

**U.S. Department of Education - EDCAPS
G5-Technical Review Form (New)**

Status: Submitted

Last Updated: 08/26/2019 07:26 AM

Technical Review Coversheet

Applicant: California School Finance Authority (S354A190008)

Reader #1: *****

	Points Possible	Points Scored
Questions		
Selection Criteria		
Quality of project design and significance		
1. Quality Project Design	35	32
Quality of Project Services		
1. Project Services	15	13
Capacity		
1. Capacity	35	34
Quality of Project Personnel		
1. Project Personnel	15	15
Sub Total	100	94
Priority Questions		
Competitive Preference Priority		
Competitive Preference Priority 1		
1. CPP1	5	4
Competitive Preference Priority 2		
1. CPP2	5	4
Competitive Preference Priority 3		
1. CPP3	5	4
Sub Total	15	12
Total	115	106

Technical Review Form

Panel #1 - FY19 Credit Enhancement Panel 1 - 1: 84.354A

Reader #1: *****

Applicant: California School Finance Authority (S354A190008)

Questions

Selection Criteria - Quality of project design and significance

1. In determining the quality of project design and significance, the Secretary considers--

- (1) The extent to which the grant proposal would provide financing to charter schools at better rates and terms than they can receive absent assistance through the program;
- (2) The extent to which the project goals, objectives, and timeline are clearly specified, measurable, and appropriate for the purpose of the program;
- (3) The extent to which the project implementation plan and activities, including the partnerships established, are likely to achieve measurable objectives that further the purposes of the program;
- (4) The extent to which the project is likely to produce results that are replicable;
- (5) The extent to which the project will use appropriate criteria for selecting charter schools for assistance and for determining the type and amount of assistance to be given;
- (6) The extent to which the proposed activities will leverage private or public-sector funding and increase the number and variety of charter schools assisted in meeting their facilities needs more than would be accomplished absent the program;
- (7) The extent to which the project will serve charter schools in States with strong charter laws, consistent with the criteria for such laws in section 4303(g)(2) of the ESEA; and
- (8) The extent to which the requested grant amount and the project costs are reasonable in relation to the objectives, design, and potential significance of the project.

Strengths:

- (1) The California School Finance Authority (CSFA or Authority) is requesting a [REDACTED] grant to provide credit enhancement on bank loans made for charter school facility projects. (Page e19) The ABLE program will increase access to lower-cost capital and reduce overall borrowing costs for charter school borrowers. (page e20) The applicant has extensive history in this field.
- (2) The project goals and objectives are specified. Program need will be measured by tracking actual demand for the program based on the number of applicants and volume of financial assistance requested. The cost-effectiveness will be measured by tracking Charter ABLE program costs, including loan fees and interest costs. These cumulative costs will be compared to alternative forms of financing. Serving high-need charter schools will be measured by the degree to which selected applicant. (page e32)
- (3) The proposed timeline pertaining to the implementation and activities is presented at a high level in the application. (page e30) The funds will be disbursed by fall 2020, assuming a fall 2019 award notification. The Authority's Executive Director and team will focus on charter community outreach. The application includes examples of other successful Charter School programs.
The applicant initiated its' first Charter School Facilities Program in 2002 disbursing over [REDACTED] in charter school funding and has played a crucial role in establishing several robust programs that support charter schools in their efforts

to secure adequate school facilities. (page e33)

(4) The Charter ABLE Program is designed to enable the guarantee reserve funded by the Grant to be released as each Authority Loan is repaid. Additional examples included in the documentation is quantitative data from other successful charter school programs. The grant funds will be recycled to support the next "generation" of Charter Able loans. (page e31) The program is designed to replicate itself.

(5) CSFA, lawmakers, charter school stakeholders, and capital market participants work collaboratively as programs are developed and refined, and funds disbursed. (page e33) Letters from public officials, charter school associations, stakeholders, and management of charter school organizations are included in the application.

The proposed guarantee program is modeled after the successful California Capital Access Program (CalCAP) which is run by the California Pollution Control Financing Authority (CPCFA). The Charter ABLE regulations will recognize the importance of school choice for schools with criteria as addressed in the competitive priority.

(6) CSFA has designed a point matrix around the competitive preference priority for the school selection. The applicant will assist charter schools to realize new or improved facilities and will leverage funds at an expected 16:1 over the first seven years by assisting with construction and renovation projects. (page e16) This is expected to increase to 32:1 after year eight. The [REDACTED] award will enable CSFA to leverage approximately \$ [REDACTED] in bank loans. (page e19)

(7) CSFA lawmakers, charter school stakeholders, and capital market participants work collaboratively as programs are developed and refined, and funds disbursed. (page e33) With the passage of California's Charter School Act of 1992 they became the second state in the nation to do so. Since that time charter schools have shown rapid growth of 11% over the 25-year period and 9% during the last ten years. (page e45) This is a state with strong charter school laws.

(8) In 2004, 2009, and 2014, CSFA applied for and was awarded federal grants under the United States Department of Education's State Charter School Facilities Incentive Grants Program. To date the Incentive Grant Program has awarded more than \$ [REDACTED] over 14 rounds to over 400 schools serving approximately 160,000 students.

The applicant initiated its' first Charter School Facilities Program in 2002 disbursing over [REDACTED] in charter school funding and has played a crucial role in establishing several robust programs that support charter schools in their efforts to secure adequate school facilities. (page e33)

The Authority's success and depth of experience with other Charter School Incentive Programs demonstrates that the project costs are reasonable in relation to the objectives and design.

Weaknesses:

There is mention that the program will increase access to financing for charter schools at better rates and terms. However, the application does not specifically provide the information. No specific information was provided as to the actual rates and terms. This information appeared to be implied based on their past experience with other programs. No pertinent research and analysis information is included for review.

Reader's Score: 32

Selection Criteria - Quality of Project Services

1. In determining the quality of the project services, the Secretary considers--

(1) The extent to which the services to be provided by the project reflect the identified needs

of the charter schools to be served;

(2) The extent to which charter schools and chartering agencies were involved in the design of, and demonstrate support for, the project;

(3) The extent to which the technical assistance and other services to be provided by the proposed grant project involve the use of cost-effective strategies for increasing charter schools' access to facilities financing, including the reasonableness of fees and lending terms; and

(4) The extent to which the services to be provided by the proposed grant project are focused on assisting charter schools with a likelihood of success and the greatest demonstrated need for assistance under the program.

Strengths:

(1) CSFA launched its' first charter school related program in 2002. They have a proven track record demonstrating that they've been a capable entity and have played a crucial role in establishing several robust programs that support charter schools in their efforts to secure adequate school facilities in California. (page e33) This current proposal reflects needs of charter schools to be served.

(2) The development of CSFA programs has been consistent because of their engagement with the charter community on program criteria and design. The Authority has gathered a team of professionals that bring a wide range of expertise in the area of capital market financing, with specific and unique charter school facilities financing expertise. (page e35) The application includes letters from public officials, charter school associations, stakeholders, and management of high-quality school organizations. (page 34)

(3) The applicant and other pertinent individuals with extensive experience were involved in the design of the program. The agency's experience with other charter school programs includes a model with an established model. The program designed will involve cost-effective strategies for increasing charter schools' access to facilities financing, including the reasonableness of fees and lending terms. The applicant, lawmakers, charter school stakeholders, and capital market participants worked collaboratively to develop the program. The agency's experience with other programs is important. (page e33) This model will include cost-effective strategies for increasing charter schools' access to facilities, financing, including the reasonableness of fees and lending terms.

(4) The Executive director and support team have a significant amount of experience and knowledge about the California charter school system. This includes financing, policy-making, portfolio-monitoring, financial management and risk mitigation expertise. They will focus on assisting charter schools with a likelihood of success and the greatest need for assistance.

Weaknesses:

The structure of technical assistance is not addressed in sufficient detail. Under this program the charter school enters into a Loan Agreement, by and among the Authority, a participating bank (Bank), and the Borrower. (page e19) There is no clear mention of technical assistant activities with the charter schools. No quantitative data is included to support the cost-effective strategies for increasing charter schools' access to facilities financing, including the reasonableness of fees and lending terms. Everything is implied in the application based on the agency's work in other areas. No logic model or organizational chart is included in the information.

Reader's Score: 13

Selection Criteria - Capacity

1. In determining an applicant's business and organizational capacity to carry out the project, the Secretary considers--

- (1) The amount and quality of experience of the applicant in carrying out the activities it proposes to undertake in its application, such as enhancing the credit on debt issuances, guaranteeing leases, and facilitating financing;**
- (2) The applicant's financial stability;**
- (3) The ability of the applicant to protect against unwarranted risk in its loan underwriting, portfolio monitoring, and financial management;**
- (4) The applicant's expertise in education to evaluate the likelihood of success of a charter school;**
- (5) The ability of the applicant to prevent conflicts of interest, including conflicts of interest by employees and members of the board of directors in a decision-making role;**
- (6) If the applicant has co-applicants (consortium members), partners, or other grant project participants, the specific resources to be contributed by each co-applicant (consortium member), partner, or other grant project participant to the implementation and success of the grant project;**
- (7) For State governmental entities, the extent to which steps have been or will be taken to ensure that charter schools within the State receive the funding needed to obtain adequate facilities; and**
- (8) For previous grantees under the charter school facilities programs, their performance in implementing these grants.**

Strengths:

(1) California became the second state in the nation to adopt charter school legislation in 1992. At the close of the 2017-18 school year there were 1275 charter schools educating approximately 630,000 students in California compared to approximately 10,660 traditional schools serving 6.85 million students.

Charter school enrollment has increased from 1.81% in FY 1996 to 5.22% percent in FY 2010 to 9.20% in FY 2018. This translates to an annual average growth rate of 11% over the 25 year period. (page e45) They have the expertise in various forms of financing activities.

(2) CSFA doesn't have a credit rating however their activities are audited. Enabling statutes and regulations pursuant to Education Code Sections 17170 and 17199.6 are included in the application. Approval of new regulations for the program would still be required.

(3) The applicant receives revenues from state and federal sources, as well as generates revenue via bond application and issuance fees. As a related entity to the State of California they are subject to an annual audit. Their audits are free of any material findings.

(4) CSFA's administration of the Charter Facility Grant Program has resulted in an increase of funding to charter schools from ██████ in 2011-12 to ██████ million in 2018-19. The success of the program translated to 392 charter schools participating and serving 163,856. (page e51) This an example of the them having experience and education sufficient to evaluate the success of the program .

(5) As stewards of state and federal funds, CSFA's standards of conduct, including avoidance of conflicts of interest are adhered to closely. (page e43) The state agency, Authority and management personnel must comply with the State's Political Reform Act. (page e254) The Act provides for civil and criminal penalties in the case of violation.

(7) The Authority has participated in various charter school programs. They have the structure and extensive experience to ensure that charter schools within the State receive the funding needed to obtain adequate facilities.

(8) The applicant's state funded Charter School Facilities Program was enacted in 2002 by Assembly Bill (AB) 14. They have demonstrated abilities administering a broad portfolio of charter school facilities financing awards. Examples include through Proposition 47 (\$ [REDACTED]), and most recently, Proposition 51 [REDACTED] that has been awarded to 89 charter schools housing more than 50,000 schools. (page e49)

They successfully implemented its 2009 Credit Enhancement for Charter School Facilities Program award [REDACTED]

Weaknesses:

CSFA relies on their previous activity and track record. The application is written at a high level and doesn't cover how personnel will interact directly with charter schools.

Reader's Score: 34

Selection Criteria - Quality of Project Personnel

1. In determining the quality of project personnel, the Secretary considers--

- (1) The qualifications of project personnel, including relevant training and experience, of the project manager and other members of the project team, including consultants or subcontractors; and**
- (2) The staffing plan for the grant project.**

Strengths:

(1) The Authority's Executive Director has nearly 25 years of municipal finance experience. (page e35) She's been working with the Authority over 16 years and has been instrumental in creating and expanding opportunities for California charter schools. (page e36) She's overseen the Authority's programs, programs, policies, and procedures underlying [REDACTED] in funding awarded to assist California charter schools financings. (page e36)

(2) The Authority's well-established CSFP team staff is comprised of 13 professional and four support personnel staff to administer Charter ABLE, therefore the learning curve and timing of implementing the program will be expedited. (page e36) They will be enhancing financing through an established Authority program focusing its primary attention on program regulations and charter community outreach regarding this program.

Weaknesses:

The application is written at a high level with no specifics as it pertains to technical assistance and outreach. Examples including an organizational chart would have been helpful in understanding the structure.

Reader's Score: 15

Priority Questions

Competitive Preference Priority - Competitive Preference Priority 1

1. For FY 2019 and any subsequent year in which we make awards from the list of unfunded applications from this competition, this priority is a competitive preference priority. Under 34 CFR 75.105(c)(2)(i), we award up to an additional 15 points to an application, depending on how well the application addresses the priority.

This priority is:

The capacity of charter schools to offer public school choice in those communities with the greatest need for this choice based on--

- (1) **The extent to which the applicant would target services to geographic areas in which a large proportion or number of public schools have been identified for comprehensive support and improvement or targeted support and improvement under the ESEA, as amended by the Every Student Succeeds Act (up to 5 points);**

Strengths:

Priority 1: The Authority mentions targeting geographic areas in which a large proportion or number of schools have been identified under this competitive preference priority. Eligible applicants have been verified to meet the definition of "charter school" in Section 4310 of the ESEA. Assignment of preference point to eligible Charter School applicants based on: 1) Traditional schools identified for improvement, corrective action or restructuring under Title 1 of ESEA as amended by the Every Student Succeeds Act in the geographic region of the applicant. (page e23)

Weaknesses:

The application doesn't provide information as to what percentage of the charter schools meet this competitive preference priority or how the schools have been verified. It isn't clear what percentage of the grant is projected to fund charter schools within this classification.

Reader's Score: 4

Competitive Preference Priority - Competitive Preference Priority 2

1. For FY 2019 and any subsequent year in which we make awards from the list of unfunded applications from this competition, this priority is a competitive preference priority. Under 34 CFR 75.105(c)(2)(i), we award up to an additional 15 points to an application, depending on how well the application addresses the priority.

This priority is:

The capacity of charter schools to offer public school choice in those communities with the greatest need for this choice based on--

- (2) **The extent to which the applicant would target services to geographic areas in which a large proportion of students perform below proficient on State academic assessments (up to 5 points); and**

Strengths:

Priority 2: The Authority has detailed in the application targeted areas. Moderate to high-performing schools in areas with a high proportion of schools below proficient on standardized tests. (page e16) State academic assessments of students compared to those attending traditional schools in the geographical region of the applicant will enable them to properly identify schools within this competitive preference priority. The Authority will encourage charters constructing a new facility or rehabilitating a facility in an Opportunity Zone census track to apply.

Weaknesses:

The application doesn't provide information as to what percentage of the charter schools meet this competitive preference priority or how the schools have been verified. It isn't clear what percentage of the grant is projected to fund charter schools within this classification.

Reader's Score: 4

Competitive Preference Priority - Competitive Preference Priority 3

1. For FY 2019 and any subsequent year in which we make awards from the list of unfunded applications from this competition, this priority is a competitive preference priority. Under 34 CFR 75.105(c)(2)(i), we award up to an additional 15 points to an application, depending on how well the application addresses the priority.

This priority is:

The capacity of charter schools to offer public school choice in those communities with the greatest need for this choice based on--

- (3) The extent to which the applicant would target services to communities with large proportions of students from low-income families (up to 5 points).

Strengths:

Priority 3: The applicant is targeting services to communities with large proportions of students from low-income families. This includes schools serving low-income students qualifying for Free and Reduced Price Meals. (page e16)

Weaknesses:

The application doesn't provide information as to what percentage of the charter schools meet this competitive preference priority or how the schools have been verified. It isn't clear what percentage of the grant is projected to fund charter schools within this classification.

Reader's Score: 4

Status: Submitted
Last Updated: 08/26/2019 07:26 AM

Status: Submitted

Last Updated: 08/26/2019 10:52 AM

Technical Review Coversheet

Applicant: California School Finance Authority (S354A190008)

Reader #2: *****

	Points Possible	Points Scored
Questions		
Selection Criteria		
Quality of project design and significance		
1. Quality Project Design	35	30
Quality of Project Services		
1. Project Services	15	11
Capacity		
1. Capacity	35	34
Quality of Project Personnel		
1. Project Personnel	15	15
Sub Total	100	90
Priority Questions		
Competitive Preference Priority		
Competitive Preference Priority 1		
1. CPP1	5	4
Competitive Preference Priority 2		
1. CPP2	5	4
Competitive Preference Priority 3		
1. CPP3	5	4
Sub Total	15	12
Total	115	102

Technical Review Form

Panel #1 - FY19 Credit Enhancement Panel 1 - 1: 84.354A

Reader #2: *****

Applicant: California School Finance Authority (S354A190008)

Questions

Selection Criteria - Quality of project design and significance

1. In determining the quality of project design and significance, the Secretary considers--

- (1) The extent to which the grant proposal would provide financing to charter schools at better rates and terms than they can receive absent assistance through the program;
- (2) The extent to which the project goals, objectives, and timeline are clearly specified, measurable, and appropriate for the purpose of the program;
- (3) The extent to which the project implementation plan and activities, including the partnerships established, are likely to achieve measurable objectives that further the purposes of the program;
- (4) The extent to which the project is likely to produce results that are replicable;
- (5) The extent to which the project will use appropriate criteria for selecting charter schools for assistance and for determining the type and amount of assistance to be given;
- (6) The extent to which the proposed activities will leverage private or public-sector funding and increase the number and variety of charter schools assisted in meeting their facilities needs more than would be accomplished absent the program;
- (7) The extent to which the project will serve charter schools in States with strong charter laws, consistent with the criteria for such laws in section 4303(g)(2) of the ESEA; and
- (8) The extent to which the requested grant amount and the project costs are reasonable in relation to the objectives, design, and potential significance of the project.

Strengths:

1. The applicant's planned use of the requested award would provide significant benefits to the assisted schools by increasing charter schools access to bank loans and reducing the cost of facility financing (e30-31).
2. The applicant's plan would produce significant benefits in terms of charter schools gaining access to facility financing, the applicant indicates how it will measure success (e32), and it provides a clear timeline (e30).
3. The applicant's use of the CE to enable bank borrowing to finance state lending to charter schools could be replicated by other state entities if they have access to the intercept mechanism that the applicant's approach depends on.
4. The applicant would obtain strong leverage from bank financing as it expects the [REDACTED] award to produce at least \$ [REDACTED] in bank financing for charter facilities (e19).
5. The applicant's activities would all serve California charter schools, and the applicant demonstrates that CA's law includes high quality authorizers, has expanded educational choice through charters, and allows at least one authorizing agency other than the lead education agency or has an appeals process (e24-25).
6. The applicant's requested award of [REDACTED] is reasonable in relation to the scale of the proposed plan and its objectives, design, and potential significance.

Weaknesses:

1. While it is clear from the applicant's description that the proposed program would give schools access to bank loans that they would otherwise be unable to obtain, and while the applicant indicates that these loans would have terms and interest rates that would be better than would otherwise be available it does not provide specific information about the ways in which the terms are likely to improve or the level of interest rate or level of reduction in interest rate that assisted schools are likely to see from the program.
2. While there may be significant advantages in terms of access to capital, available terms or cost of capital the applicant does not adequately explain (e31) how the complex structure that it proposes, which involves banks underwriting schools and then making a loan to the authority which in turn loans the funds to the underwritten schools and secures direct repayments from the schools through the "Intercept process" which it then repays to the banks, is beneficial. . (e31).
3. Though the applicant indicates how it would assess success (e32) it does not provide specific measurable goals or objectives which it expects to achieve.
4. While the applicant's complex approach could be replicated by other state agencies with the ability to "intercept" charter reimbursements because the benefits of the approach in terms of the cost or terms of capital are not described it is not clear why others would replicate it.
5. The applicant is clear that it would give preference to schools that meet Priority 1, 2, and 3, and indicates that it will develop a selection process when it establishes program regulations, but it does not otherwise describe how it would select schools for assistance or determine the amount of assistance (e31).
6. The applicant does not report on how the CA charter law is rated by third parties.

Reader's Score: 30

Selection Criteria - Quality of Project Services**1. In determining the quality of the project services, the Secretary considers--**

- (1) The extent to which the services to be provided by the project reflect the identified needs of the charter schools to be served;**
- (2) The extent to which charter schools and chartering agencies were involved in the design of, and demonstrate support for, the project;**
- (3) The extent to which the technical assistance and other services to be provided by the proposed grant project involve the use of cost-effective strategies for increasing charter schools' access to facilities financing, including the reasonableness of fees and lending terms; and**
- (4) The extent to which the services to be provided by the proposed grant project are focused on assisting charter schools with a likelihood of success and the greatest demonstrated need for assistance under the program.**

Strengths:

- The applicant's plan would allow assisted schools to obtain long-term facility financing from bank loans made through the applicant and that addresses the needs of assisted charter schools for facility financing.
- The applicant reports that it collaborates with stakeholders and it has a rule-making process that gives interested parties and the public an ability to provide input on proposed approaches.
- The applicant indicates that when it makes rules for the program they will include a preference for schools that meet Priorities 1, 2, and 3 and for that reason it is likely that services will be directed towards schools with demonstrated need.

Weaknesses:

- The applicant offers an array of programs to assist charter schools with facilities financing, but it isn't clear that they offer or plan to offer much technical assistance with respect to facility financing or the broader challenges of obtaining a facility.
- While the applicant has a clear process for getting feedback once it gets to rule-making it is not clear how much input charter schools or charter authorizers had in the development of the program, nor is the extent of their support for the plan.
- It is likely that the applicant's approach would be cost-effective and beneficial to assisted schools, but the applicant does not provide information about fees and lending terms so it is not possible to assess the cost-effectiveness of its approach. Indeed the applicant indicates that they will determine the cost-effectiveness of the program retrospectively by comparing the actual loan fees and interest costs to those for alternative financing (e32).
- The applicant's selection process would be established through future rulemaking and as a result it does not explain that process or how a school's likelihood of success would be assessed or figure in its decision-making.

Reader's Score: 11

Selection Criteria - Capacity

- 1. In determining an applicant's business and organizational capacity to carry out the project, the Secretary considers--**
 - (1) The amount and quality of experience of the applicant in carrying out the activities it proposes to undertake in its application, such as enhancing the credit on debt issuances, guaranteeing leases, and facilitating financing;**
 - (2) The applicant's financial stability;**
 - (3) The ability of the applicant to protect against unwarranted risk in its loan underwriting, portfolio monitoring, and financial management;**
 - (4) The applicant's expertise in education to evaluate the likelihood of success of a charter school;**
 - (5) The ability of the applicant to prevent conflicts of interest, including conflicts of interest by employees and members of the board of directors in a decision-making role;**
 - (6) If the applicant has co-applicants (consortium members), partners, or other grant project participants, the specific resources to be contributed by each co-applicant (consortium member), partner, or other grant project participant to the implementation and success of the grant project;**
 - (7) For State governmental entities, the extent to which steps have been or will be taken to ensure that charter schools within the State receive the funding needed to obtain adequate facilities; and**
 - (8) For previous grantees under the charter school facilities programs, their performance in implementing these grants.**

Strengths:

1. The applicant has a variety of existing programs that provide financing to charter facilities and as a result has extensive experience in carrying out activities like those proposed.
2. The applicant is a governmental agency that has a large balance sheet and the full faith and credit of the state behind it.
3. Because its existing programs for financing schools and the extent to which that activity requires the applicant to

manage and report on risk in order to maintain access to capital the applicant has extensive experience and systems for risk management in loan underwriting, portfolio management and financial management.

4. The applicant indicates that California has strong conflict of interest laws with regard to the operation of state government and as an agency of the state it complies with those requirements.

5. As a result of its role as an agency that assist schools in accessing capital the applicant has significant financing expertise and substantial experience with charter schools and education.

6. The applicant provides an overview of what the state has done to foster charter schools and to ensure that they have funding for adequate facilities, including the many programs that the applicant has provided to assist charters in financing facilities.

7. The applicant has received a previous CE award and has performed satisfactorily providing enhancements to 35 schools and leverage \$148 million in bond proceeds.

Weaknesses:

1. Though the applicant has substantial expertise in financing charter schools it is not clear to what extent it has the skills to assess the educational performance or prospects of schools being considered for assistance.

Reader's Score: 34

Selection Criteria - Quality of Project Personnel

1. In determining the quality of project personnel, the Secretary considers--

(1) The qualifications of project personnel, including relevant training and experience, of the project manager and other members of the project team, including consultants or subcontractors; and

(2) The staffing plan for the grant project.

Strengths:

- The applicant's staff have played a significant role building the applicant's very substantial track record of providing various forms of financing and credit enhancements to enable charters to secure facilities, and as a result of that experience, their other school financing experience, and their previous professional experience and training, (they are well qualified to carry out the proposed activities.

- The applicant's staffing plan for the project seems reasonable as they propose to rely on existing, in-place, staff that has carried out numerous similar previous projects (e38).

Weaknesses:

No weaknesses noted.

Reader's Score: 15

Priority Questions

Competitive Preference Priority - Competitive Preference Priority 1

1. For FY 2019 and any subsequent year in which we make awards from the list of unfunded applications from this competition, this priority is a competitive preference priority. Under 34 CFR 75.105(c)(2)(i), we award up to an additional 15 points to an application, depending on

how well the application addresses the priority.

This priority is:

The capacity of charter schools to offer public school choice in those communities with the greatest need for this choice based on--

(1) The extent to which the applicant would target services to geographic areas in which a large proportion or number of public schools have been identified for comprehensive support and improvement or targeted support and improvement under the ESEA, as amended by the Every Student Succeeds Act (up to 5 points);

Strengths:

- The applicant demonstrates that it will give preference to schools that meet Priority 1.

Weaknesses:

- The applicant does not make an explicit commitment to meeting Priority 1 with each assisted school.

Reader's Score: 4

Competitive Preference Priority - Competitive Preference Priority 2

- 1. For FY 2019 and any subsequent year in which we make awards from the list of unfunded applications from this competition, this priority is a competitive preference priority. Under 34 CFR 75.105(c)(2)(i), we award up to an additional 15 points to an application, depending on how well the application addresses the priority.**

This priority is:

The capacity of charter schools to offer public school choice in those communities with the greatest need for this choice based on--

(2) The extent to which the applicant would target services to geographic areas in which a large proportion of students perform below proficient on State academic assessments (up to 5 points); and

Strengths:

- The applicant demonstrates that it will give preference to schools that meet Priority 2.

Weaknesses:

- The applicant does not make an explicit commitment to meeting Priority 2 with each assisted school.

Reader's Score: 4

Competitive Preference Priority - Competitive Preference Priority 3

- 1. For FY 2019 and any subsequent year in which we make awards from the list of unfunded applications from this competition, this priority is a competitive preference priority. Under 34 CFR 75.105(c)(2)(i), we award up to an additional 15 points to an application, depending on how well the application addresses the priority.**

This priority is:

The capacity of charter schools to offer public school choice in those communities with the greatest need for this choice based on--

(3) The extent to which the applicant would target services to communities with large proportions of students from low-income families (up to 5 points).

Strengths:

The applicant demonstrates that it will give preference to schools that meet Priority 3.

Weaknesses:

- The applicant does not make an explicit commitment to meeting Priority 3 with each assisted school.

Reader's Score: 4

Status: Submitted
Last Updated: 08/26/2019 10:52 AM

Status: Submitted

Last Updated: 08/23/2019 04:45 PM

Technical Review Coversheet

Applicant: California School Finance Authority (S354A190008)

Reader #3: *****

	Points Possible	Points Scored
Questions		
Selection Criteria		
Quality of project design and significance		
1. Quality Project Design	35	33
Quality of Project Services		
1. Project Services	15	8
Capacity		
1. Capacity	35	35
Quality of Project Personnel		
1. Project Personnel	15	15
Sub Total	100	91
Priority Questions		
Competitive Preference Priority		
Competitive Preference Priority 1		
1. CPP1	5	4
Competitive Preference Priority 2		
1. CPP2	5	4
Competitive Preference Priority 3		
1. CPP3	5	4
Sub Total	15	12
Total	115	103

Technical Review Form

Panel #1 - FY19 Credit Enhancement Panel 1 - 1: 84.354A

Reader #3: *****

Applicant: California School Finance Authority (S354A190008)

Questions

Selection Criteria - Quality of project design and significance

1. In determining the quality of project design and significance, the Secretary considers--

- (1) The extent to which the grant proposal would provide financing to charter schools at better rates and terms than they can receive absent assistance through the program;
- (2) The extent to which the project goals, objectives, and timeline are clearly specified, measurable, and appropriate for the purpose of the program;
- (3) The extent to which the project implementation plan and activities, including the partnerships established, are likely to achieve measurable objectives that further the purposes of the program;
- (4) The extent to which the project is likely to produce results that are replicable;
- (5) The extent to which the project will use appropriate criteria for selecting charter schools for assistance and for determining the type and amount of assistance to be given;
- (6) The extent to which the proposed activities will leverage private or public-sector funding and increase the number and variety of charter schools assisted in meeting their facilities needs more than would be accomplished absent the program;
- (7) The extent to which the project will serve charter schools in States with strong charter laws, consistent with the criteria for such laws in section 4303(g)(2) of the ESEA; and
- (8) The extent to which the requested grant amount and the project costs are reasonable in relation to the objectives, design, and potential significance of the project.

Strengths:

The applicant proposes to establish a guarantee program to expand borrowing opportunities for charter schools by funding loan loss reserve funds. The applicant makes case that lenders will see loans as less risky, combined with the agency's intercept mechanism to pay scheduled debt service.

The applicant provides a project timeline that breaks down the dates from award notification from DOE to development of state regulations and program agreements to awarding to charter school projects. Each phase of the program is identified, along with the time of year.

The applicant cites the ability to recycle repaid funds to fund new loan loss reserves as evidence of replicability.

The applicant is proposing to rely heavily on competitive preference priority criteria for selecting schools, and it lays out a process for incorporating charter school and chartering agency feedback through public comment during regulation development and rule-making.

The applicant proposes to leverage the [REDACTED] Credit Enhancement request to leverage \$ [REDACTED] in private lending to increase the number and variety of charter schools assisted with meeting their facility needs, and the suggestion by the applicant is it is otherwise difficult to get private financing to fund charter school facilities without the

applicant providing this enhancement.

The requested grant amount of [REDACTED] is reasonable for the anticipated leveraging of [REDACTED].

Weaknesses:

The goals and objectives are not clearly delineated. The applicant offers up a preliminary term sheet as evidence of the intended outcomes, but beyond the broader goal of using \$ [REDACTED] million to leverage \$ [REDACTED], there is an inability to otherwise measure success against a set of other goals and objectives for the applicant.

The applicant does not discuss how it focuses on states with strong charter laws, as it is a state entity focused just in California.

Reader's Score: 33

Selection Criteria - Quality of Project Services

1. In determining the quality of the project services, the Secretary considers--

- (1) The extent to which the services to be provided by the project reflect the identified needs of the charter schools to be served;**
- (2) The extent to which charter schools and chartering agencies were involved in the design of, and demonstrate support for, the project;**
- (3) The extent to which the technical assistance and other services to be provided by the proposed grant project involve the use of cost-effective strategies for increasing charter schools' access to facilities financing, including the reasonableness of fees and lending terms; and**
- (4) The extent to which the services to be provided by the proposed grant project are focused on assisting charter schools with a likelihood of success and the greatest demonstrated need for assistance under the program.**

Strengths:

The applicant provides evidence of involvement and engagement with the charter school community to help identify needs and design and support the project. It also cites involvement in several different charter school facility financing programs. (page e33)

Weaknesses:

The applicant doesn't provide detail on services to be provided because there is no real service component to the proposed program.

The applicant doesn't provide details on technical assistance as well, as it is not proposed as a resource for charter schools to assist during the development process.

The applicant doesn't articulate how it will actually ensure it is assisting charter schools with the highest likelihood of success.

Selection Criteria - Capacity

1. In determining an applicant's business and organizational capacity to carry out the project, the Secretary considers--

- (1) The amount and quality of experience of the applicant in carrying out the activities it proposes to undertake in its application, such as enhancing the credit on debt issuances, guaranteeing leases, and facilitating financing;
- (2) The applicant's financial stability;
- (3) The ability of the applicant to protect against unwarranted risk in its loan underwriting, portfolio monitoring, and financial management;
- (4) The applicant's expertise in education to evaluate the likelihood of success of a charter school;
- (5) The ability of the applicant to prevent conflicts of interest, including conflicts of interest by employees and members of the board of directors in a decision-making role;
- (6) If the applicant has co-applicants (consortium members), partners, or other grant project participants, the specific resources to be contributed by each co-applicant (consortium member), partner, or other grant project participant to the implementation and success of the grant project;
- (7) For State governmental entities, the extent to which steps have been or will be taken to ensure that charter schools within the State receive the funding needed to obtain adequate facilities; and
- (8) For previous grantees under the charter school facilities programs, their performance in implementing these grants.

Strengths:

The applicant provides a significant amount of evidence of its capacity as a governmental agency established in 1985 to provide facility and working capital financing to school districts and community college districts. On page e33, the applicant states that it "has disbursed over [REDACTED] billion in charter school funding since 2002" through its various programs. It also included its experience and track record on page e42 around managing other federal grant awards for charter school facilities.

The applicant provides credible evidence of its financial stability on page e44, citing the various funding sources that are continuously appropriated and otherwise limit interruption in the availability or amounts awarded to charter schools through its programs.

The applicant relies on private banks to underwrite the charter schools, so by virtue of "outsourcing" the underwriting first to private banks, it significantly limits the level of unwarranted risk.

The applicant references the funding formula that funds charter schools comparable to non-charter schools, along with the implementation of several funding/facility provisioning programs for facilities including the Charter School Facilities Program, the Charter School Bank Loan Program, Proposition 39 Facilities, and SB740.

The applicant reaffirms its standards of conduct and conflicts of interest as a state agency, which otherwise help the applicant both identify and prevent conflicts of interest. The information presented adequately demonstrates that conflicts of interests will not occur.

The applicant met the performance requirements of its past Credit Enhancement award.

Weaknesses:

None noted.

Reader's Score: 35

Selection Criteria - Quality of Project Personnel

1. In determining the quality of project personnel, the Secretary considers--

- (1) The qualifications of project personnel, including relevant training and experience, of the project manager and other members of the project team, including consultants or subcontractors; and**
- (2) The staffing plan for the grant project.**

Strengths:

As an institution, the applicant has been around since 1985 and has awarded more than [REDACTED] to charter schools. The applicant's executive director has extensive experience and expertise administering several other comparable financing programs over the past 20 years for charter schools. The broader staffing plan is based on a set of project personnel, drawn from state agencies, including senior professionals from the applicant, the State Attorney General's Office, and the Public Finance Division of the State Treasurer's Office, as well as highly experienced advisory and bond counsel firms. All of the resumes and professional biographies provided included relevant and applicable experience. To date, the applicant's team has shown capacity to implement a variety of federal grant programs with fidelity and success.

Weaknesses:

None noted.

Reader's Score: 15

Priority Questions

Competitive Preference Priority - Competitive Preference Priority 1

- 1. For FY 2019 and any subsequent year in which we make awards from the list of unfunded applications from this competition, this priority is a competitive preference priority. Under 34 CFR 75.105(c)(2)(i), we award up to an additional 15 points to an application, depending on how well the application addresses the priority.**

This priority is:

The capacity of charter schools to offer public school choice in those communities with the greatest need for this choice based on--

- (1) The extent to which the applicant would target services to geographic areas in which a large proportion or number of public schools have been identified for comprehensive support and improvement or targeted support and improvement under the ESEA, as amended by the Every Student Succeeds Act (up to 5 points);**

Strengths:

As a statewide agency, the applicant proposes to use this criterion within a defined point preference matrix for evaluating requests by charter schools. By assigning a numerical point value and overall ranking of enhancement requests, the applicant is offering an avenue for enhancement requests to be competitively ranked and prioritized from geographic areas meeting this specific criterion versus not meeting this criterion.

Weaknesses:

Actual point value for meeting this criterion appears to not be set.

Reader's Score: 4

Competitive Preference Priority - Competitive Preference Priority 2

1. For FY 2019 and any subsequent year in which we make awards from the list of unfunded applications from this competition, this priority is a competitive preference priority. Under 34 CFR 75.105(c)(2)(i), we award up to an additional 15 points to an application, depending on how well the application addresses the priority.

This priority is:

The capacity of charter schools to offer public school choice in those communities with the greatest need for this choice based on--

- (2) The extent to which the applicant would target services to geographic areas in which a large proportion of students perform below proficient on State academic assessments (up to 5 points); and

Strengths:

As a statewide agency, the applicant proposes to use this criterion in s defined point preference matrix for evaluating requests by charter schools. By assigning a numerical point value to the overall ranking of enhancement requests, the applicant is offering an avenue for enhancement requests to be competitively ranked and prioritized from geographic areas meeting this specific criterion versus not meeting this criterion.

Weaknesses:

Actual point value for meeting this criterion appears to not be set.

Reader's Score: 4

Competitive Preference Priority - Competitive Preference Priority 3

1. For FY 2019 and any subsequent year in which we make awards from the list of unfunded applications from this competition, this priority is a competitive preference priority. Under 34 CFR 75.105(c)(2)(i), we award up to an additional 15 points to an application, depending on how well the application addresses the priority.

This priority is:

The capacity of charter schools to offer public school choice in those communities with the greatest need for this choice based on--

- (3) The extent to which the applicant would target services to communities with large

proportions of students from low-income families (up to 5 points).

Strengths:

As a statewide agency, the applicant proposes to use this criterion within a defined point preference matrix for evaluating requests by charter schools. By assigning a numerical point value to the overall ranking of enhancement requests, the applicant is offering an avenue for enhancement requests to be competitively ranked and prioritized from geographic areas meeting this specific criterion versus not meeting the criterion.

Weaknesses:

Actual point value for meeting this criterion appears to not be set.

Reader's Score: 4

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