

Bond Case Briefs

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Credit Enhancement For Charter School Facilities Program.

What's New

On March 21, 2018, the U.S. Department of Education published in the Federal Register a [notice inviting applications](#) (NIA) for the Charter Schools Program (CSP): Expanding Opportunity through Quality Charter Schools Program—Grants for Credit Enhancement for Charter School Facilities (Credit Enhancement). The purpose of the Credit Enhancement program is to award grants to eligible entities that demonstrate innovative methods of helping charter schools address the cost of acquiring, constructing, and renovating facilities by enhancing the availability of loans and bond financing.

For more information about this awards, visit the [Applicant Info and Eligibility page](#).

Program Description

This program provides grants to eligible entities to permit them to enhance the credit of charter schools so that the charter schools can access private-sector and other non-Federal capital in order to acquire, construct, and renovate facilities at a reasonable cost.

Objective

An eligible entity receiving a grant must use the funds deposited in the reserve account to assist one or more charter schools to access private-sector capital to accomplish one or more of the following objectives:

1. The acquisition (by purchase, lease, donation, or otherwise) of an interest (including an interest held by a third party for the benefit of a charter school) in improved or unimproved real property that is necessary to commence or continue the operation of a charter school.
2. The construction of new facilities, or the renovation, repair, or alteration of existing facilities, necessary to commence or continue the operation of a charter school.
3. The predevelopment costs required to assess sites and to commence or continue the operation of a charter school.

Permissible Uses of Reserve Account Funds

An eligible entity receiving a grant shall, in accordance with State and local law, directly or indirectly, alone or in collaboration with others, deposit the funds received, other than funds used for administrative costs, in a reserve account established and maintained by the eligible entity. Amounts deposited in such account shall be used by the eligible entity for one or more of the following purposes:

1. Guaranteeing, insuring, and reinsuring bonds, notes, evidences of debt, loans, and interests therein.
Guaranteeing and insuring leases of personal and real property.
2. Facilitating financing by identifying potential lending sources, encouraging private lending, and other similar activities that directly promote lending to, or for the benefit of, charter schools.
3. Facilitating the issuance of bonds by charter schools, or by other public entities for the benefit of

charter schools, by providing technical, administrative, and other appropriate assistance (including the recruitment of bond counsel, underwriters, and potential investors and the consolidation of multiple charter school projects within a single bond issue).

Funds received and deposited in the reserve account shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities. Any earnings on funds received shall be deposited in the reserve account and used in accordance with this program.

Impermissible Uses of Reserve Account Funds

Grantees may not use reserve account funds to:

1. Directly pay for a charter school's construction, renovation, repair, or acquisition.
2. Provide a down payment on facilities in order to secure loans for charter schools. A grantee may, however, use funds to guarantee a loan for the portion of the loan that would otherwise have to be funded with a down payment.