

Illinois State Charter School Funding Task Force

APPENDIX
TO
REPORT OF THE TASK FORCE

FEBRUARY 15, 2014

APPENDIX

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- P. Appendix P: CFC-PCTC Comparison Documents, including:
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 - Comparing CFC to PCTC Document
 - ISBE Comments on Proposed CFC
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APPENDIX A

Task Force on Charter School Funding Members

Member Description	Appointing Entity	Recommending Organization	Task Force Recommendation
(1) one member appointed by the President of the Senate;	Senate President John Cullerton	Senate (D)	Senator Iris Martinez
(2) one member appointed by the Minority Leader of the Senate;	Senator Christine Rodogno	Senate (R)	Senator Pamela Althoff
(3) one member appointed by the Speaker of the House of Representatives;	Speaker Michael Madigan	House (D)	Representative Daniel Burke
(4) one member appointed by the Minority Leader of the House of Representatives;	Representative Tom Cross	House (R)	Representative Joseph Sosnowski
(5) the State Superintendent of Education or his or her designee;	N/A	Illinois State Board of Education	Jen Saba, Assistant General Counsel
(6) the chairperson of the State Charter School Commission or his or her designee;	N/A	State Charter School Commission	DeRonda Williams, Commissioner
(7) the chief executive officer of a school district in a city having a population exceeding 500,000 or his or her designee;	N/A	Chicago Public Schools	Ginger Ostro, Budget and Grants Officer
(8) one member appointed by the Governor, upon recommendation of an organization representing teachers in a school district in a city having a population exceeding 500,000;	Governor	Chicago Teacher's Union	Stacy Davis Gates, Political Director
(9) one member appointed by the Governor, upon recommendation of the largest statewide organization representing teachers;	Governor	Illinois Education Association	Sean Denney, Lobbyist

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(10) one member appointed by the Governor, upon recommendation of the second-largest statewide organization representing teachers;	Governor	Illinois Federation of Teachers	Kathy Shaevel, Professional Issues Director
(11) one member appointed by the Governor, upon recommendation of a statewide organization representing charter schools in this State;	Governor	Illinois Network of Charter Schools (INCS)	Andrew Broy, President
(12) one member appointed by the Governor <u>who is familiar with virtual charter schools</u> , upon recommendation of an organization representing downstate and suburban school boards;	Governor	Batavia Public School District	Dr. Kris Monn, Assistant Superintendent of Finance
(13) a principal of a currently operating, high-performing, charter school in this State, appointed by the State Superintendent of Education;	Governor	Alain Locke Charter School	Patrick Love, Principal
(14) <u>one member appointed by the Governor, upon recommendation of a statewide education policy organization that supports education policy priorities designed to provide a world-class education to all Illinois youth;</u>	Governor	Advance Illinois	Robin Steans, Executive Director
(15) one member appointed by the Governor, upon recommendation of the largest charter school in this State;	Governor	Chicago International Charter School	Dan Anello, Chief of Strategy and External Relations
(16) one member appointed by the Governor who is a representative of a community organization that operates charter schools, upon	Governor	Not Appointed	Not Appointed

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recommendation of that community organization;			
(17) one member appointed by the Governor, upon recommendation of an organization representing the business community in this State;	Governor	Illinois Business Roundtable	Jeffrey Mays, President
(18) one member appointed by the Governor, upon recommendation of an education advocacy group that organizes parents and supports high-quality, public school options, including high-quality, public charter schools; and	Governor	Stand for Children	Jessica Handy, Policy Director
(19) one member appointed by the Governor representing one <u>of the two currently-operating</u> Commission-approved charter school in this State, upon recommendation of the leadership of the Commission-approved charter schools;	Governor	Southland College Prep	Dr. Blondean Davis, CEO of Southland College Prep, and Matteson District 162 Superintendent
(20) <u>one member appointed by the Governor, upon recommendation of a statewide 501(c)3 organization that supports school choice, with a focus on innovation in education and next generation learning models;</u>	Governor	Illinois Policy Institute	Matt Paprocki, Senior Director of Government Affairs
(21) <u>one member appointed by the Governor, upon recommendation of a district outside Chicago that has a state approved charter;</u>	Governor	Not Appointed	Not Appointed
(22) one member appointed by the Governor, upon recommendation of a school district outside the City of	Governor	Springfield Ball	Kenley Wade, Board President of Springfield Ball Charter School

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Chicago that has a locally approved charter school;			
(23) <u>one member appointed by the Governor, upon recommendation of a union representing teachers in charter schools; and,</u>	Governor	ACTS	Monty Adams, Teacher
(24) <u>one member appointed by the Governor who is a nationally recognized expert on charter schools and charter school funding issues; and be it further</u>	Governor	National Alliance	Todd Ziebarth, Senior VP of State Advocacy and Support

APPENDIX B

Bibliography of all Presentations to the Task Force

- I. **Meeting 1: Introductions and Overview of Task Force**
September 23, 2013
 - i. **Charter School 101:** Illinois State Board of Education
 - ii. **Commission Overview:** Illinois State Charter School Commission
 - iii. **House Joint Resolution 36:** Handouts provided for reference
- II. **Meeting 2: Charter Funding in Illinois Overview**
October 7, 2013
 - i. **Review of Charter School Case Law:** Jenner & Block
 - ii. **State of Public Education in Illinois:** Advance Illinois
 - iii. **Charter School Funding-Per Capita Tuition Charge:** Illinois State Board of Education
 - iv. **Charter School Funding-Student Based Budgeting:** Chicago Public Schools
 - v. **Charter School Funding-Funding Disparities:** Chicago International Charter Schools/Alain Locke Charter School
 - vi. **Illinois State Charter School Law:** Handouts provided for reference
 - vii. **Illinois State Board of Education Charter School Biennial Report:** Handouts provided for reference
- III. **Meeting 3: Charter Funding in Illinois and Comparisons to Other States**
October 28, 2013
 - i. **Per Capita Tuition Charge and Teacher Salary Analysis:** Illinois Network of Charter Schools
 - ii. **National Perspective on Charter School Funding:** National Alliance of Public Charter Schools
 - iii. **Commission Accountability Framework:** Illinois State Charter School Commission
- IV. **Meeting 4: Different Types of Charter Schools: Commission-Authorized Charters**
November 18, 2013
 - i. **National Perspective on Charter School Funding Follow Up:** National Alliance of Public Charter Schools
 - ii. **Charter School Transparency and Accountability:** Ostrow, Reisin, Berk, & Abrams, LTD (ORBA) & Polaris Charter School
 - iii. **Charter School Funding:** Illinois Education Association & Chicago Teachers Union
 - iv. **Commission-Authorized Schools Funding:** Illinois State Charter School Commission
 - v. **Commission Authorized Charter School Funding:** Prairie Crossing Charter School
 - vi. **Commission Authorized Charter School Funding:** Concept Schools

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- vii. **Commission Authorized Charter School Funding:** Woodland School District 50
 - viii. **Chicago Charter School Funding Follow Up:** Chicago Public Schools and Chicago International Charter Schools
 - ix. **Previous Report from 2010 Charter School Task Force Report:** Illinois Network of Charter Schools
- V. **Meeting 5:** Discuss Proposed Draft of Task Force Report
December 9, 2013
 - i. **Draft Task Force Report:** Handouts provided for reference and discussion
 - ii. **Charter Funding Impact on District:** Woodland District 50
- VI. **Meeting 6:** Discuss Proposed Draft of Task Force Report
December 16, 2013
 - i. **Southland College Prep Presentation:** Dr. Blondean Davis, Founder of Southland College Prep
 - ii. **Letter of Recommendation re: Southland College Prep Funding to remain at 100% PCTC:** Southland College Prep
 - iii. **National Charter Funding Study:** Jay May, EduAnalytics
 - iv. **Grants and Aid Available to Charter Schools Handout:** Illinois State Board of Education
 - v. **Horizon Science Academy-McKinley Park Budget & Disbursement:** Illinois State Board of Education
 - vi. **Prairie Crossing Letter of Support of Southland College Prep Recommendations:** Geoff Deigan, Executive Director of Prairie Crossing Charter School
 - vii. **Draft Task Force Report:** Handouts provided for reference and discussion
 - viii. **Updated Overview of Draft Report Revisions:** Handouts provided for reference and discussion
- VII. **Meeting 7:** Discuss Proposed Draft of Task Force Report
January 13, 2014
 - i. **Charter School Task Force Extension Letter:** Senator Iris Martinez
 - ii. **Proposed Task Force Voting Process Handout:** Lisa Scruggs, Jenner & Block Partner
 - iii. **Per Capita Tuition Charge Breakdown by Charter School:** Chicago Public Schools
 - iv. **Letter in Support of Facilities Recommendation in Draft Task Force Report:** Joe Neri, CEO of Illinois Facilities Fund
 - v. **IFF Overview Brochure:** Illinois Facilities Fund
 - vi. **Study “Equal or Fair? A Study of Revenues and Expenditures in American Charter Schools:** Illinois Federation of Teachers
 - vii. **Draft Task Force Report:** Handouts provided for reference and discussion

- viii. **Updated Overview of Draft Report Revisions:** Handouts provided for reference and discussion

VIII. Meeting 8: Discuss Proposed Draft of Task Force Report
February 3, 2014

- i. **PCTC Alternatives Language:** CPS, Advance IL, and CICS
- ii. **Charter School Model Law:** National Alliance For Public Charter Schools
- iii. **Indiana Vacant District Building Provisions:** National Alliance For Public Charter Schools
- iv. **PCTC Breakdown by Charter School adjusted for In-Kind and Local Shared Special Education Costs:** INCS
- v. **Draft Task Force Report:** Handouts provided for reference and discussion
- vi. **Draft Task Force Appendix:** Handouts provided for reference and discussion

IX. Meeting 9: Final Voting Meeting on Task Force Recommendations
February 10, 2014

- i. **Finalized Voting Process for Task Force Recommendations:** Commission
- ii. **ISBE Comments on Proposed CFC:** ISBE
- iii. **Comparing CFC to PCTC:** CICS
- iv. **Addendum to the CFC Recommendation:** CICS-CPS
- v. **Task Force Recommendations up for Vote:** Handouts provided for reference and discussion
- vi. **Draft Task Force Report:** Handouts provided for reference and discussion
- vii. **Draft Task Force Appendix:** Handouts provided for reference and discussion

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APPENDIX C

Roster of all Task Force Meetings, with Attendees

Meeting	Attendees In-Person	Attendees By Phone/V-Tel	Not in Attendance
Meeting 1: <u>Introductions and Overview of Task Force</u> September 23, 2013	Co-Chair Senator Martinez Co-Chair Commissioner Williams Monty Adams Sen. Pamela Althoff Dan Anello Andrew Broy Rep. Dan Burke Dr. Blondean Davis Stacy Davis Gates Sean Denney Jessica Handy Patrick Love Jeffrey Mays Kris Monn Ginger Ostro Jen Saba Kathy Shaevel Rep. Joseph Sosnowski Robin Steans Matt Paprocki Kenley Wade Todd Ziebarth Staff Present: Lisa Scruggs, General Counsel to Commission Jeanne Nowaczewski, Executive Director to the Commission		
Meeting 2: <u>Charter Funding in Illinois Overview</u> October 7, 2013	Co-Chair Senator Martinez Co-Chair Commissioner Williams Monty Adams Sen. Pamela Althoff Dan Anello		

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	<p>Andrew Broy Rep. Dan Burke Dr. Blondean Davis Stacy Davis Gates Sean Denney Jessica Handy Patrick Love Jeffrey Mays Kris Monn's delegate Ginger Ostro Jen Saba Kathy Shaevel Rep. Joseph Sosnowski Robin Steans Matt Paprocki Kenley Wade Todd Ziebarth</p> <p>Staff Present:</p> <p>Lisa Scruggs, General Counsel to Commission Jeanne Nowaczewski, Executive Director to the Commission</p>		
<p>Meeting 3: <u>Charter Funding in Illinois and Comparisons to Other States</u> October 28, 2013</p>	<p>Co-Chair Senator Martinez Co-Chair Commissioner Williams Monty Adams Dan Anello Andrew Broy Rep. Dan Burke Stacy Davis Gates Sean Denney Jessica Handy Patrick Love Jeffrey Mays Kris Monn Ginger Ostro Jen Saba Kathy Shaevel Robin Steans Matt Paprocki Kenley Wade Todd Ziebarth</p> <p>Staff Present: Lisa Scruggs, General</p>	<p>Sen. Pamela Althoff Dr. Blondean Davis Rep. Joseph Sosnowski</p>	

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	<p>Counsel to Commission Jeanne Nowaczewski, Executive Director to the Commission Jack Elsey, CPS Rep. Chapa LaVia</p>		
<p>Meeting 4: <u>Different Types of Charter Schools: Commission-Authorized Charters</u> November 18, 2013</p>	<p>Co-Chair Senator Martinez Co-Chair Commissioner Williams Monty Adams Sen. Pamela Althoff Dan Anello Andrew Broy Rep. Dan Burke Stacy Davis Gates Sean Denney Jessica Handy Patrick Love Jeffrey Mays Kris Monn Ginger Ostro Jen Saba Kathy Shaevel Matt Paprocki Kenley Wade Todd Ziebarth</p> <p>Staff Present: Lisa Scruggs, General Counsel to Commission Jeanne Nowaczewski, Executive Director to the Commission</p>		<p>Robin Steans Dr. Blondean Davis Rep. Dan Burke Rep. Joe Sosnowski Sen. Althoff</p>
<p>Meeting 5: <u>Discuss Proposed Draft of Task Force Report</u> December 9, 2013</p>	<p>Co-Chair Senator Martinez Co-Chair Commissioner Williams Monty Adams Dan Anello Andrew Broy's Delegate Rep. Dan Burke Sean Denney Jessica Handy Patrick Love Kris Monn's Delegate Ginger Ostro</p>	<p>Sen. Pamela Althoff Dr. Blondean Davis Jeffrey Mays Kenley Wade</p>	<p>Stacy Davis Gates Matt Paprocki</p>

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	<p>Jen Saba Kathy Shaevel Rep. Joseph Sosnowski Robin Steans Todd Ziebarth</p> <p>Staff Present: Lisa Scruggs, General Counsel to Commission; Jeanne Nowaczewski, Executive Director to the Commission</p>		
<p>Meeting 6: <u>Discuss</u> <u>Proposed Draft of Task</u> <u>Force Report</u> December 16, 2013</p>	<p>Co-Chair Iris Martinez Co-Chair DeRonda Williams Monty Adams Dan Anello Andrew Broy Dr. Blondean Davis Sean Denney Jessica Handy Patrick Love Jeffrey Mays Kris Monn Ginger Ostro Jen Saba Kathy Shaevel Robin Steans Todd Ziebarth</p> <p>Staff: General Counsel Scruggs ED Jeanne Nowaczewski</p>	<p>Senator Dan Burke Senator Pam Althoff Rep. Joe Sosnowski</p>	<p>Stacy Davis Gates Matt Paprocki</p>
<p>Meeting 7: <u>Discuss</u> <u>Proposed Draft of Task</u> <u>Force Report</u> January 13, 2014</p>	<p>Monty Adams Dan Anello Andrew Broy Rep. Dan Burke Dr. Blondean Davis's delegate (Bob Hall) Stacy Davis Gates delegate (Kurt Hilgendorf) Sean Denney Jessica Handy Patrick Love Kris Monn Ginger Ostro Jen Saba</p>	<p>Jeffrey Mays Deanna Sullivan Senator Althoff Rep. Sosnowski House staffer Rep. Chapa LaVia Kenley Wade</p> <p>Staff Present: Lisa Scruggs, General Counsel to Commission</p>	<p>Matt Paprocki</p>

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	<p>Kathy Shaevel Todd Ziebarth</p> <p>Staff Present: Jeanne Nowaczewski, Executive Director to the Commission</p>		
<p>Meeting 8: <u>Discuss Proposed Draft of Task Force Report</u></p> <p>February 3, 2014</p>	<p>Co-Chair Senator Martinez Co-Chair Commissioner Williams Monty Adams Dan Anello Andrew Broy's Delegate (Adam Rogalski) Dr. Blondean Davis Stacy Davis Gate's Delegate (Kurt Hilgendorf) Sean Denney Patrick Love Jeffrey Mays Dr. Kris Monn Ginger Ostro Jen Saba Kathy Shaevel Robin Steans</p> <p>Staff Present: Lisa Scruggs, General Counsel to Commission Jeanne Nowaczewski, Executive Director to the Commission</p>	<p>Matt Paprocki Kenley Wade Todd Ziebarth Jessica Handy Rep. Sosnowski designee</p>	<p>Sen. Pamela Althoff Rep. Daniel Burke</p>
<p>Meeting 9: <u>Vote on Proposed Task Force Recommendations and Report</u></p> <p>February 10, 2014</p>	<p>Co-Chair Senator Martinez Co-Chair Commissioner Williams Monty Adams Dan Anello Andrew Broy Rep. Dan Burke Dr. Blondean Davis Stacy Davis Gate's Delegate (Kurt</p>	<p>Sen. Pamela Althoff Sean Denney Rep. Joseph Sosnowski Kenley Wade</p>	

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	<p>Hilgendorf) Jessica Handy Patrick Love Jeffrey Mays Dr. Kris Monn Ginger Ostro Matt Paprocki Jen Saba Kathy Shaevel Robin Steans Todd Ziebarth</p> <p>Staff Present:</p> <p>Lisa Scruggs, General Counsel to Commission Jeanne Nowaczewski, Executive Director to the Commission</p>		
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APPENDIX D

Select Excerpts of Relevant Provisions of Illinois Charter School Law 105 Illinois Compiled Statutes 5/27A (2012)

The following are excerpts from the Illinois Charter Schools Law that were referenced in discussion throughout the course of the Task Force. A full copy of the complete Illinois Charter Schools Law was provided to task force members in hard copy at the task force meeting held on October 7, 2013.

Legislative Intent of Charter Schools

Section 5/27A -2(a): “The General Assembly finds and declares as follows: (1) Encouraging educational excellence is in the best interests of the people of this State. (2) There are educators, community members, and parents in Illinois who can offer flexible and innovative educational techniques and programs, but who lack an avenue through which to provide them within the public school system. (3) The enactment of legislation authorizing charter schools to operate in Illinois will promote new options within the public school system and will provide pupils, educators, community members, and parents with the stimulus to strive for educational excellence.”

Section 5/27A -2(b): “The General Assembly further finds and declares that this Article is enacted for the following purposes: (1) To improve pupil learning by creating schools with high, rigorous standards for pupil performance. (2) To increase learning opportunities for all pupils, with special emphasis on expanded learning experiences for at-risk pupils, consistent, however, with an equal commitment to increase learning opportunities for all other groups of pupils in a manner that does not discriminate on the basis of disability, race, creed, color, gender, national origin, religion, ancestry, marital status, or need for special education services.”

No Tuition and Reasonable Fees

Section 5/27A -5(e) states that, “Except as otherwise provided in the School Code, a charter school shall not charge tuition; provided that a charter school may charge reasonable fees for textbooks, instructional materials, and student activities.

Financial Accountability and Auditing Requirements

Section 5/27A -5(f) states that “A charter school shall be responsible for the management and operation of its fiscal affairs including, but not limited to, the preparation of its budget. An audit of each charter school's finances shall be conducted annually by an outside, independent contractor retained by the charter school. Annually, by December 1, every charter school must submit to the State Board a copy of its audit and a copy of the Form 990 the charter school filed that year with the federal Internal Revenue Service.”

Economic Soundness

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Section 5/27A-7(9) states that charter school proposals must contain: “Evidence that the terms of the charter as proposed are economically sound for both the charter school and the school district, a proposed budget for the term of the charter, a description of the manner in which an annual audit of the financial and administrative operations of the charter school, including any services provided by the school district, are to be conducted, and a plan for the displacement of pupils teachers, and other employees who will not attend or be employed in the charter school.”

Gifts, Grants, and Donations to Commission

Section 5/27A-7.5 (g) states that “Subject to the State Officials and Employees Ethics Act, the Commission is authorized to receive and expend gifts, grants, and donations of any kind from any public or private entity to carry out the purposes of this Article, subject to the terms and conditions under which they are given, provided that all such terms and conditions are permissible under law. Funds received under this subsection (g) must be deposited into the State Charter School Commission Fund. The State Charter School Commission Fund is created as a special fund in the State treasury. All money in the Fund shall be used, subject to appropriation, by the Commission for operational and administrative costs of the Commission.”

Fees for Commission Schools

Section 5/27A-7.5(j) states that “The Commission may charge a charter school that it authorizes a fee, not to exceed 3% of the revenue provided to the school, to cover the cost of undertaking the ongoing administrative responsibilities of the eligible chartering authority with respect to the school. This fee must be deposited into the State Charter School Commission Fund.”

Authorizer’s Responsibility for Charter School Financial Accountability

Section 5/27A -7.10(a)(5,6) states that “Authorizers are responsible for executing, in accordance with this Article, all of the following powers and duties:...(5) Monitoring, in accordance with charter contract terms, the performance and legal compliance of charter schools.
(6) Determining whether each charter contract merits renewal, nonrenewal, or revocation.”

Financial Accountability for Charter School Renewal

Section 5/27A -9(b)(1)(2) states that “A charter school renewal proposal submitted to the local school board or the Commission, as the chartering entity, shall contain: (1) A report on the progress of the charter school in achieving the goals, objectives, pupil performance standards, content standards, and other terms of the initial approved charter proposal; and (2) A financial statement that discloses the costs of administration, instruction, and other spending categories for the charter school that is understandable to the general public and that will allow comparison of those costs to other schools or other comparable organizations, in a format required by the State Board.”

Distribution of Funds for Commission Authorized Schools

Section 5/27A-9(f) states that “The State Board shall report the aggregate number of charter school pupils resident in a school district to that district and shall notify the district of the amount of funding to be paid by the Commission to the charter school enrolling such students. The

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Commission shall require the charter school to maintain accurate records of daily attendance that shall be deemed sufficient to file claims under Section 18-8.05 notwithstanding any other requirements of that Section regarding hours of instruction and teacher certification. The State Board shall withhold from funds otherwise due the district the funds authorized by this Article to be paid to the charter school

Section 5/27A-9(h) states that “For charter schools authorized by the Commission, the State Board shall pay directly to a charter school any federal or State aid attributable to a student with a disability attending the school and shall pay such amounts to the charter school.”

Section 27A-11(a) states that “For purposes of the School Code, pupils enrolled in a charter school shall be included in the pupil enrollment of the school district within which the pupil resides. Each charter school (i) shall determine the school district in which each pupil who is enrolled in the charter school resides, (ii) shall report the aggregate number of pupils resident of a school district who are enrolled in the charter school to the school district in which those pupils reside, and (iii) shall maintain accurate records of daily attendance that shall be deemed sufficient to file claims under Section 18-8 notwithstanding any other requirements of that Section regarding hours of instruction and teacher certification.”

Funding Levels and Sources

Section 5/27A-11(b) states that “Except for a charter school established by referendum under Section 27A-6.5, as part of a charter school contract, the charter school and the local school board shall agree on funding and any services to be provided by the school district to the charter school. Agreed funding that a charter school is to receive from the local school board for a school year shall be paid in equal quarterly installments with the payment of the installment for the first quarter being made not later than July 1, unless the charter establishes a different payment schedule.

All services centrally or otherwise provided by the school district including, but not limited to, rent, food services, custodial services, maintenance, curriculum, media services, libraries, transportation, and warehousing shall be subject to negotiation between a charter school and the local school board and paid for out of the revenues negotiated pursuant to this subsection (b); provided that the local school board shall not attempt, by negotiation or otherwise, to obligate a charter school to provide pupil transportation for pupils for whom a district is not required to provide transportation under the criteria set forth in subsection (a)(13) of Section 27A-7.”

Per Capita Tuition Charge

Section 5/27A-11(b) states that, “In no event shall the funding be less than 75% or more than 125% of the school district's per capita student tuition multiplied by the number of students residing in the district who are enrolled in the charter school.

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Financial Incentives

Section 5/27A-11(b) states that, “It is the intent of the General Assembly that funding and service agreements under this subsection (b) shall be neither a financial incentive nor a financial disincentive to the establishment of a charter school.

Fees

Section 5/27A-11(b) states that, “The charter school may set and collect reasonable fees. Fees collected from students enrolled at a charter school shall be retained by the charter school.

Categorical Funding

Section 5/27A-11(c) states that: “the proportionate share of State and federal resources generated by students with disabilities or staff serving them shall be directed to charter schools enrolling those students by their school districts or administrative units. The proportionate share of moneys generated under other federal or State categorical aid programs shall be directed to charter schools serving students eligible for that aid.”

Section 5/27A-11(c) states that “Notwithstanding subsection (b) of this Section, the proportionate share of State and federal resources generated by students with disabilities or staff serving them shall be directed to charter schools enrolling those students by their school districts or administrative units. The proportionate share of moneys generated under other federal or State categorical aid programs shall be directed to charter schools serving students eligible for that aid.”

Charter School Debt

Section 5/27A-11(h) states that, “A charter school is authorized to incur temporary, short term debt to pay operating expenses in anticipation of receipt of funds from the local school board.”

Transition Impact Aid

Section 5/27A-11.5(1) states that “From a separate appropriation made to the State Board for purposes of this subdivision (1), the State Board shall make transition impact aid available to school districts that approve a new charter school or that have funds withheld by the State Board to fund a new charter school that is chartered by the State Board. The amount of the aid shall equal 90% of the per capita funding paid to the charter school during the first year of its initial charter term, 65% of the per capita funding paid to the charter school during the second year of its initial term, and 35% of the per capita funding paid to the charter school during the third year of its initial term...”

Charter Schools Start Up Funding

Section 5/27A-11.5(2) states that, “From a separate appropriation made for the purpose of this subdivision (2), the State Board shall make grants to charter schools to pay their start-up costs of acquiring educational materials and supplies, textbooks, electronic textbooks and the technological equipment necessary to gain access to and use electronic textbooks, furniture, and other equipment needed during their initial term. The State Board shall annually establish the

time and manner of application for these grants, which shall not exceed \$250 per student enrolled in the charter school.”

Charter Schools Revolving Loan Fund

Section 5/27A-11.5(3) states that, “The Charter Schools Revolving Loan Fund is created as a special fund in the State treasury. Federal funds, such other funds as may be made available for costs associated with the establishment of charter schools in Illinois, and amounts repaid by charter schools that have received a loan from the Charter Schools Revolving Loan Fund shall be deposited into the Charter Schools Revolving Loan Fund, and the moneys in the Charter Schools Revolving Loan Fund shall be appropriated to the State Board and used to provide interest-free loans to charter schools. These funds shall be used to pay start-up costs of acquiring educational materials and supplies, textbooks, electronic textbooks and the technological equipment necessary to gain access to and use electronic textbooks, furniture, and other equipment needed in the initial term of the charter school and for acquiring and remodeling a suitable physical plant, within the initial term of the charter school. Loans shall be limited to one loan per charter school and shall not exceed \$250 per student enrolled in the charter school. A loan shall be repaid by the end of the initial term of the charter school. The State Board may deduct amounts necessary to repay the loan from funds due to the charter school or may require that the local school board that authorized the charter school deduct such amounts from funds due the charter school and remit these amounts to the State Board, provided that the local school board shall not be responsible for repayment of the loan. The State Board may use up to 3% of the appropriation to contract with a non-profit entity to administer the loan program.”

Appendix D
Southland Decision

C

Appellate Court of Illinois,
First District, Sixth Division.

The BOARD OF EDUCATION OF RICH
TOWNSHIP HIGH SCHOOL DISTRICT NO. 227,
Plaintiff-Appellant,

v.

ILLINOIS STATE BOARD OF EDUCATION; Jesse
H. Ruiz, Board Chair; Christopher J. Ward, Vice
Chair; Vinni M. Hall, Board Secretary; James W.
Baumann, Member; Andrea S. Brown, Member; Da-
vid L. Fields, Member; Steven R. Gilford, Member;
Lanita J. Koster, Member; Melinda A. Labarre,
Member; Christopher Koch, State Superintendent of
Education; and Southland College Prep Charter
School, Inc., Defendants-Appellees.

No. 1-11-0182.
Dec. 30, 2011.

Background: School district sought judicial review of decision of Illinois State Board of Education (ISBE) that reversed school district's rejection of application to open charter high school. The Circuit Court, Cook County, Stuart E. Palmer, J., confirmed ISBE's decision. School district appealed.

Holdings: The Appellate Court, Garcia, J., held that:
(1) manifest-weight-of-the-evidence standard of review applied to ISBE's determination that statutory standard of economic soundness was satisfied;
(2) evidence supported ISBE's determination that statutory standard of economic soundness was satisfied;
(3) evidence supported ISBE's finding that proposal satisfied statutory standard that proposal adequately set forth goals, objectives, and pupil performance standards to be achieved;
(4) proposed contract with admitted students and their parents did not constitute impermissible mechanism to screen out students;
(5) evidence supported ISBE's conclusion that establishment of proposed school served best interests of students it was designed to serve;
(6) even if meeting between applicant and ISBE staff constituted ex parte communication, ISBE's conduct

did not involve bias or prejudice; and
(7) ISBE did not violate procedural rules of Administrative Code by assisting applicant in modifying its original proposal.

Affirmed.

West Headnotes

[1] Administrative Law and Procedure 15A
⚡741

15A Administrative Law and Procedure
15AV Judicial Review of Administrative Deci-
sions

15AV(D) Scope of Review in General
15Ak741 k. In general. Most Cited Cases

The scope of the Appellate Court's review under the Administrative Review Law extends to all questions of law and fact presented by the record. S.H.A. 735 ILCS 5/3-101 et seq.

[2] Administrative Law and Procedure 15A
⚡781

15A Administrative Law and Procedure
15AV Judicial Review of Administrative Deci-
sions

15AV(E) Particular Questions, Review of
15Ak781 k. In general. Most Cited Cases

The applicable standard of review under the Administrative Review Law depends upon whether the question presented is one of fact, one of law, or a mixed question of fact and law. S.H.A. 735 ILCS 5/3-101 et seq.

[3] Administrative Law and Procedure 15A
⚡793

15A Administrative Law and Procedure
15AV Judicial Review of Administrative Deci-
sions

15AV(E) Particular Questions, Review of
15Ak784 Fact Questions

15Ak793 k. Weight of evidence. [Most](#)

[Cited Cases](#)

An agency's findings of fact will be disturbed on review only if they are against the manifest weight of the evidence. S.H.A. 735 ILCS 5/3-110.

[4] Administrative Law and Procedure 15A
↔793

15A Administrative Law and Procedure
15AV Judicial Review of Administrative Decisions

15AV(E) Particular Questions, Review of
15Ak784 Fact Questions

15Ak793 k. Weight of evidence. [Most](#)

[Cited Cases](#)

An agency's findings of fact are against the manifest weight of the evidence only if the opposite conclusion is clearly evident. S.H.A. 735 ILCS 5/3-110.

[5] Administrative Law and Procedure 15A
↔796

15A Administrative Law and Procedure
15AV Judicial Review of Administrative Decisions

15AV(E) Particular Questions, Review of

15Ak796 k. Law questions in general. [Most](#)
[Cited Cases](#)

An agency's conclusions of law are reviewed de novo.

[6] Statutes 361 ↔219(2)

361 Statutes

361VI Construction and Operation

361VI(A) General Rules of Construction

361k213 Extrinsic Aids to Construction

361k219 Executive Construction

361k219(2) k. Existence of ambiguity. [Most Cited Cases](#)

A reviewing court is not bound by an agency's interpretation of a statute, but the agency's interpretation remains relevant where there is a reasonable debate about the meaning of the statute.

[7] Administrative Law and Procedure 15A
↔781

15A Administrative Law and Procedure

15AV Judicial Review of Administrative Decisions

15AV(E) Particular Questions, Review of
15Ak781 k. In general. [Most Cited Cases](#)

An agency's determination of mixed questions of law and fact is subject to review for clear error.

[8] Administrative Law and Procedure 15A
↔781

15A Administrative Law and Procedure

15AV Judicial Review of Administrative Decisions

15AV(E) Particular Questions, Review of
15Ak781 k. In general. [Most Cited Cases](#)

Clear-error review of an agency's determination of mixed questions of law and fact is significantly deferential to the agency's experience in construing and applying the statutes that it administers.

[9] Administrative Law and Procedure 15A
↔785

15A Administrative Law and Procedure

15AV Judicial Review of Administrative Decisions

15AV(E) Particular Questions, Review of
15Ak784 Fact Questions

15Ak785 k. Clear error. [Most Cited Cases](#)

An agency's decision is clearly erroneous only where the reviewing court, on the entire record, is left with the definite and firm conviction that a mistake has been committed.

[10] Schools 345 ↔11

345 Schools

345II Public Schools

345II(A) Establishment, School Lands and Funds, and Regulation in General

345k11 k. School system, and establishment or discontinuance of schools and local educational institutions in general. [Most Cited Cases](#)

Manifest-weight-of-the-evidence standard of review, not clearly erroneous standard of review, applied to determination of Illinois State Board of Education (ISBE) that statutory standard of economic soundness was satisfied regarding proposed charter high school. S.H.A. 105 ILCS 5/27A-7(a)(9).

[11] Schools 345 ↩11

345 Schools

345II Public Schools

345II(B) Creation, Alteration, Existence, and Dissolution of Districts

345k31 Alteration and Creation of New Districts

345k32 k. Change of boundaries. [Most Cited Cases](#)

Evidence supported determination of Illinois State Board of Education (ISBE) that statutory standard of economic soundness was satisfied regarding proposed charter high school; evidence indicated that school district had significant operating fund balance, and no independent audit was presented to support school district's prediction of dire financial circumstances during course of five-year charter grant. S.H.A. 105 ILCS 5/27A-7(a)(9).

[12] Schools 345 ↩11

345 Schools

345II Public Schools

345II(A) Establishment, School Lands and Funds, and Regulation in General

345k11 k. School system, and establishment or discontinuance of schools and local educational institutions in general. [Most Cited Cases](#)

Evidence supported finding of Illinois State Board of Education (ISBE) that proposal for charter high school satisfied statutory standard that proposal adequately set forth goals, objectives, and pupil performance standards to be achieved; evidence indicated that standards included in proposal were stated in measurable terms, with specific benchmarks. S.H.A. 105 ILCS 5/27A-7(a)(5).

[13] Schools 345 ↩11

345 Schools

345II Public Schools

345II(A) Establishment, School Lands and Funds, and Regulation in General

345k11 k. School system, and establishment or discontinuance of schools and local educational institutions in general. [Most Cited Cases](#)

In adopting assessment of superintendent of Illinois State Board of Education (ISBE) that proposed high school charter school's standards were stated in measurable terms, as would support determination that proposal satisfied statutory standard that proposal adequately set forth goals, objectives, and pupil performance standards to be achieved, ISBE made a finding of fact, which was subject to reversal by Appellate Court only if the finding was against the manifest weight of the evidence. S.H.A. 105 ILCS 5/27A-7(a)(5).

[14] Schools 345 ↩11

345 Schools

345II Public Schools

345II(A) Establishment, School Lands and Funds, and Regulation in General

345k11 k. School system, and establishment or discontinuance of schools and local educational institutions in general. [Most Cited Cases](#)

Proposed contract whereby students and parents committed to work with proposed charter high school to achieve maximum student outcome and students were required to wear proper uniforms daily and to work to beautify school, garden, and surrounding areas did not constitute impermissible mechanism to screen out students, and thus contract did not preclude Illinois State Board of Education (ISBE) from finding that proposed school satisfied statutory requirement that proposal contain admission criteria that was legal if used by school district; contract applied to admitted students, and proposal stated that enrollment was open to any pupil who resided within boundaries of school district and that lottery would be used if there were more eligible applicants for enrollment than available spaces. S.H.A. 105 ILCS 5/27A-7(a)(2).

[15] Schools 345 ↩11

345 Schools

345II Public Schools

345II(A) Establishment, School Lands and Funds, and Regulation in General

345k11 k. School system, and establishment or discontinuance of schools and local educational institutions in general. Most Cited Cases

In school district's proceeding for judicial review of decision of Illinois State Board of Education (ISBE) approving proposed charter high school, school district's claim that proposed contract for students and their parents that were admitted to charter high school constituted mechanism to screen out students raised question of fact, which was subject to manifest-weight-of-the-evidence standard of review. S.H.A. 105 ILCS 5/27A-7(a)(2).

[16] Schools 345 ↩11

345 Schools

345II Public Schools

345II(A) Establishment, School Lands and Funds, and Regulation in General

345k11 k. School system, and establishment or discontinuance of schools and local educational institutions in general. Most Cited Cases

Evidence supported conclusion of Illinois State Board of Education (ISBE) that establishment of proposed charter high school served best interests of students it was designed to serve and hence all students in school district, as would support ISBE's decision to approve proposed school; evidence indicated that school district was relatively low performing district and that academic success of proposed charter school might eventually raise educational bar for district's other three high schools. S.H.A. 105 ILCS 5/27A-9(e).

[17] Schools 345 ↩11

345 Schools

345II Public Schools

345II(A) Establishment, School Lands and Funds, and Regulation in General

345k11 k. School system, and establishment or discontinuance of schools and local educational

institutions in general. Most Cited Cases

The best-interests factor, as one of two overall conditions that must be met under the Charter Schools Law in order for the Illinois State Board of Education (ISBE) to approve a proposed charter school, involves a mixed question of law and fact subject to judicial review for clear error. S.H.A. 105 ILCS 5/27A-9(e).

[18] Schools 345 ↩11

345 Schools

345II Public Schools

345II(A) Establishment, School Lands and Funds, and Regulation in General

345k11 k. School system, and establishment or discontinuance of schools and local educational institutions in general. Most Cited Cases

Appellate Court's review of the decision of the Illinois State Board of Education (ISBE) regarding whether to approve a proposed charter school is significantly deferential to the ISBE's experience in construing and applying the statute it administers. S.H.A. 105 ILCS 5/27A-9.

[19] Schools 345 ↩11

345 Schools

345II Public Schools

345II(A) Establishment, School Lands and Funds, and Regulation in General

345k11 k. School system, and establishment or discontinuance of schools and local educational institutions in general. Most Cited Cases

Charter Schools Law is meant to provide a means to improve educational opportunities for public school students. S.H.A. 105 ILCS 5/27A-1 et seq.

[20] Schools 345 ↩11

345 Schools

345II Public Schools

345II(A) Establishment, School Lands and Funds, and Regulation in General

345k11 k. School system, and establishment or discontinuance of schools and local educational institutions in general. Most Cited Cases

In school district's proceeding for judicial review of decision of Illinois State Board of Education (ISBE) approving proposed charter high school, school district waived for appellate review by Appellate Court its claim that ISBE violated school district's constitutional right to due process, although school district cited United States Supreme Court case, where school district neither developed argument nor explained relevance of citation to facts of case. U.S.C.A. Const.Amend. 14; S.H.A. 105 ILCS 5/27A-9(e).

[21] Schools 345 ↩11

345 Schools

345II Public Schools

345II(A) Establishment, School Lands and Funds, and Regulation in General

345k11 k. School system, and establishment or discontinuance of schools and local educational institutions in general. Most Cited Cases

Even if meeting between applicant, which sought approval of proposed charter high school, and staff of Illinois State Board of Education (ISBE) constituted ex parte communication, ISBE's conduct did not involve bias or prejudice and thus did not entitle school district to relief concerning ISBE's approval of proposed school; there was no indication that facts and law of the case were adjudged by ISBE before public meetings. S.H.A. 105 ILCS 5/27A-9(e).

[22] Administrative Law and Procedure 15A ↩314

15A Administrative Law and Procedure

15AIV Powers and Proceedings of Administrative Agencies, Officers and Agents

15AIV(A) In General

15Ak314 k. Bias, prejudice or other disqualification to exercise powers. Most Cited Cases

A court will not reverse an agency's decision because of ex parte contacts with members of that agency absent a showing that prejudice to the complaining party resulted from such contacts.

[23] Administrative Law and Procedure 15A ↩314

15A Administrative Law and Procedure

15AIV Powers and Proceedings of Administrative Agencies, Officers and Agents

15AIV(A) In General

15Ak314 k. Bias, prejudice or other disqualification to exercise powers. Most Cited Cases

Where an administrative agency operates in an adjudicatory capacity, bias or prejudice may only be shown if a disinterested observer might conclude that the administrative body, or its members, had in some measure adjudged the facts as well as the law of the case in advance of hearing it.

[24] Schools 345 ↩11

345 Schools

345II Public Schools

345II(A) Establishment, School Lands and Funds, and Regulation in General

345k11 k. School system, and establishment or discontinuance of schools and local educational institutions in general. Most Cited Cases

Illinois State Board of Education (ISBE) did not violate procedural rules of Administrative Code by assisting applicant in modifying its original proposal regarding proposed charter high school to one that ISBE ultimately found satisfied all requirements of Charter Schools Law and served best interests of students it was designed to serve, even though revised proposal was never submitted to or ruled upon by school district. S.H.A. 105 ILCS 5/27A-2(c), 5/27A-9(e), 5/27A-11(f); 23 Ill.Admin. 650.60(b).

***16** Anthony G. Scariano, Daniel P. Field, Adam Dauksas, Scariano, Himes & Petrarca, Chtrd., Chicago, for appellant.

***17** Lisa Madigan, Attorney General (Mary E. Welsh, Assistant Attorney General, Michael A. Scodro, Solicitor General, of counsel), and Robert R. Hall, Jr., and Brandon K. Lemley, both of Querrey & Harrow, Chicago, for appellees.

OPINION

Justice GARCIA delivered the judgment of the court, with opinion.

****289 ¶ 1** The defendant Southland College Prep Charter School, Inc. (Southland) submitted an application to the plaintiff the Board of Education of Rich

Township High School District No. 227 (District 227) to open a charter school within its boundaries in the fall of 2010. District 227 rejected Southland's proposal in February 2010. Pursuant to the Illinois Charter Schools Law (105 ILCS 5/27A-1 et seq. (West 2008)), Southland appealed the denial to the defendant Illinois State Board of Education (ISBE). In June 2010, the ISBE ruled Southland's proposal was both in compliance with the requirements of the Charter Schools Law and in the best interests of the students it was designed to serve and reversed the decision of District 227. District 227 filed a complaint for administrative review, which the circuit court of Cook County rejected. In the fall of 2010, the students of the first class at Southland College Prep Charter School began their studies.

¶ 2 Before this court, District 227 contends Southland's proposal did not satisfy three of the statutory requirements to win approval from the ISBE. It also contends the establishment of the charter school is not in the best interests of the students of the district. Finally, District 227 asserts the ISBE did not comply with procedural rules in the Illinois Administrative Code during Southland's appeal, which it contends supports a constitutional due process claim. We affirm.

¶ 3 BACKGROUND

¶ 4 In November 2009, **Matteson School District 162** (District 162), which has 3,500 students in seven "feeder" elementary schools that enroll in District 227's three high schools, sent correspondence to the ISBE about establishing a charter high school for its students. On December 14, 2009, Southland, formed by educational leaders of District 162, submitted an application to District 227 to establish a charter high school. Southland planned to open the doors of the new high school in the fall of 2010.

¶ 5 The proposal stated, "[The] metamorphosis of the student population and student achievement in **Matteson School District No. 162** * * * during the past several years has served as the catalyst for the movement to ensure that the rigorous, college preparatory curriculum to be provided at Southland College Prep Charter High School will become a reality for students in District 162 and surrounding elementary school districts that matriculate into **Rich Township High School District 227**." According to the proposal, the vast majority of the 3,500 students in

District 162 are African-American and more than 68% of its students are economically disadvantaged, as measured by participation in the federal free and reduced lunch program. The proposal asserted, "[The] leaders in District 162 have concluded that the proposed Southland College Prep Charter High School is needed so that area students will have the opportunity to attend a small, academically rigorous, college preparatory charter high school that will provide a necessary educational option for those students who will achieve their full academic potentials only in such an environment."

¶ 6 Southland contended its proposal to establish the charter high school was economically sound because in fiscal year 2010, District 227 had direct revenues totaling \$61,724,196, with an operating fund balance of \$42,443,406. The proposal averred that in light of the \$42 million fund balance, "the maximum financial impact the Southland College Prep Charter High School would have on the District would be approximately 6% of the amount of the District's current operating fund surplus." The proposal contended District 227's expenses would be mitigated by a reduction in the number of students attending District 227's three high schools.

¶ 7 The proposal set forth a list of goals, objectives, and pupil performance standards, as well as a description of Southland's educational program, school days, and hours of operation. The proposal provided: "Each family at Southland College Prep Charter High School must sign a contract with Southland College Prep Charter High School setting forth the parents' and students' commitment to work with Southland College Prep Charter High School to achieve maximum student outcome."

¶ 8 Charter Schools Law

¶ 9 The Illinois General Assembly enacted the Charter Schools Law in 1996 in response to "mounting calls for public education reform." *Comprehensive Community Solutions, Inc. v. Rockford School District No. 205*, 216 Ill.2d 455, 458, 297 Ill.Dec. 221, 837 N.E.2d 1 (2005). The intent of the Charter Schools Law is to "promote new options within the public school system and [to] provide pupils, educators, community members, and parents with the stimulus to strive for educational excellence." 105 ILCS 5/27A-2(a)(3) (West 2008).

¶ 10 The Charter Schools Law aims to, *inter alia*, (1) “improve pupil learning by creating schools with high, rigorous standards for pupil performance,” (2) “increase learning opportunities for all pupils, with special emphasis on expanded learning experiences for at-risk pupils, consistent, however, with an equal commitment to increase learning opportunities for all other groups of pupils in a manner that does not discriminate on the basis of disability, race, creed, color, gender, national origin, religion, ancestry, marital status, or need for special education services,” (3) “encourage the use of teaching methods that may be different in some respects than others regularly used in the public school system,” (4) “provide parents and pupils with expanded choices within the public school system,” and (5) “hold charter schools accountable for meeting rigorous school content standards and to provide those schools with the opportunity to improve accountability.” 105 ILCS 5/27A-2(b) (West 2008). To achieve these aims, the legislature has declared that the Charter Schools Law “should be interpreted liberally to support the findings and goals [of the Charter Schools Law] and to advance a renewed commitment by the State of Illinois to the mission, goals, and diversity of public education.” 105 ILCS 5/27A-2(c) (West 2008).

¶ 11 The Charter Schools Law provides for student matriculation similar to other public schools. “Enrollment in a charter school shall be open to any pupil who resides within the geographic boundaries of the area served by the local school board.” 105 ILCS 5/27A-4(d) (West 2008). In the event “there are more eligible applicants for enrollment in a charter school than there are spaces available, successful applicants shall be selected by lottery.” 105 ILCS 5/27A-4(h) (West 2008).

¶ 12 Funding would come from the local school district. “[T]he charter school and the local school board shall agree on funding and any services to be provided by the school district to the charter school.” ****291*19** 105 ILCS 5/27A-11(b) (West 2008). The Charter Schools Law sets forth funding guidelines: “In no event shall the funding be less than 75% or more than 125% of the school district’s per capita student tuition multiplied by the number of students residing in the district who are enrolled in the charter school.” *Id.* The General Assembly provided “that funding and service agreements under this subsection * * * shall be neither a financial incentive nor a financial disincen-

tive to the establishment of a charter school.” *Id.*

¶ 13 The Charter Schools Law contemplates the state contributing to charter school funding. The ISBE is authorized to provide “transition impact aid” to “school districts that approve a new charter school or that have funds withheld by the State Board to fund a new charter school that is chartered by the State Board.” 105 ILCS 5/27A-11.5 (West 2008). However, the General Assembly did not appropriate transition impact aid for 2010 or 2011.

¶ 14 A charter school proposal is initiated by the individuals or organizations “that will have majority representation on the board of directors or other governing body of the corporation or other discrete legal entity that is to be established to operate the proposed charter school.” 105 ILCS 5/27A-7(b) (West 2008). A proposal must satisfy 15 requirements set out in section 27A-7(a) of the Charter Schools Law to win approval. 105 ILCS 5/27A-7(a) (West 2008).

¶ 15 Within 45 days of receipt of a charter school proposal, the local school board must convene a public meeting to solicit information on whether to grant or deny the proposal. 105 ILCS 5/27A-8(c) (West 2008). In evaluating the charter school proposal, the local school board must give 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.” 105 ILCS 5/27A-8(a) (West 2008). Within 30 days of the initial public meeting, a second public meeting must be held where the local school board votes on the proposal. 105 ILCS 5/27A-8(e) (West 2008). Following its decision, the local school board must submit a report to the ISBE within seven days. 105 ILCS 5/27A-8(f) (West 2008).

¶ 16 If the local school board approves the proposal, the ISBE has 14 days to review the decision for compliance with the Charter Schools Law to issue its certification. *Id.*

¶ 17 If the local school board denies the proposal, the charter school may appeal to the ISBE within 14 days. 105 ILCS 5/27A-9(e) (West 2008); 23 Ill. Adm.Code 650.60(a) (2011). Once an appeal is filed,

the ISBE may direct the parties to provide additional information. "The parties shall submit to the State Board such additional information as the State Board determines is necessary to decide the appeal." 23 Ill. Adm.Code 650.60(b) (2011). A charter school proposal may be subject to revision before the ISBE. "The [ISBE] shall provide technical assistance to persons and groups preparing or revising charter applications." 105 ILCS 5/27A-11(f) (West 2008).

¶ 18 The Illinois Administrative Code provides the opportunity for the charter school and the local school board to address the ISBE, either by oral or written presentations. The ISBE may require such a presentation even in the absence of a presentation request by the charter school or the local school board. 23 Ill. Adm.Code 650.60(c) (2011).

***20 **292** ¶ 19 The ISBE may reverse the local school board's denial of a charter school proposal when two conditions are met: (1) the proposal is in full compliance with the Charter Schools Law; and (2) the proposal is in the best interests of the students it is designed to serve. 105 ILCS 5/27A-9(e) (West 2008). If the ISBE adopts the charter school proposal against the wishes of the local school board, the ISBE "shall act as the authorized chartering entity for the charter school." 105 ILCS 5/27A-9(f) (West 2008). As the authorized chartering entity, the ISBE must approve and certify the charter, and "shall perform all functions under [the Charter Schools Law] otherwise performed by the local school board." *Id.*

¶ 20 Final decisions of the ISBE are subject to judicial review under the Administrative Review Law. 105 ILCS 5/27A-9(e) (West 2008).

¶ 21 Southland's Proposal

¶ 22 On January 20, 2010, at the first public meeting before District 227, public officials and residents were given the opportunity to comment on the merits of Southland's proposal. On the day of the public meeting, Southland hand delivered a revised proposal to District 227, modified to enroll "200 to 250 students in the Southland College Prep Charter High School each year, with maximum total enrollment of 1000 rather than 800 students, based upon the overwhelming response from parents in the District 227 community indicating that a 1000-student school is required in order to serve the needs of area students." The revised proposal also included petitions

signed by residents of District 227 in support of the charter school.

¶ 23 On February 16, 2010, District 227 held the second public meeting to issue its decision. The District denied the charter school proposal by resolution. District 227 submitted a report to the ISBE delineating the proposal's deficiencies. According to its written report, District 227 denied the proposal for three reasons: (1) its "devastating financial impact," (2) "the complete lack of an appropriate plan for special education needs," and (3) "impermissible admissions criteria."

¶ 24 To support its overriding reason to reject the proposal, District 227 asserted that approving the proposal at 1,000 students at 125% per capita tuition would result in a net loss to District 227 of approximately \$35 million over the four years, even when a reduction of 40 teachers was considered (1 for every 25 students that would matriculate at the charter school, each at a salary of \$70,000 per year). The report asserted that establishing the charter high school would be "ruinous to District 227, virtually depleting all of its operating fund balances in [a] few short years." District 227 noted that no transition impact aid was available from the state for 2010 and 2011. District 227 claimed that at a reduced 100% per capita tuition rate, the financial soundness of the charter school was questionable. District 227 claimed the charter school "would spiral deeper in debt each year until it would have to close or seek a bailout from the State." District 227 also asserted the proposal failed to satisfy other requirements of the Charter Schools Law, including (1) serving at-risk students, (2) demonstrating a broad level of support across District 227's feeder districts and municipalities, (3) a description of pupil performance standards, (4) adequate identification of the location of the charter school, (5) addressing the transportation needs of charter school pupils, and (6) a plan to address minor violations of the charter contract.

¶ 25 ISBE Proceedings

¶ 26 On March 5, 2010, Southland appealed District 227's denial of the charter school proposal to the ISBE and requested ****293 *21** an opportunity to make an oral presentation to the ISBE's staff. Southland submitted its original proposal, along with documents previously not presented to District 227, which included letters in support of the charter school from

municipal leaders including the village presidents of Olympia Fields, Richton Park, and Matteson, and the mayor of Park Forest. Southland also submitted a letter from the local state representative supporting the charter school proposal.

¶ 27 In correspondence dated March 17, 2010, District 227 objected to the ISBE considering material not submitted to District 227 with the original charter school proposal. District 227 claimed, “if the charter group wishes to present new information, it should do so in a new proposal to the District 227 Board rather than for the first time in an appeal to the State Board.” District 227 offered no authority for its contention that the ISBE should not consider this “new information” from Southland.

¶ 28 On April 30, 2010, the ISBE sent correspondence to Southland, with a copy to District 227, memorializing a meeting on April 29, 2010, between the ISBE staff and members of Southland’s development team. According to the correspondence, the ISBE staff had reviewed the charter school proposal, District 227’s report detailing the denial of the proposal, and Southland’s appeal documents “to obtain clarification of information contained in the proposal.” Citing section 650.60 of title 23 of the Administrative Code, the ISBE correspondence listed issues that needed to be addressed “in order to ascertain whether or not the proposal is in compliance with the provisions of the Charter Schools Law and its implementing regulations and to determine whether or not the charter proposal is in the best interests of the students it is designed to serve.”

¶ 29 The ISBE sought additional documentation regarding the goals, objectives, pupil performance standards, and Southland’s possible outside funding, including from the federal government. The ISBE explained, “[I]t is not clear whether or not the ‘terms of the charter as proposed are economically sound for both the charter school and the school district.’” The ISBE noted the proposed budget for the charter school “displays large excesses of revenues over expenditures: \$1 million in year two of operation, \$2.7 million in year three, and \$4.5 million for several years thereafter.” The ISBE expressed concern that the charter, “on the one hand, request[s] 125% of the per capita tuition and, on the other, display[s] such excesses.” The ISBE directed Southland to submit documentation showing that the terms of the proposal

were economically sound for both Southland and District 227.

¶ 30 On May 7, 2010, Southland submitted documentation addressing each of the issues raised by the ISBE. Southland submitted a revised financial model, seeking funding at 100% of the per capita tuition charge for District 227 students. According to Southland, the modification “reflects a change to which Southland would have agreed if requested by District 227, but District 227 did not engage in any dialogue with Southland before rejecting the Proposal for the creation of the Southland High School.” Southland insisted “the financial documents reflecting the change to funding at the level of 100% of the per capita tuition charge demonstrate that Southland’s projected revenues will support the operation of the Southland Charter High School, despite the reduction from the prior funding level of 125% of the per capita tuition charge.” Southland asserted District 227 would realize significant cost savings from the anticipated migration of 1,000 students to the charter **294 *22 high school. According to the revised proposal, District 227 would realize a cost savings of \$14,560,950, based on an operating expense per District 227 pupil of \$14,560.95.

¶ 31 The ISBE sent a copy of Southland’s filings of May 7, 2010, to District 227. No response from District 227 to Southland’s filings appears in the record. The record reflects additional communications between the ISBE staff and Southland that addressed other portions of the proposal.

¶ 32 On May 18, 2010, Dr. Christopher Koch, the ISBE superintendent, issued a recommendation to reverse District 227’s denial of Southland’s proposal. Dr. Koch recommended that a charter high school be established with 500 students at 100% per capita funding for five years, subject to Southland resolving certain concerns over the terms of the charter agreement. As to the financial feasibility of a proposal for a smaller charter school, Dr. Koch explained:

“Given a 500 student enrollment cap, the State Superintendent and ISBE staff believe that the proposal leaves the charter school and the District financially secure and solvent and able to withstand the charter’s establishment:

- The District maintains positive fund balances in

its major operating funds and, according to its FY10 budget, the District will have a combined fund balance in the major operating funds of \$26.5 million and a working cash balance of \$3.3 million as of June 30, 2010;

- No short term debt has been issued by the District;

- The District's large fund balance provides a buffer for the District; and,

- Once students migrate, the District will adjust its staffing and expenditure levels to reflect the reduced number of students it serves in order to mitigate the financial impact of a decrease in the number of students."

¶ 33 Dr. Koch noted that neither he nor the ISBE staff "mean to minimize the financial impact the charter school would have on the District; however, such impact is * * * unavoidable under the Charter School[s] Law funding scheme." According to Dr. Koch, the financial impact in this case was an insufficient reason for the ISBE to reject the appeal. Dr. Koch concluded that based on the additional information submitted by Southland, the suggested proposal complied with the Charter Schools Law and was in the best interests of the students it was designed to serve.

¶ 34 Following Dr. Koch's recommendation, Southland submitted a revised proposal to the ISBE, reflecting an enrollment of 500 students at 100% per capita funding. The proposal asserted the smaller student body was financially feasible for the charter school. Southland referenced District 227's "strong fund balances" to demonstrate that the revised proposal was economically sound for District 227 as well. The proposal contended a "finalized budget reflecting the change in enrollment will be developed in collaboration and consultation with ISBE staff." It asserted, "Long term benefits will accrue to the communities and the District if property values increase and the tax base increases and more students stay in the district."

¶ 35 On May 21, 2010, the ISBE heard oral argument from the parties. Each side was given 45 minutes for its presentation, followed by a question and answer session from the ISBE board members and the public.

¶ 36 During Southland's presentation, Dr. Blondean Davis, its superintendent, explained that District 227 "is demographically comprised of children who are considered to be at risk[,] coming from a **295 *23 minority population," with a 70% poverty rate as identified by participation in the federal free and reduced lunch program. Southland presented details of its curriculum, its approach to learning, the special education services it would provide, and technological and financing issues.

¶ 37 Donald Theobald, a Southland financial consultant, stated that Southland completed a preliminary analysis of the projected revenues and expenditures for the proposed 500-student charter high school. According to this analysis, the projected revenues and expenditures reflected a positive surplus for the five-year charter period recommended by Dr. Koch.

¶ 38 A second financial consultant on behalf of Southland, James Tapscott, noted that District 227 has "a strong fund balance of about 6-and-a-half months." In Tapscott's opinion, the gradual reduction of students at District 227 over a four-year period "gives the district adequate time to phase in any changes that they need to make in their staffing and other levels."

¶ 39 Dr. Davis then answered questions from the ISBE concerning representation on Southland's board from school districts other than District 162, lottery admission, transportation, educational materials, parental and community involvement, potential building sites, and the student-teacher ratio. Dr. Davis also stated that Southland would "have to be extremely aggressive in bringing funds into the school," and referenced a private foundation that expressed an interest in providing financial assistance.

¶ 40 In its presentation, District 227 asserted the meetings between the ISBE staff and Southland to develop the entirely new charter school proposal violated the ISBE review procedure by cutting District 227 out of the process. District 227 characterized the process as arbitrary because it permitted various changes to be made to the proposal until the ISBE staff could give a conditional recommendation. District 227 acknowledged the ISBE "certainly has the authority under your own rules to request additional information

from the charter school.” Nevertheless, District 227 averred that the rules of the Administrative Code were violated by the face-to-face meeting between Southland and the ISBE staff on April 29, 2010, which it labeled an *ex parte* communication. District 227 argued that once the ISBE determined it could not accept Southland’s initial proposal, Southland should have been directed to submit any revised proposal first to District 227.

¶ 41 Ilandus Hampton, assistant superintendent for finance and operation, spoke on behalf of District 227. Hampton stated District 227’s budget is approximately \$70 million for 4,100 students. Hampton noted that, although District 227’s budget had increased significantly since 2005, District 227 balanced its budget by accessing its surpluses. According to Hampton, the presence of a strong fund balance reflects that District 227 has been “fiscally responsible as it relates to [the community’s] tax dollars in relation to the state dollars.” The fund balance was created by “great financial planning” and sound decisions. Hampton expressed concern about the recommendation to draw down District 227’s fund balance to support the proposed charter high school. Hampton elaborated:

“When we look at our economy and we look at what’s occurring within our state and across the country, unemployment is very high. No jobs, foreclosures, increased risk and trying to reduce numbers as a result of this. So our district itself must make adjustments. That’s the purpose of a fund balance. Not for a charter school. It’s to serve all students.”

*24 **296 ¶ 42 Hampton asserted the \$13 billion deficit facing the State of Illinois would negatively impact the funding of District 227 by an estimated \$2.5 million. He stated that even without the creation of a charter high school, the fund balance would decrease in the upcoming year by \$3.5 million. According to Hampton, the establishment of the charter school would speed up the erosion of the fund balance. Hampton concluded that in the face of fiscal responsibility by District 227, “Why would [the ISBE] be financially irresponsible to us?”

¶ 43 Rob Grossi, the chief executive officer of the Hazelcrest School Finance Authority, also testified on behalf of District 227. Grossi had served as a financial

advisor and treasurer for several school districts for more than 24 years. He previously served as the treasurer for two charter schools in the city of Chicago. Grounded on this experience, Grossi stated his position without equivocation: “I’m 100-percent confident in the following statement I’m about to make. The impact of a decision of this board to allow the creat [ion] of Southland School will result in certain academic and financial bankruptcy to Rich Township High School District 227 under both a scenario of a 500-student charter school where the district will pay over \$7 million annually, and a 1,000-student charter school where the district will pay over \$14 million annually.”

¶ 44 Grossi characterized the methodology used by Southland to conclude the charter high school would not adversely impact District 227 as “intellectually lazy.” The flaw in Southland’s proposal, according to Grossi, was that it assumed that all expenses in a school district were variable. Grossi gave an example of the District’s fixed expenses: “[O]ver \$2.6 million or \$700 of the operating expense per pupil is due to interest on the district’s debt. Under the formula proposed by Southland, if Southland took 1,000 students from District 227, Southland would receive more than \$700,000 annually from District 227 solely due to the interest component.” Southland incorrectly assumed District 227 would save the \$700,000 in interest expense when “the expense won’t be reduced one penny.” According to Grossi, the interest expense alone “would cost Rich High School \$7 million over the ten years of their initial proposal.”

¶ 45 Grossi also disputed Southland’s claim that District 227 would experience a reduction in operating costs from educating fewer students.

“For example, let’s assume that Rich High School—the district lost 120 students but they represented 40 students in each of [the district’s] three buildings. And within those 40 students there are 10 freshmen, 10 sophomore, 10 junior, 10 senior students. The district would likely not be able to reduce staff much, but they would lose over \$1.7 million a year to Southland.

Other expenses also can’t be reduced proportionally with student reductions. There may be some savings with transportation, but it’ll still cost the same whether a bus is 100-percent full or

80-percent full. The district will still need a superintendent, a business manager, utility expenses will remain unchanged, the cost of cleaning will not be reduced proportionally."

¶ 46 Grossi predicted a financial crisis even with the "ISBE's recommending that the charter only take 500 students and \$7.2 million annually. ISBE's hope is that the district will be able to use its existing fund balance to cover the structural deficit. Unfortunately, the expected impact of the state's own crisis and the impact of the charter school will dissolve the funds well before the five-year period." Invoking the **297 *25 exhibit that Dr. Koch used to explain his recommendation that the charter school's total enrollment be reduced to 500 students because the loss of the per capita tuition of 1,000 students would bankrupt District 227 in two years, Grossi stated that based on the same methodology, the proposed 500-student charter high school would bankrupt the district "in three years." With the establishment of even the smaller charter school, District 227 "will be forced to make expenditure reductions in excess of \$8 million a year in order to remain solvent."

¶ 47 Deb Vespa, the ISBE's division administrator for school business services, provided her opinion regarding the economic soundness of Southland's proposal. According to Vespa, District 227's fund balance would allow it to remain solvent through 2013. However, in "2014 [District 227] will have a negative fund balance of about \$20 million. And that's the first year as we go to two deficit fund—or negative fund balances where you could certify a district in financial distress if everything continues on and expenditures carry forward." Vespa conceded that her calculations did not take into account any savings to District 227 based on the fewer students at its three high schools with the establishment of the charter high school.

¶ 48 Following a closed session, the ISBE raised additional questions concerning the finances of the proposed charter high school. Dr. Davis stated Southland was committed to raising funds from private donors and to applying for public grants.

¶ 49 Thereafter, the ISBE voted unanimously to grant a high school charter to Southland for a period of five years with an enrollment cap of 500 students, "all contingent on Southland addressing the remaining

concerns identified in the state superintendent's written recommendation and expressed by members of the State Board of Education."

¶ 50 On June 10, 2010, the ISBE issued its final written decision, adopting Dr. Koch's recommendation and finding Southland's proposal to establish a charter high school of 500 students was in compliance with the Charter Schools Law and in the best interests of the students it was designed to serve.

¶ 51 Appeal to Circuit Court

¶ 52 In its complaint for administrative review filed on June 23, 2010, District 227 alleged the ISBE's decision deprived District 227 of approximately \$1.8 million at the start of the 2010–11 school year, an amount compounded with each new class for a total four-year loss to District 227 of \$18 million. District 227 also challenged the approval of an entirely new proposal by Southland negotiated with the ISBE without permitting District 227 to consider the proposal independently. District 227 alleged this violated the Charter Schools Law and the administrative rules governing the ISBE. District 227 asserted three reasons the approved proposal did not comply with the Charter Schools Law: (1) "[it] clearly fail[ed] to demonstrate that the charter school would be financially sound for both the District and [Southland]"; (2) "[it] fail[ed] to include specific information regarding the charter school's pupil performance standards, a timeline for achievement of those standards, and the procedures the charter school would use to take corrective action if pupil performance did not meet those standards"; and (3) "[it] contain[ed] impermissible public school admissions criteria." In addition, District 227 averred Southland's revised proposal was "not in the best interests of the students that it was designed to serve." District 227 also filed a motion with the circuit court to stay enforcement **298 *26 of the ISBE's decision pending resolution of its complaint for administrative review.

¶ 53 The circuit court first addressed the motion to stay enforcement of the grant of the charter school. The court noted Dr. Koch's recommendation "that given a 500 student enrollment cap, the State Superintendent and the Illinois Board of Education staff believe that the proposal leaves the charter school and the District financially secure and solvent and able to withstand the charter's establishment." The court also noted that District 227 had no short-term debt. The

5/27A-9(c) (West 2010). "The scope of our review [under the Administrative Review Law] extends to all questions of law and fact presented by the record." *Village of Broadview v. Illinois Labor Relations Board*, 402 Ill.App.3d 503, 505, 342 Ill.Dec. 134, 932 N.E.2d 25 (2010). "The applicable standard of review depends upon whether the question presented is one of fact, one of law, or a mixed question of fact and law." *American Federation of State, County & Municipal Employees, Council 31 v. Illinois State Labor Relations Board, State Panel*, 216 Ill.2d 569, 577, 298 Ill.Dec. 156, 839 N.E.2d 479 (2005).

[3][4] ¶ 61 An agency's findings of fact are "held to be *prima facie* true and correct." 735 ILCS 5/3-110 (West 2008). Such findings "will be disturbed on review only if they are against the manifest weight of the evidence." *Village of Broadview*, 402 Ill.App.3d at 505, 342 Ill.Dec. 134, 932 N.E.2d 25 (citing *City of Belvidere v. Illinois State Labor Relations Board*, 181 Ill.2d 191, 204, 229 Ill.Dec. 522, 692 N.E.2d 295 (1998)). The agency's findings of fact are against the manifest weight of the evidence only if the opposite conclusion is clearly evident. *Cinkus v. Village of Stickney Municipal Officers Electoral Board*, 228 Ill.2d 200, 210, 319 Ill.Dec. 887, 886 N.E.2d 1011 (2008).

[5][6] ¶ 62 An agency's conclusions of law are reviewed *de novo*. *Cinkus*, 228 Ill.2d at 210-11, 319 Ill.Dec. 887, 886 N.E.2d 1011. "A reviewing court is not bound by an agency's interpretation of a statute [citation], but the agency's interpretation remains relevant where there is a reasonable debate about the meaning of the statute [citation]." *Comprehensive Community Solutions*, 216 Ill.2d at 471, 297 Ill.Dec. 221, 837 N.E.2d 1.

[7][8][9] ¶ 63 Mixed questions of law and fact are subject to review for clear error. *28 **300 *AFM Messenger Service, Inc. v. Department of Employment Security*, 198 Ill.2d 380, 392, 261 Ill.Dec. 302, 763 N.E.2d 272 (2001). "Such review is significantly deferential to an agency's experience in construing and applying the statutes that it administers." *Comprehensive Community Solutions*, 216 Ill.2d at 472, 297 Ill.Dec. 221, 837 N.E.2d 1 (citing *AFM Messenger*, 198 Ill.2d at 393-94, 261 Ill.Dec. 302, 763 N.E.2d 272). A mixed question of law and fact typically arises when "the historical facts are not in dispute and the issue is whether the established facts satisfy the stat-

utory standard." *Village of Hazel Crest v. Illinois Labor Relations Board*, 385 Ill.App.3d 109, 113, 324 Ill.Dec. 367, 895 N.E.2d 1082 (2008). An agency's decision is clearly erroneous "only where the reviewing court, on the entire record, is 'left with the definite and firm conviction that a mistake has been committed.'" *AFM Messenger*, 198 Ill.2d at 395, 261 Ill.Dec. 302, 763 N.E.2d 272 (quoting *United States v. United States Gypsum Co.*, 333 U.S. 364, 395, 68 S.Ct. 525, 92 L.Ed. 746 (1948)).

¶ 64 We first address District 227's contention that the eventual proposal from Southland, as recommended by Dr. Koch and approved by the ISBE, failed to meet three statutory requirements: economic soundness; clear standards on goals, objectives, and pupil performance; and a proper admissions standard. See *Comprehensive Community Solutions*, 216 Ill.2d at 473, 297 Ill.Dec. 221, 837 N.E.2d 1 ("the State Board must determine * * * whether the proposal was in compliance with the Charter Schools Law, including the requirements listed in section 27A-7"). We set out the applicable standard of review in our discussion of each of the statutory requirements.

¶ 65 Economic Soundness

¶ 66 District 227 asserts the evidence it marshaled demonstrated that the establishment of the charter school would result in District 227's insolvency within the five-year period granted to the charter school. District 227 contends its projected insolvency precludes a finding of economic soundness. District 227 points to the testimony of Grossi and Vespa, and the lack of transition impact aid from the state to support its contention. District 227 argues the ISBE was myopic in its reliance on the district's current sound financial state and failed to give adequate consideration to the dire financial effects of establishing a charter high school. District 227 cites *Comprehensive Community Solutions* for the analysis that must be followed when economic soundness is challenged.

¶ 67 In *Comprehensive Community Solutions*, our supreme court observed the legislative intent of the "economic soundness" requirement in section 27A-7(a)(9) necessarily extends to evidence of the school district's finances. *Id.* at 477, 297 Ill.Dec. 221, 837 N.E.2d 1. In that case, the charter school proposal was a five-year plan to serve 75 students at its inception and ultimately 120 students. The charter school was designed to help "at-risk and out-of-school stu-

dents make the transition from 'street to school' and 'street to work' with educational, vocational, and social support." *Id.* at 461, 297 Ill.Dec. 221, 837 N.E.2d 1. The charter school proposed a 100% per capita student expenditure for its budget, while the local school board would continue to provide special education services to charter school students " 'on the same basis it does for Rockford School District students.' " *Id.* at 462, 297 Ill.Dec. 221, 837 N.E.2d 1.

¶ 68 During its initial review, the local school board expressed concern that because of the school district's cash flow problems, it would need to borrow money **301 *29 to approve the proposal. *Id.* The charter school conditionally proposed a variable funding rate starting at 88% in the first year and topping off at 95% in the fifth year of the charter, but only if the proposal were otherwise accepted. If not, charter school would stand on its "original proposal." *Id.* at 463, 297 Ill.Dec. 221, 837 N.E.2d 1.

¶ 69 Following two public meetings, a committee of the local school board recommended that a proposal at 75% per capita funding be approved, which the board rejected by an evenly split vote. *Id.* The local school board explained in its report to the ISBE the principal reason it denied the original proposal seeking a 100% per capita funding rate. " 'Rockford School District would sustain a loss of \$30,717.00 which would not include the cost of special education services for which it would be responsible. Given the dire financial situation, the Rockford School District cannot take on more debt.' " *Id.* at 464, 297 Ill.Dec. 221, 837 N.E.2d 1. At a hearing before the ISBE, the district asserted that even with a variable funding rate, " 'the board would still encounter a \$483,234 deficit.' " *Id.*

¶ 70 In its recommendation to the State Superintendent of Education, the ISBE appeal panel found the proposal complied with the Charter Schools Law and would be in the best interests of the intended students. *Id.* at 465, 297 Ill.Dec. 221, 837 N.E.2d 1. The appeal

panel determined that the five-year net deficit created by the charter school would range from \$2.57 million at a funding a rate of 100% per capita to \$1.87 million at 80% per capita. *Id.* The ISBE appeal panel asserted it did not "minimize the impact of any potential loss of revenue from Rockford's educational fund. However, a revenue loss to the district is inescapable under the Charter Schools Law, but is necessary to serve the law's goal 'to provide parents and pupils with expanded choices within the public school system.' " (Internal quotation marks omitted.) *Id.* at 465, 297 Ill.Dec. 221, 837 N.E.2d 1. The appeal panel concluded that the ISBE should reverse the district's decision and grant the charter. *Id.* at 466, 297 Ill.Dec. 221, 837 N.E.2d 1. The State Superintendent agreed with the panel's conclusion and forwarded this recommendation to the ISBE. *Id.*

¶ 71 During its review process, the ISBE requested additional information from both the charter school and the district in accordance with the Administrative Code. 23 Ill. Adm.Code 650.60(b) (2011); *Comprehensive Community Solutions*, 216 Ill.2d at 466, 297 Ill.Dec. 221, 837 N.E.2d 1. The ISBE asked the district to identify the specific hardships should the charter be approved. *Id.* The district responded that it would incur a five-year deficit of \$30,717 at a 75% per capita funding rate, a deficit of \$483,234 at a 88% to 95% variable rate, and a deficit of \$676,639 at a 100% rate. *Id.* The district also pointed to its existing deficit of \$32.65 million, which according to an independent audit, cast " 'substantial doubt about the District's ability to continue as an ongoing concern.' " *Id.*

¶ 72 Following a special meeting on the economic impact on the local school district, the ISBE directed the parties to provide still additional information. *Id.* at 467, 297 Ill.Dec. 221, 837 N.E.2d 1. The charter school indicated it anticipated additional funding from federal grants. *Id.* The district responded it recently approved budget cuts of \$12.2 million, it had an outstanding obligation to repay \$55 million in tax antic-

ipation warrants, with an additional \$31 million in tax objections that it needed to address. *Id.* The district asserted it could not assume any new debt. *Id.*

*30 **302 ¶ 73 Ultimately, the ISBE upheld the local school board's decision to deny the charter school proposal. *Id.* The ISBE explained its rejection of the charter school's appeal: " '[T]he proposed charter school is not economically sound for Rockford School District 205 in view of the very serious financial problems that currently exist in the district.' " *Id.* at 468, 297 Ill.Dec. 221, 837 N.E.2d 1. The circuit court confirmed the decision of the ISBE and the charter school appealed. *Id.* at 469, 297 Ill.Dec. 221, 837 N.E.2d 1.

¶ 74 The appellate court upheld the ISBE's decision. *Comprehensive Community Solutions, Inc. v. Rockford School District No. 205*, 351 Ill.App.3d 1109, 287 Ill.Dec. 80, 815 N.E.2d 483 (2004). Applying a clearly erroneous standard, the appellate court concluded the ISBE's finding, that the proposal was not economically sound for both the local school district and the charter school, did not leave it with a definite and firm conviction that the ISBE had made a mistake.

¶ 75 Before the supreme court, the charter school did not dispute the financial condition of the local school district or the deficits calculated to result from the establishment of a charter school. *Comprehensive Community Solutions*, 216 Ill.2d at 477-78, 297 Ill.Dec. 221, 837 N.E.2d 1. The supreme court observed the establishment of a charter school "should not imperil the entire school district." *Id.* at 480-81, 297 Ill.Dec. 221, 837 N.E.2d 1. The Charter Schools Law "was not intended to drive fiscally challenged districts out of business." *Id.* at 481, 297 Ill.Dec. 221, 837 N.E.2d 1. The supreme court explained the economic soundness requirement of the Charter Schools Law:

" 'Economic soundness' in section 27A-7(a)(9) is not a bright-line standard, but rather a continuum. The terms of some charter school proposals will be more economically sound for a school district than other proposals, depending upon their effects on the district's bottom line. We do not hold that any school district experiencing a budget deficit may deny a charter school proposal with impunity. We simply hold that, under the facts presented here, the State Board's decision that [the charter school's] proposal was not in compliance with the Charter Schools Law or in the best interests of the district's students was not clearly erroneous." *Id.*

[10] ¶ 76 We first address the standard of review applicable to the economic soundness requirement in the instant appeal. We note that while the supreme court applied a clearly erroneous standard to the ISBE's decision in *Comprehensive Community Solutions*, that standard applied because the charter school did not dispute the financial condition of district or the deficits calculated to result from the establishment of a charter school. *Id.* at 477-78, 297 Ill.Dec. 221, 837 N.E.2d 1. The historical facts were not disputed, leaving only "whether the established facts satisf[ied] the statutory standard." *Village of Hazel Crest*, 385 Ill.App.3d at 113, 324 Ill.Dec. 367, 895 N.E.2d 1082. Thus, in *Comprehensive Community Solutions*, the court was presented with a mixed question of law and fact.

¶ 77 In the instant case, however, District 227's principal contention is that its evidence regarding its projected insolvency should have won the day before the ISBE. Thus, central to the ISBE's conclusion on the economic soundness of the proposal is its rejection of District 227's projected budget deficit three years down the road as sufficient to compel the ISBE to affirm District 227's rejection of the Southland proposal. As the supreme court made clear in *Comprehensive Community Solutions*, economic soundness "is not a bright-*31 line **303 standard, but rather a continuum." *Comprehensive Community Solutions*, at

481, 297 Ill.Dec. 221, 837 N.E.2d 1. On that continuum, the ISBE concluded that the conflicting evidence regarding District 227's ability to adjust to the financial pressures of establishing a charter high school favored establishing the charter high school. In other words, the revised proposal with a cap of 500 students was economically sound for both District 227 and Southland. The findings of fact underlying the ultimate conclusion reached by the ISBE are set out in the record.

¶ 78 The ISBE adopted Dr. Koch's recommendation to reverse District 227's rejection of the charter school proposal because "the District will adjust its staffing and expenditure levels" with the reduced student population as more students attend Southland. The Superintendent concluded that "the proposal leaves the charter school and the District financially secure and solvent." The Superintendent also noted that no short term debt had been issued by the District. Finally, the Superintendent pointed out that District 227 presented a positive fund balance of \$26.5 million and a working cash balance of \$3.3 million as of June 2010.

¶ 79 Against the backdrop of these findings, we reject District 227's argument that the clearly erroneous standard applies. See *People v. Crane*, 195 Ill.2d 42, 51, 252 Ill.Dec. 687, 743 N.E.2d 555 (2001) (when factual determinations are made during the proceedings below, the manifest weight of the evidence standard applies). Nor do we agree with District 227's suggestion that the ISBE was legally compelled to issue a decision based on its evidence alone. The ISBE was required to resolve the conflicts in the evidence in the first instance. We will not engage in the reweighing of the evidence heard and considered by the ISBE as District 227 urges us to do. We review factual findings against the manifest weight of the evidence. *Id.* at 478, 297 Ill.Dec. 221, 837 N.E.2d 1; *Abrahamson v. Illinois Department of Professional Regulation*, 153 Ill.2d 76, 88, 180 Ill.Dec. 34, 606 N.E.2d 1111 (1992).

[11] ¶ 80 We also reject District 227's suggestion that its financial position is similar to the financial position of the school district in *Comprehensive Community Solutions* as District 227's evidence is not as powerful as it claims. A review of the record shows that much of the evidence presented by District 227 was based on Southland's initial proposal of 1,000 students at a 125% per capita rate, which District 227 used to claim dire financial circumstances. Similar financial figures were never presented based on the revised 500-student, 100% per capita charter school proposal ultimately approved by the ISBE. Rather, District 227 simply extrapolated from the data regarding the original proposal to forecast a similar outcome, just at a slightly slower pace.

¶ 81 District 227 provided little evidence, other than the strong opinions of its witnesses, to demonstrate that the proposal was not economically sound for both the District and Southland. While Grossi concluded that District 227 would be insolvent within three years if the proposed 500-student, 100% per capita charter school were established, he did so in summary fashion. Grossi provided no documentary evidence to support the claim of impending insolvency. Grossi also claimed major expenditure reductions to District 227 programs would be required if the proposal was approved, but no evidence was ever submitted to document this claim.

¶ 82 Vespa's conclusions calling into question the economic soundness of the proposal were equally challenged. In fact, Vespa conceded that her calculations did ****304 *32** not take into account possible savings to District 227 that might accrue from a reduced student enrollment.

¶ 83 Finally, District 227 asserts that lack of transition impact aid from the state should doom the charter school proposal. But the ISBE's decision did not rely on possible state transition impact aid; its

decision was based on the strong finances of District 227, which it concluded could “withstand the charter’s establishment.”

¶ 84 We note that the record contains no evidence of the impact on District 227’s budget over the five-year period if a charter school with 500 students at a 100% per capita funding rate were established. Unlike in *Comprehensive Community Solutions*, no independent audit was presented to support District 227’s prediction of dire financial circumstances during the course of the five-year charter grant. Our supreme court cautioned against accepting facile challenges based on economic soundness. “To allow a local school board to deny a charter proposal because it may have an adverse financial impact on the district’s budget would defeat the purpose of the statute, which is to create choice and thus competition.” *Comprehensive Community Solutions*, 216 Ill.2d at 475, 297 Ill.Dec. 221, 837 N.E.2d 1.

¶ 85 While the parties do not dispute that the Southland proposal creates an adverse financial impact on District 227’s budget, both currently and over the course of the five-year charter period, Southland and the ISBE dispute District 227’s claim of insolvency on which this appeal is grounded. Contrary to District 227’s claim, the manifest weight of the evidence presented to the ISBE, however, does not show that reallocation of funding for the establishment of the charter school and its continued existence over a five-year period would financially imperil the entire school district.

¶ 86 Based on the record before us, we cannot say the ISBE’s findings of fact underpinning its decision that Southland’s proposal complied with the economic soundness requirement of section 27A–7(a)(9) were against the manifest weight of the evidence. Even if our review of the economic soundness of the proposal is subject to the clearly erroneous standard, the ISBE decision passes under that standard as well. We are not left with the definite and firm conviction that the ISBE

made a mistake in concluding the establishment of the charter school was economically sound for both Southland and District 227.

¶ 87 Goals, Objectives, and Pupil Performance Standards

[12] ¶ 88 District 227 next contends Southland’s proposal did not adequately set forth the “goals, objectives, and pupil performance standards to be achieved.” 105 ILCS 5/27A–7(a)(5) (West 2008). District 227 insists that after the ISBE requested additional information from Southland regarding its goals, objectives, and pupil performance standards, Southland merely copied and pasted the same deficient information it previously submitted onto its revised proposal.

¶ 89 In the initial proposal, Southland asserted its goals, objectives, and pupil performance standards were meant to ensure its students graduated from high school and were prepared to attend college. The proposal broadly stated, “We recognize that Southland College Prep Charter High School is a school of choice, and we promise to meet the needs of each student. We are committed to excellence in education for all students and, therefore, have very high expectations that are clearly defined and measurable.” The proposal listed 18 goals and provided short descriptions of the charter school’s educational program and pupil performance standards, which Dr. Koch found were *33 **305 “vague and not stated in measurable terms.”

¶ 90 At the direction of the ISBE staff, Southland submitted amendments to its goals, objectives, and pupil performance standards, followed by a detailed discussion of each. Upon review of the amendments, Dr. Koch stated in his recommendation that the proposal “now provides sufficient information regarding the goals, objectives and pupil performance standards it expects to achieve. The standards included in the proposal are stated in measurable terms, with specific benchmarks.”

[13] ¶ 91 The ISBE, in adopting Dr. Koch's assessment that the "standards * * * are stated in measurable terms," made a finding of fact, which is subject to reversal only if it is against the manifest weight of the evidence. *Abrahamson*, 153 Ill.2d at 88, 180 Ill.Dec. 34, 606 N.E.2d 1111. District 227's argument that the goals, objectives, and pupil performance standards in the original proposal, which were found to be deficient, were recycled in the revised proposal is rebutted by the record.

¶ 92 The ISBE found that Southland's amended goals, objectives, and pupil performance standards in its revised proposal satisfied section 27A-7(a)(5). District 227 does not provide us with any substantive reason or cite any authority to compel a reversal of that finding. Whether that ruling is a finding of fact, subject to review under the manifest weight of the evidence standard, or is a mixed question of law and fact, subject to review for clear error, District 227 fails to persuade us that the ISBE erred.

¶ 93 Admissions Standard

[14] ¶ 94 As its last contention that Southland's proposal failed to satisfy a requirement of the Charter Schools Law, District 227 asserts the proposal contains admissions criteria that would be impermissible "if used by a school district." 105 ILCS 5/27A-7(a)(2) (West 2008). District 227 quotes from the original proposal: "Each family at Southland must sign a contract with Southland College Prep Charter High School setting forth the parents' and students' commitment to work with Southland College Prep Charter High School to achieve maximum student outcome." District 227 notes additional language in the contract requiring students to wear proper uniforms daily and to work to beautify the school, garden, and surrounding areas. District 227 asserts the contractual language serves as a mechanism to screen out students. In support, District 227 quotes from a 2002 ISBE press release that explained its denial of a proposed charter school in Champaign, Illinois, which we repeat here:

"Since the law requires charter schools to be open to any pupil who resides in the geographic boundaries, such a covenant may not be used as a mechanism to screen out students."

[15] ¶ 95 We find District 227's contention that Southland's proposed contract for students and their parents that are *admitted* to the charter high school constitutes a mechanism to *screen out* students, raises a question of fact subject to the manifest weight of the evidence standard of review. *Abrahamson*, 153 Ill.2d at 88, 180 Ill.Dec. 34, 606 N.E.2d 1111. The evidence on this requirement is clearly and unequivocally contrary to District 227's claim. The proposal states that enrollment "shall be open to any pupil who resides within the boundaries of District 227." In the event there are more eligible applicants for enrollment than available spaces, "successful applicants will be selected by lottery which shall be open to all applicants and the public." The record evidence fails to provide**306 *34 any support that the contract between Southland and its admitted students and their parents is a mechanism to screen out students. Nor does the ISBE 2002 press release regarding a Champaign charter school have any relevance to the instant case.

¶ 96 We reject out of hand District 227's argument that the Southland Charter contract constitutes an improper screening device. Nothing in the record supports this claim; District 227's contention is without merit regardless of the applicable standard of review, including the standard most favorable to District 227—*de novo* review.

¶ 97 Best Interests

[16] ¶ 98 District 227 argues that even if Southland's proposal complies with the statutory factors set forth in section 27A-7(a), the ISBE's approval was clearly erroneous because the proposal was not designed to serve the best interests of *all students of District 227*. District 227 notes that each of its three

high schools tops the ISBE's African-American and low income student progress rankings, which, it asserts, demonstrates that District 227 is making progress to maximize student outcomes and increase learning opportunities for all its students, with special emphasis on expanded learning experiences for at-risk pupils. Without elaborating on its implications, District 227 claims that from its inception, Southland's proposal was meant to serve only the interests of District 162 students.

¶ 99 Initially, Southland and the ISBE respond that this claim was never raised before the circuit court and therefore District 227 has forfeited this argument, citing *Vine Street Clinic v. HealthLink, Inc.*, 222 Ill.2d 276, 301, 305 Ill.Dec. 617, 856 N.E.2d 422 (2006). The ISBE points out that District 227 summarily contended in its initial memorandum of law filed with the circuit court that the amended proposal was not in the best interests of the students it was designed to serve. The ISBE asserts that District 227 never developed the "best interests" argument asserted below even after Southland challenged the adequacy of this claim in its written response. Both the ISBE and Southland contend that District 227's argument that the charter school proposal had to serve the best interests of all students of District 227 to win approval was never raised below and is therefore forfeited. Though this forfeiture claim is supported by the record, we elect to address the argument of District 227 on its merits.

[17][18] ¶ 100 The best interests factor, as one of two overall conditions that must be met under the Charter Schools Law, involves a mixed question of law and fact subject to review for clear error. *Comprehensive Community Solutions*, 216 Ill.2d at 472 n. 1, 297 Ill.Dec. 221, 837 N.E.2d 1. Our review is significantly deferential to the ISBE's experience in construing and applying the statute it administers. *Id.* at 472, 297 Ill.Dec. 221, 837 N.E.2d 1.

¶ 101 The record shows that in the course of

discussing the best interests factor, Dr. Koch compared the students in District 162 to the students in the high schools in District 227 in various categories to assess the prospects for education achievement of prospective students at the charter high school. "District 162 has successfully raised the meets/exceeds percentages of its students' overall Illinois State Achievement Test (ISAT) scores from 62.4% in 2003–2004 to 81.4% for both years 2007–2008 and 2008–2009. Meanwhile, [District 227's] scores on the Prairie State Achievement Examination (PSAE) for the same period remain[ed] consistently low." Dr. Koch noted that the performance gap between District 162 and District 227 was "undeniable." District 227's PSAE scores placed its schools in the bottom 10% of **307 *35 high school districts in 2008 and in 2009. Dr. Koch's approval recommendation also noted that District 162 had done a much better job in dealing with the student truancy rate. "District 162's truancy rate ranked it as 293 out of 378 elementary school districts in 2008 and 288 out of 378 elementary school districts in 2009; whereas District 227 ranked 13 out of 100 high school districts in 2008 and 16 out of 100 high school districts in 2009." Dr. Koch concluded that District 162 "gets its students to class" and expressed confidence that as the operator of Southland, it would do the same for students from District 227. According to Dr. Koch, "Given that District 227 is a relatively low performing district, it appears that it would be in the best interest of the students to give them another viable high school option."

[19] ¶ 102 The Charter Schools Law is meant to provide a means to improve educational opportunities for public school students. "There are educators, community members, and parents in Illinois who can offer flexible and innovative educational techniques and programs, but who lack an avenue through which to provide them within the public school system." 105 ILCS 5/27A-2(a)(2) (West 2008). The Charter Schools Law should be liberally interpreted "to support the findings and goals of this Section and to advance a renewed commitment by the State of Illinois

to the mission, goals, and diversity of public education.” 105 ILCS 5/27A-2(c) (West 2008).

¶ 103 We are left with no doubt that the establishment of the charter high school is in the best interests of the students it was designed to serve and, eventually, its establishment may well serve the best interests of all District 227 students to the extent the academic success of the charter school raises the educational bar for the other three high schools. Comprehensive Community Solutions, 216 Ill.2d at 475, 297 Ill.Dec. 221, 837 N.E.2d 1 (a purpose of the Charter Schools Law “is to create choice and thus competition”). Nothing in the record supports District 227’s contention that the establishment of the charter school is contrary to the best interests of all the students in District 227.

¶ 104 Based on the record before us, the ISBE’s conclusion that the establishment of the charter high school served the best interests of the students it was designed to serve and hence all students in District 227 is not clearly erroneous.

¶ 105 Due Process

¶ 106 In a final effort to reverse the ISBE decision, District 227 contends that even assuming *arguendo* the proposal complied with the Charter Schools Law and was in the best interests of the students of District 227, the ISBE violated District 227’s due process rights by failing to adhere to the appeal procedures in the Administrative Code. District 227 avers that when Southland appealed to the ISBE on March 5, 2010, it submitted “a plethora of additional materials that were never presented to District 227” when it rejected the original proposal. District 227 contends that during the course of the meeting between the ISBE staff and members of Southland’s development team on April 29, 2010, Southland “was unlawfully given the opportunity to present its appeal to ISBE’s staff without anyone from District 227 being notified of their presentation or given a chance to further explain the report which denied [the] original

proposal.” In effect, District 227 contends a proposal may not be revised in consultation with the ISBE staff, absent direct participation by the local school board. District 227 broadly claims that permitting revisions of a charter school proposal before the ISBE staff alone, wrongly eliminates the local **308 *36 school board and community from the charter approval process altogether.

¶ 107 Southland and the ISBE assert that no violation of the Administrative Code occurred during the proceedings before the ISBE. They contend no constitutional due process violation can occur when the procedures of the Administrative Code were followed because the procedures provide adequate due process safeguards. The ISBE contends District 227 forfeited its purported constitutional claim because no contention is raised apart from the claimed violation of the Administrative Code. Responding to District 227’s claim the meeting between Southland and the ISBE on April 29, 2010, constituted an improper *ex parte* communication, the ISBE rejects that characterization, but notes that even if the characterization is accurate, to prevail on its request for reversal, District 227 must demonstrate that it suffered prejudice arising from that communication, which it cannot do.

[20] ¶ 108 First, we agree with the ISBE and Southland that the purported constitutional due process claim asserted by District 227 has been forfeited. See Elder v. Bryant, 324 Ill.App.3d 526, 533, 258 Ill.Dec. 132, 755 N.E.2d 515 (2001). Though couched as a constitutional due process claim, the substance of the claim is entirely based on a purported violation of the Administrative Code. In its brief, District 227 asserts that “a government agency’s failure to abide by established administrative regulations may constitute a due process violation,” citing United States ex rel. Accardi v. Shaughnessy, 347 U.S. 260, 265–68, 74 S.Ct. 499, 98 L.Ed. 681 (1954), but neither develops the argument nor explains the relevance of the citation to the facts of this case. This court is not a depository in which the burden of research and argument may be

dumped. *Gandy v. Kimbrough*, 406 Ill.App.3d 867, 875, 346 Ill.Dec. 771, 941 N.E.2d 329 (2010); *People v. Hood*, 210 Ill.App.3d 743, 746, 155 Ill.Dec. 228, 569 N.E.2d 228 (1991) (“A reviewing court is entitled to have the issues clearly defined with pertinent authority cited and is not simply a depository into which the appealing party may dump the burden of argument and research.”).

[21][22][23] ¶ 109 Next, as we make clear below, we find nothing improper in the ISBE staff meeting with Southland to assist in revising the charter school proposal. However, even assuming *arguendo* that the meeting on April 29, 2010, constituted an *ex parte* communication, District 227 is still not entitled to any relief. “A court will not reverse an agency’s decision because of *ex parte* contacts with members of that agency absent a showing that prejudice to the complaining party resulted from such contacts.” *Sangirardi v. Village of Stickney*, 342 Ill.App.3d 1, 11, 276 Ill.Dec. 28, 793 N.E.2d 787 (2003). “Where the administrative agency operates in an adjudicatory capacity, bias or prejudice may only be shown if a disinterested observer might conclude that the administrative body, or its members, had in some measure adjudged the facts as well as the law of the case in advance of hearing it.” *Id.* at 11–12, 276 Ill.Dec. 28, 793 N.E.2d 787. The circumstances present in this case involve no such conduct by the ISBE. Nor does District 227 argue that “the facts as well as the law of the case” were adjudged by the ISBE before the public meetings.

[24] ¶ 110 Finally, we are unpersuaded by District 227’s argument that the appeal procedure of the Administrative Code was not followed here. Once an appeal to the ISBE is initiated, the “parties shall submit to the State Board such additional information as the State Board determines is necessary to decide the appeal.” 23 Ill. Adm.Code 650.60(b) (2011). The Charter **309 *37 Schools Law also provides that the ISBE “shall provide technical assistance to persons and groups preparing or revising charter applications.”

105 ILCS 5/27A–11(f) (West 2008). There is no authority to support District 227’s implicit contention that “technical assistance” is not permitted by direct communication between the ISBE staff and the “persons and groups preparing revised charter applications.” *Id.* The language of the section also makes clear that “technical assistance” is meant to be provided in the course of “revising charter applications.” *Id.* District 227 acknowledged as much before the ISBE.

¶ 111 At the May 21, 2010, hearing, District 227 agreed that the ISBE was authorized to request additional information. The meeting on April 29, 2010, as memorialized in correspondence sent from the ISBE to District 227 on April 30, 2010, was not outside the authority granted to the ISBE by the Charter Schools Law. The Charter Schools Law “should be interpreted liberally [with the aim of advancing] a renewed commitment by the State of Illinois to the mission, goals, and diversity of public education.” 105 ILCS 5/27A–2(c) (West 2008). The ISBE staff properly provided technical assistance to Southland, while providing due notice to District 227 of its efforts. The Charter Schools Law was meant to provide public meetings to address the merits of a charter school proposal, at which time the local school board may present its view if it disagrees with the proposal.

¶ 112 Nevertheless, District 227 baldly asserts the ISBE should never have ruled upon the revised proposal until it was first considered by District 227. It is telling that District 227 fails to cite any authority for its contention that a revised charter school application had to go before the local school board before the ISBE could consider it. The authority granted the ISBE makes clear that charter applications are subject to revision. 105 ILCS 5/27A–11(f) (West 2008). A mandate that a charter application revised with the assistance of the ISBE must return to the local school board for consideration before the ISBE can rule upon it would be contrary to the clear import of the Charter Schools Law. As counsel for Southland pointed out at

oral arguments, the process the ISBE staff engaged in with Southland is consistent with the Charter Schools Law whose aim is to encourage proposals to establish charter schools.

¶ 113 As we noted above, the ISBE staff provided District 227 with details of the communications between the ISBE and Southland to craft an acceptable proposal. Of course, once Southland submitted its revised proposal to the ISBE, District 227 was given every opportunity to challenge the revised proposal. The record contains no written response by District 227 to Southland's amended filings.

¶ 114 To summarize, even assuming *arguendo* that the assistance the ISBE staff provided to Southland to craft a revised proposal constituted an *ex parte* communication, District 227 failed to show it suffered any prejudice from that assistance. However, we expressly find that in the course of the proceedings below, the ISBE did not violate the procedural rules of the Administrative Code by assisting Southland in modifying its original proposal to one that the ISBE ultimately found satisfied all the requirements of the Charter Schools Law and served the best interests of the students it was designed to serve, even though the revised proposal was never submitted to or ruled upon by District 227.

¶ 115 CONCLUSION

¶ 116 In accordance with the record evidence, the ISBE acted within its discretion **310 *38 to reverse District 227's denial and grant Southland's proposal to establish a charter high school. We affirm the judgment of the circuit court of Cook County, confirming the decision of the ISBE.

¶ 117 Affirmed.

Presiding Justice R. GORDON and Justice LAMPKIN concurred in the judgment and opinion.

Ill.App. 1 Dist.,2011.

Board of Educ. of Rich Tp. High School Dist. No. 227
v. Illinois State Bd. of Educ.

2011 IL App (1st) 110182, 965 N.E.2d 13, 358
Ill.Dec. 285, 279 Ed. Law Rep. 391

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APPENDIX E

Voting Process for Task Force Recommendations

1. All official members of the Taskforce as assigned to it by House Joint Resolution 36 or the appointment processes described therein shall be permitted to vote on the Task Force Report and Recommendations, to the extent set forth below.
2. No persons who are not official members of the Taskforce as assigned to it by House Joint Resolution 36 or the appointment processes described therein shall be allowed to cast a vote regarding the Task Force Report and Recommendations, except in the instance of an appointed task force member who is on legal and approved maternity leave, in which case, with task force approval, a designee may vote in the member's place.
3. Members permitted to vote per Section 1, above, must be present in person or by telephone to cast their vote. Members voting by phone must contribute to the discussion by telephone during the meeting in which the vote is cast. If skype or video telecast is available on the day of voting, members may also vote by such means with the same caveat noted above.
4. Members may not vote by proxy, email or by any other means other than those described in Section 3.
5. Voting may only occur if a quorum of the Task Force is present in person at the meeting at which a vote is set to be taken. A quorum is a majority of appointed members as defined in Section 1, above. Presence by phone, video or skype does not constitute personal presence for purposes of establishing a quorum, but members so present may cast a vote, as noted in Section 3, above.
6. To begin the process of voting, the Co-Chairs shall ask for a motion to vote on the Report and Recommendations, and if such a motion is made and seconded, the Task Force members shall vote on whether the Task Force is prepared to vote on the Recommendations.
7. The method of voting on the Report and Recommendations shall be that a separate vote shall be held for each Recommendation. Each Recommendation shall be the subject of a separate motion, and, if followed by a second, then a discussion, and a roll call vote.
8. In order to carry, a motion must have over 50% of the votes of persons present, as defined above. Therefore, in case of a tie, the motion does not carry.
9. For all votes on any and all sections of the Report and Recommendations, the Co-Chairs shall call for an oral roll-call vote and the minutes shall reflect each Task Force member's vote on all matters on which such a vote is taken. Such votes shall be appended to the Task Force Report and Recommendations.

APPENDIX F

Executive Summary of “Charter School Funding: Inequity’s Next Frontier”

Presented on October 28, 2013

**CHARTER
SCHOOL FUNDING:**
Inequity’s Next Frontier

August 2005



PROGRESS ANALYTICS INSTITUTE
and **PUBLIC IMPACT**

Executive Summary

Of all the controversies swirling around the nation's charter schools, none is more hotly contested than the debate over funding. Charter opponents charge that these autonomous public schools are draining scarce resources from public school districts. Proponents, by contrast, complain that charter schools do not get their fair share of public education dollars.

Despite all the smoke and flame around this issue, however, there has been little research about how much public revenue actually goes to charter schools. To remedy that lack of information, this study examines charter school funding in 16 states and the District of Columbia, jurisdictions that collectively enroll 84 percent of the nation's charter school students, according to the Center for Education Reform (CER). Within each of those states, the study also investigates charter school funding in one to three large districts, 27 districts in all. The research team

spent nearly a year gathering data about how much revenue charter schools in those states and districts received in 2002-03, and how that compares with district school funding in the same places. In addition to calculating differences between district and charter funding, we also sought to account for those differences by examining in detail how school funding works in each state.

Primary Findings

Overall, charter schools are significantly underfunded relative to district schools. The per-pupil funding disparity ranged from 4.8 percent in New Mexico to 39.5 percent in South Carolina. In dollars, the gap ranged from an estimated \$414 in North Carolina to \$3,638 less per pupil in Missouri. Only in Minnesota did charter schools receive more funding per pupil (2.4 percent more) than their district peers

Table 1: State Disparities between Charter and District Funding, 2002-03

Gap	State	District PPR	Charter PPR	Variance	% Variance
Approaching Parity	Minnesota	\$10,056	\$10,302	\$245	2.4%
	New Mexico	\$9,020	\$8,589	(\$430)	-4.8%
Moderate	North Carolina	\$7,465	\$7,051	(\$414)	-5.5%
	Florida	\$7,831	\$6,936	(\$896)	-11.4%
	Michigan	\$9,199	\$8,031	(\$1,169)	-12.7%
	Texas	\$8,456	\$7,300	(\$1,155)	-13.7%
Large	Colorado	\$10,270	\$8,363	(\$1,908)	-18.6%
	Arizona	\$8,503	\$6,771	(\$1,732)	-20.4%
	New York	\$13,291	\$10,548	(\$2,743)	-20.6%
	Washington, D.C.	\$16,117	\$12,565	(\$3,552)	-22.0%
	Illinois	\$8,801	\$6,779	(\$2,023)	-23.0%
Severe	Missouri	\$12,640	\$9,003	(\$3,638)	-28.8%
	Wisconsin (estimated*)	\$10,283	\$7,250	(\$3,034)	-29.5%
	Georgia (estimated*)	\$7,406	\$5,125	(\$2,281)	-30.8%
	Ohio (estimated*)	\$8,193	\$5,629	(\$2,564)	-31.3%
	California (estimated*)	\$7,058	\$4,835	(\$2,223)	-31.5%
	South Carolina (estimated*)	\$8,743	\$5,289	(\$3,453)	-39.5%
State Average (weighted by charter enrollment)		\$8,504	\$6,704	(\$1,801)	-21.7%

* In five states, we were unable to obtain statewide data on charter and/or district revenues. In those states, we used data from large districts as a proxy. Full details on this calculation appear in the methodology section and the state chapters.

due to their needier student population and the categorical funding that comes with it.

Weighting the states by charter enrollment, charter funding fell short of district funding overall by \$1,801 per pupil, or 21.7 percent. With over 580,000 students attending charter schools in these 17 states in 2002-03, this discrepancy amounted to over \$1 billion. For a typical charter school with 250 students, the gap meant a shortfall of \$450,250.

Table 1 ranks the 16 states and D.C. according to the degree of disparity between district and charter fund-

ing. The states fall into four distinct bands. At the bottom are six states labeled "Severe," with gaps of 25 percent or greater. The next category is "Large," comprised of five states with variances from 15 to 24.9 percent. Four states showed "Moderate" disparities of 5 to 14.9 percent. And two states merited a rating of "Approaching Parity." For reasons explained below, no state received a rating of "Parity."

Discrepancies are larger in most big urban school districts. In the large districts we studied, district-charter revenue discrepancies were even more substantial. Among cities in which charter schools were underfund-

Table 2: City Disparities between Charter and District Funding, 2002-03

Gap	District	District PPR	Charter PPR	Variance	% Variance
Approaching Parity	Albuquerque, NM	\$7,745	\$8,511	\$766	9.9%
	St. Paul, MN	\$11,876	\$10,800	(\$1,076)	-9.1%
Moderate	Denver, CO	\$9,954	\$8,755	(\$1,199)	-12.0%
	New York City, NY	\$12,505	\$10,881	(\$1,624)	-13.0%
	Dallas, TX	\$8,300	\$7,125	(\$1,174)	-14.2%
	Detroit, MI	\$9,899	\$8,395	(\$1,504)	-15.2%
Large	Minneapolis, MN	\$13,701	\$11,575	(\$2,127)	-15.5%
	Houston, TX	\$7,724	\$6,382	(\$1,341)	-17.4%
	Broward Co., FL	\$7,669	\$6,273	(\$1,396)	-18.2%
	Miami-Dade, FL	\$7,971	\$6,465	(\$1,506)	-18.9%
	Fulton Co., GA	\$11,748	\$9,325	(\$2,423)	-20.6%
	Washington, D.C.	\$16,117	\$12,565	(\$3,552)	-22.0%
	Buffalo, NY	\$13,197	\$10,211	(\$2,986)	-22.6%
	Chicago, IL	\$8,907	\$6,847	(\$2,060)	-23.1%
	Maricopa Co., AZ	\$8,743	\$6,389	(\$2,354)	-26.9%
Severe	Colorado Springs, CO	\$8,401	\$6,100	(\$2,301)	-27.4%
	St. Louis, MO	\$12,531	\$9,035	(\$3,495)	-27.9%
	Cleveland, OH	\$10,732	\$7,704	(\$3,028)	-28.2%
	Los Angeles, CA	\$7,960	\$5,653	(\$2,307)	-29.0%
	Milwaukee, WI	\$11,267	\$7,944	(\$3,323)	-29.5%
	Wake Co., NC	\$9,237	\$6,510	(\$2,727)	-29.5%
	Kansas City, MO	\$12,795	\$8,990	(\$3,805)	-29.7%
	Albany, NY	\$15,226	\$10,235	(\$4,991)	-32.8%
	Dayton, OH	\$11,498	\$7,614	(\$3,884)	-33.8%
	Atlanta, GA	\$12,766	\$7,949	(\$4,818)	-37.7%
	Greenville, SC	\$8,477	\$5,126	(\$3,351)	-39.5%
	San Diego, CA	\$8,333	\$4,964	(\$3,369)	-40.4%
District Average (weighted by charter enrollment)		\$9,604	\$7,348	(\$2,256)	-23.5%

ed, the gap ranged from 40.4 percent in San Diego to 9.1 percent in St. Paul. In dollar terms, the discrepancy ranged from \$4,991 per pupil in Albany to \$1,076 in St. Paul. Of the 27 cities, Albuquerque was the only one where charter funding exceeded district funding per pupil (due largely to grant funding). Weighted by charter enrollment, the average discrepancy across these 27 districts was \$2,256 per pupil, or 23.5 percent.

Table 2 ranks the 27 districts according to the percentage variance between charter and district funding and divided into the same four bands as table 1. Thirteen of them received a rating of "Severe," nine "Large," four "Moderate," and one "Approaching Parity."

These district-level gaps tend to be larger than the overall statewide gaps. For 16 of the 27 districts, we were able to make meaningful comparisons between statewide and district gaps. Charter schools were worse off, in percentage terms, in 12 of these 16 districts.

Table 3: Number of States Providing Access to Specific Revenue Categories

Type of Funding	Full Access	Partial Access	No Access	Not Applicable
Federal	7	9	0	1
State	9	8	0	0
Local	0	11	4	2
Facilities	0	5	12	0

Note: See table 8 for details.

The primary driver of the district-charter gaps is charter schools' lack of access to local and capital funding. We rated each state on the degree to which it offered charter schools access to federal, state, local, and capital funds in practice, assigning ratings of "Full," "Partial," or "No" access. Table 3 shows the results. All of the states for which we could make a determination offered at least partial access to federal funds, with seven states offering full access. For state funds, all states offered at least partial access, with nine providing full access. For local funding, eleven provided partial

access. For facilities funding, no state offered full access, and only five offered partial access.

Since most facilities funding for K-12 schooling is locally provided, the lack of access to local funds turns out to be the chief reason why charter schools are typically underfunded. When states pass charter school laws, it is relatively easy for them to ensure that federal and state funds flow to charter schools. To move local funds to charter schools requires substantially more political will. Some states try to make up for the absence or shortfall in local funds by providing additional state funds to charter schools, but, as the numbers in Table 1 reveal, these strategies are generally not sufficient to compensate for local shortfalls.

In places where charters appear to receive as much funding as district schools, short-term start-up grants and charitable donations generally explain their relative success. In our analysis, we included start-up and grant dollars for charters, despite the fact that these funds cannot be expected to recur year after year. Had we disregarded those temporary revenue streams, the disparities reported would be even larger.

Data to make comparisons between charter and district funding are often not readily available. We assigned ratings to each state based on the quality and accessibility of data. We judged data availability on the ease of access to the information needed for this study and others like it. A rating of "Yes" means either that all information was available through web sources or that it was provided upon request by state departments of education. A rating of "Partial" means some but not all of the data for this study were available through web sources or via state departments of education. A rating of "No" means the data were not available from either place.

Table 4 shows that eight states received a "Yes" and eight others a "Partial" for the availability of district school data. For charter school data, only six states merited a "Yes," with five receiving a "Partial" and six receiving a "No."

Table 4: Number of States Providing Quality Data on Charter and District Funding

School Type	Yes	Partial	No
District	8	8	1
Charter	6	5	6

Note: See table 11 for details.

All the states were contacted numerous times in pursuit of the data needed for this study. Many were responsive to our requests, even going so far as to instruct the researchers on filing Freedom of Information Act (FOIA) requests to obtain the necessary data. Nonetheless, despite selecting a school year that ended two years ago and allowed ample time for compiling, auditing, and reporting, the data were extremely difficult to gather and sometimes nonexistent.

During the course of our research, many datasets were either unavailable or changed multiple times. Through diligence, we were able to obtain sufficient data to draw the conclusions outlined above and developed below. Improved data systems, greater data availability, better accounting, and internal control practices would ease future research efforts and enable policymakers and taxpayers to better understand charter school and district funding.

Policy Implications

A number of studies over the past 24 months have endeavored to appraise the state of the charter school movement and its learning outcomes, policy environments, and oversight processes and quality.

The Center for Education Reform (CER) and the Thomas B. Fordham Institute (TBF) are prominent sources of state-specific information about charter schools. Last year, CER published *The Simple Guide to Charter School Laws – A Progress Report*, and Fordham published *Charter School Authorizing: Are States Making the Grade?* in 2003. Table 5 summarizes the grades received by each state from those reports along-

side state results from this study for the 16 states and the District of Columbia.

Clearly, there's no straightforward correlation between the fairness of a state's funding system and the overall policy climate as gauged by CER and Fordham. There are many states, like Arizona, that do well under one ranking ("A" from CER), but poorly under another ("L" for Large Gap from this study). This diversity reflects the complexity of charter policymaking and the complicated nature of the political compromises that beget charter school and funding legislation.

Table 5: Comparative Ratings across Three Charter School Studies

State	Policy	Authorizing	Funding Gap
Arizona	A	B	L
California	B	D+	S
Colorado	B	C-	L
District of Columbia	A	B-	L
Florida	B	C+	M
Georgia	C	-	S
Illinois	C	B-	L
Michigan	A	B-	M
Minnesota	A	C-	AP
Missouri	B	C	S
New Mexico	B	D	AP
New York	B	B-	L
North Carolina	B	B	M
Ohio	B	B-	S
South Carolina	C	-	S
Texas	B	B+	M
Wisconsin	B	B	S

Sources: "Policy" grades reflect the Center for Education Reform's 2004 rankings of the "strength" of state charter laws. "Authorizing" grades reflect the Thomas B. Fordham Institute's 2003 evaluation of the policy environment, authorizer practices, and quality of oversight in each state. "Funding Gap" grades are the ratings given to states in the present study, ranked according to the percentage disparity between district and charter PPR. The rating categories are: Approaching Parity (AP); Moderate Gap (M); Large Gap (L); and Severe Gap (S).

One clear pattern emerges, however: few states get high marks across the board. For simplicity, consider just the CER and funding ratings. Only Minnesota received the highest grade on both. Just two other states (Michigan and New Mexico) received the highest grade in one and the second highest in the other. Three additional states got the second highest marks in both sys-

tems. The rest—11 jurisdictions—are in the bottom categories of at least one of the rating schemes.

In short, few states can boast a robust charter climate across the board. Almost 15 years into the charter-school experiment, it's difficult to find a place where the charter ideal has been fully developed in both policy and practice.

APPENDIX G

Executive Summary of “Charter School Funding: Inequity Persists”
Presented on October 28, 2013



Executive Summary

In 2005, the Thomas B. Fordham Institute, with the support of the Walton Family Foundation and the Bill and Melinda Gates Foundation, published a report showing that charter schools were greatly underfunded compared to traditional district schools in the 2002-03 school year.¹ This report uses FY 2006-07 data, the most recent available when this project began, to describe the state of charter funding, and to see if it has changed since the last report. It includes all of the original 17 states and Washington D.C., as well as seven new states. The new edition also improves our method of analyzing state-level disparities to provide a better estimate of how much funding charter schools receive compared to how much funding district schools would have received to educate the same students.

Major Findings

For the second time, this study finds that:

- Charter schools overall were significantly underfunded relative to district schools:
 - The average state disparity was 19.2 percent, \$2,247 per pupil.
 - Differences in student need, including students with disabilities, free or reduced price lunch students, and the grade levels taught, do not justify the disparity.
- Funding disparities were even wider in most focus school districts:
 - The average disparity was 27.8 percent, \$3,727 per pupil.
- The chief culprit was charter schools' lack of access to local and capital funding:
 - No state provided charter schools equal access to all funding sources (federal, state, local, and facilities).

- Statewide, more than 85 percent of the disparity between charter and district school funding resulted from differences in access to local revenues.

- Across focus districts, access to local funding streams also drove the funding disparity, but state funding was more unequal than at the state level, representing 30.4 percent of the disparity in focus districts vs. 8.9 percent of the disparity statewide.

Quality data were not always available:

- Most states provided access to funding data for district schools, but fewer states were able to provide the same funding data for charter schools.

- For two states, South Carolina and Wisconsin, the absence of reliable charter school revenue data statewide made it necessary to estimate state figures.

Changes Between 2002-03 and 2006-07

With two studies now complete, this report also finds that:

- The average funding disparity at the state level was slightly lower as a percent of district per pupil revenue (PPR):
 - In 14 states, the disparity as a percent of district PPR was higher, while in 10 states, the disparity was lower. Nationally, the disparity at the state level was 3.3 percentage points lower in FY 2006-07 than it was in FY 2002-03, although improvements in data quality, rather than true policy change seem to be driving the shift.
- The average funding disparity in focus districts was higher as a percent of district PPR:
 - The disparity as a percent of district PPR was higher in 27 districts and lower in 11 districts. Overall the disparity at the district level was 4.6 percentage points higher in FY 2006-07 than in FY 2002-03.

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- Although access to local and facilities funding was still the main cause of the funding disparity, access to state and federal funding sources became more unequal:
 - The local funding disparity statewide explained a smaller percentage of the total funding disparity in FY 2006-07 than in FY 2002-03.
 - Statewide, the disparity in both federal and state funding grew. State funding favored charter schools in FY 2002-03, but generated an estimated \$198 more per pupil for district schools in FY 2006-07. The disparity in federal funding grew by 13 percentage points over the same time period.
 - The same trends held across the focus districts.
- Despite improvements in data quality, school funding data was still largely inaccessible to the general public:
 - Data took an excessively long time to collect. Only 14 of 25 states provided data online or after an initial request.
 - Even when data were readily available, the research team had to spend considerable time and energy to get the data into a usable format.

Endnotes

- ¹ Progress Analytics Institute and Public Impact. "Charter School Funding: Inequity's Next Frontier." A report for the Thomas B. Fordham Institute. 2005. Available at: <http://www.edexcellence.net/doc/Charter%20School%20Funding%202005%20FINAL.pdf>.

APPENDIX H

Executive Summary of “Equal or Fair? A Study of Revenues and Expenditures in American Charter Schools”

Presented on January 13, 2014

**Equal or Fair?
A Study of Revenues and Expenditures
in American Charter Schools**

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June 2010

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Equal or Fair? A Study of Revenues and Expenditures in American Charter Schools

Gary Miron and Jessica L. Urschel

Executive Summary

Advocates and opponents wrangle continuously over whether charter schools receive too little or too much funding. This study of available national data provides a comprehensive and detailed review of charter school finance and uncovers patterns in both income and expenditures. Charter schools managed by education management organizations (EMOs) receive particular attention.

This study's research questions focus on examining and comparing the amounts and sources of revenues and expenditures between charter schools and traditional public schools, and among several categories of charter school.

The study identifies and compares data for nine comparison groups, across and within states: (1) all schools in the country, (2) public school districts housing only traditional public schools, (3) public school districts housing EMO-operated charter schools, (4) all charter schools, (5) independent (self-managed) charter schools, (6) charter schools managed by EMOs, (7) charter schools operated by *for-profit* EMOs, (8) charter schools operated by *nonprofit* EMOs, and (9) virtual charter schools.

Data come from the National Public Education Financial Survey (NPEFS) for School Year 2006–07, the most recent year for which national school finance data are available. Spending by category is reported both as a percentage of *Total Current Expenditures* (TCE) and as a per-pupil amount.

Key Findings

Revenues: On first appearance, charter schools receive less revenue per pupil (\$9,883) than traditional public schools (\$12,863). However, this direct comparison may be misleading because of the different ways states channel monies to charters and because charters may not be reimbursed for services they do not provide. Largely because of their unique funding formulas, states differ dramatically in the amount, sources, and patterns of revenues that both charter schools and traditional public schools receive. Moreover, charter schools receive private revenue that is largely absent from the national data.

Expenditures: In most states, charter schools report spending less money per pupil

than traditional public schools. They spend less on instruction, student support services and teacher salaries. This study finds, however, that charter schools pay more for administration, both as a percentage of overall spending as well as for the salaries they pay administrative personnel.

Traditional public schools often receive revenues and spend money for a range of services that charter schools do not provide, resulting in “apples to oranges” comparisons. This study finds indications that differences in revenues and expenditures can be largely explained by higher spending by traditional public schools for special education, student support services, transportation, and food services.

When charter schools and traditional public schools have similar programs and services and when they serve similar students, funding levels should be equal in order to be considered fair. However, as long as traditional public schools are delivering more programs, serving wider ranges of grades, and enrolling a higher proportion of students with special needs, they will require relatively higher levels of financial support. Under these circumstances, differences or inequality in funding can be seen as reasonable and fair.

This study points out the importance of more research, and better quality research, on charter school finance. Improvements in research, however, require improvements in the availability and completeness of financial data.

Four appendices with detailed data on revenues and expenditures broken out by state are available for readers who wish to examine state-specific data.

A Cautionary Note

It is important to remember that wide variations exist within each comparison group as well as within and across states. States vary extensively in funding, and within a single state, it is possible to find some charter schools are minimally supported, while others are generously supported. Moreover, there are wide variations among the services schools provide and the students they serve, with traditional public schools serving a wider range of grades and a higher proportion of students with special needs. Under these circumstances, differences or inequality in funding might be deemed rational and reasonable.

As a consequence, care must be taken to avoid the simplistic use of raw numbers, as they may be misleading. This study points to several places where policymakers need to look more closely when considering funding formulas and charter policy. Even more importantly, it highlights the crucial gaps in data that need to be filled in order to bring greater precision to charter school finance studies.

APPENDIX I

Summary of the FY2011 Revenue Study *in progress* *Presented on December 16, 2013 & January 13, 2014*

The Revenue Study is a comparative finance study of traditional school district revenues and charter school revenues for selected states and focus areas (including Illinois and Chicago). The study is currently being conducted based on FY2011 finance data, and was previously conducted on FY2003 and FY2007 finance data.

Sponsorship and Scope

The FY2003 Revenue Study:

Publication title: Charter School Funding: Inequity's Next Frontier, August 2005
Forward by: Chester E. Finn, Jr. and Eric Osberg
Sponsored by: Thomas B. Fordham Institute
Scope: 16 States and DC (84% of charter school students nationwide)

The FY2007 Revenue Study:

Publication title: Charter School Funding: Inequity Persists, May 2010
Forward by: W. Holmes Finch
Sponsored by: Ball State University
Scope: 24 States and DC

The FY2011 Revenue Study in Progress; to be published April 2014:

Sponsored by: University of Arkansas
Scope: 30 States and DC (more than 90% of charter students nationwide)
Content Addition: The current study includes an analysis of Return on Investment (ROI) using the revenue finance results and student performance results based on normalized state assessment data.

Methodology

Data for this detailed study of revenues is not available from Federal sources. Accounting and reporting practices are unique in each state. Each state maintains a maze of web sites, reports, audits, and other information that, while extremely challenging to piece together, provide the best sources for understanding and analysis of funding levels and comparisons based on primary data of record. Revenues were analyzed by source: Local, State, Federal, and Other. All K-12 revenues were consistently analyzed, except for the following exclusions: Adult and Preschool revenues, and bond proceeds and other loan proceeds (but Debt Service is included).

Findings

Illinois and Chicago charter schools consistently received less funding on a per pupil basis than traditional school districts based on FY2003 data, FY2007 data, and FY2011 data. The disparity in FY2003 was \$2,023 per pupil statewide; and \$2,060 for the Chicago school district and area charter schools. The disparity in FY2007 was \$862 per pupil statewide; and \$1,309 for the Chicago school district and area charter schools. The tentative disparity data for the FY2011 analysis, in progress, falls between the FY2003 and FY2007 analyses for both statewide and Chicago metrics.

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See the specific data for FY2003 and FY2007 below.

Illinois FY2003 Per Pupil Funding Levels

<i>District Funding-Statewide</i> =	\$8,801 (a)
<i>District Funding-Chicago</i> =	\$8,907 (c)
<i>Charter Funding-Statewide</i> =	\$6,779 (b)
<i>Charter Funding-Chicago</i> =	\$6,847 (d)
<i>Disparity-Statewide</i> =	\$2,023 (a – b, with some rounding)
<i>Disparity-Chicago</i> =	\$2,060 (c – d)

Illinois FY2007 Per Pupil Funding Levels

<i>District Funding-Statewide</i> =	\$11,478
<i>District Funding-Chicago</i> =	\$12,181
<i>Charter Funding-Statewide</i> =	\$10,616
<i>Charter Funding-Chicago</i> =	\$10,871
<i>Disparity-Statewide</i> =	\$862
<i>Disparity-Chicago</i> =	\$1,309

The Analytical Team

The three analysts conducting the current FY2011 study participated in the previous studies. The team is led by Larry Maloney, Aspire Consulting and includes Meagan Batdorff, Progressive EdGroup, and Jay F. May, EduAnalytics, LLC.

FOLLOW UP: Response by EduAnalytics to Questions Posed by the Task Force December 2013

It was a pleasure explaining the Revenue Study to your Commission yesterday. Based on that discussion I have taken the liberty of providing the following extensions to that discussion and clarifications.

The two page handout I distributed provided the sponsorship of the three studies and the methodology specifically so your Commission, as a whole, can reach its own conclusions regarding study objectivity. While on the phone taking questions from the Commission I heard a side conversation with someone saying that he (paraphrased), *objected to using the Ziebarth data and therefore also this Revenue Study data* – but I heard no rationale for his assessment. I presume that is a reference to Todd Ziebarth at the National Alliance for Public Charter Schools. Perhaps a rationale was discussed at some other point in your internal discussions.

Objectivity is a valid concern for any finance data a Commission may choose to use. In a perfect world, the studies we've done for FY2003, FY2007, and FY211 would not be necessary – because it could be viewed that states should be responsible for providing this level of total funding analysis in order to inform their legislatures on state policies. However, states have generally chosen not to maintain the data for, and provide this quality of detailed analysis for, traditional public school districts and public charter schools, inclusive of Federal, State, Local, and Other funding sources. When the governmental authorities in charge do not provide for this type of analysis the only other way to acquire meaningful information, the facts, is to commission an analysis to be done, and fund that effort.

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All three analyses present the funding facts, and provide context for understanding the facts. Multiple foundations have funded these efforts, qualified sponsors have overseen the analysis process, independent experts have conducted the analyses, and for the current study of FY2011 data a multi-stakeholder Advisory Committee was established to advise on effective reporting. An unavoidable truth is that stakeholders who think that an analysis that clearly presents the facts may be advantageous to their constituency are the people who are most inclined to fund such a study. The state departments of education are in a better position to have already developed these type of analyses but not one state has.

Once a factual study is published it gains interest from organizations involved in advocacy. That fact does not negate the objectivity of an analysis. The objectivity should be considered based on how the analysis was conducted. In the case of the Revenue Study the following factors are important considerations regarding objectivity:

1. The reason we include all sources of funding – Federal, State, Local, and Other – is to avoid bias. If you exclude any type of funding it can give the appearance of bias, or could even be used to lean the results. Also, total funding is what a student actually feels in his or her education process – the *source* of funding is not important to a student; but is important for policy analysis, so we break out those amounts.
2. The reason we have to wait almost two years after a targeted fiscal year to conduct an analysis is to allow time for state departments of education and charter schools to submit all of their official financial records, Annual Financial Reports, independent audits, enrollment statistics, and other data. Plus, we must allow sufficient time to conduct the analysis before setting a publish date. Our source records are acquired directly from official state department of education records, and from independent audited financial statements. We use the best, most detailed, official record available, and have applied the same analysis schema for the past three studies for every state in the study.
3. All three studies have been conducted by a small group of from 3 to 5 independent consulting contractors from across the country with extensive credentials. Bios are in the study.
4. What we don't do in the analysis is also an important consideration.
 - a. We don't pull out and focus on *selected parts* of funding process without having already accounted for how those parts, when combined with all other parts, add up to total funding. Most state discussions center narrowly around funding formulas, but these discussions seldom provide the context of how those parts fit with Federal, Local, and Other funding to make up total funding for each student in each public educational enterprise. We care about the whole funding picture.
 - b. We don't throw away any funding fact. People involved in advocacy sometimes want us to do their job for them by not including all funding, only the parts that best work for their constituency; or, by requesting a particular chart presentation that advantages them by not showing a complete picture. The analysts doing the study control its objectivity and do not take *special requests*. The analysts advocate only for unbiased presentation of the facts.
 - c. We don't rely on finance data or demographic data collected by Federal agencies, except in very rare cases where the data are not available from state and local sources. Data at Federal agencies have gone through extensive aggregation and reporting processes that tend to accumulate data errors, and usually are aggregated to the point where there is insufficient specificity to be useful for the analysis. Charter school data in particular are very poorly reported at the Federal level; partly because many states do not collect separately identifiable charter school data.
 - d. We don't change methodology on a state-by-state basis. We use the same methodology for every state using the most appropriate data sources available. If a state has an unusual circumstance that conflicts with our methodology, we note that circumstance as an exception, but apply the same methodology.
5. I was the financial expert witness for the equity lawsuit in Arizona (still on-going). The core of the analysis methodology used in that case was based on the methodology used in the Revenue Study, and the Revenue Study was introduced as an additional exhibit. The analysis of revenue facts for Arizona best demonstrates the objectivity of the Revenue Study. After considerable deposition process -- whereby the state evaluated the analysis process in detail, and evaluated the objectivity of its author -- both parties to

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the lawsuit agreed to accept the analysis as “fact.” This freed both sides to focus their deliberations on issues of law, without uncertainty or disagreement as to the financial facts. The point is, that deposition evaluation process in a court of law was more extensive than anyone else is in a position to do; thus adding additional weight to the objectivity of the Revenue Study.

One person on the call asked about an aspect of your state funding formula for charter schools that is based on a prior year metric. The question was (paraphrased): *Could the fact that this formula uses a prior year metric account for part of the funding disparity?* The follow-on question was (paraphrase): *Does the analysis match the same fiscal year’s data for the district and charter schools?* The analysis does match the same fiscal year of data from independent audits for the charter schools to the department of Education’s records of revenues for school districts. There are many ways in which the funding formula may contribute to a funding disparity. Certainly in an inflationary/growth period it is possible that basing your funding formula on a prior year metric (if without adjustment) for charter schools but not for traditional school districts could contribute to a disparity.

This question is excellent because it demonstrates just one of many different challenges when funding discussions begin with funding formulas; and it illustrates why looking at the final result of all funding mechanisms as we do in the Revenue Study is important. The funding issue that matters the most is how much total funding do students receive after all funding processes are completed, and that is what we analyze in the Revenue Study.

There are four key funding processes that require attention individually and collectively, as follows:

1. **Law** – The state charter law and statutory funding for all public schools.
2. **Formula** – The state funding formula and related administrative processes.
3. **Other Funding** – Funding from federal, local, and other sources.
4. **District and Charter School Practices** – Each can elect to request and/or compete for certain grant funding dollars, or not.
5. **Per Student Funding** – We advocate that the most important, and most verifiable, funding metric is total funding from all sources for all public schools on a per pupil basis.

The first four processes above can be very complex, difficult to understand, difficult to explain to others, and difficult to put into appropriate context for purposes of answering equity questions. Item #5 above, actual per student funding, on the other hand, (once it is calculated as in the Revenue Study) results in a simple truth that is easily understood, which provides a measure of financial disparity or difference in traditional school district funding vs. charter school funding.

There are two aspects to *equity*. The first is the financial disparity, a relatively simple metric. The second is a debate about *how* and *why* perhaps the financial disparity is justified. The Revenue Study is best at resolving the first aspect – is there a financial disparity? The Revenue Study’s state chapters provide context for a *starting point* of where to look to explain “how” these disparities occur – but the Revenue Study does not attempt to fully explain all of the “how(s).” Others can use the Revenue Study facts regarding the disparity, if there is one, as a basis for exploring all of the how(s); and then decide “why” it is appropriate or inappropriate for these disparities to occur. The Revenue Study is intended to be a bias-free tool of facts for use by others for various advanced and focused analyses, including considerations by Commissions such as yours.

Another good question directed at other Commission members was (paraphrased): *What would the Commission want to do with the Revenue Study metrics* (or, why are we looking at this)? I don’t know enough about your Commission to give a specific answer. However, if your Commission has a need to examine any funding metrics I believe the Revenue Study can provide a very good starting point to

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establish total funding first, and then work back into the detail of key funding processes #1 through #4 above. Also, because your state has changed its funding formula for FY2014 it would be very useful to use the current FY2011 Revenue Study as a baseline (before the change), and compare that to a Revenue Study on FY2015 in the future to see the result of the change in funding formula. If your Commission uses financial data from other sources I would advise applying the same test of objectivity as suggested in this email.

Dated January 2014

APPENDIX J

National Alliance Recommendations and Charter School's Comparative Analysis of Charter School Funding Practices across Other States

Presented on October 8, 2013

National Alliance Recommendations

- Provide public charter school students with access to 100% of the per capita tuition amount and allow authorizers to withhold up to 3% to cover authorizing work. To keep the current range, provide a range of 97% to 103%.
- Provide facilities support for charter schools; options:
 - 1. Provide direct funding to public charter schools for their facilities cost.
 - 2. Allow public charter schools to borrow additional dollars for facilities costs at better rates than they would otherwise receive.
 - 3. Provide equal access to district surplus buildings.
- Allow public charter schools to choose to be their own Local Education Agencies.
- Increase transparency and predictability for charter school funding (e.g., require authorizers to include the funding percentage in the charter contract).

Issue #1: Range and Per-Capita.

Range Presented in Other States

- **Illinois:** In no event shall the funding be less than 75% or no more than 125% of the school district's per capita student tuition multiplied by the number of students residing in the district who are enrolled in the charter school.
- **Indiana:** 97% of operating revenue (non-district authorizers can withhold up to 3% as an administrative fee).
- **Louisiana:** 98% of operating revenue (authorizers can charge schools up to 2% for administrative costs).
- **Michigan:** 97% of operating revenue (authorizers can receive up to 3% for administrative costs).
- **New Mexico:** 98% of operating revenue (authorizers can withhold up to 2% for administrative costs).

Issue #2: Non-District-Authorized Charters.

- Non-district authorizers: Independent state charter commissions, higher educational institutions, state board of education, state departments of education, cities, and non-profit organizations.
- Access to state operating dollars is relatively easy to provide.
- Access to local operating dollars is the major challenge.

Access to Some Local Dollars: States provide non-district-authorized charter schools access to some local dollars. In these states, the state requires districts to send non-district-authorized charter schools the local funds to which they are entitled. Two states that use this approach are Indiana and Louisiana.

No Access to Local Dollars, State Replacement of Some Local Dollars with Existing State Funds: Some states do not provide non-district-authorized charter schools access to local dollars. However, they replace some local dollars with existing state funds by holding back a portion of the state's share of the district per-pupil funding revenue equal to the amount of the local share for the non-district-authorized charter schools. Two states that use this approach are Colorado and Illinois.

In some states, charters are funded the same way for operations, no matter who they are authorized by (Indiana, Louisiana, and Colorado).

In other states, charters are funded differently for operations, depending on who they are authorized by (Illinois, South Carolina, and Texas).

Issue #3: Categorical Funds.

- Drawn from NAPCS's "A New Model Law For Supporting The Growth of High-Quality Public Charter Schools"
- Public charter schools should receive the proportionate share of moneys generated under federal and state categorical aid programs to public charter schools serving students eligible for such aid.
- Public charter schools with rapidly expanding enrollments should be treated equitably in the calculation and disbursement of all federal and state categorical aid program dollars.

Issue #4: Facilities Funds.

Provide direct funding to public charter schools for their facilities costs:

- Per-Student Facility Allowance: Washington D.C. provides public charter schools with approximately \$2,940 per-pupil for facilities.
- Public Charter School Facility Grant Program: New York law provides a charter schools stimulus fund, which provides discretionary financial support to charter schools for start-up costs and for costs associated with the acquisition, renovation and construction of school facilities. Currently, the state has appropriated approximately \$3.1 million to this fund.

Allow public charter schools to borrow additional dollars at better rates:

- Public Charter School Facility Revolving Loan Program: Utah law provides a charter school revolving loan fund that provides loans to public charter schools for the costs of

constructing, renovating, and purchasing public charter school facilities. This fund is capitalized at \$6,000,000.

- Bond Financing: Connecticut has provided \$20 million in bond financing to support public charter school facilities, dispersed through a competitive application process.
- Moral Obligation of the State: Colorado provides a mechanism for limited credit enhancement for eligible, highly rated bond transactions for public charter schools by using the state's moral obligation to back up to \$400 million in debt.

Equal access to district surplus buildings and existing state facilities programs available to non-charter public schools:

- Access to District Facilities and Land: Indiana law requires school districts to provide a list of buildings that are closed, unused, or unoccupied for a period of two years to the state department of education and make them available for lease for \$1 a year or purchase for \$1 to any public charter school.
- Access to State Facilities Programs for Non-Charter Public Schools: Colorado law allows charter schools to apply for competitive grants from the state's public school facility financing program and provides state loans for qualified schools to meet any required matches under the state's public school facility financing program.

APPENDIX K

Selected Excerpts of Provisions Related to Funding Charter Schools from Comparison States

MICHIGAN STATE SCHOOL AID ACT OF 1979 Section 388.1620(6):

“Except as otherwise provided in this subsection, for pupils in membership, other than special education pupils, in a public school academy, the allocation calculated under this section is an amount per membership pupil other than special education pupils in the public school academy equal to the foundation allowance of the district in which the public school academy is located or the state maximum public school academy allocation, whichever is less. However, a public school academy that had an allocation under this subsection before 2009-2010 that was equal to the sum of the local school operating revenue per membership pupil other than special education pupils for the district in which the public school academy is located and the state portion of that district's foundation allowance shall not have that allocation reduced as a result of the 2010 amendment to this subsection. Notwithstanding section 101, for a public school academy that begins operations after the pupil membership count day, the amount per membership pupil calculated under this subsection shall be adjusted by multiplying that amount per membership pupil by the number of hours of pupil instruction provided by the public school academy after it begins operations, as determined by the department, divided by the minimum number of hours of pupil instruction required under section 101(3). The result of this calculation shall not exceed the amount per membership pupil otherwise calculated under this subsection.”

INDIANA SCHOOL CODE 20-24-7-2. Charter school student information; distribution of state funds.

(a) Not later than each of the dates established by the department for determining ADM under IC 20-43-4-3, the organizer shall submit to the department the following information on a form prescribed by the department:

- (1) The number of students enrolled in the charter school.
- (2) The name and address of each student.
- (3) The name of the school corporation in which the student has legal settlement.
- (4) The name of the school corporation, if any, that the student attended during the immediately preceding school year.
- (5) The grade level in which the student will enroll in the charter school.

The department shall verify the accuracy of the information reported.

(b) The department shall distribute state tuition support distributions to the organizer. The department shall make a distribution under this subsection at the same time and in the same manner as the department makes a distribution of state tuition support under IC 20-43-2 to other school corporations. As added by P.L.1-2005, SEC.8. Amended by P.L.2-2006, SEC.106; P.L.146-2008, SEC.460; P.L.205-2013, SEC.229

LOUISIANA CHARTER SCHOOL DEMONSTRATION PROGRAMS LAW: CHAPTER 42. §3995: Charter school funding.

A.(1) For the purpose of funding, a Type 1, Type 3, Type 3B, and Type 4 charter school shall be considered an approved public school of the local school board entering into the charter agreement and shall receive a per pupil amount each year from the local school board based on the October first membership count of the charter school. Type 1B and Type 2 charter schools shall receive a per pupil amount each year authorized by the state board each year as provided in the minimum foundation

program approved formula. The per pupil amount provided to a Type 1, 1B, 2, 3, 3B, or 4 charter school shall be computed annually and shall be equal to no less than the per pupil amount received by the school district in which the charter school is located from the following sources based on the district's October first membership count: (a) The state-funded per pupil allocation received by the district pursuant to the most recent legislatively approved

NEW MEXICO CHARTER SCHOOLS LAW 22-8B-13. Charter school financing.

- A. The amount of funding allocated to a charter school shall be not less than ninety-eight percent of the school-generated program cost. The school district or division may withhold and use two percent of the school-generated program cost for its administrative support of a charter school.
- B. That portion of money from state or federal programs generated by students enrolled in a locally chartered charter school shall be allocated to that charter school serving students eligible for that aid. Any other public school program not offered by the locally chartered charter school shall not be entitled to the share of money generated by a charter school program.
- C. When a state-chartered charter school is designated as a board of finance pursuant to Section 22-8-38 NMSA 1978, it shall receive state and federal funds for which it is eligible.
- D. Charter schools may apply for all federal funds for which they are eligible.
- E. All services centrally or otherwise provided by a local school district, including custodial, maintenance and media services, libraries and warehousing shall be subject to negotiation between the charter school and the school district. Any services for which a charter school contracts with a school district shall be provided by the district at a reasonable cost.

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APPENDIX L

Summary of Illinois State Board of Education PCTC Calculation Presented on October 7, 2013

STATEWIDE AVERAGES (Based on AFR FY2011-12) April, 2013

Type	Number of Districts	Operating Expense Per Pupil	Per Capita Tuition Charge	9 Mo Average Daily Attendance		
Elementary *	375	11,456.70	10,104.78	482,388.19		
High School*	99	15,138.22	13,890.81	231,114.08		
Unit *	387	11,338.19	9,025.69	1,144,906.97		
State*	861	11,841.53	9,910.82	1,858,409.24		
Chicago 299		13,432.53	9,462.21	355,105.07		
	OEPP		PCTC			
Type	Highest	Median	Lowest	Highest	Median	Lowest
Elementary*	25,289.19	10,580.51	6,286.75	25,069.56	9,055.66	3,058.93
High School*	25,289.26	13,532.19	8,638.86	26,317.52	12,201.11	6,622.66
Unit *	16,982.72	9,607.93	6,061.04	15,594.74	8,236.82	1,895.54

District-Authorized Charter Schools			
District	FY12 PCTC	# of Charters	Reimbursement %
Beardstown CUSD 15	\$6,974	1	87%
City of Chicago SD 299	\$9,462	47	??
Community Unit School District 300	\$8,349	1	100%
Decatur SD 61	\$9,056	1	100%
East St. Louis SD 189	\$12,050	2	75%
Jacksonville SD 117	\$7,566	1	82%

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McLean County USD 5	\$8,407	1	100%
North Chicago SD 187	\$11,555	1	100%
Peoria SD 150	\$9,710	1	85%
Rockford SD 205	\$8,529	3	100%
Springfield SD 186	\$9,937	1	75%

Commission Authorized Charter Schools			
<i>State Charter</i>	<i>Feeder District(s)</i>	<i>FY12 PCTC</i>	<i>Reimbursement %</i>
<i>Horizon Science Academy – Belmont</i>	<i>City of Chicago SD 299</i>	<i>\$9,462</i>	<i>100%</i>
<i>Horizon Science Academy – McKinley</i>	<i>City of Chicago SD 299</i>	<i>\$9,462</i>	<i>100%</i>
<i>Prairie Crossing Charter School</i>	<i>Fremont SD 79</i>	<i>\$10,534</i>	<i>100%</i>
	<i>Woodland CCSD 50</i>	<i>\$8,944</i>	<i>100%</i>
<i>Southland College Prep Charter HS</i>	<i>Rich Township HSD 227</i>	<i>\$14,631</i>	<i>100%</i>

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APPENDIX M

CPS PCTC Breakdown by Charter School Presented January 13, 2014

Unit	School	20th Day Enrollment	Local Share of Special Education	SBB, Non-SBB Tuition and Facilities Fee	SGSA	In-Kind Benefit if in CPS Facility	Total	Per-Pupil	% of FY 12 PCTC	Grades Served
66567	LEARN Charter School 6-8	200	12,503	1,441,769	156,778	—	1,611,050	8,055	85.13%	4-8
66931	KIPP-Bloom	84	12,503	544,532	58,175	63,000	678,210	8,074	85.33%	4-8
66671	Chicago Collegiate Charter School	115	12,503	835,744	83,172	—	931,419	8,099	85.60%	4-8
66351	ASPIRA Charter-Haugan Middle School Campus	565	101,319	3,676,448	429,572	423,750	4,631,088	8,197	86.62%	4-8
66031	KIPP - Create College Prep	166	33,232	1,078,954	124,639	124,500	1,361,324	8,201	86.67%	K-3, 4-8
66074	Chicago International Charter School (CICS)-Irving Park Campus	534	142,390	3,979,571	265,739	—	4,387,700	8,217	86.84%	4-8
66113	University of Chicago Charter School - Woodson South Campus	372	138,676	2,412,752	241,438	279,000	3,071,866	8,258	87.27%	4-8
67081	Polaris Charter Academy	442	102,808	2,968,322	279,536	331,500	3,682,166	8,331	88.04%	K-3, 4-8
66471	Providence Englewood Charter School - Bunche Campus	471	33,929	3,190,628	346,454	353,250	3,924,261	8,332	88.05%	K-3, 4-8
26901	Frazier Preparatory Academy	436	53,293	2,932,804	322,179	327,000	3,635,276	8,338	88.12%	K-3, 4-8
66395	UNO Charter School - SPC Daniel Zizumbo Campus	638	116,195	4,747,553	462,495	—	5,326,243	8,348	88.23%	K-3, 4-8
66321	University of Chicago Charter School - Donoghue Campus	490	86,575	3,345,418	291,999	367,500	4,091,492	8,350	88.25%	K-3, 4-8
66432	Catalyst Elementary School - Circle Rock	520	71,072	3,889,422	388,809	—	4,349,303	8,364	88.39%	K-3, 4-8
63021	Plato Learning Academy	475	59,315	3,552,483	366,077	—	3,977,874	8,374	88.50%	K-3, 4-8
66393	UNO Charter School - Carlos Fuentes Campus	576	99,730	4,302,780	424,868	—	4,827,378	8,381	88.57%	K-3, 4-8
66371	Chicago International Charter School (CICS)-Avalon/South Shore Campus	418	65,583	3,131,606	306,501	—	3,503,690	8,382	88.58%	K-3, 4-8
63041	Kwame Nkrumah Academy	217	32,138	1,632,344	154,776	—	1,819,258	8,384	88.60%	K-3, 4-8
66396	UNO Charter School - PFC Omar E. Torres Campus	636	132,028	4,738,821	462,495	—	5,333,344	8,386	88.62%	K-3, 4-8
66261	KIPP Ascend Charter School	744	101,722	5,027,492	554,994	558,000	6,242,208	8,390	88.67%	K-3, 4-8
66341	Galapagos Charter School	346	53,952	2,589,320	260,251	—	2,903,523	8,392	88.69%	K-3, 4-8
66121	Betty Shabazz International Charter School	324	75,554	2,418,886	224,976	—	2,719,416	8,393	88.70%	K-3, 4-8
66211	LEARN Charter ES - Romano Butler Campus	594	74,206	4,460,322	451,913	—	4,986,441	8,395	88.72%	K-3, 4-8
66398	UNO Charter - Sandra Cisneros	555	88,969	4,146,124	424,868	—	4,659,961	8,396	88.74%	K-3, 4-8
66431	Catalyst Charter School - Howland	472	84,796	3,163,532	366,861	354,000	3,969,189	8,409	88.87%	K-3, 4-8
66381	Chicago International Charter School (CICS)-Wrightwood Campus	731	187,946	5,462,791	497,770	—	6,148,507	8,411	88.89%	K-3, 4-8
66391	UNO Charter School - Rufino Tamayo Campus	288	53,651	2,151,390	217,921	—	2,422,962	8,413	88.91%	K-3, 4-8
66133	UNO Charter School - Near West Elementary School Campus	576	113,940	4,299,651	433,491	—	4,847,082	8,415	88.93%	K-3, 4-8
66561	LEARN Charter School - Excel Campus	401	69,451	3,020,796	287,688	—	3,377,934	8,424	89.03%	K-3, 4-8
66181	Chicago International Charter School (CICS)-Washington Park Campus	442	111,999	3,281,344	333,937	—	3,727,280	8,433	89.12%	K-3, 4-8
66401	Betty Shabazz International Charter School-Barbara Sizemore Campus	286	67,968	1,917,417	212,434	214,500	2,412,319	8,435	89.14%	K-3, 4-8
66191	Asian Human Services - Passages Charter School	410	83,403	3,074,047	301,191	—	3,458,642	8,436	89.15%	K-3, 4-8
66151	Alain Locke Charter School	490	63,635	3,683,264	386,850	—	4,133,748	8,436	89.16%	K-3, 4-8
66399	UNO 51st and Homan Charter Elementary School	573	121,076	4,280,978	438,195	—	4,840,249	8,447	89.27%	K-3, 4-8
66566	LEARN Charter School K-3	201	12,503	1,552,436	136,397	—	1,701,336	8,464	89.45%	K-3, 4-8
66071	Chicago International Charter School (CICS)-Bucktown Campus	670	226,396	5,012,370	432,707	—	5,671,474	8,465	89.46%	K-3, 4-8
66571	Rowe Elementary School	588	105,859	4,028,291	403,703	441,000	4,978,853	8,467	89.49%	K-3, 4-8
66602	UNO Charter School - K-8	380	83,045	2,856,032	279,205	—	3,218,282	8,469	89.51%	K-3, 4-8
66331	Erie Elementary Charter School	415	110,577	3,108,101	297,878	—	3,516,556	8,474	89.55%	K-3, 4-8
66397	UNO Charter School-Officer Donald Marquez Campus	575	140,097	4,295,513	438,978	—	4,874,588	8,478	89.59%	K-3, 4-8
66564	LEARN Charter School - Hunter Perkins	398	55,165	3,032,916	293,959	—	3,382,040	8,498	89.81%	K-3, 4-8
66591	Montessori School of Englewood Charter	148	38,583	1,110,319	110,920	—	1,259,822	8,512	89.96%	K-3
66111	University of Chicago Charter School - North Kenwood/Oakland Campus	320	97,486	2,182,535	204,595	240,000	2,724,617	8,514	89.98%	K-3, 4-8
66563	LEARN Charter School - South Chicago Campus	383	64,549	2,623,883	287,688	287,250	3,263,370	8,521	90.05%	K-3, 4-8
66421	Bronzeville Lighthouse Charter School	488	170,932	3,277,829	343,344	366,000	4,158,105	8,521	90.05%	K-3, 4-8
63011	Academy for Global Citizenship	350	134,475	2,629,460	218,705	—	2,982,640	8,522	90.06%	K-3, 4-8

Illinois Charter School Funding Task Force Appendix Feb. 15, 2014

Unit	School	20th Day Enrollment	Local Share of Special Education	SBB, Non-SBB Tuition and Facilities Fee	SGSA	In-Kind Benefit If in CPS Facility	Total	Per-Pupil	% of FY 12 PCTC	Grades Served
66661	Christopher House Charter School	95	12,503	733,738	64,120	-	810,361	8,530	90.15%	K-3, 4-8
67071	Legacy Charter School	456	127,401	3,065,889	355,981	342,000	3,891,270	8,533	90.18%	K-3, 4-8
66562	LEARN Charter ES - Charles and Dorothy Campbell	442	75,878	3,355,874	340,208	-	3,771,960	8,534	90.19%	K-3, 4-8
66076	Chicago International Charter School - Lloyd Bond Campus	348	78,434	2,621,692	270,442	-	2,970,568	8,536	90.21%	K-3, 4-8
66161	Chicago International Charter School (CICS)- Prairie Campus	405	128,354	3,020,829	311,204	-	3,460,387	8,544	90.30%	K-3, 4-8
66271	Namaste Charter School	483	203,529	3,608,716	319,827	-	4,132,072	8,555	90.41%	K-3
66221	Chicago International Charter School (CICS)- West Belden Car	500	181,134	3,732,734	373,132	-	4,287,000	8,574	90.61%	K-3, 4-8
66131	UNO Charter School - Octavio Paz Campus	429	150,647	3,202,089	331,585	-	3,684,321	8,588	90.76%	K-3, 4-8
66231	Chicago International Charter School (CICS)- Basil Campus	704	254,709	5,263,648	528,342	-	6,046,698	8,589	90.77%	K-3, 4-8
66075	Chicago Int'l Charter - Loomis Primary	578	108,479	4,455,330	403,703	-	4,967,512	8,594	90.83%	K-3, 4-8, 6-8 @ HS Rate, 9-12
66392	UNO Charter School - Bartolomé de las Casas Campus	286	114,147	2,135,943	214,786	-	2,464,876	8,618	91.08%	K-3, 4-8
66601	UNO Charter Elementary School - St. Marks	278	116,615	2,072,206	208,515	-	2,397,335	8,624	91.14%	K-3, 4-8, 9-12
66481	Chicago Virtual Charter School	680	147,797	5,560,392	333,153	-	6,041,342	8,894	93.89%	K-3, 4-8, 6-8 @ HS Rate, 9-12
66134	UNO Charter School - Northside Elementary School Campus	605	124,322	4,835,507	460,143	-	5,419,973	8,959	94.68%	K-3
66433	Catalyst - Maria Charter School	832	145,309	6,776,434	614,570	-	7,536,312	9,058	95.73%	K-3, 4-8, 6-8 @ HS Rate, 9-12
66061	Chicago International Charter School (CICS)- Longwood Camp	1283	320,976	10,538,105	898,338	-	11,757,419	9,164	96.85%	9-12
63031	Hope Institute Learning Academy	398	407,283	2,665,694	306,214	298,500	3,677,691	9,240	97.66%	K-3, 4-8
63051	Chicago High School for the Arts	575	59,421	4,632,893	216,354	431,250	5,339,918	9,287	98.15%	9-12
63142	Camelot 2	259	12,503	2,023,216	190,405	194,250	2,420,374	9,345	98.76%	K-3, 4-8
66577	Noble Street Charter High School - 2	105	12,503	815,135	78,373	78,750	984,761	9,379	99.12%	4-8, 6-8 @ HS Rate, 9-12
66581	Prologue - Joshua Johnston Charter School for Fine Art and D	250	15,633	2,172,614	189,342	-	2,377,589	9,510	100.51%	9-12
63161	Little Black Pearl	148	12,503	1,296,094	104,177	-	1,412,774	9,546	100.88%	9-12
66551	Amandia Charter School	354	141,522	2,712,408	268,925	265,500	3,388,355	9,572	101.16%	9-12
66442	Urban Prep Academy for Young Men - South Shore	500	129,846	3,984,712	303,365	375,000	4,792,923	9,586	101.31%	9-12
66576	Noble Street Charter High School - 1	102	12,503	814,504	74,454	76,500	977,960	9,588	101.33%	9-12
63061	Community Services West Academy	156	48,303	1,366,544	84,660	-	1,499,507	9,612	101.59%	9-12
66641	Legal Prep Charter Academy	228	54,852	1,977,441	161,481	-	2,193,774	9,622	101.69%	9-12
66572	Noble Street Charter High School - Chicago Bulls College Prep	1079	186,280	8,642,087	751,751	809,250	10,389,367	9,629	101.76%	9-12
63071	Urban Prep Charter Acad for Young Men - East Garfield Park	476	117,963	3,793,170	330,802	357,000	4,598,934	9,662	102.11%	4-8, 9-12
66091	North Lawndale Charter	425	87,496	3,382,298	318,259	318,750	4,106,803	9,663	102.12%	9-12
66137	UNO Charter HS	544	84,661	4,759,866	412,326	-	5,256,853	9,663	102.13%	6-8 @ HS Rate, 9-12
66574	Noble Street Charter School - Silver (Auburn Gresham)	498	144,687	4,334,857	334,721	-	4,814,265	9,667	102.17%	9-12
66147	Noble Street Charter - UIC College Prep	851	178,833	6,825,160	586,350	638,250	8,228,593	9,669	102.19%	9-12
66491	Prologue W.E.B. DuBois Academy	225	34,062	1,981,425	160,287	-	2,175,773	9,670	102.20%	6-8 @ HS Rate, 9-12
66254	ASPIRA Charter - Early College Campus	568	121,397	4,953,110	422,517	-	5,497,024	9,678	102.28%	9-12
66573	Noble Street Charter High School - Muchin College Prep Cam	886	223,355	7,782,495	589,485	-	8,595,335	9,701	102.53%	6-8 @ HS Rate, 9-12
66281	Chicago Math and Science Academy (CMSA) Charter School	599	145,426	5,219,614	448,385	-	5,813,426	9,705	102.57%	9-12
66092	North Lawndale College Preparatory Charter High School - Co	422	93,191	3,372,614	315,124	316,500	4,097,428	9,710	102.61%	6-8 @ HS Rate, 9-12
66148	Noble Street Charter School - Johnson ES	773	272,784	6,093,560	560,481	579,750	7,506,575	9,711	102.63%	9-12
66052	Perspectives Charter Leadership Academy HS	754	273,580	5,927,816	556,562	565,500	7,323,458	9,713	102.65%	9-12
66921	Rudy Lozano Leadership Academy - Mastery Campus (RLAM)	81	12,503	713,582	61,143	-	787,228	9,719	102.71%	9-12
66441	Urban Prep Academy for Young Men Charter School-Englewo	449	214,110	3,521,331	291,607	336,750	4,363,798	9,719	102.71%	9-12
66112	University of Chicago Charter - Woodlawn	634	259,751	5,009,943	417,813	475,500	6,163,007	9,721	102.73%	9-12
66394	UNO Charter School - Major Hector P. Garcia MD Campus	648	136,486	5,682,966	484,444	-	6,303,896	9,728	102.81%	9-12
66171	Young Women's Leadership Charter School	331	105,817	2,643,109	223,409	248,250	3,220,584	9,730	102.83%	9-12

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Unit	School	20th Day Enrollment	Local Share of Special Education	SBB, Non-SBB Tuition and Facilities Fee	SGSA	In-Kind Benefit if in CPS Facility	Total	Per-Pupil	% of FY 12 PCTC	Grades Served
66143	Noble Street Charter High School - Rauner College Prep Camp	640	174,327	5,617,948	439,762	—	6,232,037	9,738	102.91%	9-12
66101	Youth Connection Charter School (YCCS)	4004	1,184,558	34,831,444	2,984,269	—	39,000,272	9,740	102.94%	9-12
66651	Chicago Int'l Charter - Chicago Quest North	379	147,894	3,017,137	246,141	284,250	3,695,423	9,750	103.05%	9-12
66145	Noble Street Charter - Golder College Prep	635	190,362	5,563,054	442,898	—	6,196,313	9,758	103.13%	6-8 @ HS Rate, 9-12
63132	Instituto Justice and Leadership Academy Charter HS	165	48,287	1,429,508	132,339	—	1,610,134	9,758	103.13%	9-12
66142	Noble Street Charter High School - Pritzker College Prep Cam	858	204,621	7,534,107	639,654	—	8,378,382	9,765	103.20%	9-12
66072	Chicago International Charter School (CICS)- Ralph Ellison Car	481	174,106	4,194,203	332,369	—	4,700,678	9,773	103.28%	9-12
66575	Noble Street Charter School - Purple (DRW)	431	141,837	3,748,454	324,530	—	4,214,821	9,779	103.35%	6-8 @ HS Rate, 9-12
63091	Chicago Tech Academy High School	387	117,838	3,096,824	279,849	290,250	3,784,761	9,780	103.36%	9-12
66146	Noble Street Charter - Gary Comer College Prep	900	246,960	7,792,950	633,383	132,750	8,806,043	9,784	103.41%	6-8 @ HS Rate, 9-12
66291	Architecture, Construction, and Engineering (ACE) Technical C	481	185,509	3,797,240	369,212	360,750	4,712,711	9,798	103.55%	9-12
66241	Chicago International Charter School (CICS)- Northtown Camp	850	313,883	7,485,384	536,965	—	8,336,232	9,807	103.65%	9-12
66311	Betty Shabazz International Charter School-DuSable Leadersh	234	83,531	1,865,265	174,807	175,500	2,299,104	9,825	103.84%	9-12
66141	Noble Street Charter - Noble Street College Prep	602	197,718	5,292,360	429,572	—	5,919,649	9,833	103.92%	6-8 @ HS Rate, 9-12
66056	Perspectives Charter - IIT Math & Science Academy	580	280,661	4,573,089	417,029	435,000	5,705,780	9,838	103.97%	9-12
66051	Perspectives Charter - Rodney D. Joslin	385	154,202	3,359,659	275,145	—	3,789,006	9,842	104.01%	9-12
66691	Intrinsic Charter School	184	95,110	1,600,449	122,398	—	1,817,957	9,880	104.42%	9-12
66053	Perspectives Charter - Calumet Technology	494	242,365	3,914,646	354,318	370,500	4,881,830	9,882	104.44%	9-12
63081	EPIC Academy	493	222,028	3,917,454	368,428	369,750	4,877,660	9,894	104.56%	9-12
66077	Chicago Int'l Charter - Larry Hawkins	348	174,716	2,758,339	264,171	261,000	3,458,225	9,937	105.02%	6-8 @ HS Rate, 9-12
66144	Noble Street Charter High School - Rowe Clark Campus	650	285,108	5,700,579	481,308	—	6,466,995	9,949	105.15%	9-12
63131	Instituto Health Sciences Career Academy	750	202,552	6,577,591	695,300	—	7,475,443	9,967	105.34%	9-12
66251	ASPIRA Charter- Mirta Ramirez Computer Science HS	166	78,784	1,331,919	130,126	124,500	1,665,328	10,032	106.02%	9-12
63141	Chicago Excel/Camelot	375	144,492	3,278,835	370,293	—	3,793,620	10,116	106.91%	9-12
67091	Henry Ford Academy: Power House Charter High School	179	124,391	1,576,333	137,965	—	1,838,689	10,272	108.56%	9-12
63111	Chicago Talent Development High School	183	115,977	1,504,547	140,316	137,250	1,898,090	10,372	109.62%	9-12

TOTALS

57059

450,527,676

41,000,941

14,379,000

521,226,649

9,135

96.54%

FY 12 PCTC

9,462

Notes:

1. Special education amounts are based on FY 14 budget. Schools will receive reimbursement based on actual costs.
2. Local portion of special education is based on a local share percentage of 29.8%. This amount was calculated by dividing the local revenue for special education (\$260.9 million) by the total amounts budgeted for special education from local, state, or federal sources (\$875.1 million).
3. SBB tuition, non-SBB tuition, and SGSA amounts are based on each school's 20th day enrollment counts.
4. Reimbursement for start-up costs is not included in this analysis, but this will increase the per-pupil amounts for some charter/contract schools.
5. Charter schools in CPS facilities are assumed to receive the same benefit in kind as the \$750 per student facilities supplement received by charters in independent facility. The in-kind benefit was calculated using the same \$750 rate.

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APPENDIX N

INCS' PCTC Breakdown by Charter School Adjusted for In-Kind and Local Shared Special Education Costs

Presented on February 3, 2014

Unit	School	20th Day Enrollment	SBB, Non-SBB Tuition and Facilities Fee	SGSA	Total	Per-Pupil	% of FY 12 PCTC	Grades Served
66567	LEARN Charter School 6-8	200	1,441,769	156,778	1,598,547	7,993	84.47%	4-8
66931	KIPP-Bloom	84	544,532	58,175	602,707	7,175	75.83%	4-8
66671	Chicago Collegiate Charter School	115	835,744	83,172	918,916	7,991	84.45%	4-8
66351	ASPIRA Charter-Haugan Middle School Campus	565	3,676,448	429,572	4,106,019	7,267	76.80%	4-8
66031	KIPP - Create College Prep	166	1,078,954	124,639	1,203,592	7,251	76.63%	K-3, 4-8
66074	Chicago International Charter School (CICS)-Irving Park Campus	534	3,979,571	265,739	4,245,310	7,950	84.02%	4-8
66113	University of Chicago Charter School - Woodson South Campus	372	2,412,752	241,438	2,654,190	7,135	75.40%	4-8
67081	Polaris Charter Academy	442	2,968,322	279,536	3,247,858	7,348	77.66%	K-3, 4-8
66471	Providence Englewood Charter School - Bunche Campus	471	3,190,628	346,454	3,537,082	7,510	79.37%	K-3, 4-8
26901	Frazier Prepartatory	436	2,932,804	322,179	3,254,983	7,466	78.90%	K-3, 4-8

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	Academy							
66395	UNO Charter School - SPC Daniel Zizumbo Campus	638	4,747,553	462,495	5,210,048	8,166	86.30%	K-3, 4-8
66321	University of Chicago Charter School - Donoghue Campus	490	3,345,418	291,999	3,637,417	7,423	78.45%	K-3, 4-8
66432	Catalyst Elementary School - Circle Rock	520	3,889,422	388,809	4,278,231	8,227	86.95%	K-3, 4-8
63021	Plato Learning Academy	475	3,552,483	366,077	3,918,559	8,250	87.18%	K-3, 4-8
66393	UNO Charter School - Carlos Fuentes Campus	576	4,302,780	424,868	4,727,648	8,208	86.74%	K-3, 4-8
66371	Chicago International Charter School (CICS)-Avalon/South Shore Campus	418	3,131,606	306,501	3,438,107	8,225	86.93%	K-3, 4-8
63041	Kwame Nkrumah Academy	217	1,632,344	154,776	1,787,120	8,236	87.04%	K-3, 4-8
66396	UNO Charter School - PFC Omar E. Torres Campus	636	4,738,821	462,495	5,201,316	8,178	86.43%	K-3, 4-8
66261	KIPP Ascend Charter School	744	5,027,492	554,994	5,582,486	7,503	79.30%	K-3, 4-8
66341	Galapagos Charter School	346	2,589,320	260,251	2,849,571	8,236	87.04%	K-3, 4-8
66121	Betty Shabazz International Charter School	324	2,418,886	224,976	2,643,862	8,160	86.24%	K-3, 4-8
66211	LEARN Charter ES - Romano	594	4,460,322	451,913	4,912,235	8,270	87.40%	K-3, 4-8

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	Butler Campus							
66398	UNO Charter - Sandra Cisneros	555	4,146,124	424,868	4,570,992	8,236	87.04%	K-3, 4-8
66431	Catalyst Charter School - Howland	472	3,163,532	366,861	3,530,393	7,480	79.05%	K-3, 4-8
66381	Chicago International Charter School (CICS)- Wrightwood Campus	731	5,462,791	497,770	5,960,561	8,154	86.17%	K-3, 4-8
66391	UNO Charter School - Rufino Tamayo Campus	288	2,151,390	217,921	2,369,311	8,227	86.94%	K-3, 4-8
66133	UNO Charter School - Near West Elementary School Campus	576	4,299,651	433,491	4,733,142	8,217	86.84%	K-3, 4-8
66561	LEARN Charter School - Excel Campus	401	3,020,796	287,688	3,308,483	8,251	87.20%	K-3, 4-8
66181	Chicago International Charter School (CICS)- Washington Park Campus	442	3,281,344	333,937	3,615,281	8,179	86.44%	K-3, 4-8
66401	Betty Shabazz International Charter School- Barbara Sizemore Academy	286	1,917,417	212,434	2,129,851	7,447	78.70%	K-3, 4-8
66191	Asian Human Services - Passages Charter School	410	3,074,047	301,191	3,375,239	8,232	87.00%	K-3, 4-8
66151	Alain Locke Charter School	490	3,683,264	386,850	4,070,113	8,306	87.78%	K-3
66399	UNO 51st	573	4,280,978				87.04%	K-3, 4-8

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	and Homan Charter Elementary School			438,195	4,719,173	8,236		
66566	LEARN Charter School K-3	201	1,552,436	136,397	1,688,833	8,402	88.80%	K-3, 4-8
66071	Chicago International Charter School (CICS)- Bucktown Campus	670	5,012,370	432,707	5,445,078	8,127	85.89%	K-3, 4-8
66571	Rowe Elementary School	588	4,028,291	403,703	4,431,994	7,537	79.66%	K-3, 4-8
66602	UNO Charter School - K-8	380	2,856,032	279,205	3,135,237	8,251	87.20%	K-3, 4-8
66331	Erie Elementary Charter School	415	3,108,101	297,878	3,405,979	8,207	86.74%	K-3, 4-8
66397	UNO Charter School- Officer Donald Marquez Campus	575	4,295,513	438,978	4,734,491	8,234	87.02%	K-3, 4-8
66564	LEARN Charter School - Hunter Perkins	398	3,032,916	293,959	3,326,875	8,359	88.34%	K-3, 4-8
66591	Montessori School of Englewood Charter	148	1,110,319	110,920	1,221,239	8,252	87.21%	K-3
66111	University of Chicago Charter School - North Kenwood/Oa kland (NKO) Campus	320	2,182,535	204,595	2,387,131	7,460	78.84%	K-3, 4-8
66563	LEARN Charter School - South Chicago Campus	383	2,623,883	287,688	2,911,571	7,602	80.34%	K-3, 4-8
66421	Bronzeville	488	3,277,829				78.42%	K-3, 4-8

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	Lighthouse Charter School			343,344	3,621,173	7,420		
63011	Academy for Global Citizenship	350	2,629,460	218,705	2,848,165	8,138	86.00%	K-3, 4-8
66661	Christopher House Charter School	95	733,738	64,120	797,858	8,399	88.76%	K-3, 4-8
67071	Legacy Charter School	456	3,065,889	355,981	3,421,869	7,504	79.31%	K-3, 4-8
66562	LEARN Charter ES - Charles and Dorothy Campbell	442	3,355,874	340,208	3,696,082	8,362	88.37%	K-3, 4-8
66076	Chicago International Charter School - Lloyd Bond Campus	348	2,621,692	270,442	2,892,134	8,311	87.83%	K-3, 4-8
66161	Chicago International Charter School (CICS)-Prairie Campus	405	3,020,829	311,204	3,332,033	8,227	86.95%	K-3, 4-8
66271	Namaste Charter School	483	3,608,716	319,827	3,928,543	8,134	85.96%	K-3
66221	Chicago International Charter School (CICS)-West Belden Campus	500	3,732,734	373,132	4,105,866	8,212	86.78%	K-3, 4-8
66131	UNO Charter School - Octavio Paz Campus	429	3,202,089	331,585	3,533,674	8,237	87.05%	K-3, 4-8
66231	Chicago International Charter School (CICS)-Basil Campus	704	5,263,648	528,342	5,791,989	8,227	86.95%	K-3, 4-8
66075	Chicago Int't Charter - Loomis Primary	578	4,455,330	403,703	4,859,033	8,407	88.84%	K-3, 4-8, 6-8 @ HS Rate, 9-12
66392	UNO Charter	286	2,135,943				86.86%	K-3, 4-8

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	School - Bartolomé de las Casas Campus			214,786	2,350,729	8,219		
66601	UNO Charter Elementary School - St. Marks	278	2,072,206	208,515	2,280,720	8,204	86.70%	K-3, 4-8, 9-12
66481	Chicago Virtual Charter School	680	5,560,392	333,153	5,893,545	8,667	91.60%	K-3, 4-8, 6-8 @ HS Rate, 9- 12
66134	UNO Charter School - Northside Elementary School Campus	605	4,835,507	460,143	5,295,651	8,753	92.51%	K-3
66433	Catalyst - Maria Charter School	832	6,776,434	614,570	7,391,003	8,883	93.88%	K-3, 4-8, 6-8 @ HS Rate, 9- 12
66061	Chicago International Charter School (CICS)- Longwood Campus	1283	10,538,105	898,338	11,436,44 3	8,914	94.20%	9-12
63031	Hope Institute Learning Academy	398	2,665,694	306,214	2,971,908	7,467	78.92%	K-3, 4-8
63051	Chicago High School for the Arts	575	4,632,893	216,354	4,849,247	8,433	89.13%	9-12
63142	Camelot 2	259	2,023,216	190,405	2,213,621	8,547	90.33%	K-3, 4-8
66577	Noble Street Charter High School - 2	105	815,135	78,373	893,508	8,510	89.93%	4-8, 6-8 @ HS Rate, 9-12
66581	Prologue - Joshua Johnston Charter School for Fine Art and Design	250	2,172,614	189,342	2,361,956	9,448	99.85%	9-12
63161	Little Black Pearl	148	1,296,094	104,177	1,400,271	9,461	99.99%	9-12
66551	Amandla Charter School	354	2,712,408	268,925	2,981,333	8,422	89.00%	9-12

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66442	Urban Prep Academy for Young Men - South Shore	500	3,984,712	303,365	4,288,077	8,576	90.64%	9-12
66576	Noble Street Charter High School - 1	102	814,504	74,454	888,957	8,715	92.11%	9-12
63061	Community Services West Academy	156	1,366,544	84,660	1,451,204	9,303	98.31%	9-12
66641	Legal Prep Charter Academy	228	1,977,441	161,481	2,138,922	9,381	99.14%	9-12
66572	Noble Street Charter High School - Chicago Bulls College Prep Campus	1079	8,642,087	751,751	9,393,837	8,706	92.01%	9-12
63071	Urban Prep Charter Acad for Young Men - East Garfield Park	476	3,793,170	330,802	4,123,971	8,664	91.56%	4-8, , 9-12
66091	North Lawndale Charter	425	3,382,298	318,259	3,700,557	8,707	92.02%	9-12
66137	UNO Charter HS	544	4,759,866	412,326	5,172,192	9,508	100.48%	6-8 @ HS Rate, 9-12
66574	Noble Street Charter School - Silver (Auburn Gresham)	498	4,334,857	334,721	4,669,578	9,377	99.10%	9-12
66147	Noble Street Charter - UIC College Prep	851	6,825,160	586,350	7,411,510	8,709	92.04%	9-12
66491	Prologue W.E.B. DuBois Academy	225	1,981,425	160,287	2,141,711	9,519	100.60%	6-8 @ HS Rate, 9-12
66254	ASPIRA Charter - Early College Campus	568	4,953,110	422,517	5,375,627	9,464	100.02%	9-12
66573	Noble Street Charter High School - Muchin College Prep Campus	886	7,782,495	589,485	8,371,980	9,449	99.86%	6-8 @ HS Rate, 9-12
66281	Chicago Math	599	5,219,614				100.00%	9-12

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	and Science Academy (CMSA) Charter School			448,385	5,668,000	9,462		
66092	North Lawndale College Preparatory Charter High School - Collins Campus	422	3,372,614	315,124	3,687,737	8,739	92.35%	6-8 @ HS Rate, 9-12
66148	Noble Street Charter School - Johnson ES	773	6,093,560	560,481	6,654,041	8,608	90.97%	9-12
66052	Perspectives Charter Leadership Academy HS	754	5,927,816	556,562	6,484,378	8,600	90.89%	9-12
66921	Rudy Lozano Leadership Academy - Mastery Campus (RLLAM)(Instituto)	81	713,582	61,143	774,725	9,565	101.08%	9-12
66441	Urban Prep Academy for Young Men Charter School-Englewood Campus	449	3,521,331	291,607	3,812,938	8,492	89.75%	9-12
66112	University of Chicago Charter - Woodlawn	634	5,009,943	417,813	5,427,756	8,561	90.48%	9-12
66394	UNO Charter School - Major Hector P. Garcia MD Campus	648	5,682,966	484,444	6,167,410	9,518	100.59%	9-12
66171	Young Women's Leadership Charter School	331	2,643,109	223,409	2,866,517	8,660	91.52%	9-12
66143	Noble Street Charter High School -	640	5,617,948	439,762	6,057,710	9,465	100.03%	9-12

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	Rauner College Prep Campus							
66101	Youth Connection Charter School (YCCS)	4004	34,831,444	2,984,269	37,815,714	9,444	99.81%	9-12
66651	Chicago Int't Charter - Chicago Quest North	379	3,017,137	246,141	3,263,279	8,610	91.00%	9-12
66145	Noble Street Charter - Golder College Prep	635	5,563,054	442,898	6,005,951	9,458	99.96%	6-8 @ HS Rate, 9-12
63132	Instituto Justice and Leadership Academy Charter HS	165	1,429,508	132,339	1,561,847	9,466	100.04%	9-12
66142	Noble Street Charter High School - Pritzker College Prep Campus	858	7,534,107	639,654	8,173,761	9,527	100.68%	9-12
66072	Chicago International Charter School (CICS)- Ralph Ellison Campus	481	4,194,203	332,369	4,526,572	9,411	99.46%	9-12
66575	Noble Street Charter School - Purple (DRW)	431	3,748,454	324,530	4,072,984	9,450	99.87%	6-8 @ HS Rate, 9-12
63091	Chicago Tech Academy High School	387	3,096,824	279,849	3,376,673	8,725	92.21%	9-12
66146	Noble Street Charter - Gary Comer College Prep	900	7,792,950	633,383	8,426,333	9,363	98.95%	6-8 @ HS Rate, 9-12
66291	Architecture, Construction, and Engineering (ACE) Technical Charter School	481	3,797,240	369,212	4,166,452	8,662	91.54%	9-12
66241	Chicago	850	7,485,384				99.74%	9-12

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	International Charter School (CICS)-Northtown Campus			536,965	8,022,349	9,438		
66311	Betty Shabazz International Charter School-DuSable Leadership	234	1,865,265	174,807	2,040,073	8,718	92.14%	9-12
66141	Noble Street Charter - Noble Street College Prep	602	5,292,360	429,572	5,721,931	9,505	100.45%	6-8 @ HS Rate, 9-12
66056	Perspectives Charter - IIT Math & Science Academy	580	4,573,089	417,029	4,990,119	8,604	90.93%	9-12
66051	Perspectives Charter - Rodney D. Joslin	385	3,359,659	275,145	3,634,804	9,441	99.78%	9-12
66691	Intrinsic Charter School	184	1,600,449	122,398	1,722,847	9,363	98.95%	9-12
66053	Perspectives Charter - Calumet Technology	494	3,914,646	354,318	4,268,965	8,642	91.33%	9-12
63081	EPIC Academy	493	3,917,454	368,428	4,285,882	8,693	91.88%	9-12
66077	Chicago Int't Charter - Larry Hawkins	348	2,758,339	264,171	3,022,509	8,685	91.79%	6-8 @ HS Rate, 9-12
66144	Noble Street Charter High School - Rowe Clark Campus	650	5,700,579	481,308	6,181,887	9,511	100.51%	9-12
63131	Instituto Health Sciences Career Academy	750	6,577,591	695,300	7,272,891	9,697	102.48%	9-12
66251	ASPIRA Charter-Mirta Ramirez Computer	166	1,331,919	130,126	1,462,044	8,808	93.08%	9-12

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	Science HS							
63141	Chicago Excel/Camelo t	375	3,278,835	370,293	3,649,128	9,731	102.84%	9-12
67091	Henry Ford Academy: Power House Charter High School	179	1,576,333	137,965	1,714,298	9,577	101.21%	9-12
63111	Chicago Talent Development High School	183	1,504,547	140,316	1,644,863	8,988	94.99%	9-12

			41,000,9	491,528,6		
TOTALS	57059	450,527,676	41	17	8,614.39	91.04%

FY 12 PCTC 9,462.21

Notes:

1. Special education amounts are based on FY 14 budget. Schools will receive reimbursement based on actual costs.
2. Local portion of special education is based on a local share percentage of 29.8%. This amount was calculated by dividing the local revenue in Fund 114 (\$260.9 million) by the total amounts budgeted for special education from local, state, or federal sources (\$875.1 million).
3. SBB tuition, non-SBB tuition, and SGSA amounts are based on each school's 20th day enrollment counts.
4. Reimbursement for start-up costs is not included in this analysis, but this will increase the per-pupil amounts

APPENDIX O

Alternative PCTC Recommendation: Student Based Budgeting & Charter Funding Calculation
Presented on February 3, 2014; Revised February 6

PRELIMINARY DRAFT FOR COMMENT
February 6, 2014

Charter Funding Calculations

The Task Force has carefully examined the pros and cons of the current PCTC as a benchmark for ensuring that funding for students attending charter schools is equitable. With those in mind (discussed below), the Task Force recommends the following change:

School districts have two ways to demonstrate to the State Board of Education that their method of funding charter schools is equitable:

- 1) the school district uses a student based-budgeting model for allocating funds and all students receive funding based on this single model; or
- 2) the school district does not use a student-based budgeting model and funding for students in charter schools is the newly defined Charter Funding Calculation (CFC).

Critical to these recommendations is the state board of education's role in the equitable distribution of funds to charters. With these changes in place the task force would consider a tighter range for funding such as X% to X%.

The working group used the following framework to think about both calculations:

District budgets are comprised of three major categories of funding

These three categories should account for 100% of a District's budget



For both the CFC and SBB, the working group discussed the objective to ensure that students' receive equitable funding from each of these three funds. The working group discussed that both SBB and CFC would distribute categorical funds in line with the appropriate claims processes. The working group also discussed two different approaches to facilities funding. Further discussion is necessary to document these approaches, though the default option may include a calculation using debt and interest and depreciation as done in the current calculation. CFC is intended to provide charters with an equal apportionment of the operational budget. SBB is intended to provide a district with a methodology to provide equitably based on student characteristics, if this is an approach taken with district schools. This framework captures the different approaches to funding:

The objective is to see that all students receive their equitable share of each of these three funds

SBB = Student Based Budgeting
CFC = Charter Funding Calculation



But that there remains some flexibility for Districts around how to disburse some of these funds equitably

Given this framework the following definitions attempt to capture the calculations to define how operational dollars are distributed:

Charter Funding Calculation (CFC)

Definition

A calculation that represents an equal proportion of funds spent on students in the K-12 program for which there does not exist a separate formula or claim by charters. This would be calculated by the district using a standardized process and submitted to the state board of education for review. This calculation would be based on the annual budget submission.

Methodology to Calculate

This calculation can be established by appropriately calculating total district expenditures according to the following steps:

1. Total all expenses of the school district in the educational, operations and maintenance, transportation, Illinois municipal retirement, and rent funds
2. Deduct spending not applicable to K-12 such as early childhood programming or funding required for specialty schools with significantly higher costs such as schools associated with prisons.
3. Deduct spending on community services available to all students in a district such as libraries and parks

4. Deduct revenues collected as student fees from parents or rentals (this calculation assumes that these revenues will be used for expenditures)
5. Deduct revenues from State and Federal sources which charters can receive through other claims such as Federal Title I and categorical funds such as those associated with special education.
6. A district could deduct any special education funding set aside in a separate fund and to which charter schools can make an equitable claim
7. A district can deduct local funds spent for students with extraordinary needs (most often associated with students in private facilities). Currently, districts are reimbursed by the state for all spending over two times PCTC. Therefore districts should be able to deduct the additional local spending on these students (equivalent to one-time PCTC for each student)
8. If a district allocates on a per student basis to low-income students then they may deduct supplemental general state aid funds (poverty grant)
- 9.
10. This calculation should allow for the deduction of capital expenses recognizing that a separate calculation is necessary to provide charter schools an appropriate proportion of capital expenditures and facilities allocations (note that interest payments may be part of this calculation).

Once total expenditures are established, CFC can be calculated by the district by dividing these expenditures by total student enrollment or average attendance (excluding pre-K and specialty schools as referenced in item 2), however payment of dollars should be consistent with the approach taken to the calculation. (This is in multiple places in statute)

Note: Block grants and other funding sources should only be removed from total expenditures if there are other methods for charter students to make claims on these funds.

Student-Based Budgeting (SBB)

Criteria to Qualify as SBB

A school district is budgeting using a student-based budgeting model if:

1. If a portion of the annual budget uses a funding allocation methodology that provides dollars to schools on a per-student basis based on identified student needs or characteristics (weights);
2. The funding depends on the mix of students and their individual needs/characteristics in the school and not on the characteristic of or type of said school;

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3. Any dollars not distributed based on individual student needs/weights are made available to charters on an average cost per student or charter students have verifiably equal access to programs operated by the district;
4. Any operating dollars excluded from the distribution in #1 or #3 above are explicitly identified and justified;
5. Categorical dollars are distributed to eligible students/programs whether in district-run or charter schools (as required by statute elsewhere)

A district wishing to demonstrate charter school funding equity through the student-based budgeting model must take the following steps:

- The first time a district wishes to be considered as SBB it must submit documentation to ISBE that its plan meets the definition of SBB laid out above. This must be submitted by June 30 prior to the academic year the district intends to implement SBB. This submission can be based on prior year data if that is all that is available, but must be “trued-up” using the current fiscal year budget and updated documentation submitted no later than October 31, when the district’s budget is due to ISBE.
- For a district that has previously been certified as SBB, it must submit documentation to ISBE that it meets the definition of SBB laid out above no later than October 31.
- And in all cases, districts must also submit to ISBE a methodology for providing equitable access to capital funding and document how funding was distributed in the budget according to that methodology
 - An acceptable default methodology and benchmark for equitable per pupil funding for facilities is the current ISBE PCTC methodology of:
 - Total Debt Service Expenditure less Debt Service Expenditure on Principal
 - plus Total Depreciation Allowance
 - divided by student ADA or enrollment (whichever aligns to the proposed payment methodology)
- Post on its website a copy of the materials submitted to ISBE

ISBE will review the materials submitted and within 30 business days will provide certification that the district qualifies as an SBB district or that the district does not qualify as an SBB district. If a district is certified as an SBB district, funding is deemed equitable for that year.

If a district is not certified as an SBB district, ISBE must identify the deficiencies.

- The district will then have an opportunity to correct the deficiencies and submit materials to ISBE documenting the changes within a reasonable time. ISBE will have 15 business days to complete this subsequent review and shall either certify or determine the district still does not qualify and provide an explanation.

- Upon ISBE's certification, the district will make adjustments, if needed, to the charter payments prior to the end of the fiscal year to be consistent with the approved SBB model.
- A district that is unable to achieve ISBE certification prior to the end of the fiscal year shall use the Charter Funding Calculation (CFC) amount for the next fiscal year for charter payments.
- However, at any time during that fiscal year (in which the CFC formula is being used), the district may submit a revised plan and upon receiving ISBE certification may adjust the payments during the year that the certification is achieved.
- That district is then presumed certified for the next year until the review triggered with the October 31 submission. [ie when the next budget is released the district can use SBB, which will then be certified again after the October 31 submission]

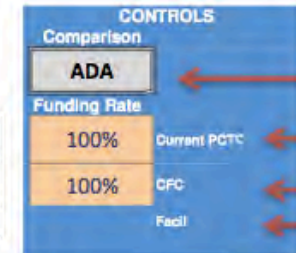
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APPENDIX P

CFC-PCTC Comparison Documents:
 Snap Shot of Interactive CFC/PCTC Side-by-Side Comparison by district
 Comparing CFC to PCTC Document
 ISBE Comments on Proposed CFC

Presented on February 10, 2014

District	Woodland	Springfield	Rich Township	Peoria	Freemont	E St. Louis	Chicago	Batavia SD
Current PCTC (Includes Facilities)	\$ 9,360	\$ 9,937	\$ 15,685	\$ 9,570	\$ 10,850	\$ 12,050	\$ 9,462	\$ 11,722
CFC	\$ 8,659	\$ 9,807	\$ 14,623	\$ 8,473	\$ 10,086	\$ 11,129	\$ 7,381	\$ 7,787
Facil	\$ 1,886	\$ 1,104	\$ 2,648	\$ 1,693	\$ 2,150	\$ 1,747	\$ 1,728	\$ 3,518
CFC + Facil (Methodology 1)	\$ 10,548	\$ 10,911	\$ 17,272	\$ 10,166	\$ 12,236	\$ 12,876	\$ 9,109	\$ 11,304
PCTC (Includes Facilities)	\$ 9,360	\$ 9,937	\$ 15,685	\$ 9,570	\$ 10,850	\$ 12,050	\$ 9,462	\$ 11,722
ADA	\$ 9,360	\$ 9,937	\$ 15,685	\$ 9,570	\$ 10,850	\$ 12,050	\$ 9,462	\$ 11,722
Enrollment	\$ 9,503	\$ 9,348	\$ 14,418	\$ 8,776	\$ 10,743	\$ 10,881	\$ 8,872	\$ 11,193

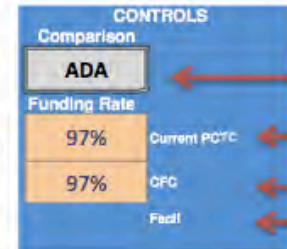


CFC									
ADA	\$ 8,659	\$ 9,807	\$ 14,623	\$ 8,473	\$ 10,086	\$ 11,129	\$ 7,381	\$ 7,787	
Enrollment	\$ 8,792	\$ 9,225	\$ 13,442	\$ 7,770	\$ 9,986	\$ 10,049	\$ 6,921	\$ 7,435	
+ Facilities									
Methodology 1 with ADA									
(Debt Interest + Depreciation)	\$ 1,886	\$ 1,104	\$ 2,648	\$ 1,693	\$ 2,150	\$ 1,747	\$ 1,728	\$ 3,518	
Methodology 1 with Enrollment									
(Debt Interest + Depreciation)	\$ 1,915	\$ 1,038	\$ 2,434	\$ 1,552	\$ 2,129	\$ 1,577	\$ 1,621	\$ 3,359	

Note: Methodology 1 is how the PCTC currently accounts for Facilities Funding - so this is status quo

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District	Woodland	Springfield	Rich Township	Peoria	Freemont	E St. Louis	Chicago	Batavia SD
Current PCTC (Includes Facilities)	\$ 9,079	\$ 9,639	\$ 15,214	\$ 9,283	\$ 10,524	\$ 11,688	\$ 9,178	\$ 11,370
CFC	\$ 8,400	\$ 9,513	\$ 14,184	\$ 8,219	\$ 9,783	\$ 10,795	\$ 7,159	\$ 7,553
Facil	\$ 1,886	\$ 1,104	\$ 2,648	\$ 1,693	\$ 2,150	\$ 1,747	\$ 1,728	\$ 3,518
CFC + Facil (Methodology 1)	\$ 10,286	\$ 10,616	\$ 16,833	\$ 9,912	\$ 11,933	\$ 12,542	\$ 8,886	\$ 11,071
PCTC (Includes Facilities)	\$ 9,360	\$ 9,937	\$ 15,685	\$ 9,570	\$ 10,850	\$ 12,050	\$ 9,462	\$ 11,722
ADA	\$ 9,360	\$ 9,937	\$ 15,685	\$ 9,570	\$ 10,850	\$ 12,050	\$ 9,462	\$ 11,722
Enrollment	\$ 9,503	\$ 9,348	\$ 14,418	\$ 8,776	\$ 10,743	\$ 10,881	\$ 8,872	\$ 11,193



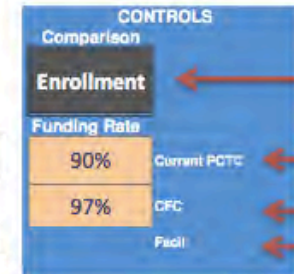
CFC																
ADA	\$	8,659	\$	9,807	\$	14,623	\$	8,473	\$	10,086	\$	11,129	\$	7,381	\$	7,787
Enrollment	\$	8,792	\$	9,225	\$	13,442	\$	7,770	\$	9,986	\$	10,049	\$	6,921	\$	7,435

+ Facilities	Note: Methodology 1 is how the PCTC currently accounts for Facilities Funding - so this is status quo							
Methodology 1 with ADA								
(Debt Interest + Depreciation)	\$ 1,886	\$ 1,104	\$ 2,648	\$ 1,693	\$ 2,150	\$ 1,747	\$ 1,728	\$ 3,518
Methodology 1 with Enrollment								
(Debt Interest + Depreciation)	\$ 1,915	\$ 1,038	\$ 2,434	\$ 1,552	\$ 2,129	\$ 1,577	\$ 1,621	\$ 3,359

Methodology 2 with ADA								
Methodology 2 with Enrollment								

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District	Woodland	Springfield	Rich Township	Peoria	Freemont	E St. Louis	Chicago	Batavia SD
Current PCTC (Includes Facilities)	\$ 8,424	\$ 8,944	\$ 14,118	\$ 8,613	\$ 9,765	\$ 10,845	\$ 8,516	\$ 10,549
CFC	\$ 8,529	\$ 8,949	\$ 13,038	\$ 7,537	\$ 9,686	\$ 9,748	\$ 6,713	\$ 7,212
Facil	\$ 1,915	\$ 1,038	\$ 2,434	\$ 1,552	\$ 2,129	\$ 1,577	\$ 1,621	\$ 3,359
CFC + Facil (Methodology 1)	\$ 10,444	\$ 9,987	\$ 15,473	\$ 9,089	\$ 11,815	\$ 11,325	\$ 8,334	\$ 10,571
PCTC (Includes Facilities)	\$ 9,360	\$ 9,937	\$ 15,685	\$ 9,570	\$ 10,850	\$ 12,050	\$ 9,462	\$ 11,722
ADA	\$ 9,360	\$ 9,937	\$ 15,685	\$ 9,570	\$ 10,850	\$ 12,050	\$ 9,462	\$ 11,722
Enrollment	\$ 9,503	\$ 9,348	\$ 14,418	\$ 8,776	\$ 10,743	\$ 10,881	\$ 8,872	\$ 11,193



CFC																
ADA	\$	8,659	\$	9,807	\$	14,623	\$	8,473	\$	10,086	\$	11,129	\$	7,381	\$	7,787
Enrollment	\$	8,792	\$	9,225	\$	13,442	\$	7,770	\$	9,986	\$	10,049	\$	6,921	\$	7,435
+ Facilities		Note: Methodology 1 is how the PCTC currently accounts for Facilities Funding - so this is status quo														
Methodology 1 with ADA (Debt Interest + Depreciation)	\$	1,886	\$	1,104	\$	2,648	\$	1,693	\$	2,150	\$	1,747	\$	1,728	\$	3,518
Methodology 1 with Enrollment (Debt Interest + Depreciation)	\$	1,915	\$	1,038	\$	2,434	\$	1,552	\$	2,129	\$	1,577	\$	1,621	\$	3,359
Methodology 2 with ADA																
Methodology 2 with Enrollment																

Comparing CFC to PCTC

CFC is essentially a modified PCTC to allow funds to more accurately reach students based on their need. In addition, CFC allows for more precision in managing support for facilities.

How they differ:

	PCTC	CFC
Calculation Methodology	Uses ADA	ADA or Enrollment (must be consistent with payment)
Payment Methodology	Uses Enrollment	ADA or Enrollment (must be consistent with calculation)
Facilities Funding	Built into calculation	Separates out
Local SPED Funding	Built into calculation Restricts differentiation of SPED funding	Increased Flexibility for Districts Allows districts to put these funds aside and provide to ALL students who have a legitimate claim to the funds (IEP)
Supplemental General State Aid	Built into calculation Restricts differentiation of SGSA funds to qualifying students	Increased Flexibility for Districts Allows districts to put these funds aside, and allocate based on poverty (as mandated)
Other Exceptions	Does not adjust for extraordinary scenarios outside of K12	Increased Flexibility for Districts Allows districts to adjust certain well-defined exceptions to K12 general funding <ul style="list-style-type: none">• Unfunded pension liability• Prison schools

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Calculating (CPS 2012):

Calculating CFC 2012:		PCTC	CFC			
Start with TTL Budget less Capital		\$5.2 Billion	\$5.2 Billion			
Deduct non-K12 Expenditures		Yes	Yes			
Deduct Categorical Funding (State & Federal Title Funds, SPED, etc.)		Yes	Yes			
Deduct Targeted Revenue (100% Block Grants)		Yes	Partial (% of Grants not meant for Gen Ed)			
Deduct Debt Principal		Yes	Yes			
Deduct Debt Interest		No	Yes Moved to Facilities Calculation			
Add back in Depreciation		Yes To account for facilities	No Moved to Facilities Calculation			
Deduct SPED Expenditures from Local Funds		No	Yes \$226 Million			
Deduct SGSA		No	Yes \$261 Million			
Deduct Alternative school expense		No	Yes \$19 Million			
Divide by:		ADA	ADA	Enrollment		
Amount		\$9,462	\$7,381	\$6,921		
Facilities Calculation TTL Debt less Debt Principal + Depreciation		Included in PCTC above	\$1,663	\$1,556		
TTL Funding	75%	\$7,097	97%	\$8,882	97%	\$8,269
	90%	\$8,516	100%	\$9,043	100%	\$8,476
	100%	\$9,462	103%	\$9,265	103%	\$8,684

*For CFC, eligible students would receive local SPED and SGSA funds in addition

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Calculating (Batavia 2012)

Calculating (Data for 2012)		PCTC	CFC			
Start with TTL Budget less Capital		\$76 Million	\$76 Million			
Deduct non-K12 Expenditures		Yes	Yes			
Deduct Categorical Funding (State & Federal Title Funds, SPED, etc.)		Yes	Yes			
Deduct Targeted Revenue (100% Block Grants)		Yes	Partial (% of Grants not meant for Gen Ed)			
Deduct Debt Principal		Yes	Yes			
Deduct Debt Interest		No	Yes Moved to Facilities Calculation			
Add back in Depreciation		Yes To account for facilities	No Moved to Facilities Calculation			
Deduct SPED Expenditures from Local Funds		No	Yes \$6 Million \$2 Million Extraordinary Circumstances			
Deduct SGSA		No	No (N/A) Not mandated as poverty funding			
Divide by:		ADA	ADA	Enrollment		
Amount		\$11,722	\$7,787	\$6,921		
Facilities Calculation TTL Debt less Debt Principal + Depreciation		Included in PCTC above	\$3,492	\$1,556		
TTL Funding	75%	\$8,791	97%	\$11,045	97%	\$10,547
	90%	\$10,549	100%	\$11,279	100%	\$10,770
	100%	\$11,772	103%	\$11,512	103%	\$10,993

*For CFC, eligible students would receive local SPED and SGSA funds in addition

ISBE Comments on Proposed CFC

Recap of current PCTC calculation: The base used to determine per capita tuition charge (PCTC) is the District's "Total Operating Expenses." Total Operating Expenses are calculated by looking at the District's gross operating costs in the Educational, Operations and Maintenance, Debt Service, Transportation, Municipal Retirement/Social Security, and Tort Funds for the preceding school year—regardless of the source of the funds— and subtracting from that number any expenditures not applicable to the regular K-12 program (i.e., early childhood programming, summer school, adult education, bond principal retired, and capital expenditures). To calculate PCTC, we take the Total Operating Expense number, and subtract from it any and all "offsetting receipts/revenues" (also referred to as supplemental receipts/revenues); *i.e.* (1) revenues from federal sources except those from federal impact aid, (2) revenues from State sources except those from the Common School Fund (i.e. General State Aid), and (3) revenues from student and community services. We then divide this number, called the "Net Operating Expense for PCTC Computation" (with a depreciation allowance) by the District's 9-month ADA to get a total estimated Per Capita Student Tuition Number. The average daily attendance during the regular school term is adjusted by the average daily attendance of pupils tuitioned in and tuitioned out.

Methodology to Calculate

This calculation can be established by appropriately calculating total district expenditures according to the following steps:

1. Total all expenses of the school district in the educational, operations and maintenance, transportation, Illinois municipal retirement, and rent funds. **No significant change from the current PCTC calculation.** To calculate PCTC, our starting point is the District's gross operating costs for the preceding school year (i.e., all District expenditures in a district's Educational, Operations & Maintenance, Debt Service, Transportation, Municipal Retirement/ Social Security, and Tort Funds). Note that the Annual Financial Report no longer has a "rent" fund and districts should not be utilizing a rent fund.
2. Deduct spending not applicable to K-12 such as early childhood programming [**No change from current PCTC calculation**] or funding required for specialty schools with significantly higher costs such as schools associated with prisons. **We have a concern that the term "specialty schools" is not defined; it is therefore unclear what types of schools fall under this category and consequently unclear what costs may be backed out prior to calculating an average per student cost.** Moreover, most specialty schools currently receive state and federal funding that is already backed out of the current PCTC calculation. We understand that the recommendation is to also back out any local share of costs for these specialty schools, and to exclude students who attend specialty schools from the average daily attendance number used in the calculation. We do not have a way to determine which students reflected in the audited 9 month ADA number attend a "specialty school." We also believe that the net effect of backing expenditures

for “specialty schools” out of the PCTC calculation as well as removing their student attendance from the calculation will be no significant change to the final number.

3. Deduct spending on community services available to all students in a district such as libraries and parks. **No change from current PCTC calculation.**
4. Deduct revenues collected as student fees from parents or rentals (this calculation assumes that these revenues will be used for expenditures). **No change from current PCTC calculation.**
5. Deduct revenues from State and Federal sources which charters can receive through other claims such as Federal Title I and categorical funds such as those associated with special education. **No change from current PCTC calculation.**
6. A district could deduct any special education funding set aside in a separate fund and to which charter schools can make an equitable claim. **This represents a change from the current PCTC calculation. In the current calculation, we deduct only supplemental special education funds received from the state through the mandated categorical programs or from the federal government. Any local funds the district spends for special education programming would not be deducted from PCTC.**

Our concern with allowing a district to deduct ALL special education from the “charter funding calculation” is that the district would have discretion to define what costs should be classified as “special education costs”, which could drive down the base per pupil amount provided to charter schools.

7. A district can deduct local funds spent for students with extraordinary needs (most often associated with students in private facilities). Currently, districts are reimbursed by the state for all spending over two times PCTC. **This amount is already deducted from the PCTC calculation.** Therefore districts should be able to deduct the additional local spending on these students (equivalent to one-time PCTC for each student). **This recommendation provides no definition as to precisely what expenditures a district would define as “local funds spent for students with extraordinary needs.”**
8. If a district allocates on a per student basis to low-income students then they may deduct supplemental general state aid funds (poverty grant) **Not a needed change. Nothing in current statute prevents a district from allocating poverty grant funds on a per student basis to low-income students. Any poverty grant funds received by a charter school would be included in calculating what percentage of the PCTC number the charter school is receiving per student.**
9. This calculation should allow for the deduction of capital expenses recognizing that a separate calculation is necessary to provide charter schools an appropriate proportion of capital expenditures and facilities allocations (note that interest payments may be part of this calculation). **The current PCTC calculation already addresses this; we deduct**

principal but include interest on any capital expenses, and then incorporate a depreciation allowance based upon a district's depreciation schedule.

Once total expenditures are established, CFC can be calculated by the district by dividing these expenditures by total student enrollment or average attendance (excluding pre-K and specialty schools as referenced in item 2), however payment of dollars should be consistent with the approach taken to the calculation. (This is in multiple places in statute)

Note: Block grants and other funding sources should only be removed from total expenditures if there are other methods for charter students to make claims on these funds. **Not a significant change from current PCTC calculation, although it allows for a great deal of district discretion in determining which expenditures classify as "other funding sources . . . if there are methods for charter students to make claims on these funds."**

APPENDIX Q

Presented on December 16, 2013

Commission Authorized Charter School's Recommendation for Funding

SOUTHLAND COLLEGE PREP CHARTER HIGH SCHOOL

REPORT TO THE ILLINOIS CHARTER FUNDING TASK FORCE

Southland College Prep Charter High School ("Southland College Prep" or "Southland") submits this report to the Illinois Charter Funding Task Force (the "Task Force") regarding the anticipated recommendations of the Task Force as to Illinois law providing for funding of charter schools.

Recommendation

For the reasons discussed in the remainder of this report, Southland College Prep proposes that Illinois law must provide that Illinois charter schools will receive funding in the amount of no less than one hundred percent (100%) of the per capita tuition cost ("PCTC") spent to educate students in the school district where the charter school is located, with this funding being provided via the re-allocation of State aid from the school district to the charter school in the full amount necessary to provide one hundred percent (100%) of the PCTC for each student who enrolls in the charter school.

Southland's recommended statutory funding mechanism is based upon the conclusion that charter schools should not be required to educate students with funding at a lower level than the PCTC available in the traditional school district where the charter school is located. Southland's recommendation also recognizes that there must be a continuation of the reliable source of funding which exists for Illinois charter schools under current Illinois law. While one school district has submitted a proposal (the "School District Proposal") suggesting that the Task Force should seek direct funding from the State of Illinois for all state-authorized Illinois charter schools, no revenue source has been identified which would ensure that such funding would remain available to keep the charter schools open from year to year. Illinois charter school students and their parents should not be forced to worry that the legislative budget process could result in the loss of funding and closure of their charter schools each year, which is certainly possible pursuant to the School District Proposal. Such uncertainty would justifiably prevent students from enrolling in charter schools, even when such schools provide the best education option available.

If Southland's recommendation regarding Illinois charter school funding legislation is adopted, Illinois charter schools will continue to be funded at lower levels than their traditional public school counterparts. For example, in contrast to the funding provided for traditional public schools pursuant to existing Illinois law, Southland's proposal does not provide capital funding for Illinois charter schools. Southland knows from its own experience that such capital funding is extremely important for charter schools, as Southland would not be able to operate in its current facility absent the support of the elementary district that spearheaded Southland's creation, although Southland receives 100% of the PCTC of the high school district where Southland is located. Given the economic realities currently faced by the State of Illinois, Southland's legislative charter school funding proposal seeks the minimum funding that Southland believes is necessary for Illinois charter schools to continue to provide a viable education option for Illinois students.

Southland College Prep's Creation

Matteson School District 162 ("District 162") is an elementary school district serving approximately 3,300 students, most of whom are African American and economically challenged as measured by the federal school lunch program, in the far southern suburbs of Chicago, Cook County, Illinois. For many years, although satisfied with the educational opportunities available in District 162, residents have expressed concern—and even alarm—regarding the lack of a public high school option that meets the needs of area students. For many families with sufficient economic resources, this dissatisfaction has resulted in decisions to enroll their children in area private schools. For other residents who cannot or do not choose to enroll their children in such private schools, which often have a religious affiliation, the concerns regarding available high school options prompted these families to move out of District 162, to communities served by public high schools perceived to be providing a superior education option.

In response to the public outcry of the residents of District 162, the members of District 162's Board of Education and its Superintendent, Dr. Blondean Y. Davis, determined that Southland College Prep was necessary in order to provide a rigorous, college preparatory public high school option for the students in the communities served by District 162. As envisioned and ultimately created, Southland has an extended school day beginning at 8:00 a.m. and ending at 5:00 p.m., with every available resource dedicated to ensuring that its students will graduate from high school and then attend the colleges of their choice. Southland requires that students earn 32 credits to graduate (as compared to 22 credits required for graduation at the local public high school district that its students would attend), with Southland students completing four years of classes in the core academic subjects, including Mathematics, English, Science, Social Science, World Language and Technology. To assist its students in succeeding in this rigorous education environment, Southland offers classes on Saturdays for students who may need additional time with their teachers. In addition, Southland's administration aggressively seeks to secure financial assistance as necessary to ensure that students will not be denied a college education due to a lack of funds.

Based upon the vision of what Southland would be, Dr. Davis attended the public meetings of the governing Boards and mayors of each community served by District 162 in order to discuss the education option that was to be available for area high school students at Southland College Prep. In each community, the mayors and other elected officials, as well as parents and constituents throughout the area, voiced their support for the proposed Southland charter school, which was determined to be necessary in order to provide the educational opportunities that would enable their high school students to achieve their full potentials, and their dreams of the futures made possible by a Southland education. In addition, the Southland charter school proposal was embraced as a stabilizing force for the area communities, because it was believed that resident families would make the decision to remain in their current homes rather than moving in order to obtain a high school option perceived to be more beneficial; likewise, it was expected that individuals from other areas might move into the District 162 communities so that their children would have the chance to attend Southland.

When Southland's application for a charter was submitted in December, 2009, District 162 had experienced seven years of steadily increasing student test scores under the leadership of Superintendent Dr. Davis, with scores on the Illinois Standard Achievement Test ("ISAT") climbing from 59% in 2002

to 82% in 2009. Moreover, this increase in student achievement occurred at the same time that District 162's student demographics were changing significantly, from 73% African American and 11% economically disadvantaged in 2002, to 89% African American and 69% economically disadvantaged in 2009. District 162 was succeeding in overcoming the achievement gap that plagues minority and economically disadvantaged students elsewhere in Illinois and throughout the United States.

Prior to Southland College Prep's creation, Rich Township High School District 227 ("District 227" or the "Rich High School District") was the public high school district that students in District 162 and other area elementary school districts had to attend if they attended public high schools. Unfortunately, the Rich High School District has struggled in the area of student achievement for many years. At the time of Southland's charter application, District 227 was the seventh worst performing high school district in the State of Illinois, with approximately 1 in 3 students meeting the minimum State standards on the Prairie State Achievement Examination (the "PSAE").¹

As required by Illinois Charter Schools Law, Southland initially submitted its charter application to the Rich High School District's Board of Education, which denied the application without asking a single question of Southland's proponents. Pursuant to then applicable Illinois law, Southland then appealed District 227's denial of its charter to the Illinois State Board of Education ("ISBE"). After extensive review of Southland's application, submission of additional information as requested of Southland, and a public hearing including representatives of Southland and the Rich High School District, ISBE overturned District 227's denial and granted Southland's charter, finding that Southland's application satisfied all requirements of the Illinois Charter Schools Law and was in the best interest of the students whom Southland was designed to serve. Pursuant to Illinois Charter schools Law, the Illinois State Charter School Commission replaced ISBE as Southland's authorizer on July 1, 2012. 105 ILCS 5/27A-7.5.

The Rich High School District repeatedly challenged ISBE's decision to grant a charter to Southland College Prep, with a key objection being the funding provided to charter schools pursuant to existing Illinois law. In particular, District 227 first sought an injunction in the Circuit Court of Cook County in order to prevent Southland from opening. When the Circuit Court ruled that there was no legal basis for the requested injunction, District 227 sought an Illinois Appellate Court emergency injunction to prevent Southland's opening, which was also denied by the Illinois Appellate Court approximately 36 hours before Southland's initial class of Ninth Grade students was to report for their first day of school at Southland.

With its attempts to obtain an injunction foreclosed by the courts and Southland operating with students in attendance each school day, the Rich High School District proceeded to litigate fully its challenge to the propriety of Southland's charter in the Circuit Court of Cook County and the Illinois Appellate Court. After extensive briefing, argument and hearings involving the Rich High School District, ISBE and Southland (with each party bearing its own legal expenses), first the Circuit Court upheld Southland's charter in December, 2010, and then the Appellate Court rejected District 227's appeal in a December, 2011 decision. A copy of the Appellate Court decision is submitted herewith.

Southland's Students

Pursuant to its charter, Southland College Prep was authorized to enroll a maximum of 500 students who must live within the boundaries of the Rich High School District. In Southland's first year of operation in the 2010-2011 school year, a ninth grade class of 125 students was admitted as Southland's inaugural student body. Each year thereafter, Southland has enrolled a new ninth grade class, until the current school year (2013-2014) when Southland has achieved full enrollment of approximately 500 students in Grades 9 through 12. In May, 2014, Southland will hold its first graduation.

Each year, because there are more students applying for enrollment than there is available space at Southland, a lottery is held in order to determine which students will be admitted, as required by the Illinois Charter Schools Law. In Southland's most recent lottery held in March, 2013, there were 231 student applicants for 149 spaces available at Southland.

Demographic information regarding Southland's students is reflective of the communities in which the students live. Currently, 95% of Southland's students are African American, 1% are Hispanic, less than 1% are Asian, 1% are White, and 2% are identified as "Other." 60% of Southland's students are economically disadvantaged as measured by the federal school lunch program. 9.5% of Southland's students receive special education services.

Southland's Record of Achievement

Objective evidence establishes that Southland students are out-performing their peers in the Rich High School District schools. In the 2012-2013 school year (the first year in which Southland had Eleventh Grade students who take the PSAT), Southland's student scores far exceeded those of students at the Rich High School District schools. For example, in the area of Reading performance on the PSAT, 57 % of Southland's students met or exceeded State standards, an achievement score 24 points higher than the 33% earned at District 227 schools. 37% of Southland Students met or exceeded State standards for Math, 11 points higher than the 26% earned in District 227. Southland student's composite performance in Reading and Math on the PSAT was 47%, 18 points higher than the 29% achieved in District 227. Articles discussing Southland's initial PSAT scores, as published in the *SouthtownStar*, the local newspaper that serves the communities where Southland students live, are submitted with this report.

In the area of student attendance, Southland is also surpassing the results achieved in the Rich High School District. In the 2012-2013 school year, Southland's student attendance was 96.5%, compared to 86.3% in District 227.

Southland is also achieving its goals of ensuring that all Southland students will be admitted to the colleges of their choice **and** will have the financial resources to make this college attendance a reality. As of today's date, more than 50% of Southland's current (and first ever) Senior Class have been admitted to college, with more than \$1,000,000.00 in scholarships awarded to these Southland students (including a \$250,000.00 full scholarship to the Ivy League's Columbia University and a \$250,000.00 full scholarship to Vanderbilt University).

Southland's Budget and Facility

Southland has operated with balanced budgets each year since opening in 2010. In order to dedicate the maximum possible resources to student programs, District 162 administrators provide their services to Southland without compensation. Clearly, such a model would be difficult to replicate at other Illinois charter schools.

In addition, Southland operates in a state-of-the-art high school facility made possible by District 162's support. Specifically, because it receives no capital funding and has no history that would facilitate long-term borrowing, Southland lacks the ability to obtain a high school facility independently. Because District 162's leadership determined that Southland College Prep was needed to serve the needs of area high school students, District 162 purchased and renovated a building that is now utilized as District 162's administrative headquarters and as the Southland School, with Southland paying rent for the portion of the building it uses. Pursuant to this arrangement, District 162's administrators are available, on site at Southland, to manage Southland on a day-to-day basis. Again, this model may be difficult to replicate for other Illinois charter schools, but it works at Southland.

Funding for Southland College Prep

In granting the charter creating Southland College Prep and in the judicial review of ISBE's decision to grant this charter, which was demanded by the Rich High School District, ISBE, the Circuit Court of Cook County and the Appellate Court of Illinois all concluded that both Southland and the Rich High School District would remain financially solvent after Southland was funded as a charter school, as required by the governing Illinois Charter School Law.

First, on May 18, 2010, Dr. Christopher Koch, ISBE's Superintendent, issued a recommendation ultimately adopted by ISBE's full Board, finding that Southland should be granted a charter allowing enrollment of 500 high school students who live within District 227's boundaries, including the following analysis:

Given a 500 student enrollment cap, the State Superintendent and ISBE staff believes that the [Southland Charter] proposal leaves the charter school and the [Rich High School] District financially secure and solvent and able to withstand the charter establishment:

- The District maintains positive fund balances in its major operating funds and according to its FY10 budget the District will have a combined fund balance in the major operating funds of \$26.5 million and a working cash balance of \$3.3 million as of June 30, 2010;
- No short term debt has been issued by the District;
- The District's large fund balance provides a buffer for the District; and
- Once students migrate [to Southland], the District will adjust its staffing and expenditure levels to reflect the reduced number of students it serves in order to mitigate the financial impact of a decrease in the number of students.

May 18, 2010 Recommendation of ISBE Superintendent Dr. Christopher Koch.

Similarly, in its decision upholding ISBE's grant of Southland's charter, the Circuit Court of Cook County stated in relevant part:

The Court finds that ISBE's decision that Southland's charter proposal complies with the Charter Schools Law and is in the best interest of District 227 students was not clearly erroneous. A review of the record does not leave the Court with a definite and firm conviction that a mistake has been committed. The record contains evidence to support ISBE's determination that the proposal will leave the charter school and District 227 financially secure and solvent, as well as evidence regarding the proposal's compliance with the additional requirements set forth in section 27A-7(a) of the Charter Schools Law.

Order entered by Judge Stewart Palmer in the Circuit Court decision upholding Southland's charter at page 2.

Finally, regarding funding of Southland and the impact of this funding on the Rich High School District, in again upholding Southland's charter, the Illinois Appellate Court Stated:

Contrary to District 227's claim, the manifest weight of the evidence presented to the ISBE, however, does not show that reallocation of funding for the establishment of the [Southland] charter school and its continued existence over a five-year period would financially imperil the entire school district.

Based on the record before us, we cannot say the ISBE's findings of fact underpinning its decision that Southland's proposal complied with the economic soundness requirement of section 27A-7(a)(9) were against the manifest weight of the evidence. Even if our review of the economic soundness of the proposal is subject to the clearly erroneous standard, the ISBE decision passes under that standard as well. We are not left with the definite and firm conviction that the ISBE made a mistake in concluding the establishment of the [Southland] charter school was economically sound for both Southland and District 227.

Board of Education of Rich Township High School District 227 v. Illinois State Board of Education and Southland College Prep Charter High School, 965 N.E.2d 13, 358 Ill. Dec. 285 (Ill. App. Ct. 2011) (copy attached).

Thus, contrary to the position advocated by one school district that addressed the Task Force, both ISBE and the Illinois Courts have found that the current Illinois law providing charter school funding is sound. These prior decisions recognize the fundamental fairness of the current statutory system in which State funding follows students to whatever public school educates the students, whether the school is a traditional public school or a charter public school. Moreover, the presentation of the school district opposing current charter school funding law failed to recognize that the vast majority of funding for traditional public schools comes from local property taxes, not any funding provided by the State of Illinois. In contrast, Illinois charter schools are not taxing bodies and receive no local property tax revenues, and therefore must rely almost exclusively upon State funds as their sole source of public

revenue. The above-quoted decisions of ISBE, the Circuit Court of Cook County and the Illinois Appellate Court appear to embrace the fundamental, common sense conclusion that school districts cannot legitimately refuse to reduce expenditures in the face of declining student enrollment, whether such declines are the result of student migration to a charter school or any other reason.

Finally, the school district that stated its opposition to the current statutory system of funding Illinois charter schools was silent regarding the fact that not a single dollar is re-allocated from a school district to a charter school unless a parent exercises his/her choice to enroll a student in the charter school. If there is no migration of students to charter schools, there is also no migration of funding to charter schools. In this regard, the current funding system seems to make perfect sense.²

Respectfully submitted,

Southland College Prep Charter High School



By: Dr. Blondean Y. Davis
Its Chief Executive Officer

² In contrast, the logic of the legislative proposal of the dissenting school district that appeared before the Task Force is unclear. Most important, the school district did not identify any source of funds that would cover the cost of its proposal that Illinois charter schools should be funded directly by the State of Illinois, without re-allocating state aide so that it follows students to whatever public school they attend, whether the schools are traditional public schools or charter public schools. In addition, if the dissenting school district's proposal became law, there appears to be no incentive for a school district to authorize a charter school, regardless of how important the charter school might be in order to meet the needs of students within the school district; rather, in order to maximize revenues, school districts should always reject charter school proposals, allow the charter schools to appeal these denials, and then reap the benefit of direct funding from the State of Illinois for any charter school ultimately authorized by the Illinois State Charter School Commission to serve district students.



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December 15, 2013
via email

Subject: ***Prairie Crossing Charter School Support of Southland College Prep Recommendation to the Illinois Charter Funding Task Force***

Dear Ms. Nowaczewski,

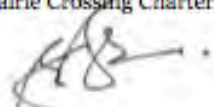
Prairie Crossing Charter School is in full support of Southland College Prep Charter High School's recommendation to the Illinois Charter Funding Task Force.

Specifically PCCS fully supports the following statements:

- *"...that Illinois law must provide that Illinois charter schools will receive funding in the amount of no less than one hundred percent (100%) of the per capita tuition cost ("PCTC") spent to educate students in the school district where the charter school is located, with this funding being provided via the re-allocation of State aid from the school district to the charter school.*
- *"Charter schools should not be required to educate students with funding at a lower level than the PCTC available in the traditional school district, where the charter school is located."*
- *"Illinois charter schools ...continue to be funded at lower levels than their traditional public school counterparts."*
- *"Capital funding is extremely important for charter schools"*
- *"[Charter schools] seek the minimum funding (100%) that... is necessary for Illinois charter schools to continue to provide a viable education option for Illinois students."*

These statements are consistent with PCCS's presentation to the Task Force and continue to be PCCS position and recommendations on the issues.

Sincerely,
Prairie Crossing Charter School


Geoff Deigan
Executive Director

Prairie Crossing Charter School is a public school that transforms our children through academic discovery and interaction with our unique natural, ecological, and community resources.

1531 Jones Point Road
Grayslake, IL 60030-3536

847-543-9723 Phone
847-543-9744 Fax

Visit us at prairiecrossingcharterschool.org

APPENDIX R

District Recommendation for Commission Authorized Charter School Funding *Presented on December 9, 2013*



WOODLAND SCHOOL DISTRICT 50

WOODLAND COMMUNITY CONSOLIDATED SCHOOL DISTRICT 50 SUPPLEMENTAL REPORT TO THE ILLINOIS CHARTER FUNDING TASK FORCE

Purpose of Report

The Illinois Charter Funding Task Force was created by House Joint Resolution 36 to, in part, “review the effects of State-authorized charter schools on the students served by the charter, the students in the home school district, and the home school district’s budget”.

Woodland Community Consolidated School District 50 (“Woodland”) is a home school district for one of four “State-authorized charter schools” in Illinois – Prairie Crossing Charter School (PCCS). Woodland was the first school district in Illinois to have a charter school authorized over its board of education’s objection. For 10 years, PCCS was the only State-authorized charter school in Illinois until Southland Charter Prep was opened in 2009-2010.

On November 18, 2013, the Task Force received an introductory letter from Woodland Associate Superintendent Bob Leonard, which urged the Task Force to shift the source of funding from a charter’s home school district(s) to the State/ISBE. At that same meeting, the Task Force kindly permitted Woodland a 5-minute presentation, which was delivered by Woodland attorney, James Petrunger.¹ Woodland’s presentation followed a 20-minute presentation by two State-authorized charter schools, including PCCS. To Woodland’s knowledge, no other “home school district” has been invited to present to the Task Force.

Woodland’s presentation spurred questions and debate amongst members of the committee. Sensing interest from the Task Force to learn more about the flaws and inequities in the current funding structure for State-authorized charter schools, Woodland respectfully presents this supplemental report and welcomes any request of the Task Force to further present at one of the four remaining scheduled meetings.

✓ Fair funding for all Illinois students

1. Who is Woodland?

Woodland is a K-8 community consolidated school district that serves approximately 6,500 students at four grade center-based buildings: (1) early childhood/Kindergarten; (2) Elementary (1st-3rd); (3) Intermediate School (4th-5th); and (4) Middle School (7th-8th). Woodland educates students from across 33 square miles from the communities of Gages Lake and Wildwood and parts of Gurnee, Grayslake, Park City, Third Lake, Old Mill Creek, Wadsworth, Lake Villa, Waukegan and Libertyville.

¹ Woodland was not invited to present, but rather sought out that opportunity from the Task Force.

2. How many Woodland students attend PCCS?

Approximately 321 Woodland students attend Prairie Crossing Charter School.

Source: Woodland Annual Financial Report, Year Ended June 30, 2013 (pp. 69-70).

3. How does PCCS receive funding for those 321 students?

Pursuant to the *Charter Schools Law*, 105 ILCS 5/27A-9, when a Woodland student enrolls at PCCS, an equivalent amount of Woodland's per capita tuition cost (PCTC) is subtracted from any state funding owed to Woodland and sent to PCCS. Particularly, the PCTC sent to the State-authorized charter school has always been subtracted by ISBE from the general state aid (GSA) owed to the home school district.

PCTC: The amount a local school district charges as tuition to nonresident students as defined by Sections 18-03 and 10-20.12a of the School Code. The per capita tuition charge is determined by totaling all expenses of a school district in its Educational, Operations and Maintenance, Debt Service, Transportation, Municipal Retirement / Social Security, and Tort Funds for the preceding school year less expenditures not applicable to the regular K-12 program (such as adult education and summer school), less offsetting revenues from state sources, except those from the Common School Fund, less offsetting revenues from federal sources except those from federal Impact Aid, less revenues from student and community services, plus a depreciation allowance and dividing this amount by the nine-month (average daily attendance) for the year.

Source: <http://www.isbe.net/Finance/PerCapitaTuition.htm>

4. Isn't it fair that State-chartered schools are funded with GSA money that would otherwise fund the local school district?

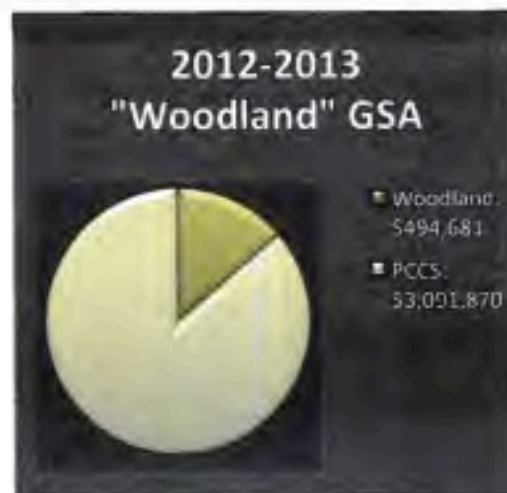
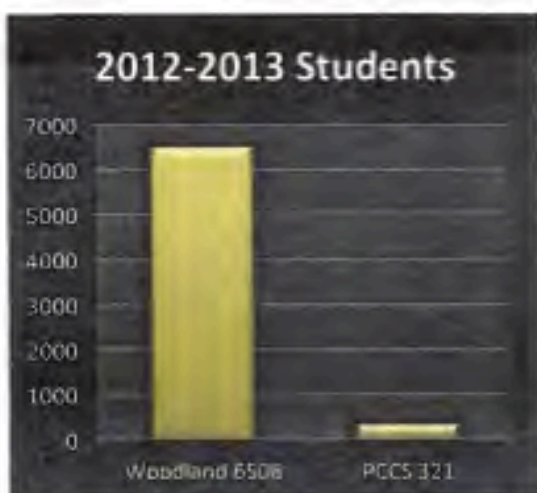
✓ Fair funding for all Illinois students

The purpose of GSA is to ensure that all students in Illinois have access to educational services valued at least at a basic "foundation level". The foundation level is set by statute and has been in place since 1997. The foundation formula allocates state funds (*i.e.*, GSA) to districts inversely proportionate to the districts' ability to raise funds from local property taxes.² This concept is intended to ensure that students receive equity in school funding – at least up to the foundation level – whether they live in prosperous communities or the more economically challenged communities. The whole purpose of GSA, therefore, is equity in funding.

Sources: School Code, 105 ILCS 5/18-8.05, http://www.isbe.net/funding/gsa/gsa_overview.pdf

Under the current funding model, 6,508 Woodland students are punished because they happen to have a State-chartered school in their district. When a disproportionate amount of state funds is diverted from a local public school to a state chartered school, the funding equity of GSA leaves with those students as well.

² The foundation level for 2013-14: \$6,119



The effect of the funding formula for State-chartered schools and the local school district is indefensible. In creating such charters, the Legislature did not provide a new source of funding for the State-authorized charter school. It chose instead to strip that funding away from the local school district. In 2012-2013, Woodland was apportioned \$551 per student in GSA. After ISBE gave PCCS its share of Woodland's GSA, Woodland received only \$79 for each of its students. And since GSA covers only \$551 of the \$9,620 Woodland PCTC, that means that \$9,069 of local and federal taxpayer dollars subsidize the education of every PCCS student.

Woodland is not alone in being short-changed under the current funding model.

General State Aid - Combined loss of \$48.6 million as of 2013						
Annual Loss	Local District		State Charter		Local District	
	Local District	State Charter	Local District	State Charter	Local District	State Charter
Average Number of Students (ADA)	6647	321	2291	78	3690	375
Loss Of State Funds	Woodland District #50		Fremont #79		Rich Township #227	
FY13 School Year	Annual Loss	Total (Since 2000)	Annual Loss	Total (Since 2000)	Annual Loss	Total (Since 2000)
Gross GSA Entitlement	\$3,588,552	\$50,877,904	\$819,894	\$8,311,661	\$10,711,769	\$57,327,954
GSA withheld by State (ISBE)	\$3,073,590	\$27,389,512	\$682,528	\$5,887,642	\$5,313,041	\$15,614,384
*GSA received by Local School	\$512,962	\$23,488,392	\$137,366	\$2,624,019	\$5,398,728	\$41,713,570

*Includes Transitional Charter School Impact Aid

5. Doesn't it make sense that the money follows the student since the home school district will decrease costs by not educating the student?

The reduction of students does not equate to a dollar for dollar decrease in district expenses. The loss of 320 students spread across 9 grades results in no material savings to Woodland. The loss of 320 students is approximately 5% of the total Woodland student population, but the "savings" encountered from a loss of 5% of the student population do not equate to a 5% reduction in operating expenses. For a district that educates 6,500 students at three grade-centered buildings, the economies of scale for overhead costs are great. The loss of 5% of the student population does not result in a 5% decrease to fixed operating costs like utilities, janitorial services, support staff, transportation or debt service...not even close.

Nor does an increase in students to a public school necessarily equate to an increase in revenues. The only State revenue that remotely varies based on the number of students enrolled in a public school is General State Aid. This amounts to approximately \$551 per student.

Expenditure reductions that would support the loss of \$9,620 per student (\$3.0 million per year) to a state charter school are simply not possible. For example, Woodland had 250 sections of K-8 regular education homerooms in 2013. Even if all 321 of PCCS K-8 students returned to Woodland that would mean an increase of 1.3 students per classroom.

Our district could not justify hiring or firing teaching staff due to a class sizes change of 1.3 students per classroom, and our overhead costs for administration and facilities would remain the same.

✓ Fair funding for all Illinois students

6. Some believe that Charter schools do not have a negative financial effect on the local districts that fund them.

Leading financial analysts and school funding experts do not agree with that notion.

A recent report from Moody's Investor Service³ states that "The dramatic rise in charter school enrollments over the past decade is likely to create negative credit pressure on school districts in economically weak urban areas. Charter schools tend to proliferate in areas where school districts already show a degree of underlying economic and demographic stress, says Moody's in the report "Charter Schools Pose Growing Risks for Urban Public Schools".

The Vallas Group, a consulting firm headed by Paul Vallas, also acknowledges the financial drain that charter schools place on public schools. In a story on November 25, 2013, the Chicago Sun-Times reported, "Vallas, a longtime backer of charter schools, also singled out the financial drain caused by the lone charter school in District #187 but didn't offer strategies in the report to address what he said "inequitably amounts to a heavy subsidy at the expense of the rest of the district".

³ Moody's Investor Service - Global Credit Research: Charter schools pose greatest credit challenge to school districts in economically weak urban areas. (Oct 15, 2013)

The fundamental flaw in the funding of State-authorized charter schools is extraordinarily simple: You cannot open a brand new school district and educate the same number of students with the same amount of funding. Opening a new school building requires increasing administrative, instructional and support staff costs along with facility operational costs.

Interestingly enough, this model is the precise opposite of the consolidation argument championed by the State, which seeks to maximize economies of scale by decreasing duplicative overhead expenses. Instead of decreasing overhead cost, the current system expands those costs.

✓ Fair funding for all Illinois students

- 7. If the existing funding model is statistically unfair, isn't it at least somewhat justified given that charter schools are tasked with a particular focus on educating low-income and other at-risk students?**

Only if fairness doesn't require legal or practical safeguards to ensure the students meant to be educated by charter schools are in fact being educated by charter schools. In the *Charter Schools Law*, the Legislature was abundantly clear when it announced that one of the main purposes of charter schools is to "increase learning opportunities for all pupils, with special emphasis on expanded learning experiences for at-risk pupils..." (105 ILCS 5/27A-2(b)). Yet PCCS does not even place an adequate emphasis on educating at-risk students, much less a "special emphasis". Its record of educating minority and low-income students compared to Woodland speaks for itself:

2012-2013 Enrollment

	White	Black	Hispanic	Asian	Low-Income	Limited Eng. Proficient
Woodland	49.3%	7.1	26.6	11.9	30.2	12.8
PCCS	78.7	2.8	0.5	16.4	1.8	0.3

Source: ISBE 2013 School Report Cards

- 8. It has been almost 15 years since PCCS was chartered by ISBE and District 50 appears to be doing just fine. Isn't that proof that the current system works?**

A system designed to provide educational choice should establish a fair and natural market for competition, not one which imposes economic sanctions on the home school district by irrationally requiring it to fund the charter school. Even if one assumes that a charter school is necessary or appropriate for Woodland students, it is illogical to strip away 86% of Woodland's GSA to achieve that goal.

Unlike a State Charter School, Woodland's doors are open to *all* who reside in its district. There is no lottery to enter and no maximum class size that once achieved closes the school doors to students. Accordingly, Woodland's obligation to its community and its taxpayers over the last 15 years has been to manage its expenditures in a manner to support its educational programs. This has not come without cost.

Woodland taxpayers are impacted directly by this loss of revenue.

The loss of over \$27 million to PCCS, required the District to seek an operational tax rate increase (1999) shortly after the Charter took hold, and most recently a Working Cash bond (2011) to help support operational expenses and fund cash flow shortages due to delays and reductions in State funding.

Cost reduction actions implemented by the Board have included reducing over 70 staff members, freezing salaries for teachers and administration, delaying technology upgrades and curriculum purchases, and delaying facility needs in order to live within a budget that is \$3.0 Million less than the State GSA formula says Woodland should receive.

One of the largest academic impacts of this lost revenue is the limited access to support for the over 30% of Woodland students living in poverty. Woodland desires to have after school tutoring and academic support at our upper grades. Research supports additional time as an effective intervention for students from low-income homes. With the loss of funds to PCCS, Woodland cannot feasibly offer evening transportation home so its neediest students could receive the added support they really need.

Technology has been one of the hardest hit areas at Woodland. Many districts have begun one-to-one initiatives. By providing a computer or tablet for every student, the student is able to have a level playing field with more affluent students where computers at home are common. Woodland cannot afford to participate in this contemporary form of education.

Woodland has also delayed new textbook adoptions for many years. This has resulted in several of our textbooks being over a decade old. This contrasts to neighboring districts where students have current textbooks that they can also access electronically at home. To further add to the technology disparity between districts, over time we have had to eliminate four technology integration teaching positions for fiscal reasons. These teachers helped classroom teachers integrate technology into instruction which is so important in this technology rich world our students will graduate into.

Future school districts who receive State-chartered schools over the objection of the board of education will also be in the unenviable position of having to reduce services to their own students in order to absorb the loss of State diverted revenues to the charter school.

✓ Fair funding for all Illinois students

9. Doesn't the impact aid required by the Charter Schools Law allow the District to adjust and offset any loss?

Illinois is not currently funding *any* impact aid.⁴

⁴ Source: National Alliance for Public Charter Schools (Todd Ziebarth), A National Perspective on Public Charter School Funding Policy – Follow Up Issues, Nov. 18, 2013.

Woodland received impact aid in 2000, but Rich Township 227 (chartered in 2009) and the two newest State-authorized charter schools did not. In any case, the impact aid required by the Charter Schools Law is minuscule. Woodland received \$787,488 in Transitional Impact Aid between 2000 and 2003, but has lost \$27,389,512 in General State Aid to PCCS. When the impact aid runs out, the fixed costs of running the school district remain, and without their fair share of GSA, the students of Woodland literally pay 100% of the price.

✓ **Fair funding for all Illinois students**

10. Doesn't creating school choice and giving parents options justify the current funding system?

An educational model founded on choice should be premised on funding equity. It should not be punitive in nature. What legitimate "choice" exists in a system where funding inequities impose an unfair economic restraint on the home school district? Woodland loses over \$3.0 million dollars a year to PCCS. Advancing the school choice options for 321 students at the expense of 6,508 students is simply not justifiable. Providing public dollars to one school district at the expense of another is not a solution to fund State Charter Schools.

✓ **Fair funding for all Illinois students**

11. When GSA is pro-rated to the home school district because of insufficient State funds, it is prorated to the State-authorized charter school, right?

No, the local district bears the full weight of the proration. The full proration is taken from Woodland's General State Aid claim, and then the Charter School dollars are diverted. Woodland receives the few dollars that remain.

✓ **Fair funding for all Illinois students**

12. What is the proposed solution suggested by District 50?

Other schools are funded by the State (Example: ROE Schools or the Illinois Math & Science Academy). The State must share the responsibility to support the new school (LEA) it created over the objections of locally elected officials and without referendum. We propose a very simple solution that shares the funding responsibilities between the State and Local school district.

The State dollars per student received by the local school should follow the student to the State Chartered School, and the State should bear the financial responsibility as the chartering entity to fund the balance of the tuition cost.

✓ **Fair funding for all Illinois students**

13. There are only four State-chartered schools. Why should others support this approach?

Widely thought to be an issue only for Chicago, the future of charter schools will very much involve suburban and other non-CPS school districts. In the last year, the Charter Commission has heard appeals involving, among others, separate multi-district charter proposals for 11 south-suburban Cook County school districts and 18 school districts in DuPage and Kane counties. Recognizing the threat of State-authorized charter schools to school districts, Illinois Association of School Board (IASB) members authorized a resolution supporting a change to the way state chartered schools are funded. This was first introduced to State legislators in spring of 2013 as HB2660, and its intent has been reaffirmed by IASB's resolution committee representing 862 Public School Districts in November 2013.

It's the fair approach to funding State-authorized charter schools.

✓ Fair funding for all Illinois students



Dr. Mark Vondracek
Board President
Woodland School District #50



Dr. Joy A. Swoboda
Superintendent of Schools
Woodland School District #50



Mr. Robert Leonard
Associate Superintendent
Woodland School District #50

Appendix S

Illinois Facilities Fund Recommendation *Presented on January 13, 2014*

One North LaSalle Street
Suite 700
Chicago, Illinois 60602
312 629 0060

202 East Market Street
The Platform
Indianapolis, Indiana 46204
317 454 8530

911 Washington Avenue
Suite 203
St. Louis, Missouri 63101
314 588 8840

215 North Water Street
Suite 225
Milwaukee, Wisconsin 53202
414 563 1100



December 26, 2013

Dear Jeanne:

IFF is honored to be given the opportunity to comment on the Facilities Access & Funding sections of the draft Illinois Charter School Funding Task Force Report. While these sections may not be long in text, the stakes are high in importance. It should be self-evident that equalizing access to quality charter schools is wholly dependent on equalizing access to quality facilities –and to the funding and resources needed to create them.

One of the biggest challenges for charter schools is obtaining adequate school facilities. Though they are public schools, charter schools often lack access to school district buildings. The lack of a property tax base with which to guarantee the public charter school's repayment of debt is often exacerbated by lower per-pupil funding compared to district schools, a well-documented problem in Illinois.

A National Alliance for Public Charter Schools study rightly complains that the “lack of a dedicated facilities funding stream not only requires charter schools to spend operating dollars on building needs, it also creates a disincentive for potential lenders to participate in the facilities market.” It is, in fact, estimated that only one in 10 charter schools has ever obtained private bond financing for their facilities.

We wholeheartedly concur with the Task Force Report's statements that “students in charter schools should have access to the same resources as their district counterparts, on every front: there is no rational basis to not include facilities support,” and that “access to facilities is [the] greatest driver of inequitable funding between district and charter schools.” The National Alliance for Public Charter Schools makes similar points: “Illinois's law needs significant work in several areas, most significantly by ensuring equitable operational funding and equitable access to capital funding and facilities.”

To ensure that charter schools do have such equitable access to capital funding and facilities, IFF thus strongly supports the Task Force's proposals for amending state law to provide facilities support for charter schools.

There is ample rationale for adoption of *all* three of the outlined proposals: direct funding support from the state, allowing charters to borrow funds for facilities costs at discounted rates, and equal access to district surplus building. Certainly, all of these proposed amendments could be made complementary of one another, allowing their simultaneous adoption. This is an action that we prefer, as the need justifies it. But IFF recognizes that this may not be politically or fiscally feasible. Nonetheless, as state charter schools are clearly hindered by the state's current disparities in facilities' access and funding support, the adoption of just one of the proposed amendments would likely provide important new benefits to these schools.

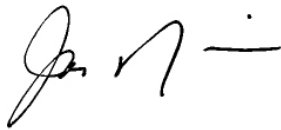
The Task Force Report notes the expression of concerns about these proposed changes. It is stated that the law “should include language about accountability and transparency of financial dealings of charter schools including real estate transactions.” IFF has long urged strong accountability and transparency in all aspects of charter school operations, viewing such standards as critical to the fostering of quality charter schools.

Another concern addresses the obvious: there are not currently funds in the state budget for additional facilities support for charter schools. However, the additional monies to support charter school facilities are likely to be very modest relative to other state educational programs. Moreover, while the budget costs will likely be comparatively small, the opportunity costs for not supporting charter schools in this critical area could be quite high – for charter schools are providing enhanced education opportunities to our state’s most disadvantaged children that would otherwise not exist.

A comprehensive 2013 assessment of Illinois charter schools by the Stanford Center for Research on Education (CREDO) reported “greater learning gains in both reading and math for elementary charter school students across the state compared to their counterparts in traditional public schools.” The study also found that, on average, Illinois “charter school students in the study experienced two weeks more growth in reading and a month more growth in math compared to their traditional public school counterparts.”

Illinois is not facing an either-or choice in education – district schools or charter schools. Above all things, we should seek quality schools – good schools for all Illinois children. We support charter schools precisely because we desire quality traditional public schools. IFF believes that the positive attributes that are defining and driving charter schools are not only essential to their success, but also to the long-term success of traditional public schools.

Sincerely,



Joe Neri
CEO
IFF

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APPENDIX T

House Joint Resolution 36

2	WHEREAS, The Budgeting for Results Commission has stated
3	goals of increasing postsecondary graduation among Illinoisans
4	to 60% by 2025 and minimizing achievement gaps between
5	different types of students; and
6	WHEREAS, In its legislative declaration, the Charter
7	Schools Law states that the purpose for charter schools in this
8	State is to improve pupil learning; increase learning
9	opportunities for all children, with special emphasis on
10	expanding options for at-risk pupils; encourage innovation,
11	parental engagement, community involvement, and expanded
12	public school options; create new professional opportunities
13	for teachers; and hold charter schools accountable; and
14	WHEREAS, Charter schools serve 13% of Chicago's student
15	population and a growing number of students in downstate and
16	suburban communities; 91% of the students enrolled in charter
17	schools across this State come from low-income families and 95%
18	are minorities, making charter schools a key component to help
19	close the achievement gaps that persist; and
20	WHEREAS, The 2 fundamental pillars of charter schools are
21	autonomy and accountability, each of which must be enforced
22	through high-quality authorizing; therefore, be it

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1	RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE
2	NINETY-EIGHTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE
3	SENATE CONCURRING HEREIN, that a Task Force on Charter School
4	Funding be created to examine charter school funding issues,
5	including the following:
6	(1) to compile a comparative analysis of charter school
7	funding practices across the United States;
8	(2) to examine the current funding provisions in the
9	Charter Schools Law for the purpose of ensuring funding
10	equity, specifically the provision allowing school
11	districts to provide charter schools funding in the range
12	of 75% to 125% of the district's per capita tuition charge;
13	and
14	(3) to review the effects of State-authorized charter
15	schools on the students served by the charter, the students
16	in the home school district, and the home school district's
17	budget; and be it further
18	RESOLVED, That the Task Force shall consist of the
19	following members, who shall serve without compensation:
20	(1) one member appointed by the President of the
21	Senate;
22	(2) one member appointed by the Minority Leader of the
23	Senate;
24	(3) one member appointed by the Speaker of the House of

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Representatives;

(4) one member appointed by the Minority Leader of the House of Representatives;

(5) the State Superintendent of Education or his or her designee;

(6) the chairperson of the State Charter School Commission or his or her designee;

(7) the chief executive officer of a school district in a city having a population exceeding 500,000 or his or her designee;

(8) one member appointed by the Governor, upon recommendation of an organization representing teachers in a school district in a city having a population exceeding 500,000;

(9) one member appointed by the Governor, upon recommendation of the largest statewide organization representing teachers;

(10) one member appointed by the Governor, upon recommendation of the second-largest statewide organization representing teachers;

(11) one member appointed by the Governor, upon recommendation of a statewide organization representing charter schools in this State;

(12) one member appointed by the Governor who is familiar with virtual charter schools, upon recommendation of an organization representing downstate and suburban

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1 school boards;

2 (13) a principal of a currently operating,
3 high-performing, charter school in this State, appointed
4 by the State Superintendent of Education;

5 (14) one member appointed by the Governor, upon
6 recommendation of a statewide education-policy
7 organization that supports education-policy priorities

8 designed to provide a world-class education to all Illinois
9 youth;

10 (15) one member appointed by the Governor, upon
11 recommendation of the largest charter school in this State;

12 (16) one member appointed by the Governor who is a
13 representative of a community organization that operates
14 charter schools, upon recommendation of that community
15 organization;

16 (17) one member appointed by the Governor, upon
17 recommendation of an organization representing the
18 business community in this State;

19 (18) one member appointed by the Governor, upon
20 recommendation of an education advocacy group that
21 organizes parents and supports high-quality, public school
22 options, including high-quality, public charter schools;

23 (19) one member appointed by the Governor representing
24 a currently operating, Commission-approved charter school
25 in this State, upon recommendation of the leadership of a
26 Commission-approved charter school;

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(20) one member appointed by the Governor, upon recommendation of a statewide 501(c)3 organization that supports school choice, with a focus on innovation in education and next-generation learning models;

(21) one member appointed by the Governor, upon recommendation of a school district outside the City of Chicago that has a State-approved charter school;

(22) one member appointed by the Governor, upon recommendation of a school district outside the City of Chicago that has a locally approved charter school;

(23) one member appointed by the Governor, upon recommendation of a union representing teachers in charter schools; and

(24) one member appointed by the Governor who is a nationally recognized expert on charter schools and charter school funding issues; and be it further

RESOLVED, That the members of the Task Force shall elect a chairperson from among their membership and that the State Charter School Commission shall provide administrative support; and be it further

RESOLVED, That the members of the Task Force shall be appointed within 30 days after the adoption of this resolution and shall begin meeting no later than 30 days after the appointments are finalized; in the event that the appointments

Illinois Charter School Funding Task Force Appendix Feb. 15, 2014

1 by the Governor are not made within 30 days after the adoption
2 of this resolution, the State Superintendent of Education shall
3 make such appointments within 15 days after the appointment
4 deadline; and be it further

5 RESOLVED, That the Task Force shall issue a report making
6 recommendations on any changes to State laws with regard to
7 charter school funding on or before January 15, 2014 and that
8 the task force shall be dissolved upon issuance of this report;
9 and be it further

10 RESOLVED, That suitable copies of this resolution be
11 delivered to the Governor, the State Superintendent of
12 Education, the State Charter School Commission, and the Chief
13 Executive Officer of City of Chicago School District 299.

APPENDIX U

CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES, AMENDMENTS, AND ROLL CALL FOR EACH RECOMMENDATION

February 10, 2014

- A. Per Capita Funding Range Recommendation** The first directive to the Task Force was that it should: *“Examine the current funding provisions in the Charter Schools Law for the purpose of ensuring funding equity, specifically the provision allowing school districts to provide charter schools funding in the range of 75% to 125% of the district’s per capita tuition charge.”* (emphasis added)

Current Illinois Law: **Section 27A-11(b)** states that: *“In no event shall the funding be less than 75% or no more than 125% of the school district’s per capita student tuition multiplied by the number of students residing in the district who are enrolled in the charter school.”*

Option A1: Adopt Proposed Amendment to Narrow PCTC Range: Proposed Amendment: “In no event shall the funding be less than 97% or no more than 103% of the school district’s per capita student tuition multiplied by the number of students residing in the district who are enrolled in the charter school.

The foregoing proposed amendment to Section 27A-11(b) would establish that all authorizers shall provide all Illinois charter schools with an amount of funding much closer to 100% of the PCTC amount. To ensure access to 100% of PCTC, the range for funding is set at 97% to 103% of the district’s PCTC. 2 CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

No motion to vote on Recommendation A1.

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Option A2: Adopt Proposed Amendment for Expansion of Authorizer Fee

Current law in Illinois only provides for an authorizer fee for the Commission. The following proposed amendment would expand that authority to all authorizers, allowing them to offset the costs associated with charter school authorizing.

Proposed Recommendation:

“All authorizers in Illinois may require payment of or withhold from up to 3% of such revenue to cover the costs of charter school authorizing activities. The amount of charter funding must fall within the permissible range of PCTC *after* the withholding or deduction of any authorizer fees.”

3 CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

Proposed Amendment 1: To remove second sentence of the proposed A2 recommendation:

“The amount of charter funding must fall within the permissible range of PCTC after the withholding or deduction of any authorizer fees.”

A2 Amendment 1: Failed	
FINAL VOTE: 8 Yes 13 No 1 Abstain	
Task Force Member	Vote
Co-Chair Senator Martinez	No
Co-Chair Commissioner Williams	No
Monty Adams	Yes
Sen. Pamela Althoff	Yes
Dan Anello	No
Andrew Broy	No
Rep. Dan Burke	No
Dr. Blondean Davis	Yes
Kurt Hilgendorf	Yes
Sean Denney	Yes
Jessica Handy	No
Patrick Love	No
Jeffrey Mays	No
Kris Monn	Yes
Ginger Ostro	Yes
Jen Saba	Abstain
Kathy Shaevel	Yes
Rep. Joseph Sosnowski	No
Robin Steans	No
Matt Paprocki	No
Kenley Wade	No
Todd Ziebarth	No

Proposed Amendment 2: Change “PCTC” to “CFC”: *“...The amount of charter funding must fall within the permissible range of CFC after the withholding or deduction of any authorizer fees.”*

A2 Amendment 2: Passed
FINAL VOTE: 16 Yes 4 No 1 Abstain 1 No Vote

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Task Force Member	Vote
Co-Chair Senator Martinez	Yes
Co-Chair Commissioner Williams	Yes
Monty Adams	No
Sen. Pamela Althoff	Yes
Dan Anello	Yes
Andrew Broy	Yes
Rep. Dan Burke	Yes
Dr. Blondean Davis	Yes
Kurt Hilgendorf	No
Sean Denney	Not Present at time of Vote
Jessica Handy	Yes
Patrick Love	Yes
Jeffrey Mays	Yes
Kris Monn	Yes
Ginger Ostro	No
Jen Saba	Abstain
Kathy Shaevel	No
Rep. Joseph Sosnowski	Yes
Robin Steans	Yes
Matt Paprocki	Yes
Kenley Wade	Yes
Todd Ziebarth	Yes

Option A3: Adopt Proposed Amendment for Elementary & High School Distinctions in Unit District's PCTC Amounts

Current Illinois charter law does not provide for a distinction on the payment of the per capita tuition charge when the district is a "unit" district maintaining both elementary and secondary schools. CPS, District 299, a unit district, does make this distinction, pursuant to a formula determined by District 299, and pays its elementary charter schools a smaller per pupil amount than it pays its high school charter schools. When asked, the State Board indicated that extracting a fair number for the elementary PCTC of a unit district from a fair high school number for the same district would be a difficult analysis. Nonetheless, the Task Force heard evidence that in such cases, there may be situations where a unit district is paying a higher per capita than it should to an elementary charter school, or a lower per capita than it should for a high school charter. Accordingly, the Task Force makes the following recommendation for an amendment to the current law:

Proposed Amendment:

"In those unit districts, where a charter school is authorized by the district or a state-level authorizer, the State Board of Education shall, before certifying said contract, determine, through submission of evidence by the district of the different grade level costs, or the use the State Board's own staff or that of an independent outside auditor, a fair and equitable determination based on grade level, for said district. Alternatively, the State Board and the District may agree to use grade level formulas or weights already established in another District. The State Board shall require said the charter contract to comply with the percentage terms set forth. In order to provide the State Board with time to develop the expertise to develop this analytic tool, this portion of the law shall not become effective for any contracts other than those entered into after July 1, 2015." 4 CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

No motion to vote on Recommendation A3.

Option A4: Adopt Proposed Amendment Permitting Funding Based on Student Based Budgeting or Charter Funding Calculation The Task Force heard presentations from CPS, the state's largest charter authorizer, about its work to achieve funding equity for all of its schools through the use of Student Based Budgeting (SBB). Through the SBB calculation every student receives an equal base amount of funding and then the percentage of supplemental funds to which they are entitled based on law (i.e. IDEA, Title I dollars, and other "categoricals"). This amount would 'follow' the child in the district, regardless of whether the student chose to enroll in a district or charter school. CPS also presented an alternative to PCTC for those districts that do not use SBB. This alternative, the Charter Funding Calculation (CFC), presents a separate and deliberate methodology for calculating payment to charters that would address limitations in the current PCTC calculation.

Proposed Amendment: "The range that districts can pay charters will be narrowed to X% to X% using a new calculation called CFC. The CFC calculation changes the PCTC calculation by breaking out facilities costs and providing districts some options for breaking out special education and supplemental state aid (in addition to clarifying which line items should be in or out of the calculation). This process will require a submission to ISBE of the calculation in a standardized format. In addition, districts can opt out of the CFC process and opt into SBB process. In order for a district to enter an SBB process they will need to submit documentation of their process in a reasonable and timely manner. This process should be outlined against a prior year budget but may need to be modified based on final budget submissions. ISBE will certify whether district meets the criteria for SBB. A key policy implication is that ISBE will be responsible for determining whether charters are equitably funded. Further detail regarding the CFC and SBB calculations and processes can be found in Appendix O." 5 CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

A4 Amendment 1: Add facilities language as follows: *"Separate out the methodology for facilities from the PCTC. A default methodology and benchmark for equitable per pupil funding for facilities would be the current ISBE PCTC methodology of:*

- *Total Debt Service Expenditure less Debt Service Expenditure on Principal*
- *plus Total Depreciation Allowance*
- *divided by student ADA or enrollment (whichever aligns to the proposed payment methodology)*

Alternative methodologies should be considered and a process developed for allowing districts and charters to agree to a reasonable facilities methodology including the provision of in-kind facilities rather than reimbursement."

A4 Amendment 1: Passed	
FINAL VOTE: 21 Yes 0 No 1 Abstain	
Task Force Member	Vote
Co-Chair Senator Martinez	Yes
Co-Chair Commissioner Williams	Yes
Monty Adams	Yes
Sen. Pamela Althoff	Yes
Dan Anello	Yes
Andrew Broy	Yes
Rep. Dan Burke	Yes
Dr. Blondean Davis	Yes

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Kurt Hilgendorf	Yes
Sean Denney	Yes
Jessica Handy	Yes
Patrick Love	Yes
Jeffrey Mays	Yes
Kris Monn	Yes
Ginger Ostro	Yes
Jen Saba	Abstain
Kathy Shaevel	Yes
Rep. Joseph Sosnowski	Yes
Robin Steans	Yes
Matt Paprocki	Yes
Kenley Wade	Yes
Todd Ziebarth	Yes

A4 Amendment 2: Insert 97%-103% of CFC as proposed range in recommendation: *“The range that districts can pay charters will be narrowed to 97% to 103% using a new calculation called CFC....”*

A4 Amendment 2: Passed	
FINAL VOTE: 14 Yes 7 No 1 Abstain	
Task Force Member	Vote
Co-Chair Senator Martinez	Yes
Co-Chair Commissioner Williams	Yes
Monty Adams	No
Sen. Pamela Althoff	No
Dan Anello	Yes
Andrew Broy	Yes
Rep. Dan Burke	Yes
Dr. Blondean Davis	Yes
Kurt Hilgendorf	No
Sean Denney	No
Jessica Handy	Yes
Patrick Love	Yes
Jeffrey Mays	Yes
Kris Monn	No
Ginger Ostro	Yes
Jen Saba	Abstain
Kathy Shaevel	No
Rep. Joseph Sosnowski	Yes
Robin Steans	Yes
Matt Paprocki	Yes
Kenley Wade	No
Todd Ziebarth	Yes

Final Vote on A4 as amended

A4 Recommendation: Passed	
FINAL VOTE: 21 Yes 0 No 1 Abstain	
Task Force Member	Vote
Co-Chair Senator Martinez	Yes
Co-Chair Commissioner Williams	Yes
Monty Adams	Yes
Sen. Pamela Althoff	Yes
Dan Anello	Yes
Andrew Broy	Yes
Rep. Dan Burke	Yes
Dr. Blondean Davis	Yes
Kurt Hilgendorf	Yes
Sean Denney	Yes
Jessica Handy	Yes
Patrick Love	Yes
Jeffrey Mays	Yes
Kris Monn	Yes
Ginger Ostro	Yes
Jen Saba	Abstain
Kathy Shaevel	Yes
Rep. Joseph Sosnowski	Yes
Robin Steans	Yes
Matt Paprocki	Yes
Kenley Wade	Yes
Todd Ziebarth	Yes

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Option A5: Propose Further Study of CFC and SBB

Given the extensive work required to implement a new funding formula the Task Force recommends that the promising work around CFC and SBB be expanded through further study to ensure a successful and informed implementation.

Proposed Action: The Task force recommends that a separate study be made, to be delivered to the legislature in March 2015 as to whether the Charter Funding Calculation and Student Based Budgeting methods of charter funding are sound and will result in equitable funding for all students.

6 CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

A5 Amendment 1: Amendment would change the due date on study of the A4 Recommendation from March 2015 to three years from date effective by the Legislature.

A5 Recommendation & Amendment 1: Passed	
FINAL VOTE: 22 Yes 0 No 0 Abstain 0 No Vote	
Task Force Member	Vote
Co-Chair Senator Martinez	Yes
Co-Chair Commissioner Williams	Yes
Monty Adams	Yes
Sen. Pamela Althoff	Yes
Dan Anello	Yes
Andrew Broy	Yes
Rep. Dan Burke	Yes
Dr. Blondean Davis	Yes
Kurt Hilgendorf	Yes
Sean Denney	Yes
Jessica Handy	Yes
Patrick Love	Yes
Jeffrey Mays	Yes
Kris Monn	Yes
Ginger Ostro	Yes
Jen Saba	Yes
Kathy Shaevel	Yes
Rep. Joseph Sosnowski	Yes
Robin Steans	Yes
Matt Paprocki	Yes
Kenley Wade	Yes
Todd Ziebarth	Yes

Option A6: Maintain Status Quo Section 27A-11(b) states that: *"In no event shall the funding be less than 75% or no more than 125% of the school district's per capita student tuition multiplied by the number of students residing in the district who are enrolled in the charter school."* 7 CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

No motion to vote on Recommendation A6.

B. Facilities Access & Funding The current Illinois Charter law does not address equitable funding or access to facilities for Illinois charter schools. The Illinois law tangentially addresses access to facilities only in Section 27A where it states *“A charter school may negotiate and contract with a school district, the governing body of a State college or university or public community college, or any other public or for-profit or nonprofit private entity for: (i) the use of a school building and grounds or any other real property or facilities that the charter school desires to use or convert for use as a charter school site, (ii) the operation and maintenance thereof...”* Accordingly, the Task Force offers several proposed amendments to make the State and authorizer’s duty clear to provide equitable access to facilities for charter schools. This recommendation is based on best practices observed in other states and is in line with “Goal i.” of the Task Force: *“Compile comparative analysis of charter school funding practices across the United States,”* and “Goal ii.”, to *“ensure funding equity.”*

Option B1: Adopt Proposed Amendment for Direct Funding for Facilities

In many other states including Florida, Colorado, and the District of Columbia charter schools have access to direct funding for facilities, ensuring that charters are able to use their operational dollars to fund their educational program. The mechanism for funding varies from state to state. In some instances a per-pupil amount of funding is allocated to fund facilities costs for charter schools and in others, the states have established a state level fund in order to support charter school capital costs. See Appendix K for some examples of laws providing for such funding. In Illinois, District 299 provides its charter schools with a \$750 per pupil facilities amount for charter schools located in non-CPS facilities. With that evidence in mind, the Task Force recommends the following amendment.

Proposed Amendment:

“The State or the authorizer shall provide direct funding to charter schools for facilities. This can be done either a per-pupil or per-school based calculation that ensures equitable facilities funding across public school types or via the establishment of a capital fund at the district or state level that provides facilities funds to charter schools.” 8 CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

B1 Recommendation: Failed	
FINAL VOTE: 9 Yes 10 No 2 Abstain 1 No Vote	
Task Force Member	Vote
Co-Chair Senator Martinez	Yes
Co-Chair Commissioner Williams	Yes
Monty Adams	No
Sen. Pamela Althoff	No
Dan Anello	Abstain
Andrew Broy	Yes
Rep. Dan Burke	Yes
Dr. Blondean Davis	No
Kurt Hilgendorf	No
Sean Denney	Not present at time of vote
Jessica Handy	Yes
Patrick Love	Abstain
Jeffrey Mays	No
Kris Monn	No

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Ginger Ostro	No
Jen Saba	No
Kathy Shaevel	No
Rep. Joseph Sosnowski	Yes
Robin Steans	No
Matt Paprocki	Yes
Kenley Wade	Yes
Todd Ziebarth	Yes

Option B2: Adopt Proposed Amendment for Better Borrowing Terms for Charters Charter schools, given their size and their contract terms, often face challenges borrowing at affordable rates and are often closed out of the debt market. To help alleviate some of those challenges, some states offer credit enhancement to charter schools that allow them to borrow at more favorable rates. In California, for example, the law provides that charter schools are eligible to access tax-exempt bond financing through the state. California law also provides that the state treasurer's office offer a limited credit enhancement program. Similarly in Colorado, the law provides a mechanism for limited credit enhancement for eligible, highly rated bond transactions for charter schools by using the state's moral obligation to back up to \$400 million in debt. Colorado law provides that the Educational and Colorado Cultural Facility Authority (CECFA) may issue bonds on behalf of charter schools. The charter school debt reserve fund, backed by the moral obligation pledge of the state, enhances charter schools' ability to borrow funds from CECFA and to obtain more favorable rates. Other credit enhancement programs are also in place in Utah, DC, and Indiana, among others. Following the Task Force's charge to inform its recommendations based on best practices found in other states, the Task Force recommends an amendment to offer credit enhancement to charter schools which has been adapted from the National Alliance for Public Charter Schools' 'Model Law'.

Proposed Amendment: (a) A fund shall be created for credit enhancement for public charter schools to be administered by the State Board of Education. (b) Using the amounts described in paragraph (a), the State Board of Education shall make and disburse grants to eligible nonprofit corporations to carry out the purposes described in paragraph (c). (c) The recipient of a grant under this fund shall use the monies provided under the grant to carry out activities to assist public charter schools in:

- (i) Obtaining financing to acquire interests in real property (including by purchase, lease, or donation), including financing to cover planning, development, and other incidental costs;
 - (ii) Obtaining financing for construction of facilities or the renovation, repair, or alteration of existing property or facilities (including the purchase or replacement of fixtures and equipment), including financing to cover planning, development, and other incidental costs;
 - (iii) Enhancing the availability of loans (including mortgages) and bonds; and (iv) Obtaining lease guarantees.
- 9 CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

B2 Recommendation: Passed	
FINAL VOTE: 10 Yes 5 No 3 Abstain 4 No Vote	
Task Force Member	Vote
Co-Chair Senator Martinez	Yes
Co-Chair Commissioner Williams	Yes
Monty Adams	No
Sen. Pamela Althoff	Not present at time of vote
Dan Anello	Yes
Andrew Broy	Yes
Rep. Dan Burke	Yes
Dr. Blondean Davis	No
Kurt Hilgendorf	No
Sean Denney	Not present at time of vote
Jessica Handy	Yes
Patrick Love	Yes

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Jeffrey Mays	Yes
Kris Monn	No
Ginger Ostro	Abstain
Jen Saba	Abstain
Kathy Shaevel	No
Rep. Joseph Sosnowski	Not present at time of vote
Robin Steans	Abstain
Matt Paprocki	Yes
Kenley Wade	Not present at time of vote
Todd Ziebarth	Yes

Option B3: Adopt Proposed Amendment to Provide Charter Schools Access to Unused Facilities

In the Task Force's study of authorizer practices in other states, the Task Force identified several promising models which could be followed to help promote equity as it relates to access to facilities for charter schools. For example, in Indiana, a state with multiple authorizers, the Indiana Department of Education publishes and posts on its website a list of "unused facilities". The list includes the name and location of all unused school facilities and includes relevant information, such as square footage and maximum capacity, as well as the district where the facility is located. Charter schools then have the opportunity to access those facilities either through a \$1 per year lease or for a \$1 sale. The full language of Indiana's law regarding access to facilities can be found in Appendix K. Following the model of Indiana the Task Force presents the following amendment to provide equal access to districts' surplus buildings.

Proposed Amendment: "The State and authorizers shall seek to provide equitable access to facilities for charter schools via access to unused district or state facilities. Each district or the State Board by collecting information from each district shall annually compile, maintain and publish a database of all eligible, unused facilities and establish an annual process for charters to apply for the available facilities. Charters shall have an opportunity to access those facilities through lease or purchase. The annual process established shall include input from the relevant community before a final lease or sell decision is made." 10 CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

Amendment #1: Amendment to remove "annual" from "establish an annual process" and insert "district" to read "...and establish a district process for charters to apply...".

B3 Recommendation & Amendment 1: PASSED	
FINAL VOTE: 14 Yes 3 No 1 Abstain 4 No Vote	
Task Force Member	Vote
Co-Chair Senator Martinez	Yes
Co-Chair Commissioner Williams	Yes
Monty Adams	No
Sen. Pamela Althoff	Not present at time of vote
Dan Anello	Yes
Andrew Broy	Yes
Rep. Dan Burke	Yes
Dr. Blondean Davis	Yes
Kurt Hilgendorf	No
Sean Denney	Not present at time of vote
Jessica Handy	Yes
Patrick Love	Yes
Jeffrey Mays	Yes
Kris Monn	Yes
Ginger Ostro	Abstain
Jen Saba	Yes
Kathy Shaevel	No
Rep. Joseph Sosnowski	Not present at time of vote
Robin Steans	Yes

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Matt Paprocki	Yes
Kenley Wade	Not present at time of vote
Todd Ziebarth	Yes

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Option B4: Adopt Proposed Amendment to Lengthen the Term of Charter Renewal

The current statute Sec. 27A-9(a) states: “A charter may be renewed in incremental periods not to exceed five school years.” The Task Force heard comment that the short term of the charter renewal prevents charter schools from accessing the debt market. As such, the Task Force presents the following amendment to the law that would extend the maximum length of the charter term to give charters a better chance of securing debt for facilities financing:

Proposed Amendment

“A charter may be renewed in incremental periods not to exceed ten school years. A charter must meet all standards for academic, organizational, and financial performance set forth by the authorizer in order to be renewed for a full term of ten years.” 11 CHARTER FUNDING

TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

B4 Recommendation: PASSED	
FINAL VOTE: 12 Yes 4 No 1 Abstain 5 No Vote	
Task Force Member	Vote
Co-Chair Senator Martinez	Yes
Co-Chair Commissioner Williams	Yes
Monty Adams	No
Sen. Pamela Althoff	Not present at time of vote
Dan Anello	Yes
Andrew Broy	Yes
Rep. Dan Burke	Yes
Dr. Blondean Davis	Yes
Kurt Hilgendorf	Not present at time of vote
Sean Denney	Not present at time of vote
Jessica Handy	Yes
Patrick Love	Yes
Jeffrey Mays	Yes
Kris Monn	No
Ginger Ostro	No
Jen Saba	Abstain
Kathy Shaevel	No
Rep. Joseph Sosnowski	Not present at time of vote
Robin Steans	Yes
Matt Paprocki	Yes
Kenley Wade	Not present at time of vote
Todd Ziebarth	Yes

Option B5: Maintain Status Quo

The Task Force recommends that Illinois law remain silent on issues related to access to facilities and funding for facilities for charter schools. 12 CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

No motion to vote on Recommendation B5.

C. Commission Authorized Schools The Task Force was directed, by “Goal iii” of HJR36 to: *“Review the effects of state-authorized charter schools on the students served by the charter, the students in the home school district, and the home school district’s budget.”*

Current Illinois Law:

Section 27A-9(f) states that *“The State Board shall withhold from funds otherwise due the district the funds authorized by this Article to be paid to the charter school.”*

Section 27A-9(h) states that *“For charter schools authorized by the Commission, the State Board shall pay directly to a charter school any federal or State aid attributable to a student with a disability attending the school.”*; and

Section 27A-11(b) states that: *“In no event shall the funding be less than 75% or no more than 125% of the school district’s per capita student tuition multiplied by the number of students residing in the district who are enrolled in the charter school.”*; and

Section 27A-7.5(j) states that *“The Commission may charge a charter school that it authorizes a fee, not to exceed 3% of the revenue provided to the school, to cover the cost of undertaking the ongoing administrative responsibilities of the eligible chartering authority with respect to the school. This fee must be deposited into the State Charter School Commission Fund.”*

Section 27A-7(9) states that the charter proposal must present *“Evidence that the terms of the charter as proposed are economically sound for both the charter and the school district...”*

Option C1: Maintain Status Quo as to Funding Source The Task Force concluded that the funding of Commission-authorized schools as currently described in Illinois state law is aligned with best practices and should remain as is. If the legislature were to adopt the proposed amendment to narrow the range of PCTC funding to 97-103% or to permit funding charters through SBB or CFC, the Commission would also to be bound by that provision. Similarly, if the legislature were to adopt the proposed amendment to require unit districts to apply funding weights based on grade level or to fund schools equitably using a student-based budgeting model, the Commission would be compelled by law to adhere to those funding levels for schools approved on appeal in those districts. Finally, the present law’s provision for an administrative fee of up to 3% of general revenue received was found to be within the range of such fees permitted across the nation.

13 CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

Proposed Amendment 1: Amended to narrow range of PCTC for Commission-Authorized schools to 97%-103% of PCTC.

C1 Recommendation & Amendment 1 PASSED	
FINAL VOTE: 8 Yes 7 No 2 Abstain 5 No Vote	
Task Force Member	Vote
Co-Chair Senator Martinez	Yes
Co-Chair Commissioner Williams	Yes
Monty Adams	No
Sen. Pamela Althoff	Not present at time of vote
Dan Anello	No
Andrew Broy	Yes
Rep. Dan Burke	Yes
Dr. Blondean Davis	Yes

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Kurt Hilgendorf	Not present at time of vote
Sean Denney	Not present at time of vote
Jessica Handy	No
Patrick Love	Yes
Jeffrey Mays	Yes
Kris Monn	No
Ginger Ostro	No
Jen Saba	Abstain
Kathy Shaevel	No
Rep. Joseph Sosnowski	Not present at time of vote
Robin Steans	No
Matt Paprocki	Abstain
Kenley Wade	Not present at time of vote
Todd Ziebarth	Yes

Option C2: Adopt Proposed Amendment to Fund State Authorized Schools at the State Level

The Task Force also heard from district that has state authorized schools about the financial impact caused by the charter school in its district. In consideration of that presentation the Task Force presents for consideration an amendment calling for the “state” funding of Commission approved charter schools.

Proposed Amendment: “State dollars received per student by the local school should follow the student to the state chartered school. In addition, the state and other districts should bear the financial responsibility as the chartering entity to fund the balance of the tuition cost by removing from the General State Aid funds annually the amounts needed for state-authorized charter schools, and then distributing the remainder to all districts based on the usual funding formulas.”

14 CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

No motion to vote on Recommendation C2.

D. Fund Transition Impact Aid and Charter Revolving Loan Fund This recommendation is in line with “Goal iii.” of the Task Force: *“Review the effects of state-authorized charter schools on the students served by the charter, the students in the home school district, and the home school district’s budget.”*

Current Illinois Law: **Section 27A-11.5(1)** states that *“From a separate appropriation made to the State Board for purposes of this subdivision (1), the State Board shall make transition impact aid available to school districts that approve a new charter school or that have funds withheld by the State Board to fund a new charter school that is chartered by the State Board. The amount of the aid shall equal 90% of the per capita funding paid to the charter school during the first year of its initial charter term, 65% of the per capita funding paid to the charter school during the second year of its initial term, and 35% of the per capita funding paid to the charter school during the third year of its initial term...”*

Section 27A-11(3) establishes a revolving loan fund for charter schools in the Department of Treasury and specifies that *“These funds shall be used to pay start-up costs of acquiring educational materials and supplies, textbooks, electronic textbooks and the technological equipment necessary to gain access to and use electronic textbooks, furniture, and other equipment needed in the initial term of the charter school and for acquiring and remodeling a suitable physical plant, within the initial term of the charter school. Loans shall be limited to one loan per charter school and shall not exceed \$250 per student enrolled in the charter school. A loan shall be repaid by the end of the initial term of the charter school.”*

Transition Impact aid was first implemented in FY05. At that time, the Illinois legislature recognized that when a charter school opens, it may take some time for the host district to adjust to the transitioning of dollars it had previously controlled to the charter school. Thus, for several years, approximately \$3 million in transition aid was awarded to some districts until a decrease in revenue available to the State of Illinois caused the item to be eliminated from the Illinois Governor’s budget in FY09. The provision has remained on the books, but has not been funded since FY08.

Option D1: Fully Fund Transition Impact Aid

The Task Force recommends that the legislature full fund Transition Impact Aid according to the levels and terms set forth in the current statute (Section 27A-11.5(1))

15 CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

D1 Amendment #1: Strike Section 27A-11(3) from recommendation.

D1 Recommendation & Amendment 1 PASSED	
FINAL VOTE: 16 Yes 0 No 1 Abstain 5 No Vote	
Task Force Member	Vote
Co-Chair Senator Martinez	Yes
Co-Chair Commissioner Williams	Yes
Monty Adams	Yes
Sen. Pamela Althoff	Not present at time of vote
Dan Anello	Yes
Andrew Broy	Yes
Rep. Dan Burke	Yes
Dr. Blondean Davis	Yes
Kurt Hilgendorf	Not present at time of vote

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Sean Denney	Not present at time of vote
Jessica Handy	Yes
Patrick Love	Yes
Jeffrey Mays	Yes
Kris Monn	Yes
Ginger Ostro	Yes
Jen Saba	Abstain
Kathy Shaevel	Yes
Rep. Joseph Sosnowski	Not present at time of vote
Robin Steans	Yes
Matt Paprocki	Yes
Kenley Wade	Not present at time of vote
Todd Ziebarth	Yes

Option D2: Adopt Proposed Recommendation to Further Study Transition Impact Aid

Following feedback from Task Force members and returning to the initial intent of Transition Impact Aid, the Task Force recommends the following amendment.

Proposed Action The Task force recommends that a separate study be made, to be delivered to the legislature in March 2015 as to whether the Transition Impact Aid provision or an alternative provision might best assist districts in granting meritorious charter school proposals, and adjusting to the transition of educational funds to said schools. 16 CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

No motion to vote on Recommendation D2.

Option D3: Maintain Status Quo

Under this option the Transition Impact Aid provision will remain a part of the charter law but the provision will not be funded at this time. 17 CHARTER FUNDING TASK FORCE
RECOMMENDATIONS FOR VOTING PURPOSES

No motion to vote on Recommendation D3.

E. Transparency, Predictability and Enforcement of Funding

The current Illinois Charter School Law does not address the transparency, predictability and enforcement of funding for charter schools nor does it sufficiently address the necessary transparency in charter school reporting to authorizers, although certain provisions regarding financial accounting are set forth in the Law (see Appendix D). The amendment proposed below was informed by best practices observed in other states as part of the Task Force's research. Additionally, feedback from Task Force members on relevant issues of transparency that are currently affecting charter schools and authorizers in Illinois and elsewhere led to the proposed recommendation. This recommendation would be a new section of the law and is in line with "Goal i." of the Task Force: *"Compile comparative analysis of charter school funding practices across the United States,"* and "Goal ii." to *"ensure funding equity."* 18

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Option E1: Adopt Proposed Amendments Related to Transparency of Authorizer Payment Rates

Proposed Amendments

- i. All charter contracts between the charter school and the authorizer must be executed within 120 days of the charter's approval and not more than 30 days after the start of school, whichever comes first.
- ii. All charter authorizers shall be required to include the funding percentage based on PCTC in all contracts with charter schools. The annual funding percentage must be outlined for the entire term of the charter contract, which is usually 5 years. If a district uses SBB or CFC the charter must set forth the guidelines to determine funding based on the chosen methodology (including, but not limited to, the categories of funding that comprise the funding calculation) and, in the case of CFC, the percentage of funding to be used to determine payments to the charter school.
- iii. If an authorizer does not include funding amounts which are in compliance with the charter school funding range, in the charter contracts between the authorizer and the charter school that are submitted to the State Board for certification, then the State Board of Education shall not certify those contracts until such assurances of compliance are received.

19 CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

Amendment #1 includes the following:

- Insert "will make best efforts" in section (i) between "authorizer" and "must."
- Change "after" to "before" in section (i)
- Insert "if" between "percentage" and "based" in section (ii)
- Insert "the funding percentage where applicable" in section (ii)
- Insert "included but not limited to" in section (iii)
- Insert "or shall impose sanctions such as...taking any actions authorized by law" to end of section (iii).

E1 Recommendation & Amendment 1: PASSED	
FINAL VOTE: 16 Yes 0 No 1 Abstain 5 No Vote	
Task Force Member	Vote
Co-Chair Senator Martinez	Yes
Co-Chair Commissioner Williams	Yes
Monty Adams	Yes
Sen. Pamela Althoff	Not present at time of vote
Dan Anello	Yes
Andrew Broy	Yes
Rep. Dan Burke	Not present at time of vote
Dr. Blondean Davis	Yes
Kurt Hilgendorf	Abstain
Sean Denney	Not present at time of vote
Jessica Handy	Yes
Patrick Love	Yes
Jeffrey Mays	Yes

Kris Monn	Yes
Ginger Ostro	Yes
Jen Saba	Yes
Kathy Shaevel	Yes
Rep. Joseph Sosnowski	Not present at time of vote
Robin Steans	Yes
Matt Paprocki	Yes
Kenley Wade	Not present at time of vote
Todd Ziebarth	Yes

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Option E2: Adopt Proposed Amendment Regarding EMO Contracts with Charters. Several Task Force members noted that transparency is important not just from the authorizer to the charter but also from the charter to the authorizer and the broader public, especially regarding such issues as charters which utilize Educational Management Organizations, or “EMOs”. As such, the Task Force expanded the scope of its research to include information on charter reporting and transparency by charter schools. The following proposed amendment reflects that research and is adapted from the National Alliance for Public Charter School’s ‘Model Law’. Proposed Amendment: In the case of a proposed public charter school that intends to contract with either a for-profit or non-profit education service provider for substantial educational services, management services, or both types of services, the request for proposals shall additionally require the applicants to:

- (i) Provide evidence of the education service provider’s success in serving student populations similar to the targeted population, including demonstrated academic achievement as well as successful management of non-academic school functions where applicable;
 - (ii) Provide a term sheet setting forth the proposed duration of the service contract; roles and responsibilities of the governing board, the school staff, and the service provider; scope of services and resources to be provided by the service provider; performance evaluation measures and timelines; compensation structure, including clear identification of all fees to be paid to the service provider; methods of contract oversight and enforcement; investment disclosure; and conditions for renewal and termination of the contract; and (iii) Disclose and explain any existing or potential conflicts of interest between the school governing board and proposed service provider or any affiliated business entities. (iv) If a charter school contracts with an education service provider, after it is in operation, the authorizer may require that the charter school submit a term sheet, as described above, and include additional information about the relationship as part of its annual reporting requirements for charter schools.
 - (v) Furthermore, authorizers shall require charters to submit, as part of their annual reporting, audited financial statements for any for-profit or non-profit ESPs or EMOs.
- 20 CHARTER FUNDING TASK FORCE RECOMMENDATIONS FOR VOTING PURPOSES

Amendment #1: Move “where applicable” from the end of section i and insert at the beginning of section i.

E2 Recommendation & Amendment 1 PASSED	
FINAL VOTE: 17 Yes 0 No 0 Abstain 5 No Vote	
Task Force Member	Vote
Co-Chair Senator Martinez	Yes
Co-Chair Commissioner Williams	Yes
Monty Adams	Yes
Sen. Pamela Althoff	Not present at time of vote
Dan Anello	Yes
Andrew Broy	Yes
Rep. Dan Burke	Not present at time of vote
Dr. Blondean Davis	Yes
Kurt Hilgendorf	Yes
Sean Denney	Not present at time of vote

Illinois Charter School Funding Task Force Appendix Feb. 15, 2014

Jessica Handy	Yes
Patrick Love	Yes
Jeffrey Mays	Yes
Kris Monn	Yes
Ginger Ostro	Yes
Jen Saba	Yes
Kathy Shaevel	Yes
Rep. Joseph Sosnowski	Not present at time of vote
Robin Steans	Yes
Matt Paprocki	Yes
Kenley Wade	Not present at time of vote
Todd Ziebarth	Yes

F. Virtual Schools Funding Proposed Recommendation

The Task Force limited its research and recommendations to 'brick and mortar' charter schools. However, the Task Force acknowledges that the recommendations regarding the funding of 'brick and mortar' charter schools may not be fully applicable to the funding of virtual schools. Particularly in the case of a charter school that is 100% virtual, the Task Force notes that special funding considerations may be warranted. Furthermore, as part of the moratorium on virtual schooling imposed by the State Legislature in May 2013, the State Charter School Commission was charged with conducting research on the topic and issuing a report by March 1, 2014. In support of that charge, the Commission has convened an advisory group to consider the issue. That advisory body held meetings in October and December of 2013 in January 2014. The Commission's Report will address aspects related to virtual charter schools, including their funding. As such, the Task Force proposes the following limited recommendation.

Option F1: Recommendation to Address Virtual Charter Schools Separately Virtual charter schools have unique organization and programmatic structures that require special and separate funding consideration. The recommendations contained in this report shall apply only to 'brick and mortar' charter schools. The Task Force finds that the funding of virtual charter schools in Illinois should be addressed separately by legislation following the release and consideration of the Commission's Virtual Schooling Report.

21 CHARTER FUNDING TASK
FORCE RECOMMENDATIONS FOR VOTING PURPOSES

F1 Recommendation: PASSED	
FINAL VOTE: 14 Yes 0 No 3 Abstain 5 No Vote	
Task Force Member	Vote
Co-Chair Senator Martinez	Yes
Co-Chair Commissioner Williams	Yes
Monty Adams	Abstain
Sen. Pamela Althoff	Not present at time of vote
Dan Anello	Yes
Andrew Broy	Yes
Rep. Dan Burke	Not present at time of vote
Dr. Blondean Davis	Yes
Kurt Hilgendorf	Yes
Sean Denney	Not present at time of vote
Jessica Handy	Yes
Patrick Love	Yes
Jeffrey Mays	Yes
Kris Monn	Yes
Ginger Ostro	Yes
Jen Saba	Yes
Kathy Shaevel	Abstain
Rep. Joseph Sosnowski	Not present at time of vote
Robin Steans	Yes
Matt Paprocki	Abstain

Illinois Charter School Funding Task Force Appendix Feb. 15, 2014

Kenley Wade	Not present at time of vote
Todd Ziebarth	Yes

G. Recommendation to Increase Statewide Education Funding Although the Charter School Funding Task Force was specifically tasked with examining issues related to, and offering recommendations regarding charter school funding, many of the issues raised during Task Force meetings were relevant to other public schools as well. The Task Force defers consideration of these larger issues to the committee convened by Senate Joint Resolution 32(SJR 32). SJR 32 calls for a 12 member committee to study funding for education in Illinois and to make recommendations to the legislature based on its findings by February 1, 2014. Given the parallel work of that committee, this report intentionally limits its recommendations on funding exclusively to charter schools. However, as noted earlier in this report, over the course of the Task Force meetings, several members expressed the strong belief that education funding in Illinois needs to be increased overall. Although the Task Force focused its work and recommendations on ensuring funding equity across all school types, it also notes that the current level of education funding is insufficient to meet the ambitious goals set forward by the State including the goal included in HJR 36 to increase post-secondary graduation rates to 60% by 2025. As such, the Task Force presents the following recommendation:

Option G1: Recommendation that Overall Funding for Education Should Be Increased The Task Force recommends that the legislature increase the overall level of funding to ensure success for K-12 schools in Illinois.

G1 Recommendation: Passed	
FINAL VOTE: 15 Yes 0 No 2 Abstain 5 No Vote	
Task Force Member	Vote
Co-Chair Senator Martinez	Yes
Co-Chair Commissioner Williams	Yes
Monty Adams	Yes
Sen. Pamela Althoff	Not present at time of vote
Dan Anello	Yes
Andrew Broy	Yes
Rep. Dan Burke	Not present at time of vote
Dr. Blondean Davis	Yes
Kurt Hilgendorf	Yes
Sean Denney	Not present at time of vote
Jessica Handy	Yes
Patrick Love	Yes
Jeffrey Mays	Abstain
Kris Monn	Yes
Ginger Ostro	Yes
Jen Saba	Yes
Kathy Shaevel	Yes
Rep. Joseph Sosnowski	Not present at time of vote
Robin Steans	Yes
Matt Paprocki	Abstain
Kenley Wade	Not present at time

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	of vote
Todd Ziebarth	Yes

Final Vote on the Task Force for Charter School Funding Report

Task Force Report: Passed	
FINAL VOTE: 17 Yes 0 No 0 Abstain 5 No Vote	
Task Force Member	Vote
Co-Chair Senator Martinez	Yes
Co-Chair Commissioner Williams	Yes
Monty Adams	Yes
Sen. Pamela Althoff	Not present at time of vote
Dan Anello	Yes
Andrew Broy	Yes
Rep. Dan Burke	Not present at time of vote
Dr. Blondean Davis	Yes
Kurt Hilgendorf	Yes
Sean Denney	Not present at time of vote
Jessica Handy	Yes
Patrick Love	Yes
Jeffrey Mays	Yes
Kris Monn	Yes
Ginger Ostro	Yes
Jen Saba	Yes
Kathy Shaevel	Yes
Rep. Joseph Sosnowski	Not present at time of vote
Robin Steans	Yes
Matt Paprocki	Yes
Kenley Wade	Not present at time of vote
Todd Ziebarth	Yes

APPENDIX V

MINORITY REPORT

Appendix Charter School Funding Task Force Minority Report

We would like to thank Senator Iris Martinez and Ms. DeRonda Williams, co-chairs of the Charter Funding Task Force (CFTF) for their dedication and hard work over the past several months. We would also like to thank Jeanne Nowaczewski for her organization, support and coordination to ensure that the task force moved forward throughout this process. We appreciate the opportunity to participate in the process of examining charter school funding in Illinois. However, we have significant concerns that the task force's singular goal was to increase funding for charter schools, not to determine if changing the current law was the best policy outcome for all Illinois students.

The task force voted to recommend an increase in funding for charter schools. Absent an overall increase in funding for Illinois schools, such a recommendation will result in increased funding for charters and decreased funds available for traditional public schools. The task force's recommendations are built on an assumption that charter school growth is a natural and preferred policy outcome, even though the available evidence suggests that the charter school project has had no system-wide educational benefit but has incurred significant opportunity and economic costs. The task force recommendations propose to give significantly more money to charter schools with no equivalent increase in regulatory requirements. Furthermore, such recommendations are premature in light of the simultaneous discussions on the statewide school funding formula. We request that the General Assembly consider the following issues as part of its consideration of changes to charter school funding, and we recommend that such consideration is not undertaken until larger school funding formula changes are made.

A Troubling Foundation

From the outset, the CFTF seemed focused on a pre-determined outcome rather than an open and thorough examination of the best possible options for charter school funding in Illinois. A strong majority of task force representatives are forceful charter school advocates. (See Appendix A). Absent from the discussion were from representatives from school boards, and the representative of school management groups was appointed as an expert in virtual charter schools, not in his capacity as an administrator. Consequently, the discussions were missing critical voices, especially since school boards and school administrators must implement changes in school policy considering the impact on students, staff, families and community. This pro-charter representation influenced the selection of presenters and presentations, as well as report's final recommendations.

Other than factually grounded presentations by ISBE and CPS, the information presented was largely biased towards an opinion that Illinois is underfunding its charter schools. The representative from the National Alliance for Public Charter Schools (NAPCS), their Senior Vice President for State Advocacy and Support, drove this position. The pro-charter position is especially clear in section 3 of the CFTF report, *National Perspective on Charter School Funding*. This section lays out various points of information culled from two studies: the "2010 Ball State Study" and the "2005 Fordham Report". Both of these studies were underwritten through the Walton Foundation, a noted charter school proponent. Both reports have as their thesis that there are great inequities in charter school funding.

Differing studies are available. In 2010, the National Education Policy Council published a national study on charter school funding entitled *Equal or Fair? A Study of Revenues and Expenditures in American Charter Schools* ("2010 NEPC Study"). This report, which sheds a different light on charter school funding, was not presented in the task force survey of research. Also absent from the majority

report is any mention of national school funding fairness, particularly comparisons between Illinois and other states as outlined in “Is School Funding Fair: A National Report Card.”¹ While we appreciate the task force members’ time and effort to present and answer questions, our concern is that the incomplete view of charter school funding limited the group’s ultimate recommendations.

In both the Ball State and Fordham Studies, Illinois is included in the data sets and comparisons. However, it is important to note that the NEPC study has not included Illinois, New York, or Florida in comparisons that seek to arrive at answers about funding equity. The NEPC study used as its raw data the National Public Education Financial Survey (NPEFS). According to the NEPC report, “The advantage of this dataset is that it has been audited twice, at the state and federal levels. Also, NPEFS works with states to create and label common indicators, which facilitates comparisons across states”². At that time, Illinois, New York and Florida reported only aggregated data to NPEFS, so it was impossible to break out charter schools from the district which authorizes those schools. The charter schools in these states, “...remain legally part of the public school district for reporting purposes”³. We believe the benefit of the NPEFS data is that starts from a neutral position and attempts to objectively assess data across states. Even the advocacy studies point to shortfalls in their analysis. The 2005 Fordham study notes that obtaining accurate data on charter schools finance “verges on the impossible”⁴ and that during the study, “many datasets were either unavailable or changed multiple times”⁵. The 2005 Fordham and the 2010 Ball State studies both used data that were less reliable and less comparable than the NEPC study. Additionally, the Fordham and Ball State studies utilized estimated and extrapolated data throughout their analysis. The 2010 Ball State Study’s executive summary conclusion makes the clearest statement: “Quality data was not always available”⁶.

Near the end of the task force study period, the State Charter School Commission acquired a consultant to assemble the task force report. Though it was clear the majority had concluded that charter schools in Illinois are woefully underfunded, the co-chairs were respectful and allowed other opinions to be shared around the table. The task force decided to create a draft report that would include the multiple viewpoints that could then be debated and formed into recommendations. Unfortunately, the consultant’s first draft was shockingly one sided. It was later discovered that the consultant is employed as the Interim Chief of Staff for CICS, the largest charter school operator in the state. When questioned at the meeting as to whether there were any affiliations the consultant should disclose, the consultant stated that she was a prior employee of both “CPS and a charter school” but the current employment was not disclosed. This consultant had formerly headed the CPS office of New Schools and once was director of charter schools for the state New Jersey. We are grateful for the consultant’s hard work on the task force report, but we are clear that the final results were designed for a specific outcome of increased funding for charter schools regardless of the system-wide consequences.

¹ Baker, Sciarra, and Farrie (2014). *Is School Funding Fair? A National Report Card*. Available from http://www.schoolfundingfairness.org/National_Report_Card_2014.pdf

² Miron, G. & Urschel, J.L. (2010). *Equal or fair? A study of revenues and expenditure in American charter schools*. Boulder and Tempe: Education and the Public Interest Center & Education Policy Research Unit. Retrieved [1-2014] from <http://epicpolicy.org/publication/charter-school-finance>, p. 6

³ 2010 NEPC p. 7

⁴ 2010 NEPC, p. 6

⁵ 2005 Fordham, Executive Summary, p. 4

⁶ 2010 Ball State, Executive Summary, p. 1

Restrictive definitions of equity and accountability

HJR 36 references the need to address funding equity, charter school autonomy, and charter school accountability. The definitions for these terms within the task force were extremely constrained. Consequently, the outcome of increased funding for charter schools at the expense of traditional public schools was made to appear natural and uncontroversial.

The task force applied a very narrow definition of the term “funding equity”: precisely equal funding between a student in a charter school and a traditional public school within the same district. Such a definition seems benign but has several important shortfalls. First, students in charter schools are not precisely identical to those students in traditional public schools. A striking example is the Prairie Crossing Charter School in Grayslake. The student population at Prairie Crossing is 2% low-income compared to 30% low-income at the host Woodland district. Even in districts where income level comparisons are more equivalent, such as in Chicago where the vast majority of charter schools are located, defining equity only as equal funding misses critical demographic differences like the numbers of English language learners and special education students. (See Figure 1).

Furthermore, the task force’s narrow definition of equity allowed members to evade an analysis of how other aspects of school policy impact equity. At no point did the task force majority consider addressing charter school expenses or revenues that could have resulted in their own narrow definition of classroom spending equity between charter and traditional public schools. Private fundraising for some charter schools provides significant income, and large management fees in some charter networks, up to \$600 per student, drain millions of dollars from classrooms. Also missing was a discussion of how school closures impact equity. In Chicago, students at traditional public schools are subject to a range of school actions that students at charter schools simply will not face. The Chicago Public Schools closed 50 traditional public elementary schools last spring, forcing 11,000 students and their families into chaos. No students at charter schools went through the same process. The majority also downplayed the impact of the proposed recommendations on school district finances. CPS’s implementation of the student-based budgeting model for FY2014 resulted in deep and dramatic cuts for students in traditional public schools at the same time charter school students gained significant benefits. 350,000 students in traditional public schools saw their schools slashed by \$160 million while approximately 50,000 charter students received an additional \$90 million in funding. As these examples make clear, the concept of equity cannot be limited to only an initial funding calculation.

Funding equity relates directly to charter accountability and charter autonomy. Over the last several years, traditional public schools across the state have been subject to intense additional mandates like new teacher and administrator evaluations and Common Core standards implementation, at the same time that the state has cut hundreds of millions of dollars in annual education funding. In other words, public schools have been tasked by the state to do far more with far less. Charter schools, however, are largely exempt from such requirements, meaning they have autonomy with little formal accountability. The UNO contracting scandal, lawsuits over charter school discipline policies, and major charter school expansion mere months after dozens of public schools were closed made this lack of accountability clear. We recommend that before the state makes any changes to charter school funding, charter operators must submit to significantly enhanced accountability measures as outlined below, including direct parent and community involvement and oversight.

Fig. 1 Demographic Differences District vs. Charter Schools

Chicago Charter Schools largest enrollment charter schools selected	Total Enrollment	% LOW INCOME	% ELL	% w/ DISABILITIES	% HOMELESS
CITY OF CHICAGO SD 299	395,071	85%	17%	13%	4%
ASPIRA Charter Schools	1,454	96%	21%	16%	3%
Chicago International Charter	8,793	87%	6%	14%	2%
LEARN Charter	1,888	94%	1%	9%	5%
Noble Street Charter	7,842	89%	4%	13%	3%
Perspectives Charter H.S.	2,211	91%	0%	16%	7%
UNO Academy Charter Schools	6,518	97%	37%	9%	0%
Youth Connections Charter H.S.	3,763	92%	2%	16%	13%
Non-Chicago Charter Schools					
BEARDSTOWN CUSD 15	1,479	78%	28%	18%	6%
Beardstown Charter SCH Learning Academy	36	92%	3%	25%	3%
CUSD 300	20,525	44%	12%	13%	1%
Cambridge Lakes Charter School	827	25%	4%	7%	0%
DECATUR SD 61	8,613	75%	1%	15%	1%
Roberston Charter School	376	85%	0%	7%	0%
ESL SD 189	6,392	98%	1%	13%	3%
SIU Charter School	118	100%	0%	9%	0%
Tomorrow's Builders Charter School	63	98%	0%	6%	0%
JACKSONVILLE SD 117	3,419	58%	1%	18%	4%
8 Points Charter School	96	83%	0%	21%	1%
McLEAN COUNTY USD 5	13,538	31%	3%	10%	1%
YBMC Charter School	43	67%	0%	23%	5%
NORTH CHICAGO SD 187	3,681	86%	25%	16%	0%
LEARN Charter School 6	248	71%	17%	12%	0%
RICH TWP HSD 227	3,656	76%	0%	18%	2%
Southland College Prep	370	56%	0%	9%	1%
ROCKFORD SD 205	27,249	79%	11%	14%	5%
CICS Jackson	395	50%	5%	19%	6%
Galapagos Rockford Charter School	273	90%	6%	15%	1%
Legacy Academy of Excellence	381	88%	5%	13%	4%
SPRINGFIELD SD 186	14,367	61%	1%	20%	4%
Springfield Ball Charter	377	54%	1%	16%	1%
WOODLAND CCSD 50	6,508	30%	13%	9%	1%
FREEMONT SD 79	2,213	8%	9%	14%	0%
Prairie Crossing Charter	390	2%	0%	13%	0%

All figures are taken from the 2012-2013 Illinois School Report Card. <http://www.illinoisreportcard.com/>

The SBB/CFC formula should be applicable to all charter schools

As mentioned above, House Joint Resolution 36 called for the CFTF to determine if charter schools in Illinois are equitably funded and, if not, what recommendations could be made to ensure that they are going forward. A subcommittee of the task force worked to develop recommendation A.4. This recommendation would change the basis for the per-pupil funding of charter schools from the current PCTC basis to the newly defined SBB or CFC option. The CFTF unanimously approved this recommendation. The SBB/CFC method is an improvement over PCTC. SBB/CFC avoids funding time lags and presents districts with more flexibility. We believe the report's recommended range is much too narrow, but SBB/CFC is a fairer way of allocating funds than the PCTC method.

Based upon that unanimous recommendation, the largest goal of the CFTF work was accomplished. However, the task force majority approved a different funding formula for commission authorized schools, leaving those schools to continue with the PCTC funding basis. This outcome underscores a true discrepancy and raises concerns as to the integrity and purpose of said entities at the CFTF table. If the new SBB/CFC is equitable, commission authorized schools should not need a different funding option. Such an arrangement creates potentially skewed incentives for future charter school authorization. If one funding option can be seen as favorable over the other, charter applicants could structure their applications to prefer the higher paying authorizer. The very existence of this potential dichotomy underscores the problem of a statewide charter authorizer that can override a school board's local control. We recommend that the General Assembly address these concerns.

Educational Facilities

The task force's facilities recommendations pose a potentially grave threat to school district finances and go far beyond HJR36's legislative intent. We identify two main areas of concern. First, the recommendation for charter school credit enhancement places the state at significant risk for future financial troubles and restricts the ability of all districts to have access to capital funds. Limited state capital money must be shifted toward this purpose from other priorities, especially if the source of funds is school construction money. The State has disbursed requested and approved school construction funds only through 2004, and districts across the state are waiting for further school funding. It seems like this recommendation, if adopted, would catapult charter schools to the front of the list. Furthermore, as the October 2013 Moody's report included in the appendix clearly shows, charter school finance threatens the financial health of school districts, especially those already under financial stress. Given that the overwhelming majority of charter school bonds are rated just over junk status, placing additional state funds at risk is a troubling proposition. Second, the recommendation of providing charters with access to unused facilities directly overrides a promise made by CPS officials that schools closed in the spring of 2013 would not be turned into charter schools. The largest number of available facilities is in Chicago, and the General Assembly's acceptance of the task force's facility recommendations would violate this element of local control.

Increased transparency and accountability must be a precondition for additional funding consideration

The CFTF recommends increased transparency and accountability for charter authorizers but not charter operators. Despite conversations across multiple task force meetings, only a narrow perspective of transparency and accountability made the final report. The CFTF report addresses two types of transparency: first, transparency in the contract between the authorizer and operator; and, second, contracts between the authorizer and any sub-contracting EMOs. While these two measures represent a step in the right direction, significant additional transparency and accountability is needed. We recommend that charter school accountability and transparency are significantly strengthened as a precondition to further discussions of increased funding.

It came to light during task force meetings that charter schools are allowed to begin the initial school year prior to completing a finalized signed agreement on terms. As written, the report's recommendation may lead one to believe that it is a problem merely with the authorizer when contracts are not executed in accordance with

necessary timelines. However, the charter operator is just as likely, if not more likely, to cause contract delays. It is unfair to expect a charter authorizer to control contracting when both parties have equal responsibility for that outcome. For a charter school attempting to open in its first year, contracts must be finalized prior to enrollment of students in order to protect the authorizer, the operator, and--most importantly--the students from a school that is not prepared to operate at full speed on the first day of school.

As recent news reports in Illinois and across the country have shown, absent stringent transparency and accountability measures, charter schools are prime sites for corruption. A charter operator may contract with many different providers of services, from EMOs to custodial services to marketing firms. These expenditures drive money away from the classroom and violate the public trust. Clear and consistent reporting on fees, assessments, charges, etc., that charter operators pay to contractors for or beyond direct instruction and costs of operations of the school must be available and made public and accessible through FOIA just as in any public school.

Charter expansion further drives money away from classrooms through additional layers of administration. Increased funding to charters is one way to try to alleviate the differences, but the difference cannot be summed up in lack of funding alone. Larger schools generate economies of scale that charters, most of which utilize a small-school model, simply cannot access. A charter school with 100 students should not employ the same number of administrative and support personnel as a traditional public school with 1000 students. Yet this precise disconnect is often found. The 2010 NEPC study found that charter schools spend much more money on administrative costs than traditional public schools, with for profit EMO charter schools outspending traditional public schools by 14%.⁷ This mismatch that often benefits the friends and relatives of charter operators is not unique to Illinois, but it should be addressed.

Additional transparency and accountability is extremely important when the funds dedicated for charter school students are filtered through various levels of an organization, especially if the charter holder differs from the charter operator, *e.g.*, in the case of EMO organizations. Figure 2 outlines different charter management structures. For example, a community organization might offer many services like a charter school, an adult education program, and community health services. The funding for the charter school flows from the authorizer to the charter holder, but the money is not required to go directly to the classroom. It only stands to reason that the more layers of bureaucracy the classrooms lie under, the less money that reaches the classroom. As such, the public must have access to information about the charter holder, the EMO, and when applicable, the full organization that operates the school (not just the division that calls itself the school). Transparency in this case includes full access through the open meetings act at all levels of the organization and full FOIA access.

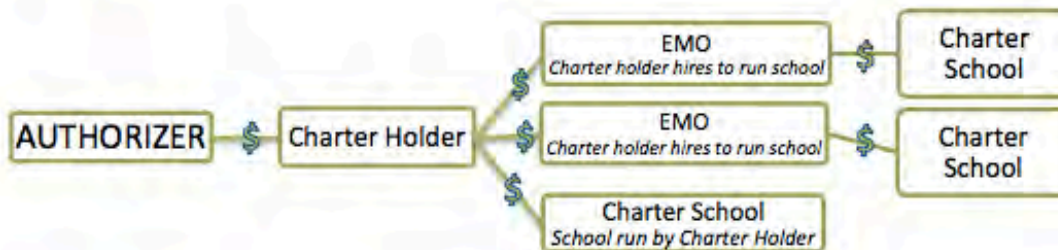
Illinois law requires school boards and charter operators to negotiate charter agreements. School boards outside Chicago are elected, giving parents and community members an opportunity for democratic input into the charter expansion process. In Chicago, however, the school board is appointed and charter schools have no Local School Councils (LSCs), and the community input process varies greatly between years and areas of the city. As a result, parents and community members have little input into charter school expansion or charter school operations. We recommend that charter schools in Chicago be required to have LSCs with the same budgetary and principal hiring powers as LSCs in Chicago's traditional public schools. Such a requirement should be a pre-requisite to discussions of increased charter funding.

Fig. 2 Common Charter School Funding Flows

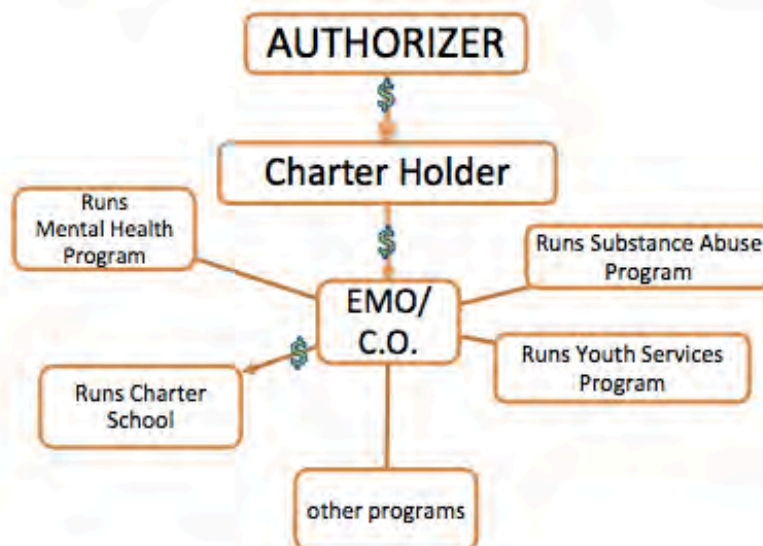
TYPE 1 Self-owned and operated charter schools



TYPE 2 A contractor runs the school, hires staff, provides services



TYPE 3 A contractor such as a community organization (C.O.) runs the school, hires staff and provides services



Primacy of the Educational Funding Advisory Committee recommendations

The CFTF met over the same period as the Senate Educational Funding Advisory Committee (EFAC) but had little interaction with that committee. EFAC has recommended changes to the overall school funding formula that address the wide disparities in school funding for all types of schools across Illinois. We recommend that the General Assembly address the EFAC recommendations on the statewide school funding formula prior to any changes to charter school funding within districts.

Conclusion

For the reasons stated here, we recommend that the General Assembly reject all elements of the task force report other than the recommendation for a SBB/CFC funding formula (recommendation A.4) and that this recommendation only be addressed after affirmative changes to the state's overall funding formula addressing Illinois' glaring education funding equity and adequacy problems are completed.

We appreciate all of the task force members' contributions to the process and look forward to continuing the discussion begun during the CFTF.

Respectfully submitted,

Chicago Alliance of Charter Teachers and Staff, IFT-AFT
Chicago Teachers Union, IFT-AFT
Illinois Education Association, NEA
Illinois Federation of Teachers, AFT
Illinois Statewide School Management Alliance, including the following organizations:
Illinois Association of School Boards
Illinois Principals Association
Illinois Association of School Administrators
Illinois Association of School Business Officials

Conclusion

Task Force on Charter School Funding Report

Appendix

Submitted February 15, 2014

Please Note:

All Agendas, Minutes and Presentations from Task Force Meetings

can be found on the

Illinois State Charter Commission Website at:

<http://www.isbe.state.il.us/SCSC/default.htm>

or

please call for assistance: 312.814.1258