

# PROPOSED REGULATION OF THE STATE PUBLIC CHARTER SCHOOL AUTHORITY

## LCB File No. R087-16

AUTHORITY FOR REGULATION: 2015 Session, SB 509, Section 43, subsection (3)

Timelines, deadlines, and process for applying for a loan from the Account for Charter Schools and approval criteria; Timelines, deadlines, and process for applying for a loan from the Account for Charter Schools using federal funds allocated to the fund under the federal CSP grant and approval criteria; Evaluation of the previous performance of an educational management organization or other person with whom a committee to form or a charter management organization.

NAC 386.435 is hereby amended to read as follows:

### FIRST PARALLEL SECTION

386.435 1. An application for a loan from the Account must be submitted by the governing body of a charter school to the State Public Charter School Authority on or after January 1 and on or before March 15 *or on or after July 1 and on or before October 15* of the calendar year in which the loan will be made. The State Public Charter School Authority shall not accept an application for a loan from the Account unless the State Public Charter School Authority has determined pursuant to subsection 2 that the balance of money in the Account is \$5,000 or more. An application must include:

- (a) The name of the charter school.
- (b) The name, address and telephone number of the person whom the State Public Charter School Authority may contact regarding the application.
- (c) The proposal of the charter school to repay the loan, consistent with NAC 386.445.
- (d) A description of:
  - (1) The financial needs of the charter school;
  - (2) The business plan for the charter school;
  - (3) The effect that receipt of the loan will have on the operation of the charter school; and
  - (4) The effect, if any, that receipt of the loan will have on the ability of the governing body or the charter school to obtain other financial assistance from public and private sources .

(e) A list of the anticipated expenses for which the money obtained from the loan will be used.

(f) A budget for the charter school for the fiscal year in which the loan is received and for each fiscal year of the proposed period for repayment of the loan. The budget must:

- (1) Include an identification of all sources of revenue and expenses;
- (2) Include the cost for repayment of the loan; and

(3) Be accompanied by a written narrative explaining each of the assumptions made in developing the budget.

(g) If the charter school is an operational charter school:

- (1) A statement of the financial history of the applicant; and
- (2) Three credit references for the applicant.

(h) If a member of the governing body has or had an association or affiliation with another charter school in this State or another state, a statement of the financial history of the charter school with which the member has or had such an association or affiliation. The provisions of this paragraph apply regardless of whether the member has terminated the association or affiliation.

A statement of the monthly cash flow for the operation of the charter school, including, without limitation, an identification of the amount and timing of receipt of revenue relating to the amount and timing of expenditures.

(j) A resolution of the governing body authorizing submission of the application.

(k) If the charter school is sponsored pursuant to subsection 5 or 7 of NRS 386.527, a letter of endorsement from the sponsor of the charter school.

(l) Any other information the Director of the State Public Charter School Authority determines is necessary.

2. On or before July 1 *and January 1* of each year, the State Public Charter School Authority shall determine the balance of money in the Account. If the State Public Charter School Authority determines that the balance of money in the Account is \$5,000 or more, the State Public Charter School Authority shall provide notice of that fact and the availability of loans from the Account to each charter school that has been issued a written charter or has a charter contract executed pursuant to NRS 386.527.

***3. To the extent that the Federal Charter Schools Program grant or any other gift, grant, or bequest which results in the deposit of non-general fund dollars into the Account***

*requires different criteria, timelines, interest rates, or repayment terms, the State Public Charter School Authority shall adopt guidelines and processes which comply with those requirements.*

Sec. 2. NAC 386.435 is hereby amended as follows:

SECOND PARALLEL SECTION

386.435 1. An application for a loan from the Account must be submitted by the governing body of a charter school to the State Public Charter School Authority on or after January 1 and on or before March 15 *or on or after July 1 and on or before October 15* of the calendar year in which the loan will be made. The State Public Charter School Authority shall not accept an application for a loan from the Account unless the State Public Charter School Authority has determined pursuant to subsection 2 that the balance of money in the Account is \$5,000 or more. An application must include:

(a) The name of the charter school.

(b) The name, address and telephone number of the person whom the State Public Charter School Authority may contact regarding the application.

(c) The proposal of the charter school to repay the loan, consistent with NAC 386.445. (d) A description of:

(1) The financial needs of the charter school;

(2) The business plan for the charter school;

(3) The effect that receipt of the loan will have on the operation of the charter school; and

4) The effect, if any, that receipt of the loan will have on the ability of the governing body or the charter school to obtain other financial assistance from public and private sources.

(e) A list of the anticipated expenses for which the money obtained from the loan will be used

(f) A budget for the charter school for the fiscal year in which the loan is received and for each fiscal year of the proposed period for repayment of the loan. The budget must:

(1) Include an identification of all sources of revenue and expenses;

(2) Include the cost for repayment of the loan; and

(3) Be accompanied by a written narrative explaining each of the assumptions made in developing the budget.

(g) If the charter school is an operational charter school:

(1) A statement of the financial history of the applicant; and

(2) Three credit references for the applicant.

(h) If a member of the governing body has or had an association or affiliation with another charter school in this State or another state, a statement of the financial history of the charter school with which the member has or had such an association or affiliation. The provisions of this paragraph apply regardless of whether the member has terminated the association or affiliation.

(i) A statement of the monthly cash flow for the operation of the charter school, including, without limitation, an identification of the amount and timing of receipt of revenue relating to the amount and timing of expenditures.

(j) A resolution of the governing body authorizing submission of the application.

(k) If the charter school is sponsored pursuant to subsection 5 or 7 of NRS 386.527, a letter of endorsement from the sponsor of the charter school.

(l) Any other information the Director of the State Public Charter School Authority determines is necessary.

2. On or before July 1 *and January 1* of each year, the State Public Charter School Authority shall determine the balance of money in the Account. If the State Public Charter School Authority determines that the balance of money in the Account is \$5,000 or more, the State Public Charter School Authority shall provide notice of that fact and the availability of loans from the Account to each charter school that has a charter contract executed pursuant to NRS 386.527.

***3. To the extent that the Federal Charter Schools Program grant or any other gift, grant, or bequest which results in the deposit of non-general fund dollars into the Account requires different criteria, timelines, interest rates, or repayment terms, the State Public Charter School Authority shall adopt guidelines and processes which comply with those requirements.***

Sec. 3. NAC 386.440 is hereby amended to read as follows:

386.440 1. To the extent that money is available in the Account, the State Public Charter School Authority shall grant priority for loans from the Account to those charter schools with

approved loan applications that will use the money obtained from the loan in preparing to commence the first year of operation.

2. In determining whether to approve an application, the State Public Charter School Authority shall consider the:

(a) Reliability of the business plan submitted with the application;

(b) Ability of the charter school to obtain financial assistance from other sources;

(c) Information submitted in the application; and

(d) Effect of approval of the application on the equitable geographic distribution throughout this State of loans from the Account.

***3. To the extent that the Federal Charter Schools Program grant or any other gift, grant, or bequest which results in the deposit of non-general fund dollars into the Account requires different criteria, the State Public Charter School Authority shall adopt guidelines and processes which comply with those requirements.***

Sec. 4. NAC 386.445 is hereby amended to read as follows:

386.445 1. The rate of interest for loans made from the Account is the prime rate at the largest bank in Nevada, as ascertained by the Commissioner of Financial Institutions, on January 1 or July 1, as the case may be, immediately preceding the date of the transaction.

2. If a loan is made to a charter school from the Account, the Department shall deduct from the apportionments made to the charter school pursuant to NRS 387.124, an amount of money equal to the annual repayment amount of the loan, including interest. The deductions must be made:

(a) In quarterly amounts corresponding with the quarterly apportionment to the charter school.

(b) In equal amounts during the period of repayment, which must not exceed 3 years, agreed upon by the governing body of the charter school and the State Public Charter School Authority.

3. If a loan is made to an operational charter school, the deductions must be made commencing in the same fiscal year in which the loan is made. If a loan is made to a charter school that is not operational but which has a charter contract executed pursuant to NRS 386.527, the deductions must be made commencing with the first fiscal year immediately succeeding the fiscal year in which the charter school becomes an operational charter school.

4. If a charter school that receives a loan:
  - (a) Defaults on repayment of the outstanding balance of the loan; or
  - (b) Closes or otherwise ceases operation, the charter school is liable for repayment of the outstanding balance of the loan.
5. As used in this section, “fiscal year” means the 12-month period beginning on the first day of July and ending on the last day of June.

*6. To the extent that the Federal Charter Schools Program grant or any other gift, grant, or bequest which results in the deposit of non-general fund dollars into the Account requires different interest rates or repayment terms, the State Public Charter School Authority shall adopt guidelines and processes which comply with those requirements.*

Sec. 5. 1. This section and sections 1, 3 and 4 of this regulation become effective upon filing with the Secretary of State.

2. Section 2 of this regulation becomes effective on January 1, 2020.

### *Proven Provider Status*

*The Executive Director or the Board may determine and grant proven provider status. Proven Provider status may be granted by invitation or by application.*

*A Proven Provider is eligible for expedited review and approval of a charter application outside of the requirements that apply to other applicants. The Authority shall adopt an application track specific to Proven Providers and provide for expedited review and approval of applications submitted pursuant to that track.*

*Invitations to Proven Provider status must be based on evidence, satisfactory to the Executive Director or the Board, demonstrating a significant management or leadership role at a school or similar program that is an academic success, a viable organization, and relevant to charter schools.*

*(a) The Executive Director the Board shall evaluate data demonstrating success in student academic performance and evidence of academic program success, including but not limited to:*

1. *Proficiency levels and growth measures on the statewide system of accountability or equivalent assessments for all students and for one or more targeted subgroups sufficient for the school to perform at the top two tiers on the statewide system of accountability or at a similar level on any successor accountability system*

2. *Student performance on other standardized tests over no less than a three-year period for cohorts of students, if available, which demonstrates student achievement levels that are similar to statewide averages in English Language Arts and mathematics for all students in Nevada in comparable grades; and*
3. *graduation and dropout data, if applicable;*

*Such data shall be based on information gathered by the Authority or on the recommendation of other charter authorizing agencies or non-profit organizations which have conducted in-depth evaluations of based on information gathered by the Authority or the recommendation of other charter authorizing agencies or non-profit organizations which have conducted in-depth evaluations of charter school organizational and financial performance as a pre-condition for granting funds to support expansion of charter schools, charter management organizations, and quality charter school replication organizations.*

*(a) Evidence of organizational viability, which shall include but not be limited to effective governance, effective financial management, effective implementation of recruitment and retention plans, if applicable, and compliance with applicable laws and regulations based on information gathered by the Authority or the recommendation of other charter authorizing agencies or non-profit organizations which have conducted in-depth evaluations of charter school organizational and financial performance as a pre-condition for granting funds to support expansion of charter schools, charter management organizations, and quality charter school replication organizations.*

*Applicants for Proven Provider status must submit evidence, satisfactory to the Executive Director or the Board, to demonstrate a significant management or leadership role at a school or similar program that is an academic success, a viable organization, and relevant to the proposed charter school.*

*(a) The applicant shall submit a detailed description of role(s) and responsibilities at the successful school(s) or program(s).*  
*(b) The applicant shall submit data demonstrating success in student academic performance and evidence of academic program success, including but not limited to:*

1. *Proficiency levels and growth measures on the statewide system of accountability or equivalent assessments for all students and for one or more targeted subgroups sufficient for the school to perform at the top two tiers on the statewide system of accountability or at a similar level on any successor accountability system*
2. *Student performance on other standardized tests over no less than a three-year period for cohorts of students, if available, which demonstrates student achievement levels that are similar to statewide averages in English Language Arts and mathematics for all students in Nevada in comparable grades; and*
3. *graduation and dropout data, if applicable;*

*(c) The applicant shall submit evidence of organizational viability, which shall include but not be limited to effective governance, effective financial management, effective implementation of recruitment and retention plans, if applicable, and compliance with applicable laws and regulations.*

*(d) The applicant shall provide evidence to demonstrate that the successful school serves student population(s) similar to the population(s) to be served by the proposed charter, and that the program to be offered at the proposed charter is similar to, or represents a reasonable modification of the successful school.*

*(e) Applicants shall provide any other information as required by the Executive Director or the Board.*