

## **Message Guidance for Charter Schools Receiving PPP Loans**

Some public charter schools are eligible for financial support through the recent federal stimulus bill (the CARES Act), including access to loans through the Small Business Administration available to nonprofit entities. While a few have criticized charters who have applied for these loans and suggested that charter schools should only be eligible for funds available to all schools, in this time of great crisis, it is important for charter schools to be able to access any funding available in order to continue to serve their students and support staff members. Below are some key messages that may help guide your external communication about your decision to apply for or accept a Paycheck Protection Program loan. We recommend that you be prepared to talk about the specific things your campus is doing to help students and families at this time, and particularly highlight the efforts of those essential employees who would be eligible for hazard pay.

### **Topline Messages**

- We will use this money to serve our students and support our teachers and staff.
- Congress made these one-time loans available to nonprofits like ours.
- State lawmakers are forecasting there will be cuts to school budgets.
- Unlike school districts, public charter schools receive no local property taxes that can help offset state cuts.
- We are grateful for this one-time support and are using it to pay our teachers and support our students and families during this uncertain time.

### **Key Message Points**

- With any financial decision we make, our first priority is to continue providing a high-quality public-school option to students in our community. The federal government made nonprofit organizations with fewer than 500 employees, including charter schools, eligible for these funds because lawmakers value the contribution organizations like ours make to our community, including the great education we provide to children and the jobs we offer. The significant financial uncertainty facing all nonprofit organizations, including schools like ours, jeopardizes our ability to continue serving students and taking care of our staff members. These funds will help us continue our current programs and services for students and protect our staff members' jobs and benefits.
- State lawmakers are already saying cuts to school budgets are coming. When school budgets are cut by the state, school districts can rely on property taxes to fill the gap. Charter schools can't because we don't receive any local property tax funds. Our only source of funds is from the state. We have no backstop. This loan will allow us to protect jobs today and in the future as we

prepare for budget cuts. <https://therivardreport.com/san-antonios-school-leaders-prepare-for-belt-tightening-in-wake-of-coronavirus/>

- Because we do not receive property tax funding, charter schools overall receive less funding than district schools. The average public charter school receives approximately 25% less per student than the average school district. While school districts will always receive property tax funding, we have access to this federal one-time loan to help us keep people employed through what could be a significant recession.
- Like every school in this state, we had to shift our entire operation from a bricks and mortar school building to an online environment in a matter of days. I am proud of the job our teachers and other staff members are doing to keep kids learning, keep them fed, provide wraparound social services, and keep them connected with their friends and support networks. This crisis has shown that the work that schools of all types do day in and day out is the backbone of our communities. America can't work when schools aren't open. We are grateful for the Members of Congress who made these loans possible and the support it offers to schools like ours in these uncertain times.

### **FAQ About the PPP Loans**

#### **Q: How much can a nonprofit borrow?**

A: Nonprofits are eligible to apply for 2.5x their monthly payroll costs, up to \$10M. The loan will be forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. Any portion of the loan that is not forgiven will be paid back at a 0.5% interest rate.

#### **Q: How are businesses and organizations being prioritized, i.e. who gets chosen?**

A: Applications are being processed on a first-come, first-served basis until funding runs out. However, Congress has already replenished the funds, and U.S. Senators are calling for additional funds to be made available to accommodate as many applications as may be received.

#### **Q: How are organizations being held accountable for how they spend the money?**

A: All organizations that receive loan funds will be responsible for demonstrating the funds were used on payroll costs, mortgage interest, rent, or utilities payments. If the funds are used for anything else, they will have to be paid back with interest. The loans also have to be paid back with interest if an organization does not maintain its staff and payroll.