



Small Ways Muni Investors Can Make a Big Difference

July 27, 2020

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Investors increasingly want to align their financial goals with a commitment to improving their communities and the lives of others. Two recent projects showcase how municipal bond investors are making an impact to help the environment, vulnerable communities and children with special needs.

Municipal bonds issued by state and local entities fund projects across various sectors that create the foundation upon which local economies thrive. Some muni issues also have specific impact goals, like ensuring safe drinking water or helping underserved kids. The proceeds from such bonds are directly channeled to help finance specific projects or programs that can measurably benefit communities.

One example is the Essex County Improvement Authority in New Jersey, whose bonds will help replace miles of worn-out lead water pipes that risk the health of thousands of Newark residents.

Safeguarding Clean Water and Health

Clean water is a basic human right. Yet like so many American cities, Newark, New Jersey suffers from an aging infrastructure. Its old water service pipes—many over a century old—are decaying and leaching toxic lead into homes and businesses.

The immediate concern is for the 250,000 residents of Newark exposed to contaminated drinking water, the overwhelming majority of whom are people of color. Last year, more than 10% of Newark residents reported lead levels well over acceptable standards.

Lead is especially dangerous to children. Despite federal standards, according to the American Academy of Pediatrics, there is no level of lead that is considered safe for children. “Low-level lead exposure ... is a causal risk factor for diminished intellectual and academic abilities, higher rates of neurobehavioral disorders such as hyperactivity and attention deficits, and lower birth weight in children.”

Standing up to fix the problem, the Authority in 2019 issued \$70 million in guaranteed muni project bonds to help fund the replacement of 18,000 lead service lines across the city over three years. So far, about 11,000 have been replaced—free of charge to water customers.

By the time the Newark project is done, we believe it will have changed the course of the community’s health and well-being—especially for so many vulnerable children.¹

Ensuring an Education for the Autistic

Helping children and promoting equity in schools is a primary focus of our strategy around primary/secondary education. Some children have disabilities requiring specialized supports—that can be both expensive and hard to find. Children with autism are often challenged by a lack of even the most basic services, including a quality education.

One forward-thinking institution just north of downtown Phoenix goes a long way to help: the Arizona Autism Charter School. It’s the state’s only tuition-free public school exclusively focused on children with autism, which affects normal brain development for social interaction, communication skills and cognitive function. Some 72% of students have an autism diagnosis that is co-occurring with an intellectual disability.

Autism affects one in 54 kids, according to the National Autism Association. Despite its prevalence, most US public schools are ill-equipped and underfunded to accommodate the specialized curriculum needs of autistic kids. Private options are available but cost prohibitive for most families.

A welcome alternative, the charter school offers all who attend a safe and nurturing learning environment. It also partners with the city and local universities to coordinate mainstream learning experiences. But it

needed to expand to meet higher demand and a growing wait list.

Earlier this year, the school issued nearly \$9 million in muni bonds to renovate and add facilities so it can welcome 11th and 12th grade students for the first time. Besides buying and refurbishing a nearby building, proceeds from the bond will go toward fitting 32 new classrooms to accommodate 120 more students. With the added space, staff can also introduce more tailored services in the vital areas of behavioral and occupational health.

With a more than 95% student retention rate, the Arizona Autism Charter School is a pillar of successful community support.

Munis Make a Lasting Impact

US municipal bonds are uniquely positioned to provide an array of channels for investors to make meaningful and impactful investments at a grassroots level, from education and environmental cleanup to health and workforce development. Cleaner water in Newark, New Jersey and an education tailored to autistic children in Phoenix, Arizona are two of the most impactful we've seen lately. Both are making a lasting difference, and we hope they will be clarion calls to other communities to follow their leads.

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¹Prevention of Childhood Lead Toxicity, COUNCIL ON ENVIRONMENTAL HEALTH, Pediatrics Jul 2016, 138 (1) e20161493; DOI: 10.1542/peds.2016-1493

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