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Katrina M. Johantgen

September 20, 2017

The Honorable Betsy DeVos, Secretary
U.S. Department of Education
400 Maryland Ave., SW
Washington, DC 20202

RE: Charter Schools Program Regulations and Guidance

Dear Secretary DeVos:

The California School Finance Authority (Authority) appreciates the opportunity to comment on the U.S. Department of Education regulations and guidance pertaining to the Charter Schools Program, including both the State Charter School Facilities Incentive Grants Program (CFDA#84.282D) and the State Credit Enhancement for Charter School Facilities Program (CFDA #84.354A). As you are aware, the Authority has administered the Incentive Grant Program since 2004, and the Enhancement Grant since 2009, and both programs have been incredibly valuable to California charter school students and their families. Per the Department's request for comments on the guidance, below we provide general feedback for the Department's consideration.

Incentive Program. As of the 2017-18 academic year, California has approximately 1,200 charter schools. The largest concentration of these schools are in the large metropolitan areas of Los Angeles, the San Francisco Bay Area, and San Diego, where high quality public schools of choice are achieving noteworthy academic results in many communities that lacked quality options prior to the growth of the charter school movement. Developing charter school facilities in California is an increasingly costly endeavor, and additional facilities funding is critically needed.

Through the Incentives Program, the Authority has provided more than \$137 million in funding to support approximately 410 charter schools. As a result, more than 135,000 charter school students have benefitted from having access to higher quality school facilities.

We strongly support the continuation of the Incentive Grants program under the current framework and oppose a repeal of the authority granted to the Charter Schools Program that would jeopardize the over \$33 million in funding still encumbered for California's charter schools.

The Authority also supports the elimination of the requirement that provides preference points to States that have not previously received a grant under the Charter Schools Program. California has a great need for this funding and the Authority has a proven track record of effective program administration. Therefore, California should not be placed at a competitive disadvantage for having received funding previously under the program.

Lastly, the Department's current match requirement levels make it more difficult to meet the escalating percentage which in turn affects our ability to serve schools. California's commitment to charter school facility funding is among the top in the nation, and the match requirement could still jeopardize our ability to fund critical facility needs.

Credit Enhancement Program. The Authority is a recipient of a credit enhancement grant awarded in 2009. In the years following this grant, the Authority has been able to leverage the \$8.3 million credit enhancement grant to help 35 California charter schools obtain more than \$148 million in facilities financing. The Program goal was to achieve an average of 8:1 debt-to-award ratio to meet U.S Department of Education requirements but, under the Authority's administration of the program, California achieved a leverage ratio of over 17:1. This funding was a critical first step for permanent charter school facilities throughout the state and the Authority strongly supports and requests additional funding for the continuation of this program.

While we strongly support the program, we also believe that the Department should consider some modest program changes recommended by the Charter School Lenders' Coalition. These changes are designed to reduce the compliance burden for CE grantees while still ensuring that the legislative intent of the program is carried out, and that grant funds are used in the most efficient and effective way possible to support the development of affordable facilities for quality charter schools. We believe adoption of these suggestions would increase program efficiency without reducing the end benefit to charter schools and the teachers, communities and the children they serve. These suggestion are echoed by fellow grantee, the California Charter Schools' Association, as well as other stakeholders.

Should you have questions or need additional information, please contact us at (213) 620-4608. Thank you for your consideration.

Sincerely,


Katrina Johantgen