

LCB File No. R206-01

**PROPOSED REGULATION OF THE
STATE BOARD OF EDUCATION**

(This regulation is part of the original Initial Draft of R193-01 posted on 12/18/01)

Explanation: Matter in italics is new; matter in brackets **[]** is material to be omitted.

Authority: NRS 385.080 and NRS 386.540, and Senate Bill 399, passed by the 2001 Nevada State Legislature

CHAPTER 386 - CHARTER SCHOOLS

Section 1. *Fund for charter schools. Application deadline:*

- 1. The annual deadline for submission of a loan application to the department from the fund for charter schools will be no later than September 30.*
- 2. Until there is money in the fund, no applications will be accepted.*

Section 2. *Period for repayment:*

1. Commencing with the first fiscal year following the fiscal year in which an operating charter school receives a loan, the department shall deduct from apportionments made to the charter school an amount equal to the annual repayment of the amount loaned to the charter school plus interest and pay the same amount into the fund for charter schools. For charter schools with Section 16 Charters, deductions from apportionments shall be made commencing with the first fiscal year following the fiscal year in which the school becomes operational. Repayment of the full amount loaned to the charter school plus interest shall be deducted by the department in equal annual amounts over a number of years agreed upon between the loan recipient and the department, not to exceed three years for any loan. Notwithstanding other provisions of law, in the case of default of a loan made to a charter school pursuant to this section; or in case a school with a Section 16 Charter fails to convert the Section 16 Charter to a charter; or in case a charter school closes before the loan is repaid, the charter school shall be solely liable for repayment of the loan.

Section 3. *Fund charter school - Rate of Interest. The rate of interest will be at or below the market rate.*

Section 4. *Contents of application: The application to request funds from the fund for charter schools must include the following:*

- 1. The name of the charter school or Section 16 Charter school;*

2. The name, address and phone number of the individual who is identified as the contact person for the charter school or Section 16 Charter school.

3. The repayment period requested.

4. A description of:

(a) The financial needs of the charter school or Section 16 Charter school including a description of the school's business plan;

(b) The impact that the receipt of the loan will have on the operations of the charter school;

(c) The impact that the receipt of the loan will have on the charter school's receipt of other public or private financing; and

(d) Any plan for creative uses of the funds, such as loan guarantees or other credit enhancements.

5. A listing of the anticipated expenses that will be funded with the loan;

6. An operational budget for the charter school for the year of the loan receipt and each fiscal year of the proposed repayment period. The budget should identify all sources of revenue and expenses and the cost of the loan repayment. A written narrative that explains each of the assumptions made in developing the budget should accompany the budget.

(a) A statement of the financial history of the applicant;

(b) Three credit references for the applicant;

(c) A statement of monthly cashflow for the school's operation. The cashflow statement should identify the amount and timing of receipt of revenues relative to the timing of expenditures; and,

(d) A resolution of the charter school's or Section 16 Charter school's governing body authorizing the loan application.

Section 5. *The department may consider all of the following when making a determination as to the approval of a charter school's loan application:*

1. Soundness of the financial business plans of the applicant charter school or Section 16 Charter school;

2. Availability of the charter school or Section 16 Charter school of other sources of funding;

3. Geographic distribution of loans made from the fund;

4. The impact that receipt of the funds will have on the charter school's or Section 16 Charter school's receipt of other private and public funding;

5. Plans for creative uses of funds received pursuant to this section, such as loan guarantees or other types of credit enhancements; and,

6. The financial needs of the charter school.

Section 6. *Priority for loans from the fund for charter schools shall be given to new charter schools for startup costs.*