REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, June 22, 2005

CHARTER SCHOOL FACILITY PROGRAM
JOINT REPORT

PURPOSE OF REPORT

To request adoption of the Charter School Facility Funding Joint Report to be submitted to the Legislature.

DESCRIPTION

Assembly Bill 14 (Chapter 935, Statutes of 2002, Goldberg) created a pilot program within the existing State School Facility Program (SFP) that allows the State Allocation Board (SAB) to provide funding for the new construction of charter school facilities. Within Proposition 47, approved by the voters in November 2002, $100 million was made available for the Charter School Facility Program (CSFP). Senate Bill 15 (Chapter 587, Statues of 2003, Alpert) modified the Program to address some of the concerns raised after the first round of funding. With the passage of Proposition 55, an additional $300 million was made available for the CSFP. This report has been prepared by the Office of Public School Construction (OPSC) and the California School Finance Authority (CSFA) in compliance with Education Code (EC) Section 17078.66 to assist the Legislature in determining the best possible way to deliver future facility funding to charter schools.

STAFF COMMENTS

As required by the EC, the joint report to the Legislature on Charter School Facility Funding provides an explanation of the implementation process for the changes to the Program, a description of how the second round of funding through this Program was administered, a description of projects funded by the SAB, other methods the SAB uses to fund charter schools outside of this Program, and lastly, recommendations for statutory changes. The report is separated into two parts; Part A was prepared by the OPSC and Part B was prepared by the CSFA. The joint report will be provided under separate cover.

RECOMMENDATION

Accept the Charter School Facility Funding Joint Report and authorize the Executive Officer to provide copies of the report to the Legislature.

Charter School Facility Funding

Joint Report to the Legislature

July 2005

Prepared for the Legislature by the

State Allocation Board

and the

California School Finance Authority

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Preface

Introduction

Chapter 935, Statutes of 2002, (AB 14–Goldberg) created a pilot program within the existing State School Facility Program (SFP) that allows the State Allocation Board (SAB) to provide funding for the new construction of charter school facilities. Within Proposition 47, approved by the voters in November of 2002, $100 million was made available for the Charter School Facility Program (CSFP or Program). Senate Bill 15 (Alpert) modified the CSFP to address some of the concerns raised after the first round of funding. With the passage of Proposition 55, in March 2004, an additional $300 million was made available for the CSFP. This report has been prepared by the Office of Public School Construction (OPSC), on behalf of the SAB, and the California School Finance Authority (CSFA or Authority) in compliance with Education Code (EC) Section 17078.66 to assist the Legislature in determining the best possible way to deliver future facility funding to charter schools. This report contains an explanation of the implementation process for the changes to the CSFP, a description of how the second round of funding through this Program was administered, a description of the projects funded by the SAB, other methods the SAB uses to fund charter schools outside of this Program, and lastly recommendations for statutory changes. The report has been divided into Part A, which was prepared by the OPSC, and Part B, which was prepared by CSFA.

About the SAB/OPSC

SAB

The SAB is responsible for determining the allocation of State resources (proceeds from General Obligation Bond Issues and other designated State funds) used for the new construction and modernization of public school facilities. The SAB is also charged with the responsibility for the administration of the SFP, the State Relocatable Classroom Program, and the Deferred Maintenance Program. The SAB is the policy level body for the programs administered by the OPSC.

The SAB is comprised of the Director of Finance (the traditional chair), the Director of the Department of General Services, the Superintendent of Public Instruction, three members of the Senate, three members of the Assembly, and one appointee by the Governor.

OPSC

The OPSC, as staff to the SAB, implements and administers the SFP and other programs of the SAB. The OPSC is charged with the responsibility of verifying that all applicant school districts meet specific criteria based on the type of funding being requested. The OPSC also prepares recommendations for the SAB's review and approval.

It is also incumbent upon the OPSC staff to prepare regulations, policies, and procedures which carry out the mandates of the SAB, and to work with school districts to assist them throughout the application process. The OPSC is responsible for ensuring that funds are disbursed properly and in accordance with the decisions made by the SAB.

About the CSFA

The CSFA was created in 1986 (Section 17170 through 17199.5 of the EC to provide tax-exempt, low cost financing to school districts and community colleges for the use in the repair and construction of school facilities, as well as for working capital purposes. The CSFA has offices in Sacramento and Los Angeles, and is comprised of the following members: the State Treasurer (who serves as chair), the Superintendent of Public Instruction, and the Director of Finance.

Summary of Program

The CSFP allows charter schools to access new construction State facility funding directly or through the school district where the charter school is physically located. The pupils attending the charter school must be classroom-based and not independent study, internet-based, or home school. In addition, the school district where the charter school is physically located must have demonstrated to the SAB that pupils are "unhoused" and, thus, the district is eligible for new construction funding. The new construction funding to be provided consists of a 50 percent State grant amount and a 50 percent local matching share amount. The charter school has the option to meet the 50 percent local matching share requirement by entering into a lease agreement with the State for a period of up to 30 years. Prior to the SAB providing any funding for the project, the CSFA must determine whether the charter school is financially sound, or simply, if the applicant charter school has demonstrated financial and operational capability in running a charter school that will allow them to commit to and fulfill the 50 percent local matching share contribution requirement.

At the point the initial application is filed with the OPSC and CSFA, the charter school more than likely has not designed the school, selected or acquired a school site, etc. Therefore, the Program is set up to provide charter schools with a reservation of funding known as a Preliminary Apportionment, which is an estimation of the funds that will be needed to build the project. This approval allows a charter school time to receive the necessary approvals from other State entities (California Department of Education (CDE), Division of the State Architect (DSA), and Department of Toxic Substance Control (DTSC)) that are required prior to converting the project to a Final Apportionment and, ultimately, to construct the facility. The charter school will have four years to design the project, acquire a site, and convert the Preliminary Apportionment to a Final Apportionment. Advance fund releases are available to the charter school to assist with the costs associated with designing the project and acquiring a site. The Final Apportionment provided by the SAB will be based on actual eligible project costs as defined in the SFP regulations. The CSFA must determine whether the applicant is financially sound at the Preliminary Apportionment Stage, at the time of any advance releases of funds, and at the Final Apportionment Stage.

Part A: State Allocation Board and the Office of Public School Construction

SAB Members

- **Mr. Tom Campbell**, Director, Department of Finance
- **Mr. Ron Joseph**, Director, Department of General Services
- **Mr. Jack O'Connell**, State Superintendent of Public Instruction, Department of Education
- **Senator Bob Margett**
- **Senator Alan Lowenthal**
- **Senator Jack Scott**
- **Assembly Member Jackie Goldberg**
- **Assembly Member Lynn Daucher**
- **Assembly Member Joe Coto**
- **Ms. Rosario Girard**, Governor Appointee

Staff

- **Ms. Luisa M. Park**, Executive Officer, State Allocation Board/Office of Public School Construction
- **Ms. Mavonne Garrity**, Assistant Executive Officer, State Allocation Board
- **Ms. Lori Morgan**, Deputy Executive Officer, Office of Public School Construction

Section 1: Implementation of the Changes Required by Senate Bill 15 and Description of Projects Funded

SAB and OPSC Implementation Process and Changes to the Program

AB 14 established the CSFP as a pilot program. After the first round of funding was completed, the Program was evaluated for areas that needed to be modified to provide the best process for allocating the $300 million made available through the passage of Proposition 55. Suggestions for change came from several venues, including input from the charter school community, school districts, and suggestions for statutory change made in the July 23, 2003, Joint Report to the Legislature by the OPSC and CSFA. Some of the suggested statutory changes were contained in SB 15.

The implementation of SB 15 for the OPSC began in early October 2003. A major aspect of the process was the presentation of working papers and proposed regulations to the SAB Implementation Committee. The Implementation Committee is an informal advisory body established by the SAB to assist the Board and the OPSC with policy and legislation implementation (committee membership is comprised of organizations representing the school facilities community). The proposed changes to the Program were discussed at multiple public committee meetings; by January 2004, the revised Program requirements and application began to take shape. In addition to the public meetings, the OPSC had several individual meetings with CSFA and charter school advocates to address specific issues. With valuable input from committee members, charter school advocates, and other interested parties, a consensus was reached and program changes were implemented to better meet the needs of both the school district and charter school communities.

On February 25, 2004, the SAB adopted the proposed amended regulations for the Program and authorized the Executive Officer to file the regulations with the Office of Administrative Law (OAL) on an emergency basis. Upon OAL approval, the emergency regulations became effective on June 1, 2004. The application filing period began June 1, 2004, and closed July 29, 2004.

One of the main goals in modifying the Program was to try to fund the maximum number of projects with the limited funding available. With the $100 million available under Proposition 47, the SAB was only able to provide funding to six out of 17 eligible projects (35 percent). In order to maximize the number of projects funded in the second round, the CSFP regulations were revised to include limits on certain things that could be requested within a funding application. The revised regulations limited the number of pupil grants that could be requested, the amount of acreage allowed for site acquisition, and the total project construction cost as a whole. In addition, the per-pupil grant amount was made static, not to change with future construction cost index increases and no inflation factor was added to the projects. In order to cover possible expenses for hazardous material clean up, DTSC expenses, and relocation costs, separate funding pools were set aside for applicants to access if they encountered these expenses upon final conversion of the project. The pools are exclusive of the caps, but the limited amount of funding made available for the pools should encourage applicants to carefully consider sites that require extensive clean up or relocation. The funding caps resulted in the ability of the SAB to fund 28 out of 34 eligible projects (82 percent).

Another change to the Program involved modifications to the definitions of small, medium, and large charter schools. This was due to the fact that there was not enough of a distinction in these funding categories during the first round of funding. The range within each category was increased to allow for more variance.

In addition, the preference points assigned to the various percentages for free and reduced lunch and overcrowded districts were modified. With the first round of funding, there was not enough variance within these categories, resulting in applicants receiving the same number of preference points. The scales were adjusted to allow more ranges of preference points to increase the variance within the categories.

One of the most exciting changes for the CSFP applicants with the second round of funding was the ability to receive an advance release of funds to assist with the costs of designing a project and purchasing a site. Many of the charter schools did not have the ability to cover these expenses up front. The introduction of the advance fund releases should make it easier for the recipients of the Preliminary Apportionments to successfully convert their projects to Final Apportionments in a timely manner.

Statewide Outreach

After the changes to the Program were finalized and the new regulations were approved by the OAL, the focus shifted to spreading the word throughout the charter school community of the availability of Proposition 55 funds and to inform applicants of the changes to the Program.

The OPSC, CSFA, CDE, DSA, and DTSC conducted a series of Statewide workshops held in Sacramento, Fresno, Los Angeles, and San Diego, to inform both school districts and charters schools about the revised CSFP. The OPSC and CSFA also conducted another workshop in Oakland. Attendees of the workshops received information about the eligibility requirements, application, and SAB approval process as well as being introduced to the other State entities involved in school construction. Participation and attendance at all locations was good and overall the message was well received by the attendees.

OPSC and CSFA Interfaces

As with the first round, both agencies worked closely throughout this entire process to ensure that the lines of communication were kept open with the applicants and that the necessary documents from the applicants were received to allow the projects to move forward. The OPSC was responsible for determining if the school district where the charter school is or will be physically located has new construction eligibility and also for determining the preliminary apportionment amount. The CSFA was responsible for determining if the charter school is financially sound.

Application Process

Although two agencies are involved in the approval process and both have a separate application to request a preliminary apportionment, the OPSC and CSFA agreed in the first round that all applications would be submitted to one office to make it a seamless process for the applicants. As this system was effective for the first round, it was structured the same way for the second round. The OPSC reviewed applications for completeness and eligibility. The CSFA received its copy of the CSFP applications directly from OPSC and the OPSC notified CSFA of any applicants that were ineligible. The application filing period for the second round of funding concluded on July 29, 2004. The OPSC and CSFA accepted applications from 50 applicants. For a complete listing of applications, please refer to Appendix 1.

Description of Projects Funded

On February 23, 2005, the SAB provided preliminary apportionments to applicants that met the funding criteria. The total value of applications received in the second round of funding exceeded the available funds by $43,786,667. Therefore, to provide preliminary apportionments, the SAB utilized a process that categorized the applications into four different criteria to assure the funds were allocated in different areas of the State, locality (e.g. urban, rural, suburban areas of the State), different size charter schools, and charter schools that serve different grade levels. In addition to categorizing the applications, preference was given to applicants that met the criteria of being overcrowded, low-income, and non-profit as defined in regulation.

The following table provides an overview of the projects that received a preliminary apportionment (reservation of funding) from the Proposition 55 funds. All of the charter schools receiving a preliminary apportionment first were deemed to be financially sound by CSFA. Most selected the lease option to satisfy the 50 percent local share requirement. These applicants will have four years to design the project, acquire a site, receive approvals from the necessary agencies, and file a funding application with the OPSC to convert the preliminary apportionment to a final apportionment.

Charter School Facility Preliminary Apportionments

February 23, 2005 State Allocation Board Meeting

APPLICATION NO.	DISTRICT	COUNTY	CHARTER SCHOOL	TOTAL PREFERENCE POINTS	REGION	URBAN/RURAL/SUBURBAN	LARGE/MEDIUM/SMALL	GRADE LEVEL	NUMBER OF PUPIL GRANTS REQUESTED	ESTIMATED STATE SHARE (INCLUDING LEASE AND/OR CASH CONTRIBUTION)	TOTAL PROJECT COST
54/67314-00-003	Elk Grove Unified	Sacramento	California Montessori Project – Elk Grove Campus	68	1	Suburban	Medium	7–8	300	$ 11,834,282.00	$ 11,834,282.00
54/62166-00-001	Fresno Unified	Fresno	University High (New Charter School)	64	2	Urban	Large	9–12	400	10,903,850.00	11,603,850.00
54/75044-00-001	Hesperia Unified	San Bernardino	Crosswalk Charter School	88	3	Suburban	Small	9–12	385	6,556,218.00	6,556,218.00
54/75192-00-001	Temecula Valley Unified	Riverside	Temecula Preparatory School	28	4	Rural	Medium	7–8	329	2,334,590.00	4,669,180.00
54/64733-00-013	Los Angeles Unified	Los Angeles	Vaughn Elementary Language Academy	64	3	Urban	Medium	K–6	350	8,335,663.00	11,344,418.00
54/61838-00-001	Buckeye Union Elementary	El Dorado	California Montessori Project – Shingle Springs	36	1	Rural	Medium	7–8	350	5,310,746.00	5,310,746.00
54/64352-00-002	Centinela Valley Union High	Los Angeles	Environmental Charter	80	3	Suburban	Medium	9–12	405	13,914,378.00	13,914,378.00
54/64733-00-011	Los Angeles Unified	Los Angeles	Camino Nuevo Charter Academy	56	3	Urban	Large	7–8	450	10,964,168.00	10,964,168.00
54/64634-00-002	Inglewood Unified	Los Angeles	Animo Inglewood Charter High	76	3	Suburban	Medium	9–12	301	12,268,618.00	12,268,618.00
54/64733-00-014	Los Angeles Unified	Los Angeles	Vaughn High School Academy	64	3	Urban	Small	9–12	469	14,521,483.00	19,689,644.00
54/64634-00-003	Inglewood Unified	Los Angeles	Today's Fresh Start Charter	68	3	Suburban	Medium	K–6	338	12,605,650.00	12,605,650.00
54/62166-00-002	Fresno Unified	Fresno	Kipp Academy Fresno	64	2	Urban	Small	7–8	280	4,156,628.00	4,156,628.00
54/64733-00-016	Los Angeles Unified	Los Angeles	Oscar De La Hoya Animo Charter High School	62	3	Urban	Medium	9–12	321	11,816,346.00	11,816,346.00
54/67314-00-002	Elk Grove Unified	Sacramento	Elk Grove Charter	48	1	Urban	Medium	9–12	189	3,547,830.00	3,547,830.00
54/61259-11-001	Oakland Unified	Alameda	OSA – Fox Theatre Project	52	2	Urban	Medium	9–12	275	4,983,922.00	9,967,844.00
54/64733-00-010	Los Angeles Unified	Los Angeles	Leadership Academy	60	3	Urban	Medium	9–12	455	18,166,664.00	18,166,664.00
54/75192-00-002	Temecula Valley Unified	Riverside	French Valley Charter	28	4	Rural	Medium	7–8	285	2,028,869.00	4,057,738.00
54/64733-00-015	Los Angeles Unified	Los Angeles	Academia Semillas Del Pueblo	60	3	Urban	Medium	7–8	444	13,557,546.00	13,557,546.00
54/62893-00-002	Jacoby Creek Elementary	Humboldt	Jacoby Creek Elementary	20	1	Rural	Large	7–8	81	1,362,964.00	1,362,964.00
54/64733-00-018	Los Angeles Unified	Los Angeles	Animo South Los Angeles Charter High	56	3	Suburban	Small	9–12	353	12,457,476.00	12,457,476.00
54/64733-00-026	Los Angeles Unified	Los Angeles	Los Angeles 6–12 Charter	56	3	Suburban	Large	9–12	400	19,669,826.00	19,669,826.00
54/64733-00-020	Los Angeles Unified	Los Angeles	Port of Los Angeles High School	56	3	Urban	Medium	9–12	420	16,335,234.00	16,335,234.00
54/64733-00-019	Los Angeles Unified	Los Angeles	Animo Venice Charter High	56	3	Urban	Small	9–12	337	12,328,892.00	12,328,892.00
54/64733-00-012	Los Angeles Unified	Los Angeles	Accelerated Charter Elementary School	56	3	Urban	Small	K–6	350	11,756,256.00	11,756,256.00
54/64733-00-025	Los Angeles Unified	Los Angeles	Chime Charter Middle	56	3	Urban	Small	7–8	237	3,264,680.00	3,264,680.00
54/64733-00-017	Los Angeles Unified	Los Angeles	Animo Downtown Charter High	56	3	Urban	Small	9–12	258	12,142,552.00	12,142,552.00
54/75085-00-001	Rocklin Unified	Placer	Maria Montessori Charter Academy	40	1	Suburban	Small	7–8	270	5,560,948.00	5,560,948.00
54/68478-28-001	San Francisco Unified	San Francisco	City Arts and Tech High	48	2	Urban	Small	9–12	420	14,124,484.00	14,124,484.00
									NEW CONSTRUCTION FUNDING TOTALS:	$276,810,763.00	$295,035,060.00

Section 2: School Facility Program – Alternative Funding Options for Charter Schools

Funding Options for Charter Schools

The SAB may provide new construction and modernization grants, as described below, to charter schools; however, the applications would need to be submitted to the OPSC by the school district filing for the charter. Outside of the access provided through the passage of AB 14, charter schools are not able to access SFP new construction and modernization funding directly. It is only under AB 14 and the subsequent SB 15 in which a charter school can apply for new construction funding directly; no such option has been provided for modernization funding. At the conclusion of this section is a listing of known charter school projects completed under the SFP.

Summary of School Facility Program

The SFP provides funding in the form of grants for school districts to acquire school sites, construct new school facilities, or modernize existing school facilities. The two major funding types available are "new construction" and "modernization". The new construction grant provides funding on a 50/50 State and local match basis. The modernization grant provides funding on a 60/40 basis. The process for accessing the State assistance for this funding is divided into two steps: an application for eligibility and an application for funding. Applications for eligibility are approved by the SAB and this approval establishes that a school district or county office of education meets the criteria under law to receive assistance for new construction or modernization. Eligibility applications do not result in State funding. In order to receive funding for an eligible project, the district must file a funding application, including DSA approved building plans, with the OPSC for approval by the SAB.

Applications for eligibility may be filed in advance of an application for funding, or the eligibility and funding requests may be filed concurrently at the preference of the district. In either case, an application for eligibility is the first step toward funding assistance through the SFP. The eligibility process is done only once. Thereafter, the district need only update the eligibility information if additional new construction and modernization funding applications are submitted.

New Construction Eligibility and Funding

Eligibility

The underlying concept behind eligibility for new construction is straightforward. A district must demonstrate that existing seating capacity is insufficient to house the pupils existing and anticipated in the district using a five-year projection of enrollment. Once the new construction eligibility is determined, a "baseline" is created that remains in place as the basis of all future applications. Districts generally establish eligibility for new construction funding on a district-wide basis. However, under certain circumstances, the district may have more eligibility if the applications are made on a High School Attendance Area (HSAA) basis using one or several attendance areas. This circumstance occurs when the building capacity in one HSAA prevents another from

receiving maximum eligibility. For example, one attendance area may have surplus classroom capacity while another does not have the needed seats to meet the current and projected student enrollment. If the district were to file on a district-wide basis, there might be little or no overall eligibility, even though the students in one attendance area are "unhoused" by the definitions established in the SFP. In this case, by filing on a HSAA, the eligibility would increase to allow construction of adequate facilities for the unhoused students.

Funding

After a district has established eligibility for a project, the district may request funding for the design and construction of the facility. In most circumstances, the funding is approved after the district has acquired or identified a site for the project and after the plans for construction are approved by the DSA and the CDE. The funding for new construction projects is provided in the form of grants. The grants are made up of a new construction grant (pupil grant) and a number of supplemental grants. A brief description follows:

New Construction Grant—intended to fund design, construction, testing, inspection, furniture and equipment, and other costs closely related to the actual construction of the school buildings. This amount is specified in law based on the grade level of the pupils served.

Supplemental Grants—additional special grants are provided to recognize unique types of projects, geographic locations, and special project needs. These grants are based on program requirements, or formulas set forth in the SFP Regulations.

Modernization Eligibility and Funding

Eligibility

Establishing eligibility for modernization in the SFP is more simplified than new construction. Applications are submitted on a site-by-site basis, rather than district-wide or HSAA, as is the case for new construction. To be eligible, a permanent building must be at least 25 years old and a relocatable building must be at least 20 years old, and within that time must not have been previously modernized with State funding. The district must also show that there are pupils assigned to the site who will use the facilities to be modernized.

It is also possible for a building to receive a second modernization apportionment. This would apply in cases where the building had previously been modernized using State funding. A permanent building is eligible for a second modernization apportionment 25 years after the date of its previous modernization apportionment. Portable buildings are eligible for a second modernization apportionment 20 years after the date of the first apportionment, provided that the modernization funds are used to replace the portable classroom.

Funding

After a district has established eligibility for a project, the district may request funding for renovation of the facility. In most circumstances, the funding is approved after the plans for construction are approved by the

DSA and the CDE. The funding for modernization projects is provided in the form of grants. The grant amount is increased and funding for specific utility upgrades is allowed if permanent buildings to be modernized are 50 years old or over. The modernization grant (pupil grant) amount is set in law and is based on the number of students housed in the over-age facilities. In addition to the basic grant amount, a district may be eligible for supplemental grants depending on the type and location of the project. The modernization grant can be used to fund a large variety of work at an eligible school site. Replacing doors, windows, flooring, lighting, air conditioning, insulation, roof replacement, as well as the purchase of new furniture and equipment are just a few of the eligible expenditures of modernization grants. A district may even use the grants to demolish and replace existing facilities of like kind. However, modernization funding may not be spent for construction of a new facility, except in very limited cases, generally related to universal design compliance issues or site development.

The following chart provides a list of charter school projects that received an apportionment for new construction or modernization funding under the SFP:

Charter School Projects Funded through the SFP

Prior to Assembly Bill 14

New Construction Projects

DISTRICT	SITE	GRADE LEVEL	STATE SHARE	TOTAL PROJECT COST
Chula Vista Elementary	Chula Vista Learning Community Charter	K–6	$ 6,482,072.00	$ 12,964,144.00
Los Angeles Unified	Accelerated Charter	K–12	12,587,830.00	25,175,660.00
Los Angeles Unified	Fenton Avenue Charter School	K–6	2,189,933.00	4,379,866.00
Natomas Unified	Natomas Charter	7–8	263,417.00	526,834.00
Natomas Unified	Natomas Charter	9–12	7,526,232.00	15,052,464.00
Vista Unified	Guajome Park Academy Charter	K–12	$ 19,473,884.00	$ 39,195,568.00

Modernization Projects

DISTRICT	SITE	GRADE LEVEL	STATE SHARE	TOTAL PROJECT COST
Los Angeles Unified	Palisades Charter High	9–12	$ 3,766,811.00	4,708,514.00
Los Angeles Unified	Palisades Charter High	9–12	3,766,811.00	4,708,514.00
Los Angeles Unified	Palisades Charter High	9–12	3,766,811.00	4,708,514.00
Ravenswood City Elementary	East Palo Alto Charter	K–6	251,493.00	314,366.00
Ravenswood City Elementary	East Palo Alto Charter	K–8	251,493.00	314,366.00
Redding Elementary	Cedar Meadows/Stellar Charter	K–6	$ 909,542.00	$ 1,136,928.00

Section 3: Recommendations for Potential Changes

Issue 1: Criteria for Funding

EC Sections 17078.56 (a) and (b) state that the Board shall make preliminary apportionments only to financially sound applicants while ensuring that there is a fair representation of the various geographic regions of the State, of urban, rural, suburban regions of the State, of large, medium, and small charter schools throughout the State, and of the various grade levels of pupils served by charter school applicants throughout the State. Within each of the above criteria, we were to give preference to charter schools in overcrowded school districts, charter schools in low-income areas, and charter schools operated by not-for-profit entities.

In the first round of funding, the OPSC used the above criteria to develop preference points for each application and to place each of these applications in one of the above categories. This method was repeated for the second funding round. Once preference points were calculated for each, the applications were looked at to ensure that the various regions of the State were covered before we moved on to funding applications in the next category of urban, rural or suburban regions of the State and so on. The recommendations presented to the SAB for preliminary apportionments within each category were based on the order the categories appeared in law. This issue was addressed by the OPSC in the previous Joint Report to the Legislature and no statutory changes were implemented. However, with the second round of funding, it became evident that some members of the Legislature felt that the law behind this method of establishing the criteria for funding may need to be revisited.

Recommendation

The Legislature should review the EC to ensure that the current funding criteria and categories receiving preference are the most appropriate and are in the desired order of importance. If the Legislature envisioned another method for ranking and providing preliminary apportionments, other than those set out by the OPSC, clarifying language should be added to the EC.

Issue 2: Enrollment Updates

Currently school districts through the regular SFP are required to update their enrollment prior to the submittal of their next new construction funding application. The reason for the requirement is because the enrollment has a direct effect on the available new construction eligibility. Each charter school application for preliminary apportionment is considered a funding application and for those districts that have applied on behalf of charter schools, the school districts have updated their enrollment because they have this information available. However, for those charter schools that applied on their own behalf, there was difficulty acquiring the updated enrollment numbers from the school districts. This information is not readily available to the charters and the charter schools are not permitted to submit updated enrollment numbers on behalf of the district. There is little incentive for districts to submit this information. Gathering the information can be time consuming and some districts are reluctant to provide the information for purposes of the CSFP, as doing so possibly enables a charter school project to utilize eligibility that may be necessary to construct other district projects. As obtaining the updates from school districts also resulted in delays during the second round of funding, the OPSC suggests that the Legislature again consider recommendations to resolve this issue.

Recommendation

Require school districts to submit updated enrollment to OPSC within 30 days of OPSC notification that a charter school application has been accepted for processing by the OPSC regardless of the entity that filed the application.

Issue 3: Notification of Application to the School District

EC Section 17078.53(c)(2) states that applications may be submitted by a charter school on its own behalf "if the charter school has notified both the superintendent and the governing board of the school district in which it is physically located of its intent to do so in writing at least 30 days prior to submission of the preliminary application." During the second round of funding several applications were rejected because the charter school had not complied with this requirement. Charter schools, school districts, and SAB members expressed concern that the intent of the law was to give school districts sufficient notice that an application was to be filed. However, there was some discussion that verbal conversations with the school district may also serve the same purpose in providing notification to the district.

Arguments were made requesting that the SAB allow an application to go forward without the 30-day written notification if the school district would confirm that they had received adequate notice through another means; or if the school district had not received notice but was supportive of the application. This would provide charter schools with an option to inform districts. This flexibility would avoid unnecessarily penalizing an applicant who failed to send written notification, but has the support of the school district in regards to filing the application. The EC and regulations could be broadened to specify that eligible applicants must have provided adequate notice to the school district. Adequate notice may be defined as either proof of written notification to the superintendent and governing board 30 days prior to the application submittal or a letter of support for the application signed by the district superintendent which acknowledges that the district is supportive of the application (regardless of when or how they learned about it).

Recommendation

If the Legislature agrees that this notification requirement should be broadened, clarifying language should be added to the EC.

Section 4: Issues Raised by Applicants and Other Public Comments

In order to make certain that all issues of concern were addressed, the OPSC and the CSFA asked representatives from the various charter school organizations and from some applicants themselves what changes they felt were necessary to improve the CSFP application process. Few responses were received, but below are the comments that were made:

Issue 1: Corrections to Applications

The OPSC should be more flexible and make minor corrections to applications rather than having the charter school fix it and send in a new application form.

Recommendation

No change. While the OPSC recognizes that making minor corrections to application documents can be time consuming and burdensome for applicants, we feel that it is inappropriate for the OPSC staff to make any changes to an application once received by our office. Even something as simple as rounding numbers can have an impact on the amount of funding a project receives. The OPSC feels that all necessary changes to the documents should be made by the applicant with a new signature on the forms indicating that the change has been approved by the authorized charter school representative.

Issue 2: Total Project Cost

The OPSC should present total project cost figures to charter schools as early in the process as possible.

Recommendation

In the future, the OPSC will more clearly provide the total project cost figure to applicants during the application processing time period to make certain that the resulting project cost matches the amount of funding that the applicant intended to apply for.

Issue 3: Definition of General Location for Median Cost Determination

Current CSFP definitions identify the Charter School General Location as "a three mile radius from the present or proposed location of the Charter School project as identified in the chartering agreement." During the second round of funding many applicants felt that it was too difficult to obtain a three mile radius or felt that three miles did not truly reflect the area in which they intended to build. Most applicants expressed a preference for a one mile radius.

Recommendation

Amend the definition of the Charter School General Location to a minimum of one mile radius to a maximum of three mile radius.

Issue 4: Free and Reduced Lunch Methodology Clarification

The method for determining the percentage of students receiving free and reduced lunch at a particular charter school and/or school district used during both rounds of CSFP funding used the most recent numbers on file with the CDE. The numbers on file with CDE are based on information collected during the month of October. Applicants were concerned that the percentage of free/reduced lunch changes over the school year.

Recommendation

Amend the CSFP regulations to describe the timeframe in which the information is collected and put on file with the CDE. While we feel the current method is the most equitable and accurate and do not recommend changes to the process, it would be advisable to clarify the process for the applicants so that they do not feel it is an arbitrary number.

Issue 5: Urban, Rural, and Suburban Classifications

During the second round of funding some applicants disagreed with their designation of being located in a rural, suburban, or urban area. When first implementing the CSFP, the OPSC searched for an equitable and unbiased methodology to use when assigning the locality types. The methodology selected was the use of federally derived locale codes.

The Locale codes, also known as the Johnson codes, were developed in the early 1980s by the U.S. Bureau of the Census. This coding system is based on both the proximity to metropolitan areas and on population size and density. These codes are assigned based on the addresses of the individual schools and are assigned at the school level. Thus, it is possible to identify areas within school districts as being different types of localities. A locale code of 1 identified the project as being in an urban area. Locale codes 2, 3, 4, or 5 identified a project as being in a suburban area and locale codes of 6, 7, or 8 identified a project as being in a rural area.

The locale codes assigned to each category were decided upon through the SAB Implementation Committee process, with input from charter school advocates and were approved by the SAB as part of the CSFP regulations in January 2003. The SAB Implementation Committee is an informal advisory body established by the SAB to assist the SAB and the OPSC with policy and legislation implementation.

For the CSFP, applicants were asked to identify the school site closest to the location of their proposed project and report the locale code for that site on the Application for Preliminary Apportionment (Form SAB 50-09).

Recommendation

No change. However, prior to the next round of funding for the CSFP, the OPSC proposes taking the issue of defining urban, suburban, and rural areas back through the implementation committee process for further public discussion and possible change to the methodology. Should it be decided at the implementation committee that a change is necessary, the regulations for the CSFP will need to be adjusted accordingly.

Issue 6: Calculations to Determine Project Costs

One applicant felt that the total project cost generated by the requested number of pupil grants and supplemental grants was too high by 20–40 percent. Asking for fewer dollars can sometimes lead to asking to build fewer classrooms and house fewer students.

Recommendation

As the majority of applicants felt that the grant amounts were too low, it is recommended to wait and see how many projects convert successfully before altering the method of calculating project costs. In addition, this calculation in the Program is another area that was discussed through the implementation committee and agreed upon by districts, charter schools, and charter school advocates alike.

Issue 7: Changes to the Funding Matrix

An applicant suggested that the Legislature look at the criteria used in allocating funding to address what may be shortfalls in the current process. The applicant felt that more emphasis should be placed on funding schools that served underprivileged children (this is captured partially through preference points). The applicant also felt that the process of funding the various categories was arbitrary. The applicant proposed the following changes to resolve these issues:

{For clarity, the funding categories are: 1 – Region; 2 – Locality (urban, rural, suburban); 3 – Size of School (large, medium, small); and 4 – Grade Level.}

1. Allocate all funds based on preference points alone.
2. Allocate all funds based on preference points alone. Give the SAB the option to make adjustments to the list if a Region is left out entirely.
3. Allocate funds to the highest preference point scoring school in each Region and, thereafter, use only preference points for the rest of the funding. Categories 2, 3 and 4 would not be used.
4. Use percentages rather than absolutes. Fund an equal percentage of applications in each group in Categories 1 and 2. Remove Categories 3 and 4 from the allocation criteria.
5. Allocate the first two-thirds of the funds based on preference points alone. Then allocate funds to any Regional Group (1, 2, 3, or 4) or Urban/Suburban/Rural Group that may have been left out. Resume allocating funds based on preference points if funds remain.
6. Keep the current method, but insert the following rule: No school that has 85 percent or fewer of the preference points of another school may be funded until the higher scoring school is funded.

Recommendation

No changes. If the Legislature envisioned a different method for allocating funds, the above suggestions might be considered when making changes to the EC regarding the order in which funds are to be allocated.

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Part B: California School Finance Authority

CSFA Members

- **Mr. Phil Angelides**, State Treasurer
- **Mr. Tom Campbell**, Director, Department of Finance
- **Mr. Jack O'Connell**, State Superintendent of Public Instruction, Department of Education

Staff

- **Ms. Katrina Johantgen**, Executive Director, California School Finance Authority

Section 1: Implementation of the Program

The following sections are presented to the Legislature pursuant to Section 17078.66(a) of the EC. Part B of this report has been prepared by CSFA staff, and approved by Authority members on June 22, 2005, for submission to the Legislature by the July 1, 2005 submission date.

Senate Bill 15

In 2003, the SAB made preliminary apportionments of funding to six charter schools totaling approximately $100 million. The awards for new facilities ranged in size from $2.6 million allocated to a high school serving 56 students to $28 million allocated to a high school expected to serve 1,156 students. Following this funding round, there was broad concern in the charter school community about the limited number of projects funded through the Program.

In response to this issue, Senate Bill 15 (Alpert, Chapter 587) was passed which, among other things, set out to maximize the number of projects funded in subsequent rounds of Program funding. This bill states that "the board, in conjunction with the California School Finance Authority, shall maximize the number of projects that may be approved by adopting total per project funding caps" and requires that the board "adopt other funding limits including, but not limited to, limits on the amount of acreage and construction funding for each project." In order to implement these changes to the Program, SB 15 "permit[s] the board to adopt, amend, or repeal rules and regulations pursuant to this chapter as emergency regulations."

Pursuant to SB 15, the board concurred with the funding cap proposal developed by OPSC at the Authority's February 24, 2004 meeting (see Part A, Section 1). SB 15 also included amendments to the Program which necessitated changes to the Authority's Program regulations.

Rulemaking Process to Implement Changes to the Program

Pursuant to the passage of SB 15, CSFA staff and counsel developed revised Program regulations which integrated the changes prescribed by the bill. Additional changes were recommended that clarify and refine the Authority's existing regulations. These changes to the Program regulations will:

1. Permit charter school management to receive credit for experience gained at other charter schools in California towards satisfying the Program's two academic year requirement.
2. Consider school districts or county offices of education applying on behalf of a charter school to have satisfied the Program's two academic year requirement.
3. Specify the financial and operational information to be provided to the Authority on a regular basis by schools having been awarded a preliminary apportionment, including such information relevant to the financial stability of any guarantor.
4. Require the Authority's review of the financially sound status of any school applying for an Advance Apportionment of funds.

Consistent with the requirements of EC, Section 17078.57, CSFA promulgated emergency regulations that were approved by OAL on March 29, 2004. The permanent regulations were approved in October 2004, and can be found in Title 4, Division 15, Article 1, commencing with Section 10151.

Additional Procedural Changes to the Application and Review Process

With the experience and insight gained from the first funding round of the Program, CSFA staff set out to refine the application and financial soundness determination process for applicants. The procedural changes described below were implemented to assist applicants.

1. **Increased Statewide Outreach and Technical Support**: CSFA and OPSC worked diligently to develop statewide workshops presenting interested charter schools with Program guidance, eligibility criteria and selection parameters to better prepare the schools to submit thorough and complete applications. For charter schools that were unable to attend the workshops, both agencies provided access to all Program-related materials via their respective websites. CSFA and OPSC staff remained available to answer questions and provide technical assistance to applicants throughout the application and funding determination processes.

2. **Financial and Operational Information Standardized**: During the first funding round, applicants sent numerous financial documents to staff for evaluation and input into a financial model. This method of processing operating and financial information proved to be extremely time consuming due to the high level of correspondence between staff and applicants necessary to ensure the accuracy of the submissions. For the Proposition 55 funding round, staff developed a four-page Microsoft Excel workbook into which applicants were required to input student performance data as well as historic and projected enrollment figures and financial information. This workbook was accompanied by detailed written instructions, and staff remained accessible to applicants throughout the process.

3. **Applicants Permitted to Review Staff Reports In Advance of Board Action**: Prior to submission to the board for consideration, each applicant was provided with a draft of the staff report containing detailed information about the school's operational and financial indicators, and staff's recommendation regarding the school's financial soundness.

OPSC and CSFA Interfaces

Pursuant to the Assembly Bill 14, CSFA and SAB (staffed by OPSC personnel) jointly administer the Program. Building on the relationship developed during the creation of the Program and the first funding round, CSFA and OPSC staff are able to rely on their counterparts to quickly and effectively address any questions or requests for information to ensure the Program's continued success.

To highlight, OPSC is primarily responsible for determining the CSFP eligibility of the applicant based on the availability of new construction grants in the relevant school district. OPSC categorizes applicants using the following prioritized criteria: (1) geographical location within the State; (2) location within areas considered urban, suburban, or rural; (3) size of charter school (small, medium or large); and (4) grade levels of pupils served. Within each category, OPSC assigns preference points to charter schools in overcrowded school districts, to charter schools in low-income areas and to charters operated by not-for-profit entities. The preference points are used to rank applicants when Program funds are over-subscribed.

CSFA's primary responsibilities include: (1) making a "financially sound" determination for all applicants at the time of Preliminary, Advance and Final Apportionment; (2) conducting ongoing monitoring and due diligence of

each approved applicant's financial soundness; (3) carrying out due diligence on guarantors; and (4) developing a guaranty and lease agreement. Pursuant to Program regulations Section 10156, CSFA relies on OPSC's determinations regarding each applicant's project eligibility and cost.

Description of the Financially Sound Determination Process

Applications for the 2004 funding round were due by July 29, 2004. In order to streamline the application delivery process, applicants were required to complete and deliver the CSFA application (Form CSFA 03 –01), along with the SAB application (Form SAB 05-09), to the OPSC.

OPSC and CSFA received applications for 50 charter school projects totaling over $570 million, which exceeded the $300 million in available Proposition 55 funds. The applicant schools ranged from a small independent stand-alone charter school, to a district-run, operated and funded charter, to a large, national educational management organization applying for funding at four separate campuses. Appendix One contains a complete list of the applicants.

Financially Sound Determination

Program regulations direct the Authority to consider certain factors when determining the financial soundness of applicants to the Program. To this end, the 12-page CSFA application requested information about each charter school's chartering authority, organizational structure, management experience, business plan, curriculum, student performance, historical and projected financial performance, material contracts, anticipated capital project, legal history, and guarantor information (if applicable).

CSFA's Program regulations include a threshold requirement that the charter school and/or the relevant organization has provided instructional operations at a California charter school for at least two academic years in order to be considered financially sound. This requirement is designed to ensure that an applicant's 24-months of operating as a financially capable concern included the actual operation of a charter school.

Pursuant to statute and Program regulations, the information received from applicants was evaluated in as comprehensive and uniform a manner as possible. CSFA developed a set of "financial indicators" and "operational indicators," as summarized below, which were utilized to evaluate the factors specified in statute and regulations.

CSFA also reviewed additional information obtained from applicants, including curriculum, project descriptions, business plans, staffing plans, material contracts and other matters relevant to the Program.

Assessment of Financial Soundness

Every Program applicant underwent a rigorous evaluation of its willingness and ability to provide for 50 percent of project costs through the required Local Matching Share, a commitment which can take the form of either a lump sum payment at the time of Final Apportionment or payments due on a lease obligation (net of any lump sum payment) for a term of up to 30 years. For the 2004 funding round, approximately 5 out of 40 (eligible)

applicants proposed to provide all or a portion of their Local Matching Share through the lump sum payment option. All lease obligations will be assigned an interest rate equal to the rate paid on funds invested in the State's Pooled Money Investment Account (PMIA) at the time of each approved applicant's Advance and/or Final Apportionment, regardless of actual lease term. Using the approximate ten-year average interest rate of the PMIA, staff incorporated an assumed PMIA rate of 4.50 percent into each applicant's assessment of financial soundness. Although the average interest rate paid on PMIA funds in October 2004 (the time of our analysis) was 1.89 percent, staff considers the assumed lease rate to be reasonable given the uncertainty relating to the actual PMIA rate in effect at Advance and/or Final Apportionment. The dates of these apportionments will be different for each approved applicant and may be up to four years from the Preliminary Apportionments made in February 2005.

Staff's assessment of an applicant's financial soundness involved the extensive analysis of numerous pieces of information relating to the charter school. To assess the financial soundness of an applicant, Section 10156 of Program regulations stipulate that CSFA make its determination through consideration of a dozen key indicators. These indicators are:

1. The applicant's expected ability to maintain stable financial operations and make estimated lease payments, if applicable;
2. Any material risks that would threaten the financial or operational viability of the applicant or the charter school;
3. Current and historical financial performance, including cash flow, major revenues, degree of reliance on grants and fundraising, enrollment trends, projected average daily attendance, expenses and debt service coverage of not less than 1.0x;
4. Reasonableness of projected financial performance based on current and historical performance and the charter school's business and/or strategic plans;
5. Whether the financial condition of the school is consistent with its planned contributions to the project;
6. Adequacy of the qualifications and performance of management and personnel to perform necessary administrative, curricular, financial and human resource functions;
7. Evidence that the applicant is meeting the terms of its charter and is not in imminent danger of having its charter revoked by the chartering authority;
8. Evidence that the chartering authority performs its required oversight responsibilities, including review of student and school performance data;
9. Adequacy of material contracts and ability of the charter school to manage such contracts and meet its obligations under such contracts. (Where the charter school has contracted with an education management organization, the authority will perform an analysis of the current and historical financial and operational condition of the organization, in addition to the above.);
10. Results of a required site visit;
11. Impact of any lump sum payment the charter school has indicated it intends to make; and
12. Where a charter school is using a guarantor, the financial resources, stability, and authority of the guarantor, and the extent to which the applicant is reliant on the guarantor to meet minimal debt service coverage ratios.

Content Areas Evaluated for Each Program Applicant

CSFA prepares a staff report for each Program applicant for Board consideration unless the application was revoked or withdrawn from the Program. Below we have highlighted the key content areas of the staff reports presented to Authority members to assist with their determination of each applicant's financial soundness.

1. **Project Description:** Staff evaluated project details having an impact on CSFA's determination of financial soundness, including (1) classification of the project as new construction or as a renovation/expansion of an existing structure; (2) the expected address of the facility, specifying if the facility will be located within the boundaries of the chartering authority; (3) the projected cost and funding sources for the project, including the selected funding option for the Local Matching Share and the financial commitments of any guarantor; (4) the requested date for the first draw on Program funds; and, (5) the estimated enrollment served when the facility will be occupied.

2. **Organizational Information**: Staff inquired about (1) the school's legal structure as a 501(c)(3) organization, a subsidiary of an Educational Management Organization (EMO) or other; (2) the charter award date, first year of instructional operations, charter expiry date and expected renewal process; and (3) the school's relationship with its chartering authority. If the school is operated by an EMO, then staff reviewed the EMO's responsibilities to the school, its history of operations, strategic plan, historical and projected financial information and biographical information of key staff and directors. Staff reviewed copies of all agreements and written reports between the chartering authority and the applicant to confirm that the chartering authority monitors the charter school's student performance data and curriculum. If the school is not chartered by the local school district, then staff inquired about the school's relationship with the district and the reasons for an outside chartering authority. For the most part, strong charter schools have authorizers who provide recommendations for improvement and act as a partner to the school. Active oversight can help fix minor problems at schools before they become difficult situations possibly impacting financial performance or leading to school closures.

   Staff evaluated each applicant's business plan by focusing on the school's competitive advantages to educational alternatives, its targeted student population, methods of student recruitment and retention as well as the details of any waiting lists. Enrollment history and average daily attendance (ADA) rates are carefully evaluated, as these can be indicators of the academic success and community approval of the school. Specifically, comparatively low (below 90 percent) or declining ADA rates are flagged by staff as an area of concern since per pupil revenues from the State are directly tied to attendance. And, because most schools assume the ongoing cost of their project will be partially covered by the additional revenues generated from new grade levels served, projected enrollment growth and ADA rates are measured against historical levels as a reality check on the affordability of the project.

   Staff also reviewed material contracts (when the obligation exceeded five percent of annual gross revenues) between the applicant and outside parties to determine if these commitments could adversely impact the school's financial obligations under the Program.

3. **Management Experience**: When the Program was created, a financially sound determination required that the applicant charter school or organization have at least two academic years of instructional operations. Recognizing that a large and growing body of qualified individuals and organizations have charter school expertise and the desire to open up new charter schools, SB 15 changed the Program's eligibility requirement to consider applications from new charter schools if key personnel (e.g., Chief Executive Officer, President, Operations Manager, Chief Financial Officer, Principal, etc.) had at least two academic years of experience in management positions at other charter schools in California. This change to Program eligibility created a new area of analysis for staff which proved challenging at times, given the subjective nature of interpreting terms like "managed by" and "key personnel". See recommendation in Section 3 regarding this area of evaluation.

4. **Student Performance**: Due to its implications for student enrollment, stability and growth, staff views student performance as a leading indicator of a charter school's financial position. Chartering authorities highly value student performance such that improvements in student performance indicators are usually specified in charter agreements. Schools with improving student performance trends, especially if those trends exceed threshold goals set by the school and the CDE, are viewed favorably. In order to measure student performance, staff utilized Academic Performance Index (API) and/or Adequate Yearly Progress (AYP) trend data generated by the CDE. The API data reported in the CDE's annual base and growth reports also are used as indicators for measuring AYP under the federal No Child Left Behind Act of 2001.

5. **Financial Analysis**: Staff evaluates all the financial factors specified in Program statute and regulations. Extensive financial data is analyzed to determine the applicant's expected ability to fund its Local Matching Share, which in most cases is the projected annual lease obligation. While other financial indicators relating to the diversity of revenues and the liquidity of funds are evaluated, the determination of financial soundness rests primarily on the school's ability to afford its lease payments at the time of occupancy of the project. Since most schools are expected to occupy their Program-funded projects no sooner than three years hence, CSFA's assessment of projected financial and operational performance is based on the accuracy of the projections provided by the applicant.

   Debt service coverage on lease payments is computed beginning with the first year of project occupancy. Net Revenues available for this purpose are calculated from the annual Change in Net Assets by adding back the projected annual lease payment, capital outlays and non-operating uses of funds and by deducting other non-operating sources of funds with the exception of contributions. A key factor in determining whether an applicant is financially sound is the applicant's expected ability to pay annual lease payments from Net Revenues, which is equivalent to a minimum debt service coverage ratio of at least 1.0x. Staff considers the use of reserves to make annual lease payments in the first year or two of occupancy may be considered acceptable if projected liquid assets are sizeable, although staff recognizes that the applicant has not pledged to reserve these assets as additional security. However, an applicant with a projected debt service coverage ratio of less than 1.0x requiring the use of available reserves to cover this shortfall for an indefinite period of time is likely to be deemed financially unsound.

   While an applicant with a projected debt service coverage ratio of greater than 1.0x may be deemed more financially viable, staff appreciates that this status could change if enrollment projections do not meet expectations or if expenses are not managed as anticipated during periods of growth. With this in mind, the projected debt service coverage ratio in the year of occupancy is stress tested to quantify lower than expected enrollment growth resulting in debt service coverage of exactly 1.0x. An applicant's ability to withstand a 50 percent cut in expected enrollment growth, and still maintain 1.0x coverage would be considered a credit strength versus an applicant that could only endure a five or ten percent reduction in student enrollment.

   Staff utilized additional financial indicators to produce comparisons among applicants and to credit norms. These indicators are the applicant's lease burden (lease payment as a percent of current year revenues) and the per student cost of facilities (lease payment divided by enrollment). Generally speaking, while an applicant may project a debt service coverage ratio in excess of 1.0x, high lease burdens or excessive per student facility costs may indicate an inability to afford other necessary, yet unanticipated, expenses.

6. **Strengths, Weaknesses and Mitigants**: This section of the staff report reiterates the applicant's key operating, management, academic performance, and financial factors that are most relevant to staff's recommendation of financial soundness. Additionally, staff presents any mitigating factors, if applicable, in this context.

Financially Sound Determinations for the Proposition 55 Funding Round

Of the 50 Program applications received, the Authority found 34 applicants to be financially sound for purposes of the CSFP Preliminary Apportionment. A listing of the Authority's preliminary financially sound determinations is contained in Appendix Two. Appendix Four contains information excerpted from the staff reports presented to Authority members to assist with their determination of each applicant's financial soundness.

Monitoring Financially Sound Determinations

It is important to note that CSFA's financially sound determinations are made with reliance on the best available information, including financial projections provided by the applicants that are subject to change. Thus, any financially sound determination is inherently conditioned upon the applicant's ability to achieve actual financial results which are no worse than the projected financial data provided by the applicant.

The Authority requires that all financially sound applicants receiving a Preliminary Apportionment provide regular updates to the Authority regarding key aspects of their financial condition and operating results, as well as revisions to projected performance. Additionally, with the passage of SB 15, CSFA is compelled to report on a school's financial soundness when an Advance Apportionment is requested. The board requires delivery of updated information not limited to semi-annual financial reports, audited financial statements, adopted budgets and all interim budget reports filed with the chartering authority. CSFA also requires receipt of notice of any material change to enrollment, student performance, charter status or financial condition within 45 days of such material change. These conditions and requirements are incorporated by reference as part of board action taken on each applicant's financially sound determination.

Should the financial condition of a school approved for Preliminary Apportionment subsequently weaken, there is an increased risk that the school would not be determined financially sound at the time of Final Apportionment. Therefore, it is vital that CSFA, on behalf of the state, be in a position to monitor changes to these results as they occur, and not only at the time of Final Apportionment. For a publicly funded program such as CSFP, where demand far outstrips available funding, there is a public interest in promptly identifying such situations to ensure available funds are put to the best use. The Authority retains the authority to withdraw its financially sound determination for any school prior to Final Apportionment due to intervening circumstances, pursuant to the actions at the December 22, 2004 and January 20, 2005 meetings. The Authority would change a financially sound determination only after the school has been afforded the opportunity to present its position to the board.

Section 2: Recommendations for Statutory Changes

Issue 1: Conformity of CSFP Statute and CSFA Statute

Section 17199.4 of the EC currently provides that school districts or county offices of education that issue debt through the Authority can elect to intercept their debt service payments at the state level through notice to the State Controller's office. In turn, the Controller makes apportionments to the bond trustee in the amount of the debt service payments from moneys in Section A of the State School Fund. The use of the intercept mechanism described herein assures that debt service payments are made in a timely manner, which results in lower interest costs to the borrower.

Sections 17078.52 through 17078.66 of the EC establish the CSFP. Among these provisions, Section 17078.57(a)(1) sets out that the Authority shall establish a process for determining how charter schools will repay the lease payments due under the Program. Section 17078.57(a)(1)(A) establishes that Section 17199.4 (the intercept mechanism) may be used by charters to repay their obligations through the Program. However, a disconnect between these two statutory provisions has been created because Section 17199.4 only permits use of the intercept mechanism by school districts or county offices of education, not charter schools.

Recommendation

The Authority is recommending that appropriate language be added to Sections 17170-17199.5 of the EC to remedy the inability of charter schools to access the intercept mechanism through the Program and to allow charter schools to issue debt for capital projects or working capital through the Authority. Staff has highlighted below the most substantive change we are seeking to the Authority's Statute. Other technical, "clean up" and conforming changes are being proposed as well.

1. Section 17173(g) of the EC would be amended to include the term "charter school" as a participating district. Subsequent to our change being implemented, Section 17173(g) of the EC will read:

   "Participating district" means a school district, *charter school* or community college district which undertakes, itself or through an agent, the financing or refinancing of a project or of working capital pursuant to this chapter.

   "Participating district" shall also be deemed to refer to the agent to the extent the agent is acting on behalf of the school district, *charter school* or community college district for any purpose of this chapter.

2. With the addition of the term "charter school" to our statute, several conforming changes and additions are necessitated to ensure that charter schools can access all the financing tools now afforded to traditional public schools and community colleges.

Issue 2: Advance Apportionments for Proposition 47 Awardees

In addition to maximizing the number of projects that receive funding through the Program, SB 15 also instituted the Advance Apportionment mechanism (Section 17078.53(g) of the EC, which allows charter schools to access a portion of their funding for upfront costs related to planning and site acquisition prior to Final Apportionment (assuming the school has maintained its financial soundness status). Given that SB 15 was passed after the Proposition 47 apportionments, the subsequent changes to the Program do not retroactively apply to the first funding round. However, the Proposition 47 awardees have conveyed to Authority staff that they are facing significant challenges in funding the critical upfront costs of constructing their facilities.

Recommendation

The Authority is recommending that the six charter schools awarded funding through Proposition 47 be able to request an Advance Apportionment to fund the planning and site acquisition costs necessary to commence work on their projects. Accordingly, the Authority proposes that a sentence be added to Section 17078.53(g) which states, "This provision shall apply retroactively to those charter schools approved for funding from the 2002 Charter School Facilities Account. The board shall carry out this provision, and all applicable statutory, regulatory and procedural requirements shall apply when requesting an advance apportionment."

Issue 3: Requirement that a Grant Agreement be Executed at the Time of Advance Apportionment

Certain costs associated with the development and construction of a charter school facility through this Program are deemed upfront costs, therefore funds are made available to awardees shortly after Preliminary Apportionment through the Advance Apportionment process. Most of these upfront costs are categorized under the 50 percent grant portion of the Program, not the 50 percent Local Matching Share portion. Section 17078.57(a)(1) of the EC and Section 10160 of Program regulations describe the use of a lease agreement to satisfy the Local Matching Share obligation. The law, however, does not require any such agreement between the charter schools (grant recipients) and the State at the time of Advance Apportionment.

Recommendation

The Authority is recommending that a new provision be added to EC Sections 17078.52–17078.66, or that the SAB adopt a regulatory or procedural mechanism, that compels grant recipients to enter into a binding covenant which clearly delineates the terms and conditions of receiving public funds (grants) through this Program. The Authority recognizes that the SAB forms do require that grant recipients certify that the project is in compliance with public school construction law. However, Authority members are of the opinion that self-certifications may not go far enough to ensure that these public funds are being used for the purposes prescribed by the Program, that parties are aware of and adhering to all applicable laws and guidelines, and that sufficient oversight is present.

Recommendations for Regulatory Changes

Issue 1: Compliance with Charter Agreement and Good Standing with Chartering Authority

Pursuant to Section 10154 of Program regulations regarding financially sound determinations, the Authority is to evaluate, among other key factors, whether an applicant is in compliance with the terms of its charter agreement and that the charter school is in good standing with its chartering authority. The Authority seeks written verification from an applicant's chartering authority indicating that the applicant is viewed favorably.

During the last funding round, one chartering authority responded that the applicant was failing to meet the terms of its charter agreement and, consequently, was not in good standing with the authority. CSFA noted this as an area of concern given that the chartering authority has the ability to revoke a charter for the school's failure to comply with the terms of the charter agreement. In the case of this particular applicant, our inquiry prompted the school and the chartering authority to enter into a remediation plan to resolve and improve the areas where,

in the chartering authority's view, the school was failing to meet the terms of its charter agreement. It was not necessary for the Authority to take formal action regarding the school's failure to comply with the terms of its charter agreement since OPSC later determined that the applicant did not have sufficient new construction eligibility to participate in the Program.

Recommendation

The Authority is recommending that applicants (1) be in compliance with the terms of its charter agreement and (2) in good standing with its chartering authority at the time applications are submitted to OPSC and CSFA, and that this is confirmed by a new form to be completed by the chartering authority and submitted with the charter school's application.

Staff believes it unsound policy to allow applicants to resolve problems with chartering authorities after applications have been submitted. Applicants should be in compliance with the terms of their charter agreement and in good standing with their chartering authority on an ongoing basis to ensure that projects funded through the Program are eligible for construction and occupation by the school. Any applicant denied access to the Program as a result of a negative indication from a chartering authority would be provided an opportunity to appeal the Authority's decision.

Recommendations For Procedural Changes

Issue 1: Authorizing Staff to Institute a Process to Deem Applicants Ineligible for Review Due to the Failure to Submit Information in a Timely Manner

Section 10153 of the Program regulations state that as a condition of voluntarily applying for a Preliminary Apportionment, the applicant will concurrently provide all information required by the Authority as described in Section 10155. The regulations also state that if the information is insufficient to allow the Authority to determine whether a charter school is financially sound, the Authority reserves the right to request such additional information as will be necessary to make the determination.

Some of the Authority's requests for additional information were not responded to in a timely manner, which delayed staff's recommendations to the board regarding financial soundness. Our experience during the last two funding rounds with certain applicants has prompted CSFA to seek the authority for staff to deem applicants ineligible at the time the school has failed to comply with our timing requirement rather than wait for board approval to determine the school financially unsound for purposes of the Program.

Recommendation

In the interests of applying the Program requirements equally to all applicants, the Authority conducts all evaluations based on the information submitted concurrently with the applications. However, the Authority will continue to reserve the right to request additional clarifying information that may be necessary for the application to receive an initial determination regarding financial soundness.

The Authority is recommending that a procedural change be instituted allowing staff to provide written notification to applicants regarding insufficient information. This notification would state a date certain for submission of the necessary information. The applicant's failure to submit such information would result in staff providing a second and final notice. Failure to respond by the deadline stated in the second notice would result in the Authority deeming the applicant ineligible for Program participation and then notifying the SAB.

Issue 2: Authorizing Staff to Deem Applicants Ineligible for Program Participation Based on Review of Baseline Program Requirements

There are several baseline Program eligibility thresholds that can be evaluated at the staff level early in the application review process. These items would include but not be limited to the applicant's (1) failure to meet the requirement of providing instructional operations at a California charter school for at least two academic years; (2) inability to demonstrate that management has operated a charter school for at least two academic year; (3) non-compliance with the terms of its charter agreement or poor standing with its chartering authority; and, (4) ineligibility for new construction as determined by OPSC.

During the last two funding rounds, staff prepared comprehensive staff reports on each applicant regardless of whether or not the school met all Program eligibility criteria. In order to create greater efficiencies in the Program, staff and board members should limit their application review to only those schools that have met the baseline Program eligibility requirements.

Recommendation

The Authority will adopt a process allowing staff to notify applicants of Program ineligibility prior to staff's development of a detailed staff report for board consideration. The Authority would grant these notified applicants 10 business days to request an appeal before the board. If the Authority grants the appeal, then staff would prepare a detailed report for board consideration.

Appendices

- **Appendix 1:** Charter School Application Filing Status
- **Appendix 2:** Summary – CSFA's Preliminary Financially Sound Determinations
- **Appendix 3:** Additional Project Statistics
- **Appendix 4:** Summary Descriptions for Applicant's Receiving a Preliminary Apportionment under the Charter School Facilities Program (CSFP)

Appendix 1: Charter School Application Filing Status

FILING STATUS	DISTRICT	COUNTY	CHARTER SCHOOL	TOTAL PROJECT COST	GRADE LEVEL	OUTCOME OF APPLICATION
Charter	Alameda USD	Alameda	ACLC New Campus	$ 3,690,022	9–12	Not Financially Sound
Charter	Oakland USD	Alameda	Oakland School for the Arts	9,967,844	9–12	Preliminary Apportionment
Charter	Oakland USD	Alameda	Oakland Unity High	7,038,638	9–12	Not Eligible
Charter	Buckeye Union ESD	El Dorado	California Montessori Project – Shingle Springs Campus	5,310,746	7–8	Preliminary Apportionment
Charter	Fresno USD	Fresno	University High	11,603,850	9–12	Preliminary Apportionment
Charter	Fresno USD	Fresno	KIPP – Academy Fresno	4,156,628	7–8	Preliminary Apportionment
Charter	Jacoby Creek Charter District	Humboldt	Jacoby Creek	1,362,964	7–8	Preliminary Apportionment
Charter	Centinela Valley	Los Angeles	Environmental High	13,914,378	9–12	Preliminary Apportionment
Charter	Centinela Valley	Los Angeles	Media Arts Academy at Centinela	12,877,178	9–12	Withdrawn by Charter School
Charter	Inglewood USD	Los Angeles	Animo Inglewood Charter High	12,268,618	9–12	Preliminary Apportionment
Charter	Inglewood USD	Los Angeles	Today's Fresh Start	12,605,650	K–6	Preliminary Apportionment
Charter	Long Beach USD	Los Angeles	New City School	28,412,986	7–8	Not Eligible
Charter	LAUSD	Los Angeles	Vaughn Elementary Language Academy	11,344,418	K–6	Preliminary Apportionment
Charter	LAUSD	Los Angeles	Vaughn High School Academy	19,689,644	9–12	Preliminary Apportionment
Charter	LAUSD	Los Angeles	Oscar de La Hoya Charter High School	11,816,346	9–12	Preliminary Apportionment
Charter	LAUSD	Los Angeles	Animo Downtown Charter High	12,142,552	9–12	Preliminary Apportionment
Charter	LAUSD	Los Angeles	Animo South Los Angeles Charter High	12,457,476	9–12	Preliminary Apportionment
Charter	LAUSD	Los Angeles	Animo Venice Charter High	12,328,892	9–12	Preliminary Apportionment
Charter	LAUSD	Los Angeles	Port of Los Angeles High School	16,335,234	9–12	Preliminary Apportionment
Charter	LAUSD	Los Angeles	KIPP – Academy of Opportunity	7,619,520	7–8	Returned Unfunded
Charter	LAUSD	Los Angeles	KIPP – Los Angeles College Prep	6,797,928	7–8	Returned Unfunded
Charter	LAUSD	Los Angeles	Chime Charter Middle	3,264,680	7–8	Preliminary Apportionment
Charter	LAUSD	Los Angeles	Aspire – Los Angeles 6–12 Charter	19,669,826	9–12	Preliminary Apportionment
Charter	LAUSD	Los Angeles	Aspire – Los Angeles K–5 Charter	13,267,148	K–6	Returned Unfunded
Charter	LAUSD	Los Angeles	Watts Learning Center	4,808,544	K–6	Not Eligible
Charter	Elk Grove USD	Sacramento	California Montessori Project – Elk Grove Campus	11,834,282	7–8	Preliminary Apportionment
Charter	Sac City	Sacramento	KIPP – Sol Aureus College Prep	4,370,466	7–8	Not Eligible
Charter	Sacramento City USD	Sacramento	VAPAC Senior High	13,023,554	9–12	Not Eligible
Charter	Sacramento City USD	Sacramento	California Montessori Project – Capitol Campus	10,220,268	7–8	Not Eligible
Charter	Colton Joint USD	San Bernardino	Las Banderas Academy Charter	9,866,692	9–12	Withdrawn by Charter School
Charter	San Francisco USD	San Francisco	City Arts and Tech High	14,124,484	9–12	Preliminary Apportionment
Charter	Alum Rock ESD	Santa Clara	Escuela Popular	8,037,352	7–8	Not Eligible
Charter	East Side Union High	Santa Clara	Escuela Popular	19,133,850	9–12	Not Eligible
Charter	East Side Union High	Santa Clara	MACSA Academia Calmecac Charter High School	6,964,742	9–12	Not Eligible
Charter	Gilroy USD	Santa Clara	MACSA El Portal Leadership	9,595,954	9–12	Returned Unfunded
Charter	Vallejo City USD	Solano	Mare Island Technology Academy	7,047,988	9–12	Returned Unfunded
Charter	Hesperia USD	San Bernardino	Crosswalk Charter	6,556,218	9–12	Preliminary Apportionment
Charter	Rocklin USD	Placer	Maria Montessori	5,560,948	7–8	Preliminary Apportionment
Charter	Temecula Valley USD	Riverside	Temecula Preparatory	4,669,180	7–8	Preliminary Apportionment
Charter	Temecula Valley USD	Riverside	French Valley Charter	4,057,738	7–8	Preliminary Apportionment
District	Kingsburg ESD	Fresno	South Campus	4,679,472	K–6	Not Eligible
District	Lemoore ESD	Kings	Lemoore Elementary University Charter	3,940,630	7–8	Returned Unfunded

FILING STATUS	DISTRICT	COUNTY	CHARTER SCHOOL	TOTAL PROJECT COST	GRADE LEVEL	OUTCOME OF APPLICATION
District	LAUSD	Los Angeles	Los Angeles Leadership Academy	18,166,664	9–12	Preliminary Apportionment
District	LAUSD	Los Angeles	Camino Nuevo Secondary Academy	10,964,168	7–8	Preliminary Apportionment
District	LAUSD	Los Angeles	Accelerated Charter Elementary	11,756,256	K–6	Preliminary Apportionment
District	LAUSD	Los Angeles	Academia Semillas del Pueblo	13,557,546	7–8	Preliminary Apportionment
District	LAUSD	Los Angeles	View Park Prep	12,274,102	K–6	Withdrawn by District
District	LAUSD	Los Angeles	College Ready Academy	15,955,934	9–12	Not Financially Sound
District	Elk Grove USD	Sacramento	Elk Grove Charter	3,547,830	9–12	Preliminary Apportionment
District	Vacaville USD	Solano	Buckingham Charter High	9,739,200	9–12	Withdrawn by District

TOTAL PROJECT COST: $ 514,397,228

Note: Total project costs for those projects that were deemed ineligible or not financially sound may be estimates.

Appendix 2: Summary – CSFA's Preliminary Financially Sound Determinations

CHARTER SCHOOL	SCHOOL DISTRICT	COUNTY	PROJECT COST	ESTIMATED ANNUAL LEASE PAYMENT	FINANCIAL SOUNDNESS RECOMMENDATION	STAFF COMMENTS
Academia Semillas Del Pueblo	Los Angeles Unified School District	Los Angeles	$ 13,557,546	$ 416,159	Yes	Meets minimum debt service coverage—130%, 247.4% and 256.6% in 2006–07 through 2008–09. CSFP lease represents 13–16% of revenues.
Accelerated Charter Elementary School	Los Angeles Unified School District	Los Angeles	11,756,256	360,867	Yes	Financial projections for FY 2009–10, first year of CSFP lease repayment, indicate projected debt service coverage ratio slightly higher than 100%.
Alameda Community Learning Center	Alameda Unified School District	Alameda	13,552,108	N/A	No	Not financially sound for purposes of CSFP.
Animo Downtown Charter High School (Los Angeles)	Los Angeles Unified School District	Los Angeles	12,142,552	372,725	Yes	Meets minimum debt service coverage—133% in 2008–09 (1st year of occupancy). CSFP lease represents 10.2% of revenues in 2008–09. Green Dot Public Schools is serving as co-borrower.
Animo Inglewood Charter High School	Inglewood Unified School District	Los Angeles	12,268,618	376,595	Yes	Meets minimum debt service coverage—136.5% in 2008–09 (1st year of occupancy). CSFP lease represents 10.2% of revenues in 2008–09. Green Dot Public Schools is co-borrower.
Animo South Los Angeles Charter High School	Los Angeles Unified School District	Los Angeles	12,457,476	382,392	Yes	Meets minimum debt service coverage—137.4% in 2008–09 (1st year of occupancy). CSFP lease represents 10% of revenues in 2008–09. Green Dot Public Schools is serving as co-borrower.
Animo Venice Charter High School	Los Angeles Unified School District	Los Angeles	12,328,892	378,445	Yes	Meets minimum debt service coverage—159.6% in 2008–09. Green Dot Public Schools is serving as co-borrower.
Aspire Public School (Elementary School)	Los Angeles Unified School District	Los Angeles	13,267,148	407,245	Yes	Debt service coverage ratios are slightly above 100% for next three years.
Aspire Public School (Secondary School)	Los Angeles Unified School District	Los Angeles	19,669,826	603,780	Yes	Debt service coverage ratios are slightly above 100% for next three years.
California Montessori Project – Elk Grove Campus	Elk Grove Unified School District	Sacramento	11,834,282	363,262	Yes	School meets minimum debt service coverage—231%, 275% and 254% each year beginning 2006–07. CSFP lease represents 5.8% of revenues from 2006–07 through 2008–09.
California Montessori Project – Shingle Springs	Buckeye Union School District	El Dorado	5,310,746	163,017	Yes	School meets minimum debt service coverage—231%, 275% and 254% each year beginning 2006–07. CSFP lease represents 5.8% of revenues from 2006–07 through 2008–09.
Camino Nuevo Charter Academy	Los Angeles Unified School District	Los Angeles	10,964,168	336,554	Yes	School meets minimum debt service coverage—152.1%, 170.8% and 169.1% in 2006–07 through 2008–09. CSFP lease represents 9.7% of revenues.

CHARTER SCHOOL	SCHOOL DISTRICT	COUNTY	PROJECT COST	ESTIMATED ANNUAL LEASE PAYMENT	FINANCIAL SOUNDNESS RECOMMENDATION	STAFF COMMENTS
CHIME Charter Middle School	Los Angeles Unified School District	Los Angeles	3,264,680	100,212	Yes	Meets minimum debt service coverage—137%, 212%, and 211% from 2006–07 through 2008–09.
City Arts and Technology High (Envision Schools)	San Francisco Unified School District	San Francisco	14,124,484	433,562	Yes	Strong debt service coverage (316% in 2007–08 and 356% in 2008–09) but relies on relatively high fund raising projections.
College-Ready Academy	Los Angeles Unified School District	Los Angeles	18,675,986	N/A	No	Does not meet criteria to be determined financially sound; key personnel lack prior charter experience.
Crosswalk: Hesperia Experiential Learning Pathways	Hesperia Unified School District	San Bernardino	6,556,218	201,248	Yes	School meets minimum debt service coverage—175%, 183% in 2007–09 to 2008–09. School must rely on cash on hand to make lease payment in 2006–07. CSFP lease represents 9–11% of revenues 2006–07 to 2008–09.
El Portal Leadership Academy High (MACSA)	Gilroy Unified School District	Santa Clara	9,595,954	1,315,477 (after lump sum payment)	Yes	School meets minimum debt service coverage—108.3%, 178.4% and 356% in three years beginning 2006–07. CSFP lease represents 3–4% of revenues in first years of occupancy. School is relying on funding from a grant and a local contribution to pay down CSFP lease burden.
Elk Grove Charter School	Elk Grove Unified	Sacramento	3,547,830	108,903	Yes	School is district-run, and district will service as co borrower. Coverage is 190–250% for the first years in new facility. CSFP lease represents 6–7% of revenues for same period.
Environmental Charter High School	Centinela Valley Union High School District	Los Angeles	13,914,378	427,113	Yes	School meets debt service coverage in 2006–07 with 106% and 116% in 2008–09. Contributions of $165,000 and $325,000 are anticipated annually in projected years.
Escuela Popular del Pueblo	East Side Union High School District	Santa Clara	8,433,352	N/A	No	CSFA was unable to determine the school was financially sound based on pending issues between the school and the chartering authority.
Jacoby Creek Charter District	Jacoby Creek Charter District	Humboldt	1,362,964	41,837	Yes	Minimum debt service coverage of 100% met in first year by using cash on hand, school meets debt service comfortably in subsequent years. School has relatively strong fund balance—$453,125 as of June 2004.
KIPP Academy Fresno	Fresno Unified School District	Fresno	4,156,628	127,591	Yes	Debt service is 113% in 2007–08 and 187% in 2008–09. Contributions represent only 8% of total expenditures.
KIPP Academy of Opportunity	Los Angeles Unified School District	Los Angeles	7,619,520	233,887	Yes	Debt service coverage is at least 173% for the three years projected. Without contributions, KIPP is able to maintain debt service coverage of no less than 130%.
KIPP Los Angeles College Preparatory School	Los Angeles Unified School District	Los Angeles	6,797,928	208,668	Yes	Debt Service Coverage is at least 142% for the three years projected, including contributions.

CHARTER SCHOOL	SCHOOL DISTRICT	COUNTY	PROJECT COST	ESTIMATED ANNUAL LEASE PAYMENT	FINANCIAL SOUNDNESS RECOMMENDATION	STAFF COMMENTS
Lemoore Elementary University School	Lemoore Union Elementary School District	Kings	3,940,630	122,627 (after lump sum payment)	Yes	School is a district-run charter school. Debt service coverage is over 400% through 2007–08. School is not reliant on contributions for operations.
Los Angeles Leadership Academy	Los Angeles Unified School District	Los Angeles	18,166,664	557,640	Yes	Debt service coverage projected at double required level at 202% and 234% in 2009–10 and 2010–11.
Mare Island Technology Academy High School	Vallejo City Unified School District	Solano	7,047,988	216,343	Yes	School exceeds debt service coverage threshold with 296% to 487% in 2006–07 to 2008–09. CSFP lease represents approximately 5% of projected revenue through 2008–09.
Maria Montessori Charter Academy	Rocklin Unified School District	Placer	5,560,948	170,698	Yes	Debt service coverage is no less than 110% through 2008–09.
Oakland School of the Arts	Oakland Unified School District	Alameda	9,967,844	N/A (after lump sum payment)	Yes	Match requirement met through contribution of City of Oakland Community & Economic Development Agency.
Oscar de la Hoya Animo Charter High School	Los Angeles Unified School District	Los Angeles	11,816,346	362,712	Yes	Meets minimum debt service coverage—132.9% in 2008–09 (1st year of occupancy). CSFP lease represents 9.4% of revenues in 2008–09. Green Dot Public Schools is serving as co-borrower.
Port of Los Angeles	Los Angeles Unified School District	Los Angeles	16,335,234	501,423	Yes	School, to begin in 2005–06, is 100% reliant on contributions and grants. Contributions projected at 18% in 2005–06 and 2.8% of revenue in 2008–09.
Temecula Preparatory School	Temecula Valley Unified School District	Riverside	4,669,180	N/A (after lump sum payment)	Yes	Match requirement to be met by Temecula Valley Unified School District. School is not reliant on contributions.
Temecula Valley Charter School	Temecula Valley Unified School District	Riverside	4,057,738	N/A (after lump sum payment)	Yes	Match requirement being met by Temecula Valley Unified School District. Debt Service Coverage is not applicable.
Today's Fresh Start Charter School	Inglewood Unified School District	Los Angeles	12,605,650	386,940	Yes	School meets minimum debt service coverage—132.5%, 185.4% and 256.5 in 2006–07 to 2008–09.
University High School	Fresno Unified School District	Fresno	11,603,850	313,215	Yes	School meets minimum debt service coverage—123.4%, 108.4% and 155% in 2006–07 to 2008–09.
Vaughn Elementary Language Academy	Los Angeles Unified School District	Los Angeles	11,344,418	174,113	Yes	Projections indicate 50% of local matches can be funded via lump sum contributions. If 50% of local match is funded in the form of two CSFP leases, debt service coverage ratios are 837.1%, 694.8% and 732.8% for fiscal years 2006–07 to 2008–09. CSFP lease represents 2.5% of revenues.
Vaughn High School Academy	Los Angeles Unified School District	Los Angeles	19,689,644	302,194	Yes	Projections indicate 50% of local matches can be funded via lump sum contributions. If 50% of local match is funded in the form of two CSFP leases, debt service coverage ratios are 837.1%, 694.8% and 732.8% for fiscal years 2006–07 to 2008–09. CSFP lease represents 2.5% of revenues.

CHARTER SCHOOL	SCHOOL DISTRICT	COUNTY	PROJECT COST	ESTIMATED ANNUAL LEASE PAYMENT	FINANCIAL SOUNDNESS RECOMMENDATION	STAFF COMMENTS
View Park Preparatory	Los Angeles Unified School District	Los Angeles	15,821,048	N/A	N/A	Applicant withdrew application prior to completion of review.
Visual and Performing Arts Charter	Sacramento City Unified School District	Sacramento	14,914,986	N/A	No	Does not meet Financially Sound criteria; key personnel lack prior charter experience.
Watts Learning Center	Los Angeles Unified School District	Los Angeles	4,808,544	116,906	Yes	Charter school was ineligible.

TOTAL PROJECT COST: $416,510,252

Appendix 3: Additional Project Statistics

The purpose of this chart is to show the enrollment of the charter school at the time of project completion.

SCHOOL	SCHOOL DISTRICT	COUNTY	PROJECT COST (A)	ESTIMATED ANNUAL LEASE PAYMENT (B)	CURRENT ENROLLMENT (C)	PROJECTED ENROLLMENT AT COMPLETION (C)
Academia Semillas Del Pueblo	Los Angeles Unified School District	Los Angeles	$ 13,557,546	$ 416,159	250	489
Accelerated Charter Elementary School	Los Angeles Unified School District	Los Angeles	11,756,256	360,867	59	240
Animo Downtown Charter High School (Los Angeles)	Los Angeles Unified School District	Los Angeles	12,142,552	372,725	N/A	525
Animo Inglewood Charter High School	Inglewood Unified School District	Los Angeles	12,268,618	376,595	411	525
Animo Oscar de la Hoya Charter High School	Los Angeles Unified School District	Los Angeles	11,816,346	362,712	279	530
Animo South Los Angeles Charter High School	Los Angeles Unified School District	Los Angeles	12,457,476	382,392	142	525
Animo Venice Charter High School	Los Angeles Unified School District	Los Angeles	12,328,892	378,445	145	525
Aspire Public School (Secondary School)	Los Angeles Unified School District	Los Angeles	19,669,826	$603,780	N/A	420
California Montessori Project – Elk Grove Campus	Elk Grove Unified School District	Sacramento	11,834,282	363,262	228	295
California Montessori Project – Shingle Springs	Buckeye Union School District	El Dorado	5,310,746	163,017	273	350
Camino Nuevo Charter Academy	Los Angeles Unified School District	Los Angeles	10,964,168	336,554	N/A	450
CHIME Charter Middle School	Los Angeles Unified School District	Los Angeles	3,264,680	100,212	152	224
City Arts and Technology High (Envision Schools)	San Francisco Unified School District	San Francisco	14,124,484	433,562	110	440
Crosswalk: Hesperia Experiential Learning Pathways	Hesperia Unified School District	San Bernardino	6,556,218	201,248	185	340
Elk Grove Charter School	Elk Grove Unified	Sacramento	3,547,830	108,903	290	250
Environmental Charter High School	Centinela Valley Union High School District	Los Angeles	13,914,378	427,113	309	440
Jacoby Creek Charter District	Jacoby Creek Charter District	Humboldt	1,362,964	41,837	416	418
KIPP Academy Fresno	Fresno Unified School District	Fresno	4,156,628	127,591	60	280
Los Angeles Leadership Academy	Los Angeles Unified School District	Los Angeles	18,166,664	557,640	262	910
Maria Montessori Charter Academy	Rocklin Unified School District	Placer	5,560,948	170,698	164	270
Oakland School of the Arts	Oakland Unified School District	Alameda	9,967,844	N/A	300	500
Port of Los Angeles	Los Angeles Unified School District	Los Angeles	16,335,234	501,423	N/A	1,000
Temecula Preparatory School	Temecula Valley Unified School District	Riverside	4,669,180	N/A	416	550
Temecula Valley Charter School	Temecula Valley Unified School District	Riverside	4,057,738	N/A	225	285

SCHOOL	SCHOOL DISTRICT	COUNTY	PROJECT COST (A)	ESTIMATED ANNUAL LEASE PAYMENT (B)	CURRENT ENROLLMENT (C)	PROJECTED ENROLLMENT AT COMPLETION (C)
Today's Fresh Start Charter School	Inglewood Unified School District	Los Angeles	12,605,650	386,940	407	800
University High School	Fresno Unified School District	Fresno	11,603,850	313,215	376	390
Vaughn Elementary Language Academy	Los Angeles Unified School District	Los Angeles	11,344,418	174,113	N/A	400
Vaughn High School Academy	Los Angeles Unified School District	Los Angeles	19,689,644	302,194	N/A	500

(A) OPSC's total project cost.
(B) Estimated by CSFA based upon four and a half percent interest rate, 30-year maturity.
(C) Provided by applicants.

Appendix 4: Summary Descriptions for Applicant's Receiving a Preliminary Apportionment under the Charter School Facilities Program (CSFP)[1]

California School Finance Authority
Charter School Facilities Program

Academia Semillas Del Pueblo

Project School:	Academia Semillas Del Pueblo
Project Location:	Los Angeles
Chartering Entity:	Los Angeles Unified School District
Total Project Cost:	$13,557,546
Grant Amount:	$6,778,773
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$416,159
First Year of Occupancy of New Project:	2006–07

Organizational Information: Academia Semillas Del Pueblo (Academia) is a nonprofit, public benefit corporation founded to serve urban children of immigrant native families and to provide an education based upon their own language and culture. The school is committed to justice, freedom and dignity in education. Academia received its charter from the Los Angeles Unified School District (LAUSD) in December 2001. The charter is set to expire on August 1, 2007.

Curriculum: Academia's curriculum is designed to engage students' talents to think, question, analyze, judge and create new knowledge through a broad curriculum that incorporates dual language enrichment and aspects of the culture and history of the different peoples residing in the area.

Project Description: The proposed project site, within a mile of Academia's existing school site in the area of northeast Los Angeles called El Serrano, will accommodate Academia's plan to expand to a kindergarten through eighth grade school. The school projects it will serve 489 students by 2006–07, the first year of occupancy of the project. Academia expects to complete the project in time for the 2006–07 school year. Therefore, its lease payment obligation would commence that school year. Academia has not needed to actively recruit students because of the Dual Language Program it offers to parents and children in an area in which many families are non English speakers.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

[1] Based on excerpts from CSFA Staff Reports.

The Accelerated School

Project School:	Accelerated Charter Elementary School
Project Location:	South Los Angeles, near existing facility
Chartering Entity:	Los Angeles Unified School District
Total Project Cost:	$11,756,256
Grant Amount:	$5,878,128
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$360,867
First Year of Occupancy of New Project:	2009–10

Organizational Information: The Accelerated School (Accelerated) is a nonprofit, public benefit corporation, based on the Accelerated School Model developed in 1986 by Dr. Henry Levin. All of Accelerated's programs, including Accelerated Charter Elementary School (ACES), rely on involved parents, committed and talented teachers, high expectations for students and parents, strong school leadership, supportive and experienced board members, shared decision making and accountability. The separate charter for ACES was granted by the LAUSD in March 2003, and will expire in June 2009, after the fifth year of instruction.

Curriculum: A primary goal of ACES is to prepare students to succeed in rigorous college preparatory middle and high schools. The curriculum is based on the Accelerated Schools Model, a rigorous, nationally recognized standards-based curriculum dedicated to the idea that all children can accelerate their progress and achieve at high levels. Other goals include providing students with better educational opportunities than what are typically available in their areas; providing additional student seats in an impacted area; training local educators in the use of effective teaching practices; and encouraging innovation in other public schools that serve educationally disadvantaged students.

Description of Project to be Undertaken: Accelerated intends to construct a facility for ACES, its second elementary school in South Los Angeles. Currently sharing temporary portable facilities with Accelerated's other elementary, middle and high schools, it is anticipated that ACES will be on a site separate from the newly rebuilt main kindergarten through twelfth grade campus at Martin Luther King Jr. Boulevard and Main Street in South Los Angeles. The school projects that it will serve 240 students in kindergarten through fifth grade.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, The Accelerated School appears to be financially sound for the purposes of this preliminary apportionment.

Animo Downtown Charter High School

Project School:	Animo Downtown Charter High School
Project Location:	Downtown Los Angeles
Chartering Entity:	Los Angeles Unified School District
Total Project Cost:	$12,142,552
Grant Amount:	$6,071,276
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$372,725
First Year of Occupancy of New Project:	2008–09

Organizational Information: Animo Downtown Charter High School (Animo Downtown) will be opened in Fall 2005 by Green Dot Public Schools, a nonprofit organization, in order to provide a small college preparatory high school experience for students from the Downtown community. Animo Downtown intends to follow Green Dot's school model in order to achieve its goal of creating "agents of change" who will positively impact the community. The charter was granted to Animo Downtown by the LAUSD on April 13, 2004, and it will expire on June 30, 2009.

Curriculum: Animo Downtown will emphasize a college preparatory curriculum for all students. It anticipates a competitive advantage over area high schools because of its small size (projected 525 students in fourth year of operations, versus an average public school competitor size of 4,111 students). Animo Downtown received its charter from the LAUSD on April 13, 2004. The current charter will expire on June 30, 2009. The chartering authority will provide governance and oversight to Animo Downtown but no additional services.

Project Description: Animo Downtown intends to construct a new high school at a site to be determined in Downtown Los Angeles, serving an estimated 500–525 students. The school expects to begin instructional operations in Fall 2005 at a temporary facility. Enrollment is expected to increase to 500–525 students by 2008–09, when it will occupy its permanent facilities. CSFP lease payments are expected to begin with occupancy in 2008–09.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Animo Inglewood Charter High School

Project School:	Animo Inglewood Charter High School
Project Location:	Inglewood
Chartering Entity:	Los Angeles Unified School District
Total Project Cost:	$12,268,618
Grant Amount:	$6,134,309
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$376,595
First Year of Occupancy of New Project:	2008–09

Organizational Information: Animo Inglewood Charter High School (Animo Inglewood) was opened in August 2002 by Green Dot Public Schools, a nonprofit organization, in order to provide a small college preparatory high school experience for students from the Inglewood community. Animo Inglewood expects to follow Green Dot's school model to achieve its goal of creating "agents of change" who will positively impact the community. In 2004–05, 411 students were enrolled and 224 potential students are on the waiting list. Animo Inglewood received its charter from the CDE on December 5, 2001. The current charter will expire on June 30, 2005. Animo Inglewood has submitted a charter petition and renewal request to Inglewood Unified.

Curriculum: Animo Inglewood provides a small college preparatory high school experience for students from the Inglewood community which emphasizes a college preparatory curriculum for all students. Animo Downtown believes it has a competitive advantage because of its small size. It projects 525 students by 2006–07 as compared to an average public school competitor size of 1,848 students.

Project Description: Animo Inglewood plans to construct a permanent facility for its high school in Inglewood. The new facility is expected to be ready for occupancy in September 2008 and will serve an estimated 525 students.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Oscar De La Hoya Animo Charter High School

Project School:	Oscar De La Hoya Animo Charter High
Project Location:	Boyle Heights area of Los Angeles
Chartering Entity:	Los Angeles Unified School District
Total Project Cost:	$11,816,346
Grant Amount:	$5,908,173
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$362,712
First Year of Occupancy of New Project:	2008–09

Organizational Information: Oscar De La Hoya Animo Charter High School was opened in August 2003 by Green Dot Public Schools, a nonprofit organization, in order to provide a small college preparatory high school experience for students from the Boyle Heights community. Oscar De La Hoya Animo will follow the Green Dot's school model to achieve its goal of creating "agents of change" who will positively impact the community. Oscar De La Hoya Animo received its charter from the LAUSD on May 27, 2003. The charter is scheduled to expire on June 30, 2008.

Curriculum: Oscar De La Hoya Animo enrolled 279 students in 2004–05, and records a waitlist of 53 students. According to the school, it has a competitive advantage over local schools because of its small size (projected total enrollment of 525 students in its fourth year of operations, versus an average public school competitor size of 4,892 students), and an emphasis on college preparatory curriculum for all students.

Project Description: Oscar De La Hoya Animo intends to construct a new high school at 1114 South Lorena Street in the Boyle Heights area of Los Angeles, serving an estimated 525 students. Instruction is expected to commence at the new facilities in September 2008.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Animo South Los Angeles Charter High School

Project School:	Animo South Los Angeles Charter High
Project Location:	South Los Angeles
Chartering Entity:	Los Angeles Unified School District
Total Project Cost:	$12,457,476
Grant Amount:	$6,228,738
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$382,392
First Year of Occupancy of New Project:	2008–09

Organizational Information: Animo South Los Angeles Charter High School (Animo South LA) opened in September 2004 by Green Dot Public Schools, a nonprofit organization, to provide a small college preparatory high school experience for students from the South Los Angeles community. Green Dot's mission is to drive substantive change in high schools in the greater Los Angeles area, to ensure that all young adults receive high school educations for success in college, leadership and life. The charter was granted by the LAUSD on October 23, 2003, and is scheduled to expire on June 30, 2009.

Curriculum: Animo South LA intends to follow Green Dot's school model to achieve its goal of creating "agents of change" who will positively impact the community. The school will emphasize a college preparatory curriculum for all students. According to the school, it has a competitive advantage over other local schools because of its small size (projected 525 students in fourth year of operations, versus an average public school competitor size of 4,020 students). In Animo South LA's first year of operations (2004–05), 142 ninth graders were enrolled and 55 potential students are on the waiting list.

Project Description: Animo South LA will be constructing a new high school in South Los Angeles, to serve an estimated 500–525 students. Occupancy of the new facilities is expected in time for the 2008–09 school year.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Animo Venice Charter High School

Project School:	Animo Venice Charter High School
Project Location:	Venice
Chartering Entity:	Los Angeles Unified School District
Total Project Cost:	$12,328,892
Grant Amount:	$6,164,446
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$378,445
First Year of Occupancy of New Project:	2008–09

Organizational Information: Animo Venice Charter High School (Animo Venice) was opened in September 2004 by Green Dot Public Schools, a nonprofit organization, to provide a small college preparatory high school experience for students from the Venice community. Animo Venice intends to follow Green Dot's school model in order to achieve its goal of creating "agents of change" who will positively impact the community. Animo Venice received its charter from the LAUSD on April 13, 2004. The current charter will expire on June 30, 2009.

Curriculum: Animo Venice emphasizes a college preparatory curriculum for all students. The school bases its competitive advantage on its small size (projected 525 students in fourth year of operations, versus area high school enrollment of more than 3,000 students). Animo Venice reported 145 ninth graders were enrolled for 2004–05, its first year of instructional operations, and a waitlist of 30 potential students.

Project Description: Animo Venice will be constructing a new high school at a site in the Venice district of Los Angeles, which will serve an estimated 525 students. Occupancy of the new facility is anticipated for the 2008 09.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Aspire Public School (Secondary School)

Project School:	Secondary School
Project Location:	Los Angeles, District Six of LAUSD
Chartering Entity:	Los Angeles Unified School District
Total Project Cost:	$19,669,826
Grant Amount:	$9,834,913
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$603,780
First Year of Occupancy of New Project:	2006–07

Organizational Information: Aspire is a nonprofit, public benefit corporation and considered an educational management organization. The Aspire organization opened its first charter school in 1998. Since that time, Aspire has grown significantly, operating eleven charter schools in California in the current school year. Believing that families benefit from greater public school choice, because no single school type can serve all students, Aspire is working with the LAUSD to help create new alternatives for families in that district. Aspire targets low-income neighborhoods where a high percentage of students receive free or reduced lunch, and where many existing schools are overcrowded and have low relative API rankings. Aspire received its charter from LAUSD in June 2003 (expires in June 2009). In July 2003, Aspire received preliminary apportionments of Proposition 47 funds from the CSFP for a high school in Oakland and an elementary school in Stockton.

Curriculum: Aspire implements curriculum packages created by other parties, complementary to the Aspire system and aligned to the California state standards. The school's educational program, simultaneously rigorous and relevant to the students, will emphasize interdisciplinary thinking across subject areas.

Project Description: The proposed site for the new charter high school will be in the Huntington Park area of Los Angeles County, bounded by Interstate 10 to the North, Highway 710 to the East, Firestone Boulevard to the South and Alameda Boulevard to the West. The campus will consist of approximately five acres with a multi-story facility. Site development will involve the retrofitting of an existing structure to DSA standards for conversion to a charter school. The project is expected to be completed in time for the 2006 07 school year, and will serve 420 students in the sixth through twelfth grades.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

California Montessori Project – Elk Grove Campus

Project School:	Elk Grove Campus
Project Location:	Elk Grove Boulevard, Elk Grove
Chartering Entity:	Wheatland Elementary School District
Total Project Cost:	$11,834,282.
Grant Amount:	$5,917,141
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$363,262
First Year of Occupancy of New Project:	2006–07

Organizational Information: California Montessori Project (CMP) was created to provide students in kindergarten through eighth grade access to a tuition-free Montessori education. CMP, a nonprofit public-benefit corporation, has a corporate office in Carmichael and five campuses in four different school districts: Buckeye Union School District, Elk Grove Unified School District, Sacramento City Unified School District, and San Juan Unified School District. Wheatland Elementary School District awarded the charter in January 2001. CMP plans to obtain a charter from the CDE to allow it to open Montessori charter schools throughout California. CMP contends that there is a very high demand for tuition-free Montessori elementary and middle schools.

Curriculum: The Montessori program provides an individualized education, focusing on individual developmental needs while including the students in a multi-age classroom. CMP integrates Montessori teaching and philosophy with California standards to provide an enriched dynamic curriculum for elementary age students. CMP offers all day kindergarten, which is paced to meet individual development needs. In addition to acquiring core academic education, middle school students learn to interpret core data in terms of the social and environmental issues of the world, including basic financial skills. Montessori's middle school curriculum also considers the unique developmental stages of adolescent children. Class sizes average about 20 students per teacher, and each campus is limited to a maximum of 300 students to maintain a community atmosphere. CMP is in the process of obtaining accreditation from the national Montessori organization and from the Western Association of Schools and Colleges.

Project Description: CMP intends to renovate and add classrooms to its Elk Grove campus located at 828 Elk Grove Boulevard in Elk Grove. This expansion will increase capacity from its current 228 students to 295 students in kindergarten through grade eight. This project is targeted for completion in 2005–06.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

California Montessori Project – Shingle Springs

Project School:	Shingle Springs Campus
Project Location:	Buckeye Road, Shingle Springs
Chartering Entity:	Wheatland Elementary School District
Total Project Cost:	$5,310,746
Grant Amount:	$2,655,373
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$163,017
First Year of Occupancy of New Project:	2006–07

Organizational Information: California Montessori Project (CMP) was created to provide elementary and middle school students access to a tuition-free Montessori education. CMP, a nonprofit public-benefit corporation, has five campuses in four different school districts: Buckeye Union School District, Elk Grove Unified School District, Sacramento City Unified School District, and San Juan Unified School District. The charter was received from Wheatland Elementary School District in January 2001. CMP plans to obtain a charter from the State Department of Education to allow it to open Montessori charter schools throughout California. CMP contends that there is a very high demand for tuition-free Montessori elementary and middle schools.

Curriculum: The Montessori program has been in existence since the 1920's and provides an individualized education, focusing on individual developmental needs while including the students in a multi-age classroom. CMP offers all day kindergarten, which is paced to meet individual development needs. Montessori teaching and philosophy is integrated with California standards to provide an enriched dynamic curriculum for elementary age students. In addition to acquiring core academic education, middle school students learn to interpret core data in terms of the social and environmental issues of the world, including basic financial skills. Montessori's middle school curriculum also considers the unique developmental stages of adolescent children. CMP is in the process of obtaining accreditation from the national Montessori organization and from the Western Association of Schools and Colleges.

Project Description: CMP is renovating and adding classrooms at its Shingle Springs campus located on Buckeye Road in Shingle Springs (Shingle Springs Campus) to expand capacity from its current 273 students to 350 students for kindergarten through eighth grade. CMP advises that this project is targeted for completion in 2005–06.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Camino Nuevo Charter Academy

Project School:	Camino Nuevo Charter Academy
Project Location:	La Fayette Park Place, Los Angeles
Chartering Entity:	Los Angeles Unified School District
Total Project Cost:	$10,964,168
Grant Amount:	$5,482,084
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$336,554
First Year of Occupancy of New Project:	2006–07

Organizational Information: The Camino Nuevo Charter Academy (CNCA) is a nonprofit, public-benefit corporation. CNCA became a full kindergarten through grade twelve education organization with the approval of charters by the LAUSD for an elementary school in 1999 (expires 2005), the middle school in 2001 (expires 2006), and the high school in 2004 (expires 2009), and operates on multiple site-based campuses, in different grade combinations. In 2004 05, 1,097 students are enrolled in grades K through 8, with an additional 137 students enrolled in the ninth grade at CNCA's high school. There are 1,077 potential students on the schools' combined waiting list. CNCA has verified that they are in the process of preparing the petition for renewal of the elementary school's charter that will expire in 2005, and that they are working with LAUSD, their chartering entity, to facilitate the independent evaluation required by the district's Program Evaluation and Research Branch to ensure a renewal of its elementary charter.

Curriculum: CNCA provides extensive core and supplemental (art, computer, and ecology) programs within the context of a comprehensive literacy program. The core of the curriculum is aligned with the California State Board of Education Contents Standards. With strong support from two allied organizations, Pueblo Nuevo Development and Excellent Education Development, CNCA's goals include increasing high school completion and college attendance as a means of breaking the cycle of poverty.

Project Description: CNCA is planning a new elementary school to accommodate 450 students in grades K through 8. The site for the new facility (the La Fayette Park Place campus) will be near CNCA's other elementary school (the Burlington Campus), west of downtown Los Angeles in the densely populated neighborhoods of MacArthur Park and mid-Wilshire. CNCA expects to complete the project in time for the 2006–07 school year.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

CHIME Institute

Project School:	CHIME Charter Middle School
Project Location:	Collier Street, Woodland Hills
Chartering Entity:	Los Angeles Unified School District
Total Project Cost:	$3,264,680
Grant Amount:	$1,632,340
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$100,212
First Year of Occupancy of New Project:	2005–06

Organizational Information: The CHIME Institute for Children With Special Needs (CHIME Institute) is a nonprofit, public-benefit corporation. CHIME Institute (derived from Community Honoring Inclusive Model Education) administers a center for educator development, a research center, and four inclusive learning communities. Like CHIME Institute's preschool founded in 1990 and its charter elementary school that began in 2001, the charter middle school is a demonstration school site of inclusive education for students with mild to significant disabilities in general education classrooms. CHIME Institute's goal is that fifteen to twenty percent of the students at each school are children with mild to severe disabilities. Each class of twenty-eight students includes approximately two to four students with disabilities, one to two students with more severe disabilities that require intensive support, and twenty-two students without disabilities who are typically developing and/or considered to be gifted and high achieving. The charter for CHIME Charter Middle School (CHIME) was granted by the LAUSD for a five year period commencing July 1, 2003 and ending June 30, 2008. CHIME reports that it is currently in the process of writing an amendment to the charter to allow its eighth graders to remain at the middle school through ninth grade.

Curriculum: The education program is based on constructivist approaches, and designed to engage students in problem solving activities at levels appropriate to their individual needs. In collaboration with California State University, Northridge (CSUN), LAUSD and CHIME Institute's schools serve as a laboratory in which faculty and students investigate how children learn, and as a resource on inclusive education for educators, parents and policy makers.

Project Description: To increase enrollment, CHIME is seeking acquisition of portable classrooms on land already owned by LAUSD. In 2004 05, CHIME's second year of operations, 152 students in grades six through eight were enrolled. There are 55 potential students on the waiting list. Instructional operations at the new facilities are planned for 2005–06.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Crosswalk: Hesperia Experiential Learning Pathways

Project School:	Crosswalk: Hesperia Experiential Learning Pathways
Project Location:	Hesperia
Chartering Entity:	Hesperia Unified School District
Total Project Cost:	$6,556,218
Grant Amount:	$3,278,109
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$201,248
First Year of Occupancy of New Project:	2006–07

Organizational Information: Crosswalk: Hesperia Experiential Learning Pathways Charter School (Crosswalk) is a nonprofit, public-benefit corporation. Crosswalk was organized for the purpose of educating students, especially those who may be economically, educationally and/or socially disadvantaged in grades seven through twelve. The school will educate students with essential life skills using individualized experiential academic, career and technical pathways. Crosswalk initially was granted a three-year charter by the Hesperia Unified School District in February 2001. The charter was renewed in 2004, and is set to expire on June 30, 2009. Crosswalk is in the process of applying for another charter, which will be a Montessori kindergarten through grade four program. The K–4 program will add 300 students and will be housed in an adjacent facility.

Curriculum: Crosswalk offers students structured opportunities to develop their sociocultural skills, specifically the use of a daily homeroom, a student council and the use of a school-wide behavior rubric. Teachers employ the use of questioning techniques, with an emphasis on multiple problem-solving activities, activity-based instruction, connections with students' own experiences and interests, field trips, interviews, projects, tutors (both peer and adult), flexible block scheduling and community service. Crosswalk's competitive advantages include small class size (16–20 students), individualized instruction in an extended day and Friday experiential activities for interest and career exploration.

Project Description: Crosswalk will be constructing a permanent facility for grades five through twelve by the start of the 2006–07 academic year. The school is projected to serve 340 students by 2008–09. The middle school grades (fifth through eighth) will compose the majority of students while the high school will only serve 80 100 students, and will primarily serve students with special needs or gifted students who need a flexible schedule. Ten prospective students are on Crosswalk's waiting list.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Elk Grove Unified School District

Project School:	Elk Grove Charter School
Project Location:	Las Flores High School, Elk Grove
Chartering Entity:	Elk Grove Unified School District
Total Project Cost:	$3,547,830
Grant Amount:	$1,773,915
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$108,903
First Year of Occupancy of New Project:	2006–07

Organizational Description: Elk Grove Charter School (EGCS) was established by the Elk Grove Unified School District (EGUSD) in the Fall of 1999. The charter school was not incorporated as a separate nonprofit entity, but is a district-operated charter school, governed by the Elk Grove Board of Education, a body elected by voters within the school district. Originally created to utilize a home schooling/independent study/educational field trip format that involves parents as home teachers, direct instruction classes are now part of the curriculum for all grades. The school is governed by the Elk Grove Board of Education, a body elected by voters within the school district. The school's current charter expires in 2009.

Curriculum: The curriculum is focused on general education with specialization to individual student needs. The program is a combination of small classroom and independent study. Students attend school daily in small blocks (usually about half a day), in addition to independent study. Elementary students have been divided into small groups based on their grade. Grades seven and eight are team-taught and high school students attend either a morning or afternoon session as well as individual classes taken through the Regional Occupation Program, community college and/or community classroom for older students. All students receive district core curriculum using the same texts that have been adopted by the district. Each student is assigned a teacher-consultant who works with the student and family to prepare an individualized plan.

Project Description: EGCS plans to construct a school to house more than 250 students in grades three to twelve. The facility will be built on land currently owned by EGUSD on a 2.34 acre site adjacent to the existing Las Flores Continuation High School. There will be one building constructed with CSFP funds, with six to nine "teaching stations." ECGS expects to complete the project in time for the 2006 07 school year. Currently, the school, located in Sacramento County, is housed on two campuses—9075 Elk Grove Boulevard and the Elk Grove Teen Center, with a current enrollment of 290 students, well above the 200 projected.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Environmental Charter High School

Project School:	Environmental Charter High School
Project Location:	Larch Avenue, Lawndale
Chartering Entity:	Lawndale Elementary School District
Total Project Cost:	$13,914,378
Grant Amount:	$6,957,189
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$427,113
First Year of Occupancy of New Project:	2006–07

Organizational Information: Environmental Charter High School (ECHS) was started by members in the Lawndale community who wanted additional high school choices for students. ECHS was incorporated as a nonprofit school in 2001, and commenced instruction that September with 100 freshmen. After middle school, students attend high schools in the Centinela Valley Union High School District or other charter schools in the area. The local charter schools are small schools that offer a large variation in their educational models. In 2004, the charter of ECHS was renewed for five years, until 2009. In addition, the Western Association of Schools and Colleges authorized ECHS with interim candidacy as an accredited high school.

Curriculum: ECHS provides a college preparatory curriculum that focuses on the local community and local environment. The core content of math, English, science and social sciences is complemented by electives using a project-based, experience approach. ECHS uses clusters of students (on average, 25) who share the same teachers and classes for a minimum of two years, which promotes stronger relationships. This arrangement enables teachers to work together as teams in solving classroom issues. The school has a smaller learning environment. A small athletic program has been added to increase and maintain enrollment.

Project Description: ECHS plans to build a new high school facility to house 440 students. The total square footage for the building will be approximately 33,500. The site will allow approximately 3,600 square feet of space for outside environmental learning areas. In addition, the building will incorporate an environmental building approach, using water conservation techniques, some recycled materials for building supplies, "daylighting" (using high ceilings and other means to bounce light deep into the facility), natural ventilation and renewable energy for some of the building's needs. ECHS expects to complete the project in time for the 2006–07 school year. Therefore, its lease payment obligation would begin with that school year.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Envision Schools

Project School:	City Arts And Technology High
Project Location:	Area South of Market and East of Castro
Chartering Entity:	San Francisco Unified School District
Total Project Cost:	$14,124,484
Grant Amount:	$7,062,242
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$433,562
First Year of Occupancy of New Project:	2007–08

Organizational Information: Envision Schools is a nonprofit, public-benefit corporation. Organized to focus on student achievement and to share its practices with local school districts, Envision is dedicated to the transformation of public education. Founded in 2001, Envision is working to create a geographic cluster of six small, public charter high schools to serve the diverse student bodies in the Bay Area. In addition to City Arts & Technology High School (CAT) in San Francisco, Envision Schools also operates the Marin School of Arts and Technology, which opened in Novato in 2003. The charter for CAT was granted by the San Francisco Unified School District in September 2003 and will expire in August 2006.

Curriculum: Art is used to engage students to achieve academic excellence and self-expression. The school's hallmark is a personalized curriculum that integrates rigorous academics, art, and creativity with intellect, technology, and a sense of service to the community. Recruitment efforts seek students from diverse ethnic, socioeconomic, academic, cultural, and geographical backgrounds. CAT received 270 applications for the 110 available spots in 2004–05, their first year of instructional operations.

Project Description: Envision Schools is seeking a location south of Market Street and east of Castro Street in San Francisco for CAT's permanent school facility. CAT is currently housed in leased facilities on the campus of St. Emydius School, located just off Ocean Avenue between San Francisco City College and San Francisco State. CAT expects to complete the project in time for the 2007 08 school year, and intends to ultimately serve 440 students in grades nine through twelve.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Jacoby Creek Charter District

Project School:	Jacoby Creek Charter District
Project Location:	Old Arcata Road, Bayside
Chartering Entity:	California Department of Education
Total Project Cost:	$1,362,964
Grant Amount:	$681,482
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$41,837
First Year of Occupancy of New Project:	2006–07

Organizational Information: Jacoby Creek Charter District (Jacoby Creek) is a site-based, tuition-free kindergarten through eighth grade school that converted from a regular public school to a charter school in 2002. The charter school is located in the unincorporated village of Bayside and is adjacent to the city of Arcata located on California's northern coast, 300 miles north of San Francisco. This charter school is unique in that it is a single-school charter district, which was approved by the CDE in June 2002. Fifty percent of the students attending Jacoby Creek are from outside the district boundaries. CDE staff is currently reviewing Jacoby Creek's charter as its current charter is up for renewal in May 2005. CDE staff has conveyed that, based upon their due diligence to date, Jacoby Creek's charter renewal is likely to be recommended for approval by the State Superintendent of Public Instruction and the State Board of Education at the March board meetings.

Curriculum: Jacoby Creek's mission is to provide a structured, safe and supportive atmosphere, a high quality program of academic instruction that meets the needs of all students and equips them with the skills necessary for success in the homes, workplaces, and communities of today and tomorrow. Jacoby Creek also strives to develop the qualities of good character, self-discipline, and responsible citizenship in its students. Jacoby Creek encourages students to pursue excellence and embrace new challenges without fear of failure. Finally, Jacoby Creek nurtures and encourages each student's respect of self and the needs and rights of others.

Project Description: Jacoby Creek intends to build a new facility with six new classrooms (and two new bathrooms) with program funding. The new facility will allow Jacoby Creek's junior high students to move out of substandard portables and into a new permanent facility. The district is currently working with the David Pierce Architect Firm to develop a conceptual design of the proposed new classrooms. In its third year of operations (2004–05), student enrollment is 416.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

KIPP Academy Fresno

Project School:	KIPP Academy Fresno
Project Location:	East Church Street, Fresno
Chartering Entity:	Fresno Unified School District
Total Project Cost:	$4,156,628
Grant Amount:	$2,078,314
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$127,591
First Year of Occupancy of New Project:	2006–07

Organizational Information: KIPP Academy Fresno's (KAF's) founding partnership is with the KIPP Foundation and its state affiliate, KIPP California, which holds the charter for this school. Designed for middle school students, KIPP, which stands for Knowledge is Power Program, is based around a core set of operating principles, known as the Five Pillars: 1) high expectations; 2) choice and commitment; 3) more time; 4) power to lead; and 5) focus on results. The key components of the school's program are summed up in KIPP's motto, "There are no shortcuts"—words that apply to administration, faculty, students, and parents alike.

Curriculum: Following the national KIPP model, students spend more "time on task" devoting nine hours every weekday, plus alternate Saturdays throughout the extended school year. Summer school is three weeks in class. The school correlates its curriculum objectives to state standards and works to ensure that all students master all areas of the contents standards. KAF will complete its first year of teaching in June 2005; there are currently 60 students enrolled in the fifth grade. The waiting list is small, with only five students at this time.

Project Description: KAF is planning to build a middle school in Fresno on a 1.75 acre lot and construct a prefabricated modular school building with 22,000 square feet and 12 classrooms. The facility also will include science and computer labs and a library. According to KAF, the southwest area of Fresno Unified School district does not have a comprehensive public middle school (although a selective magnet school exists). The school district is bussing 750 students to other area middle schools. In conjunction with this application, KAF has received a commitment from the KIPP Foundation to guarantee up to $50,000 in annual lease payments

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Los Angeles Leadership Academy

Project School:	Los Angeles Leadership Academy
Project Location:	Near the USC Campus
Chartering Entity:	Los Angeles Unified School District
Total Project Cost:	$18,166,664
Grant Amount:	$9,083,332
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$557,640
First Year of Occupancy of New Project:	2010

Organizational Information: Los Angeles Leadership Academy (Leadership Academy), a nonprofit public-benefit corporation, is a charter school with the mission of creating college-bound, public sector leaders from low-income communities in Los Angeles. To achieve a multiethnic student population, Leadership Academy focuses recruitment on the neighborhood immediately surrounding the facility and on a neighborhood three to five miles south of the school. In addition, Leadership Academy takes steps to ensure that its recruitment efforts reach students who may slip through the cracks by widely distributing brochures and taking referrals from local homeless shelters and the foster-care system. Leadership Academy had a waiting list of 387 potential students. The charter was granted in March 2002 (expires in March 2007).

Curriculum: Leadership Academy's curriculum is built around the theme of social justice with an integrated program of leadership development and academic study. The middle school program focuses on three core subjects—math/science, reading and writing workshop, and social studies/community action. The high school program organizes students' work into content-oriented courses and project centers that develop specific sets of applied skills. An important civic development outcome will be that students understand principles of justice, independence and social equality. To understand these principles, students must encounter them in varied ways through integration of the curriculum, materials, and instructional activities.

Project Description: Leadership Academy is seeking a permanent site near the campus of the University of Southern California (as the school is in partnership with USC's Rossier School of Education) to accommodate the school's projected enrollment growth. The school commenced instructional operations in 2002–03 and currently serves 262 students in grades six through nine, with a waiting list of 387 potential students. The school is projected to serve 455 students in grades six through twelve by 2008–09. Total enrollment is expected to grow to 910 students in 2009–10. The new facility is expected to be complete for 2009–10.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Maria Montessori Charter Academy

Project School:	Maria Montessori Charter Academy
Project Location:	Rocklin
Chartering Entity:	Twin Ridges Elementary School District
Total Project Cost:	$5,560,948
Grant Amount:	$2,780,474
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$170,698
First Year of Occupancy of New Project:	2006–07

Organizational Information: Maria Montessori Charter Academy (MMCA) is considered a district-operated charter school; it is not independently incorporated. The sponsoring school district, Twin Ridges Elementary School District, has set up a nonprofit organization as part of its oversight of all of its schools and the MMCA governing board has established a nonprofit with a mission to promote educational innovation within the public school system. MMCA received its original charter in February 2000 and opened in the Fall of 2000 (expires in November 2007). There are only two other charter schools based in Placer County (one of which MMCA has a working partnership with) and no other site-based Montessori programs in the county.

Curriculum: MMCA integrates Montessori methodologies within the framework of state standards. The school curriculum emphasizes individualized work plans, small ability-based groups for language arts and math, multi-age classrooms, low student-teacher ratios, manipulative-based learning materials and an overall emphasis on developing the "whole child".

Project Description: MMCA is planning to build a facility in Rocklin to accommodate kindergarten through grade eight. At full capacity, the school will serve 270 students, primarily in the elementary grades. The new facility will be based on the same floor plan as the Rocklin Unified School District (Rocklin USD) and the charter school plans to use the same architect firm as Rocklin USD uses for its construction projects. MMCA expects to complete the project in time for the 2006–07 school year.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Oakland School for the Arts

Project School:	Oakland School for the Arts
Project Location:	Downtown Oakland
Chartering Entity:	Oakland Unified School District
Total Project Cost:	$9,967,844
Grant Amount:	$4,983,922
Lump Sum Contribution:	$4,983,922
Source of Contribution:	City of Oakland Community and Economic Development Agency
Estimated Annual CSFP Lease Payment:	N/A
First Year of Occupancy of New Project:	2007–08

Organizational Information: Oakland School for the Arts (OSA) is a new charter high school spearheaded by Jerry Brown, former Governor of California and current mayor of the City of Oakland. OSA received its initial charter from the Oakland Unified School District (OUSD) in May 2000, and received federal tax-exemption status in October 2001. The school's charter was renewed by OUSD in December 2004 for a further five-year period.

Curriculum: OSA cites its unique status as an arts high school, its central location, its arts education staff, and support from local government as sources of competitive advantage over area schools. Instruction commenced in September 2002 with 100 students at the Alice Arts Center, a temporary facility located in downtown Oakland. Due to space constraints at the Alice Arts Center, OSA moved to a larger temporary site near the Fox Theatre location in 2004 05. A permanent facility is proposed for development at the historic Fox Theatre. The charter school has expanded and approximately 300 students are enrolled in 2004–05. OSA expects to increase enrollment to 500 students by 2007 08, the first year of project occupancy.

Project Description: The project will provide OSA with a state-of-the-art facility for arts education and help to address overcrowding issues currently facing OUSD. If allowed by special legislation, OSA intends to purchase and renovate the Fox Theatre property located at 1815 Telegraph Avenue in downtown Oakland. Should the legislation not pass, OSA indicated the project will be constructed at an approvable location. This project is the result of collaboration between OSA, the City of Oakland, OUSD, and the Paramount Theatre. OSA will purchase and occupy the property, a three-floor structure with an auditorium on the first floor.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Port of Los Angeles High School

Project School:	Port of Los Angeles High School
Project Location:	San Pedro
Chartering Entity:	Los Angeles Unified School District
Total Project Cost:	$16,335,234
Grant Amount:	$8,167,617
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$501,423
First Year of Occupancy of New Project:	2005–06

Organizational Information: The Port of Los Angeles High School (POLAHS), formerly known as the Harbor International Business Academy, is a nonprofit, public benefit corporation formed in March 2001. The charter was awarded by the LAUSD in February 2003 (expires in June 2008) with instruction anticipated to commence in September 2005.

Curriculum: POLAHS will provide a college preparatory core academic curriculum with optional specialization in business, maritime education, labor, international trade, transportation, commerce and foreign language. According to the applicant, the charter school will have a competitive advantage over other local district high schools and private/parochial schools in the area because of its unique program design and premiere maritime location. The close proximity to the port and waterfront allows the integration of the curriculum with the surrounding environment.

Project Description: POLAHS intends to purchase and renovate property with an existing structure at the Port of Los Angeles located in San Pedro. The 3.85 acre site includes a two-story 70,000 sq. ft. building, which will ultimately house thirty-six classrooms, four large multimedia classrooms, a multipurpose room with a kitchen, four large physical education spaces, library, multimedia center, learning laboratories, offices, and four teacher work/conference rooms. Government institutions and a common outdoor eating area and public plaza also will occupy the site. It is anticipated that POLAHS will help alleviate the severe overcrowding of Los Angeles Unified School District schools with an enrollment of 250 ninth graders the first year, and a new class of 250 students added each of the next three years, reaching total enrollment of 1,000 students.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Temecula Preparatory School

Project School:	Temecula Preparatory School
Project Location:	French Valley Permanent Charter Site
Chartering Entity:	Temecula Valley Unified School District
Total Project Cost:	$4,669,180
Grant Amount:	$2,334,590
Lump Sum Contribution:	$2,334,590
Source of Contribution:	Temecula Valley Unified School District
Estimated Annual CSFP Lease Payment:	N/A
First Year of Occupancy of New Project:	2005-06

Organizational Information: Temecula Preparatory School (TPS) is a nonprofit corporation that has operated a site-based charter school since September 2000. TPS was created to provide educational options and choices to the communities of Temecula Valley and Winchester. According to TPS, it has an advantage because of its smaller campus where students receive more individual attention. Also, many parents prefer keeping their children at one campus for kindergarten through grade 12. The current charter was approved on December 7, 2002 (expires December 7, 2007).

Curriculum: TPS endeavors to educate children to become successful, knowledgeable, productive and independent members of a free society, stressing solid preparation in the fundamental academic skills of phonics, reading, writing and computation. The curriculum is modeled after courses from Hillsdale Academy, which is nationally recognized and has a rich historical tradition in classical education. TPS currently serves approximately 416 students, primarily from Temecula, Murrieta and the surrounding areas. Nearly fifty different languages are spoken in the homes of TPS' students, with Spanish being the dominant language.

Project Description: TPS is constructing a new school facility on the corner of Washington and Thompson in the city of Winchester in Riverside County. The site has been purchased and TPS, along with Temecula Valley Charter School and a traditional public high school, will be built on the site. The three schools will occupy portables at the new site, while permanent facilities are constructed. TPS has projected additional enrollment, especially for grades nine to twelve, to reach total enrollment of 550 students by 2008–09. The preliminary site plan for the project provides classroom space for 780 students. Currently, the school reports enrollment of 416 students, with 94 prospective students on the waiting list.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Temecula Valley Charter School

Project School:	Temecula Valley Charter School
Project Location:	French Valley Permanent Charter Site
Chartering Entity:	Temecula Valley Unified School District
Total Project Cost:	$4,057,738
Grant Amount:	$2,028,869
Lump Sum Contribution:	$2,028,869
Source of Contribution:	Temecula Valley Unified School District
Estimated Annual CSFP Lease Payment:	N/A
First Year of Occupancy of New Project:	2005-06

Organizational Information: Temecula Valley Charter School (TVCS) was originally opened in 1994, and until 2001, the charter school was part of the school district. TVCS applied for its nonprofit status in mid 2004, though independent financial audits have been done since 2001–02. There is one other charter school in the neighborhood, Temecula Preparatory School. TVCS reports that the two charter schools coexist quite well, partly due to the growing student population in the area and due to the differences between the schools. The preparatory school, TVCS reports, is a more back-to-basics school, while TVCS attracts parents who want a more parent-involved and group approach to education. In 2004, the charter school was awarded renewal of its charter for five years, through 2009.

Curriculum: The school serves students from kindergarten (full day) through eighth grade and aims to work with families who have a strong desire to participate in their children's education. While keeping to the district's curriculum, the school uses a multi-grade approach for some learning activities. Parent involvement is encouraged and promoted; in fact, the school includes a "Friday Rotation Program" with elective classes taught by parents and other experts (under the supervision of a credentialed teacher) with hands-on experiences in science, drama, and other opportunities. The school's curriculum also focuses on the use of technology as it is used in the 21st Century. Student assessments include writing samples, portfolios and video recordings.

Project Description: TVCS plans to build a kindergarten through eighth grade facility on district owned land, at the corner of Washington and Thompson in the city of Winchester in Riverside County. The site is called the "French Valley Permanent Charter Site." which will eventually be the home to two charter schools (TVCS and Temecula Preparatory School) and a traditional public high school. The new TVCS school building will allow for a total enrollment of 285 students, with 12 classrooms. While the permanent facility is being constructed, the charter school will occupy portables at the site. Current enrollment for 2004–05 is 225 students.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Today's Fresh Start Charter School

Project School:	Today's Fresh Start Charter School
Project Location:	Compton
Chartering Entity:	Los Angeles County Office of Education
Total Project Cost:	$12,605,650
Grant Amount:	$6,302,825
Lump Sum Contribution:	$0
Estimated Annual CSFP Lease Payment:	$386,940
First Year of Occupancy of New Project:	2006–07

Organizational Information: Today's Fresh Start Charter School (Today's Fresh Start) is a nonprofit, public benefit corporation that currently operates a site-based charter school in Los Angeles County. The school received its charter from the Los Angeles County Office of Education in September 2003, and the charter expires in September 2005.

Curriculum: Today's Fresh Start addresses the unique educational needs of an increasing at risk school-aged population. Students have a rigorous, hands-on, comprehensive and performance-based learning environment. This curriculum, reinforced with enriched studies and visual and performing arts, forms a bridge for disadvantaged students to achieve academic excellence. The charter school notes that many children in the geographic area are educationally disadvantaged and are attending under performing schools, causing them to be at risk of failing and not succeeding in the skills of lifelong learning. Today's Fresh Start provides an educational alternative, with qualified teachers and a diverse learning environment.

Project Description: Today's Fresh Start, currently located on South Crenshaw Boulevard in Los Angeles, is planning to open an additional site next fall in Compton. The Compton project will serve approximately 350 students in kindergarten through sixth grade. The South Crenshaw campus, which currently has 407 students enrolled in kindergarten through fourth grade, will increase to fifth grade next year, and projects a total enrollment of 507 students.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

University High School

Project School:	University High School
Project Location:	Campus of Fresno State University
Chartering Entity:	Sierra Unified School District
Total Project Cost:	$11,603,850
Grant Amount:	$5,801,925
Lump Sum Contribution:	$700,000
Source of Contribution:	Proceeds From Sale of Current Facilities
Estimated Annual CSFP Lease Payment:	$313,215
First Year of Occupancy of New Project:	2006–07

Organizational Information: University High School (University) is a nonprofit, public-benefit corporation. The high school, located on the Fresno State University campus and within the boundaries of the Fresno Unified School District, received its first charter from the Sierra Unified School District (Fresno County) on June 11, 1999, which was renewed in 2003 and is scheduled to expire on June 30, 2008. Student successes in academic competitions, science fairs, writer's conferences and also student performances in music ensembles, and dramatic and musical theater has brought University to the notice of potential students and their families.

Curriculum: Potential students are required to demonstrate a proficiency in music and mathematics prior to admission. During their high school years, students attend college courses at Fresno State University, and can graduate from high school with up to two years of college credit. Additionally, formal instruction in music and participation in musical performance is required each year.

Project Description: University seeks to construct a permanent facility close to the location of the school's existing modular and portable structures on the Fresno State University campus. University's tentative plan is to construct a new two-story high school facility at 2355 East Keats (currently an outdoor amphitheater area). Representatives of the charter high school and Fresno State University are currently negotiating the terms of a long-term lease for the land, with Fresno State maintaining ownership. The Fresno State Planning Committee and State Chancellor's Office have tentatively approved the location, as well as a rough schematic design. The project is expected to be completed for the 2006–07 school year. In 2004–05, 376 students are enrolled in grades nine through twelve. University projects a total student enrollment of 390 students for this project.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Vaughn Next Century Learning Center (New Elementary)

Project School:	Vaughn Elementary Language Academy
Project Location:	Herrick Avenue, Pacoima
Chartering Entity:	Los Angeles Unified School District
Total Project Cost:	$11,344,418
Grant Amount:	$5,672,209
Lump Sum Contribution:	$2,836,105
Source of Contribution:	Vaughn Next Century Learning Center
Estimated Annual CSFP Lease Payment:	$174,113
First Year of Occupancy of New Project:	2008–09

Organizational Information: Vaughn Next Century Learning Center (Vaughn) began instruction in 1980 as a public school in the northern part of Los Angeles and in 1993 converted to a public charter school. Calling itself "The Little School That Could," Vaughn has worked to push school reform. Significant capital improvements have been made to better serve students, such as the addition of teaching stations and classrooms, which allowed Vaughn to extend its school year, eliminate its multi-track schedule, and reduce its class size to 20 students in all grades. In 2004, Vaughn built a new facility to house pre-school, kindergarten, and first grade students. The Los Angeles County Office of Education (LACOE) recognizes Vaughn as a California nonprofit public-benefit corporation pursuant to the EC. Vaughn has successfully renewed its charter twice—once in July 1998 and most recently in July 2003 (expires in 2008).

Curriculum: Vaughn's curriculum is focused on turning education into career opportunities through its pre-kindergarten through twelfth grade education model. The language development classes at the primary center, Panda Land, prepare students in kindergarten and first grade for school readiness. The academic foundation classes at the current elementary school, Panda Pavilion, and the planned 400 student elementary language school will provide students in grades two through five with academic preparation. The middle school, Panda Village, strengthens academic performance for adolescent transition.

Project Description (Elementary School): Vaughn will construct an accelerated English elementary magnet school designed to meet the needs of students who have not been successful in transitioning into academic English. The property for this new school is located within two blocks of Vaughn's primary center, elementary school, middle school, and the future high school. Currently, more than 1,400 students are enrolled in kindergarten through eighth grade. The new facility will allow Vaughn to expand its capacity by 400 students for grades two through five. Vaughn expects to complete the project in time for the 2008–09 school year.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.

Vaughn Next Century Learning Center (High School)

Project School:	Vaughn High School Academy
Project Location:	Herrick Avenue, Pacoima
Chartering Entity:	Los Angeles Unified School District
Total Project Cost:	$19,689,644
Grant Amount:	$9,844,822
Lump Sum Contribution:	$4,922,411
Source of Contribution:	Vaughn Next Century Learning Center
Estimated Annual CSFP Lease Payment:	$302,194
First Year of Occupancy of New Project:	2006–07

Organizational Information: Vaughn Next Century Learning Center (Vaughn) began instruction in 1980 as a public school in the northern part of Los Angeles and in 1993 converted to a public charter school. Vaughn calls itself "The Little School That Could." Since its conversion to a charter school, Vaughn has worked to push school reform. The LACOE recognizes Vaughn as a California nonprofit public-benefit corporation pursuant to the EC. Vaughn has successfully renewed its charter twice—once in July 1998 and most recently in July 2003 (expires in 2008).

Curriculum: Vaughn's curriculum is focused on turning education into career opportunities through its pre-kindergarten through twelfth grade education model. The middle school strengthens academic performance for adolescent transition. The college preparation classes at the new Vaughn High School Academy will add international studies as a specialty program.

Project Description: Vaughn plans to construct a small, 500-student high school on its property located at 11475 Herrick Avenue, Pacoima, which is located across the street from Vaughn's middle school and within two blocks of Vaughn's primary center, elementary school, and future elementary language academy. Vaughn expects to complete the project in time for the 2006–07 school year. Currently serving 1,447 students, Vaughn expects to serve almost 2,000 students in kindergarten through 12th grade by the 2008–09 academic year.

Summary of Financially Sound Determination: The information requested and received by CSFA was reviewed and evaluated for the purpose of a preliminary determination of whether the Applicant is financially sound, pursuant to state law and CSFP regulations, for the sole purpose of CSFP's preliminary apportionment. Based upon staff analysis of the Applicant and program criteria, the Applicant appears to be financially sound for the purposes of this preliminary apportionment.