

MEMORANDUM

Staff Summary No. 7

Date: December 10, 2024

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Re: Amendments to Regulations for the State Charter School Facilities Incentive Grants Program and Authorizing the Regular Rulemaking Process

Background: In July 2024, the California School Finance Authority (Authority) applied for a grant award through the federally-funded State Charter School Facilities Incentives Grant Program (Program) (CFDA #84.282D). The Authority was awarded a \$30 million grant award in Fall 2024. Per the Authority's application to the Department of Education, the Authority is proposing three more funding rounds of the Program starting for the 2025-26 school year. The Authority is bringing regulation changes related to changes and updates to the application and selection process as well as updates to federal law. A subsequent or revised set of regulations will be brought to the board as the Authority works through new grant requirements.

Issue: The Authority's last funding round opened in 2019, therefore some regulation references rely on out-of-date measures and statutory citations. The Authority is requesting approval of these revisions to ensure federal and state compliance, timely disbursements, and the ability to properly and effectively administer the Program. Upon board approval, the changes will become part of the permanent regulations once approved by the Office of Administrative Law (OAL). Timely approval of the regulation changes is necessary to implement the first funding round for the 2025-26 federal fiscal year. A summary of the revisions from each section within the proposed regulations is highlighted below:

1. **Section 10176. Definitions.** (b) – Update the revision date on the Application to reflect the changes once regulations are approved.
2. **Section 10176. Definitions.** (f) – Update the reference to the federal regulation code on “Charter School” and removed the out-of-date references.
3. **Section 10177. Eligible Applicant.** (g) – Remove repetitive definition and added reference to Definition Section.
4. **Section 10179. Maximum Grant.** (a)(1) – Remove “seven hundred fifty dollars (\$750)” and add “one thousand five hundred (\$1500) ~~or the current school year's SB740 ADA rate~~”.
5. **Section 10179. Maximum Grant.** (b)(1) – Remove “one thousand dollars (\$1,000)” and add “two thousand five hundred (\$2,000) ~~or the current school year's SB740 ADA rate multiplied by 1 and a third (1/3)~~”.

6. **Section 10180. Application Submission.** (a) – Remove “during regular business hours” as applications are submitted online.
7. **Section 10180. Application Submission.** (c) – Remove “March” and add “April 3rd” to designate new opening date. Also add “Deadline dates will be no earlier than the first week of June of each year.” to provide a general expectation of when deadline dates will take place.
8. **Section 10181. Content of Application.** (a) – Update the revision date on the Application to reflect the changes once regulations are approved.
9. **Section 10181. Content of Application.** (f) – Update the form number for the Authority’s Legal Status Questionnaire.
10. **Section 10181. Content of Application.** (j)(2) – Remove repetitive statute references that are established in Definition Section.
11. **Section 10182. Evaluation Criteria.** (b) – Remove Overcrowding School Site measure as it is defunct and replace with the Comprehensive Support and Improvement and the Additional Targeted Support and Improvement measure. This is provided by CDE related to federal guidelines.
12. **Section 10182. Evaluation Criteria.** (c) – Remove Non-Profit measure as all CA charter school must operate as non-profit or direct government entities. This is replaced with additional equity measures using the four largest student demographic measures outside FRPM: English Learners, Foster Youth, Homeless/Unhoused, and Students with Disabilities. An applicant who serves a larger percentage of the groups listed above than the State as a whole, will receive ~~5~~ 2.5 points for each group. Those that serve the same percentage will receive ~~2~~ 1 points. And finally, those who serve less will receive 0 points. These figures will be based on the State’s most recent CALPADS or CBEDS report.
13. **Section 10182. Evaluation Criteria.** (d) – Updating this section as CDE’s Smarter Balanced Assessment provided additional information. Applicants will now be given points based on both achievement level and progress from the prior year. The points will be determined using the following:

Level

- Very High – 5 points
- High – 3 points
- Medium – 1 point
- Low/Very Low – 0 points

Progress

- Increase Significantly – 5 points
- Increased – 3 points
- Maintained – 1 point
- Declined/ Increase Significantly – 0 points

14. **Section 10182. Evaluation Criteria.** (e) – Updating this section as CDE’s Smarter Balanced Assessment provided additional information to determine School Choice. Applicants will now be given points based how they compare to the State in a measure called “Distance from Standard”. Points will be assigned based on the percentage difference between the two measures.
15. **Section 10183. Award Methodology.** (a) – Directly reference Crierta sections referenced for tiebreaking. Changing “mailing” to “submission” for timing as the application is online now. This also is the reason for the removal of the last sentence.
16. **Section 10185. Obligation and Expenditure of Grant Funds.** (b)(3) – Updated to reflect the closure of those funding rounds.
17. **Section 10185. Obligation and Expenditure of Grant Funds.** (b)(4) – Added to reflect the upcoming funding rounds funded through the 2024 grant award.
18. **Section 10190. Audits and Conflicts of Interest.** (c) – Updated federal reference.
19. **Section 10190. Audits and Conflicts of Interest.** (d) – Remove repetitive statute references that are established in Definition Section.

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 24-59, approving proposed amendments to the regulations for the State Charter School Facilities Incentives Grant Program. If approved, the Executive Director will include the Resolution demonstrating the Board approval with the rulemaking file to the Office of Administrative Law.