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There is a need to convince the ratings agencies and the bond market that charter schools generally face a misadjusted risk premium. A Credit Enhancement award will allow EFF to continue to develop a pooled, enhanced portfolio of charter school loans with a higher rating than any of the individual schools could earn on their own. This will allow schools to borrow at much lower costs than they could otherwise and, over time, demonstrate that charter school debt issuances should have a lower risk premium than the market is currently pricing.

This [REDACTED] Credit Enhancement request will support an ever-increasing portfolio of school loans. The Credit Enhancement funds, in combination with philanthropic support that serves to overcollateralize the portfolio, will allow EFF to borrow at a significantly lower cost of capital than schools can acquire on their own. EFF will then pass those lower borrowing costs on to the charter schools in the form of discounted rates and lower transaction fees.

EFF's fixed-rate financing empowers school leaders and governing boards by bringing stability to their facility and occupancy expenses. By providing fixed rates and terms and amortization schedules of up to 35 years, EFF's loans allow schools to focus on producing strong educational programs and solid academic results without the financial pressure of fluctuating interest rates or the need to refinance short-term debt.

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<sup>6</sup>[https://www.lisc.org/media/filer\\_public/70/28/7028ad74-0040-49cc-9b5b-d988d738781e/2015\\_charter\\_school\\_bond\\_issuance\\_v3.pdf](https://www.lisc.org/media/filer_public/70/28/7028ad74-0040-49cc-9b5b-d988d738781e/2015_charter_school_bond_issuance_v3.pdf).





































