

## MEMORANDUM

Staff Summary No. 11

**Date:** August 31, 2023  
**To:** Members of the California School Finance Authority  
**From:** Katrina Johantgen, Executive Director  
**Subject:** Consideration of an Appeal of Ineligibility under the 2022-23 Charter School Facility Grant Program Funding Round for Academy of Media Arts located in Los Angeles County

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**Introduction:** The California School Finance Authority (CSFA or Authority) has an established appeal process for Applicants appealing staff determinations under the Charter School Facility Grant Program (Program). On May 25, 2023, CSFA received an appeal from Academy of Media Arts (AMA) (CDS Code: 19-64733-0139055) requesting the school's appeal be considered by the Authority Board. CSFA staff reviewed AMA's appeal and could not reverse its determination at the staff. Pursuant to Subdivisions (d) and (e) of Section 10170.10 (Notification of Grantee; Appeal Process) of Program regulations, AMA has appealed Authority staff's final decision through the following:

(d) If the Applicant is unsatisfied with Authority staff's final decision, the Applicant shall have 30 calendar days following receipt of notice of the decision to notify the Authority that the Applicant wishes to appeal the matter to the Authority board.

(e) Upon receipt of an appeal notice from an Applicant, the matter will be considered by the Authority board at the next regularly scheduled Authority meeting.

Subdivision (g) of Section 10170.10 provides, in pertinent part:

(g) If an appeal is not able to be resolved by the deadlines provided in Section 10170.10 (b), (d), and (f), the Authority **shall** deny the appeal based on a failure to comply with Program regulations. This decision is considered final and is not subject to an additional appeal. [Emphasis added.]

Set forth below is AMA's appeal and supporting information.

**Background:** Academy of Media Arts (AMA) (CDS Code: 19-64733-0139055) opened in the 2019-20 school year. The school has been active in the Program since the 2019-20 funding round. On May 26, 2022, AMA applied for the 2022-23 funding round. AMA was found ineligible for the 2022-23 Program Funding Round as it did not receive a Good Standing Confirmation from its Authorizer as required by Program Regulations Sections 10170.3(f). Program Regulations and Statute are provided as Attachment 1 and Attachment 2 for

reference. On June 30, 2023, the school closed, and its charter petition terminated pursuant to an agreement with the Los Angeles Unified School District (LAUSD). On July 1, 2023, a successor private high school, Academy of Media Arts (High School), opened on the property.

Pursuant to Section 10170.3(f) of the Charter School Facility Grant Program (Program) regulations, applicant schools must be certified to be in “Good Standing” with their charter authorizer (e.g., school district). The Authority certifies Good Standing by sending the relevant charter authorizer a Good Standing Confirmation Form (GSCF or CSFA Form 1119). The authorizer is asked to confirm the following: (1) the applicant is in compliance with the terms of its charter agreement; (2) there are no pending or outstanding Notices of Violation described in Education Code section 47607(g); and (3) there are no pending or outstanding Notices of Intent to Revoke described in Education Code section 47607(h). Failure to return a GSCF or the return of a blank form is presumed an acknowledgement by the charter authorizer that there are no outstanding compliance, violation, or revocation issues for the school in question. Pursuant to Section 10170.2(q) and the definition of good standing, CSFA will rely on information prepared by the Chartering Authority and the submission of a GSCF. The Program's Good Standing requirement is an important tool developed as part of CSFA's best practices to ensure that high-quality schools are accessing coveted program funds.

On August 15, 2022, AMA's charter authorizer, LAUSD, informed AMA of a Notice to Cure. The Notice to Cure was stated as the reason for the lack of Good Standing determinations as informed by the GSCF form submitted on October 14, 2022 (Attachment 4). LAUSD declared the applicant to not be in compliance with the term of its charter agreement. LAUSD provided the further information with the submission of the GSCF (Attachment 5).

Pursuant to the above, on March 28, 2023, CSFA sent an ineligibility notice to AMA due to the lack of Good Standing with its charter authorizer (Attachment 6). On May 15, 2023, AMA requested and was granted a 30-day extension to appeal the Authority's determination. On May 25, 2023, AMA appealed CSFA's ineligibility determination specific to LAUSD's determinations and claims (Attachment 7). In summary, AMA makes the claims that CSFA has the ability to make Good Standing Confirmation without an Authorizer and that a Memorandum of Understanding (MOU) with LAUSD executed after this determination reflects Good Standing. These documents are provided within Attachment 6.

**Analysis:** At issue is whether AMA is entitled to grant funds for the 2022-2023 school year even though the school was not in good standing.

On July 13, 2023, CSFA denied AMA's appeal (Attachment 8) and informed the school that the only available remedy is a superseding GSCF from LAUSD indicating the school to be in Good Standing. This is stated in Program Regulations Section 10170.3(f), which reads:

*The Applicant is in Good Standing, as described in Section 10170.2(q), during the Fiscal Year. An Applicant found not to be in Good Standing, as determined by their*

*Chartering Authority, shall be ineligible for grant funds. An Applicant may cure ineligibility for grant funds by meeting one of the following criteria:*

*(1) The Applicant receives confirmation of Good Standing within the Fiscal Year.*

*(2) An Applicant found not to be in Good Standing solely due to the Applicant failing to meet the requirements of Education Code Section 47607(f)(3) must provide evidence demonstrating fiscal solvency to the satisfaction of the Authority. Such evidence may include the Applicant's organizational budgets and audited financials.*

As AMA's lack of Good Standing is not related to Ed. Code Section 47607(f)(3) (Attachment 3), subsection (1) above is the only remedy for curing this ineligibility determination. CSFA informed AMA of this remedy in both response letters. AMA has not requested CSFA to contact LAUSD to request a superseding Good Standing.

On August 8, 2023, AMA requested the CSFA Board to hear their appeal (Attachment 9). AMA's appeal seems to argue that CSFA has the ability to make Good Standing Confirmations without an Authorizer.

Pursuant to Section 10170.10(g), "If an appeal is not able to be resolved by the deadlines provided in Section 10170.10 (b), (d), and (f), the Authority **shall** deny the appeal based on a failure to comply with Program regulations. This decision is considered final and is not subject to an additional appeal." Absent evidence to overturn staff's determination that AMA failed to comply with Program regulations, including the fact that AMA was not in good standing at the time of application and throughout the grant period for the 2022-23 funding round, staff recommends that the Authority Board deny AMA's appeal.

**Recommendation:** Staff recommends denial of the appeal on behalf of Academy of Media Arts for a lack of Good Standing.

**Attachments:**

- Attachment 1 – Charter School Facility Grant Program Regulations (4 CCR § 10170)
- Attachment 2 – CA Education Code § 47614.5
- Attachment 3 – CA Education Code § 47607
- Attachment 4 – Good Standing Confirmation Form
- Attachment 5 – Letter provided by LAUSD with GSCF
- Attachment 6 – Ineligibility Notice from CSFA
- Attachment 7 – Appeal from AMA
- Attachment 8 – Appeal Denial from CSFA
- Attachment 9 – Request for Board Level Appeal from AMA