

MEMORANDUM

Staff Summary No. 5

Date: March 26, 2025

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution 26-11 – Approval of Financial Sound Determinations for Charter School Facilities Program (Proposition 2) Applicants for Purposes of a Preliminary and Advance Apportionment

The Charter School Facilities Program (CSFP) was enacted in 2002 by Assembly Bill 14, amended by Senate Bill 15 and Assembly Bill 16, and funded through Proposition 47 (\$100 million), Proposition 55 (\$300 million), Proposition 1D (\$500 million), Prop 51 (\$500 million), and most recently, Proposition 2 (\$600 million) in November 2024. The Program is intended to fund constructing, acquiring or renovating new facilities for site-based charter school students throughout California. CSFP is jointly administered by the California School Finance Authority (Authority) and the Office of Public School Construction (OPSC). The Authority's primary role is to establish whether an applicant is financially sound for purposes of receiving a Preliminary Apportionment (reservation of funds), Advance Apportionment for design or purchase, or Final Apportionment for construction or renovation. The Authority also oversees the preparation of Program agreements which include the Memorandum of Understanding, Funding Agreement, as well as the review of other program documents.

Authority staff assesses financial soundness of each eligible applicant, following the framework and methodology established by statute, regulation, and industry standards. Following each assessment, staff provides the summary findings related to: (1) Application Eligibility and Review; (2) Operational Analysis; (3) Financial Analysis; and (4) Findings and Recommendations.

Most recently, under the Proposition 2 funding round, the Authority received 90 applications for \$600 million in funding. OPSC analyzed and ranked each applicant for eligibility and funding using regulations adopted by the State Allocation Board. Under OPSC's direction, the Authority reviewed 41 top-ranked projects for rehabilitation and new construction.

Staff recommend all projects presented today (Exhibit A) be found financially sound for Preliminary and Advance Apportionment. These determinations of financial soundness are in place for 12 months (barring any material changes) and are specifically related to Preliminary and Advance Apportionment.