



# INDIANA STATE BOARD OF EDUCATION

## Memorandum Regarding The Charter and Innovation School Advance Program August 5, 2015

The State Board of Education ("State Board") will accept applications for loans from qualifying charter and innovation network schools from September 15, 2015 through October 15, 2015. Applications may be sent via email to [applications@sboe.in.gov](mailto:applications@sboe.in.gov) or by regular mail to:

State Board of Education  
Attn: Executive Director  
143 W. Market Street, Suite 500  
Indianapolis, IN 46204

However, all applications must be received by (not postmarked by) the State Board by October 15 to be considered.

### *Eligibility*

The following schools automatically qualify for an advance:

- (1) A charter school in its first or second year of operation.
- (2) A charter school that was placed in the "A", "B", or "C" category or designation of performance established under IC 20-31-8-3 for the most recently completed school year.
- (3) A charter school that was placed in the "D" or "F" category or designation for the most recently completed school year if the charter school is placed in the same or a better category or designation than the nearest non-charter public school that is configured to teach the same grades of students as the charter school teaches.
- (4) A charter school that does not receive a category or designation of performance established under IC 20-31-8-3 for the most recently completed school year.
- (5) A school that has a majority of students with developmental, intellectual, or behavioral challenges.
- (6) An innovation network school located in a school city, as defined in IC 20-25-2-12, that existed on January 1, 2015, that does not receive a pro rata share of local property tax revenue.

The following schools are not eligible for an advance:

- (1) Charter schools which will not be serving students in the Fall of the application year;
- (2) Virtual charter schools; and
- (3) Adult high schools (as defined in IC 20-24-1-2.3).

A charter school also does not qualify for an advance if for two (2) consecutive years the charter school has not been placed in the same or a better category or designation of performance for the most recently completed school year than the nearest non-charter public school that is configured to teach the same grades of students as the charter school teaches.

#### *Allocation*

The total amount of advances that the State Board may make during the state biennium beginning July 1, 2015, and ending June 30, 2017, may not exceed fifty million dollars (\$50,000,000).

#### *Terms of the Advance*

The following apply to advances made under this Program:

- (1) Interest shall be charged at the rate of one percent (1%) per year.
- (2) The outstanding advance amount at any one (1) time for a particular school may not exceed five million dollars (\$5,000,000). A school may receive multiple advances from the fund as long as the total amount outstanding on all advances to the school from the fund does not exceed this maximum amount.
- (3) The term of the advance may not exceed ten (10) years after the date of the advance.
- (4) Advance proceeds must be used for educational purposes (as determined by the State Board). Advance proceeds may be used to refinance existing debt.

Please note that advances are made to schools, not any other entity. Regardless of a school's relationship with a management organization, the school retains responsibility for the all aspects of the advance including, but not limited to application submission, budget decisions, and repayment of any misspent funds. Items purchased by the school with advance funds are and remain the property of the school, not the management organization.

#### *Purchase of School Facilities*

If advance proceeds are used to construct or purchase a school facility, the school must provide the state board with an adequate security interest for the repayment of the advance, in a form and amount determined by the Indiana department of administration. If the building is sold, the State Board will re-determine the adequacy of its security interest and may hold a public hearing to determine whether any tax dollar equity funded with the advance should be paid to the state.

#### *Repayment*

Any school that is awarded an advance must enter into an Agreement before receiving funds. The terms of the Agreement will include a provision allowing the State Board to withhold funds due to a school to which an advance is made until the advance is paid. If funds are withheld, they will be withheld from the distribution of state tuition support to the school to which the advance is made. If the state tuition support distribution is unavailable or inadequate, funds may be withheld from any other distribution of state funds to the school.

#### *Application*

The State Board has created an application for schools seeking an advance. The application must be signed by an authorized representative for the school and, in the case of a charter school, the Board President or Chair for the charter school organizer.

Applications may be found on the front page of the State Board's website under Charter and Innovation School Advance Program or by emailing: [applications@sboe.in.gov](mailto:applications@sboe.in.gov). If you have questions concerning the process, please contact State Board staff at (317) 232-7662.

**CHARTER AND INNOVATION NETWORK SCHOOL ADVANCE PROGRAM**  
**Application Period September 15, 2015 through October 15, 2015**  
CHARTER SCHOOLS AND INNOVATION NETWORK SCHOOLS ONLY

**Mail to:** State Board of Education  
Attn: Executive Director  
143 W. Market Street, Suite 500  
Indianapolis, IN 46204

**Email:** applications@sboe.in.gov

Applications must be received by (not postmarked by) the State Board of Education by October 15 to be considered. Notification will be sent to the contact person listed in the application when the application has been received.

<b>Applicant Eligibility</b>
<p>Check One:</p> <ul style="list-style-type: none"><li><input type="checkbox"/> A charter school in its first or second year of operation.</li><li><input type="checkbox"/> A charter school that was placed in the "A", "B", or "C" category or designation of performance established under IC 20-31-8-3 for the most recently completed school year.</li><li><input type="checkbox"/> A charter school that was placed in the "D" or "F" category or designation for the most recently completed school year if the charter school is placed in the same or a better category or designation than the nearest non-charter public school that is configured to teach the same grades of students as the charter school teaches.</li><li><input type="checkbox"/> A charter school that does not receive a category or designation of performance established under IC 20-31-8-3 for the most recently completed school year.</li><li><input type="checkbox"/> A school that has a majority of students with developmental, intellectual, or behavioral challenges. Please provide evidence that this criteria is satisfied.</li><li><input type="checkbox"/> An innovation network school located in a school city, as defined in IC 20-25-2-12, that existed on January 1, 2015, that does not receive a pro rata share of local property tax revenue.</li></ul>

<b>Applicant Information</b>	
<b>Contact Person Name and Title</b>	
<b>Contact Person Address (Street, City, State, Zip)</b>	
<b>Contact telephone</b>	<b>Contact email</b>

<b>School Information</b>
<b>School Name</b>
<b>School Number</b>
<b>School Address</b>
<b>Fall 2015 Average Daily membership Count</b>
<b>Number of Students Currently Enrolled</b>
<b>Student attrition rates for all years of operation. The provided rates should be the percentage of students leaving the school throughout the year and at the end of the term (excepting those students who no longer can be served under the school's grade span).</b>

Any information relating to any legal or regulatory proceeding or investigation in which the applicant is or has been a party and which might have a material impact on the financial viability of the applicant. Such disclosures should include any parent, subsidiary, or affiliate of the applicant that is involved in the management or operation of the school.

Authorizer Information (if applicable)	
Authorizer	Authorizer contact person
Authorizer contact telephone	Authorizer contact email
Initial Charter Approval and Opening Date	
Charter Expiration Date	
Number of Students the Charter School is authorized to serve.	

Advance Information
Amount Requested (\$5,000,000 maximum):
Minimum Amount Requested:
Repayment Term (ten year maximum):

<p><b>Describe the purpose for the requested funds.</b></p>
<p><b>Describe how the school plans to repay the advance.</b></p>
<p><b>If the purpose described above involves purchase or construction of a school facility, describe the project, including the proposed security interest. Describe whether it is new construction or remodeling of an existing structure. Include a list of all school facilities currently owned or leased by the school and a statement of the current use of each facility.</b></p>
<p><b>Describe the financial needs of the school, including a brief description of the school's business plan.</b></p>
<p><b>Describe the impact the receipt of the funds will have on the operations of the school.</b></p>
<p><b>Describe the impact the receipt of the funds will have on the school's receipt of other public or private financing.</b></p>
<p><b>Describe the availability of other funding sources for the school, including private contributions.</b></p>
<p><b>Describe the school's procedures for financial management and the school board's procedures for financial oversight. Please list reports generated, frequency, and party responsible for reviewing.</b></p>

\* Add additional pages if necessary.

## Required Enclosures

**Please include the following information with your application:**

- Audited financial statements for the last three years.
- Adopted budget for the first fiscal year the school is applying for an advance.
- Budget projections for at least the four fiscal years beyond the fiscal year for which the school is applying, which include revenue and expense line item detail and underlying assumptions. Please include projected enrollment by grade during the period.
- Monthly cash flow statement for the last 12 months identifying timing and receipt of all revenues and expenditures included in the budget.
- Listing of the total amounts, annual amounts, interest rates, and maturity dates of all existing and anticipated short- and long-term debt obligations. If you plan to use the advance to purchase, construct, or make improvements to a school facility, you must include with your application all documents related to debt used to finance the facility (e.g., lease, loan, and bond documents).
- Charter schools must provide evidence (e.g., a board resolution) that submission of the application has been authorized by the charter school's governing body.



**I have read the above and agree to all terms and assurances of this application.**

The undersigned hereby request(s) a loan from the Charter and Innovation Network School Advance Program in accordance with IC 20-49-9. I hereby certify to the best of my knowledge and belief, that the above information and supporting documents are true and correct and that any funds received as a result of this application will be used for educational purposes in accordance with IC 20-49-9-7, all other applicable state and federal laws and regulations, general legal assurances, and instructions for the application. By signing this document the school that is requesting the advance is assuring the repayment of the loan in full, even in the event of closure of the school or the school's inability to make annual repayments. The school acknowledges that the state may withhold funds due to a school to which an advance is made until the advance is paid.

Signature of Authorized Representative

Date Signed

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Name (please print)

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Title (please print)

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For charter schools:

Signature of Board President or Chair

Date Signed

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Name (please print)

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