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'Expanding' fund would help charter schools grow

(<http://www.suntimes.com/news/education/141573,CST-FIN-fill19.article>)

November 19, 2006

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Talk about new math.

The Illinois Facilities Fund hopes to transform an \$8 million federal grant into as much as \$100 million in Wall Street investments for charter school buildings.

"It's a great deal for Chicago and its citizens," said Ron Manderschied, CEO of the Noble Network of Charter Schools, which has rehabilitated two schools with bonds backed by the IFF program. "These buildings are being renovated into quality spaces for education for kids who truly need options."

The Illinois Facilities Fund, or IFF, is a nonprofit finance organization that ordinarily makes up to \$1 million in below-market real estate loans to nonprofits.

The U.S. Department of Education grant enabled the fund to do something new -- help charter schools expand facilities with low-interest, tax-exempt bonds issued through the Finance Authority.

Facility expansion is a problem for charter schools, which receive operational funding similar to that received by regular public schools, but don't have money for buildings.

The credit enhancer is used to make the loans less risky for outside investors. The credit enhancer acts as a financial lever, and enables the schools to borrow larger amounts of money at lower interest rates.

So far, credit enhancement has helped attract \$18.7 million in loans for Noble Network and UNO Charter School Network. A loan is pending for ASPIRA for \$11 million.

Noble used \$13.5 million in bonds to pay for transforming St. Philomena School at 4131 W. Cortland and Santa Maria Addolorata at 1337 W. Ohio into charter high schools.

The work was finished this summer. Noble used a bridge loan from IFF to pay for the renovations, and then used the bonds to pay off the bridge financing. The work included wiring, roofing and new science labs.

The program is open to schools around Illinois, said Trinita Logue, president and CEO of IFF. She hopes to use the grant to attract more loans over time.

Charter schools are alternative public schools open to all children regardless of academic achievement.

Operated independently from the Board of Education, there are charter schools run by community organizations, universities, foundations and school teachers.

While charter schools are funded by the Board of Education, they are free to set their own policies for curriculum, school hours and discipline.

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