

MEMORANDUM

Staff Summary No. 10

Date: October 29, 2026

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Re: Resolution No. 26 – 37 – Readoption of Emergency Regulations for the Charter School Revolving Loan Fund Program (Article 1.6 (Commencing with Section 10170.19) of Division 15 of Title 4 of the California Code of Regulations) (Action Item)

This item is a readoption of a previously approved emergency regulation item brought to the Board in April 2026. This set of regulations, along with a December 2025 set of regulations, will be consolidated and brought to the Board to approve as a permanent rulemaking item.

Background: The Charter School Revolving Loan Fund Program (Program) was established by Senate Bill 1759 and is administered pursuant to Education Code section 41365 and related provisions. The Program provides low-interest loans to eligible non-conversion charter schools to support the purposes of their approved charters, with a maximum cumulative loan amount of \$500,000 over the lifetime of each school. Eligible applicants include new and existing charter schools, including schools that have completed their initial charter term. The program also provides schools damaged by a declared state/federal disaster a priority over existing charter schools. The loan interest rate is the lesser of the Pooled Money Investment Account (PMIA) rate as of the date of disbursement or 50 percent of the interest rate paid by the State on its most recent sale of general obligation bonds, computed using the true interest cost method, subject to a minimum rate of 3 percent. Program administration was transferred from the California Department of Education to the California School Finance Authority (Authority) in fiscal year 2013–14. Since that transfer, the Authority has lent more than \$61 million to 265 charter schools. In December 2025, the Authority adopted emergency regulations implementing Senate Bill 631 (Chapter 776, Statutes of 2025). The Authority subsequently adopted amendments to those regulations in April 2026. The proposed action would readopt the April emergency amendments to maintain their effectiveness while the Authority completes the permanent rulemaking process.

Issue: The Authority needs to update Program regulations to reflect the changes initiated by Senate Bill 631 and anything that would affect program administration. A summary of the revisions from each section within the proposed regulations is highlighted below:

I. Section 10170.19. Application Content and Submission.

1. New (g) - Added \$500 Application Fee.

II. Section 10170.20. Application Review and Evaluation/Underwriting Criteria.

1. New (d)(4) – Added direction on additional priority ranking based on FRPM in defined Regions if the Program application cycle is oversubscribed and the Authority is unable to ensure “equal representation” across Regions.

2. (e) – Removed “projected elementary school attendance area” and replaced it with “Chartering Authority” regarding FRPM tiebreakers.

III. Section 10170.21. Loan Amount and Repayment Terms.

1. Original (b) – Removed due to changes.
2. Original (b)(1) – Removed due to changes
3. Original (c)-(e) – Re-lettered due removal of Original (b).
4. Original (e)/New (d) - Reworded for clarity.
5. New (e)(1) – Added to include information originally placed in Original (b) and (b)(1)

Proposed Regulations Key: A draft of the Program’s proposed regulations is included behind this summary in the board packet. Crossed red text (~~e.g., EXAMPLE~~) are proposed removals and underlined blue text (e.g., EXAMPLE) are proposed additions.

Recommendation: Authority staff recommends the Board adopt Resolution 26-37: Readoption of Emergency Regulations for the Charter School Revolving Loan Fund Program and Authorization of the Permanent Rulemaking Process. If approved, the Executive Director will include the Resolution demonstrating the Board approval with the rulemaking file to the Office of Administrative Law.