



Challenges Facing Rural Charter Schools

Self-Help
Durham, North Carolina

Who is Self-Help?

- Non-profit CDFI founded in 1980
- Mission: Creating and protecting ownership and economic opportunity for people of color, women, rural residents and low-wealth families
- Lent over \$40 million in financing to rural charter schools nationwide since 1997



Challenges Facing Rural Charter Schools

- Facilities Financing
- Governance
- Transportation
- Staffing



Best Practices: Facility Financing



- Lender
 - Traditional Bank
 - CDFI – Community Development Financial Institution
- Foundation Grants
- Fundraising
 - Capital Campaign
 - Parents
 - Board
 - Corporate Sponsors
- Bonds
 - Minimum \$2-5 million
 - Enrollment > 300

USDA Community Facilities Program



- **Who:** Charter schools located in areas and communities of up to 20,000 in population. School **must** show community support.
- **What:** Funds to finance facilities construction, expansion, or improvement
- **Methods of Receiving:**
 - Direct Loans
 - Guarantees up to 90%
 - Grants

USDA Business and Industry Loan Guarantees



- **Who:** Charter schools located in communities under 50,000 in population
- **What:** Guarantees up to 80 percent
- **Maximum Amount:** \$25 million

Working with USDA/Rural Development Offices

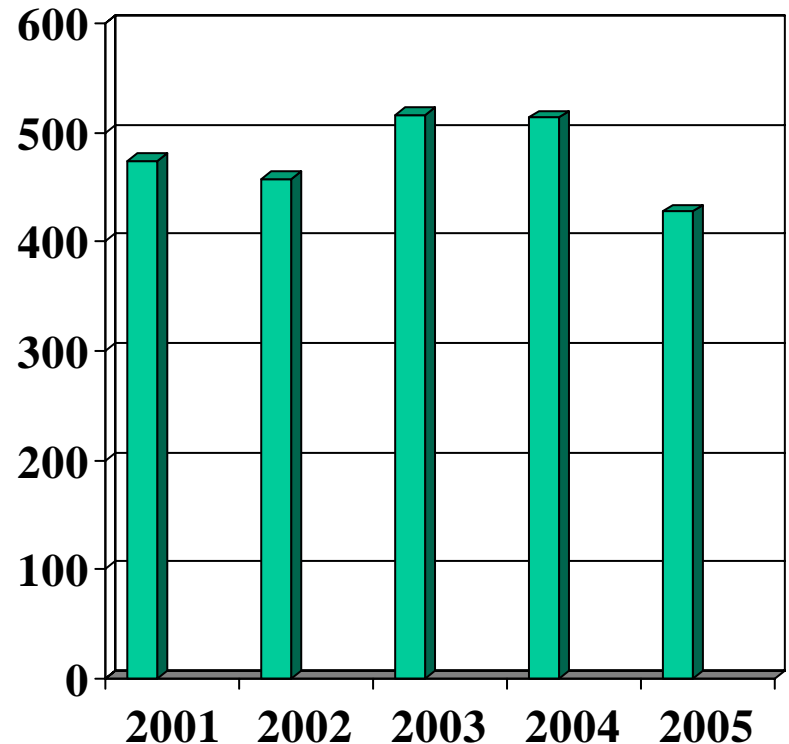
Application Process:

- Facilitated by USDA Rural Development Field Offices and lender
- Pre-Application takes up to 45 days
 - Establish the school's eligibility, project priority status, and funding availability
- Final Application Process timeline depends on project size, environmental review, and legal issues

USDA Rural Business Enterprise Grants

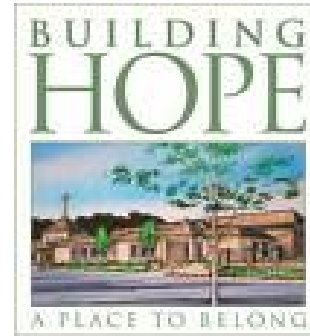
- **Who:**
 - Population < 50,000
 - Employ < 50 employees
 - Gross Revenue < \$1 million
- **Eligible Uses:**
 - Technical Assistance
 - Working Capital
 - Construction
- **Grant Amounts:**
 - Range from \$60,000 to over \$2 million
 - It is important to emphasize job creation in your grant
 - **Competitive program with limited funds**
 - **Must show how your program will create jobs**

Number of Grants Awarded



Other Options

- Other Guarantors
 - CSDC
 - Building Hope
- Equity Options
 - Seller Financing
 - LLC



Small Rural School Achievement Grants



- **What:** Financial assistance to help rural schools meet AYP
- **Who:**
 - Schools with enrollment < 600
 - Schools located in areas with pop. density < 10 persons/mile²
- **Number of Awards Available:**
4,630
- **Average Amount Awarded:**
\$18,242

USDA School Lunch Program

- **Who:** All public and non-profit public schools
- **What:** Nutritionally balanced, low-cost or free lunches to children each school day



More Information

- Community Facilities Program
 - <http://www.rurdev.usda.gov/rhs/cf/cp.htm>
- Business and Industry Guarantees
 - http://www.rurdev.usda.gov/rbs/busp/b&i_gar.htm
- Rural Business Enterprise Grants
 - <http://www.rurdev.usda.gov/rbs/busp/rbeg.htm>
- Small Rural School Achievement Grants
 - <http://www.ed.gov/programs/reapsrsa/gtepreapsrsa.pdf>
 - <http://www.ed.gov/programs/reapsrsa/index.tml>
- Lunch Program
 - <http://www.fns.usda.gov/cnd/Lunch/>

Site Selection: Think Outside the Box

- Bowling Alley
- Church
- Strip Mall
- Movie Theaters
- Vacant District or Private School Facilities
- Warehouse



Historic Preservation Tax Incentives

- **What:** 20% Tax Credit
- **Who:**
 - Charter schools that select site listed in National Register
 - Comply with Interior Department Standards
- **For more information:**
 - http://www.cr.nps.gov/hps/tps/tax/incentives/essentials_1.htm and <http://www.state.sc.us/scdah/hpincomeproducingtax.htm>
- Beware: application process takes at least 6 months



Modular Buildings



- Useful Life
- Lease vs. Purchase
- Collateral & Resale Value

Governance

- Clearly defined roles and responsibilities :
Authorizer ↔ Board ↔ Management
- Orderly Documents, plans, and controls
 - 501(c)3 letter, charter, by-laws, audits, policies, selling plan, security, etc.
- Committed Community Centric Board
 - Well defined roles and responsibilities
 - Diverse Skill Sets: Attorney, Appraiser, Accountant, General Contractor, Engineer, Realtor
- Succession Planning



Transportation

- Develop a Transportation Plan
- Site Selection
 - Who is your target population?
 - Will they be able to get to school?
- Methods
 - Contract with school district
 - Contract with private company
 - Purchase and Operate your own transportation
 - Facilitate car pool program

Attracting Excellent Teachers

- Merit-Based Pay System
- Benefits Package
 - Partner with another charter school to reduce costs
- Duty-Free Lunch Periods
- Daily Planning Periods
- Teaching Supply Budget
- On-site Professional Development
- Role in Curriculum Development



Additional Ideas

- Offer Before/After School Care
 - Use child care subsidy if serving lower-income children, 12 and under
- Partner with local food bank to provide lunches to your students
- Utilize your facility for community events
- Build bridges within your community



Building Community Acceptance

- How do you get it?
- How do you maintain it?
- Why is it important to have?

How do I contact Self-Help?



Building on 25 years
of community
economic development

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