



INDIANA STATE BOARD OF EDUCATION

MEMORANDUM

To: Indiana State Board of Education
From: John Snethen, Executive Director
Brian Murphy, Chief of Staff
Date: June 28, 2016
RE: Charter Loans for 16-17 First Year Schools

Recommendation: Approve staff recommendations for 16-17 charter loans.

The SBOE administers the charter loan program in IC 20-49-9. The loan program is for authorized charter schools that do not receive a pro-rata share of property tax revenue.

By law, the loans are not to exceed 10 years, and have a rate of 1% interest; also, the payments are garnished from state tuition support each month. In 2015, the program was given a biennial appropriation of \$50 million. In October of 2015, the SBOE awarded approximately \$40 million in loans, and held over \$10 million for new startups in 2016-17.

SBOE staff received 5 applications. In each of the applications received, the loan funds will be used for startup costs (facilities improvement, instruction, administrative, technology, and debt service).

Staff makes the following recommendations:

- 1) Kindezi - Approve loan for \$500,000
- 2) Global Preparatory Academy – Approve for \$500,000
- 3) Steel City – Approve for \$1,000,000
- 4) Seven Oaks – Approve for \$2,000,000
- 5) Heritage Institute of Arts & Technology – Approve for \$1,000,000