

**RTTT APPLICATION REQUIREMENTS**

**(F)(2) Ensuring successful conditions for high-performing charter schools and other innovative schools**

*(40 points)*

The extent to which—

(i) The State has a charter school law that does not prohibit or effectively inhibit increasing the number of high-performing charter schools (as defined in this notice) in the State, measured (as set forth in Appendix B) by the percentage of total schools in the State that are allowed to be charter schools or otherwise restrict student enrollment in charter schools;

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**(F)(2) Illinois Reform Conditions  
Ensuring Successful Conditions for High-Performing Charter Schools and Other Innovative Schools**

Public Act 96-0105, signed into law in July 2009 by Governor Quinn, increases the total number of charter schools permitted in the State from 60 to 120: 70 in Chicago, 45 in the remainder of the State, and an additional 5 devoted exclusively to re-enrolling high school drop-outs. The Illinois Charter Schools Law is structured to establish separate caps in Chicago and in the remainder of the State. Since the Charter School Law's enactment in 1996, Chicago is the only area of the State where the cap has limited the establishment of charter schools. With the signing into law of Public Act 96-0105 in July 2009, Chicago now has a "high" cap, as defined in the Race to the Top review criteria, as under the cap, if filled, more than 10% of the total schools in Chicago would be charter schools. (There are currently 665 public schools in Chicago.) Outside of Chicago, the statutory cap has not been a barrier to charter school growth, and the State stands ready to re-examine the cap if it becomes a barrier. Also, outside of Chicago, the Charter Schools Law has sufficient flexibility to permit an increase in the number of charter schools as if the cap were higher. In particular, outside of Chicago, the Charter Schools Law permits multiple campuses authorized under a single charter.

As of SY 2009-10, 39 charter schools are operating in Illinois, with 81 total school sites. The chart below lists the types of charter schools operating in Illinois as of SY 2009-10. For SY 2010-11, ten new charter schools have been approved and will begin operations.

Illinois Charter Schools	
Charter Schools: Grades Served	Number of Charter Schools
PreK-5	1
PreK-8	3
PreK-12	3
K-5	1
K-8	11
K-12	3
5-8	1
5-12	1
6-12	3
7-12	2
9-12	10

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**(F)(2) Ensuring successful conditions for high-performing charter schools and other innovative schools**  
(40 points)

The extent to which—

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(ii) The State has laws, statutes, regulations, or guidelines regarding how charter school authorizers approve, monitor, hold accountable, reauthorize, and close charter schools; in particular, whether authorizers require that student achievement (as defined in this notice) be one significant factor, among others, in authorization or renewal; encourage charter schools that serve student populations that are similar to local district student populations, especially relative to high-need students (as defined in this notice); and have closed or not renewed ineffective charter schools;

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Charter schools in Illinois are governed by Section 27A of the School Code, 105 ILCS 5/1-1 *et seq.* Section 27A includes provisions governing how charter school authorizers approve, monitor, hold accountable, reauthorize, and close charter schools. In order to establish a charter school, the charter school applicant must submit a proposal, in the form of a proposed contract between the local school board and the governing body of the charter school applicant to ISBE and the local school board. This proposal must include, among other elements, a description of: admission criteria; the goals, curriculum, objectives, and pupil performance standards to be achieved by the charter school; the plan for evaluating pupil performance, including the types of assessments to be employed; evidence that the proposed charter school is economically sound for

both the charter school and the school district; and a description of the governance/operating structure of the proposed charter school.<sup>86</sup>

Upon receipt of this proposal, the local school board is responsible for reviewing the proposal and issuing a recommendation to ISBE either granting or denying the charter school application. As set forth in Section 27A-8 of the School Code, local school boards are instructed to give preference to proposals that:

- Demonstrate a high level of local pupil, parental, community, business, and school personnel support;
- Set rigorous levels of expected pupil achievement and demonstrate feasible plans for attaining those levels of achievement; and
- Are designed to enroll and serve a substantial proportion of at-risk children; provided that this consideration is not intended to limit or discourage the establishment of charter schools that serve other pupil populations.<sup>87</sup>

As demonstrated above, local school boards are encouraged to give preference to charter schools that serve student populations that are similar to local district student populations, especially relative to high-need students. In addition, local school boards consider expected student achievement as a significant factor in the decision to approve or deny a charter school proposal.

Within 45 days of receipt of the charter school proposal, the local school board is required to host a public meeting to obtain information to help the board with its decision to either approve or deny the charter school proposal. After voting on the charter school proposal, the local school board then files a report with ISBE either approving or denying the proposal. If the local school board votes to approve the charter, ISBE then must determine whether the approved charter school proposal is consistent with the provisions of Section 27A of the School Code in a timeframe set forth in statute (in no event, longer than 60 days).<sup>88</sup> If the local school board votes to deny the charter, the State Board may reverse a local school board's decision if the State Board finds that the charter school proposal (i) is in compliance with the law, and (ii) is in the best interests of the students it is designed to serve.<sup>89</sup>

The State Board has demonstrated its willingness to overturn local school board denials of charters to provide educational options for students in its neediest communities. At its May 2010 State Board meeting, the State Board voted to overturn the denial by Rich Township High School District 227 of a charter high school proposal initiated by Matteson School District 162,

one of four elementary districts that feed into District 227. District 162 is located in the far south suburbs of Chicago and serves a primarily African-American and economically disadvantaged student population. While District 162 has achieved significant and sustained improvement in the academic achievement of its K-8 student population (with over 80% of students meeting or exceeding State standards), the performance of students in District 227 has placed it among the lowest-performing high school districts in the State (with only approximately one-third of its school students meeting or exceeding State standards). The State Board voted to overturn District 227's denial, and thereby make ISBE the chartering entity, to provide students in this community with another viable high school option.

Charter schools are approved for a period of not less than 5 years and not more than 10 years. In order to renew a charter, the charter school must submit a proposal to the local school board or ISBE that includes:

- 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
- A financial statement setting forth the costs of administration, instruction and other spending categories for the charter school.<sup>90</sup>

As mentioned above, in renewing a charter, the local school board or ISBE uses student achievement as a significant factor in deciding whether the charter school's charter should be renewed.

The chartering entity, either ISBE or the local school board, has the power to close or not renew ineffective charter schools under Section 27A-9 of the School Code. Specifically, the chartering entity has the power to revoke or not renew charters upon clear showing that the charter school did any of the following or otherwise failed to comply with the requirements of Section 27A of the School Code:

- Committed a material violation of any of the conditions, standards, or procedures set forth in the charter.
- Failed to meet or make reasonable progress toward achievement of the content standards or pupil performance standards identified in the charter.
- Violated any provision of law from which the charter school was not exempted.<sup>91</sup>

Upon notice that the school's charter is subject to revocation, the charter school is given the opportunity to submit a proposal to rectify the problem and a corresponding timeline, which may not exceed 2 years. If the chartering entity finds that the charter school has failed to rectify the problem and adhere to the timeline submitted, then the school's charter will be revoked and the school will be closed. Except in the case of an emergency where the health, safety, or education of the charter school's students is at risk, the revocation and closure of the charter school will take place at the end of a school year.<sup>92</sup>

ISBE monitors and evaluates charter schools to ensure that the charter schools are accomplishing their missions and goals. Specifically, under Section 27A-12 of the Schools Code, ISBE is required to compile annual evaluations of charter schools from the local school boards and prepare an annual report on charter schools for Illinois' General Assembly and the Governor. As part of this report, ISBE compares the performance of charter school pupils with the performance of ethnically and economically comparable groups of pupils on other public schools who are enrolled in academically comparable courses.<sup>93</sup> In addition, ISBE provides periodic evaluation of charter schools that include evaluations of student academic achievement, the extent to which charter schools are accomplishing their missions and goals, the sufficiency of funding for charter schools, and the need for changes in the approval process for charter schools.<sup>94</sup>

The chart below summarizes the charter school applications received by Illinois since SY 2004-05. The chart in **Appendix F2-1** details the reasons for denial in each of these years.

<b>Charter School Applications Received by Illinois Since SY2004-2005</b>					
<b>Year</b>	<b>SY 08-09</b>	<b>SY 07-08</b>	<b>SY 06-07</b>	<b>SY 05-06</b>	<b>SY 04-05</b>
No. charter school applications	9	8	14	9	37
No. charter school applications approved	5	5	11	1	4 new 3 renewal
No. charter school applications denied (see Appendix F2-1)	5	3	3	4	30
No. of charter schools closed, including not reauthorized to operate	2	1	0	0	1

**RTTT APPLICATION REQUIREMENTS**

**(F)(2) Ensuring successful conditions for high-performing charter schools and other innovative schools**

*(40 points)*

The extent to which—

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(iii) The State's charter schools receive (as set forth in Appendix B) equitable funding compared to traditional public schools, and a commensurate share of local, State, and Federal revenues;

\* \* \*

Illinois' charter schools receive equitable funding and a commensurate share of local, State, and Federal revenue when compared to traditional public schools. Under the Charter Schools Law:

- Charter school funding and service agreements are not to be a financial incentive or disincentive to the establishment of a charter school;
- Charter school funding may not 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;
- LEAs must direct a proportionate share of funds generated under federal or State categorical aid programs to charter schools serving students eligible for that aid;<sup>95</sup> and
- Charter schools may also receive, subject to the same restrictions applicable to school districts, any grant administered by ISBE that is available for school districts.<sup>96</sup>

As described in the following paragraphs, the Charter School Law's funding requirements have been applied by LEAs to ensure equitable funding for charter schools.

Chicago Public Schools (CPS) establishes a "base" funding level for charter schools that is determined through a formula to ensure equivalence with the funding CPS provides to its traditional schools. In SY 2009-10, the base funding level is \$6,117 for elementary schools and \$7,647 for high schools. In addition to the base funding, charter schools receive:

- Categorical Funding: Per-pupil categorical funding through the State poverty grant, Title I funding, and English Language Learners Funding.
- Supplemental Funding: Supplemental funding includes a "Small School Supplement" of \$300/student in elementary schools with 350 students or less and high schools with

600 students or less. Schools are also reimbursed \$65,000 per certified special education and clinician and \$32,500 for special education aides hired by the school.

- Start-Up and Expansion Funding: Start-up and expansion funding is provided to new charter schools, as is the case with district schools, in their first year of operation to assist in covering non-personnel school start-up costs. Expansion funding is provided on an annual basis in out years to cover non-personnel costs for new grades added as well.

CPS has also partnered with its business and philanthropic community to establish the Renaissance Schools Fund, which provides up to \$500,000/school to new charter schools for planning and the first two years of operations.

Of the twelve charter schools located outside of Chicago that are operating or will open in SY 2010-11, nine receive per-student funding from the LEA equal to 100% of the district's per capita student tuition. The two charter schools located in East St. Louis 189 are the only two charter schools in the state funded at 75% of the district's per capita student tuition. As part of ISBE's ongoing intervention in East St. Louis 189 (See **Appendix E2-3-B**), ISBE will review whether this funding level provides equitable funding for the students in these two charter schools. Springfield Dist. 186 funds its charter school at 80% of the district's per capita tuition. However, this LEA provides transportation and food service to the charter school.

The State also makes funding available to charter schools for start-up costs through the Charter Schools Revolving Loan Fund. This fund consists of federal funds, 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 this fund. ISBE uses this fund to provide interest-free loans to charter schools for the start-up costs of acquiring educational materials and supplies, textbooks, furniture and other equipment needed in the charter school's initial term and for acquiring and remodeling a suitable physical site within the charter school's initial term.<sup>97</sup>

**RTTT APPLICATION REQUIREMENTS**

**(F)(2) Ensuring successful conditions for high-performing charter schools and other innovative schools**  
*(40 points)*

The extent to which—

\* \* \*

(iv) The State provides charter schools with funding for facilities (for leasing facilities, purchasing facilities, or making tenant improvements), assistance with facilities acquisition, access to public facilities, the ability to share in bonds and mill levies, or other supports; and the extent to which the State does not impose any facility-related requirements on charter schools that are stricter than those applied to traditional public schools; and

\* \* \*

The State provides charter schools with funding and assistance with facilities acquisition through the following programs:

- **Capital Funding Through the State Capital Bill:** In 2009, the State of Illinois approved its first capital spending plan in over a decade. Illinois charter schools received \$196 million in funding for the acquisition, construction, renovation, and equipping of charter schools. In addition to the \$196 million dedicated specifically for charter schools, school districts can apply directly on behalf of charter schools for funding through the State's school construction program, which received \$3 billion in the 2009 State capital spending plan.
- **The Charter Schools Revolving Loan Fund:** As further described above in Section (F)(2)(iii), ISBE may provide loans from this fund to charter schools for the acquisition and remodeling of a suitable physical school site, within the charter school's initial term.<sup>98</sup>
- **Tax-exempt and Below Market Financing Through the Illinois Finance Authority & IFF:** The Illinois Finance Authority (IFA) is a self-financed state authority principally engaged in issuing taxable and tax-exempt bonds as a conduit issuer. IFA also has loan and guarantee programs for capital improvements. IFA helps 501(c)(3) charter schools secure low-cost, tax-exempt financing for capital improvement projects through tax-exempt revenue bonds. Since 2003, IFA has issued bonds with a combined principal amount exceeding \$98 million for charter school capital projects. IFF, previously known as the Illinois Facilities Fund, is a private community development financial institution (CDFI) active in charter school facilities financing and facilities development. IFF's



Loan Program provides affordable loans of up to \$1.5 million to charter schools. Through a program capitalized by the Chicago Public Schools and the Illinois private foundation community, IFF has made 40 below-market loans to charter schools for capital improvements totaling \$13.7 million.<sup>99</sup> IFF also works to leverage the U.S. Department of Education credit enhancement grants to finance large charter school projects.

- Lease of School Building or Grounds from a School District: Under Section 27A-5, charter schools may contract with a school district for the use of a school building or grounds and the operation and maintenance thereof. A school district may, but is not required to, charge reasonable rent for the use of the district's buildings, grounds, or facilities. Any services for which a charter school contracts with a school district, local school board, or a State college or university or public community college must be provided by the applicable entity at cost.<sup>100</sup> Chicago Public Schools charges rent to charter schools using district buildings that includes a nominal rental value (\$1.00/year) and recoupment of district costs for utilities, custodial service, and maintenance. For charter schools that are not housed in district facilities, CPS provides a \$425/student subsidy for the charter school to lease or purchase its own facility.
- Conversion and Use of School District Facilities: If a charter school is established by the conversion of an existing school, Section 27A-5(h) prohibits the local school district from charging rent to the charter school for the school space.<sup>101</sup>
- Qualified Zone Academy Bonds: Qualified Zone Academy Bonds (QZAB) may be used on behalf of schools that are located in a federal empowerment zone or an enterprise community or have at least 35% of their students eligible for free or reduced-cost lunches. Charter schools in Illinois are eligible to participate in the State's QZAB program.

The State does not impose any facility-related requirements on charter schools that are stricter than those applied to traditional public schools. Charter schools must comply with the Health/Life Safety Code established by the State Board of Education that establishes minimum standards for all public school facilities, including traditional LEA schools and charter schools.<sup>102</sup>

**RTTT APPLICATION REQUIREMENTS**

**(F)(2) Ensuring successful conditions for high-performing charter schools and other innovative schools**  
*(40 points)*

The extent to which—

\* \* \*

(v) The State enables LEAs to operate innovative, autonomous public schools (as defined in this notice) other than charter schools.

In addition to charter schools, Illinois law authorizes the use of contract schools, which serve as an innovative way of providing unique, quality educational opportunities outside the traditional and charter school contexts. A contract school is a school that is managed and operated by a for-profit or not-for-profit private entity retained by the board to provide instructional and other services to a majority of the pupils enrolled in the school.<sup>103</sup> Under Section 34.18(30) of the School Code<sup>104</sup>, Chicago Public Schools (CPS) may operate up to 30 contract schools and an additional 5 contract turnaround schools. Schools that are on probation or that fail to make adequate progress in correcting their deficiencies after one year may be turned into a "contract turnaround" school.<sup>105</sup>

CPS has employed the use of contract schools as part of the Renaissance 2010 program, which began in 2004 with the goal of opening 100 new schools in Chicago by 2010. A particular goal of the Renaissance 2010 program is to open new schools in neighborhoods that historically have been served by under-performing schools and where few quality choice options have been available. The district nearly met the 100 school goal in 2009, and will exceed it when several new schools open for SY 2010-11. In order to reach this goal, CPS has established 15 contract schools. Through the use of contract schools, CPS is reaching under-served communities and providing them with quality educational opportunities.

As the statute authorizing the use of contract turnaround schools did not become effective until July 30, 2009, CPS has not had the opportunity to implement this innovative new strategy in school turnaround, but plans on utilizing this new strategy in the future.

The State's Super LEA strategy in this application will enable the establishment of innovative, autonomous public schools in districts other than CPS. In the Super LEAs, the district superintendent and local union leader have agreed to provide autonomy, through waivers of collective bargaining restrictions or otherwise, to (i) allow the principals of Illinois Priority Schools to select and assign teachers to the school in order to establish an effective teaching staff

as quickly as possible, and (ii) to provide other flexibilities to implement the Partnership Zone model (such as in the areas of curriculum and budgeting). Illinois has been approved by the U.S. Department of Education to permit LEAs receiving a School Improvement Grant to implement a schoolwide program with maximum flexibility for the use of federal funds, and the State Superintendent has authority under State law to waive State regulatory requirements impeding the implementation of an innovative school model.<sup>106</sup>

Both contract schools in Chicago and the Illinois Priority Schools within the Super LEAs are held accountable for student achievement outcomes. In Chicago, student achievement outcomes determine whether the contract is reauthorized after its initial term. Similarly, for the Illinois Priority Schools in the Super LEAs, the contract between the LEA and the Lead Partner overseeing the intervention will hold the Lead Partner accountable for student achievement outcomes, and the State's funding of the intervention through both the School Improvement Grant and RTTT will include accountability for student achievement.

**EVIDENCE: SEE NARRATIVE**

**(F)(2) Ensuring successful conditions for high-performing charter schools and other innovative schools**  
(40 points)

Evidence for (F)(2)(i):

- A description of the State's applicable laws, statutes, regulations, or other relevant legal documents.
- The number of charter schools allowed under State law and the percentage this represents of the total number of schools in the State.
- The number and types of charter schools currently operating in the State.

**CONTAINED IN NARRATIVE**

Evidence for (F)(2)(ii):

- A description of the State's approach to charter school accountability and authorization, and a description of the State's applicable laws, statutes, regulations, or other relevant legal documents.
- For each of the last five years:
  - The number of charter school applications made in the State.
  - The number of charter school applications approved.
  - The number of charter school applications denied and reasons for the denials (academic, financial, low enrollment, other).
  - The number of charter schools closed (including charter schools that were not reauthorized to operate).

**CONTAINED IN NARRATIVE**

Evidence for (F)(2)(iii):

- A description of the State's applicable statutes, regulations, or other relevant legal documents.
- A description of the State's approach to charter school funding, the amount of funding passed through to charter schools per student, and how those amounts compare with traditional public school per-student funding allocations.

**CONTAINED IN NARRATIVE**

Evidence for (F)(2)(iv):

- A description of the State's applicable statutes, regulations, or other relevant legal documents.
- A description of the statewide facilities supports provided to charter schools, if any.

**CONTAINED IN NARRATIVE**

Evidence for (F)(2)(v):

- A description of how the State enables LEAs to operate innovative, autonomous public schools (as defined in this notice) other than charter schools.

**CONTAINED IN NARRATIVE**

**RTTT APPLICATION REQUIREMENTS**

**(F)(3) Demonstrating other significant reform conditions (5 points)**

The extent to which the State, in addition to information provided under other State Reform Conditions Criteria, has created, through law, regulation, or policy, other conditions favorable to education reform or innovation that have increased student achievement or graduation rates, narrowed achievement gaps, or resulted in other important outcomes.

Evidence for (F)(3):

- A description of the State's other applicable key education laws, statutes, regulations, or relevant legal documents.

**CONTAINED IN NARRATIVE**

**(F)(3) Illinois Reform Conditions  
Demonstrating Other Significant Reform Conditions**

As RTTT aligns to the State's education reform agenda, the policies described under other State Reform Conditions Criteria constitute the State's primary efforts to increase student achievement, narrow achievement gaps, and improve educational outcomes. In addition to these policies, the State's promotion and expansion of early childhood education, virtual learning, and dual credit also support Illinois' student achievement objectives.

**Early Childhood Education.** Illinois has been a leader in early childhood education, through the creation in 2003 of the Illinois Early Learning Council and the subsequent expansion of its Preschool for All program. In addition to one of the largest preschool programs for 4-year-olds, Illinois serves a higher percentage of 3-year-olds than any other state and also has extensive services for infants and toddlers. Preschool for All reinforces the goals of Race for the Top in numerous ways. Illinois requires its preschool teachers to have bachelor of arts degrees, specialized training, and certification, and the State's higher education institutions have been actively involved in increasing teacher quality. Illinois preschool programs are based on learning standards that will be revised to align with the Common Core Standards, to ensure that all children in Illinois have a thoughtful progression from early learning through readiness for postsecondary education and careers. Illinois has developed a plan to begin designing a linked multi-agency early learning data system, and Illinois law requires that those efforts be connected to the longitudinal data system. In addition, Illinois already uses data aggressively to ensure that early learning program expansion prioritizes those areas of the State where resources for young