



Charter Revolving Loan Interest Rate Analysis

Background: The Charter School Revolving Account consists of money appropriated by the Legislature, money received from the repayment of loans made from the account, and interest earned on money in the account. The Charter School Revolving Account was set up for charter schools to apply for small loans with favorable interest rates. The funds are used to aid charter schools with school building construction, renovation needs and to pay for other expenses related to a new startup, or the expansion of an existing charter school. Loan periods are five years. 53F-9-203, which established the Charter School Revolving Loan fund, states that The Board may not approve loans to charter schools that exceed a total of \$2,000,000 in any fiscal year.

The cash balance of Revolving Loans Account as of 12/6/2025 is \$5,873,222, which includes previously written off loans.

Analysis: To qualify for the loan, the charter schools must agree to the interest rate established by the Committee (i.e., the higher of one half of the Triple A Bond Rate available on the date of loan recommendation by the Committee, or 2%) and the repayment schedule of the loan designated by the Superintendent. Based on research, the Triple A Bond rate (Moody's Seasoned AAA Corporate Bond Yield) is at 5.34% on December 16, 2025, one half of 5.34% is 2.67%.

Mathematical Analysis (10-year scenario):

Principal Balance loaned out as of 12/31/2025	\$ 1,158,420.36	(approx.)
Expected ten-year payment total as of 2/1/2026	\$ 2,381,141.74	(approx.)

Write Off History:

Kairos Academy	\$43,381.70	
Wasatch Institute of Technology	\$70,623.37	
Capstone Classical Academy	\$76,618.30	(approx.)
Utah Mountain School	\$111,277.76	
Total Write off Amount (2012-2025)	\$301,901.13	(approx.)



Conclusion: From the above ten-year scenario, and considering the historically low incidence of write-offs, it appears that with the current interest rate of 2.67 %, the fund balance is secure. Keeping in mind our goal to offer the best possible interest rate to charter schools, while maintaining a healthy fund balance in the Revolving Loan account, we feel confident loaning up to the statutory limit of \$2,000,000 in FY26.