

(12) GRIMMWAY HAS CONTINUED SUPPORT AFTER FEDERAL FUNDING ENDS (10 POINTS)

In California, funding for charter schools does not include any start-up allowance for furniture, books, computers or other instructional materials, pre-opening staff time or planning, or a facility (including any necessary improvements). The same is true of charter schools that expand grade levels. Furthermore, California's per-pupil funding, while improving in recent years, lags behind other states. (\$13,239 per student in K-12 in 2017-18, compared to a high of \$23,894 for New York and \$21,001 for District of Columbia.)¹⁷ (NEA Report 2018.) In addition, due to our slow-growth model for each new school, expenses outpace revenues until each school reaches capacity and becomes sustainable on standard public funding streams, projected at Y3 of operations for each new school. As noted above, ample reserves and strong fundraising help offset this initial deficit. Each Grimmway school is an independent LEA and thus receives funding directly; each school in turn allocates revenues to the CMO. Consistent with California Ed Code, the charter authorizer retains a 1% fee.

Grimmway's operations and financials have been fully vetted by several entities in the process of awarding funds to our first two schools. We have a strong track record of securing grants from private entities \$2.25M since 2016-2017, including peer reviewed grants from the CA Department of Education (USDoE Charter Schools Program sub-grants for initial planning and implementation of GAA and GAS, both of which were completed favorably), the Walton Family Foundation, NewSchools Venture Fund and others.

¹⁷ Despite this low funding rate, California has the 2nd highest average teacher salaries in the nation at \$80,680 in 2017-18. (NEA Report 2019.)

For the newly built facilities for GAA and GAS, Grimmway secured a total of almost \$25M in tax-exempt bond financing. In addition, Grimmway has a \$200,000 revolving loan with CDE.

CSP grant funds will provide critical one-time start-up money for Principal-in-Residence training, school planning/development and launch time; teacher/staff recruiting/hiring/training; student outreach and enrollment; curriculum and assessment planning; acquiring critical equipment and supplies; and the Bellwether evaluation. CSP grant funds will be used to supplement, not supplant, any federal, state or local funds, and will not be used to pay for existing levels of service funded from any other source such as Title I or Title II or any non-allowed costs, in accordance with applicable regulations and CSP Nonregulatory Guidance.