

— The California School Finance Authority (CSFA) Presents: —

SB 740 (Charter School Facility Grant Program)

Annual Funding Round Webinar – 2021-22 Funding Round

April 7, 2021

Opening Remarks Katrina Johantgen, Executive Director

Speakers Ryan Storey, Program Analyst
Jeff Martin, Program Analyst

Special Remarks Treasurer Fiona Ma, CPA
(Available on the SB740 Website ([linked here](#)))



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Program Overview

Program Funding:

- 2020-21: \$136,786,000.00
- 2021-22: \$141,041,000.00*

Assist charter schools:

- At least 55% students meeting Free and Reduced Priced Meals (FRPM) criteria; or
- Located in attendance area of an elementary schools with at least 55% FRPM along with preference in admission

Other Costs for 2020-21:

- Currently, no funding available for other non-rent/lease costs such as: remodeling, deferred maintenance, initially installing service systems, etc.

**Per the Governors 2021-22 proposed budget*



Program Overview

Funding Formula – Lesser of the following:

- \$1,256* x Average Daily Attendance (ADA); or
- 75% of reimbursable costs associated with rent/lease costs

Example:

- XYZ Charter:
 - 2021-22 ADA: 50.54 ($50.54 \times \$1,256 = \$63,478.24$)
 - 2021-22 Reimbursable Rent: \$5,000/mo. ($\$5,000 \times 12 \text{ mo.} = \$60,000 \times 75\% = \mathbf{\$45,000}$)

XYZ Charter's 2021-22 Award would be \$45,000

**Per the Governors 2021-22 proposed budget*



Eligibility and Best Practices



General Eligibility

- Schools must meet the following in order to receive funding:
 - Either have a prior year Free/Reduced Meal Prices (FRPM) Percentage of at least 55%; or provide preference to a local elementary school with a FRPM Percentage of at least 55%
 - Be in “Good Standing” with their charter authorizer
 - Have no conflicts of interest per Program Regulations Section 10170.14
 - Have no or approved disclosures with the Legal Status Questionnaire
 - Be classroom-based per the California Department of Education
 - Not located in a district/Proposition 39 facility (Lease/Rent costs only)



Eligibility and Best Practices



Free/Reduced Price Meal Percentage

- The Authority must use prior year's FRPM percentage is used to determine eligibility per Ed Code Section 47614.5(d)(1)
- This data **MUST BE** provided by CDE. Any issues or requested changes must be handled by CDE as well
- Applicants that do **NOT** meet the 55% requirement may use a local elementary school with at least 55% and within the attendance area
 - Preference **MUST** be specific and given in the current approved charter petition
 - Ex: "*Students who are currently enrolled in or who reside in the elementary school attendance area of the Public elementary school(s) in which [Charter School] is located (for purposes of the Charter School Facility Grant Program).*"



Eligibility and Best Practices



Good Standing – Form sent to and completed by Authorizers

- Compliance with charter agreement
- No pending corrective actions or notice of intent to revoke
- No response from Authorizers will be presumed as acknowledgment of Good Standing

Legal Status Questionnaire

- Applicant must disclose any past or current legal, civil, criminal or regulatory investigations

Conflict of Interest Vetting

- Charter must follow SB 126's government agency transparency rules including Government Code 1090
- Applicants must disclose "related parties" and comply with Program Regulations Section 10170.14 for said related parties
- All "related parties" notifications/findings must provide resolution, minutes, and/or signed correspondence meeting regulation benchmarks



Eligibility and Best Practices

- Payee Data Record (STD 204)
 - State Controller's Office uses this form to process awards
 - Available on CA DGS Website

<https://www.documents.dgs.ca.gov/dgs/fmc/pdf/std204.pdf>

STATE OF CALIFORNIA-DEPARTMENT OF FINANCE
PAYEE DATA RECORD
 (Required when receiving payment from the State of California in lieu of IRS W-9 or W-7)
 STD 204 (Rev. 10/2019)

1	INSTRUCTIONS: Type or print the information. Complete all information on this form. Sign, date, and return to the state agency (department/office) address shown in Box 6. Prompt return of this fully completed form will prevent delays when processing payments. Information provided in this form will be used by California state agencies to prepare Information Returns (Form1099). See next page for more information and Privacy Statement. NOTE: Governmental entities, i.e. federal, state, and local (including school districts), are not required to submit this form.																						
2	BUSINESS NAME <i>(As shown on your income tax return)</i> _____ SOLE PROPRIETOR, SINGLE MEMBER LLC, INDIVIDUAL <i>(Name as shown on SSN or ITIN) Last, First, MI</i> E-MAIL ADDRESS _____ <table border="1" style="width: 100%;"> <tr> <td colspan="3">MAILING ADDRESS</td> <td colspan="3">BUSINESS ADDRESS</td> </tr> <tr> <td>CITY</td> <td>STATE</td> <td>ZIP CODE</td> <td>CITY</td> <td>STATE</td> <td>ZIP CODE</td> </tr> <tr> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> </table>					MAILING ADDRESS			BUSINESS ADDRESS			CITY	STATE	ZIP CODE	CITY	STATE	ZIP CODE	_____	_____	_____	_____	_____	_____
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Eligibility and Best Practices

Business Name

- Enter name as it appears on Employer Identification Number (EIN)
- Lookup EIN information here: <https://apps.irs.gov/app/eos/>
- If the school's name is different from what is listed on their EIN:
 - Example Business Name: ABC Charter, Inc. DBA XYZ Charter Academy

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	TITLE				



Eligibility and Best Practices

Must submit new form if applicant wishes to update:

- Name
- Mailing address
- EIN

BEST PRACTICE IS TO RESUBMIT!

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Application Overview

- The Online Application will be available on CSFA's website on April 12, 2021
- Application deadline May 14, 2021 at 5:00 pm
- All applicants are to submit their application using the Online Application

No Late Applications will be accepted



Application Overview

Applications should be submitted under the school's name

Documents must be a PDF with a maximum file size is 5000KB (5 MB)

Documents to Submit with Application:

- Current valid charter agreement/petition
- Approved authorizing board resolution regarding petition approval/adoption
- List of Board Members
- Completed Legal Status Questionnaire (LSQ) and Certification Signature Pages (DocuSign is acceptable)
- Other documents could include Board Meeting Minutes and Resolutions and Facility Appraisals



Application Overview

- All Facility/Lease Agreements must be current and executed by all parties.
- Each lease agreement should be scanned/added separately
- Save by using the following convention:
 - Applicant - Facility Street Address - Term (EX: XYZ Charter - 123 Main St. – 2021-2025)

Important Note:

- One upload per facility site
- Combine any corresponding amendment(s) and original lease as a single document (latest amendment first.)



Facility Agreements

Type of Facility/Lease Agreements

- Multi-year Facility/Lease Agreement
 - Any Facility/Lease Agreements unchanged and approved from the most recent funding round
- New Facility Agreements that meets one or more of the following:
 - A rental or lease agreement for a facility not previously occupied by the charter school
 - A rental or lease agreement that includes additional square footage; and/or
 - A new agreement for existing facilities or square footage when the existing lease is up for renewal or expires
- Exception: Options to renew contained in existing rent or lease agreements, on file with the Authority, executed by the Charter School and the Lessor will not be considered a New Facility Agreement.



Facility Agreements

Examples of New Facility/Lease Agreements

1. XYZ Charter increases 50 sq. feet by amending its current lease - *New Agreement*
2. XYZ Charter signs a new lease with a new landlord for the same site and square footage - *New Agreement*
3. XYZ Charter exercises a renewal option in last year's lease - ***Multi-year Agreement***
4. XYZ Charter opens a new site - *New Agreement*



Independent Appraisal

Appraisal Request

Independent Appraisal will be required based on the following:

- Applicant meets Program eligibility requirements
- Applicant's facility has a New Facility Agreement
- An appraisal on file completed within the last three years

Contents of the Appraisal

The Appraisal shall be consistent with the Uniform Standards of Professional Appraisal Practice (USPAP), and at a minimum contain the following items:

- Certified General Appraiser licensed by the California Department of Real Estate Appraisers;
- The Appraiser shall not be a Related party as defined in section 10170.14(a)(3);
- "Intended Client" shall be the Charter School;
- "User" shall be the California School Finance Authority for Charter School Facility Grant Program eligibility;
- Provide a Fair Market Rent Analysis including a signed Certification consistent with language found in USPAP.



Reimbursable Lease Costs

XYZ Charter						
Year	Actual Rent	FY Reimbursable Rent	Appraisal	COLA %	Cap Type	CY Reimbursable Rent
2017-18	\$ 100,000	N/A	\$ 125,000	N/A	Appraisal	\$ 100,000
2018-19	\$ 105,000	\$ 100,000	N/A	2.71%	COLA (\$100,000*2.71% = \$102,710)	\$ 102,710
2019-20	\$ 110,000	\$ 102,710	N/A	3.26%	COLA (\$102,710*3.26% = \$106,058)	\$ 106,058
2020-21	\$ 130,000	\$ 106,058	\$ 129,000	2.31%	Appraisal	\$ 129,000
2021-22	\$ 135,000	\$ 129,000	N/A	3.70%	COLA (\$129,000*3.70% = \$102,710)	\$ 133,773

Example:

- XYZ Charter has a lease agreement for 25,000 sq. ft. from 2017-2020.
 - XYZ receives required appraisal that indicates an increase in rent
 - For 2018-19 and 2019-20, XYZ's lease was capped by COLA increases based on FY reimbursable rent
- XYZ Charter renews the lease agreement for 2020-2022 with an increase to 27,500 square feet
 - XYZ obtains required appraisal which was lower than their actual rent and caps the award
 - For 2021-22, XYZ's lease was capped by COLA increases based on FY reimbursable rent

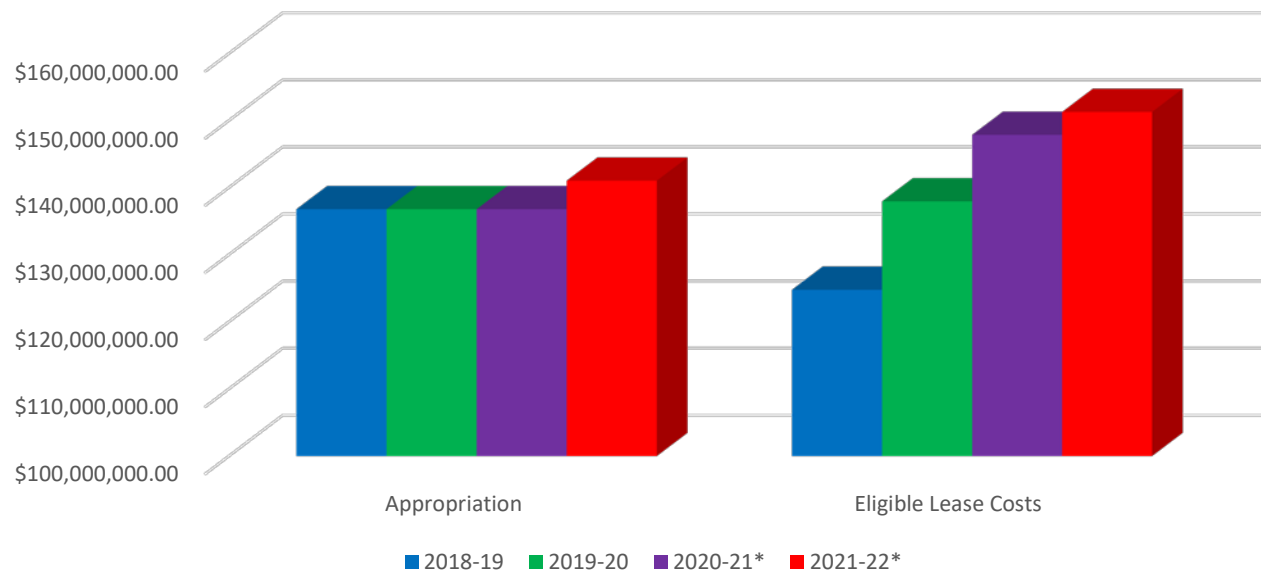


Data and Statistics

FY	2018-19	2019-20	2020-21*	2021-22*
Appropriation	\$ 136,786,000.00	\$ 136,786,000.00	\$ 136,786,000.00	\$ 141,041,000.00
% Growth		0.00%	0.00%	3.11%
Eligible Lease Costs	\$ 124,776,999.96	\$ 142,026,533.41	\$ 147,877,874.21	\$ 151,293,853.11
% Growth		13.82%	4.12%	2.31%
Lease Costs Pro Rata	100.00%	96.31%	92.50%	93.22%

***Fiscal years 2020-21 and 2021-22 are projections and subject to change**

SB740 Appropriation Vs. Eligible Lease Costs



Upcoming Events

- **April 12, 2021:** Beginning of 2021-22 Funding Round Application period
- **May 14, 2021:** Close of 2021-22 Funding Round Application period
- **Early June:** 2020-21 True-Up Process begins



FAQs, Contacts, Etc.

Frequently Asked Questions:

<http://www.treasurer.ca.gov/csfa/csfgp/faq.pdf>



Join the CSFA and SB740 *ListServ* at

<https://www.treasurer.ca.gov/csfa/csfgp/index.asp>

Program contact: SB740@treasurer.ca.gov



Contact Information

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