Facilities Supports & the CSO’s Role in Connecting Charter Schools to Resources

August 15, 2018
About the National Charter School Resource Center

- Funded through the U.S. Department of Education.
- Makes accessible high-quality resources to support the charter school sector.

Please visit the National Charter School Resource Center (http://www.charterschoolcenter.gov) for news, resources and information on charter schools.
Agenda

- Introductions
- Framing the Issue: National Challenges and Opportunities
- Framing the Issue: Survey Data and the Colorado Example
- Resources for Rural Schools from the U.S.D.A.
- National Funding Solutions
- Information & Resources from the NCSRC
- Discussion
Moderator
Alex Medler, National Charter School Resource Center

Presenters
Lorna Beckett, Colorado League of Charter Schools
Jim Griffin, Momentum Strategies
Alton Kimura, U.S. Department of Agriculture
Ben Lindquist, Colorado League of Charter Schools
Mark Medema, Charter Impact Fund
Agenda

- Introductions
- Framing the Issue: National Challenges and Opportunities
- Framing the Issue: Survey Data and the Colorado Example
- Resources for Rural Schools from the U.S.D.A.
- National Funding Solutions
- Information & Resources from the NCSRC
- Discussion
Facilities 2018
1. Charters are growing in number and complexity
2. Meaning their needs and solutions are less uniform over time
3. The best answers are also the hardest
• Public funding doesn’t grow on trees
  • $3,000 per pupil in DC is the best it gets (and isn’t enough)
• Greatest assets are under the control of the districts
  • Buildings, land, and tax base
• Even the best private sector facilities and finance options are imperfect
  • Private facilities and lending options are expensive, unevenly available, with only sub-optimal facilities
States Have An Obligation Regarding Charter Facilities Under Their Constitutional Education Clauses

“The General Assembly shall provide for the maintenance, support and eligibility standards of a system of free public schools”

“The provision of an adequate public education shall be a primary obligation...”

“General Assembly shall make such provisions, by taxation, or otherwise, as, with the income arising from the school trust fund, will secure a thorough and efficient system”

Never mind that state courts haven’t quite picked up on that point yet
Make It Easier On States To Accept Their Responsibility

- Diversify options, spread political risk
- Reduce the size of the overall state obligation
- Avoid bad spending/target better spending

Without diminishing the expectations inherent in their obligations
Diversified Facilities Strategy

- Local Assets
- State Aid
- Reduced Costs

School Performance Data
Mission Specific Data
Capacity for School Improvement
Including Federal Support

- CSP Credit Enhancement
- Incentive Grants
- Tax Credits
- USDA Rural Development Facilities
USDA Charter School Investments

Between FY 09 and 16

$740 million for 217 transactions in 28 states

North Carolina 24%
Utah 27%
Hawaii 7%
AZ, CA, CO, MI, MN, TX 2%
17 Other States 35%

Total USDA Charter School Investments from FY 2009-2016
Agenda

- Introductions
- Framing the Issue: National Challenges and Opportunities
- Framing the Issue: Survey Data and the Colorado Example
- Resources for Rural Schools from the U.S.D.A.
- National Funding Solutions
- Information & Resources from the NCSRC
- Discussion
What is the Charter School Facilities Initiative (CSFI)?

• The CSFI is a national initiative to research charter school access to adequate facilities space and funding.

• It is a collaborative project between the League, the National Charter School Resource Center and the National Alliance for Public Charter Schools, with funding provided by the U.S. Department of Education.

• To date, 20 states have participated in the CSFI.
Colorado Participation

• Colorado first completed the CSFI survey in 2007-08.

• We surveyed Colorado again in the spring of 2017 so that we could assess what the facilities landscape looks like today.
Facility Ownership Arrangements

- Self-Owned Building, 43%
- District Lease, 26%
- Non-profit Lease, 14%
- Corporate Lease, 12%
- Mixed Ownership, 4%
- Government Lease, 2%
## Facility Cost by Type of Ownership

<table>
<thead>
<tr>
<th>Ownership Structure</th>
<th>Cost</th>
<th>% of PPR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-profit Lease</td>
<td>$908</td>
<td>12.2%</td>
</tr>
<tr>
<td>Self-Owned Building</td>
<td>$835</td>
<td>11.3%</td>
</tr>
<tr>
<td>Corporate Lease</td>
<td>$760</td>
<td>10.2%</td>
</tr>
<tr>
<td>Mixed Ownership</td>
<td>$548</td>
<td>7.4%</td>
</tr>
<tr>
<td>Government Lease</td>
<td>$503</td>
<td>6.8%</td>
</tr>
<tr>
<td>District Lease</td>
<td>$489</td>
<td>6.6%</td>
</tr>
<tr>
<td><strong>Average Cost</strong></td>
<td><strong>$725</strong></td>
<td><strong>9.8%</strong></td>
</tr>
</tbody>
</table>
## Amenities & Funding Comparison Between 2007-08 & 2016-17 survey

<table>
<thead>
<tr>
<th>Comparisons</th>
<th>2007-08</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amenities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Athletic field on campus</td>
<td>67%</td>
<td>54%</td>
</tr>
<tr>
<td>Gymnasium on campus</td>
<td>61%</td>
<td>75%</td>
</tr>
<tr>
<td>Library or media center</td>
<td>N/A</td>
<td>54%</td>
</tr>
<tr>
<td>Dedicated science lab</td>
<td>N/A</td>
<td>74%</td>
</tr>
<tr>
<td><strong>Facilities Funding</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funding from Colorado Charter School Capital Construction Program</td>
<td>$5M</td>
<td>$25M</td>
</tr>
<tr>
<td>Percentage receiving district bond revenue</td>
<td>19%</td>
<td>46%</td>
</tr>
<tr>
<td>Received state facilities grant funding in past 5 years*</td>
<td>5</td>
<td>9</td>
</tr>
</tbody>
</table>

*Grant recipients of the BEST Program
Positive Facilities Trends

• Nationally, there are more technical supports & resources for charter school facilities than ever.
• We now have the advantage of 20+ years of facilities practice, lessons learned & experience.
• There is growing knowledge of & support for charter schools in the private capital markets.
• CSO advocacy efforts have led to philanthropic & government “subsidies” that reduce costs for eligible charter schools.
Trends in Facilities Challenges

- Charter schools can be naïve about navigating facilities acquisition and financing.
- Parent & practitioner expectations for charter schools amenities have increased.
- Facilities acquisition & construction costs have risen significantly in many states & cities and affordable facilities access has declined.
- Facilities financing remains particularly challenging in rural settings.
To help charter schools in Colorado, the League is launching a new initiative to increase the institutional capacity and capital access for single-site charter schools.
To learn more about specific outcomes from the CSFI and view the complete reports, visit the CSFI website at: //facilitiesinitiative.org/.

Contact Information:
Ben Lindquist: blindquist@coloradoleague.org
Dr. Lorna Beckett: lbeckett@coloradoleague.org
Agenda

- Introductions
- Framing the Issue: National Challenges and Opportunities
- Framing the Issue: Survey Data and the Colorado Example
- Resources for Rural Schools from the U.S.D.A.
- National Funding Solutions
- Information & Resources from the NCSRC
- Discussion
Community Facilities Programs
Understanding the Basics

• The Applicant must be a non-profit, public body or Indian Tribe.

• The project must be an essential community facility.

• It must be located in a town with less than 20,000 residents.

• There are more requirements based on your specific project and service area.
Community Facilities Programs

Understanding the Basics

- Loans can be as large as the funding available.
- Loan term can be for up to the useful life of the asset financed or 40 years at a fixed interest rate. (currently 3.875%)
- CF does not compete with banks, it works with them.
- Loans must have adequate collateral.
- There is no pre-payment penalty on CF Direct loans.
- The Applicant must have significant community ties.
Community Facilities Program

A Few Highlights

• Speak to your local RD staff member early in the process and get an overview of the process and requirements.

• There are things that cannot be funded – such as recreational facilities, rental properties, business activities and over loans primarily for refinancing.

• It matters how you present your narrative and how you describe your project.

• We want to find a way to get to “yes” within reason. Work with us.
CF Education Portfolio

CF Direct Loans

Total $2.3 Billion

1,017 Facilities

Charter & Other Public Schools
232 Facilities
$666.8 M

Libraries
100 Facilities
$61.7 M

Childcare
227 Facilities
$73.4 M

Other Educational
393 Facilities
$1.2 Billion

Includes Multi-purpose buildings

Colleges
65 Facilities
$283.1 Million

As of June 30, 2018
CF Education Portfolio

Total $238.8 Million

160 Facilities

Charter & Other Public Schools
70 Facilities
$140 M

Colleges
$20.1 Million
12 Facilities

Other Educational
48 Facilities
$64.8 M

Libraries
3 Facilities
$0.357 M

Childcare
27 Facilities
$13.6 M

Guaranteed Loans

As of June 30, 2018
CF Education Portfolio

GRANTS

- Other Educational
  - 512 Facilities
  - $40.7 M
- Libraries
  - 296 Facilities
  - $22.4 M
- Charter & Other Public Schools
  - 157 Facilities
  - $17.4 M
- Childcare
  - 348 Facilities
  - $17.9 M
- Colleges
  - 97 Facilities
  - $16.1 M

Total $114.6 Million

1,410 Facilities

As of June 30, 2018
HighMark Charter School
South Weber, Utah

- HighMark operates at full capacity of 695 K - 9th grade students, some of whom were previously bused to a school 30 minutes away.

- The $11.5 million total cost was financed with a $6.5 million CF Direct loan and a $5 million guaranteed loan from Ag Credit.

- Middle school students have curriculum that includes marketing, finance and entrepreneurship, where students create and sell products.
CF Facilities Resources

Question and Answer Session

- Community Facilities Program: https://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program

- Rural Development Fact Sheets: https://www.rd.usda.gov/publications/fact-sheets

- RD State Office Directories: https://www.rd.usda.gov/contact-us/state-offices

Agenda

- Introductions
- Framing the Issue: National Challenges and Opportunities
- Framing the Issue: Survey Data and the Colorado Example
- Resources for Rural Schools from the U.S.D.A.
- National Funding Solutions
- Information & Resources from the NCSRC
- Discussion
Charter School Facility Funding Options

**Short term solutions**
- Leasing (Credit Enhancements)
- Commercial bank loans
- Non-profit Community Lender (CDFI)
- New Market Tax Credits
- State Funding Programs
  - *New Tax Credit Program (Opportunity Zones)*
  - *New Foundation Funds*

**Long term solutions**
- Tax-exempt bonds
- Commercial bank loans
- Non-profit community lender (Bond Guaranty Program)
- USDA
  - *Charter Impact Fund*

See SchoolBuild for comprehensive listing  
www.lisc.org/charter-schools/
Facility Investment Fund

$100MM fund created by Walton Family Foundation, Bank of America Merrill Lynch, and Civic Builders

- Short term loan (5 years)
- Cover 90% of project costs
- Loans up to $20MM
- Interest rate of 5.4% as of August, 2018
- New construction, Acquisitions, Renovations
- Eligible in 19 targeted cities
- info@civicbuilders.org
Opportunity Zones
Created as part of the 2017 tax reform deal, designed to drive long-term capital to distressed communities by providing tax benefits to investors
• Tax benefits accrue between 5 and 10 years
• Investors can defer or avoid capital gains
• Must improve the property (not refinancings or acquisitions only)
• Eligible in select low-income census tracts in every state
• Regulations not finalized yet

Charter Impact Fund
Targeted $600MM fund. Initial funding from Walton Family Foundation
• Long term loan (30 years)
• Cover 100% of project costs
• Loans up to $25MM
• Pricing more competitive than tax-exempt bonds, priced at time of loan based on strength of borrower and market interest rates
• Refinancings, Acquisitions
• Eligible nationwide
• info@charterimpactfund.org
Don’t Try This at Home

There are experts who can offer to help

• Non-profit Community Lenders
• Facility Consultants
• Financial Advisors
• Real Estate Brokers
• Bond Underwriters

Look for Upcoming Award Winners of Recent US Department of Education National Dissemination Grant

See SchoolBuild for comprehensive listing       www.lisc.org/charter-schools/
Agenda

- Introductions
- Framing the Issue: National Challenges and Opportunities
- Framing the Issue: Survey Data and the Colorado Example
- Resources for Rural Schools from the U.S.D.A.
- National Funding Solutions
- Information & Resources from the NCSRC
- Discussion
NCSRC Home Page
Facilities Focus Area on NCSRC

Facilities

Featured Facilities Resources

- An Analysis of the Charter School Facility Landscape in Albuquerque
  - In the spring of 2016, the National Charter School Resource Center
  - Reports: 18 Oct, 2017

- Build with Purpose Resources

- Finding Space: Charters in District Facilities

- Credit Enhancement Webinar: Collaboration to Enhance Facility Financing

- Financial Management Tools

All Facilities Resources

Featured Publications

- An Analysis of the Charter School Facility Landscape in Delaware
  - Reports: 03 Jan, 2018

- An Analysis of the Charter School Facility Landscape in Albuquerque
  - Reports: 18 Oct, 2017

- Students with Disabilities Resources
  - Reports: 29 Jan, 2017

- English Learner Resources
  - Reports: 30 Jan, 2017

- National Best Practices: Teacher Recruitment and Pipelines
  - Reports: 21 Nov, 2016

Featured Events

- 2018 Illinois Charter School Conference
  - Chicago, IL, 18 Nov, 2018
  - Join educators, administrators, community members, and public school advocates on November 15 for the Illinois Network...
CSP CE Dashboard Page

NCSRC CREDIT ENHANCEMENT CSP DASHBOARD NAVIGATION

ENTITY EXPLORATION

Data based on most recent data submissions to ED as of Spring 2017.

Show me Entities that are willing to operate in the following states:
- All

Show me Entities who have completed transactions* as small as:
- $10,000
- $6,020,000

Show me Entities who have completed transactions* as large as:
- $13,500,000
- $66,865,000

*Note: While these are the smallest and largest amounts of previous transactions under the CSP program, they do not reflect the full scale each Entity's support.

For more data on each Entity, click on its web link in the table below.

<table>
<thead>
<tr>
<th>Selected Entities</th>
<th>Smallest Transaction*</th>
<th>Largest Transaction*</th>
<th>Link</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston Community Loan Fund, Inc.</td>
<td>$1,274,024</td>
<td>$26,000,000</td>
<td><a href="https://geo.safalpartners.com/nccrcdashboard/bcf">https://geo.safalpartners.com/nccrcdashboard/bcf</a></td>
</tr>
<tr>
<td>Build with Purpose</td>
<td>$1,700,000</td>
<td>$24,000,000</td>
<td><a href="https://geo.safalpartners.com/nccrcdASHBOARD/bup">https://geo.safalpartners.com/nccrcdASHBOARD/bup</a></td>
</tr>
<tr>
<td>Building Hope</td>
<td>$347,646</td>
<td>$26,870,340</td>
<td><a href="https://geo.safalpartners.com/nccrcdASHBOARD/bh">https://geo.safalpartners.com/nccrcdASHBOARD/bh</a></td>
</tr>
<tr>
<td>California Charter Schools Association</td>
<td>$152,000</td>
<td>$25,341,081</td>
<td><a href="https://geo.safalpartners.com/nccrcdASHBOARD/california">https://geo.safalpartners.com/nccrcdASHBOARD/california</a></td>
</tr>
<tr>
<td>California School Finance Authority</td>
<td>$6,020,000</td>
<td>$28,725,000</td>
<td><a href="https://geo.safalpartners.com/nccrcdASHBOARD/cfsfa">https://geo.safalpartners.com/nccrcdASHBOARD/cfsfa</a></td>
</tr>
<tr>
<td>Capital Impact Partners (formerly NCB Capital Impact)</td>
<td>$700,000</td>
<td>$42,960,000</td>
<td><a href="https://geo.safalpartners.com/nccrcdASHBOARD/capitalimpact">https://geo.safalpartners.com/nccrcdASHBOARD/capitalimpact</a></td>
</tr>
<tr>
<td>Center for Community Self-Help</td>
<td>$10,000</td>
<td>$20,072,000</td>
<td><a href="https://geo.safalpartners.com/nccrcdASHBOARD/ccsfs">https://geo.safalpartners.com/nccrcdASHBOARD/ccsfs</a></td>
</tr>
<tr>
<td>Charter Schools Development Corporation</td>
<td>$40,223</td>
<td>$18,902,000</td>
<td><a href="https://geo.safalpartners.com/nccrcdASHBOARD/cscdc">https://geo.safalpartners.com/nccrcdASHBOARD/cscdc</a></td>
</tr>
</tbody>
</table>

States
CSP CE Dashboard Page

**QUICK FACTS**
Data based on most recent data submissions to ED as of Spring 2017.

**ENTITY SYNOPSIS**

ADDRESS: 910 17TH STREET, NW SUITE 1100 WASHINGTON, DC 20006
PHONE: (202) 457-1999
EMAIL: INFO@BUILDINGHOPE.ORG
WEBSITE: HTTP://WWW.BUILDINGHOPE.ORG/

Building Hope, a Charter School Facilities Fund established in 2003, is a national nonprofit organization that believes investments in the growth of quality charter schools will increase underserved children’s chances of success in life. Building Hope supports high quality charter school growth by providing facilities financing, turn-key charter school facility development, incubator space, and back-office business support services to charter schools nationwide.

Please click the link below to access this entity’s abstract:
CSP CE Dashboard Page

SCHOOL-LEVEL FINANCING I

Data based on most recent data submissions to ED as of Spring 2017.

Total Transaction Financing
- Directly Enhanced
- Leveraged Amount
- Committed Grant Funds

Grant Funds Committed by School and Year Served

Number of Schools Served Each Year by Federal Grant Award

Amount Directly Enhanced and Leveraged by Year
- Directly Enhanced
- Leveraged Amount

Quick Facts | Subsidized School Map | Financing I | Financing II | Financing Flow Schematic | Data Note
Agenda

➤ Introductions
➤ Framing the Issue: National Challenges and Opportunities
➤ Framing the Issue: Survey Data and the Colorado Example
➤ Resources for Rural Schools from the U.S.D.A.
➤ National Funding Solutions
➤ Information & Resources from the NCSRC
➤ Discussion
Contact Us

Alex.Medler@safalpartners.com

mukta@safalpartners.com

info@safalpartners.com

Visit Us

www.charterschoolcenter.org

Follow Us

@safalpartners

Subscribe to the NCSRC Newsletter