

Deadline June 3, 2019 to Apply for Charter School Facility Grant (SB 740) Program

The California School Finance Authority (“CSFA”) has announced a filing deadline of **5:00 pm on June 3, 2019** for applications for funding from the Charter School Facility Grant Program, also known as the “SB 740” Program. The Program provides reimbursement of rental costs for classroom-based charter schools that meet certain eligibility criteria, based on the percentage of students who are eligible to receive free and reduced-price meals, as described below. Funds under the Program can be used to reimburse the charter school for rent payments and other qualifying expenses incurred in the use of private facilities, including private facilities that are developed by and leased from a supporting organization. Funds provided under the Program cannot be used to reimburse a charter school for rent costs for existing school district or county office of education facilities, such as facilities provided by a school district under Proposition 39.

To be eligible, the charter school may show that fifty-five percent (55%) or more of its enrolled students qualify to receive free or reduced-price meals. Alternatively, the site must be located in the attendance area of a public elementary school in which fifty-five percent (55%) or more of the students qualify for free and reduced-price meals, as long as the charter school gives a preference in admissions to those students. To qualify, a charter school must also have an approved charter and be in good standing with its authorizer. A charter school cannot be operated as or by a for-profit organization and cannot be in default with the requirement of any program administered by CSFA. A first-year charter school may apply for the Program if the charter petition has been submitted and the charter school anticipates beginning operations in the upcoming fiscal year.

Reimbursement under the Program is limited to the lesser of seventy-five percent (75%) of the annual rent cost, or a set amount of reimbursement per unit of ADA (in 2018-2019 this “ADA Cap” was \$1,147 per unit of ADA). For those charter schools returning to the Program, CSFA will ensure that the amount of reimbursement does not exceed the prior year’s reimbursement by more than an annual cost of living adjustment (COLA). For new charter schools, or charter schools in new leases, CSFA will confirm that the rent costs do not exceed fair market value by referring to an independent appraisal. This means that any charter schools applying to the Program for the first time or applying under a new lease (which is not a renewal of an existing lease), will be asked to provide an independent appraisal to CSFA as part of the application process. The appraisal must be prepared by a qualified individual who is not a related party to the charter school, who must certify that the appraisal includes a fair market rent analysis which meets the standards of the Uniform Standards of Professional Appraisal Practice (USPAP).

Should you have any questions about this Legal Alert, or the process to apply for the Charter School Facility Grant Program, please contact Sarah J. Kollman (skollman@mycharterlaw.com) or Gregory A. Forest (gforest@mycharterlaw.com) at 916-646-1400. You can also [view past Legal Alerts here](#).

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