

HB419 CHARTER SCHOOL FUNDING AMENDMENTS

\$4 MILLION

to expand the credit enhancement program

- The credit enhancement program is already saving over \$5 million per year
- It allows more money to go into the classroom, instead of building the classroom.
- This \$4 million will allow more high performing charter schools to access to better interest rates.

\$50 MILLION

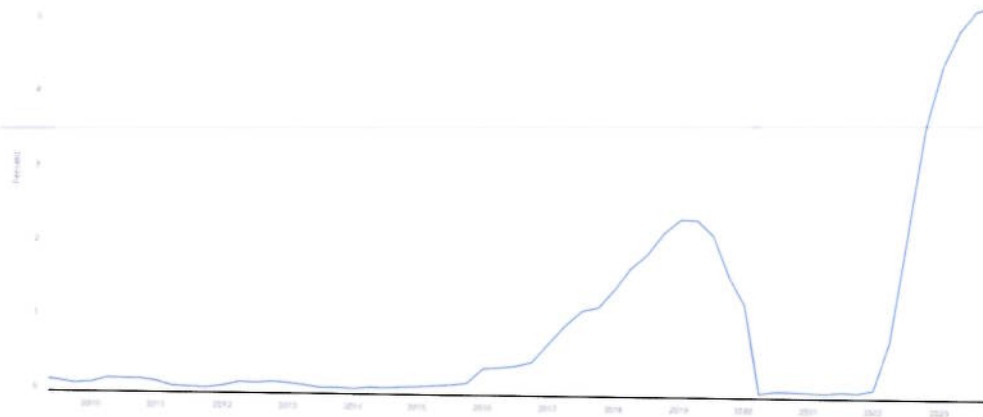
for facility expansion or new facility construction

- This revolving loan fund will help provide funds for small loans up to \$1 million and to lower the effective interest rate charter schools pay when constructing a new building.
- The 25% limit on new construction loans increases the number of schools that will benefit from it by 4x.

The request is for \$4 million to expand credit enhancement facility and \$50 million for facility expansion or new facility construction. All funds would come from economic stabilization funds. The programs will be managed by the Charter School Finance Authority in the Treasurer's office.

WHY ARE THE FUNDS IMPORTANT?

FRED  Federal Funds Effective Rate



Source: Federal Reserve of St. Louis

The Charter School Finance Authority was created in the Treasurer's office to lower the cost of financing charter school facilities. The Charter School finance Authority enhances charter school access to public bond markets. For high performing schools, the credit enhancement program reduces interest expense paid to bond investors. There has never been a default on a bond issued by the Charter School Finance Authority.

Charter schools have limited options for financing facility construction or expansion. Charter schools do not have taxing authority. They finance facilities using a combination of private funding, bank financing, and municipal bond markets.

1

More than

20 PERCENT

of Utah's charter schools have been able to obtain bonds through the moral obligation program.

3

If HB419 passes, over

25 MORE SCHOOLS

may be able to participate in the moral obligation program.

2

The moral obligation program is saving those schools more than

\$5 MILLION

per year.

4

Those additional schools

would be able to save an additional

\$5 MILLION

per year.