

TEXAS CREDIT ENHANCEMENT PROGRAM FOR CHARTER SCHOOLS

The Texas Credit Enhancement Program (TCEP) received a \$10 million grant from the US Department of Education (USDOE) to establish a credit enhancement program for charter schools facilities funding. TCEP is a consortium formed with the Texas Public Finance Authority Charter School Finance Corporation (CSFC), the Texas Charter Schools Association (TCSA), which replaced Resource Center for Charter Schools—an original consortium member—in spring of 2009, and the Texas Education Agency (TEA). The Texas Public Finance Authority CSFC is a non-profit corporation created by the Board of Directors of the Texas Public Finance Authority (TPFA), a state agency, pursuant to section 53.351 of the Texas Education Code. TPFA provides administrative and staff support for the CSFC. The CSFC is the entity responsible for awarding the TCEP grants.

The TCEP will use the \$10 million in Credit Enhancement for Charter School Facilities grant funds, combined with a \$100,000 TEA contribution, to establish reserve funds for open enrollment charter schools that are issuing municipal bonds to finance the acquisition, construction, repair, or renovation of Texas charter school facilities. Refinancing of facilities debt may be included if it falls within federal program guidelines. The debt service reserve funds will be held in the State treasury solely to provide security for repayment of the bonds. The funds will not be provided directly to the approved charter schools for construction.

Eligibility Criteria

- Academic rating of acceptable or higher for two consecutive years.
- Fiscally sound as determined by a satisfactory rating under the Financial Integrity Rating System of Texas (FIRST) as adapted for charter schools.
- Other criteria set out in the application.

Timeline and Process

- Applications for the first round of grants were due September 15, 2006.
- The CSFC made first round awards, of approximately \$8 million, to 14 charter schools in March 2007.
- Applications for a second round of awards were due October 15, 2007, and the CSFC made the second round awards, of \$2 million, to 2 charter schools on January 4, 2008.
- A third round of applications was accepted in fall 2008 to award \$1,750,000 to 2 charter schools in January 2009.
- A fourth round of applications was accepted in fall 2009 to award \$600,000 to 1 charter school in February 2010.
- Applications for a fifth round of grants were due January 20, 2012. No applications were received for the approximately \$850,000 of available grant funds.
- Applications were reissued in March, 2012, and an award of \$910,311.95 was made to Wayside Schools in October, 2012.

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