

U.S. DEPARTMENT OF EDUCATION

Office of Innovation and Improvement

Washington, DC 20202



**APPLICATION FOR GRANTS UNDER THE
CREDIT ENHANCEMENT FOR CHARTER
SCHOOL FACILITIES GRANTS PROGRAM
(CFDA NUMBER: 84.354A)**

FORM APPROVED

OMB No. 1855-0007, EXP. DATE XX/XX/XXXX

DATED MATERIAL – OPEN IMMEDIATELY

Closing Date: x/x/20xx

Public Burden Statement:

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. Public reporting burden for this collection of information is estimated to average 80 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain or retain benefit (PL 107-110 Sec 5221-5231 Elementary and Secondary Education Act, as amended). Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Education, 400 Maryland Ave., SW, Washington, DC 20210-4537 or email ICDocketMgr@ed.gov and reference the OMB Control Number 1855-0007. Note: Please do not return the completed application for grants under the credit enhancement for charter school facilities program to this address.

If you have comments or concerns regarding the status of your individual submission of this form, write directly to: Credit Enhancement for Charter School Facilities Program, U.S. Department of Education, 400 Maryland Avenue, S.W., Room 4W259, Washington D.C. 20202-6140.



UNITED STATES DEPARTMENT OF EDUCATION

Office of Innovation and Improvement

Dear Applicant:

Thank you for your interest in the Credit Enhancement for Charter School Facilities Program. Included in this application package are the instructions and forms needed to submit an application to the U.S. Department of Education. Please take the time to review the application package thoroughly.

The U.S. Department of Education is accepting applications for this program electronically. Please read the document describing the submission procedures to ensure your application is received in a timely and acceptable manner. The application must be submitted on or before the deadline date. Electronic submission of applications is required; therefore, you must submit an electronic application unless you follow the procedures in the Federal Register notice and qualify for one of the exceptions to the electronic submission requirement. If you think you may need an exception, you are urged to review the requirements promptly.

Please note that U.S. Department of Education grant application deadlines are 4:30:00 P.M. Washington, D.C. time. **Applications submitted late will not be accepted.** We suggest that you submit your application several days before the deadline date. The Department is required to enforce the established deadline to ensure fairness to all applicants.

A CSP program officer is available to provide technical assistance to applicants. If you have any questions about the program after reviewing the application package, please call or e-mail Kristin Lundholm at (202) 205-4352 or kristin.lundholm@ed.gov. For questions or problems in navigating the Grants.gov system, please call Grants.gov helpdesk at **1-800-518-4726**.

We look forward to receiving your application and appreciate your efforts in assisting and expanding the number of high quality charter schools across the Nation.

Sincerely,

Stefan Huh
Charter Schools Program Director
Office of Innovation and Improvement

Table of Contents

- A. Introductory materials
 - Grants.gov Submission Procedures and Tips for Applicants
 - Application Transmittal Instructions
 - Instructions for D-U-N-S Number
- B. Application Notice, Program Statute, and Program Regulations
 - Application Notice
 - Program Statute
 - Program Regulations
- C. General Application Instructions and Information
 - General Instructions
 - Instructions for ED Abstract Narrative
 - Instructions for Project Narrative
 - Instructions for Budget Form and Related Information
 - Instructions for Other Attachments Form
 - Responding to the Invitational Priority, Competitive Priority, and Project Selection Criteria
 - Application Content Requirements
 - Grantee Reporting and Performance Measures
 - Table 1- Non-Grant Funds Projected to be Generated
 - Table 2- Applicant Activity Table for the Most Recently Completed Fiscal Year
 - Table 3- Budget Form
 - Instructions for Table 3 - Budget Form: Grant Funds Expenditures

- Table 4 – Risk Level of Charter Schools Served
- Application Checklist

D. Instructions to Standard Forms and Grant Application Requirements

- Application for Federal Assistance (SF-424)
- Instructions for the SF-424
- Disclosure of Lobbying Activities (SF-LLL)
- Instructions for the Completion of SF-LLL, Disclosure of Lobbying Activities
- Certification Regarding Lobbying
- Supplemental Information and Instructions for Department of Education Supplemental Information for SF 424
- Budget ED 524 and Instructions for ED 524
- GEPA Statement
- Assurances--Non-Construction Programs (SF-424B)
- Grants.gov Lobbying Form (formerly ED 80-0013 form)
- Survey on Ensuring Equal Opportunity for Applicants

E. Other Important Information and Notices

- Executive Order 12372
- Estimated Public Reporting Burden

INTRODUCTORY MATERIALS

GRANTS.GOV LANGUAGE WILL BE UPDATED ONCE NEW INSTRUCTIONS ARE AVAILABLE.

IMPORTANT – PLEASE READ FIRST U.S. Department of Education Grants.gov Submission Procedures and Tips for Applicants

To facilitate your use of Grants.gov, this document includes important submission procedures you need to be aware of to ensure your application is received in a timely manner and accepted by the Department of Education.

ATTENTION – Adobe Forms and PDF Files Required

Applications submitted to Grants.gov for the Department of Education will be posted using Adobe forms. Therefore, applicants will need to download a newer version of Adobe reader (Grants.gov recommends Adobe Reader 10.1.4). Information on computer and operating system compatibility with Adobe, links to download a newer version, and warnings about using Adobe Reader XI are all available on Grants.gov. We strongly recommend that you review these details on www.Grants.gov before completing and submitting your application. In addition, applicants should submit their application a day or two in advance of the closing date as detailed below. Also, applicants are required to upload their attachments in .pdf format only. (See details below under “Attaching Files – Additional Tips.”).

Please be aware that **Grants.gov has discovered an issue with the newest version of Adobe Reader XI.**

Applicants may encounter the following error that will prevent them from submitting their application:

"At least one required Field was empty. Please fill in the required field (highlighted) before continuing."

Grants.gov recommends that if applicants encounter this issue, they submit their application using any version below Adobe Reader XI. Please refer to the [compatibility table](#) for additional information about supported versions of Adobe Reader. If you have any questions regarding this matter please email the Grants.gov Contact Center at support@grants.gov or call 1-800-518-4726.

Application Tips

- 1) **REGISTER EARLY** – Grants.gov registration may take five or more business days to complete. You may begin working on your application while completing the registration process, but you cannot submit an application until all of the Registration steps are complete. For detailed information on the Registration Steps, please go to:

http://www.grants.gov/applicants/get_registered.jsp [Note: Your organization will need to update its SAM registration annually (formerly Central Contractor Registry (CCR)*.)]

Registration in Brief (ALLOW 4 WEEKS FOR COMPLETION OF ALL STEPS)

a. **Obtain DUNS Number**

Same day. If requested by phone (1-866-705-5711) DUNS is provided immediately. If your organization does not have one, you will need to go to the Dun & Bradstreet website at <http://fedgov.dnb.com/webform> to obtain the number.

b. **Register with SAM.** Ensure that your organization is registered with the System for Award Management (SAM) at <https://www.sam.gov/portal/public/SAM/>. If your organization is not registered within the SAM, an **authorizing official** of your organization must register.

May take up to two weeks.

i. If you already have a Tax Identification Number TIN, your SAM registration will take three or more business days to complete.

ii. If you are applying for an EIN please allow up to two weeks.

c. **Username & Password**

Same day. Complete your AOR (Authorized Organization Representative) profile on Grants.gov and create your username and password. You will need to use your organization's DUNS Number to complete this step.

<https://apply07.grants.gov/apply/OrcRegister>.

d. **AOR Authorization**

***Same day.** The E-Business Point of Contact (E-Biz POC) at your organization must login to Grants.gov to confirm you as an Authorized Organization Representative (AOR). Please note that there can be more than one AOR for your organization. In some cases the E-Biz POC is also the AOR for an organization. ***TIME DEPENDS ON RESPONSIVENESS OF YOUR E-BIZ POC.**

e. **TRACK AOR STATUS**

At any time, you can track your AOR status by logging in with your username and password. Login as an Applicant (enter your username & password) using the following: http://www.grants.gov/applicants/org_step6.jsp.

- 2) **SUBMIT EARLY – We strongly recommend that you do not wait until the last day to submit your application. Grants.gov will put a date/time stamp on your application and then process it after it is fully uploaded.** The time it takes to upload an application will vary depending on a number of factors including the size of the application and the speed of your Internet connection, and the time it takes Grants.gov to process the application will vary as well. If Grants.gov rejects your application (see step three below), you will need to resubmit successfully to Grants.gov before 4:30:00 p.m. Washington, DC time on the deadline date.

Note: To submit successfully, you must provide the DUNS number on your application that was used when you registered as an Authorized Organization Representative (AOR) on Grants.gov. This DUNS number is typically the same number used when your organization registered with the SAM (formerly CCR - Central Contractor Registry). If you do not enter the same DUNS number on your application as the DUNS you registered with, Grants.gov will reject your application.

- 3) **VERIFY SUBMISSION IS OK** – You will want to verify that Grants.gov received your application submission on time and that it was validated successfully. To see the date/time your application was received, login to Grants.gov and click on the Track My Application link. For a successful submission, the date/time received should be earlier than 4:30:00 p.m. Washington, DC time, on the deadline date, AND the application status should be: Validated, Received by Agency, or Agency Tracking Number Assigned. Once the Department of Education receives your application from Grants.gov, an Agency Tracking Number (PR/award number) will be assigned to your application and will be available for viewing on Grants.gov’s Track My Application link.

- 4) If the date/time received is later than 4:30:00 p.m. Washington, D.C. time, on the deadline date, your application is late. If your application has a status of “Received” it is still awaiting validation by Grants.gov. Once validation is complete, the status will either change to “Validated” or “Rejected with Errors.” If the status is “Rejected with Errors,” your application has not been received successfully. Some of the reasons Grants.gov may reject an application can be found on the Grants.gov site: http://www.grants.gov/applicants/applicant_faqs.jsp#54. For more detailed information on troubleshooting Adobe errors, you can review the Adobe Reader Error Messages document at <http://www.grants.gov/assets/AdobeReaderErrorMessage.pdf>. If you discover your application is late or has been rejected, please see the instructions below. Note: You will receive a series of confirmations both online and via e-mail about the status of your application. Please do not rely solely on e-mail to confirm whether your application has been received timely and validated successfully.

Submission Problems – What should you do?

If you have problems submitting to Grants.gov before the closing date, please contact Grants.gov Customer Support at 1-800-518-4726 or <http://www.grants.gov/contactus/contactus.jsp>, or access the Grants.gov Self-Service web portal at: <https://grants-portal.psc.gov/Welcome.aspx?pt=Grants>. If you contact the Grants.gov helpdesk, please make sure that you obtain a case number.

You must submit an electronic application before 4:30:00 p.m., unless you follow the procedures in the Federal Register notice and qualify for one of the exceptions to the electronic submission requirement and submit, no later than two weeks before the application deadline date, a written

statement to the Department that you qualify for one of these exceptions. (See the Federal Register notice for detailed instructions.)

Helpful Hints When Working with Grants.gov

Please note, once you download an application from Grants.gov, you will be working offline and saving data on your computer. Please be sure to note where you are saving the Grants.gov file on your computer. You will need to logon to Grants.gov to upload and submit the application. **You must provide the DUNS number on your application that was used when you registered as an Authorized Organization Representative (AOR) on Grants.gov.**

Please go to <http://www.grants.gov/contactus/contactus.jsp> for help with Grants.gov. For additional tips related to submitting grant applications, please refer to the Grants.gov Submit Application FAQs found on the Grants.gov http://www.grants.gov/applicants/submit_application_faqs.jsp.

Dial-Up Internet Connections

When using a dial up connection to upload and submit your application, it can take significantly longer than when you are connected to the Internet with a high-speed connection, e.g. cable modem/DSL/T1. While times will vary depending upon the size of your application, it can take a few minutes to a few hours to complete your grant submission using a dial up connection. **If you do not have access to a high-speed connection and electronic submission is required, you may want to consider following the instructions in the Federal Register notice to obtain an exception to the electronic submission requirement no later than two weeks before the application deadline date.** (See the Federal Register notice for detailed instructions.)

MAC Users

For MAC compatibility information, review the Operating System Platform Compatibility Table at the following Grants.gov link: http://www.grants.gov/help/download_software.jsp. **If electronic submission is required and you are concerned about your ability to submit electronically as a non-windows user, please follow instructions in the Federal Register notice to obtain an exception to the electronic submission requirement no later than two weeks before the application deadline date.** (See the Federal Register notice for detailed instructions.)

Attaching Files – Additional Tips

Please note the following tips related to attaching files to your application, especially the requirement that applicants **only include read-only, non-modifiable .PDF files** in their application:

1. Ensure that you attach ***.PDF files only*** for any attachments to your application, and they must be in a **read-only, non-modifiable format**. PDF files are the only Education approved file type accepted as detailed in the Federal Register application

notice. Applicants must submit individual .PDF files only when attaching files to their application. Specifically, the Department will not accept any attachments that contain files within a file, such as PDF Portfolio files, or an interactive or fillable .PDF file. Any attachments uploaded that are not .PDF files or are password protected files will not be read. If you need assistance converting your files to a .pdf format, please refer to the following Grants.gov webpage with links to conversion programs under the heading of additional resources:
http://www.grants.gov/applicants/app_help_reso.jsp

2. Grants.gov cannot process an application that includes two or more files that have the same name within a grant submission. Therefore, each file uploaded to your application package should have a unique file name.
3. When attaching files, applicants should follow the guidelines established by Grants.gov on the size and content of file names. Uploaded files must be less than 50 characters, contain no spaces, no special characters (example: -, &, *, %, /, #, \) including periods (.), blank spaces and accent marks. Applications submitted that do not comply with the Grants.gov guidelines will be rejected at Grants.gov and not forwarded to the Department.
4. Applicants should limit the size of their file attachments. Documents submitted that contain graphics and/or scanned material often greatly increase the size of the file attachments and can result in difficulties opening the files. For reference, the average discretionary grant application package totals 1 to 2 MB. Therefore, you may want to check the total size of your package before submission.

*Please note that the Central Contractor Registry (CCR) was replaced by the System for Award Management (SAM) effective July 30, 2012. For more information on the migration of CCR data to SAM, grant applicants should read this information located on Grants.gov:

<http://grants-gov.blogspot.com/2012/07/information-about-pending-migration.html#!/2012/07/information-about-pending-migration.html>

Please Note – Electronic Submission Policy

Electronic Submission is Required – As outlined in the Federal Register notice for this grant competition, applications must be submitted electronically. You must submit your application using the electronic application system designated in the Federal Register notice. (The notice will designate whether you will use e-Application or Grants.gov). You may not e-mail an electronic copy to us. We will reject your application if you submit it in paper format unless you qualify for one of the exceptions to the electronic submission requirement described below and submit, no later than two weeks before the application deadline date, a written statement to the Department that you qualify for one of these exceptions.

Under mandatory submission, electronic applications must be received by 4:30:00 pm Washington, DC time on the application deadline date. **Under this new policy, Education does not allow for any last minute waiver requests from applications, which is a change from the previous policy for mandatory electronic submission. Consequently, we strongly encourage you to review the registration and submission procedures for the designated electronic application system right away. In addition, we strongly suggest that you do not wait until the deadline date to submit your application.**

Exception to Electronic Submission Requirement: You qualify for an exception to the electronic submission requirement, and may submit your application in paper format, by mail or hand delivery, if you are unable to submit an application through the electronic application system designated in the Federal Register notice because –

- You do not have access to the Internet; or
 - You do not have the capacity to upload large documents to the system;
- and
- No later than two weeks before the application deadline date (14 calendar days or, if the fourteenth calendar day before the application deadline date falls on a Federal holiday, the next business day following the Federal holiday), you mail or fax a written statement to the Department, explaining which of the two grounds for an exception prevent you from using the Internet to submit your application. If you mail your written statement to the Department, it must be postmarked no later than two weeks before the application deadline date. If you fax your written statement to the Department, we must receive the faxed statement no later than two weeks before the application deadline date. (Please follow the fax instructions found in the Federal Register notice for this competition. Also, your paper application must be submitted in accordance with the mail or hand delivery instructions also described in the Federal Register notice for this grant competition.)

For detailed information on the electronic submission requirement for this competition, please refer to the Federal Register notice.

Instructions for D-U-N-S Number

All applicants must have a D-U-N-S number in order to apply for federal funds.

NOTE: Check with your fiscal office to see if your institution has an assigned D-U-N-S before contacting Dun & Bradstreet.

Please provide the applicant's D-U-N-S Number. You can obtain your D-U-N-S Number at no charge by calling **1-800-333-0505** or by completing a D-U-N-S Number Request Form. The form can be obtained via the Internet at the following URL:

http://www.dnb.com/US/duns_update/index.html

The D-U-N-S Number is a unique nine digit number that does not convey any information about the recipient. A built-in check digit helps assure the accuracy of the D-U-N-S Number. The ninth digit of each number is the check digit, which is mathematically related to the other digits. It lets computer systems determine if a D-U-N-S Number has been entered correctly.

*Dun & Bradstreet, a global information services provider, has assigned D-U-N-S numbers to over 43 million companies worldwide. **Live help Monday-Friday 8am-6pm (EST) Dial 1-888-814-1435.***

Note: Electronic submission via Grants.gov must use the D-U-N-S number your organization used when it registered in the System for Award Management.

**APPLICATION NOTICE,
PROGRAM STATUTE,
AND PROGRAM
REGULATIONS**

Insert application notice here when complete

Program Statute

Subpart 2 — Credit Enhancement Initiatives To Assist Charter School Facility Acquisition, Construction, and Renovation. Elementary and Secondary Education Act of 1965, as amended and Code of Federal Regulations, Title 34.

SEC. 5221. PURPOSE.

The purpose of this subpart is to provide grants to eligible entities to permit the eligible entities to demonstrate innovative credit enhancement initiatives that assist charter schools to address the cost of acquiring, constructing, and renovating facilities.

SEC. 5222. GRANTS TO ELIGIBLE ENTITIES.

(a) GRANTS- The Secretary shall use 100 percent of the amount available to carry out this subpart to award not less than three grants to eligible entities that have applications approved under this subpart to demonstrate innovative methods of assisting charter schools to address the cost of acquiring, constructing, and renovating facilities by enhancing the availability of loans or bond financing.

(b) GRANTEE SELECTION-

(1) EVALUATION OF APPLICATION- The Secretary shall evaluate each application submitted under section 5223, and shall determine whether the application is sufficient to merit approval.

(2) DISTRIBUTION OF GRANTS- The Secretary shall award at least one grant to an eligible entity described in section 5230(2)(A), at least one grant to an eligible entity described in section 5230(2)(B), and at least one grant to an eligible entity described in section 5230(2)(C), if applications are submitted that permit the Secretary to do so without approving an application that is not of sufficient quality to merit approval.

(c) GRANT CHARACTERISTICS- Grants under this subpart shall be of a sufficient size, scope, and quality so as to ensure an effective demonstration of an innovative means of enhancing credit for the financing of charter school acquisition, construction, or renovation.

(d) SPECIAL RULE- In the event the Secretary determines that the funds made available under this subpart are insufficient to permit the Secretary to award not less than three grants in accordance with subsections (a) through (c), such three-grant minimum and subsection (b)(2) shall not apply, and the Secretary may determine the appropriate number of grants to be awarded in accordance with subsection (c).

SEC. 5223. APPLICATIONS.

(a) IN GENERAL- To receive a grant under this subpart, an eligible entity shall submit to the Secretary an application in such form as the Secretary may reasonably require.

(b) CONTENTS- An application submitted under subsection (a) shall contain —

(1) a statement identifying the activities proposed to be undertaken with funds received under this subpart, including how the eligible entity will determine which charter schools will receive assistance, and how much and what types of assistance charter schools will receive;

- (2) a description of the involvement of charter schools in the application's development and the design of the proposed activities;
- (3) a description of the eligible entity's expertise in capital market financing;
- (4) a description of how the proposed activities will leverage the maximum amount of private-sector financing capital relative to the amount of government funding used and otherwise enhance credit available to charter schools;
- (5) a description of how the eligible entity possesses sufficient expertise in education to evaluate the likelihood of success of a charter school program for which facilities financing is sought;
- (6) in the case of an application submitted by a State governmental entity, a description of the actions that the entity has taken, or will take, to ensure that charter schools within the State receive the funding the charter schools need to have adequate facilities; and
- (7) such other information as the Secretary may reasonably require.

SEC. 5224. CHARTER SCHOOL OBJECTIVES.

An eligible entity receiving a grant under this subpart shall use the funds deposited in the reserve account established under section 5225(a) to assist one or more charter schools to access private sector capital to accomplish one or both of the following objectives:

- (1) The acquisition (by purchase, lease, donation, or otherwise) of an interest (including an interest held by a third party for the benefit of a charter school) in improved or unimproved real property that is necessary to commence or continue the operation of a charter school.
- (2) The construction of new facilities, or the renovation, repair, or alteration of existing facilities, necessary to commence or continue the operation of a charter school.

SEC. 5225. RESERVE ACCOUNT.

(a) USE OF FUNDS- To assist charter schools to accomplish the objectives described in section 5224, an eligible entity receiving a grant under this subpart shall, in accordance with State and local law, directly or indirectly, alone or in collaboration with others, deposit the funds received under this subpart (other than funds used for administrative costs in accordance with section 5226) in a reserve account established and maintained by the eligible entity for this purpose. Amounts deposited in such account shall be used by the eligible entity for one or more of the following purposes:

- (1) Guaranteeing, insuring, and reinsuring bonds, notes, evidences of debt, loans, and interests therein, the proceeds of which are used for an objective described in section 5224.
- (2) Guaranteeing and insuring leases of personal and real property for an objective described in section 5224.
- (3) Facilitating financing by identifying potential lending sources, encouraging private lending, and other similar activities that directly promote lending to, or for the benefit of, charter schools.
- (4) Facilitating the issuance of bonds by charter schools, or by other

public entities for the benefit of charter schools, by providing technical, administrative, and other appropriate assistance (including the recruitment of bond counsel, underwriters, and potential investors and the consolidation of multiple charter school projects within a single bond issue).

(b) INVESTMENT- Funds received under this subpart and deposited in the reserve account established under subsection (a) shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities.

(c) REINVESTMENT OF EARNINGS- Any earnings on funds received under this subpart shall be deposited in the reserve account established under subsection (a) and used in accordance with such subsection.

SEC. 5226. LIMITATION ON ADMINISTRATIVE COSTS.

An eligible entity may use not more than 0.25 percent of the funds received under this subpart for the administrative costs of carrying out its responsibilities under this subpart.

SEC. 5227. AUDITS AND REPORTS.

(a) FINANCIAL RECORD MAINTENANCE AND AUDIT- The financial records of each eligible entity receiving a grant under this subpart shall be maintained in accordance with generally accepted accounting principles and shall be subject to an annual audit by an independent public accountant.

(b) REPORTS-

(1) GRANTEE ANNUAL REPORTS- Each eligible entity receiving a grant under this subpart annually shall submit to the Secretary a report of its operations and activities under this subpart.

(2) CONTENTS- Each annual report submitted under paragraph (1) shall include —

(A) a copy of the most recent financial statements, and any accompanying opinion on such statements, prepared by the independent public accountant reviewing the financial records of the eligible entity;

(B) a copy of any report made on an audit of the financial records of the eligible entity that was conducted under subsection (a) during the reporting period;

(C) an evaluation by the eligible entity of the effectiveness of its use of the Federal funds provided under this subpart in leveraging private funds;

(D) a listing and description of the charter schools served during the reporting period;

(E) a description of the activities carried out by the eligible entity to assist charter schools in meeting the objectives set forth in section 5224; and

(F) a description of the characteristics of lenders and other financial institutions participating in the activities undertaken by the eligible entity under this subpart during the reporting period.

(3) SECRETARIAL REPORT- The Secretary shall review the reports

submitted under paragraph (1) and shall provide a comprehensive annual report to Congress on the activities conducted under this subpart.

SEC. 5228. NO FULL FAITH AND CREDIT FOR GRANTEE OBLIGATIONS.

No financial obligation of an eligible entity entered into pursuant to this subpart (such as an obligation under a guarantee, bond, note, evidence of debt, or loan) shall be an obligation of, or guaranteed in any respect by, the United States. The full faith and credit of the United States is not pledged to the payment of funds which may be required to be paid under any obligation made by an eligible entity pursuant to any provision of this subpart.

SEC. 5229. RECOVERY OF FUNDS.

(a) IN GENERAL- The Secretary, in accordance with chapter 37 of title 31, United States Code, shall collect —

(1) all of the funds in a reserve account established by an eligible entity under section 5225(a) if the Secretary determines, not earlier than 2 years after the date on which the eligible entity first received funds under this subpart, that the eligible entity has failed to make substantial progress in carrying out the purposes described in section 5225(a); or

(2) all or a portion of the funds in a reserve account established by an eligible entity under section 5225(a) if the Secretary determines that the eligible entity has permanently ceased to use all or a portion of the funds in such account to accomplish any purpose described in section 5225(a).

(b) EXERCISE OF AUTHORITY- The Secretary shall not exercise the authority provided in subsection (a) to collect from any eligible entity any funds that are being properly used to achieve one or more of the purposes described in section 5225(a).

(c) PROCEDURES- The provisions of sections 451, 452, and 458 of the General Education Provisions Act shall apply to the recovery of funds under subsection (a).

(d) CONSTRUCTION- This section shall not be construed to impair or affect the authority of the Secretary to recover funds under part D of the General Education Provisions Act.

SEC. 5230. DEFINITIONS.

In this subpart:

(1) CHARTER SCHOOL- The term 'charter school' has the meaning given such term in section 5210.

(2) ELIGIBLE ENTITY- The term 'eligible entity' means —

(A) a public entity, such as a State or local governmental entity;

(B) a private nonprofit entity; or

(C) a consortium of entities described in subparagraphs (A) and

(B).

SEC. 5231. AUTHORIZATION OF APPROPRIATIONS.

For the purpose of carrying out this subpart, there are authorized to be appropriated \$150,000,000 for fiscal year 2002 and such sums as may be necessary for fiscal year 2003.

Credit Enhancement for Charter School Facilities Program Regulations

Subpart A—General Elementary and Secondary Education Act of 1965, as amended and Code of Federal Regulations, Title 34.

Sec.

- 225.1 What is the Credit Enhancement for Charter School Facilities Program?
- 225.2 Who is eligible to receive a grant?
- 225.3 What regulations apply to the Credit Enhancement for Charter School Facilities Program?
- 225.4 What definitions apply to the Credit Enhancement for Charter School Facilities Program?

Subpart B--How Does the Secretary Award a Grant?

- 225.10 How does the Secretary evaluate an application?
- 225.11 What selection criteria does the Secretary use in evaluating an application for a Credit Enhancement for Charter Schools Facilities grant?
- 225.12 What funding priority may the Secretary use in making a grant award?

Subpart C--What Conditions Must Be Met by a Grantee?

- 225.20 When may a grantee draw down funds?
- 225.21 What are some examples of impermissible uses of reserve account funds?

AUTHORITY: 20 U.S.C. 7223, unless otherwise noted.

Subpart A - General

§225.1 What is the Credit Enhancement for Charter School Facilities Program?

(a) The Credit Enhancement for Charter School Facilities Program provides grants to eligible entities to assist charter schools in obtaining facilities.

(b) Grantees use these grants to do the following:

(1) Assist charter schools in obtaining loans, bonds, and other debt instruments for the purpose of obtaining, constructing, and renovating facilities.

(2) Assist charter schools in obtaining leases of facilities.

(c) Grantees may demonstrate innovative credit enhancement initiatives while meeting the program purposes under paragraph (b) of this section.

(d) For the purposes of these regulations, the Credit Enhancement for Charter School Facilities Program includes grants made under the Charter School Facilities Financing Demonstration Grant Program.

(Authority: 20 U.S.C. 7223)

§225.2 Who is eligible to receive a grant?

The following are eligible to receive a grant under this part:

(a) A public entity, such as a State or local governmental entity;

(b) A private nonprofit entity; or

(c) A consortium of entities described in paragraphs (a) and (b) of this section.

(Authority: 20 U.S.C. 7223a; 7223i(2))

§225.3 What regulations apply to the Credit Enhancement for Charter School Facilities Program?

The following regulations apply to the Credit Enhancement for Charter School Facilities Program:

(a) The Education Department General Administrative Regulations (EDGAR) as follows:

(1) 34 CFR part 74 (Administration of Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations).

(2) 34 CFR part 75 (Direct Grant Programs).

(3) 34 CFR part 77 (Definitions that Apply to Department Regulations).

(4) 34 CFR part 79 (Intergovernmental Review of Department of Education Programs and Activities).

(5) 34 CFR part 80 (Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments).

(6) 34 CFR part 81 (General Educational Provisions Act--Enforcement).

(7) 34 CFR part 82 (New Restrictions on Lobbying).

(8) 34 CFR part 84 (Governmentwide Requirements for Drug-Free Workplace (Grants)).

(9) 34 CFR part 85 (Governmentwide Debarment and Suspension (Nonprocurement)).

(10) 34 CFR part 97 (Protection of Human Subjects).

(11) 34 CFR part 98 (Student Rights in Research, Experimental Programs, and Testing).

(12) 34 CFR part 99 (Family Educational Rights and Privacy).

(b) The regulations in this part 225.

(Authority: 20 U.S.C. 1221e-3; 1232)

§225.4 What definitions apply to the Credit Enhancement for Charter School Facilities

Program?

(a) Definitions in the Act. The following term used in this part is defined in section 5210 of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001:

Charter school

(b) Definitions in EDGAR. The following terms used in this part are defined in 34 CFR 77.1:

Acquisition

Applicant

Application

Award

Department

EDGAR

Facilities

Grant

Grantee

Nonprofit

Private

Project

Public

Secretary

(Authority: 20 U.S.C. 7221(i)(1); 7223d)

Subpart B -- How Does the Secretary Award a Grant?

§225.10 How does the Secretary evaluate an application?

- (a) The Secretary evaluates an application on the basis of the criteria in §225.11.
- (b) The Secretary awards up to 100 points for these criteria.
- (c) The maximum possible score for each criterion is indicated in parentheses.

(Authority: 20 U.S.C. 7223; 1232)

§225.11 What selection criteria does the Secretary use in evaluating an application for a Credit Enhancement for Charter School Facilities grant?

The Secretary uses the following criteria to evaluate an application for a Credit Enhancement for Charter School Facilities grant:

(a) Quality of project design and significance. (35 points) 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 5202(e)(3) of the Elementary and Secondary Education Act of 1965; 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.

(b) Quality of project services. (15 points) In determining the quality of the 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.

(c) Capacity. (35 points) 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.

(d) Quality of project personnel. (15 points) 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.

(Approved by the Office of Management and Budget under control number 1855-0007)

(Authority: 20 U.S.C. 7223; 1232)

§225.12 What funding priority may the Secretary use in making a grant award?

(a) The Secretary may award up to 15 additional points under a competitive priority related to 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;

(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.

(b) The Secretary may elect to--

(1) Use this competitive priority only in certain years; and

(2) Consider the points awarded under this priority only for proposals that exhibit sufficient quality to warrant funding under the selection criteria in §225.11.

(Approved by the Office of Management and Budget under control number 1855-0007)

(Authority: 20 U.S.C. 7223; 1232)

Subpart C--What Conditions Must Be Met by a Grantee?

§225.20 When may a grantee draw down funds?

(a) A grantee may draw down funds after it has signed a performance agreement acceptable to the Department of Education and the grantee.

(b) A grantee may draw down and spend a limited amount of funds prior to reaching an acceptable performance agreement provided that the grantee requests to draw down and spend a specific amount of funds and the Department of Education approves the request in writing.

(Authority: 20 U.S.C. 7223d)

§225.21 What are some examples of impermissible uses of reserve account funds?

(a) Grantees must not use reserve account funds to--

(1) Directly pay for a charter school's construction, renovation, repair, or acquisition; or

(2) Provide a down payment on facilities in order to secure loans for charter schools. A grantee may, however, use funds to guarantee a loan for the portion of the loan that would otherwise have to be funded with a down payment.

(b) In the event of a default of payment to lenders or contractors by a charter school whose loan or lease is guaranteed by reserve account funds, a grantee may use these funds to cover defaulted payments that are referenced under paragraph (a)(1) of this section.

(Authority: 20 U.S.C. 7223d)

GENERAL APPLICATION INSTRUCTIONS AND INFORMATION

General Instructions

The 84.354A application consists of the following, as outlined in the Federal Register Notice. All forms listed below are required. Please review all instructions and the Federal Register Notice before completing your application.

If you have received an exemption to the mandatory electronic submission requirement and are submitting a hard copy application, you will not use these forms, but will prepare a narrative incorporating each element.

ED Abstract Form - The abstract is to be attached to the “ED Abstract Form” in the application package in Grants.gov. The abstract narrative must not exceed one page and should use language that will be understood by a range of audiences. The abstract narrative must include the name and address of the applicant and the name, phone number, and e-mail address of the project director for this project.

Project Narrative Attachment Form – Before preparing the project narrative, **applicants should review the Federal Register Notice** and the **program statute** for specific guidance and requirements. Note the applications will be evaluated according to the specific **Selection Criteria** specified in the Federal Register Notice.

The Project Narrative Attachment Form is where applicants will attach their narrative responses to the application requirements and selection criteria that will be used to evaluate applications submitted for this competition. This section has a suggested page limit of 40 pages.

Also included in this section, but not subject to the 40 page limit, will be a table of contents and response to the competitive preference priority and invitational priority.

Budget Form (Listed as Department of Education Budget Information for Non-Construction Programs ED-524) – The ED-524 is a required form for submitting an application on Grants.gov. Applicants will need to fill out this budget form in addition to Table 3 (Table 3 will be attached to the Budget Narrative Attachment Form).

For the ED-524, applicants will only need to fill out Row 8 (titled "Other") in Project Year 1. The amount listed in row 12. Total Costs should reflect the total amount of grant funds requested.

Budget Narrative Attachment Form – The Budget Narrative Attachment Form is where applicants will attach Table 3 and any other budget explanations or comments deemed necessary.

Other Attachments Form – The Other Attachment Form is where the applicant will attach additional documents, including resumes/curriculum vitae, and appendices. This form is also where the applicant will upload Table 1, Table 2, and Table 4.

Electronic submission requires that narratives and other files be attached to the following attachment forms as per the instruction in this document such as:

- One page Abstract must be attached to the “Department of Education Abstract Form”
- Program Narratives must be attached to the “Program Narrative Attachment Form”
- Budget Narratives must be attached to the “Budget Narrative Attachment Form”
- All vitas, resumes, table of contents, letters, certifications, supplementary statements; and other requested appendices must be attached to the “Other Attachment Forms”

Note: Please do not attach any narratives, supporting files, or application components to the Standard Form (SF 424). Although this form accepts attachments, the Department of Education will only review materials/files attached to the attachment forms listed above.

Forms, Assurances, and Certifications

Applicants must complete all forms included in the application package. Instructions for the following forms are included in this document:

- Application for Federal Assistance (SF-424)
- Instructions for the SF-424
- Disclosure of Lobbying Activities (SF-LLL)
- Instructions for the Completion of SF-LLL, Disclosure of Lobbying Activities
- Certification Regarding Lobbying
- Supplemental Information and Instructions for Department of Education Supplemental Information for SF 424
- Budget ED 524 and Instructions for ED 524
- GEPA Statement
- Assurances--Non-Construction Programs (SF-424B)
- Grants.gov Lobbying Form (formerly ED 80-0013 form)
- Survey on Ensuring Equal Opportunity for Applicants

Instructions for ED Abstract Narrative

The abstract is to be attached to the “ED Abstract Attachment Form” in the application package in Grants.gov.

The abstract narrative must include the name and address of your organization and the name, phone number, and e-mail address of the contact person for this project.

The abstract narrative must not exceed one page and should use language that will be understood by a range of audiences. For all projects, include the project title (if applicable), goals, expected outcomes and contributions for research, policy, practice, etc. Address how your application meets the purpose of the Credit Enhancement for Charter School Facilities program as stated in the Notice Inviting Applications for New Awards.

Instructions for Project Narrative

Before preparing the project narrative, **applicants should review the Federal Register notice**, the Dear Applicant Letter, and the program statute for specific guidance and requirements. Note that applications will be evaluated according to the specific selection criteria specified in the Federal Register notice.

Please limit the Project Narrative to 40 pages, double-spaced, and number the pages consecutively. Refer to the Federal Register notice for additional application submission requirements.

This part of your application contains information responsive to the Project Selection Criteria and the Application Content Requirements. Make sure that your narrative addresses all of the elements. *We strongly recommend that the information be organized around and appear in the same sequence as the Project Selection Criteria.* Please upload the program narrative as one document.

Instructions for Budget Form and Related Information

This part of the application contains information about the Federal funding you are requesting. You must fill in the ED 524 budget form. For the ED 524, applicants will frequently only need to fill out Row 8 (titled "Other") in Project Year 1.

Applicants are also required to fill out Table 3 and provide explanations and comments necessary to interpret the information you provide on this form.

Both of these forms (the ED 524 and Table 3) will be uploaded in the Budget Form Section.

Instructions for Other Attachments Form

Additional documents are to be attached to the “Other Attachments Form” in the application package in Grants.gov. These would be supplementary statements and other requested information.

In addition to the program narrative, applications should include resumes for key personnel. Before preparing additional documentation, **applicants should review the Federal Register notice**, the Dear Applicant Letter, and the program statute for specific guidance and requirements. Note that applications will be evaluated according to the specific selection criteria specified in the Federal Register notice.

To facilitate the review of the application, please organize your attachments in the following order:

1. Table 1 - Non-Grant Funds Projected to be Generated
2. Table 2 - Applicant Activity Table for the Most Recently Completed Fiscal Year
3. Table 4 - Risk Level of Charter Schools Served (required of past grantees only)
4. Consortium agreements
5. Resumes/Curriculum Vitae
6. Appendices

Consortium Agreements:

Consortium applicants must also submit consortium agreements as part of their application package. These applicants must either designate one member of the group to apply for the grant or establish a separate legal entity to apply for the grant. All members of the consortium must then enter into an agreement that details the activities that each member of the group plans to perform and that binds each member to the application statements and assurances. This consortium agreement must be submitted as part of the consortium’s application. The Department’s administrative regulations at 34 CFR sections 75.127--129 provide more details about the requirements that govern group/consortium applications.

Resumes/Curriculum Vitae:

Provide resumes/curriculum vitae for the project director as well as any key personnel identified in the application.

Responding to the Invitational Priority, Competitive Priority, and Project Selection Criteria

The Challenge: Helping Charter Schools and Promoting School Choice

Charter schools have difficulty obtaining adequate facilities in part because lenders, investors, and landlords tend to perceive them as a financial risk. These perceived risks sometimes mean that charter schools pay premium interest or rent or that lenders, investors, and landlords refuse to do business with them.

Charter schools are unique public schools in that they are held accountable and face the threat of being closed if they fail to perform at a level high enough to justify renewal of their charter. Charters for these schools must typically be renewed every 3-5 years, and a charter school that is not renewed would likely not be able to continue making payments on long-term debt. While the vast majority of charter schools meet their performance goals and continue to operate, performance-based accountability presents a potential threat to investors.

Unlike traditional local educational agencies (LEAs), charter school LEAs generally lack the ability to issue general obligation bonds backed by property taxes. Investors consider these bonds to have far less risk than bonds that are backed only by per-pupil revenue flows, which is the only debt some charters schools can issue.

Many factors affect the extent to which charter schools have equitable access to private-sector and other capital for financing. The length of time the school has been in operation, its size, and the populations being served all play into the school's ability to obtain financing and a reasonable rate. For example, lenders may feel more comfortable working with well-established schools with proven track records than with start-ups, and they may find schools working with high-achieving populations a safer risk than those serving low-performing students.

Charter schools serve as a key to providing meaningful public school choice. In addition, the number of charter schools that grantees will be able to serve with these funds is limited. Consequently, proposals that focus funds on areas that need school choice the most will score higher than other proposals.

The Secretary will select for funding under the Credit Enhancement for Charter School Facilities Program those applications that are deemed of highest overall quality. Experts in finance, including school facilities finance and credit enhancement, will review the applications and assign to each application up to 115 points using the Project Selection Criteria and corresponding weights described in this section and the Competitive Priority. Each criterion includes factors the reviewers will consider in determining how well an application meets the criterion.

Reviewers will use their own professional judgment to assess the quality of each application against these criteria. To be competitive, applicants must address each of the

selection criteria fully and clearly. The kind of information needed to accomplish this for each criterion is discussed below. Since much of the information needed to address fully each criterion is also information that is required for other purposes (see the Application Content Requirements section of this package), we recommend that applicants organize their application narrative around the Competitive Priority and the Project Selection Criteria. While the application reviewers will score the Competitive Priority, they will not score the Invitational Priority.

The Competitive Priority is for applicants that propose a grant project that increases the capacity of charter schools to offer school choice in those communities with the greatest need for public school choice. The Invitational Priority is for applicants that propose a grant project that uses competitive forces to obtain the best pricing for charter schools while using the least amount of grant funds. While we will not score applicants based on the Invitational Priority, we encourage applicants to take advantage of competitive forces if their model allows them to do so.

Project Selection Criteria that will be used by the application reviewers address two important questions:

- A. Has the applicant proposed a grant project that will make a significant contribution toward meeting the purpose of the Credit Enhancement for Charter School Facilities Program and thereby increase charter schools' access to facilities financing?
- B. Does the applicant have the ability to carry out the proposed grant project?

The Competitive Priority related to the applicant increasing the capacity of charter schools to offer school choice in those communities with the greatest need for public school choice (15 points):

This criterion focuses on the likelihood that the proposed project will increase the capacity of charter schools to provide public school choice in those geographic areas where school choice is needed most. Part of this need to provide public school choice is related to Title I of the Elementary and Secondary Act as amended by the No Child Left Behind (NCLB) Act. Under NCLB, school districts are required to provide public school choice to students in schools that have failed to make adequate yearly progress for two years. School districts indicate they are having difficulty finding sufficient space in schools so that students can transfer to quality schools.

Factors that will be considered in assessing the applicant's proposal to address school facility capacity issues related to increasing the capacity of charter schools to provide public school choice in those communities with the greatest need for such choice, including:

- 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;

- 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
- The extent to which the applicant would target services to communities with large proportions of students from low-income families.

A. The selection criteria related to the potential contribution of the proposed grant project to achieving the purpose of the Credit Enhancement for Charter School Facilities Program include:

- 1) The quality of the design and potential significance of the proposed grant project (35 points).

This criterion addresses the goals, objectives, and activities of the grant project, how the applicant will determine the viability of an individual school as an educational enterprise and therefore as a target for investment, the number and type of charter schools that it anticipates will obtain facilities as a result of the grant project, the amount and type of assistance they will receive, and the degree to which projects would serve charter schools in States with strong charter school laws. Successful applicants will provide comprehensive plans with clear goals, objectives, and activities that have specific timelines and that are aligned with the four statutory purposes for which reserve account funds may be used. They will describe the partnerships they plan to develop to help further the purposes of the program and how they will leverage private-sector and other non-Federal capital for financing charter school facilities. They will give their projections for the amounts to be leveraged relative to the amount of government funding used. They also will discuss how they will invest funds from the reserve account, and provide an estimate of the earnings they expect from these investments, and from fees, interest, or other sources.

This criterion also addresses the grant project's potential impact on the national need for charter school facilities and, in that regard, its potential as a model for others. The most successful applicants are likely to provide services to a number of charter schools, including start-ups. They will accomplish this, in part, by leveraging a significant amount of capital for investment in charter school facilities. They will clearly document their activities and the resulting outcomes for the different types of schools served, and will demonstrate that their grant projects are likely to help many other charter schools acquire appropriate facilities in the future.

The materials reviewers will take into account when rating against this selection criterion include:

- The budget form and other budget information (including the consistency of numbers, the accuracy of any mathematical functions, and the clarity of any explanations)
- Information on fees and lending terms, including how they might vary with interest rate fluctuations and
- The cash flow pro forma.

Factors used to assess the project's quality of design and significance include:

- 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;
- The extent to which the grant project goals, objectives, and timeline are clearly specified, measurable, and appropriate for the purpose of the program;
- The extent to which the grant project implementation plan and activities, including the partnerships established, are likely to achieve measurable objectives that further the purposes of the program;
- The extent to which the proposed grant project is likely to produce results that are replicable;
- The extent to which the grant project will use appropriate criteria for selecting charter schools for assistance and for determining the type and amount of assistance to be given;
- The extent to which the proposed activities will leverage the private or public sector funding and increase the number and variety of charter schools assisted in meeting their facilities needs absent the program;
- 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 5202(e)(3) of the Elementary and Secondary Education Act of 1965; and
- The extent to which the requested grant amount and project costs are reasonable in relation to the objectives, design, and potential significance of the project.

2) The quality of the services (15 points).

This criterion is concerned with the immediate benefits to be provided to charter schools as a result of the grant project. In this regard it addresses questions about the fit between the assistance to be provided and the needs of the recipients of the services. It also considers the cost-effectiveness of the services to be provided. Successful applicants will demonstrate that charter schools participated in the

development of the grant project and in the identification of the specific needs to be addressed by the grant project. These applicants may have letters of endorsement from charter schools or otherwise document charter school support. In addition, these applicants will focus on quality charter schools with the greatest need for facilities and an inability to access private-sector capital. They are likely to succeed in meeting the needs of charter schools that are just starting up as well as more established charter schools. Applicants also should describe how their services would affect the charter schools in terms of burdens (such as fees and paperwork) and benefits -- financial and otherwise.

The materials reviewers will take into account when rating against this selection criterion include:

- Support letters from charter schools and
- Information on fees and lending terms, including how they might vary with interest rate fluctuations

Factors used to assess the quality of the services include:

- The extent to which the services to be provided by the project reflect the identified needs of the charter schools to be served;
- The extent to which charter schools and chartering agencies were involved in the design of, and demonstrate support for, the grant project;
- 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
- The extent to which the services to be provided by the proposed grant project are focused on assisting charter schools that have the greatest needs for assistance under the program.

B. The selection criteria related to the applicant's capacity to carry out the proposed grant project include:

- 1) The business and organizational capacity of the applicant to carry out the grant project (35 points).

This criterion focuses on the applicant's expertise in capital market financing and its organizational capacity to implement the proposed project. The applicant will need to document its financial track record and strength; its ability to protect against unwarranted financial risk; its expertise in assessing credit and evaluating the success of charter schools; and its ability to prevent conflicts of interest. The Application Content Requirements section of this package describes some of the

specific data and documents to be provided regarding business and organizational capacity. The materials that reviewers will take into account when rating against this selection criterion include:

- Table 1 – Non-Grant Funds Projected to be Generated
- Table 2 – Applicant Activity Table for the Most Recently Completed Fiscal Year
- Table 4 – Risk Level of Charter Schools Served
- Audited Financial Statements
- Credit Rating Reports
- Standards of Conduct
- Non-profits: Articles of Incorporation and By-Laws
- Non-profits: IRS Form 990
- Public entities: Enabling Statutes and Other Relevant Legislation
- Letters of commitment from financial partners
- Previous grantees (both Credit Enhancement for Charter School Facilities Program and Charter School Facility Financing Demonstration Grant Program Grantees): the most recent annual performance report (if the grant has not been in place long enough to have an annual performance report, the most recent half-year report)
- Applicable experience financing charter schools (if any), including the number of schools served, the total amount of financing provided, the total amount of financing credit enhanced
- A description of how the applicant intends to meet any administrative costs in excess of one-quarter of one percent

Factors that will be considered in assessing the applicant’s business and organizational capacity include:

- 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;
- The applicant’s financial stability;
- The ability of the applicant to protect against unwarranted risk in its loan underwriting, portfolio monitoring, and financial management;
- The applicant’s expertise in education to evaluate the likelihood of success of a charter school;
- 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; and

- 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.
- For State governmental entities, the extent to which steps have been or will be taken to ensure charter schools within the State receive the funding needed to obtain adequate facilities.
- For previous grantees under the charter school facilities programs, their performance in implementing these grants.
-
-

2) The grant project team (15 points).

This factor focuses on the relevant training and experience of key grant project personnel, consultants, subcontractors, and, for nonprofits, members of the board of directors holding key positions. Successful applicants will plan to use the services of individuals with substantial experience and expertise in facilities financing, charter schools, and other appropriate areas. They will provide the information requested in the Application Content Requirements section of this package. This information will include, among other things, a description of current job responsibilities, the educational background, and the experience and skills of each member of the grant project team as described in current resumes or detailed biographical statements. The applicant also should describe its staffing plan for the project, including a description of the assignments by activity or service and the match between the proposed staff and the skills necessary to execute the specific proposal.

Factors used to assess the grant project team include:

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

Application Content Requirements

Each Credit Enhancement for Charter School Facilities Program application must include the following specific program elements:

- (1) A statement identifying the activities proposed to be undertaken with grant funds (the “grant project”) and the timeline for the activities, including how the applicant will determine which charter schools will receive assistance, how much and what types of assistance these schools will receive, the type of schools to be served, and what procedures the applicant will use for documenting grant project procedures and results.**
- (2) A description of the involvement of charter schools in the application’s development and design of the proposed grant project.**
- (3) A description of the applicant’s expertise in capital markets financing and organizational capacity to implement the proposed grant project successfully. (Consortium applicants must list information for each of the participating organizations.)**

This description must include the applicant’s:

A. Operational Capacity and Risk Mitigation Strategies as evidenced by:

1. Age of Organization

Identify how long the organization has been in existence. (Consortiums should identify the ages of each of the participating organizations.)

2. Policies and Procedures

Provide a brief summary of the following applicant policies and procedures, indicating whether they are approved by the applicant’s governing board and when they were implemented. If they are not currently in place, describe what steps the organization will take to develop and implement such policies and procedures. If the practices differ from the policies and procedures, explain.

- a. Underwriting Standards for Participants:** Process for evaluating the creditworthiness of charter school participants, including criteria for providing guarantees or other credit enhancement.

- b. Portfolio Monitoring: Monitoring process, risk rating methodologies, and debt restructuring, collections, and write-off policies.
- c. Financial Management/Risk Mitigation: Internal controls and operating policies for safeguarding assets, including cash management; maintaining liquidity and operating reserves; likely reserve account investments; and risk mitigation strategies (e.g. portfolio diversification, adopting internal lending limits, establishing and adjusting debt loss reserves, and seeking third-party insurance against default by the applicant).

3. Standards of Conduct

Provide a copy of the **standards of conduct** for your organization, if they exist. The standards of conduct must, at a minimum, require disclosure of direct and indirect financial or other interests, mandate disinterested decision-making, and indicate corrective actions to be taken in the event of violation.

B. Financial Track Record and Strength as evidenced by:

1. Credit Rating

Submit the most recent **credit rating and report** prepared for the organization by a major bond rating agency, such as Standard and Poor's, Moody's Investors Service, or Fitch IBCA. If the organization does not have a credit rating, please indicate.

2. Financial Statements

Submit **audited financial statements** for the applicant's three most recently completed fiscal years. If audited statements are not available, please provide **financial statements** for the applicant's three most recently completed fiscal years that have been reviewed by an independent Certified Public Accountant (C.P.A.).

Such documents must include:

- a. Balance sheets or statements of financial position;

- b. Income statements or statements of activities;
- c. Statements of cash flows; and
- d. Notes to the financial statements and, if applicable, the auditor's opinion letter and any reports of findings.

If neither audited nor C.P.A.-reviewed financial statements are available, submit internal financial statements and explain why audited or C.P.A.-reviewed financial statements are not available. If the audited financial statements of the applicant are consolidated with those of its affiliates and do not include separate schedules on the applicant's financial position and separate income statements for the applicant, also submit a separate set of internal financial statements that clearly distinguish the applicant's financial information from that of the affiliates.

3. Non-profits: IRS Form 990

Provide a copy of the most recently filed IRS Form 990.

4. Portfolio Quality

Provide a narrative explanation of portfolio performance, particularly explaining the circumstances of any unusually high levels of delinquencies and losses, or loss reserves that appear inconsistent with actual losses. Such explanations should include any steps the organization is taking to remedy identified problems.

Also include an explanation of any debt-loss experience with high-risk borrowers.

5. Financial Track Record

Complete the ***Applicant Activity Table for the Most Recently Completed Fiscal Year.***

6. Financial Projections

Applicants must submit a ***cash flow pro forma*** for the grant project. The pro forma should include both a statement of sources and uses of funds and a projection of annual cash flows during the Project Period. All amounts should be

expressed on a cash (year-of-expenditure) basis and should include a narrative describing key assumptions in the business model used to arrive at such estimates. The pro forma should include:

- Projected cash flows (receipts and disbursements) through the Project Period, including separate line items for each category of allowable uses of reserve account funds (such as facilitating financing or guaranteeing leases). The cash flow must indicate the projected reserve account balance at the end of each year;
- Administrative cost charges covered by the Federal funds (a maximum of 0.25%) and non-grant sources such as donations;
- An explanation of the amount and nature of all fees and expenses (including interest on loans) payable by the charter school participants associated with the grant project; and
- Anticipated interest and other earnings expected to be gained on grant funds.

If applicable, the applicant also should calculate the estimated effective financing rate (true interest cost) for charter schools participating in the grant project, and compare such percentage rate to other available financing sources.

In the event that the applicant proposes to charge fees (including interest on loans) to charter schools, the applicant must:

- Indicate whether the fees and interest are in excess of the direct cost to the applicant,
- Identify the size of this excess amount, and
- Describe how this excess amount will be used.

Furthermore, the applicant must explain how these fees and interest rates are reasonable.

7. Financial Stability

Discuss the applicant's strategy for sustaining its projected operations through earned income, grants, contributions, or other resources. Discuss the applicant's strategy for capitalizing its loan, guarantee, or investment fund through debt, equity, secondary markets, or other resources. Discuss the extent to which funding sources are diversified and any plans to maintain or increase the diversification of funding sources.

Complete the ***Non-Grant Funds Projected to be Generated Table***.

8. Legal Background

Non-profit entities: Submit a copy of ***articles of incorporation and by-laws***.

Public entities: Submit a copy of ***enabling statute and other relevant legislation***.

- 9.** Previous grantees (both Credit Enhancement for Charter School Facilities Program and Charter School Facility Financing Demonstration Grant Program Grantees): the most recent annual performance report (if the grant has not been in place long enough to have an annual performance report, the most recent half-year report).
- 10.** Applicable experience financing charter schools (if any), including the number of schools served, the total amount of financing provided, the total amount of financing credit enhanced.

C. Skills and Experience of the Grant Project Management Team as evidenced by:

1. Management and Staff Experience

For each member of the management team and other key staff, submit:

- a.** a description of current and past job responsibilities, and education, experience, and skills, with particular attention to experiences in the fields of finance and education. The description of the individuals' experience in education must include a discussion of their expertise in assessing the

programs of charter schools. This information may be provided in the form of current resumes or detailed biographical statements. Position qualification statements should be included for staff the applicant plans to hire for the project.

- b. A description of the duties of the management team and key staff working on the project. Include any staff the applicant anticipates hiring, including through contracts, to work on the project.

2. Board of Directors:

Non-profit applicants only: Submit a current list of the governing board members that indicates their tenure and organizational affiliations. Discuss the role(s) of the board of directors with respect to the grant project and their qualifications in that regard. Disclose any business and personal relationships between board members and personnel working for the applicant's organization.

- (4) A description of how the proposed grant project will leverage the maximum amount of private-sector and other non-Federal capital relative to the amount of Credit Enhancement for Charter School Facilities Program funding used, the definition of "leverage" the applicant has used in developing that description, the type of assistance to be provided, how the assistance would sufficiently reduce the costs that charter schools face so that it would enable them to obtain or improve school facilities that they would not be able to obtain or improve absent the assistance, and how the proposed activities will otherwise enhance credit available to charter schools. Also:**

Provide a ratio of Federal funds to the anticipated amount of capital leveraged. For instance, if the size of the reserve account is \$1 million and \$5 million in bonds would be guaranteed using funds in the reserve account, the ratio is 5:1. Describe how the leveraging ratio is calculated and how the assistance provided to charters schools will be sufficient to assist them in meeting their school facility needs that could not have been met absent this assistance.

Provide an explanation of the number and characteristics of charter schools to be served by the Project (e.g. size, demographics, and age of school -- start-up or experienced, etc.) Include an explanation of the types of services they will receive.

- (5) A description of how the applicant possesses sufficient expertise in education to evaluate the likelihood of success of a charter school for which facilities is sought.**

(6) In the case of an application submitted by a State governmental entity, a description of current and planned State funding policy and other forms of financial assistance that will help charter schools meet their facility needs.

Grantee Reporting and Performance Measures

Reporting:

At the end of your project period, you must submit a final performance report, including financial information, as directed by the Secretary.

Also, each year, a grantee must submit an annual performance report that provides the most current performance and financial expenditure information as specified by the Secretary in 34 CFR 75.118.

Performance Measures:

The performance measures for this program are: (1) The amount of funding grantees leverage for charter schools to acquire, construct, and renovate school facilities and (2) the number of charter schools served. Grantees must provide this information as part of their annual performance reports.

Table 1 – Non-Grant Funds Projected to be Generated

Source	Project year 1	Project year 2	Project year 3	Project year 4	Project year 5	Remaining years	Total
1. Donations							
2. Fees not associated with grant							
3. Interest not associated with grant							
4. Borrowed funds (including lines of credit to be used)							
5. Appropriated funds							
6. Other							
Total							

The purpose of this table is to determine amount and expected source of revenues for the applicant.

Table 2 – Applicant Activity Table for the Most Recently Completed Fiscal Year

Outstanding credit-enhanced debt	Total activity
Number of debt issues with credit enhancement	
Dollar amount of debt issues with credit enhancement (includes debt structured using a senior/subordinate debt structure)	\$
Outstanding leases guaranteed	
Number of leases guaranteed or insured	
Dollar amount of leases guaranteed or insured	\$
Other means of facilitating financing (including both lending and the issuance of bonds) for the most recently completed fiscal year	
Number of clients assisted by facilitating financing ¹	
Amount of funds spent on facilitating financing (including both lending and the issuance of bonds)	\$

Please provide a narrative associated with this table that briefly describes the types of assistance provided and the types of clients served, paying particular attention to any clients related to education, including charter schools. Each member of a consortium should complete this table separately.

¹ Includes activities in Section 5225(a)(3) and (4).

Table 3 -Budget Form: Grant Funds Expenditures

Budget categories	Project year 1	Project year 2	Project year 3	Project year 4	Project year 5	Remaining years	Total
A. Administrative funds (0.25%)							
A.1. Indirect costs							
A.2. Administrative costs other than indirect costs							
A. Total administrative costs							
B. Reserve account earnings							
C. Reserve account (99.75%)							
C.1. Grant funds spent on guaranteeing and insuring debt and leases ¹							
C.1.a. Personnel and fringe benefits							
C.1.b. Payments to third parties to guarantee or insure debt							
C.1.c. Other payments associated with guaranteeing and insuring debt and leases							
C.1. Total Guaranteeing and insuring debt and leases payments							
C.2. Grant funds spent on <u>facilitating</u> financing (including facilitating lending and the issuance of bonds) ²							
C.2.a. Personnel and fringe benefits							
C.2.b. Contractual							
C.2.c. Other payments associated with facilitating financing							
C.2. Total grant funds spent on <u>facilitating</u> financing (including facilitating lending and the issuance of bonds)							
C.3. Total reserve account costs (lines C.1. and C.2.)							

The purpose of this table is to determine the amount of Federal grant funds that the applicant intends to spend on activities to cover costs associated with the Credit Enhancement for Charter School Facilities Grant. The table should include funds from the reserve account only in the year they are spent. The table should not include funds that remain in the reserve account and are used to directly guarantee or insure debt or leases.

¹ Includes activities in Section 5225(a)(1) and (2).

² Includes activities in Section 5225(a)(3) and (

Instructions for Table 3 -- Budget Form: Grant Funds Expenditures

A. Administrative funds:

A.1. Indirect costs: Many organizations have indirect cost rates established with the U.S. Department of Education which allow those organizations to spend a portion of their grant funds on a share of the total organization costs such as rent and utilities. For this grant you may choose to claim indirect costs, but the total amount may not exceed the $\frac{1}{4}$ of 1% allowed by statute. Also, if you choose to claim indirect costs, the sum of your indirect costs and your other administrative costs (line A.2.) combined may not exceed the allowable $\frac{1}{4}$ of 1%.

A.2. Administrative costs other than indirect costs: Administrative costs include such items as preparing reports. Administrative cost funds are capped by the program's authorizing statute at $\frac{1}{4}$ of 1% (0.25%) of the award amount. Administrative costs may be spread out over the project period, but the total amount may not exceed $\frac{1}{4}$ of 1% in total. Also, if you choose to claim indirect costs, the sum of your indirect costs and your other administrative costs (line A.2.) combined may not exceed the allowable $\frac{1}{4}$ of 1%.

A. Total administrative costs: The total for this line should include the sum of lines A, A.1. and A.2. This line cannot exceed $\frac{1}{4}$ of 1% of the award amount for the entire project period.

B. Reserve account earnings: Earnings include the total interest earned per year on reserve account funds as well as all fees charged in association with the project, because fees must also be added to the reserve account and used for the four allowable purposes of the grant.

C. Reserve account expenditures

C.1. Grant funds spent on guaranteeing and insuring debt and leases

C.1.a. Personnel and fringe benefits: All costs associated with paying personnel who will receive reserve account funds for their direct involvement with guaranteeing and insuring debt and leases. (We expect that this will not be a significant portion of the total request.)

C.1.b. Payments to third parties to guarantee or insure debt: All payments made with reserve account funds to third parties such as fees for guaranteeing or insuring debt.

C.1.c. Other payments associated with guaranteeing and insuring debt and leases: Any other costs paid for with reserve account funds that are not covered in C.1. a-b that can be directly attributed to guaranteeing and insuring debt and leases.

C.1. Total Guaranteeing and insuring debt and leases payments: The sum of lines C.1.a., C.1.b., and C.1.c.

C.2. Grant funds spent on facilitating financing (including facilitating lending and the issuance of bonds)

C.2.a. Personnel and fringe benefits: All costs associated with paying personnel who will receive reserve account funds for their direct involvement with facilitating financing. (We expect that this will not be a significant portion of the total request.)

C.2.b. Contractual: All costs associated with paying contractors that will receive reserve account funds for their work facilitating financing.

C.2.c. Other payments associated with facilitating financing: Any other costs paid for with reserve account funds that are not covered in lines C.2. a-b that can be directly attributed to facilitating financing.

C.2. Total grant funds spent on facilitating financing (including facilitating lending and the issuance of bonds): The sum of lines C.2.a., C.2.b., and C.2.c.

C.3. Total reserve account costs (lines C.1. and C.2.): The sum of lines C.1. and C.2. The amount in the total column for this row cannot exceed the sum of the request on Form ED 424 (the Application for Federal Education Assistance) plus reserve account earnings, and would likely be less.

Table 4 – Risk Level of Charter Schools Served – (required of past grantees only)

Type of charter schools served through previous Credit Enhancement grants from the US Department of Education as of September 30 of the most recent year	Number of charter schools
Number of charter schools served through all Credit Enhancement grants	
Number of charter schools served through Credit Enhancement grants that have educated students for three years or less	
Number of charter schools served through Credit Enhancement grants receiving credit enhancements of leasehold improvement loans	
Number of charter schools served through Credit Enhancement grants that are independent of Charter Management Organizations, networks, or “chains” of charter schools	
Number of charter schools served through Credit Enhancement grants providing personal guarantees	
Number of charter schools served through Credit Enhancement grants in connection with other grantees under the program	
Number of charter schools served through Credit Enhancement grants receiving guarantees through other Federal programs	

Application Checklist for Applicants

As discussed on the following pages, a complete application must include all of the documents listed below.

- Cover page (SF 424 Form)
- ED Abstract Narrative Attachment Form
- Project Narrative Attachment Form
 - Including responses to the selection criteria
- Budget Narrative Attachment Form
 - ED 524
 - Table 3 - Budget form and other budget information
- Other Attachments Form
 - Table 1- Non-Grant Funds Projected to be Generated
 - Table 2 - Applicant Activity Table for the Most Recently Completed Fiscal Year
 - Table 4 - Risk Level of Charter Schools Served - (required of past grantees only)
 - Consortium Applicants must attach a copy of consortium agreement
 - Resumes/Curriculum Vitae
 - Standards of Conduct
 - Credit Rating Reports
 - Audited Financial Statements
 - Cash Flow Pro Forma
 - Non-profits: Articles of Incorporation and By-laws
 - Non-profits: IRS Form 990
 - Public entities: Enabling Statutes and Other Relevant Legislation
 - Previous grantees (both Credit Enhancement for Charter School Facilities Program and Charter School Facility Financing Demonstration Grant Program Grantees): Table 4 and the most recent annual performance report (if the grant has not been in place long enough to have an annual performance report, the most recent half-year report)
- Assurances and Certifications
 - Assurances—Non-Construction Programs
 - Certifications Regarding Lobbying
 - SF-LLL Disclosure of Lobbying Activity
 - Response to Section 427 of GEPA Guidance
- Did you submit a copy of the application to the State Single Point of Contact (if applicable)?

INSTRUCTIONS TO STANDARD FORMS AND GRANT APPLICATION REQUIREMENTS

Forms, Assurances, and Certifications

Applicants must complete all forms included in the application package. Instructions for the following forms are included in this document:

- Application for Federal Assistance (SF-424)
- Instructions for the SF-424
- Disclosure of Lobbying Activities (SF-LLL)
- Instructions for the Completion of SF-LLL, Disclosure of Lobbying Activities
- Certification Regarding Lobbying
- Supplemental Information and Instructions for Department of Education Supplemental Information for SF 424
- Budget ED 524 and Instructions for ED 524
- GEPA Statement
- Assurances--Non-Construction Programs (SF-424B)
- Survey on Ensuring Equal Opportunity for Applicants

