

**IN THE ILLINOIS STATE  
CHARTER SCHOOL COMMISSION**

Lawndale Educational and	)	
Regional Network Charter Schools	)	
	)	Appeal No. SLSC-FY2015-004A
v.	)	
	)	
Chicago Heights School District No. 170	)	
	)	

**FINAL DECISION OF THE COMMISSION**

On May 19, 2015, the Illinois State Charter School Commission (“Commission”) voted to **deny** the appeal of the charter school proposal that Lawndale Educational and Regional Network Charter Schools (“LEARN”) initially submitted to Chicago Heights School District No. 170 (“Chicago Heights 170”). LEARN seeks to establish the LEARN Charter School – Chicago Heights campus as part of LEARN’s existing network of nine charter schools in Illinois, including LEARN Charter School – Waukegan, which was approved by the Commission on April 21, 2015 to open in Waukegan Community Unit School District No. 60 (“Waukegan District 60”) in September 2015, provided LEARN meets certain requirements by July 1, 2015. The Commission finds that, although the proposal may be legally sufficient to meet the minimum requirements under the Charter Schools Law, 105 ILCS 5/27A-7(a), *et seq.*, establishment of a Chicago Heights campus, at this time, would not be in the best interest of the students that the LEARN Chicago Heights campus intends to serve. This Final Decision of the Commission is being issued pursuant to 23 Ill. Adm. Code 650.110(d)(3) within 30 days of the public hearing held April 27, 2015, and sent to each party by certified mail.

**I. Jurisdiction**

The Commission exercises jurisdiction in this matter pursuant to the Illinois Charter Schools Law, 105 ILCS 5/27A-7(a), *et seq.* The Local Educational Agency (“LEA”), Chicago

Heights 170, through its Board of Education, received the proposal on December 16, 2014 from LEARN, and processed the proposal according to the Charter Schools Law. Chicago Heights 170 held a public hearing regarding the proposal on January 20, 2015 and then voted to deny LEARN's charter school proposal on February 12, 2015. On March 16, 2015, LEARN filed an appeal with the Commission. The appeal contained all of the required components and was timely submitted. Thus, the LEARN appeal is properly before the Commission, pursuant to 105 ILCS 5/27A-8(g).

## **II. Procedural Background**

LEARN, an Illinois not-for-profit corporation with 501(c)(3) tax exempt status, currently operates a network of eight charter schools in City of Chicago School District 299 and North Chicago Community Unit 187, and is scheduled to open a ninth charter school in Waukegan District 60, in September 2015, provided LEARN meets certain requirements by July 1, 2015. LEARN submitted a charter school proposal to Chicago Heights 170 for consideration on December 16, 2014. LEARN originally proposed to create a K-8 school for 380 students opening Fall 2015, with 130 students in grades K-3, growing one grade per year, and seeking 100% of the per capita tuition charge ("PCTC") for Chicago Heights 170. Chicago Heights 170 serves 3,081 students in grades K-8, in 10 elementary schools. Per the 2013 State Report Card, Chicago Heights 170 serves 95% low-income, 59% Hispanic, 35% Black, 14% special needs, 22% English Language Learners ("ELL") and 1% homeless students. Chicago Heights 170 denied the proposal on February 12, 2015. LEARN timely appealed to the Commission on March 16, 2015.

Pursuant to its policies and procedures, the Commission delegated to its staff the duty to investigate the appeal filed by LEARN. In conducting its due diligence, the Commission's staff

retained a team of independent experts to analyze LEARN's proposal and appeal. Commission staff and the expert evaluation team conducted a capacity interview with representatives from LEARN and Chicago Heights 170 on April 24, 2015. At the interview, both parties responded to questions about the proposal and Chicago Heights 170's review and decision. In addition, at and after the interview, the parties provided, on their own and at the request of Commission staff, additional information concerning various matters at issue in the appeal, including updated academic and financial data from the Illinois State Board of Education, facility acquisition, renovation and budgetary details, fund-raising commitments, evidence of community partnerships, academic performance support, a revised charter school budget based on the new PCTC, and support of Chicago Heights 170's claims of financial discrepancies and impact.

After the interview, and pursuant to Section 27A-8(c) of the Charter Schools Law, the Commission held a public hearing on April 27, 2015 in Chicago Heights, which was chaired by Commissioners Guzman and Rudolph. 105 ILCS 5/27A-8(c). Representatives from LEARN and Chicago Heights 170 made statements and submitted materials to the Commissioners on their behalf. During the three-hour hearing, which approximately 300 people attended, 32 people (out of 37 who signed up) testified on behalf of Chicago Heights 170 and 24 people (out of 27 who signed up) testified on behalf of LEARN. The Commission also held a week-long email forum following the public hearing to allow for additional input, and received a total of 38 email comments and 4 phone calls. Of the 42 comments, 36 emails and 4 phone calls were in support of Chicago Heights 170's decision to deny the charter and 2 of the emails were in support of LEARN to grant the charter.

Based on an initial evaluation of the materials submitted by LEARN on appeal, the information obtained during the interviews and the comments made at the public hearing and the

email forum, the Commission staff determined that LEARN's proposal merited further investigation. The Commission staff reviewed the authorizer reference checks of LEARN's other authorizers and the site visit information from the appeal in *Lawndale Educational and Regional Network Charter Schools v. Waukegan Community School District No. 60*, No. SCSC-FY2015-002 (April 30, 2015). Commission staff also asked for additional information from the parties, including: (a) an updated five-year budget from LEARN due to the more than 5% drop in the PCTC amount for Chicago Heights 170, as calculated by the Illinois State Board of Education, as of April 2015, (b) documentation regarding facilities being considered by LEARN, and (c) financial information from Chicago Heights 170 regarding its claims of hardship. Finally, Commission staff requested and secured independent verification and analysis of the academic performance of both LEARN and Chicago Heights 170.

The Commission staff prepared its recommendation to the Commission based on the review of all of the materials submitted by the parties and the due diligence conducted by the Commission staff and evaluation team. On May 14, 2015, Commission staff met with the parties to this appeal and informed them that Commission staff would recommend to the Commission that LEARN's appeal be granted subject to certain requirements. The requirements consisted of: (1) the execution of a lease by July 1, 2015; (2) approval by July 1, 2015 by Commission staff of a facility plan that enables the school to open by September 15, 2015; and (3) submission to Commission staff of valid intent to enroll forms for 130 students by July 1, 2015. On May 19, 2015, the Commission held a public meeting and voted on LEARN's appeal. Eight of the Commissioners attended the meeting, one participating by conference call, pursuant to motion, and one Commissioner was absent.<sup>1</sup> After public comment, which lasted approximately 45 minutes, timed presentations by the parties and staff lasting 15 minutes each, and several

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<sup>1</sup> Commissioner Sykes appeared telephonically and Commissioner Valdez was absent from the meeting.

questions from all of the Commissioners present in person and by phone to both parties and to staff lasting approximately 35 minutes, the motion as set forth in the Agenda Book was called to a vote without further discussion. On a roll call vote, six Commissioners voted against the motion to grant the Appeal of LEARN for the establishment of a Chicago Heights campus with requirements, as set out in the Agenda Book.<sup>2</sup> Thus, the Commission denied LEARN's appeal of Chicago Heights 170's denial of the LEARN proposal to establish a Chicago Heights campus.

### **III. Findings of Fact**

#### **A. Overview of LEARN's Proposal**

1. LEARN currently operates a total of eight elementary and middle school charter schools in City of Chicago School District 299 and North Chicago Community Unit School District 187. The LEARN Network serves 3,600 students, of whom, in the 2012-13 school year, 89% were low-income, 89% were Black, 9% were Hispanic, 4% were ELL and 12.5% were students with special needs.
2. LEARN was granted authority by the Commission to open a ninth school in September 2015 in *Lawndale Educational and Regional Network Charter Schools v. Waukegan Community School District No. 60*, No. SCSC-FY2015-002 (April 30, 2015), provided it meets certain requirements by July 1, 2015. LEARN's Waukegan charter school will initially serve 200 students in grades K-3 in its first year, Fall 2015, growing a grade per year, to a maximum of 600 students by its sixth year. LEARN will serve as an LEA to the K-8 LEARN charter school located in Waukegan District 60.
3. With respect to Chicago Heights 170, LEARN initially proposed to create a K-8 school in Fall 2015, with 250 students in grades K-3, growing a grade per year to 500 students. On

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<sup>2</sup> Commissioners Richmond, Farmer, Rudolph, Robbins, Guzman, and Jacoby voted against the motion to grant the appeal. Commissioner Sykes (appearing telephonically) and Commissioner Williams voted in favor of the motion to grant the appeal.

February 5, 2015, LEARN modified its proposal to decrease its initial enrollment to 130 students, and its maximum enrollment to 380 students, adding 50 students per year, and growing one grade per year.

4. LEARN's proposal stated that the Chicago Heights campus would aim "to provide children with the academic foundation and ambition to earn a college degree" by engaging in four core subject areas: English language arts, mathematics, science and social studies, as well as enrichment courses in technology, the arts, Spanish and physical education.
5. According to its proposal, LEARN's Chicago Heights campus would offer full-day Kindergarten classes, a longer school day and an extended school year.
6. LEARN offered evidence in its proposal of the academic performance of its Network of schools and provided a comparison to Chicago Heights 170, and LEARN's other host school districts. On the 2012-13 ISATs, LEARN's Network performance exceeded Chicago Heights 170's averages overall and for all sub-groups in reading and mathematics. LEARN later supplemented its proposal on appeal to show that LEARN's Network performance also exceeded Chicago Heights 170's performance on the 2013-14 ISATs.
7. LEARN also offered evidence that 95% of its alumni graduate from high school, and 95% attend college, with 71% enrolling in 4-year colleges and universities.
8. LEARN provided two locations in its original proposal to Chicago Heights 170: (1) 700 West 195<sup>th</sup> Street ("St. Kieran") and (2) a warehouse. With respect to its second location, on appeal, LEARN acknowledged that the warehouse would not be ready by September 2015. However, on the appeal, LEARN provided an alternative, 1250 Portland Street ("Bethel Community Center"), as its second proposed location.

9. LEARN implements financial oversight and review at both campus and network levels for its 14-year old network of eight schools. Financial reporting and monitoring systems are fully developed and the LEARN Board regularly reviews financial reports. In a report titled *The Financial Viability of Chicago Charter Schools*, published by the Civic Federation in 2014, LEARN's financial track record was favorably highlighted, focusing especially on the ratios calculated by the Civic Federation to determine financial health. See The Civic Federation, *The Financial Viability of Chicago Charter Schools: Financial Analysis of Selected Chicago Charter Schools*, (Oct. 6, 2014), [http://www.civiced.org/sites/default/files/REPORT\\_Financial AnalysisOfChicagoCharterSchools.pdf](http://www.civiced.org/sites/default/files/REPORT_Financial%20AnalysisOfChicagoCharterSchools.pdf). Further, LEARN provided clean audited financial statements with net positive income before non-cash adjustments. LEARN's financials show that its assets are \$14.8 million and current liabilities are \$6.8 million with a current ratio of 2.16 as of January 31, 2015.
10. LEARN originally presented a five-year budget for the proposed Chicago Heights campus based on receiving 100% of the then-current (April 2014) PCTC for Chicago Heights 170, as published by the Illinois State Board of Education, of \$11,224 per student. On May 13, 2015, at the request of the Commission, LEARN submitted a revised five-year budget based on the new – and lower – PCTC of \$10,603.85, which was released by Illinois State Board of Education in April 2015 (“Revised Budget”). Overall, the Revised Budget showed revenues of \$2,394,854 and expenses of \$2,284,997 in the first year, with a minimum of 33 days cash on hand at all times, growing to 51 days cash on hand in the fifth year. Moreover, the Chicago Heights campus budget included a 3% contingency of total expenses.
11. LEARN offered evidence regarding the economic soundness of its proposal. For example, in FY16, LEARN projected that the LEARN Chicago Heights campus would serve 4.21% of the total district of Chicago Heights 170 and 3.19% of Chicago Heights 170's revenue would

be allocated to the charter. In FY18, LEARN projected that the LEARN Chicago Heights campus would serve 7.46% of the total district of Chicago Heights 170 and 5.66% of Chicago Heights 170's revenue would be allocated to the charter. In FY20, LEARN projected that the LEARN Chicago Heights campus would serve 10.71% of the total district of Chicago Heights 170 and 8.12% of Chicago Heights 170's revenue would be allocated to the charter.

12. Along with its proposal, LEARN submitted over 1,000 signatures on a petition in support of the LEARN Chicago Heights campus. LEARN also provided nine letters of support from community organizations.

**B. Chicago Heights 170's Reasons for Denial**

13. On February 12, 2015, the Board of Chicago Heights 170 adopted a Resolution denying LEARN's charter proposal for a Chicago Heights campus, based on its staff's recommendation. Six members of the Board of Chicago Heights 170 unanimously (6 present; 1 absent) voted to approve the Resolution (i.e., to deny the charter proposal). In its review of the proposal, Chicago Heights 170 staff raised concerns with the proposed financial plan, educational plan, and local support. Chicago Heights 170 staff provided its review and analysis to the Board of Chicago Heights 170 in an Administrative Recommendation. The principal concerns raised in Chicago Heights 170's Board Resolution and Administrative Recommendation denying the charter were as follows:

- a. LEARN failed to include a persuasive explanation of how the proposed mission, curriculum and teaching methods were likely to meet the needs of the target population, LEARN provided misleading student achievement charts, lacked clear policies for student performances not meeting the proposed goals, and provided no detailed procedures for action if performance fell below standard. Specifically,

Chicago Heights 170 found no “nexus” between the charter and the “challenges and needs” of Chicago Heights 170, a lack of sufficient information regarding services for special needs and ELL children, and a lack of a plan to support homeless students.

- b. LEARN failed to provide two proposed locations that are viable.
- c. LEARN failed to identify a high level of community support.
- d. LEARN failed to provide terms that are economically sound for either LEARN or Chicago Heights 170.

### **C. Findings From the Commission’s Due Diligence**

14. The Commission staff found, and independent evaluators confirmed, that Chicago Heights 170’s academic performance on the 2013-14 ISATs is below the LEARN Network averages overall, and for Black, Hispanic, low-income and limited English proficient sub-groups in both reading and mathematics. Similarly, on the 2012-13 ISATs, LEARN’s Network performance exceeded Chicago Heights 170’s averages overall and for all sub-groups in reading and mathematics.
15. In an effort to fully update the evidence concerning LEARN’s academic performance, the Commission utilized independent experts to study the academic data from the 2013-14 school year in the course of its due diligence investigations, in order to compare LEARN’s performance to its two host districts, the State and Chicago Heights 170.
16. LEARN offered evidence that 95% of its alumni graduate from high school, and 95% attend college, with 71% enrolling in 4-year colleges and universities.
17. LEARN submitted over 1,000 signatures on a petition of support for the LEARN Chicago Heights campus and 9 letters of support from community organizations. LEARN also identified a local pastor as its Chicago Heights primary partner and provided a list of 11 Chicago Heights groups who have “agreed to support and work in partnership” with

LEARN in Chicago Heights. Although not required, LEARN did not submit any intent to enroll forms throughout the application and appeal process.

18. At the Commission's public hearing, 24 persons testified on behalf of LEARN and 32 persons testified on behalf of Chicago Heights 170. Of the 42 comments received during the week long email forum, 2 emails were from LEARN supporters that urged for the charter to be granted and 36 emails and 4 phone calls were from Chicago Heights 170 supporters that urged denial of the charter. The Parent Teacher Organization submitted 108 letters to the Commission staff, and an additional 36 signatures on a petition in opposition to a charter in Chicago Heights 170. Many speakers held up signs in the audience which read: "Say NO to Charters." The speakers against LEARN included parents of Chicago Heights students, as well as staff of Chicago Heights 170. At the May 19, 2015 Commission meeting, over 16 members of the Chicago Heights community, parents of students in Chicago Heights 170, a local pastor, a local minister and members of LEARN staff spoke on behalf of LEARN.
19. The Commission staff reviewed the authorizer reference checks of LEARN's other authorizers performed by an independent evaluator and the site information visit from the appeal in *Lawndale Educational and Regional Network Charter Schools v. Waukegan Community School District No. 60*, No. SCSC-FY2015-002 (April 30, 2015). Both of the district authorizers reported that LEARN had "established working relationships" and further reported that there were no issues regarding services to ELL students; in fact, one authorizer noted that LEARN "opts to supplement the level of support the district deems necessary to support" its students with special needs. LEARN's compliance with requirements and all reporting deadlines was highlighted by one of the authorizers.

20. Chicago Heights 170 provided a one-page independent statement by PMA Financial Network, Inc. (“PMA”) during the course of the appeal. PMA did not conduct an audit of Chicago Heights, but offered an opinion, based on its review of information, that Chicago Heights 170 relies on the State of Illinois as its “largest and least stable source of annual revenue.” PMA stated that “[f]und balances alone cannot be relied upon to both absorb deficits and address the growing financial challenges facing a school district with heavy dependence on State [of Illinois] revenues.” PMA noted that based on Chicago Heights 170’s configuration of its school buildings, reductions required to fully offset the financial impact of a charter school within Chicago Heights 170 “would be very difficult to achieve.”

#### **IV. Analysis**

##### **A. Standard of Review**

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

Under section 27A-8(a), the Charter Schools Law directs the Commission to 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).

## **B. Legal Compliance**

Based upon its review and analysis of LEARN’s proposal, Chicago Heights 170’s response, the Commission’s public hearing, email forum comments and the additional information presented by the parties on appeal and obtained by the Commission staff, the Commission concludes that LEARN’s proposal to establish a Chicago Heights campus, as revised during the appeal process, meets the minimum legal requirements of Section 27A-7(a) of the Charter Schools Law. *See* 105 ILCS 5/27A-7(a).

Chicago Heights 170 contends that the LEARN proposal does not comply with Section 27A-7(a) of the Charter Schools Law on several grounds. Section 27A-7(a) of the Charter Schools Law sets forth the precise legal requirements for the contents of a charter school proposal, as it specifically articulates what a proposal “shall include.” 105 ICLS 5/27A-7(a). Chicago Heights 170 also relies on Section 27A-8 which requires the Commission to give a preference to those proposals that demonstrate evidence of certain elements. *See* 105 ILCS 5/27A-8(a). The Commission concludes that the various issues raised by Chicago Heights 170 as legal barriers to the establishment of the Chicago Heights campus under Sections 27A-7(a) and 27A-8 of the Charter Schools Law are unfounded.

Nonetheless, given the particular facts of this case, including the timeframe of the appeal, the Commission concludes that it is not in the best interests of the students that LEARN intends to serve to grant the appeal. Specifically, the Commission finds that, given LEARN’s planned opening in September 2015, there is insufficient time for LEARN to adequately address: 1) LEARN’s development of community support and recruitment efforts to fill its beginning grade

levels, 2) LEARN's proposed transportation and recruitment plans given its preferred location, and 3) the financial viability of LEARN's plan given changes in the PCTC made weeks before the Commission's consideration of this matter, and Chicago Heights 170, given its financial issues.

### **1. Community Support**

Chicago Heights 170 contends that LEARN failed to demonstrate a high level of community support in accordance with Section 27A-8(a)(1). However, the Charter Schools Law does not require a charter school to establish a "high level," or any level for that matter, of community or local support for the proposal under the legal requirements of Section 27A-7(a). Further, in *Elgin Charter School Initiative*, the Commission held that proposals lacking local and community support are "not deemed out of compliance with the Charter [Schools] Law." *Elgin Charter School Initiative v. Illinois School District U-46*, No. 2015-01 (Nov. 9, 2014). There, the Commission concluded that the "Charter Schools Law does not require that a proposed school show that it can gather support." *Id.* Such issues of community support were "more appropriately framed as ... [the charters] overall capacity to serve the students of the District as intended." *Id.*

While LEARN provided some evidence of community support, the community also expressed opposition, as noted in the findings above. LEARN stated that this opposition had hampered its efforts to collect intent to enroll forms. Although the Charter Schools Law does not require intent to enroll forms be provided, the Commission questions whether the time remaining after the appeal in which to recruit and enroll students prior to the opening of the proposed charter school will be sufficient. The heavy community opposition and lack of any intent to

enroll forms for the upcoming school year are concerns of the Commission; given that the proposed LEARN Chicago Heights campus would be scheduled to open in September 2015.

## **2. Proposed Location**

Chicago Heights 170's Administrative Recommendation took the view that neither of LEARN's two proposed locations satisfied the requirements of Section 27A-7(a)(3) of the Charter Schools Law. The Commission's review of the proposal on appeal, however, is *de novo*, and, thus, the Commission must independently find that the LEARN proposal satisfied Section 27A-7(a)(3) of the Charter Schools Law. 23 Ill. Adm. Code 650.110(d)(1). Section 27A-7(a)(3) was specifically amended to make clear that even though an application must contain a "description of and address for the physical plant in which the charter school will be located," nothing in the Article can justify "delaying or withholding favorable action on or approval of a charter school proposal because the building or buildings" to be used "have not been acquired or rented at the time a charter school proposal is submitted" for approval. 105 ILCS 5/27A-7(a)(3). Rather, Section 27A-7(a)(3) requires that that "the proposal or submission identifies and names at least two sites that are potentially available as a charter school facility by the time the charter school is to open." *Id.*

LEARN provided two locations in its original proposal to Chicago Heights 170: (1) St. Kieran and (2) a warehouse. With respect to its second location, LEARN acknowledged that the warehouse would not be ready by September 2015. On appeal, LEARN provided an alternative, Bethel Community Center, as its second proposed location. Chicago Heights 170 did not object to Bethel Community Center. Further, LEARN submitted a summary table providing that both the proposed locations completed site reviews, site reports, architect reports, budgeted

construction costs, estimated occupancy timeframes and commitment letters from the facility owners.

St. Kieran is located within the Chicago Heights city limits but outside of Chicago Heights 170's northern boundary by 0.7 miles. It is 4 miles from Chicago Heights 170's southern boundary. The Commission staff found that this location was sufficient to meet the minimum legal requirements of the Charter Schools Law based on past precedent of the Commission. *See Elgin Charter School Initiative v. Illinois School District U-46*, No. 2015-01 (Nov. 9, 2014). In *Elgin Charter School Initiative*, the Commission found that the Elgin proposal was sufficient to meet the minimum legal requirements of the Charter Schools Law even though one of the four proposed locations sat outside of the district. *Id.* The Commission reasoned that the “[Charter School] Law does not require that a site actually sit in the district from which it intends to draw all of its students.” *Id.* The Commission held that the “fact that one of the proposed facilities sits outside of the proposed host district is not a basis to deny a charter school proposal.” *Id.*

The evidence presented by LEARN, in its proposal and submitted on appeal, provides that the proposed locations are potentially available to LEARN for its Chicago Heights campus for Fall 2015 and the proposal is sufficient to meet the minimum legal requirements of Section 27A-7(a)(3) of the Charter Schools Law. However, the location of its preferred facility, St. Kieran, which is outside of Chicago Heights 170's boundaries, presents transportation and recruitment issues for the proposed charter. LEARN's challenge to develop, budget and communicate a transportation plan is compounded by the compressed timeframe of its September 2015 proposed opening. The Commission is hesitant to grant an appeal where the timeframe for the opening of the school presents LEARN with the added complexities of

transportation and recruitment plans necessary to ensure that students and families would both want to and be able to attend the school in a location outside Chicago Heights 170's boundaries.

### **3. Financial Issues**

Under the Charter Schools Law, a proposal to establish a charter school must include “[e]vidence that the terms of the charter as proposed are economically sound for both the charter school and the school district . . . .” 105 ILCS 5/27A-7(a)(9). “[E]vidence that the charter school proposal is economically sound . . . must realistically require consideration of the school district's finances.” *Comprehensive Cmty. Solutions, Inc. v. Rockford Sch. Dist. No. 205*, 216 Ill. 2d 455, 477 (2005). The terms of the proposed charter must leave the charter school and the school district “financially secure and solvent.” *Id.* at 477. The Illinois Supreme Court has made clear that “‘economic soundness’ in Section 27A-7(a)(9) is not a bright-line standard, but rather a continuum.” *Id.* at 481. The Court, in *Comprehensive Cmty. Solutions, Inc.*, also stated that courts will “not hold that any school district experiencing a budget deficit may deny a charter school proposal with impunity.” *Id.* Given the Court's guidance, along with financial information presented by LEARN and Chicago Heights 170 during the course of LEARN's proposal and on appeal, there is sufficient evidence that LEARN's proposal meets the minimum requirement of Section 27A-7(a)(9) of the Charter Schools Law.

#### **C. Best Interests of the Students Analysis**

Although the Commission has determined that LEARN's Chicago Heights proposal meets the minimum legal requirements of Section 27A-7(a) of the Charter Schools Law, on balance, the Commission finds that LEARN has not demonstrated that opening the proposed charter school in September 2015 is in the best interest of the students the LEARN Chicago Heights campus intends to serve. Therefore, since LEARN cannot satisfy this burden on appeal,

the Commission will not reverse Chicago Heights 170's decision to deny the proposal to establish a LEARN Chicago Heights campus. *See* 105 ILCS 7A-8(h)(ii).

In order to assess whether authorization would be in the best interests of the students LEARN intends to serve, the Commission staff conducted an independent analysis of the following five aspects of the proposal: (1) the academic domain, (2) the financial plan and facility, (3) the financial harm, (4) the organizational plan, and (5) the evidence of capacity. Upon review and analysis of the LEARN proposal and all the information collected during due diligence, the Commission staff concluded that: LEARN produced very strong academic performance metrics in its network of existing schools, surpassing Chicago Heights 170's academic achievements for the past two academic years overall and for nearly every subgroup measured; LEARN's financial plan includes appropriate internal financial controls and reporting structures for a financially sound network of schools; LEARN's Board of Directors is a well-established entity, which has led LEARN's expansion to a network operating beyond Chicago; and LEARN has the evidence of capacity through its proven track record of operating eight schools. However, the Commission finds, notwithstanding the strengths found in the proposal and the substantiated need in Chicago Heights 170 for more quality educational options, that allowing LEARN to open a Chicago Heights campus at this time would not be in the best interest of students in Chicago Heights 170.

First, the unprecedented short timeline from the vote on the appeal to the opening of the school, along with the lack of evidence of strong community support by LEARN, fails to persuade the Commission that LEARN would be in a position to serve the Chicago Heights community by Fall 2015. Although the size of Chicago Heights 170 (3,081 students) may

magnify the existing opposition, and make it difficult for LEARN to demonstrate support, the community has worked hard to communicate opposition towards LEARN and charters generally.

At the May 19, 2015 Commission meeting, members of the Chicago Heights community, parents of students in Chicago Heights 170, a local pastor, a local minister and members of LEARN staff spoke on behalf of LEARN. However, the Commission continues to have concerns over the lack of support, given the short timeframe between the consideration of the appeal in mid-May and the opening of a school in mid-September. The Commission's concerns are with LEARN's ability to successfully generate local support and to obtain the necessary minimum numbers of student enrollment. Although there are commitments from LEARN to address these concerns, and requirements put forward by the Commission staff, the Commission remained hesitant to grant a charter with such a compressed timeframe. In addition, at the May 19, 2015 Commission meeting, the Commissioner asked LEARN several questions in regards to the lack of Hispanic support and engagement for a school that would serve a district that is 59% Hispanic. The Commission has concerns that the lack of Hispanic support would have implications on the demographic composition of the school and, potentially, the ELL services offered at the proposed Chicago Heights campus. Therefore, the Commission cannot find, with the unprecedented compact timeframe and the substantial recruiting efforts necessary, that it would be in the best interests of the students the LEARN Chicago Heights campus intended to serve to grant the appeal, even with the proposed requirements.

Second, the Commission has concerns regarding financial matters. According Chicago Heights 170's Administrative Recommendation, Chicago Heights 170 is "currently experiencing financial challenges that would be substantially aggravated were the Proposal approved." The Superintendent of Chicago Heights 170, at the May 19, 2015 Commission meeting, stated that

Chicago Heights 170's budget has been reduced by the State of Illinois and will continue to be reduced in coming years. The Superintendent maintained that major staff and program reductions would be necessary upon the approval of LEARN's proposal and that these reductions would be difficult, if not impossible, to achieve in light of the fact that Chicago Heights 170's relatively small number of students (3,081) are dispersed among ten schools within nine buildings. Further, at the May 19, 2015 Commission meeting, Bloom Township Schools' treasurer stated that the Commission should not rely on a review of fund balances alone, but must look to the financial solvency of Chicago Heights 170 as a whole.

Third, the Commission is concerned regarding the short time frame within which LEARN has to accommodate a lowered PCTC. Even though LEARN provided a Revised Budget on appeal, that the Commission staff and the independent evaluator found to be economically sound, the Commissioners have concerns that the changes made to the budget might affect the quality and the ability of LEARN to deliver the results it promised. At the May 19, 2015 Commission meeting, the Commission asked LEARN several questions in regards to whether the lower PCTC, and reduced enrollment numbers proposed by LEARN, after discussions with Chicago Heights 170, would negatively affect the staffing plan and the students. The Commission has concerns that these reductions are not in the best interests of the students the LEARN Chicago Heights campus intended to serve.

For these reasons, the Commission finds that the establishment of a LEARN Chicago Heights campus would not be, at this time, in the best interests of the students LEARN intends to serve.

**V. Conclusion**

On the basis of the information presented to the Commission on appeal, the Commission concludes that reversal of Chicago Heights 170's decision to deny LEARN's proposal to establish a Chicago Heights campus is not warranted at this time. The appeal is DENIED.

Dated: May 27, 2015