

## LISC Stakes New Ground in Charter Schools

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Efforts to provide low-income neighborhoods with quality public school options got a boost this week. The Educational Facilities Financing Center (EFFC) of the Local Initiatives Support Corporation (LISC) joined with other partners to announce the creation of two funds worth \$56 million to finance public charter school facilities in Los Angeles County and Indianapolis. The EFFC is also releasing its special report, "The Charter School Facility Finance Landscape," the first national survey of private and public providers of funding and financing for charter school facilities.

"For 25 years we have worked with residents to create communities, where people want to live and work," said Michael Rubinger, LISC president and CEO. "We recognize that public schools that work and deliver quality education for children are an essential attribute of any thriving community. Our work in charter school facility development is part of our commitment to providing residents with the tools they need to build healthy communities and achieve success in today's economy."

Since 1997, LISC has committed over \$30 million in grants, loans, and loan guarantees to charter schools to help meet their facility needs. The EFFC was established in 2003 to intensify LISC's efforts to provide schools with adequate facilities. With significant investment from Prudential Insurance, the Walton Family Foundation, and the U.S. Department of Education, the EFFC plans to invest \$35 million in ten funds that will finance charter school facilities in select markets by the end of 2006. The Los Angeles and Indianapolis funds represent the first of these ten funds, with the EFFC investing \$5 million in capital.

Financing facilities is the number one challenge facing charter schools today. There is a dramatic shortage of adequate facilities to serve the roughly 3,400 charter schools in the U.S. and yet only limited facility financing is available through public funding streams and traditional private sector lenders. The two funds the EFFC is announcing today serve as examples of the creative ways communities can overcome this charter facility challenge and meet their educational needs.

The \$36 million Los Angeles Charter School New Markets Loan Fund is the first of its kind to take advantage of federal tax credits exclusively to benefit charter schools. Formed through an alliance of non-profits and financial institutions headed by Excellent Education Development (ExED), the fund will provide flexible, below-market-rate loans

for five to seven schools over the next two years. LISC provided \$4 million in loan monies and other investors, including Citibank Community Development, City National Bank, the Low Income Investment Fund, Prudential Financial, and Wells Fargo & Co., together invested \$31 million in debt and equity.

The \$20 million Indianapolis Charter Schools Facilities Fund, administered by the Indianapolis Bond Bank with loan dollars provided by JPMorgan Chase Bank, will provide financing to 15 charter schools for their facilities. In a unique showing of civic support for its charter schools, the City of Indianapolis will attach its moral obligation to all loans, thus pledging to pay debt in case of default by a charter school. To help secure Chase's and the City's investment, LISC and the Annie E. Casey Foundation put up ten-year, \$1 million guarantees.

"Quality public education is essential to improving the lives of families and the neighborhoods in which they live, and it is difficult for some high-quality charter schools to obtain adequate facilities," said Anita Landecker, ExED executive director. "Assistance from LISC and other public and private partners will help ensure that public educational options are available to children in Los Angeles and cities throughout the country."

In addition to providing capital for facility financing, the EFFC disseminates best practices in the sector. "The Charter School Facility Finance Landscape" survey released this week will serve as a roadmap for individual charter schools as they attempt to navigate this complicated terrain. The survey is also a resource for others in the community development and educational fields interested in helping expand the charter school sector.

"Recognizing that quality public education is essential to community development success is an important trend in our field," said Barbara Page, Vice President of Education Programs at LISC. "With our supporters and partners in the non-profit, financial, and government sectors, LISC will continue developing innovative financing solutions to help low-income communities meet their educational needs."

An electronic version of the "The Charter School Facility Finance Landscape" is available at <http://www.lisc.org/resources>; a hard copy may be obtained by contacting the EFFC at [effc@lisc.org](mailto:effc@lisc.org).

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#### About LISC

LISC combines corporate, government and philanthropic resources to help community-based organizations to revitalize underserved neighborhoods. Since 1980, LISC has raised more than \$6 billion to build or rehab nearly 160,000 affordable homes and develop 25 million square feet of retail, community and educational space nationwide. For more information, please visit <http://www.lisc.org>.

## About EFFC

The Educational Facilities Financing Center (EFFC) at LISC supports quality public charter and alternative schools in distressed neighborhoods. LISC founded the EFFC in 2003 to intensify its national effort in educational facilities financing. The EFFC pools low-interest loan funds and leverages them for investment in charter and alternative school facilities in order to create new or renovated school facilities for underserved children, families, and neighborhoods nationally. The EFFC is supported by the Walton Family Foundation, Prudential Insurance, and the U.S. Department of Education.

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