

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

Charter School Facility Grant (SB 740) Program

Annual Funding Round Webinar

2024-25 Funding Round

April 15, 2024 @ 10 a.m.



Opening Remarks: Ryan Storey, Program Manager

Speakers: Elizabeth Mendez, Program Lead
Daniel Madrid, Program Analyst
Kim Nguyen, Program Analyst
Colin Smith, Program Analyst

Housekeeping

- Please complete and consider the following:
 - Mute microphones and turn cameras off
 - Questions need to be limited to 2024-25 Funding Round and its application
 - Outside inquiries are being worked on with expected responses by the end of the week including FY23 Late Applications, FY23 Other Costs, and General FY24.
 - Most question will be responded to through email after the presentation.
 - Please enter your 2024-25 questions in the chat. We have emails but feel free to add as well.
 - The Application Portal will be open once the Presentation has ended.
 - It is located on the SB740 Website and a link will be provided in the chat as well as a ListServ Email.



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Program Overview

Program Funding:

- 2024-25: \$170,610,000*
- 2023-24: \$193,583,000 (\$30,000,000 in other costs only)
- 2022-23: \$184,273,000 (\$30,000,000 in other costs only)
- 2021-22: \$141,041,000
- 2020-21: \$136,786,000

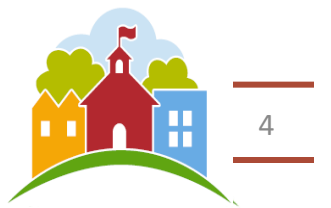
Assist charter schools:

- 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

Funding Formula – Lesser of the following:

- $\$1,432^* \times \text{Average Daily Attendance (ADA)}$; or
- 75% of costs associated with rent/lease costs

**Per the Governors 2024-25 proposed budget*



Program Overview

Funding Formula – Lesser of the following:

- \$1,432 x Average Daily Attendance (ADA); or
- 75% of reimbursable costs associated with rent/lease costs

Example:

- XYZ Charter:
 - 2023-24 ADA: 50.54 ($50.54 \times \$1,432 = \mathbf{\$72,373.28}$)
 - 2023-24 Reimbursable Rent: \$5,000/mo. ($\$5,000 \times 12 \text{ mo.} = \$60,000 \times 75\% = \mathbf{\$45,000}$)
- XYZ Charter's Award is projected be \$45,000, *assuming no oversubscription*

**Per the Governors 2024-25 proposed budget*



Eligibility and Best Practices

Eligible Costs

- Facility costs associated with sites not owned by either a School District or County Office of Education (not located in a district/Prop 39 facility)
- Costs associated with rent, lease, and/or remodeling, deferred maintenance, initially installing service systems, site improvements, etc.
- Classroom-based instruction

Good Standing – Form sent to and completed by Authorizers

- Compliance with charter agreement;
- No pending corrective actions or notice of intent to revoke;
- If good standing is restored by the end of the fiscal year, Applicant will be eligible;
- 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

- Applicants must comply with all federal and state laws associated with conflicts of interests including but not limited to Government Code 1090 and Public Records Act of 1974, etc.



Eligibility and Best Practices

Payee Data Record (STD 204)

- All Awardees must submit a Payee Data Record Form 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. 03/2021)

Section 1 – Payee Information	
NAME (This is required. Do not leave this line blank. Must match the payee's federal tax return)	
BUSINESS NAME, DBA NAME or DISREGARDED SINGLE MEMBER LLC NAME (If different from above)	
MAILING ADDRESS (number, street, apt. or suite no.) (See instructions on Page 2)	
CITY, STATE, ZIP CODE	E-MAIL ADDRESS
Section 2 – Entity Type	
Check one (1) box only that matches the entity type of the Payee listed in Section 1 above. (See instructions on page 2)	
<input type="checkbox"/> SOLE PROPRIETOR / INDIVIDUAL <input type="checkbox"/> SINGLE MEMBER LLC <i>Disregarded Entity owned by an individual</i> <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> ESTATE OR TRUST	CORPORATION (see instructions on page 2) <input type="checkbox"/> MEDICAL (e.g., dentistry, chiropractic, etc.) <input type="checkbox"/> LEGAL (e.g., attorney services) <input type="checkbox"/> EXEMPT (e.g., nonprofit) <input type="checkbox"/> ALL OTHERS
Section 3 – Tax Identification Number	
Enter your Tax Identification Number (TIN) in the appropriate box. The TIN must match the name given in Section 1 of this form. Do not provide more than one (1) TIN. The TIN is a 9-digit number. Note: Payment will not be processed without a TIN. <ul style="list-style-type: none"> • For Individuals, enter SSN. • If you are a Resident Alien, and you do not have and are not eligible to get an SSN, enter your ITIN. • Grantor Trusts (such as a Revocable Living Trust while the grantors are alive) may not have a separate FEIN. Those trusts must enter the individual grantor's SSN. • For Sole Proprietor or Single Member LLC (disregarded entity), in which the sole member is an individual, enter SSN (ITIN if applicable) or FEIN (FTB prefers SSN). • For Single Member LLC (disregarded entity), in which the sole member is a business entity, enter the owner entity's FEIN. Do not use the disregarded entity's FEIN. • For all other entities including LLC that is taxed as a corporation or partnership, estates/trusts (with FEINs), enter the entity's FEIN. 	Social Security Number (SSN) or Individual Tax Identification Number (ITIN) _____ OR Federal Employer Identification Number (FEIN) _____
Section 4 – Payee Residency Status (See instructions)	
<input type="checkbox"/> CALIFORNIA RESIDENT – Qualified to do business in California or maintains a permanent place of business in California. <input type="checkbox"/> CALIFORNIA NONRESIDENT – Payments to nonresidents for services may be subject to state income tax withholding. <ul style="list-style-type: none"> <input type="checkbox"/> No services performed in California <input type="checkbox"/> Copy of Franchise Tax Board waiver of state withholding is attached. 	
Section 5 – Certification	



Eligibility and Best Practices

Business Name

- Enter name as it appears on the IRS's Employer Identification Number (EIN) Search: <https://apps.irs.gov/app/eos/>
- If the school's name is different from what is listed on IRS site, **MUST** submit a new STD 204:
 - Example Business Name: **ABC Charter, Inc.** DBA **XYZ Charter Academy**
- Name on IRS Site, STD Form 204, and Applicant Information **MUST be identical**
- **Delays in Payments will result from unresolved name issues**

Print Form Reset Form

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. 03/2021)

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<input type="checkbox"/> PARTNERSHIP	<input type="checkbox"/> LEGAL (e.g., attorney services)
<input type="checkbox"/> ESTATE OR TRUST	<input type="checkbox"/> EXEMPT (e.g., nonprofit)
	<input type="checkbox"/> ALL OTHERS
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<input type="checkbox"/> CALIFORNIA NONRESIDENT – Payments to nonresidents for services may be subject to state income tax withholding.	
<input type="checkbox"/> No services performed in California	
<input type="checkbox"/> Copy of Franchise Tax Board waiver of state withholding is attached.	
Section 5 – Certification	



Application Overview

- The Online Application will be available on CSFA's website on Monday, April 15, 2024 at 11:00 am:
<https://www.treasurer.ca.gov/csfa/csfgp/index.asp>
- Application deadline Wednesday, June 5, 2024 at 5:00 pm – Late Applications may not be funded or accepted.
- Only Online Applications will be accepted – if you have technical questions or need support submitting your application, contact the Authority early.



Application Overview

1. Applications should be submitted under the school's name
2. Documents must be a PDF with a maximum file size is 5000KB (5 MB)
3. 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); and
 - Other documents could include:
 - Board Meeting Minutes;
 - Resolutions; and
 - Facility Appraisals



Application Overview

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

Important Note: Each facility or rental agreement per facility site should be uploaded separately. Combine any corresponding amendment(s) and original lease as a single document (most recent amendment first).



Facility Agreements

Type of Facility and Lease Agreements

- Multi-year Facility and Lease Agreement
 - Any Facility or Lease Agreements unchanged and approved from the most recent funding round – **NO NEED TO RESUBMIT!**
- 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 has expired.

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 - *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; and
- Provide a Fair Market Rent Analysis including a signed Certification consistent with language found in USPAP.



Reimbursable Lease Costs

XYZ Charter						
<u>Year</u>	<u>Actual Rent</u>	<u>CAP Type</u>	<u>Appraisal</u>	<u>COLA %</u>	<u>FY Reimbursable Rent</u>	<u>Reimbursable Rent</u>
2017-18	\$ 100,000.00	Appraisal	\$ 125,000.00	N/A	N/A	\$ 100,000.00
2018-19	\$ 105,000.00	COLA	N/A	2.71%	\$ 100,000.00	\$ 102,710.00
2019-20	\$ 110,000.00	COLA	N/A	3.26%	\$ 102,710.00	\$ 106,058.35
2020-21	\$ 130,000.00	Appraisal	\$129,000.00	2.31%	\$ 106,058.35	\$ 129,000.00
2021-22	\$ 135,000.00	COLA	N/A	2.31%	\$ 129,000.00	\$ 131,979.90

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

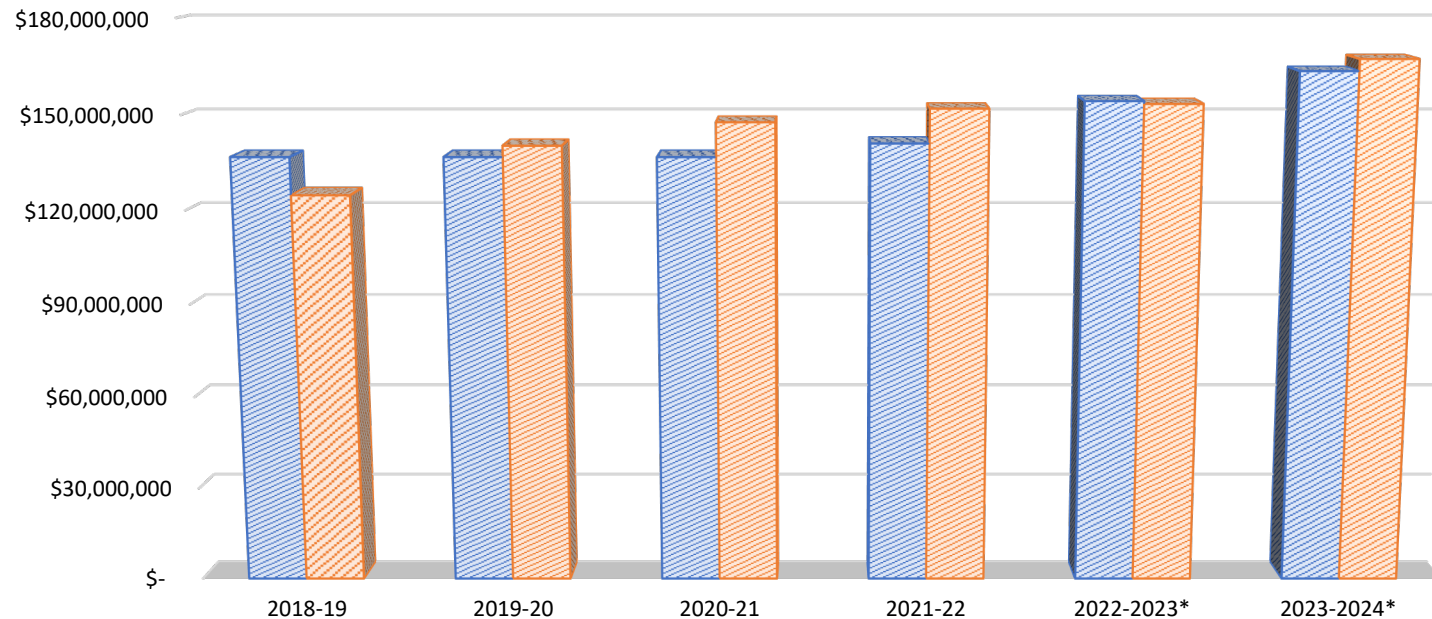


Data and Statistics

FY	2018-19	2019-20	2020-21	2021-22	2022-2023*	2023-2024*
<u>Allocation</u>	\$ 136,786,000	\$ 136,786,000	\$ 136,786,000	\$ 141,041,000	\$ 184,273,000	\$ 193,583,000
<u>OC Only</u>	\$ -	\$ -	\$ -	\$ -	\$ 30,000,000	\$ 30,000,000
<u>% Growth</u>		0.00%	0.00%	3.11%	30.65%	5.05%
<u>Eligible Lease Costs</u>	\$ 124,777,000	\$ 140,331,540	\$ 147,694,843	\$ 151,918,556	\$ 153,387,473	\$ 167,337,663
<u>Pro-Rata</u>	100.00%	97.50%	92.60%	92.80%	100.00%	97.76%

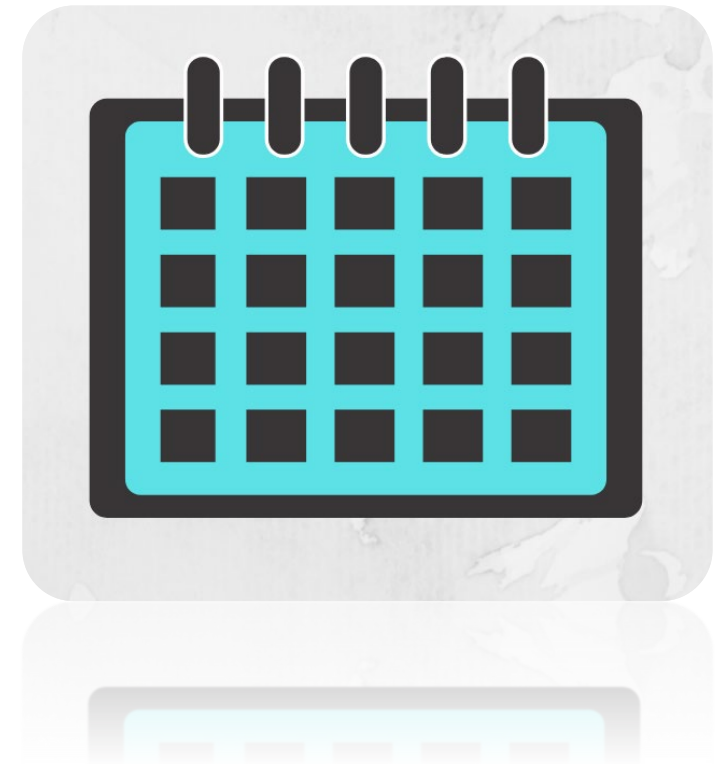
* Figures are estimates and/or projections and subject to change

LEASE APPROPRIATION VS ELIGIBLE LEASE COST



Upcoming Events

- **April 15th:** Beginning of 2024-25 Funding Round Application period
- **June 5th:** Close of 2024-25 Funding Round Application period
- **Early July:** 2023-24 Other Costs submission begins



Appendix: Reference Materials

Frequently Asked Questions:

(Updated version available Monday, April 22, 2024)

Current Regulations:

<https://www.treasurer.ca.gov/csfa/csfgp/Current-Regulations.pdf>



Payee Data Record (STD 204)

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

EIN information: <https://apps.irs.gov/app/eos/>

Join Our Listserv:

<https://orange.hosting.lsoft.com/list/subscribe.html?sessionId=26509EF21DC5F5026B1BBE3F14916AAC?lui=ov8ia944&mContainer=12&mOwner=G1j>



Contact Information

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