

CHICAGO SUN-TIMES



FRIDAY, APRIL 26, 2013 | Late Sports Final

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\$1 City/Burbs \$2 Elsewhere | 66° 46° UPLIFTING Page 39



AFTER SUN-TIMES REPORTS: STATE CUTS OFF CHARTER SCHOOL'S FUNDS OVER INSIDER DEALS

State agency says clout-heavy UNO violated terms of \$98 million grant

BY DAN MIHALOPOULOS, PAGES 2-3



BEARS GO LONG IN DRAFT

SPORTS



COMING SUNDAY

Julia Louis-Dreyfus on her Chicago roots, aversion to 'Seinfeld' reruns and her rendezvous with Joe Biden

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LOTTERIES

For Thursday, April 25, 2013

ILLINOIS

Midday Pick 3—044
 Midday Pick 4—9749
 Midday My3—329
 Evening Pick 3—157
 Evening Pick 4—4220
 Evening My3—484
 Lucky Day Lotto—21 23 30 33 36
 Lotto Jackpot—\$7.25 million
 Mega Millions Grand Prize—\$103 mil.
 Powerball Jackpot—\$140 million

INDIANA

Midday Daily 3—972
 Midday Daily 4—6721
 Daily 3—845 Daily 4—7875
 Cash 5—02 09 14 16 31
 Lotto Jackpot—\$10 million

MICHIGAN

Midday Daily 3—009
 Midday Pick 4—3480
 Evening Pick 3—648
 Evening Pick 4—3764
 Fantasy 5—03 05 29 31 37
 Classic 47 Jackpot—\$3.75 million

WISCONSIN

Pick 3—529 Pick4—6121
 Badger 5—02 06 10 18 30
 SuperCash—16 27 28 29 34 38
 Megabucks Jackpot—\$1 million

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State cuts off money to

CLOUT IN SESSION

A WATCHDOGS REPORT

BY DAN MIHALOPOULOS

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Gov. Pat Quinn's administration has cut off funding to the state's largest charter-school operator, the politically influential United Neighborhood Organization, over insider deals it says violated terms of a \$98 million state grant, according to a letter obtained by the Chicago Sun-Times.

The deals involved millions of dollars in state funds that went to companies owned by two brothers of a high-ranking UNO executive, Miguel d'Escoto, that were hired as contractors on state-funded school construction projects in Chicago, according to the letter, which was sent to the organization Thursday from the Illinois Department of Commerce and Economic Opportunity.

The state agency began investigating UNO in response to reports in the Sun-Times that revealed that d'Escoto Inc. and Reflection Window Co. have been paid a total of \$8.5 million out of the state grant. D'Escoto Inc. is owned by Federico "Fred" d'Escoto. Reflection Window is owned by Rodrigo d'Escoto.

The two men are brothers of Miguel d'Escoto, a city transportation commissioner in former Mayor Richard M. Daley's administration who resigned Feb. 12 from his \$200,000-a-year position as UNO's No. 2 executive following the Sun-Times reports.

State officials said UNO should have notified them it was using the companies owned by the d'Escoto family members.

"We believe that UNO's failure to notify the Department of Commerce and Economic Opportunity of an appearance of a conflict of interest arising from the familial relationship between a senior UNO official and



Gov. Pat Quinn, UNO CEO Juan Rangel, House Speaker Michael Madigan and Ald. Edward Burke attend the July 2012 groundbreaking on the Southwest Side for the UNO Soccer Academy Charter High School.

ZONING: Charter school's bid yanked from zoning agenda
 | Page 12

two contractors hired to perform work with grant funds constituted a violation of . . . the grant agreements," Charles M. Biggam III, general counsel for the state agency, said in the letter to Juan Rangel, UNO's chief executive officer, who is a key political supporter of Mayor Rahm Emanuel.

Biggam said UNO violated a requirement in each of three grant agreements that it must notify the state "in writing of any actual or potential conflicts of interest."

Biggam told Rangel, who was co-chairman of Emanuel's 2011 mayoral

campaign, the state is "withholding any further payment of grant funds and prohibiting UNO from incurring additional obligations of grant funds until further notice."

Asked about the state action, Rangel said, "UNO is working . . . to address the relevant issues."

UNO so far has received \$54.7 million of the \$98 million grant, which the group won with the support of Quinn and House Speaker Michael Madigan (D-Chicago).

It used the state taxpayer funding to finish one new school and build two others but was relying on much of what was left to complete a \$25 million charter high school it's building at 5050 S. Homan Ave. — to be called the UNO Soccer Academy High School.

Quinn and Madigan attended a groundbreaking last summer for the high school, which UNO planned to open next fall. The impact on those plans isn't clear.

But Rangel noted, "We should not lose sight that there are hundreds of children already enrolled for the new UNO Soccer High School looking to start this fall in their school, currently under construction."

The move to suspend the state funding came after the Quinn administration asked Rangel to respond to a Feb. 4 report in the Sun-Times revealing UNO's hiring of the companies owned by d'Escoto's brothers.

Records show UNO paid d'Escoto Inc. — whose owner Fred d'Escoto is a former UNO board secretary — more than \$1.8 million to serve as

UNO over insider deals



The Soccer Academy High School is being built by UNO on the southwest side of Chicago. | BRIAN JACKSON-SUN TIMES



The Soccer Academy Charter High School is scheduled to open in the fall. | BRIAN JACKSON-SUN TIMES

its “owner’s representative” on its state-funded school projects. UNO suspended d’Escoto Inc. in February.

It has continued to use Reflection Window, which was paid about \$6.7 million from the state grant for its work on two UNO schools and is in line to get another \$3.1 million for

work on the Soccer Academy High School.

The letter from the Quinn administration Thursday also asked Rangel to respond to a report in Monday’s Sun-Times that Miguel d’Escoto was on d’Escoto Inc.’s board while also working for UNO. City records

show Miguel d’Escoto was treasurer of his brother’s company from April 2008 until January 2011. UNO began paying d’Escoto Inc. out of the state grant in August 2010, weeks after Fred d’Escoto resigned from the UNO board.

The attorney for the state agency also asked Rangel about “the current status of the relationship” between UNO and Reflection Window.

Rangel had told state officials last month that Miguel d’Escoto’s only role in his brothers’ work for UNO was signing off on the payments to their companies.

The Quinn administration, citing Sun-Times reports, now wants UNO to have an independent audit done, at its own expense, to show how the state money has been handled.

UNO already was facing an investigation by Quinn’s executive inspector general, Ricardo Meza, regarding the state funding and had hired a former federal judge, Wayne

“We believe that UNO’s failure to notify the Department of Commerce and Economic Opportunity of an appearance of a conflict of interest arising from the familial relationship between a senior UNO official and two contractors hired to perform work with grant funds constituted a violation of . . . the grant agreements”

CHARLES M. BIGGAM,
General Counsel for the state agency,
in a letter to Juan Rangel, UNO’s
Executive Officer

Andersen, to review its contracting practices.

In addition to the state grant for new school construction, UNO has borrowed more than \$70 million to rehabilitate existing buildings for its schools. D’Escoto Inc. got more than \$570,000 for work on renovation projects that did not involve state money from 2007 through last year. So, in all, it has gotten more than \$2.3 million from UNO.

UNO relies on tens of millions of dollars a year it gets from the Chicago Public Schools to pay back the money it borrowed and to operate its 13 charter schools, which serve more than 6,500 students.

The Chicago Board of Education recently renewed UNO’s charter deal for five years. CPS officials said the new charter contracts would impose ethics requirements.

After completing the Soccer Academy High School, UNO would have been left with \$15 million from the state grant — not enough to build another school. So it has asked legislators for another \$35 million.

UNO also has submitted plans to Bedford Park village officials to build a campus in the southwest suburb and proposed that that property be annexed by the city of Chicago as part of Madigan’s home 13th Ward.

CPS cuts one standardized test for K-2

BY LAUREN FITZPATRICK

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A day after some high school juniors boycotted standardized tests, partly blaming them for school closings, Chicago Public Schools announced the district will cut one of the computerized standardized tests given to its youngest students this year.

As for how many tests kindergartners and first graders will take next year, the district would not say, only that children in kindergarten through second grade will not take this year’s spring installment of the Measures of Academic Progress for Primary Grades scheduled to begin next week. Second graders will instead sit for a computerized test already given to third to eighth graders called Measures of Academic Progress.

Schools CEO Barbara Byrd-Bennett denied that the announcement came as a reaction to recent talk of opting out of tests, including a boycott Wednesday by at least 100 CPS high school juniors.

Byrd-Bennett said she began reassessing the standardized tests required by the district in the winter. She wanted to see whether the tests were being used correctly — to guide instruction and measure success.

“Or are we just testing because someone just said we should test and assess?” she said.

Parents had complained about the amount of time their children spent taking standardized tests instead of learning. Byrd-Bennett will announce more testing changes for older grades in coming weeks.