NOTICE OF PROPOSED RULEMAKING ACTION

Title 4, Division 15, Article 1.6,

CALIFORNIA CODE OF REGULATIONS

Charter School Revolving Loan Fund Program

NOTICE IS HEREBY GIVEN that the California School Finance Authority (Authority), organized pursuant to Sections 17170 through 17199.6 of the Education Code, proposes to amend the regulations described below after considering all comments, objections, and recommendations regarding the proposed action. Any person interested may present written statements or arguments relevant to the proposed action to the attention of the Contact Person as listed in this Notice from November 13, 2026 through December 28, 2026. The Authority Board, upon its own motion or at the request of any interested party, may thereafter adopt the proposal substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person(s) designated in this Notice as the Contact Person and will be mailed to those persons who submit statements related to this proposal or who have requested notification of any changes to the proposal.

Written Comment Period

Any interested person, or their authorized representative, may submit written comments relevant to the proposed regulations to the Authority. The written comment period on the regulations will be from November 13, 2026 through December 28, 2026. All comments to be considered by the Authority must be submitted in writing to the Agency Contact Person identified in this Notice by that time. In the event that changes are made to the proposed regulations during the written comment period, the Authority will also accept additional written comments limited to any changed or modified regulations for 15 calendar days after the date on which such regulations, as changed or modified, are made available to the public pursuant to Title 1, Chapter 1, Section 44 of the California Code of Regulations. Such additional written comments should be addressed to the Agency Contact Person identified in this Notice.

Public Hearing

No public hearing regarding the proposed regulations has been scheduled. Anyone wishing a public hearing must submit a request in writing, pursuant to Section 11346.8 of the Government Code, to the Authority at least 15 days before the end of the written comment period. Such request should be addressed to the Agency Contact Person identified in this Notice and should specify the regulations for which the hearing is being requested.

Proposed Regulatory Action

The Authority proposes to amend Sections 10170.17 through 10170.23 of Title 4 of the California Code of Regulations (Regulations) as permanent regulations. The amended Regulations implement the Authority's responsibilities related to the Charter School Revolving Loan Fund Program (Program).

Authority and Reference

Authority: Section 43165 of the Education Code.

Reference: Sections 41365, 41366.5, and 41366.6 of the Education Code

Informative Digest/Policy Statement Overview

The Authority was created in 1985 to assist school districts and community college districts in financing school construction projects (Education Code Section 17170, et seq.). The Authority is authorized to adopt bylaws for the regulation and conduct of its business and is vested with all powers reasonably necessary to carry out its powers and responsibilities (Education Code Sections 17179 and 17180).

Pursuant to Education Code, Section 41365, the State Legislature directed the California School Finance Authority (Authority) to commence administration of the) Charter School Revolving Loan Fund Program (Program) with the 2013-14 fiscal year and to adopt regulations to implement the statute. The Program provides for loan funds of up to $500,000 to charter schools.

SB 631, Chapter 776, amended Sections 41365, 41366.5, and 41366.6 of the Education Code, became effective January 1, 2026. As a result, the Authority proposed two sets of emergency regulations which took effect on December 30, 2025 and March 26, 2026, respectively. With this action, the Authority will be proposing the changes in both emergency actions to be established as on-going regulations for the Program.

Summary of Proposed Regulatory Actions:

Below is listing of each proposed regulatory action. The specific purpose of, and rationale for, each proposed amendment is provided in the Initial Statement of Reason.

1. **Section 1010.17. Definition.**
    - (a) – The defined term of “Affiliated Entity”
    - (b) - The defined term of “Applicant” amended
    - New (i) – The defined term of “Disaster Affected Charter School” adopted.
    - (l) [Formerly (k)] - The defined term of “Incorporated Charter School” amended
    - (o) [Formerly (n)] - The defined term of “Nonprofit Entity” amended
    - (p) [Formerly (o)] - The defined term of “Pooled Money Investment Account” amended.
2. **Section 1010.18. Eligible Applicant.**
    - (a) – Last portion is removed as a redundant definition reference.
    - [Formerly] (b) – This subsection removed.
    - (b) [Formerly (c)] – This subsection amended.
    - (c) [Formerly (d)] – This subsection reworded.
    - (e) - This subsection removed.
    - (d) [Formerly (f)] – This subsection re-lettered.
    - (g) – The subsection removed.
    - (e) [Formerly (f)] – The subsection amended.
    - (f) [Formerly (i)] – This subsection being amended.

- (g) [Formerly (j)] - The subsection amended.
- (h) [Formerly (k)] – This subsection amended.
- (h)(1) [Formerly (k)(1)] - The subsection amended.
- (h)(2) [Formerly (k)(2)] - The subsection amended.
- (i) [Formerly (l)] – This subsection re-lettered.

3. **Section 1010.19. Application Content and Submission.**
   - (a) - This subsection added.
   - New (b) [Formerly portion of (a)] – This subsection added.
   - New (c) [Formerly (b)] – This subsection added.
   - New (d) [Formerly (c)] – This subsection re-lettered.
   - New (d)(1) [Formerly (c)(1)] - The subsection amended
   - New (d)(5) [Formerly (c)(5)] - The subsection amended
   - New (d)(8) [Formerly (c)(8)] - The subsection amended.
   - New (d)(9)-(14) [Formerly (c)(9)-(14)] - These subsections amended.
   - New (d)(16) – This subsection added
   - Formerly (d) – This subsection removed
   - (e) - The subsection amended
   - (g) – This subsection added.
4. **Section 10170.20. Application Review and Evaluation/Underwriting Criteria.**
   - New (d)(4) – This subsection added
   - (b)(1) - This subsection amended.
   - (b)(3) - This subsection amended.
   - (c) – This subsection amended.
   - New (c)(1) [Formerly part of (c)] – These subsections separated
   - New (c)(2) – This subsection amended.
   - New (c)(3) [Formerly (c)(2)] – This subsection amended.
   - New (c)(4) [Formerly (c)(3)] – This subsection amended.
   - (d)(1) - The subsection amended.
   - New (d)(2) [Formerly part of (d)(1)] – This subsection separated and reworded.
   - New (d)(3) – This subsection amended.
5. **Section 10170.21. Loan Amount and Repayment Terms.**
   - (a) – The subsection amended.
   - (b) – This subsection amended.
   - (c) – This subsection amended.
   - New (c)(1) [Formerly (c)] – This subsection separated from former subsection
   - New (c)(2) – This subsection added.
   - (d) – This subsection amended.
   - (e) – This subsection amended.
6. **Section 10170.22. Application Submission.**
   - (b) - This subsection amended.
   - (c)(4) - This subsection amended.
   - (c)(5) - This subsection amended.

- (c)(7) - This subsection amended.
- (c)(8) - This subsection amended.
- (e)(2) - This subsection amended.
- (g) - The subsection amended.
- (h) - The subsection amended.

7. **Section 10170.23. Content of Application.**

- (c) - This subsection amended.
- New (d) – This section added.
- New (e) – This subsection amended.

Objectives and Anticipated Benefits of the Proposed Regulation

These amendments will allow run an effective revolving loan program as well as complying with the mandates provided SB 631 to provide low-cost, short term, one-time financings for charter schools in need with priority towards first-year schools and those affected by disasters.

Evaluation of Inconsistency and Incompatibility

The Authority performed a search in the California Code of Regulations and the proposed regulations are neither inconsistent nor incompatible with existing state regulation.

Citations for Proposed Regulations Mandated by Federal Laws or Regulations

Not applicable.

Other Matters Prescribed by Statutes Applicable to the Specific State Agency or to any Specific Regulation or Class of Regulations

No other matters prescribed by statute are applicable to the Authority or to any specific regulation or class of regulations pursuant to Section 11346.5(a) (4) of the California Government Code pertaining to the proposed regulations or the Authority.

Mandate on Local Agencies or School Districts

The Authority has determined the proposed regulations do not impose a mandate on local agencies or school districts.

Initial Determination Regarding any Significant, Statewide Adverse Economic Impact Directly Affecting Business

The Authority has made an initial determination that the proposed regulations will not have any significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

Effect on Small Businesses

The Authority has determined that the adoption of the proposed regulations will not affect small business. The Program is a voluntary grant program available to charter schools to assist in the costs of charter school facilities.

Results of Economic Impact Analysis

Assessment of Effect on Jobs and Business Expansion, Elimination or Creation

Adoption of these regulations will not create or eliminate jobs within California, nor create new businesses or eliminate existing businesses within California. The proposed regulations could likely impact the expansion of businesses currently doing business within the State of California. The purpose of the proposed regulations is to set forth administrative criteria and requirements for administering a relatively small loan program that will award one time funds to existing charter schools in need across the State of California.

Assessment of Effect to the Health and Welfare of California Residents, Worker Safety, and the State's Environment

The purpose of the program and proposed regulations is to set forth administrative criteria and requirements for administering this revolving loan program. The Authority do not expect any anticipated benefits to worker safety or the State's environment. However, while each financing is different, finacnings may allow schools to perform actions resulting in improved worker safety. Additionally, there may be a positive effect on the welfare of some California residents. As the intent of the program is to assist charter schools in need, the Program and its proposed regulations have the potential to directly benefit the welfare of students and their related communities. The Authority does not anticipate any direct or indirect benefits to the health of California residents because of these proposed regulations.

Cost Impacts on a Representative Private Person or Business.

The Authority is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Cost Impact on Housing

The proposed regulations will not have any effect on housing costs.

Cost to any local agency or school district requiring reimbursement pursuant to Gov. Code sec. 17500 et seq.

The proposed regulations will not impose a cost to any local agency or school district. The program is a grant program and does not have an application free

Cost or savings to any state agency

The proposed regulations will not impose any costs or provide any saving to any state agency.

Other non-discretionary cost or savings imposed upon local agencies

The proposed regulations will not impose any other non-discretionary costs or provide any related saving on local agencies.

Cost or savings in federal funding to the state

The proposed regulations will not impose any costs or provide any saving related to federal funding to the state.

Reasonable Alternatives

In accordance with Government Code section 11346.5(a)(13), the Authority must determine that no reasonable alternative to the regulations considered by the Authority or that has otherwise been identified and brought to the attention of the Authority, would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective and less burdensome to affected private persons than the regulations, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law. The Authority invites interested persons to present statements with respect to alternatives to the proposed regulations during the written comment period.

Agency Contact Person(s)

Written comments, inquiries, and any questions regarding the substance of the proposed regulations shall be submitted or directed to:

Katrina Johantgen, Executive Director,

California School Finance Authority at:

300 S. Spring Street, Suite 8500

Los Angeles, CA 90013

(213) 620-4608

or

915 Capitol Mall, Suite 220-W

Sacramento, CA 95814

(916) 651-7710

or

kjohantgen@treasurer.ca.gov

or

csfa@treasurer.ca.gov

The following person is designated as a backup Contact Person for inquiries only regarding the proposed regulations:

Ryan Storey

300 S. Spring Street, Suite 8500

Los Angeles, CA 90013

(213) 620-4608

or

ryan.storey@treasurer.ca.gov

Availability of Initial Statement of Reasons, Rulemaking File and Express Terms of Proposed Regulations

The Authority has established a rulemaking file for this regulatory action, which contains those items required by law. The file is available for inspection at the Authority's office at 915 Capitol Mall, Suite 220-W, Sacramento, California, during normal business hours. As of the date this Notice is published in the Notice Register, the rulemaking file consists of this Notice, the Initial Statement of Reasons, and the proposed text of the Regulations. Copies of these items are available upon request, from the Agency Contact Person designated in this Notice. The Sacramento address will also be the location for inspection of the rulemaking file and any other public records, including reports, documentation and other materials related to this proposed regulatory action. In addition, the rulemaking file, including the Initial Statement of Reasons and the proposed text, may be viewed on the Authority's Web site at www.treasurer.ca.gov/csfa.

15-Day Availability of Changed or Modified Text

After the written comment period ends and following a public hearing, if any is requested, the Authority may adopt the proposed regulations substantially as described in this Notice, without further notice. If the Authority makes modifications that are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public (including through the Authority's website described above) for at least fifteen (15) calendar days before the Authority adopts the proposed regulations, as modified. Inquiries about and requests for written copies of any changed or modified regulations should be addressed to the Agency Contact Person identified in this Notice.

Availability of Final Statement of Reasons

The Authority is required to prepare a Final Statement of Reasons pursuant to Government Code section 11346.9. Once the Authority has prepared a Final Statement of Reasons, a copy will be made available to anyone who requests a copy and will be available on the Authority's website

described above. Written requests for copies should be addressed to the Agency Contact Person identified in this Notice.