

AMENDED IN ASSEMBLY JUNE 19, 2000

AMENDED IN SENATE MAY 23, 2000

AMENDED IN SENATE APRIL 26, 2000

SENATE BILL

No. 1728

Introduced by Senator Lewis

February 23, 2000

An act to amend Section 41365 of the Education Code, relating to charter schools.

LEGISLATIVE COUNSEL'S DIGEST

SB 1728, as amended, Lewis. Charter schools: Charter School Revolving Loan Fund.

Existing law creates the Charter School Revolving Loan Fund in the State Treasury to provide loans to a chartering authority for charter schools that are not a conversion of an existing school, or directly to a charter school under certain conditions. Existing law specifies that a loan from this fund is for use by the charter school during the period from the date the charter is granted to the end of the fiscal year in which the charter school first enrolls pupils.

This bill would remove the restriction requiring a charter school to use a loan from the Charter School Revolving Loan Fund during certain time periods. *The bill would provide that the loan to a chartering authority for a charter school, or to a charter school, may not exceed \$250,000 over the lifetime of the charter school.* The bill would also authorize the Superintendent of Public Instruction to consider certain criteria when making a determination as to approval of a

charter school's loan application and give priority for the loans to new charter schools for startup costs.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 41365 of the Education Code is
2 amended to read:

3 41365. (a) The Charter School Revolving Loan Fund
4 is hereby created in the State Treasury. The Charter
5 School Revolving Loan Fund shall be comprised of
6 federal funds obtained by the state for charter schools and
7 any other funds appropriated or transferred to the fund
8 through the annual budget process. Funds appropriated
9 to the Charter School Revolving Loan Fund shall remain
10 available for the purposes of the fund until
11 reappropriated or reverted by the Legislature through
12 the annual Budget Act or any other act.

13 (b) Loans may be made from moneys in the Charter
14 School Revolving Loan Fund to a chartering authority for
15 charter schools that are not a conversion of an existing
16 school, or directly to a charter school that qualifies to
17 receive funding pursuant to Chapter 6 (commencing
18 with Section 47630) that is not a conversion of an existing
19 school, upon application of a chartering authority or
20 charter school and approval by the Superintendent of
21 Public Instruction. Money loaned to a chartering
22 authority for a charter school, or to a charter school,
23 pursuant to this section shall be used only to meet the
24 purposes of the charter granted pursuant to Section
25 47605. The loan to a chartering authority for a charter
26 school, or to a charter school, pursuant to this subdivision
27 shall not exceed two hundred fifty thousand dollars
28 (\$250,000) *over the lifetime of the charter school. A*
29 *charter school may receive money obtained from*
30 *multiple loans made directly to the charter school or to*
31 *the school's chartering authority from the Charter School*
32 *Revolving Loan Fund, as long as the total amount*
33 *received from the fund over the lifetime of the charter*



1 *school does not exceed two hundred fifty thousand dollars*
2 *(\$250,000). This subdivision does not apply to a charter*
3 *school that obtains renewal of a charter pursuant to*
4 *Section 47607.*

5 (c) The Superintendent of Public Instruction may
6 consider all of the following when making a
7 determination as to the approval of a charter school's loan
8 application:

9 (1) Soundness of the financial business plans of the
10 applicant charter school.

11 (2) Availability to the charter school of other sources
12 of funding.

13 (3) Geographic distribution of loans made from the
14 Charter School Revolving Loan Fund.

15 (4) The impact that receipt of funds received pursuant
16 to this section will have on the charter school's receipt of
17 other private and public financing.

18 (5) Plans for creative uses of the funds received
19 pursuant to this section, such as loan guarantees or other
20 types of credit enhancements.

21 (6) The financial needs of the charter school.

22 (d) Priority for loans from the Charter School
23 Revolving Loan Fund shall be given to new charter
24 schools for startup costs.

25 (e) Commencing with the first fiscal year following
26 the fiscal year the charter school receives the loan, the
27 Controller shall deduct from apportionments made to the
28 chartering authority or charter school, as appropriate, an
29 amount equal to the annual repayment of the amount
30 loaned to the chartering authority or charter school for
31 the charter school under this section and pay the same
32 amount into the Charter School Revolving Loan Fund in
33 the State Treasury. Repayment of the full amount loaned
34 to the chartering authority shall be deducted by the
35 Controller in equal annual amounts over a number of
36 years agreed upon between the loan recipient and the
37 State Department of Education, not to exceed five years
38 for any loan.

39 (f) (1) Notwithstanding other provisions of law, a loan
40 may be made directly to a charter school pursuant to this



1 section only in the case of a charter school that is
2 incorporated.

3 (2) Notwithstanding other provisions of law, in the
4 case of default of a loan made directly to a charter school
5 pursuant to this section, the chartering authority shall,
6 also, be liable for repayment of the loan.

O

