

**ILLINOIS STATE CHARTER
SCHOOL COMMISSION
APPEAL NO. SCSC 17-003**

Mastery Academy Charter School)	
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)	
v.)	Appeal No. SCSC-2017-003
)	
)	
Maywood/Melrose Park/Broadview School District No. 89)	

FINAL DECISION OF THE COMMISSION

Mastery Academy Charter Schools (“MACS”) seeks to establish the Mastery Academy Charter School. On July 25, 2017, the Illinois State Charter School Commission (“Commission”) voted to **deny** the appeal of the charter school proposal that MACS submitted to the Maywood, Melrose Park, Broadview School District No. 89 (“District #89”). The Commission finds that, although the proposal may be legally sufficient to meet the minimum requirements under the Charter Schools Law, 105 ILCS 5/27A-7(a), et seq., establishment of the proposed new charter school would not be in the best interests of the students that the MACS proposal intends to serve. The Final Decision of the Commission is being issued pursuant to 23 Ill. Admin. Code 650.110(d) (3) based on the Commission vote denying the appeal on July 25, 2017, and is sent to each party by certified mail.

I. Jurisdiction

The Commission exercises jurisdiction in this matter pursuant to the Illinois Charter Schools Law, 105 ILCS 5/27A-7(a), et seq. The Local Education Agency (“LEA”), District #89, received the MACS team proposal on March 3, 2017 from MACS, and processed it according to the Charter Schools Law. District #89 held a public hearing regarding the proposal on April 6, 2017 and then voted to deny MACS’ charter school proposal on April 13, 2017. On May 15, 2017, MACS filed an appeal with the Commission. The appeal contained all of the required components and was timely submitted. Thus, the MACS appeal is properly before the Commission pursuant to 105 ILCS 27A-8(g).

II. Procedural Background

Mastery Academy Charter School, an Illinois not-for-profit corporation, filed a proposal to open a new charter school in District #89. Originally proposed to open in fall 2017, the school was designed as a middle school, opening with 135 students in grades six and seven in year one, and growing to full capacity of 225 students in grades six through eight by school year 2019-20. MACS sought slightly over 100 percent of the current Per Capita Tuition Charge (“PCTC”) for District #89, which as published by the Illinois State Board of Education was \$7,743.67, at the time of the appeal.

District #89 serves approximately 5,187 students in the villages of Maywood, Melrose Park, and Broadview. District #89 is comprised of nine (9) schools with one dual language school serving grades K-3, two middle schools serving grades 6-8, and six elementary schools serving grades pre-K through 5. Per the 2015-16 Illinois State Report Card, District #89 is 79.6% low-income, 63.4% Hispanic, 33.4% Black, 27% ELL, and 11.1% with IEPs.

District #89 voted to deny the MACS proposal on April 13, 2017. MACS timely filed an appeal with the Commission on May 15, 2017.

Pursuant to its policies and procedures, the Commission delegated to its staff the duty to perform due diligence and evaluate the appeal filed by MACS. In reviewing the appeal, the Commission’s staff retained a team of independent experts to analyze MACS’s proposal and appeal. On June 21, 2017, Commission staff and the expert evaluation team conducted a joint capacity interview with representatives from both parties. The interview was held at the George A. Leoni Complex, located at 800 N. 17th Avenue, Melrose Park, IL 60160. Both parties responded to questions about the proposal and District #89’s review and decision.

On June 28, 2017, pursuant to 105 ILCS 27A-8(c) of the Charter Schools Law, the Commission held a public hearing in Maywood, which was chaired by Commissioners Troy Ratliff and Lisa Schuchart. Representatives from MACS and District #89 provided statements and presented arguments favoring their respective positions on the appeal. Approximately 72 people attended the hearing and 47 people provided testimony (42 on behalf of District #89 and 5 on behalf of MACS) at the hearing. The Commission also held open, for seven days, an Email Forum following the public hearing for additional public input and comment.

A total of 16 emails were received; of the 16 emails, 13 were in support of the District #89's decision to deny the charter and 3 emails were in support of MACS to grant the charter.

On July 20, 2017, the Commission staff informed the parties to this appeal that the Commission staff would recommend to the Commission that the MACS appeal be denied and the denial decision of the District #89 be upheld. The Commission staff prepared its recommendation to the Commission based on the review of all the materials submitted by the parties and the due diligence conducted by the Commission staff and the expert evaluation team.

On July 25, 2017, the Commission held a public meeting and voted on MACS's appeal. The Commission meeting was held at the Melrose Park Civic Center, located at 1000 N. 25th Avenue, Melrose Park, IL 60160. Seven of the nine Commissioners attended the Commission meeting, five Commissioners were physically present, two Commissioners participated remotely via a conference call, pursuant to a motion, and two Commissioners were absent¹. Public comment was received by 8 individuals (3 on behalf of the MACS appeal and 5 on behalf of the District #89 decision). The motion as set forth in the Agenda Book was called to vote, and seconded. The discussion on the motion included a presentation by staff, both parties, questions from Commissioners to the parties and their respective responses. On a roll call vote, six Commissioners voted in favor of the motion to deny the appeal for the establishment of Mastery Charter School.² Thus, the Commission denied the MACS appeal and upheld the decision by District #89 to deny the new charter school proposal.

III. Findings of Fact

A. Overview of MACS's Proposal

1. MACS does not currently operate any charter schools.
2. MACS initially proposed to create a 6-8 middle school in Fall 2017³, with 135 students in

¹Commissioners Feinberg and Schuchart appeared telephonically and Commissioner Burns and Ratliff were absent from the meeting.

² Commissioners Farmer, Feinberg (appearing telephonically), Perez, Schuchart (appearing telephonically), Van Evera, and Williams voted in favor of the motion to deny the appeal. Commissioner Robbins, who was physically present, recused herself from any vote or deliberations on the appeal due to a conflict of interest.

³ Given the late spring decision by the District and the late summer decision date on the appeal, MACS agreed that consideration of the appeal would be based on a 2018 opening if approved.

6th (75 students) & 7th (60 students) grades, growing to 225 students in grades 6-8 by school year 2021-22.

3. The MACS mission statement as provided is as follows: “Mastery Academy presents a prestigious option in public schooling. We instill in our scholars a desire to excel beyond what is thought possible toward mastery in every opportunity of learning.”

4. MACS identified a combination of Expeditionary Learning and social emotional learning (SEL) as primary components of its academic program.

5. MACS identified American Quality Schools (AQS) as the educational management organization (“EMO”) that would operate the Mastery Academy Charter School. A management agreement template was included with the appeal.

6. MACS set the following performance goals for the statewide PARCC assessment: 33% of its students would meet or exceed proficiency on the statewide PARCC assessment in the first academic year. Each year, this percentage of students will increase by 10%. Ultimately, by the fourth year (2020-21) of the charter, resulting in 66% of MACS students meeting and/or exceeding proficiency standards. .

7. MACS identified three potential locations for the proposed school: (i) McNulty School, (ii) The Quinn Center/St. Eulalia, and (iii) the T.H. Wade Center. The McNulty School was sold and therefore no longer available at the time of the appeal submission. The T.H. Wade Center was identified as the preferred location.

8. MACS presented a five-year budget for the proposed school based on receiving slightly over 100% of the current PCTC for District #89, which was \$7,743.67 at the time of the appeal. Revenues were projected in year one at \$1,325,742, growing to \$2,252,974 in year five. Expenditures in year one were \$1,316,875, growing to \$2,074,648 in year five.

B. District #89’s Reasons for Denial

As required by 105 ILCS 5/27A-8(f), District #89 provided its rationale for the denying the MACS proposal. A high-level overview of the reasons cited by District #89 includes the following:

1. *Academic Plan.* District #89 staff found that while the Expeditionary Learning (EL) model may offer a unique and innovative option for students; the MACS proposal lacked sufficient detail to convey how curricula and standards would be developed at the school and implemented through the EL projects, across grade levels and content strands. District #89 also concluded the proposal failed to demonstrate how the school would ensure the academic program was rigorous and would lead to improved academic outcomes for District #89 students.

2. *Fiscal Plan.* District #89 found that the expenses in the budget were very low, based on local and regional cost estimates, and concluded that the financial plan as submitted was not viable. These assessments were confirmed during the public meeting when MACS admitted the figures provided in the budget were inaccurate.

3. *Governance/Leadership Plan.* District #89 found the proposal lacked clarity and details regarding oversight and accountability for the school board and school leadership. The proposal did not identify a plan, criteria or timeline to recruit and select a school leader; and the identified governing board and design team have limited capacity to oversee school management.

C. Commission's Due Diligence Findings

1. MACS proposed to implement a wide variety of specialized programs to support the persistently low performing middle school students of District #89. The named components include, but are not limited to Expeditionary Learning, civic and social justice, and socio-emotional learning.

2. In addition to Expeditionary Learning, MACS proposed to partner with American Quality Schools (AQS) for an undefined scope of services.

3. MACS indicated that it will use a Pearson product for English language arts and Connected Mathematics. Proposed assessments include PARCC, NWEA MAP, STAR, and a variety of internally developed assessments.

4. The proposal indicates that the school will not provide any transportation for students in general.

5. No budget narrative was provided and the budget does not include assumptions or the cost basis for line items.

6. The budget included a fee of 8% of public funds paid to AQS annually. Additional line items also appear to be payable to AQS for the provision of certain services, including audit services, marketing and maintenance services. However, no final agreement between MACS and AQS was submitted during the appeal.

7. During the interview, MACS and AQS confirmed that they had not negotiated the final scope of services that AQS would provide under the management agreement. It became evident during the interview that MACS did not fully comprehend the how to structure a partnership with AQS or how to manage oversight of AQS and hold the company accountable for performance.

IV. Analysis

A. Standard of Review

The Commission may reverse a local school board's decision to deny a proposal to establish a new charter school when the Commission finds that the proposal (i) complies with the Charter Schools Law and (ii) is in the best interests of the students the charter school is designed to serve. 105 ILCS 5/27A-8(h); Comprehensive Cmty. Solutions, Inc. v. Rockford Sch. Dist. No. 205, 216 Ill. 2d 455, 471 (2005). To determine whether a new school proposal satisfies this standard, the Commission conducts a de novo review of the proposal and the school district's response. 23 Ill. Admin. Code 650.110 (d)(1). See also Bd. of Educ. of Rich Twp. High Sch. Dist. No. 227 v. Ill. State Bd. of Educ., 965 N.E.2d 13 (Ill. App. Ct. 1st Dist. 2011).

As required under the Law, the Commission gives preference to proposals that: "(1) demonstrate a high level of local pupil, parental, community, business, and school personnel support; (2) set rigorous levels of expected pupil achievement and demonstrate feasible plans for attaining those levels of achievement; and (3) are designed to enroll and serve a substantial proportion of at-risk children; provided that nothing in the Charter Schools Law shall be construed as intended to limit the establishment of charter schools to those that serve a substantial portion of at-risk children or to in any manner restrict, limit, or discourage the establishment of charter schools that enroll and serve other pupil populations under a nonexclusive, nondiscriminatory admissions policy." 105 ILCS 5/27A-8(a).

B. Legal Compliance

Based upon its review and analysis of MACS's proposal, District #89's response, the Commission's public hearing, email forum comments and additional information presented by the parties on appeal and obtained by the Commission staff, the Commission concludes that the MACS proposal to establish a middle school, as updated during the appeal process, meets the basic legal requirements of Section 27A-7(a) of the Charter Schools Law. See 105 ILCS 5/27A-7(a).

District #89 contends that the MACS proposal does not comply with Section 27A-7(a) of the Charter Schools Law on several grounds. Section 27A-7(a) of the Charter Schools Law set

for the precise legal requirements for the contents of a charter school proposal, as it specifically articulates what a proposal “shall include.” 105 ILCS 27A-7(a) However, to support this position, District #89 relies on Section 27A-8 which sets forth areas of *statutory preference* an authorizer shall give to a proposal if evidence of certain elements exists. See 105 ILCS 5/27A-8(a). Section 27A-8(a) sets out factors to be considered, that if true, would weigh in favor of granting a new school proposal. However, those factors are not intended to be outcome determinative.

The Commission concluded that *preference elements* did not exist in the proposal, but that does not automatically render the proposal non-compliance under Section 27A-7(a). Therefore, District #89’s conclusion that they pose legal barriers to the establishment of the MACS proposal are unfounded. The MACS proposal meets the basic, minimum legal requirements. Nonetheless, given the particular findings in this Appeal, the Commission concludes that the proposal to establish the school must be denied because it is not in the best interests of the students that MACS intends to serve to grant the appeal.

C. Best Interests

The Commission’s decision to affirm District #89’s decision on MACS’s proposal is based exclusively on its conclusion that establishment of the school as proposed by MACS at this time would not be in the best interests of students it is designed to serve. See 105 ILCS 5/27A-8(h) (ii). Commission staff and a team of three expert evaluators reviewed the MACS appeal submission and related documentation, which included: (a) *an appeal memorandum, which provided a statement as to why the Commission should reverse the District’s decision;* (b) *a statement of the school’s capacity to operate as a local education agency (LEA);* (c) *five-year budget projections for the school;* (d) *the District’s response to the appeal;* (e) *the Joint Capacity Interview of the school and the District;* and (f) *public comment from the Public Hearing and Email Forum.* Additionally, staff conducted an assessment of statutory preferences apply and evaluated the team’s overall capacity to execute the school design. Commission staff rated the MACS proposal in three performance areas, academic, operational and financial, and in each area rated whether the proposal exceeds the standard, meets the standard, or does not meet the standard.

The MACS proposal did not meet the standard in any of the major plan areas (*academic, operational, financial*). Statutory preferences did not apply for this proposal⁴ and the MACS team did not demonstrate any real capacity to operate a high-quality charter school that would be required to function as an LEA. Further, there is no evidence to support an argument that the MACS team has the ability to remedy material weaknesses identified during the appeal process.

The Academic Program Lacks Cohesiveness and Is Not Aligned to Fiscal Plan. The educational plan, as presented, does not meet the standard because it lacks a sufficient evidence base, is inconsistently described, and all elements lack sufficient detail. The proposal is hindered from the outset by the MAC team's failure to set measurable goals for academic outcomes beyond the statewide assessment goals. The Appeal Memorandum makes broad assertions regarding the low academic achievement outcomes for District #89, but the proposal does not provide any specific strategies or a cogent plan that will yield drastic improvements in proficiency or attainment levels of student performance.

The Expeditionary Learning model serves as a compelling component of the academic plan, but MACS failed to explain "how" the academic program would be implemented and integrated into the rest of the program. Specifically, the MACS team was unable to detail how student performance would be measured, how teachers will be trained to administer standards through project-based model; and how services would be provided for students whose individualized education plan (IEP) cannot be met in the general education classrooms.

The MACS team failed to address obligations related to adequately serving all special student populations. Information on this subject was glaringly absent from the proposal narrative and the budget. The proposal contained no concrete information on identification or case management for students with disabilities. This problem is compounded by the absence of a budget narrative addressing the assumptions used to develop the projections.

⁴ The proposed EMO, AQS has a track-record of performance as an educational management organization; and currently manages two schools, one in Illinois and one in Indiana. However, AQS' track record could not be imputed to MACS, as neither organization could articulate whether AQS would support a comprehensive management, including the educational program or back office operational services.

MACS failure to include these components demonstrates a limited knowledge of the complex budgeting process for charter school operations.

The budget also lacked disaggregated information about critical expenditures such as staff salaries, contracted services, and educational program supplies. MACS neglected to present a fundraising plan and a contingency plan to address potential revenue shortfalls. Revenue shortfalls appear likely given the proposal's low estimates for staff salaries and benefits and limited dollars allocated to professional development for implementation of the Expeditionary Learning model and partnership. The budget included an 8% management fee for AQS, but MACS unable to articulate the scope of services AQS would provide in exchange for this fee.

The Proposal Lacks Community Support. The MAC team's lack of awareness regarding the magnitude of work required to open a charter school, coupled with the limited effort and investment the team made to develop community support bolsters the decision to deny the charter school appeal. When directly asked about community outreach and stakeholder cultivation, the MACS team was unable describe or explain in detail how it solicited support or directly engaged all three of the towns included in District #89. While not a deciding factor alone, the lack of community support that the team was able to garner for the proposal evidences a lack of interest in the proposed school, which creates a risk that the school will be unable to meet enrollment targets and retain key staff positions.

The Team Lacks of Overall Capacity to Operate as a LEA. The proposal also lacks a well-developed and actionable set of plans for non-academic functions. Critically, the team failed to demonstrate capacity to manage school operations. It became apparent that the MACS had not thought through the complexities of managing a charter school, particularly the specific obligations attendant to functioning as an LEA. Although the MACS team may be relying on AQS to manage school operations, there is no evidence in the record that AQS has sufficient capacity to manage the school as an LEA either.

Neither MACS nor AQS could articulate the distinctions of operating as an LEA. While AQS asserted that it manages an Indiana school that serves as its own LEA, no one was able to discuss LEA functions in Illinois. The team had no detailed plans for services that the school

would be required to provide as an LEA, such as food service, transportation, and special education services lacked detail. Moreover, the staff's due diligence review revealed that the two existing schools that AQS currently operates in Illinois have experienced significant problems with the academic performance.⁵

The Team Has Not Fully Developed Plans to Operate. MACS indicated the preferred facility, the T.H. Wade Center, was originally designed for a school. However, at the time of the interview, MACS had not conducted any assessment of the facility's compliance with applicable zoning, occupancy, accessibility, and life safety codes. Furthermore, the MACS team had not considered whether the facility⁶ would fully meet the needs of the proposed school at capacity. Notably, fiscal implications for capital improvements were not included in the budget.

Overall, the MAC team's pre-opening plan was vague and neglected to include all the work streams and specific tasks required to launch and operate a high-quality school. This problem is compounded by the fact that the team itself is incomplete. Staff learned during the course of the appeal process that a majority of the individuals named in the proposal as supporters of the proposal were no longer involved with the school.

Governance of the proposed school is also a major concern. The governance plan was undeveloped and not aligned with best practices in charter school governance. Specifically, the proposed board roles did not include critical oversight functions such as setting annual goals and performance targets for the school and holding the principal or the EMO accountable for success. The current board lacks meaningful experience in critical areas including fundraising and development, finance, non-profit management, and non-profit governance. Additionally, the persistently low performance of the proposed EMO is a significant weakness of the proposal, and on its own, that flaw would be sufficient reason to recommend that the Commission deny the proposal.

⁵CPS performance reports rate Plato as a level 2 school with an accountability status of "intensive support" for the past two years. While the school's ratings on the financial performance ratings improved somewhat in school year 2016, in 2014 and 2015, Plato received the lowest scores available (levels 3 and 4) on most indicators CPS evaluated. During the interview, AQS was unwilling to discuss the performance of Chicago schools, nor was there any evidence provided regarding actions schools were taking to improve performance.

⁶The T.H. Wade Center was identified as the preferred location. The LOI indicated availability of five (5) meeting rooms and access to shared kitchen and office.

The lack of capacity on the MACS team, the inadequate plans presented in the proposal, considered along with low performance of the proposed EMO provide sufficient reasons to conclude that the proposed charter school as presented is not a high-quality option. Granting the MACS team proposal to establish a new school would not be in the best interests of students in District #89.

V. Conclusion

On the basis of the information presented to the Commission on appeal, and as reflected by the vote taken on July 25, 2017, the Commission concludes that reversal of the District #89 decision to deny the MACS proposal to establish a charter school is not warranted at this time.

Appeal SCSC17-003 is DENIED.

Dated: August 1, 2017.