

CREDIT ENHANCEMENT FOR CHARTER SCHOOL FACILITIES PROGRAM (CEP)



Achievement First Providence Mayoral Academies

Public charter schools provide educational options to students and their families, boost educational achievement, and positively impact their students' future earnings potential. Today there are approximately 7,000 charter schools across the country serving 3.2 million primarily low-income students. Over 1,000,000 students are on their waiting lists nationwide because these schools are achieving positive results despite facing certain hurdles. One of the biggest challenges facing charter schools is their ability to secure and finance adequate facilities.

What is the CEP Program?

- The Credit Enhancement for Charter Schools Facilities Program (CEP) was established by the U.S. Department of Education (ED) to help charter schools overcome financial challenges that can limit their ability to access appropriate accommodations.
- Charter schools have facilities financing needs conservatively estimated at **\$1.3 billion annually**.
- Most jurisdictions with charter laws do not provide a public funding stream for charter school facilities, meaning that charter schools must take significant portions of their operating budgets – usually around 20% – to put toward facilities costs.
- CEP provides grants to eligible entities (states, local governmental entities, private nonprofits and state/local/private nonprofit consortiums) to help public charter schools improve their credit in order to obtain private sector capital to buy, construct, renovate, or lease academic facilities.
- This program is unique because rather than using grant funds to directly pay for a charter school's construction or repair, funds must be used to **support private sector lending** through loan guarantees and other credit-enhancing means.

What are the outcomes?

- **566 charter schools** have been served through **62 grants**.¹
- \$394 million of CEP grants have been used by program recipients supporting or enabling **\$4 billion in total financing**.¹
- For each \$1 of federal guarantee, charter schools attract **\$11.70 of private sector financing**, for a leverage rate of over 11:1. Grantees and assisted schools indicate that access to these private funding sources would not have been possible without the CEP Program.

What has been LISC's involvement?

LISC Charter School Financing (CSF) provides on-the-ground assistance to charter schools and their surrounding communities by financing individual school facilities through its network of local offices. Since 1997, LISC has provided **\$355 million in grants, loans, guarantees and tax credit allocations** for **198 charter schools** in **21 states** across the country.

- LISC has received five grants totaling \$53.4 million through ED CEP, which it is using to leverage financing for charter school facilities. LISC has already leveraged more than \$920.3 million in private sector investments through this program.
- CSF has also closed \$4.0 million in predevelopment recoverable grants and companion grants for charter schools.

Some representative examples of schools funded include:

- **Riverside High School**, Indianapolis, IN: In December 2017, LISC provided a \$1.0 million loan to renovate the historic Naval Armory building in Indianapolis into a permanent home for Riverside High School. Riverside is the first replication of the highly-successful Herron High School, the highest performing high school in Indianapolis and the 5th highest performing in the state of Indiana. The new Riverside High School will serve 600 students at full enrollment in a section of Indianapolis with a dearth of high-quality



schools. LISC's credit enhancement helped leverage more than \$10 million in private sector investment in this impactful project.

- **Achievement First Providence Mayoral Academies**, Providence, RI: In May 2013, LISC provided a \$3.5 million loan for the renovation of a 170,000 square foot facility for Achievement First Providence Mayoral Academies (AFPMA) in Providence, RI. AFPMA is the first Achievement First school to open in Rhode Island and is part of Achievement First's network of 25 highly successful K-12 schools serving more than 8,100 students. AFPMA opened in August 2013 with 181 students in grades K-1, serving the communities of Providence, North Providence, Cranston, and Warwick. The property is expected to serve approximately 765 students in grades K-8 at full capacity in 2020.

What can Congress do?

We urge Congress to ensure that 12.5% of the total authorized appropriation for public charter schools is available for facilities, and that not less than 65% is allotted to the highly successful Credit Enhancement Program.

LISC is a national non-profit housing and community development intermediary with offices in 35 different cities and a national rural network of 89 organizations.

For more information about CEP, please contact Nicole Barcliff at nbarcliff@lisc.org.