

**U.S. Department of Education - EDCAPS  
G5-Technical Review Form (New)**

Status: Submitted

Last Updated: 07/10/2018 01:23 PM

## Technical Review Coversheet

**Applicant:** Center for Community Self-Help (U354A180004)

**Reader #1:** \*\*\*\*\*

	Points Possible	Points Scored
<b>Questions</b>		
<b>Selection Criteria</b>		
<b>Quality of Project Design and Significance</b>		
1. Project Design	35	32
<b>Quality of Project Services</b>		
1. Project Services	15	13
<b>Capacity</b>		
1. Capacity	35	35
<b>Quality of Project Personnel</b>		
1. Project Personnel	15	12
<b>Sub Total</b>	100	92
<b>Priority Questions</b>		
<b>Competitive Preference Priority</b>		
<b>Competitive Preference Priority</b>		
1. Competitive Preference	15	15
<b>Sub Total</b>	15	15
<b>Total</b>	115	107

# Technical Review Form

Panel #1 - Credit Enhancement - 1: 84.354A

Reader #1: \*\*\*\*\*

Applicant: Center for Community Self-Help (U354A180004)

## Questions

### Selection Criteria - Quality of Project Design and Significance

- 1. Quality of project design and significance. In determining the quality of project design and significance, the Secretary considers-**
  - 1. The extent to which the grant proposal would provide financing to charter schools at better rates and terms than they can receive absent assistance through the program;**
  - 2. The extent to which the project goals, objectives, and timeline are clearly specified, measurable, and appropriate for the purpose of the program;**
  - 3. The extent to which the project implementation plan and activities, including the partnerships established, are likely to achieve measurable objectives that further the purposes of the program;**
  - 4. The extent to which the project is likely to produce results that are replicable;**
  - 5. The extent to which the project will use appropriate criteria for selecting charter schools for assistance and for determining the type and amount of assistance to be given;**
  - 6. The extent to which the proposed activities will leverage private or public-sector funding and increase the number and variety of charter schools assisted in meeting their facilities needs more than would be accomplished absent the program;**
  - 7. The extent to which the project will serve charter schools in States with strong charter laws, consistent with the criteria for such laws in section 4303(g)(2) of the ESEA, as amended by the ESSA; and**
  - 8. The extent to which the requested grant amount and the project costs are reasonable in relation to the objectives, design, and potential significance of the project.**

### Strengths:

The applicant is proposing a program that targets early-start charter schools with very few options for financing. Traditional lenders tend to shy away from these fledgling charter schools due to a lack of experience and a proven track record, making any financing available extremely expensive. The Credit Enhancement (CE) grant will allow the applicant to finance higher LTV ratios, and loans for leasehold improvement with a fee structure that is lower than market rate. Additionally, interest rates will be lower than those in the market, if these types of loan offerings can be found for early-start charter schools. (pg. e26)

Goals and objectives are well defined for the scope of the project. The Logic Model found on page e106 of the Appendix provides explicit detail regarding the methods in which the goals and objectives will be met. (pg. e30 – e35)

Partnerships have been formed with charter support organizations throughout the country for the benefit of this specific program and the applicant's previous CE grants. The applicant will continue to work with other CDFI's to offer appropriate financing for early-start charter schools. Letters of support from charter schools, support organizations and lending institutions are included in the Appendix. (pg. e34 – e35, e132-e144)

A customized data base provides demographic information about historic loans and impact data that is disseminated to private and public funders. This sharing of information along with conference presentations allows the applicant to push out ideas and proven methods to further the replication of charter schools. (pg. e36 – e37)

Selection Criteria provided in the application are true to the goals of the grant project, targeting funding to low income

communities and communities in need of educational choice. Additionally, criterion are presented that speak to the financial and educational stability of the charter schools chosen for assistance. (pg. e37 – e39)

The design of this grant program will utilize funding that is currently available to the applicants through credit union deposits, PRI (Program Related Investments) and NMTC. Because funding is readily available the entity will be able to target the early-start charter schools with specific loan products tailored to their needs. (pg. e39 – e40)

This proposal targets the charter schools that have the most difficulty obtaining financing because they are new charters or require a loan with a high LTV. Project costs are reasonable for the types of charter schools targeted for this project and for the amount of funding requested. (pg. e41 – e42)

**Weaknesses:**

The timeline provided for the project is vague, indicating how many loans will be processed in a given year. The application would have been clearer if activities leading up to loan closure were disclosed with specific timeframes. (pg. e35)

There is no discussion relative to the strength of the charter laws within the targeted geographic areas. The applicant should have provided a ranking of the strength of state charter laws from the one of the organizations that currently evaluates and ranks charter laws; such as the Center for Educational Reform or the National Association of Public Charter Schools.

**Reader's Score: 32**

**Selection Criteria - Quality of Project Services**

**1. Quality of project services. In determining the quality of project services, the Secretary considers-**

- 1. The extent to which the services to be provided by the project reflect the identified needs of the charter schools to be served;**
- 2. The extent to which charter schools and chartering agencies were involved in the design of, and demonstrate support for, the project;**
- 3. The extent to which the technical assistance and other services to be provided by the proposed grant project involve the use of cost-effective strategies for increasing charter schools' access to facilities financing, including the reasonableness of fees and lending terms; and**
- 4. The extent to which the services to be provided by the proposed grant project are focused on assisting charter schools with a likelihood of success and the greatest demonstrated need for assistance under the program.**

**Strengths:**

The variety of financing options outlined in the proposal are appropriate for the type of charter school being identified (early-start and stand-alone). These charter schools will benefit from the expertise of the lender and their ability to design creative financing for each individual charter school. (pg. e43 – e44)

A survey was disseminated to charter school leaders asking for input on the lending operations of the applicant.

Additionally, two focus groups were held along with interviews with charter movement leaders. Information from these endeavors validated the terms of this new project. (pg. e45 – e46)

Technical assistance is given to charter schools that will assist them through a construction/renovation project. The fee structure provides much lower costs and interest rates than can be found in the market place. The tables on pg. e28 – e29 outline the rates and fees as compared to market rates/fees, where market rates are available for the specific finance products offered in this proposal. (pg. e46 – e47)

Because this project is designed to assist early-start charter schools and stand-alone charter schools, it is targeting the neediest schools. Through the application process the academic and financial strength of each charter school will be determined. Charter schools that are lacking in certain areas will be assisted to help them raise the bar and meet the criteria necessary to participate in the project. (pg. e47)

**Weaknesses:**

The application would have been stronger if more letters of support were received from charter school support organizations. With a presence in 15 states, it would seem that more letters would have been received. (pg. e131 – e144)

**Reader's Score: 13**

**Selection Criteria - Capacity**

- 1. Capacity. In determining an applicant's business and organizational capacity to carry out the project, the Secretary considers:**
  - 1. The amount and quality of experience of the applicant in carrying out the activities it proposes to undertake in its application, such as enhancing the credit on debt issuances, guaranteeing leases, and facilitating financing;**
  - 2. The applicant's financial stability;**
  - 3. The ability of the applicant to protect against unwarranted risk in its loan underwriting, portfolio monitoring, and financial management;**
  - 4. The applicant's expertise in education to evaluate the likelihood of success of a charter school;**
  - 5. The ability of the applicant to prevent conflicts of interest, including conflicts of interest by employees and members of the board of directors in a decision-making role;**
  - 6. If the applicant has co-applicants (consortium members), partners, or other grant project participants, the specific resources to be contributed by each co-applicant (consortium member), partner, or other grant project participant to the implementation and success of the grant project;**
  - 7. For State governmental entities, the extent to which steps have been or will be taken to ensure that charter schools within the State receive the funding needed to obtain adequate facilities; and**
  - 8. For previous grantees under the charter school facilities programs, their performance in implementing these grants.**

**Strengths:**

The applicant is a 38 year CDFI with 22 years of lending experience with charter schools, providing \$354 million in loans and providing over 50,000 student seats. Extensive financing has been given to charter schools serving low-income areas (95% of lending) providing 148 charter school loans, 104 through a CE grant. The entity has an expansive lending

footprint that now only includes charter schools; healthcare providers, childcare facilities and housing projects. (pg. e47 – e48)

A strong balance sheet indicates the applicant's financial stability. With \$655 million in assets the entity is poised to begin this new project with early-start charter schools. Completed audits indicate there are no major findings in the financials. The applicant has a steady stream of earnings which allows loans to be made out of working capital instead of relying on grants and contributions. (pg. e49 – e51)

Underwriting standards have been 30 years in the making with factors specific to charter schools being added as needed. These factors, including school leadership and governance, educational quality, financial viability and project development capability will identify charter schools that are a good risk for the lending portfolio. Policies and procedures are in place for portfolio monitoring and financial management. Internal controls that monitor cash flow from deposits, lending and funding and operational expenses are part of these processes. The applicant has a high credit rating of AAA from AERIS, which places it in the top 13% of all rated CDFIs. (pg. e51 – e53 and e185)

While the applicant has several individuals who have a limited amount of educational experience as part of their staff, they recognize the need for an outside consultant to assist with the assessment of charter schools. A partnership was formed with Public Impact to conduct a comprehensive evaluation of each charter school to assess the readiness for a financial offering. (pg. e60 – e61)

Very clear Conflict of Interest policies and procedures are in place. (pg. e179 – e183)

The applicant has had good success with the three previous CE grants that have been awarded. Throughout this history, CE funds have been deployed ahead of schedule thereby allowing the funds to be recycled much sooner than expected. (pg. e62 – e63)

**Weaknesses:**

None noted.

**Reader's Score: 35**

**Selection Criteria - Quality of Project Personnel**

**1. Quality of project personnel. In determining the quality of project personnel, the Secretary considers--**

**1. The qualifications of project personnel, including relevant training and experience, of the project manager and other members of the project team, including consultants or subcontractors; and**

**2. The staffing plan for the grant project.**

**Strengths:**

A detailed description of qualifications of all members of the charter school lending team and each one's responsibilities is included in the Appendix, including the consultant that will assist the application process. The project manager is named and has excellent qualifications and experiences for this position. (pg. e14 - e80)

**Weaknesses:**

There is not an organizational chart presented. It is difficult to follow the team members without a visual representation.

Reader's Score: 12

**Priority Questions****Competitive Preference Priority - Competitive Preference Priority**

1. In accordance with 34 CFR 75.105(b)(2)(ii), this priority is from 34 CFR 225.12. For FY 2018 and any subsequent year in which we make awards from the list of unfunded applications from this competition, this priority is a competitive preference priority. Under 34 CFR 75.105(c)(2)(i), we award up to an additional 15 points to an application, depending on how well the application addresses the priority.

**This priority is:**

The capacity of charter schools to offer public school choice in those communities with the greatest need for this choice based on—

- (1) The extent to which the applicant would target services to geographic areas in which a large proportion or number of public schools have been identified for improvement, corrective action, or restructuring under Title I of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001 (NCLB);
- (2) The extent to which the applicant would target services to geographic areas in which a large proportion of students perform below proficient on State academic assessments; and
- (3) The extent to which the applicant would target services to communities with large proportions of students from low-income families.

**Note:**

With regard to paragraph (1), consistent with the ESSA, if applicants will be operating in States that have identified schools for comprehensive support and improvement or targeted support and improvement under the ESEA, as amended by the ESSA, "improvement, corrective action, or restructuring" refers to schools identified for "comprehensive support and improvement or targeted support and improvement" under the ESEA, as amended by the ESSA. If applicants will be operating in States that are delaying, as permitted by the Department, the identification of schools for comprehensive support and improvement or targeted support and improvement until school year 2018-2019, the Department will award competitive preference points under paragraph (1) to allow those applicants to target services to geographic areas in which a large proportion of public schools are, at the time of submission of an application under this competition: (i) elementary and secondary schools identified as in need of improvement, corrective action, or restructuring under the ESEA, as amended by NCLB; or (ii) elementary and secondary schools identified as a priority or focus school by the State prior to August 1, 2016 under ESEA flexibility. After school year 2018-2019, the Department will require a grantee that is operating in States that are delaying identification of schools, and that receives points under this priority, to amend its approved application, as needed, to describe how it will target services to geographic areas in which a large proportion of public schools are elementary and secondary schools identified for comprehensive or targeted support and improvement under the ESEA, as amended by the ESSA.

**Strengths:**

The applicant indicates that charter schools located in communities where more than 20% of schools are underperforming per the ESEA and ESSA will be targeted for assistance. (pg. e20)

Geographic areas that have less than 60% of district students proficient on state level Reading and Math assessments will be targeted for charter school assistance. (pg. e20)

The narrative states that no less than 95% of the financing will be dispersed in communities and charter schools that have a high proportion of low income families. Low income is defined as a charter school having 50%+ students qualifying for

**Weaknesses:**

None noted.

**Reader's Score:** 15

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**Status:** Submitted

**Last Updated:** 07/10/2018 01:23 PM



Status: Submitted

Last Updated: 07/09/2018 11:00 AM

## Technical Review Coversheet

**Applicant:** Center for Community Self-Help (U354A180004)

**Reader #2:** \*\*\*\*\*

	Points Possible	Points Scored
<b>Questions</b>		
<b>Selection Criteria</b>		
<b>Quality of Project Design and Significance</b>		
1. Project Design	35	35
<b>Quality of Project Services</b>		
1. Project Services	15	15
<b>Capacity</b>		
1. Capacity	35	35
<b>Quality of Project Personnel</b>		
1. Project Personnel	15	15
<b>Sub Total</b>	100	100
<b>Priority Questions</b>		
<b>Competitive Preference Priority</b>		
<b>Competitive Preference Priority</b>		
1. Competitive Preference	15	15
<b>Sub Total</b>	15	15
<b>Total</b>	115	115

# Technical Review Form

Panel #1 - Credit Enhancement - 1: 84.354A

Reader #2: \*\*\*\*\*

Applicant: Center for Community Self-Help (U354A180004)

## Questions

### Selection Criteria - Quality of Project Design and Significance

- 1. Quality of project design and significance. In determining the quality of project design and significance, the Secretary considers-**
  - 1. The extent to which the grant proposal would provide financing to charter schools at better rates and terms than they can receive absent assistance through the program;**
  - 2. The extent to which the project goals, objectives, and timeline are clearly specified, measurable, and appropriate for the purpose of the program;**
  - 3. The extent to which the project implementation plan and activities, including the partnerships established, are likely to achieve measurable objectives that further the purposes of the program;**
  - 4. The extent to which the project is likely to produce results that are replicable;**
  - 5. The extent to which the project will use appropriate criteria for selecting charter schools for assistance and for determining the type and amount of assistance to be given;**
  - 6. The extent to which the proposed activities will leverage private or public-sector funding and increase the number and variety of charter schools assisted in meeting their facilities needs more than would be accomplished absent the program;**
  - 7. The extent to which the project will serve charter schools in States with strong charter laws, consistent with the criteria for such laws in section 4303(g)(2) of the ESEA, as amended by the ESSA; and**
  - 8. The extent to which the requested grant amount and the project costs are reasonable in relation to the objectives, design, and potential significance of the project.**

### Strengths:

The applicant is applying as a three- time CECSG grantee that has deployed over 100 loans totaling \$328 million over a 15- year period. They are focused on addressing the financing needs of schools that lease their space or need loan amounts that approach or exceed the value of their collateral. They are offering reduced fees by using in house legal counsel to draft and negotiate transaction documents, reducing costs. Secondly, they plan to offer a reduced loan origination fee of 0.9% as well as a flat fee based on 0.50% of anticipated hard costs of construction, rather than the industry standard fee of 1% (e26-27)

Interest rates are also projected to average 6.7%, a reduction from longer term rates that would apply absent participation in the grant program. They also plan to offer a longer amortization period that will act to reduce monthly debt service cost.

Project goals, objectives and the project timeline are specific, measurable and achievable. The applicant plans to deploy least 20 loans and \$45 million in total financing within 10 years. At least 90% of the financing will reach charter schools located in districts in need of quality education choices. Similarly, 95 % of the financing will reach communities and schools with high proportion of students from low income families. 100% of the financing will be in leasehold loans or financing of 90% LTV or greater.

The applicant has made a decision to address one of the most challenging aspects of the market, focusing on schools that lease their space and are therefore undercapitalized, and/or schools that need loan amounts that approach or exceed the value of their collateral. The higher lending risk is offset through specialized underwriting and by offering a high level of technical assistance to ensure the investment quality of the loans. To the extent that they are successful, this will increase the number of early stage and network charter schools and enhance school choice in targeted communities.

In addition to the selection criteria outlined in the grant proposal, the applicant is focused on key gateway criteria to help select charter schools for assistance. They are also looking at financial stability, quality of staff and board leadership and the presence of strong charter school laws in the state where the school is located. Finally, their mission focused criterion focusing on whether the school provides educational equity across race and class lines. Given their consistent and strong presence in increasing the flow of financial and human capital resources into target communities, the applicant has a replicable business development model that mitigates investment risk with charter school investment through enhanced technical assistance and specialized underwriting to ensure success. (e38-39)

The applicant proposes to leverage existing partnerships and relationships with other stakeholders interested in charter school financing and successful community development efforts like Bank of America, JP Morgan Chase, and SunTrust who have all offered letters of support for the proposal. (e140)

The applicant proposes to assist charter schools in jurisdiction with some strong state charter laws. To the extent that they are incurring increased risk by working in areas without these laws Their investment of their own capital, stringent underwriting standards and increased technical assistance all in combine to facilitate program success.(e-41)

**Weaknesses:**

There are no weaknesses in this criterion.

**Reader's Score: 35**

**Selection Criteria - Quality of Project Services**

**1. Quality of project services. In determining the quality of project services, the Secretary considers-**

- 1. The extent to which the services to be provided by the project reflect the identified needs of the charter schools to be served;**
- 2. The extent to which charter schools and chartering agencies were involved in the design of, and demonstrate support for, the project;**
- 3. The extent to which the technical assistance and other services to be provided by the proposed grant project involve the use of cost-effective strategies for increasing charter schools' access to facilities financing, including the reasonableness of fees and lending terms; and**
- 4. The extent to which the services to be provided by the proposed grant project are focused on assisting charter schools with a likelihood of success and the greatest demonstrated need for assistance under the program.**

**Strengths:**

The applicant is aggressively targeting a higher risk charter school market segment in need of facilities financing at reasonable costs and rates. With their limited operating revenue and depressed collateral, these schools need the type of specialized underwriting provided by the applicant. With this increased risk, the applicant also offers increased hands on technical assistance to mitigate against the possibility of default risk. (e-43)

The applicant has conducted considerable outreach and relationship building with stakeholders in the national charter school community to get input and to incorporate their ideas into their lending operations. The input received from these stakeholders included an increased need for start-up and early stage funding for independent non-network schools and discussions round the value proposition of targeting communities and schools of color for assistance through the inclusion of a racial equity assessment to their pre-loan academic appraisals and their post loan reviews.

In addition to providing financial assistance, the applicant offers more than 2000 hours per year of technical assistance, helping charter schools navigate the development process. In community development finance, providing t/a in addition to loan funds often helps to bridge the gap between concept and successful execution. (e-44) The real estate and technical

assistance offered in this project will help, and as significant, all technical assistance expenses are covered by the applicant.(e-44)

The applicant has a development model that targets quality schools in disadvantaged communities positioning them to serve borrowers with the greatest needs by providing financing that is targeted 100 % for leasehold improvements and weak collateral as well as 100 % for early stage charter schools. These are the most vulnerable actors and Self Help is set up to address their specific needs. (e46-47)

**Weaknesses:**

There are no weaknesses in this evaluative criterion.

**Reader's Score: 15**

**Selection Criteria - Capacity**

**1. Capacity. In determining an applicant's business and organizational capacity to carry out the project, the Secretary considers:**

- 1. The amount and quality of experience of the applicant in carrying out the activities it proposes to undertake in its application, such as enhancing the credit on debt issuances, guaranteeing leases, and facilitating financing;**
- 2. The applicant's financial stability;**
- 3. The ability of the applicant to protect against unwarranted risk in its loan underwriting, portfolio monitoring, and financial management;**
- 4. The applicant's expertise in education to evaluate the likelihood of success of a charter school;**
- 5. The ability of the applicant to prevent conflicts of interest, including conflicts of interest by employees and members of the board of directors in a decision-making role;**
- 6. If the applicant has co-applicants (consortium members), partners, or other grant project participants, the specific resources to be contributed by each co-applicant (consortium member), partner, or other grant project participant to the implementation and success of the grant project;**
- 7. For State governmental entities, the extent to which steps have been or will be taken to ensure that charter schools within the State receive the funding needed to obtain adequate facilities; and**
- 8. For previous grantees under the charter school facilities programs, their performance in implementing these grants.**

**Strengths:**

The applicant has substantial experience in carrying out the activities it proposes in its application. As previously mentioned they have a history of strong charter school lending making 148 charter school loans, 104 of which have been funded through this program. Their charge off rate in this market segment is less than 0.2% of their total charter school financing dollar volume. Sound underwriting, technical assistance and public private partnerships have all contributed to this success. (e47)

The applicant was founded in 1980 and is one of the nation's most successful CDFIs. It has provided \$7.9 billion in financing to more than 148,000 small businesses, nonprofits and homeowners nationwide. Combined assets at the end of 2017 total \$2.52 billion with a net worth of \$655 million. They have a high capital ratio of 15 % well north of the industry standard 8%. (e-49)

The applicant has flexible but strong underwriting standards that contribute greatly to their program success in charter school lending. They have experienced only three defaults of the 104 charter loans made and the default amount

represents less than 0.02% of total loan volume. Portfolio monitoring and financial management strategies are strong, with an overall commercial loan portfolio delinquency rate of 60 day plus at 0.27% (e-51)

The applicant uses its own background and strong familiarity with educational lending to mitigate against default risk and also looks to an external consultant, Public Impact to assess the risk profile of borrowers using data analytics. Qualitative and Quantitative information round out borrower assessments along with site visits, interviews with school leadership and other interested stakeholders.

Conflict of interest policies are included with the application under "Standards of Conduct and seek to avoid the appearance as well as the reality of any conflict of interest intending and/or charter school program operations.

Previous grantee performance has been outstanding with program funding goals met ahead of schedule in 2003, 2006 and in 2017. (e-62)

**Weaknesses:**

There are no weaknesses in this criterion.

**Reader's Score: 35**

**Selection Criteria - Quality of Project Personnel**

**1. Quality of project personnel. In determining the quality of project personnel, the Secretary considers--**

- 1. The qualifications of project personnel, including relevant training and experience, of the project manager and other members of the project team, including consultants or subcontractors; and**
- 2. The staffing plan for the grant project.**

**Strengths:**

Project personnel from staff through the Executive Director have wide and deep relevant training and experience in charter lending. They have considerable expertise in loan closing, servicing, financial management, impact measurement and raising loan capital. The Executive Director was awarded a MacArthur Genius Grant in 1996 in addition to his myriad of accomplishments and grown the organization from an idea to an organization with more than \$2 billion in assets. (e-72)

The staffing plan is included in the appendix and documents key qualifications of the 15-person staff considerably involved in charter school lending. (e-73) Steve Saltzman, Director of the Charter School Loan Fund has outstanding professional credentials and was educated at Duke University and the University of Virginia. (P.e-62)

**Weaknesses:**

There are no weaknesses in this criterion.

**Reader's Score: 15**

**Priority Questions**

**Competitive Preference Priority - Competitive Preference Priority**

- 1. In accordance with 34 CFR 75.105(b)(2)(ii), this priority is from 34 CFR 225.12. For FY 2018 and any subsequent year in which we make awards from the list of unfunded applications from this competition, this priority is a**

competitive preference priority. Under 34 CFR 75.105(c)(2)(i), we award up to an additional 15 points to an application, depending on how well the application addresses the priority.

This priority is:

The capacity of charter schools to offer public school choice in those communities with the greatest need for this choice based on—

- (1) The extent to which the applicant would target services to geographic areas in which a large proportion or number of public schools have been identified for improvement, corrective action, or restructuring under Title I of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001 (NCLB);
- (2) The extent to which the applicant would target services to geographic areas in which a large proportion of students perform below proficient on State academic assessments; and
- (3) The extent to which the applicant would target services to communities with large proportions of students from low-income families.

Note:

With regard to paragraph (1), consistent with the ESSA, if applicants will be operating in States that have identified schools for comprehensive support and improvement or targeted support and improvement under the ESEA, as amended by the ESSA, “improvement, corrective action, or restructuring” refers to schools identified for “comprehensive support and improvement or targeted support and improvement” under the ESEA, as amended by the ESSA. If applicants will be operating in States that are delaying, as permitted by the Department, the identification of schools for comprehensive support and improvement or targeted support and improvement until school year 2018-2019, the Department will award competitive preference points under paragraph (1) to allow those applicants to target services to geographic areas in which a large proportion of public schools are, at the time of submission of an application under this competition: (i) elementary and secondary schools identified as in need of improvement, corrective action, or restructuring under the ESEA, as amended by NCLB; or (ii) elementary and secondary schools identified as a priority or focus school by the State prior to August 1, 2016 under ESEA flexibility. After school year 2018-2019, the Department will require a grantee that is operating in States that are delaying identification of schools, and that receives points under this priority, to amend its approved application, as needed, to describe how it will target services to geographic areas in which a large proportion of public schools are elementary and secondary schools identified for comprehensive or targeted support and improvement under the ESEA, as amended by the ESSA.

**Strengths:**

The applicant plans to target high need communities as specified in Title I of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001 (NCLB) as well as services in geographic areas where a large percentage of the students perform below proficient on site academic assessments and have a strong representation of students from low income families. (e-20,21)

**Weaknesses:**

There is no weakness in this criterion.

**Reader's Score:** 15

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**Status:** Submitted  
**Last Updated:** 07/09/2018 11:00 AM

Status: Submitted

Last Updated: 06/30/2018 02:39 AM

## Technical Review Coversheet

**Applicant:** Center for Community Self-Help (U354A180004)

**Reader #3:** \*\*\*\*\*

	Points Possible	Points Scored
<b>Questions</b>		
<b>Selection Criteria</b>		
<b>Quality of Project Design and Significance</b>		
1. Project Design	35	35
<b>Quality of Project Services</b>		
1. Project Services	15	15
<b>Capacity</b>		
1. Capacity	35	35
<b>Quality of Project Personnel</b>		
1. Project Personnel	15	15
<b>Sub Total</b>	100	100
<b>Priority Questions</b>		
<b>Competitive Preference Priority</b>		
<b>Competitive Preference Priority</b>		
1. Competitive Preference	15	15
<b>Sub Total</b>	15	15
<b>Total</b>	115	115

# Technical Review Form

Panel #1 - Credit Enhancement - 1: 84.354A

Reader #3: \*\*\*\*\*

Applicant: Center for Community Self-Help (U354A180004)

## Questions

### Selection Criteria - Quality of Project Design and Significance

1. **Quality of project design and significance. In determining the quality of project design and significance, the Secretary considers-**
  1. The extent to which the grant proposal would provide financing to charter schools at better rates and terms than they can receive absent assistance through the program;
  2. The extent to which the project goals, objectives, and timeline are clearly specified, measurable, and appropriate for the purpose of the program;
  3. The extent to which the project implementation plan and activities, including the partnerships established, are likely to achieve measurable objectives that further the purposes of the program;
  4. The extent to which the project is likely to produce results that are replicable;
  5. The extent to which the project will use appropriate criteria for selecting charter schools for assistance and for determining the type and amount of assistance to be given;
  6. The extent to which the proposed activities will leverage private or public-sector funding and increase the number and variety of charter schools assisted in meeting their facilities needs more than would be accomplished absent the program;
  7. The extent to which the project will serve charter schools in States with strong charter laws, consistent with the criteria for such laws in section 4303(g)(2) of the ESEA, as amended by the ESSA; and
  8. The extent to which the requested grant amount and the project costs are reasonable in relation to the objectives, design, and potential significance of the project.

### Strengths:

This applicant's design for the proposed credit enhancement tool is strong and likely result in significant impacts for the charter schools in the markets it serves. Specifically, the applicant proposes lower interest rates and financing fees along with flexible underwriting criteria, all of which are notably better than what charter schools can currently access in the financial markets. (page e26) Also, the applicant will leverage the grant at a minimum ratio of 5:1. (page e17) The applicant also adequately demonstrated that it lends to targeted charter schools in states strong charter school laws. (page e41)

Furthermore, the applicant provided a project implementation plan based on a ten-year timeline, which is sound and likely to achieve the measurable goals and objectives listed. (page e35) Moreover, its selection criteria of charter schools and for determining the type and amount of assistance to be given (page e37) resolves around eight key questions regarding each borrower's capacity to serve community needs, maintain academic quality, develop a financially sustainable and organizationally accountable business model, and offer educational equity across racial and class lines. (page e39) (page e121). Also, the applicant intends to commit 97.5% of the grant proceeds to capitalize a credit enhancement tool, while using the remaining funds to cover its project costs, which is reasonable in relation to the objectives, design, and potential impacts achieved. (page e42) Lastly, the applicant tied together all of these goals, objectives, and strategies into a convincing logic model with achievable outcomes for the markets it serves as well as the charter school lending field. (page e177)



**Weaknesses:**

No notable weaknesses in this area.

**Reader's Score: 35**

**Selection Criteria - Quality of Project Services**

**1. Quality of project services. In determining the quality of project services, the Secretary considers-**

- 1. The extent to which the services to be provided by the project reflect the identified needs of the charter schools to be served;**
- 2. The extent to which charter schools and chartering agencies were involved in the design of, and demonstrate support for, the project;**
- 3. The extent to which the technical assistance and other services to be provided by the proposed grant project involve the use of cost-effective strategies for increasing charter schools' access to facilities financing, including the reasonableness of fees and lending terms; and**
- 4. The extent to which the services to be provided by the proposed grant project are focused on assisting charter schools with a likelihood of success and the greatest demonstrated need for assistance under the program.**

**Strengths:**

The services that the applicant will provide through the Credit Enhancement project would significantly meet the needs of the charter schools in the markets it serves. Key stakeholders from the state's charter school sector engaged in the design of the program and provided letters of support for this application. (page e45). Also, the applicant described its criteria for identifying the charter schools with the greatest demonstrated need for assistance and the highest likelihood of success. (page e46), which targets quality schools in disadvantaged communities that require flexible capital. Moreover, the applicant's proposed strategy for delivering cost-effective (free) technical assistance and other project services to charter schools was strong and would likely assist borrowers in accessing facilities financing.

**Weaknesses:**

No notable weaknesses in this area.

**Reader's Score: 15**

**Selection Criteria - Capacity**

**1. Capacity. In determining an applicant's business and organizational capacity to carry out the project, the Secretary considers:**

- 1. The amount and quality of experience of the applicant in carrying out the activities it proposes to undertake in its application, such as enhancing the credit on debt issuances, guaranteeing leases, and facilitating financing;**
- 2. The applicant's financial stability;**
- 3. The ability of the applicant to protect against unwarranted risk in its loan underwriting, portfolio monitoring, and financial management;**
- 4. The applicant's expertise in education to evaluate the likelihood of success of a charter school;**
- 5. The ability of the applicant to prevent conflicts of interest, including conflicts of interest by employees and members of the board of directors in a decision-making role;**
- 6. If the applicant has co-applicants (consortium members), partners, or other grant project participants, the specific resources to be contributed by each co-applicant (consortium member), partner, or other grant project**

participant to the implementation and success of the grant project;

7. For State governmental entities, the extent to which steps have been or will be taken to ensure that charter schools within the State receive the funding needed to obtain adequate facilities; and

8. For previous grantees under the charter school facilities programs, their performance in implementing these grants.

**Strengths:**

The applicant is a strongly capitalized, financially stable, and well-managed financial intermediary. With total assets of \$2.6 billion as of the end of 2017, which included net assets of \$655 million, the applicant controls two federally regulated depository institutions along with its nonprofit loan fund, providing an unparalleled level of fiscal oversight. Additionally, the institution has significant experience in carrying out the activities they propose to undertake, including the management of several prior Credit Enhancement grant award to facilitate financing for charter schools. Moreover, it has the necessary organizational infrastructure, such as written policies and procedures (see "Self-Help Credit Union Investment Policy", page e397, and "Commercial Loan and Investment Policy", page e410) and trained and qualified staffs, to protect against unwarranted risk in their loan underwriting policies (page e410), as well as its overall portfolio monitoring and financial management strategies and practices (page e396). Lastly, the applicant adequately demonstrated its expertise in evaluating the likelihood of success of a charter school through its prior lending activities.

**Weaknesses:**

No notable weaknesses in this area.

Reader's Score: 35

**Selection Criteria - Quality of Project Personnel**

1. Quality of project personnel. In determining the quality of project personnel, the Secretary considers--

1. The qualifications of project personnel, including relevant training and experience, of the project manager and other members of the project team, including consultants or subcontractors; and

2. The staffing plan for the grant project.

**Strengths:**

The applicant has a highly qualified team, who possess the requisite training and experience to successfully implement the proposed activities. The Director of Charter School Lending (project manager) has over a decade of experience with the applicant and was responsible for designing this lending program. (page e64) Also, its staffing plan (page e73) adequately describes the functions and responsibilities required of each team member for the proposed activities.

**Weaknesses:**

No notable weaknesses in this area.

Reader's Score: 15

**Priority Questions**

**Competitive Preference Priority - Competitive Preference Priority**

1. In accordance with 34 CFR 75.105(b)(2)(ii), this priority is from 34 CFR 225.12. For FY 2018 and any subsequent year in which we make awards from the list of unfunded applications from this competition, this priority is a

competitive preference priority. Under 34 CFR 75.105(c)(2)(i), we award up to an additional 15 points to an application, depending on how well the application addresses the priority.

This priority is:

The capacity of charter schools to offer public school choice in those communities with the greatest need for this choice based on—

- (1) The extent to which the applicant would target services to geographic areas in which a large proportion or number of public schools have been identified for improvement, corrective action, or restructuring under Title I of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001 (NCLB);
- (2) The extent to which the applicant would target services to geographic areas in which a large proportion of students perform below proficient on State academic assessments; and
- (3) The extent to which the applicant would target services to communities with large proportions of students from low-income families.

Note:

With regard to paragraph (1), consistent with the ESSA, if applicants will be operating in States that have identified schools for comprehensive support and improvement or targeted support and improvement under the ESEA, as amended by the ESSA, “improvement, corrective action, or restructuring” refers to schools identified for “comprehensive support and improvement or targeted support and improvement” under the ESEA, as amended by the ESSA. If applicants will be operating in States that are delaying, as permitted by the Department, the identification of schools for comprehensive support and improvement or targeted support and improvement until school year 2018-2019, the Department will award competitive preference points under paragraph (1) to allow those applicants to target services to geographic areas in which a large proportion of public schools are, at the time of submission of an application under this competition: (i) elementary and secondary schools identified as in need of improvement, corrective action, or restructuring under the ESEA, as amended by NCLB; or (ii) elementary and secondary schools identified as a priority or focus school by the State prior to August 1, 2016 under ESEA flexibility. After school year 2018-2019, the Department will require a grantee that is operating in States that are delaying identification of schools, and that receives points under this priority, to amend its approved application, as needed, to describe how it will target services to geographic areas in which a large proportion of public schools are elementary and secondary schools identified for comprehensive or targeted support and improvement under the ESEA, as amended by the ESSA.

**Strengths:**

The applicant provided a comprehensive explanation of its strategy to target services to schools that meet all three criteria for the competitive preference priority. (page e20) It set specific numeric targets for each criterion and supported these goals with evidence from prior lending activities. Additionally, the applicant described at least two means that it would utilize to achieve these goals. Lastly, the applicant summarizes data on schools with the greatest needs within the multiple states targeted for assistance. (page e22)

**Weaknesses:**

No notable weaknesses in this area.

**Reader's Score:** 15

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**Status:** Submitted  
**Last Updated:** 06/30/2018 02:39 AM