

The MassDevelopment Charter School Loan Guarantee Program

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The Charter School Loan Guarantee Program is managed by the Massachusetts Finance

Development Agency (MassDevelopment or the Agency), the state's finance and development agency. The Program helps charter schools obtain financing for the acquisition, construction, and/or renovation of school facilities. Under the Program, MassDevelopment issues guarantees on behalf of charter schools to guarantee a portion of a loan or bond made to a charter school to improve its school facilities. With a guarantee, a lender can provide a higher amount of financing and better interest rates than would be allowed under their credit guidelines, thereby enabling the charter school to access the funding it needs for its facility project. The U.S. Department of Education grant funds provide MassDevelopment with the capital to issue the guarantees. The Program works with all charter schools from start-up schools to mature schools and with schools that own their facilities and or want to improve rented facilities. Priority is given to schools in underperforming districts and communities with a high percentage of low income families. To date, MassDevelopment has issued 19 guarantees that have supported loans and bonds made to 16 charter schools – without guarantees, these 16 charter school facility projects would not have been possible or would have been significantly delayed. In February 2011, thirteen new schools received Commonwealth charters from the MA Department of Elementary and Secondary Education – ten of the schools are replicating their successful school model in underperforming communities of the state. The \$5 million grant being requested will allow MassDevelopment to support the financing needs of these “replication” schools. As we have in the past, MassDevelopment will continue to promote our credit enhancement loan guarantee model and will continue to contribute to research surveys and inquiries.