Charter School
Lenders' Coalition

November 8, 2017

The Honorable Orrin Hatch
U.S. Senate
Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Ron Wyden
U.S. Senate
Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Hatch and Ranking Member Wyden:

The Charter School Lenders' Coalition (CSLC) urges the Committee to protect the New Markets Tax Credit program, along with tax-exempt private activity bonds and tax credit bonds in the Senate tax reform bill. These programs serve as critical federal capital resources for high quality charter school facilities.

The CSLC is a collaboration of mission-driven, community development organizations which provide affordable, flexible capital for high quality charter schools to construct and develop charter school facilities in low-income communities. Collectively, we have provided over $2.5 billion in financing to support 202,000 seats in 1,460 high quality charter schools, while maintaining a loss rate of well less than 1%.

The NMTC has been a critical tool for financing charter schools and other community facilities in low-income communities since its enactment in 2001. The NMTC enables community development entities (CDEs) to raise private capital to acquire, construct, renovate, or lease academic facilities in partnership with charter school operators, helping alleviate facilities financing difficulties which are particularly acute in schools serving low-income communities and children. **From CY 2003 – CY 2016, NMTC investments in charter schools totaled $1.99 billion, supporting academic space for 200 public charter schools and leveraging $3.21 billion in total project financing.** There is simply no other tool available to CSLC members as effective at combining public and private financing to support high quality charter schools.

The tax-exempt private activity bonds and tax credit bonds enable our charter school partners access to stable, affordable long term financing – and refinancing – in state and local bond markets:

Tax exempt bonds: Since 1998, hundreds of charter schools set up as 501(c)(3) organizations have accessed the tax-exempt bond market for billions of dollars in needed facilities funding. In recent years, approximately $1.5 to $2.5 billion in new facilities are financed using these bonds to obtain financing. The 501(c)(3) charter schools that our members partner with to develop quality buildings depend on these bonds for affordable financing of charter school facilities.

Refinancing of debt with tax-exempt bonds: A number of beneficial refinancings of charter school bonds have been accomplished in recent years given historically low interest rates, thereby saving schools millions of dollars that have been plowed back into the classroom. This type of refinancing is critical to the development of charter school facilities.

Tax credit bonds: A number of charter schools have taken advantage of tax credit bonds to assist with facilities funding because CDFI and other community development partners have been able to provide charter schools in urban and rural locations with long term capital via tax credit structures.

Finding suitable facilities in which to teach students is one of the biggest challenges charter schools face. We strongly urge the Committee to protect charter school access to these affordable facilities financing mechanisms as you move forward to address comprehensive tax reform.

Sincerely,

Charter School Lenders' Coalition