**Abstract Narrative for Equitable Facilities Fund**

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**U.S. Department of Education Credit Enhancement for Charter School Facilities Grant Program**

**Title: Equitable Facilities Fund 2022 Credit Enhancement Program**

Equitable Facilities Fund (EFF) proposes to use [redacted] in Credit Enhancement funds to meet two goals: 1) provide the lowest-cost long-term capital available to high-performing charter schools and 2) source new capital in an innovative manner.

The goal of this project is to deploy [redacted] of low-cost, long-term financing to support 20 facility loans to charter school operators that provide excellent education options for under-resourced communities. This will provide permanent homes for schools, support their financial sustainability, and facilitate optimal academic outcomes for at least 20,000 predominantly low-income, minority students.

The proposed project will use the Credit Enhancement funds to guarantee a series of bond offerings. The proceeds of these tax-exempt bonds will be used to finance facility acquisitions, construction, improvements, and the refinancing of existing debt for charter schools seeking to expand and replicate. These schools are in need of low-cost, long-term, fixed-rate loans. The award will also support the proliferation of an innovative model for raising capital for non-profit organizations: bond issuances secured by an overcollateralized pool of charter school loans. Bonds will be sold to low-yield institutional investors seeking to hold high-quality investment grade debt. EFF projects the bonds will price at yields 50 to 250 basis points lower than what charter schools are typically able to access through standalone issuances. This low cost of capital will be passed along to schools and enable them to borrow at lower rates and under more flexible terms. EFF intends to broadly disseminate the success of the project and encourage other community lenders and state governments to adopt a similar model.

EFF has demonstrated success by closing over [redacted] of charter school financing over the past three years. These loans have enabled schools to save an average of [redacted] each compared to typical financing options. Through the efficient design and implementation of this project, EFF will attain a 25:1 leverage ratio from the [redacted] award by raising at least [redacted] and save schools approximately [redacted] to be used for educational purposes instead of debt service expenses.