STATE PUBLIC CHARTER SCHOOL AUTHORITY



2017 CHARTER SCHOOL LOAN REQUEST

**Nevada State Public Charter School Authority 2017 Application for a Charter School Revolving Loan (Pursuant to Nevada Revised Statute 386.576) Submission Window is January 1, 2017 - March 15, 2017**

Released January 15, 2017
Applications Due by March 15, 2017

## LOAN APPLICATION INSTRUCTIONS

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 of the calendar year in which the loan will be made. The revolving loan application is separated into 3 tracks. Please choose which track best suits your loan application:

* *Existing Charter Schools wishing to expand campuses.*
* *Existing Charter Schools wishing to use loan funds on current campuses*
* *New Start Charter Schools*

***Using the corresponding numbered list below, all applications must:***

### Section 1

1. Complete the Revolving Loan Application Cover Page.
2. If the charter school is sponsored by a local school district, college or university within the Nevada System of Higher Education or the Achievement School District, provide a letter of endorsement from the sponsor of the charter school. For a school that is already in operation this letter shall include a summary of the school’s academic performance for up to the preceding three years and a statement describing any findings based on the annual performance audit pursuant to NRS 386.5515 and any findings under the performance framework for the charter school pursuant to NRS 386.527.
3. Provide a resolution and copy of the minutes, draft or final, of the governing body authorizing submission of the loan application.
4. Provide the signatures of each member of the governing body on a statement acknowledging that the school is responsible for repayment of the loan even in the event of the closure of the charter school.
5. If the charter school is an operational charter school:
	1. Provide a statement of the financial history of the applicant by completing and attaching the most recent three years of audited financial statements, and
	2. Three credit references for the applicant.
	3. DUNS Number/EIN Number

**OR** If the charter school is not yet operational:

1. Provide a letter from a certified public accountant demonstrating the School has established and documented adequate internal financial controls and procedure controls relating to[[1]](#footnote-1):
2. Preparation and maintenance of financial statements and records in accordance with generally accepted accounting procedures (GAAP)
3. Payroll procedures
4. Accounting for contributions and grants
5. Procedures for the creation and review of interim and annual financial statements (should specify, the individual(s) that will be responsible for preparing and reviewing such financial statements and ensuring that they contain valid and reliable data)
6. Existence of appropriate internal financial controls and procedures
7. Safeguarding of assets including cash and equipment
8. Compliance with applicable laws and regulation
9. Ensuring that the purchasing process results in the acquisition of necessary goods and services at the best price
10. In demonstrating status of aforementioned controls the school should include:
	* 1. A description of the control
		2. If the control is currently operational
		3. Who at the Charter School is responsible for the control
11. Using the standard state budget format (<http://www.doe.nv.gov/Charter_Schools/> ), provide a statement of the monthly cash flow for the operation of the charter school for each year of the proposed loan term, including, without limitation, an identification of the amount and timing of receipt of revenue relating to the amount and timing of expenditures. In excel, provide 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:
12. Include an identification of all sources of revenue and expenses;
13. Include the cost for repayment of the loan; and
14. Be accompanied by a written narrative explaining each of the assumptions made in developing the budget.

### Section 2

1. Describe the proposal of the charter school to repay the loan, consistent with NAC 386.445.
2. Detail the financial needs of the charter school including a detailed enumeration and explanation of the costs to be covered by this loan.
3. Provide a list of the anticipated expenses for which the funds obtained from the loan will be used.
4. Explain the effect that receipt of the loan will have on the operation of the charter school. Specially, in the event that the school is unable to obtain this loan, which of the costs detailed above will be modified or eliminated
5. Describe 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. If there are any other loans or grants which are contingent upon obtaining this loan. If so, please describe those in detail and provide supporting documentation.
6. Provide a detailed plan for the use of the funds obtained from the loan. Describe how this loan will enhance the credit of the charter school.

### Section 3

1. If a member of the governing body or a member of the school’s leadership team with day-to- day responsibility in academics or business operations and finance has, or had, an association or affiliation with another charter school in this State or another state[[2]](#footnote-2):
	1. Provide a statement as to whether the school is still in operation. If the school is not in operation, please report the date and reason for the closure of the school. Please note whether the member of the governing body was a board member or staff member of the school at the time of the closure or in the three year period leading up to the closure. Provide current contact information for the most recent charter school authorizer and any past authorizer of the charter school.
	2. Provide a statement of the financial history of the charter school with which the member has or had such an association or affiliation.
	3. The most recent three years of audited financial statements for the period when the individual was associated with the charter school. If the audited financials were included as part of a charter application filed on or after July 1, 2015 that information may be incorporated by reference.
2. Provide detailed enrollment projections and a comprehensive marketing, and recruitment plan that demonstrate the school has sufficient capacity to exceed the enrollment projections and maintain a sufficient wait list to ensure repayment in the event some students withdraw from school. Please use the marketing plan template attached to this document and submit as **Attachment 1**. Applicants may wish to enhance the marketing plan with additional school-specific strategies including, but not limited to, social media and advertising in addition to the grassroots strategies identified for all applicants.
3. Attach the business plan for the charter school.
	1. For schools that are seeking to expand their enrollment, within the new or existing facility, please attach the expansion business plan documentation as **Attachment 2.** Applicants are welcome to use this business plan as the format for any amendment request to a sponsor which has not adopted a standard amendment request template.
	2. For schools that have already supplied the information in this business plan as part of their expansion amendment with the State Public Charter School Authority (November 2015 and after) the amendment application may be incorporated by reference.
	3. For New Charter Schools and Achievement Charter Schools, please provide a copy of your charter application. Schools that were approved by the State Public Charter School Authority may incorporate their charter application by reference.

OPERATOR APPLICANT INSTRUCTIONS

Specifications

* Please submit the loan application by creating a DropBox folder and inviting dpeltier@spcsa.nv.gov. Due to limits of the State’s email capacity, applications sent as an email attachment will not be considered.
* It is the responsibility of the applicant to ensure that the content is complete, detailed, and easily understood and followed by reviewers.
* All narrative elements of the application must be typed with 1-inch page margins and 11-point Cambria font, single-spaced.
* All headings must be in 11, 12, or 14 point Cambria font.
* Tables may be in either 11 or 10 point Cambria font.
* Each section (financial history, governing board member signatures, etc.) must begin on a separate page, as indicated in the numbered list.
* All pages must be consecutively numbered in the footer, including all attachments.
* The table of contents must identify the page number of each section of the required documents.
* Schools are encouraged to utilize Microsoft Word’s cross-referencing features to allow for automatic updates to page numbers within the document for any element discussed in more than one section. Simply referring reviewers to content in another section or expecting reviewers to seek out and infer an answer from information which may or may not be found in an attachment is unacceptable and will be deemed unresponsive. Petitioners are expected to exercise appropriate judgement in balancing responsiveness with excessively duplicative content. It is highly advisable to answer the question posed and refer the reviewer to additional contextual information that will inform review with transitional and referential phrases such as “As discussed in greater detail in the Section \_\_ beginning on page \_\_, the school will...” and “Reviewers seeking more information on \_\_\_ may wish to refer to the section labeled \_\_\_ beginning on page \_\_\_. More specifically, the school will...”
* References and citations should be placed in the footer.
* The name of each section and attachment, e.g. “Attachment 1,” etc. must be placed in the footer to facilitate easy review and navigation of the materials using the corresponding numbered list. Bookmarking of individual sections and attachments in Acrobat is strongly encouraged to enhance readability and facilitate a thorough review.
* Schools are encouraged to use Microsoft Word’s styles features (<http://shaunakelly.com/word/styles/stylesms.html>) to manage formatting, provide for bookmarking and cross-referencing, and facilitate the generation of the table of contents and other features through the heading styles functionality.
* If a particular question does not apply to your team or application, simply respond with an explanatory sentence identifying the reason this question is not applicable to your school AND including the term “not applicable” within the sentence.

**Guidance and Resources for Applicants**

**Account for Charter Schools**

**NRS 386.576  Creation; investment; credit of interest and income; deposit of money; payment of claims; acceptance of gifts and grants.**

      1.  The Account for Charter Schools is hereby created in the State General Fund as a revolving loan account, to be administered by the State Public Charter School Authority.

      2.  The money in the Account must be invested as money in other state accounts is invested. All interest and income earned on the money in the Account must be credited to the Account. Any money remaining in the Account at the end of a fiscal year does not revert to the State General Fund, and the balance in the Account must be carried forward.

      3.  All payments of principal and interest on all the loans made to a charter school from the Account must be deposited with the State Treasurer for credit to the Account.

      4.  Claims against the Account must be paid as other claims against the State are paid.

      5.  The State Public Charter School Authority may accept gifts, grants, bequests and donations from any source for deposit in the Account.

      (Added to NRS by [2001, 3124](https://www.leg.state.nv.us/Statutes/71st/Stats200121.html#Stats200121page3124); A [2011, 446](https://www.leg.state.nv.us/Statutes/76th2011/Stats201104.html#Stats201104page446); [2013, 27th Special Session, 4](https://www.leg.state.nv.us/Statutes/27thSS/Stats2013SS2701.html#Stats2013SS2701page4))

**NRS 386.577  Authorized uses of money in Account; limitation.**

      1.  After deducting the costs directly related to administering the Account for Charter Schools, the State Public Charter School Authority may use the money in the Account for Charter Schools, including repayments of principal and interest on loans made from the Account, and interest and income earned on money in the Account, only to make loans at or below market rate to charter schools for the costs incurred:

      (a) In preparing a charter school to commence its first year of operation; and

      (b) To improve a charter school that has been in operation.

      2.  The total amount of a loan that may be made to a charter school pursuant to subsection 1 must not exceed the lesser of an amount equal to $500 per pupil enrolled or to be enrolled at the charter school or $200,000.

      (Added to NRS by [2001, 3124](https://www.leg.state.nv.us/Statutes/71st/Stats200121.html#Stats200121page3124); A [2013, 27th Special Session, 5](https://www.leg.state.nv.us/Statutes/27thSS/Stats2013SS2701.html#Stats2013SS2701page5))

**NRS 386.578  Application for loan; requirements of contract for loan; regulations. [Effective through December 31, 2019.]**

      1.  If the governing body of a charter school has a written charter issued or a charter contract executed pursuant to [NRS 386.527](https://www.leg.state.nv.us/nrs/NRS-386.html#NRS386Sec527), the governing body may submit an application to the State Public Charter School Authority for a loan from the Account for Charter Schools. An application must include a written description of the manner in which the loan will be used to prepare the charter school for its first year of operation or to improve a charter school that has been in operation.

      2.  The State Public Charter School Authority shall, within the limits of money available for use in the Account, make loans to charter schools whose applications have been approved. If the State Public Charter School Authority makes a loan from the Account, the State Public Charter School Authority shall ensure that the contract for the loan includes all terms and conditions for repayment of the loan.

      3.  The State Board:

      (a) Shall adopt regulations that prescribe the:

             (1) Annual deadline for submission of an application to the State Public Charter School Authority by a charter school that desires to receive a loan from the Account; and

             (2) Period for repayment and the rate of interest for loans made from the Account.

      (b) May adopt such other regulations as it deems necessary to carry out the provisions of this section and [NRS 386.576](https://www.leg.state.nv.us/nrs/NRS-386.html#NRS386Sec576) and [386.577](https://www.leg.state.nv.us/nrs/NRS-386.html#NRS386Sec577).

      (Added to NRS by [2001, 3124](https://www.leg.state.nv.us/Statutes/71st/Stats200121.html#Stats200121page3124); A [2013, 2929](https://www.leg.state.nv.us/Statutes/77th2013/Stats201318.html#Stats201318page2929); [2013, 27th Special Session, 5](https://www.leg.state.nv.us/Statutes/27thSS/Stats2013SS2701.html#Stats2013SS2701page5))

**NRS 386.578  Application for loan; requirements of contract for loan; regulations. [Effective January 1, 2020.]**

      1.  If the governing body of a charter school has a charter contract executed pursuant to [NRS 386.527](https://www.leg.state.nv.us/nrs/NRS-386.html#NRS386Sec527), the governing body may submit an application to the State Public Charter School Authority for a loan from the Account for Charter Schools. An application must include a written description of the manner in which the loan will be used to prepare the charter school for its first year of operation or to improve a charter school that has been in operation.

      2.  The State Public Charter School Authority shall, within the limits of money available for use in the Account, make loans to charter schools whose applications have been approved. If the State Public Charter School Authority makes a loan from the Account, the State Public Charter School Authority shall ensure that the contract for the loan includes all terms and conditions for repayment of the loan.

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             (2) Period for repayment and the rate of interest for loans made from the Account.

      (b) May adopt such other regulations as it deems necessary to carry out the provisions of this section and [NRS 386.576](https://www.leg.state.nv.us/nrs/NRS-386.html#NRS386Sec576) and [386.577](https://www.leg.state.nv.us/nrs/NRS-386.html#NRS386Sec577).

      (Added to NRS by [2001, 3124](https://www.leg.state.nv.us/Statutes/71st/Stats200121.html#Stats200121page3124); A [2013, 2929](https://www.leg.state.nv.us/Statutes/77th2013/Stats201318.html#Stats201318page2929), effective January 1, 2020; [2013, 27th Special Session, 5](https://www.leg.state.nv.us/Statutes/27thSS/Stats2013SS2701.html#Stats2013SS2701page5))

NAC 386.445  Repayment of loans. ([NRS 385.080](https://www.leg.state.nv.us/NRS/NRS-385.html#NRS385Sec080), [386.540](https://www.leg.state.nv.us/NRS/NRS-386.html#NRS386Sec540), [386.578](https://www.leg.state.nv.us/NRS/NRS-386.html#NRS386Sec578))

     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](https://www.leg.state.nv.us/NRS/NRS-387.html#NRS387Sec124), 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 agreed upon by the governing body of the charter school and the Department, not to exceed 3 years.

     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 has a written charter issued pursuant to subsection 7 of [NRS 386.527](https://www.leg.state.nv.us/NRS/NRS-386.html#NRS386Sec527), 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 full amount of the loan;

     (b) Was issued a written charter pursuant to subsection 7 of [NRS 386.527](https://www.leg.state.nv.us/NRS/NRS-386.html#NRS386Sec527) and the charter school fails to obtain a written charter issued pursuant to subsection 5 of [NRS 386.527](https://www.leg.state.nv.us/NRS/NRS-386.html#NRS386Sec527); or

     (c) Closes or otherwise ceases operation,

 the charter school shall be solely liable for repayment of the full amount 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.

**Additional Guidance**

Schools are encouraged to familiarize themselves with **current** Nevada law and regulations relating to charter schools. As Nevada’s statutes and regulations are continuing to evolve, it is advisable to monitor and evaluate all changes to ensure that any proposed changes to the charter meet current expectations. The Authority does not have the capacity or the statutory authority to provide individual guidance or legal advice. Charter schools are encouraged to consult the Charter School Association of Nevada and an attorney who is well versed in charter school law for guidance in interpreting those elements of statute and regulation for which the Authority has not incorporated its policy expectations in this document.

Nevada Revised Statutes: NRS 386.490 et seq. contains the vast majority of law pertaining to charter schools: <https://www.leg.state.nv.us/NRS/NRS-386.html#NRS386Sec490>.

During the 2015 legislative session, the state adopted a number of reforms related to charter schools. Key bills which passed include:

* SB509: Balances additional operating flexibility for charter schools with broad changes in charter school authorizing and accountability: <https://www.leg.state.nv.us/Session/78th2015/Bills/SB/SB509_EN.pdf>
* SB460: Provides for an accountability framework to evaluate the performance of a small subset of charter schools which have a mission to exclusively serve opportunity youth, students with disabilities, and other particularly vulnerable populations: <https://www.leg.state.nv.us/Session/78th2015/Bills/SB/SB460_EN.pdf>
* SB208: Codifies existing minimum expectations regarding the notification of families when a new charter school is scheduled to open in a community and changes the expectations around recruiting and enrolling students: <https://www.leg.state.nv.us/Session/78th2015/Bills/SB/SB208_EN.pdf>.
* SB390: Permits but does not require charter schools to give admissions preference to students who attend overcrowded schools or underperforming schools within a 2 mile radius of a campus: <https://www.leg.state.nv.us/Session/78th2015/Bills/SB/SB390_EN.pdf>
* SB200: Permits but does not require charter schools on military bases to give admissions preference to students of personnel residing on or employed by the military base: <https://www.leg.state.nv.us/Session/78th2015/Bills/SB/SB200_EN.pdf>

Nevada Administrative Code: As a state with a biennial legislature, Nevada relies heavily on its regulatory framework to provide guidance on the interpretation and execution of its laws. The provisions of NAC 386.010 through 386.47 govern the administration of the state’s charter school program: <https://www.leg.state.nv.us/NAC/NAC-386.html>.

The state adopted a number of changes to the NAC regarding charter schools during the 2014 interim. Most of these modifications reflect the creation of the SPCSA in 2011 and the creation of a charter school accountability system in 2013. Some of these changes have not yet been codified into the existing NAC:

* R036-14A: <http://www.leg.state.nv.us/Register/2014Register/R036-14A.pdf>
* R069-14A: <http://www.leg.state.nv.us/Register/2014Register/R069-14A.pdf>
* R075-14A: <http://www.leg.state.nv.us/Register/2014Register/R075-14A.pdf>
* R076-14A: <http://www.leg.state.nv.us/Register/2014Register/R076-14A.pdf>

Due to the legislative changes during the 2015 session, schools should anticipate that many of these regulations will be revised to reflect the most current law during the fall of 2015 and the winter of 2017 as Nevada continues to adopt best authorizing and oversight practices and policies from other leading charter school states. This loan request document is one of the first efforts to incorporate those changes.

1. If a school received charter approval less than 60 days prior to the due date of this loan application, it may provide an assurance that the controls will be established and documented prior to the issuance of the loan. [↑](#footnote-ref-1)
2. The provisions of this paragraph apply regardless of whether the member has terminated the association or affiliation. [↑](#footnote-ref-2)