

MEMORANDUM

Date: December 13, 2016
To: All Interested Parties
From: Katrina M. Johantgen, Executive Director
Subject: Charter School Revolving Loan Fund Program
2016-17 Funding Round Frequently Asked Questions

This information is provided by the California School Finance Authority (Authority) and should be considered by charter schools while preparing an application for the 2016-17 Funding Round of the State Charter School Revolving Loan Fund Program (Program). If you have any questions or require additional information, please contact the Authority at (916) 651-7710.

I. General Application Information:

Q: Is priority given to schools in their first year of operation?

A: Yes; per Program regulation Section 10170.20 (c), priority is given to new charter schools scheduled to begin operation in the 2017-18 fiscal year. Schools already in operation are considered priority two schools.

Q: How much in program funds will be available to make loans in the 2016-17 funding round?

A: Approximately \$8 million will be available for the 2016-17 funding round. If additional funds become available, the Authority will update information on its website.

Q: Will there be funds available for priority two applicants (schools that are already in operation)?

A: Depending on how many priority one applicants are funded, there may be funds available for priority two applicants. If funds are available after the funding priority one schools, Authority staff will contact priority two applicants to let them know that their applications will be reviewed for Program loans.

Q: What happens in the case of Program oversubscription?

A: In the case of Program oversubscription with priority one applicants, the Authority will give preference to applicants based on highest Free or Reduced-Price Meal (FRPM) percentage across Region One through Region Four of the State as described in Program regulations (Section 10170.17). This methodology ensures equal representation to the extent feasible among regions. The Authority will rely on FRPM data as reported by the California Department of Education (CDE).

In the case of Program oversubscription with priority two applicants, the Authority will also give preference to applicants based on highest FRPM percentage across Region One

through Region Four. This method will also ensure equal representation to the extent feasible among Regions.

If the charter school's FRPM data is not available, the Authority will award loans based on the FRPM of the school's projected elementary school attendance area.

Q: When will loan award determinations be announced?

A: Authority staff will make loan recommendations to the Board, and once the Board approves the recommendations, schools will receive notification of the approved award amount between the months of May and August.

Q: How long after a loan award is approved at an Authority board meeting will the school receive its disbursement?

A: Once an award is approved at an Authority board meeting, the approved applicant will need to execute a loan agreement and governing board resolution. The loan agreement and a governing board resolution template will be provided by the Authority. Once the Authority receives the original signed copies of the loan documents, it will take approximately four to six weeks for a school to receive its loan funds.

Q: Do schools need to have a charter in place to apply?

A: A new school opening up in fall 2017 may not have its charter approved by the February deadline; however, the school will need to provide evidence that its charter petition was submitted to a Chartering Authority for approval and that it anticipates beginning operation in the following fiscal year (Fall 2017). Evidence such as the charter petition and the charter application will be acceptable. Prior to issuance of an award, the applicant will need to demonstrate that the charter has been approved.

Q: Do schools need to have a County District School (CDS) code to apply?

A: Schools need to provide their CDS code at the time of application submission, if available. The CDS code will need to be submitted prior to disbursement of loan proceeds, among other requirements.

Q: What if an item on the application is not applicable because the school is not open yet?

A: Schools should provide an answer, where possible, for each item on the application. If a school is not yet open, they should provide their best possible projection. The school should note on the application whether an entry is a projection. If, for example, the school is an online school and does not have a physical location, please fill-in N/A and explain why.

Q: What is an Affiliated Organization?

A: An Affiliated Organization is a legal entity that assumes financial, legal, and operational responsibility for a charter school(s), including but not limited to, a school district, parent company and charter management organization.

Q: How do I find my school's Elementary School Attendance Area?

A: If the school is open, it can use its current physical address and contact its local public school district to determine its local elementary school. If the school is not yet open, the school should use its "best projected" physical address and contact its local public school district to determine its local elementary school.

Q: What application documents need original "wet signatures"?

A: The school should provide original "wet signature" copies of Page 3 of the Loan application and Page 4 of the Legal Status Questionnaire.

II. Charter School Questions:

Q: What is a hybrid school?

A: A hybrid school consists of a combination-learning environment which may hold online classes, off-campus classes, and/or classroom-based classes.

III. Written Request:

Q: Is there an example of the written request and how long should it be?

A: Schools may use a letter format to summarize the information requested in the application related to the Written Request for funding. The letter should be 250 words or less.

IV. Operational Documentation:

Q: Is there a template for the "Business Plan/Strategic Plan"? What kind of information should schools describe in this section?

A: The applicant can use its own Business Plan/Strategic Plan template. The Authority would like to gather information such as: programmatic objectives, marketing and outreach strategies, organizational chart (if applicable), internal fiscal controls, staffing ratios, identification of financial reporting system, liability insurance, facilities maintenance, ability to accommodate projected growth, annual and long-term debt, budget format, estimated revenues, expectations to apply for grant money, and estimated expenditures. However, if there is no separate business plan, strategic plan, or memorandum of understanding between the charter school and the chartering authority available that contains the financial information requested, the Authority will accept a charter petition that includes these elements.

Q: Should current and projected enrollment and average daily attendance (ADA) figures be provided? What documentation will be expected?

A: New schools should provide budgeted enrollment and ADA for a five-year period (2017-18 through 2021-22). If the school is already in operation, the school should provide the current year 2016-17 and the 5-years after (2017-18 through 2021-22). The Authority will also request a student enrollment list and wait list from all applicants.

V. Financial Documentation:

Q: What kind of template should be used to show the school's budget plans?

A: The applicant can use its own budget template, but that template should be provided to the Authority in Microsoft Excel format.

Q: Should schools submit a budget that includes the current 2016-17 fiscal year?

A: Schools that are currently operating should submit a budget for the current fiscal year (2016-17). All schools should provide budget projections for at least the next five fiscal years (2017-18 through 2021-22).

Q: Should the budget show the loan coming in and payments going out?

A: The Authority wants to see the school's budget exclusive of the loan proceeds and scheduled repayments being included.

Q: Should schools add other sources of funding to their budgets, other than state, federal, and local apportionments: for example, grants, loans, contributions, fundraising, etc.?

A: Schools should include all other sources of funding, if applicable, and provide evidence that the school has or will receive funds from each of the included funding sources. Evidence such as award letters, loan agreements, loan schedules and cancelled checks are all acceptable documents.

VI. Deadline/Mailing Dates:

Q: How should we submit the application?

A: The school should submit: A) one hard copy application (including the Legal Status Questionnaire) with original signatures; and B) one copy of the signed application and supporting documents on a CD-ROM or flash drive to one of the Authority's offices (Sacramento or Los Angeles) no later than the due date.

Q: What if a school misses the February 24, 2017 application deadline?

A: Late applications will not be accepted. All applications must be received by the Authority no later than 5:00 p.m. on Friday, February 24, 2017. Packages that are postmarked by the

due date but not received in the Authority's office by close of business on February 24, 2017 will not be accepted.

If you have any questions or concerns, email csr1f@treasurer.ca.gov or contact the Authority at (916) 651-7710.