the extent they exist at the time of the Application.
- (f) An Applicant applying for or on behalf of a First Year Charter School shall submit an Application and the supporting documentation listed in subdivisions (f)(1)-(3), as they are made available. Grant funds will not be disbursed until items (1), (2) and (3) have been received by the Authority.
 - (1) An approved charter agreement evidencing the First Year Charter School's intention

- of operating a Charter School during the Fiscal Year for which grant funds are requested. If an approved charter agreement is not available, the Applicant shall submit the charter petition and Application and additional documentation demonstrating its intent to receive charter approval to operate a Charter School during the Fiscal Year for which grant funds are requested;
- (2) An executed rental or lease agreement for the Fiscal Year for which grant funds are requested. If an executed rent or lease agreement is not available at the time of Application, the Applicant shall submit an estimate of rent or lease costs for the Fiscal Year; and
 - (3) A Charter School 20 Day Attendance Report shall be submitted within 20 days of initial California Department of Education Application submission date.
- (g) The Authority shall be entitled to the return of all grant funds from an Applicant if it is determined that the Applicant failed to provide complete and accurate information, or provided misleading information, that resulted in the disbursement of grant funds for which an Applicant is not eligible.
- (h) All requested documentation required to complete the Applicant's eligibility review or award calculation shall be due to the Authority within 60 calendar days of notification. Failure to submit this documentation by the stated deadline will result in Program ineligibility or ineligibility of applicable facility costs described in Section 10170.4(a)(1)-(4).
- (i) The Authority will request completion of the GSCF directly from the Chartering Authority. This form shall be completed and returned only if the Chartering Authority is aware of any outstanding compliance or revocation issues; otherwise, no action is necessary. An Applicant may appeal any response by the Chartering Authority's staff directly to the Chartering Authority's governing board.
- (1) Requests for completion of the GSCF will be sent out to the Chartering Authority upon receipt of each Application.
 - (2) The Authority reserves the right to request completion of an additional GSCF at any time during the Fiscal Year.

Note: Authority cited: Section 47614.5, Education Code. Reference: Section 47614.5, Education Code.