TO: Illinois State Board of Education

FROM: Robert E. Schiller, Superintendent
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Materials: Full Draft Report

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Purpose of Agenda Item

The purpose of the agenda item is a discussion of and action on the State Board of Education’s required annual report to the General Assembly and the Governor regarding Illinois charter schools in 2001-2002. The last report submitted was in January 2002 for the school year 2000-2001.

Expected Outcome(s) of Agenda Item

The expected outcome is approval of the report, with necessary technical changes, so that it may be submitted in a timely fashion and serve to inform the Governor and the General Assembly regarding charter schools in Illinois, including recommendations for necessary legislative changes.

Background Information

The report has been an annual requirement since the charter schools law was enacted in April 1996. This will be the sixth report and covers the 2001-2002 school year. The report provides information on the performance of charter school pupils, reviews charter school reactions to being released from many regulations and policies, and includes suggestions for changes in state law to strengthen charter schools. Students at charter schools take the state assessments at the applicable grade levels and schools issue report cards similar to traditional public schools. This report covers the 23 schools that were in operation during the 2001-2002 school year. One additional school opened in the fall of 2002 (Tomorrow’s Builders), and at the end of the 2001-2002 school year, one school closed (Nuestra America) and one charter was revoked (Governors State University).
Charter schools are public schools of choice. Parents choose to enroll students in a charter school. If the school is oversubscribed, a lottery is instituted. This selection process means that a school’s demographics may not match that of the host district. Student selection cannot discriminate on the basis of disability, race, creed, color, gender, national origin, religion, ancestry, marital status, or need for special education services.

There is a cap on the number of charter schools allowed in Illinois: 15 in Chicago Public School District 299, 15 in the remainder of Cook County and the collar counties, and 15 in the remainder of the state. With the closure of Nuestra America, one Chicago charter became available, but the recent approval of Aspira Charter School will result in once again reaching the cap in Chicago.

**Analysis and Implications for Policy, Budget, Legislative Action and Communications**

An issue for the State Board to consider regarding possible legislative changes is raising the cap on charter schools in Chicago. SB 1240 as amended would have increased the Chicago cap to allow for 15 additional schools, but failed to win approval during the 2002 veto session.

**Policy Implications**

It is anticipated that the Charter School Report will inform future Charter School policy making.

**Budget Implications**

If the cap on Chicago charter schools is increased, the appropriation required for state start-up grants and transition impact aid (TIA) awards would be increased. Using a projected enrollment increase of 600 in 2003-2004, an extra $150,000 would be required for state start-up grants (at $250 per student) and about $3,100,000 more would be required for TIA awards. These increases would need to be taken into account during budgeting.

With an increase in charter schools there will be an increased need for administration and oversight. It is anticipated that additional agency staff time would be required.

**Legislative Action**

Legislative proposals may be submitted as a result of the Charter School Report and ISBE will review each proposal as it is submitted. SB 1240, which would raise the Chicago cap to 30, may be presented again for consideration during the spring legislative session.
Communication

The report will be disseminated to the Office of the Governor and General Assembly.

Pros and Cons of Various Actions

With the approval of Aspira Charter School, Chicago will have once again reached the legislative cap for charter schools. As demonstrated by the number of applications for available seats, interest in charter schools in the Chicago district remains high. Increasing the number of charter schools in Chicago would have a positive impact on the availability of school choice options. The increased agency funding required for such an increase could cause a negative impact on the agency budget.

Superintendent’s Recommendation

Approve the report for transmittal to the General Assembly and the Governor.

Next Steps

Transmit the Illinois Charter School Annual Report to the General Assembly and the Governor upon Board approval. Support necessary legislative changes throughout 2003 or thereafter.