

MEMORANDUM

Staff Summary No. 11

Date: October 29, 2026

To: Members of the California School Finance Authority

From: Ryan Storey, Supervisor I

Re: Amendments to Regulations for the Charter School Revolving Loan Fund Program and Authorizing the Regular Rulemaking Process

This item includes two previously approved emergency regulation items brought to the Board in December 2025 and April 2026. These two previously approved items are being consolidated and brought to the Board today as a regular 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. Program administration was transferred from the California Department of Education to the California School Finance Authority (Authority) in fiscal year 2013–14.

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.

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. Readoption of those actions were approved by the Board at the September and October 2026 meetings respectively.

Issue: Emergency regulations are not permanent and revert to the original text once expired. With this approval, CSFA will submit these regulation changes through the regular rulemaking process and establish them for future funding rounds.

A summary of the revisions from each section within the proposed regulations is highlighted below:

1. Section 10170.17. Definitions.

1. (a) – Updated definition of “Affiliated Entity” to better match current statute language.

2. (b) - Updated definition of "Applicant" to better work with changes to Subsection (a).
3. New (i) – Added definition of "Disaster Affected Charter School" to assist with new priority categories. – All subsequent subsections re-lettered to reflect addition.
4. (l) [Formerly (k)] - Updated definition of "Incorporated Charter School" to better work with changes to Subsection (o) [Formerly (n)].
5. (o) [Formerly (n)] - Updated definition of "Nonprofit Entity" to better match current requirements for California charter schools.
6. (p) [Formerly (o)] - Updated definition of "Pooled Money Investment Account" to introduce the acronym PIMA.
7. Former (i) through (t) – Re-lettered with inclusion of the new (i).

2. **Section 10170.18. Eligible Applicant.**

1. (a) – Last portion removed as a redundant definition reference.
2. [Formerly] (b) – Fully removed due to updated definition.
3. (b) [Formerly (c)] – Updated language to specify requirement for established applicants.
4. (c) [Formerly (d)] – Reworded for clarity.
5. (e) - Fully removed due to updated definition.
6. (d) [Formerly (f)] – Re-lettering subsection.
7. (g) - Fully removed due to statute change related to SB 631.
8. (e) [Formerly (f)] – Reword to clarify ability to make determinations related to Legal Status Questionnaire disclosures.
9. (f) [Formerly (i)] – Reworded for clarity.
10. (g) [Formerly (j)] - Reworded for clarity and due to updated definitions.
11. (h) [Formerly (k)] – Updated to specify period of Good Standing (GS) request and updated to establish flexibility related to district communication and reworded for clarity and due to updated definitions.
12. (h)(1) [Formerly (k)(1)] - Reworded for clarity and due to updated definitions.
13. (h)(2) [Formerly (k)(2)] - Reworded for clarity and due to updated definitions.
14. (i) [Formerly (l)] – Re-lettering subsection.

3. **Section 10170.19. Application Content and Submission.**

1. (a)- Added to specify two Application periods and timelines for general funding information.
2. New (b) [Formerly portion of (a)] – Created to provide specific timeframes for Application periods
3. New (c) [Formerly (b)] – Limited submission to the Application periods
4. New (d) [Formerly (c)] – Re-lettering subsection

5. New (d)(1) [Formerly (c)(1)] - Reworded for clarity and due to updated definitions.
6. New (d)(5) [Formerly (c)(5)] - Reworded for clarity and due to updated definitions.
7. New (d)(8) [Formerly (c)(8)] - Reworded for clarity and due to updated definitions and also includes requirement for prospective site information.
8. New (d)(9)-(14) [Formerly (c)(9)-(14)] - Reworded for clarity and/or due to updated definitions.
9. New (d)(16) – Establishes Application related documents required for Disaster Affected Charter Schools.
10. Formerly (d) – Removed as determined to not be in the proper section. GS is an eligibility related requirement performed by the Authority and Chartering Authority. This does **not** remove or affect any GS requirements in Section 10170.18 above.
11. (e) - Reworded due to updated definitions.
12. New (g) - Added \$500 Application Fee.

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

1. (b)(1) - Reworded for clarity
2. (b)(2) - Reworded for clarity
3. (c) – Reword for SB 631 related updates to priority and for clarity.
4. New (c)(1) [Formerly part of (c)] - Separated for clarity
5. New (c)(2) – Establishes Disaster Affected Charter Schools as second priority as well as adding the SB 631 timeline.
6. New (c)(3) [Formerly (c)(2)] – Establishes schools that do not fit into the first two priority but are still in their 1st petition as third priority until July 1, 2029.
7. New (c)(4) [Formerly (c)(3)] – Reworded to establish any school out of the three fact patterns does not have a priority.
8. (d)(1) - Reworded due to updated definitions and re-lettering.
9. New (d)(2) [Formerly part of (d)(1)] – Separated and reworded to reference Subsection (c)(2). Reworded due to updated definitions and re-lettering.
10. New (d)(3) – Added to break ties between schools lacking any priority
11. 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.
12. (e) – Removed “projected elementary school attendance area” and replaced it with “Chartering Authority” regarding FRPM tiebreakers.

5. Section 10170.21. Loan Amount and Repayment Terms.

1. (a) – Updated to add SB 631 interest rate changes included new rate floor.

2. Original (b) and (b)(1) – Removed and moved due to changes below
3. Original (c)-(e) – Re-lettered due removal of Original (b).
4. New (c)(1) [Formerly (c)] - Separated for clarity
5. New (c)(2) – Added to establish alternative start terms for Disaster Affected Charter Schools.
6. New (d) and (d)(1) – Added to include information originally placed in Original (b) and (b)(1)
7. Original (e) – Removed

6. Section 10170.22. Loan Agreements.

1. (b) - Reworded for clarity.
2. (c)(4) - Reworded for clarity.
3. (c)(5) - Reworded for clarity.
4. (c)(7) - Reworded for clarity.
5. (c)(8) - Reworded for clarity.
6. (e)(2) - Reworded for clarity and added deadline for repayment.
7. (g) - Reworded due to updated definitions and for clarity.
8. (h) - Reworded due to updated definitions and for clarity.

7. Section 10170.23. Internal Controls, Audits and Conflicts of Interest.

1. (c) - Reworded for clarity.
2. New (d) – Added to establish the Authority's right to check eligibility related to GS at any point in the loan term.
8. New (e) – Added reporting requirements established in SB 631.

Proposed Regulations Key: A draft of the Program's proposed regulations is included exhibit A. Crossed red text (e.g., ~~EXAMPLE~~) are proposed removals and underlined blue text (e.g., EXAMPLE) are proposed additions. Please note, these changes are based off the original regulations prior to the emergency changes approved in December 2025 and April 2026.

Recommendation: Staff recommends the Board adopt Resolution 26-38 approving proposed amendments to the regulations for the Charter School Revolving Loan Fund Program. If approved, the Executive Director will include the Resolution demonstrating the Board approval with the rulemaking file to the Office of Administrative Law.