Credit Enhancement Webinar Series:

Authorizer Collaboration
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.
Introducing our Presenters

Nelson Smith
Senior Advisor, NACSA

Reena Abraham
Vice President, Education Programs, Local Initiatives Support Corporation LISC
Presenters

National Charter School Resource Center: Mary Ann Spracher, Technical Lead at Safal Partners

U.S. Department of Education: Clifton Jones, Program Officer for Credit Enhancement Grants, Charter Schools Program

National Association of Charter School Authorizers (NACSA): Nelson Smith, Senior Advisor

Local Initiatives Support Corporation (LISC), Reena Abraham, Vice President, Education Programs
Agenda

- Introduction — Clifton Jones
- Poll Question
- Authorizers and Lenders: Can We Talk? — Nelson Smith
- Lender Underwriting Practices — Reena Abraham
- Questions and Comments
Introduction

Clifton Jones, CSP Program Officer for Facilities Financing
Participant Poll

Do you currently consult authorizer documents when evaluating a charter school loan?

(select the answer that best reflects your experience)

a) Yes. Always.
b) Yes, but only in some states or from some authorizers.
c) No.
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ONE MILLION LIVES
Who Are Charter Authorizers?

1,045 Authorizers

▷ Local school boards
  ▷ 90% of authorizers but oversee <50% of schools

▷ 104 Large Authorizers
  ▷ Oversee 72% of charters

▷ Three-part mission:
  ▷ Maintain high standards for schools
  ▷ Uphold school autonomy
  ▷ Protect student and public interests
In reality: Portfolio managers
The Actual Numbers

➤ Approvals: 33% across all types of authorizers

➤ Closure rates (2013):
  ➤ 11.6% non-renewed
  ➤ 1.9% revoked
  ➤ 3.3% Overall Annual Closure Rate
Tools of the Trade

- The Contract
- Renewal and Revocation Policies
  - Both state and authorizer
- Intervention Notices
- Performance Frameworks
  - Academic
  - Financial
  - Operational
Academic Performance Framework

Indicators include:

- State and Federal Accountability
- Student Progress Over Time (Growth)
- Student Achievement (Status)
- Post-Secondary Readiness (for High Schools)
- Mission-Specific Academic Goals (optional)
Exceeds Standard:

- School’s average subgroup proficiency rate [exceeds the average state performance of students in the same subgroup in the same grades by 15 or more percentage points OR subgroups in the school are outperforming the average state non-subgroup proficiency rates]

Meets Standard:

- School’s average subgroup proficiency rate [meets or exceeds the average state performance of students in the same subgroup in the same grades by up to 15 percentage points]

Does Not Meet Standard:

- School’s average subgroup proficiency rate [is less than the average state performance of students in the same subgroup in the same grades by 1-14 percentage points]

Falls Far Below Standard

- School’s average subgroup proficiency rate [is less than the average state performance of students in the same subgroup in the same grades by 15 or more percentage points]
Tough Calls

- Operational vs. academic deficiencies
- Alternative education campuses
  - See *Anecdotes Aren’t Enough* (www.qualitycharters.org)
- No better option available
- Midyear closures
Assessing Risk

➤ Letter of good standing?
➤ A “friendly” authorizer?
➤ A clean audit?
➤ Or....
  ❯ What’s the compliance record?
  ❯ Do the financials track the framework?
  ❯ Are there outstanding Notices
  ❯ What are the renewal criteria? How do they stack up?
The key to better alignment:
Thanks.

nelsons@qualitycharters.org
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## Lender Underwriting Practices

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Authorizer Rankings

- Strength of authorizers and state law essential to underwriting of environment
- Lenders use national rankings to determine strength of authorizer and state laws
  - National Alliance for Public Charter Schools State Rankings
  - NACSA Report
  - Center for Education Reform Rankings
- Strong charter markets mitigate risk of charter school failure with ability to replace school in facility
Authorizer Evaluation Report

- Authorizer report should answer the following questions:
  - Is the school an academic success?
  - Is the school an effective, viable organization?
  - Is the education corporation fiscally sound?
  - If the charter is being renewed, what are the school’s plan for the next charter term and are they reasonable, feasible and achievable?

- Example of a strong evaluation report:
  - State University of New York Charter School Institute

  *Lenders can learn much of what they need for their underwriting in a strong report*
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Questions & Closing Comments
Contact Us

Maryann Spracher
(maryann.spracher@safalpartners.com)

Survey
(https://www.surveymonkey.com/s/PZVG9ZQ)

Visit Us
(www.charterschoolcenter.ed.gov)