
Submitter Information

Name: Anonymous

General Comment

I recommend we not fund Charter, private or religious schools and instead put all funds into public education.

Program Response: Response not needed.

Submitter Information

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(1) In many of the columns grantees are required to submit lengthy narrative (and sometimes subjective) information that doesn't easily lend itself to reporting in an Excel spreadsheet. It would be better to have grantees provide this information through a separate narrative summary and use the spreadsheet for data that can be summed and totaled and can provide grantee- and program-level metrics.

Program Response: CSP response: The data collected for the Credit Enhancement Program is important to support CSP in tracking school and transaction level data across multiple grantees. Often grantees will partner with one another and this level of granularity provides us the information to monitor those partnerships. The Credit Enhancement Program's GPRA measures, require that CSP provide school level data, and transactional level data to Congress.

(2) A large number of the data items do not seem essential for ED's management of the program, and we are not certain the Department has used them in reports to Congress or in other ways. If ED is not making use of certain data, those data should not be collected.

Program Response: CSP uses the information collected in the "Newly, Previously, and Leases" excel sheet to develop an accurate dataset of school level data, and transactional data, as required by the program's GPRA measures.

It is important for grantees to provide detailed data to enable CSP to identify any data validation concerns when reviewing the reports across the Credit Enhancement Program grantee portfolio. The Credit Enhancement Program statute requires grantees to provide reports that include 6 components.

- ❖ 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;
 - ❖ a copy of any report made on an audit of the financial records of the eligible entity that was conducted during the reporting period;
 - ❖ an evaluation by the eligible entity of the effectiveness of its use of the Federal funds provided
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under this subpart in leveraging private funds;

- ❖ a listing and description of the charter schools served during the reporting period;
- ❖ a description of the activities carried out by the eligible entity to assist charter schools in meeting the objectives; and
- ❖ 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.

Our more specific comments on this spreadsheet follow.

- Column H asks whether there are any ongoing construction or facilities projects at each school being assisted through the grant. It is not clear why this question is relevant. A school that has construction underway might still need credit enhancement; the same can be said of a school that does not have any ongoing construction.

Program Response: The Credit Enhancement Program agrees a school that has construction underway might still need credit enhancement, and the same can be said of a school that does not have any ongoing construction.

The Credit Enhancement Program believes grantees need to confirm that work on construction projects is being completed within a reasonable time for that specific construction project.

- Column I asks grantees how they used their grant funds to secure or credit-enhance financing for the school, and Column J asks for a brief description of the source and type of financing the school received. While these questions might generate useful information, they would seem to call for anecdotes rather than information that can easily be aggregated, and we question whether the facts collected have been used by ED. If ED has not been using the information under these two items, we suggest that they be discontinued. Otherwise, the information should be collected in a more standardized format.

Program Response: The Credit Enhancement statute requires grantees to provide reports that include 6 components. Column I, and J are needed under the program's 6th requirement - a description of the characteristics of lenders and other financial institutions participating in the activities undertaken by the grantee under the Credit Enhancement Program during the reporting period.

CSP disseminates the Credit Enhancement school level data, and transactional level data via the National Charter School Resource Center.

- Column K asks grantees to provide the name of the bank or banks that provided financing for the school. Columns M, N, P, and W, respectively, ask for information on amortization structures, amortization schedules, conversion features, and debt-to collateral ratios. We are not aware of whether or how the Department has ever made use of this information and question why the information would be needed for management of the program at the Federal level. Unless ED can provide a compelling explanation of the need for the information collected in these columns, we recommend that they be discontinued.

Program Response: The Credit Enhancement statute requires grantees to provide reports that include 6 components. Column K, M, N, P and W are needed under the program's 6th requirement - a description of the characteristics of lenders and other financial institutions participating in the activities undertaken by the grantee under the Credit Enhancement Program during the reporting period.

CSP disseminates the Credit Enhancement Program school level data, and transactional level data via the National Charter School Resource Center.

Column X asks respondents to describe how the financing they provided was used. Column Y asks whether that financing was used for a building addition, an existing building, or a new building. Column Z asks whether the financing increased the amount of physical space available to educate students. Nonprofit lenders do not object to reporting this information (so long as ED genuinely uses it) but find it awkward to provide long narrative descriptions in these areas through an Excel spreadsheet.

Program Response: The Credit Enhancement statute requires grantees to provide reports that include 6 components. Column X, Y, and Z are needed under the program's 4th requirement - a listing and description of the charter schools served during the reporting period.

- Column AB asks for the "financed amount outstanding" for each participating school. Particularly when multiple lenders are involved in a project, this can be a complex and difficult number to compute and, again, we question whether the Department has been making use of the data. Further, the more meaningful figure is the total amount of financing at closing, not the amount outstanding at a particular point in time. If ED needs to obtain data on the amount of financing by school, then the amount at closing is what should be collected. In addition, the term "financed amount outstanding" is not defined in the instructions and some grantees have found it confusing.

Program Response: The Credit Enhancement statute requires grantees to provide reports that include 6 components. Column AB is needed under the program's 4th requirement - a listing and description of the charter schools served during the reporting period. CSP uses the data collected to attribute and reflect the grantees performance over a specific years, and well as since the inception of the grant.

- Column AD asks "How was the school served"? That is essentially the same question as is asked in Column X ("How was the financing used"?). It should thus be discontinued.

Program Response: The Credit Enhancement statute requires grantees to provide reports that include 6 components. Column AD, and X are needed under the program's 4th requirement - a listing and description of the charter schools served during the reporting period. CSP does not agree that the columns elicit the same information from grantees. Financing used cannot always be tied to a specific school, and many times the financing is tied to the facility more that the tenant/school.

- Column AF asks, for schools served through a guarantee or insurance of a lease, the annual total dollar amount of the lease. Grantees believe this data item is misleading, as most leases increase over time (so a particular year's dollar amount is not meaningful). Some grantees have instead averaged the dollar amount over the term of the lease when reporting the data.

Program Response: The Credit Enhancement statute requires grantees to provide reports that include 6 components. Column AF is needed under the program's 6th requirement - a description of the characteristics of lenders and other financial institutions participating in the activities undertaken by the grantee under the Credit Enhancement Program during the reporting period. CSP acknowledges that leases may increase over time, and grantees are expected to provide the average the dollar amount over the term of the lease when reporting the data.

- Column AH asks for the total amount leveraged. We support collection of data on leveraging (which is a key indicator of the effectiveness of the Credit Enhancement program) but note that credit-enhancing long-term leases can overstate the leveraging impact of an enhancement.

Program Response: As required by the Credit Enhancement Program's GPRM measures, CSP is required to provide to Congress the total leverage of grantees, including how grantees use the Credit Enhancement Program to leverage leases. Column AH helps the program properly calculate the impact of guaranteeing leases payments over a period of time, so the program can include the guaranteeing of lease payments in the reporting of total leverage.

- Column AG asks, again for schools served through a guarantee or insurance of a lease, how many years the guarantee or insurance is in place. We question why that would be a
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valid indicator of program performance. The only meaningful data for lease guarantees are the amount of grant funds committed and the value of the lease.

Program Response: As required by the Credit Enhancement Program's GPRA measures, CSP is required to provide to Congress the total leverage of grantees, including how grantees use the Credit Enhancement Program to leverage leases.

Column AG helps the program properly calculate the impact of guaranteeing leases payments over a period of time, so the program can include the guaranteeing of lease payments in the reporting of total leverage.

- Columns AI and AJ ask for the opinions of the grantees on, respectively, the impact of the credit enhancement (provided through the grant) on the terms and conditions of the loan and on the impact of the credit enhancement on the overall project. These very subjective issues seem particularly inappropriate for capturing through a spreadsheet. Some grantees have just reported, automatically, that the financing would not have happened without the credit enhancement.

Program Response: The Credit Enhancement statute requires grantees to provide reports that include 6 components. Column AI, and AJ are needed under the program's 5th requirement - a description of the activities carried out by the eligible entity to assist charter schools in meeting the objectives.

Grantees are not expected to report on schools in years where the Credit Enhancement did not support the school at any point during the fiscal year. Grantees are expected to report on Credit Enhancement supported schools if at any point of the fiscal year the school benefitted from the Credit Enhancement program.

- The question posed in column AK ("What happened to the school after the credit enhancement expired?") seems very vague and unlikely to produce information that is comparable across schools and grants. Some grantees do not track schools after the credit enhance ends and, thus, generically report that, to the best of their knowledge, the school continues to operate. We suggest that this question be deleted.

Program Response: The Credit Enhancement statute requires grantees to provide reports that include 6 components. Column AK is needed under the program's 5th requirement - a description of the activities carried out by the eligible entity to assist charter schools in meeting the objectives.

Grantees are not expected to report on schools in years where the Credit Enhancement did not support the school at any point during the fiscal year. Grantees are expected to report on Credit Enhancement supported schools if at any point of the fiscal year the school benefitted from the Credit Enhancement program.

- Columns AL through AO request school- and State-level data on student academic performance. ED's rationale for requiring these data is unclear, and grantees have heard from ED staff that the Department does not look at or make use of this information. Further, it is not certain that the data provided are consistent across schools and grants; the spreadsheet instructions do not call for using the test score results consistently for all schools in the same State, and different grantees are likely to report data from different tests. Further, grantees have been uncertain how to report on high schools (where students might take the SAT or the AP in lieu of Statewide tests), on what to do when Statewide results have not been released prior to the annual report deadline, and on whether to report on schools for which credit enhancement is no longer being provided but has been earlier in the grant period.

If ED's intent is to identify early warning signs of a potential default, then perhaps the solution is to ask grantees to discuss "watch credits" in the narrative section of the report. As one of lender put it, "There has to be a better way to judge 'quality' than inconsistently reported academic results at the State and school level."

Program Response: The Credit Enhancement Program believes it is imperative that the academic

performance of schools supported via the Credit Enhancement Program are monitored by grantees, and collecting the school performance data allows the Credit Enhancement Program to ensure grantees are monitoring the school within their portfolio.

In addition, we have the following comments on the "Performance Report Summary Sheet."

- The third item asks for the amount of financing leveraged that is outstanding on the last day of the reporting period. Consistent with our comments on Column AB of the spreadsheet, we recommend that this request be deleted. We do not believe that the amount outstanding on a particular date is a meaningful figure and we question whether ED has actually made any use of these data. For the same reasons, we recommend deletion of the fourth item, the amount of financing credit-enhanced under the grant that is outstanding on the last day of the reporting period.

Program Response: This information is important to CSP's management of the Credit Enhancement Program. This element enables CSP the information needed to understand whether a transaction is active, and if so, how soon can the Credit Enhancement Program expect that funds will become available.

- We request greater clarity on whether grantees are to report on funds committed or on funds drawn down. Providing only the amount of funds drawn down would understate the leveraging accomplished through a grant.

Program Response: Credit Enhancement Program grantees are able to draw down their entire grant award once their performance agreement has been approved. When grantees report each year, they are to report on the entire grant award regardless of the percentage of funds committed vs not committed.

Finally, we request that the annual report be due on a set date each year, with reporting instructions coming out at least 30 days before. If ED would keep to such a schedule it would greatly assist grantees in compiling and reporting the requested information on time.

Program Response: CSP uses the same timeframe for the Credit Enhancement grantees submission of APRs each year. The APRs are due the first week in December.

Submitter Information

Name: Nicole Barcliff

Question 4: How might the Department enhance the quality, utility, and clarity of the information to be collected?

LISC Recommendation: Sunset infinite reporting on CEP awards after the original award dollars have been deployed according to the authorized permissible uses and sufficient data has been collected over a 10-year time period.

Program Response: The Credit Enhancement Program statute requires grantees to report to the Secretary on operations and activities under the Credit Enhancement Program. Further, the Credit Enhancement Program statute permits the Secretary to exercise the recovery of all or a portion of the funds in a reserve account if, in fact, the funds are not being used properly to achieve one or more of the required purposes.

Question 5: How might the Department minimize the burden of this collection on the respondents, including through the use of information technology?

LISC Recommendation: Modernize the CEP reporting tool and establish a database or portal hosted by ED that allows grantees to upload reporting data.

The information collection techniques utilized to track CEP resources are dated and could be refreshed. We recommend the adoption of a platform that allows grantees to upload reports. The portal would allow ED to track, review and analyze data more efficiently, and encourage consistent and streamlined grantee reporting.

Program Response: The CSP has explored the option of developing a community of practice platform to house a clean Credit Enhancement wide dataset to assist in modernizing the reporting tool.

