IN THE ILLINOIS STATE
CHARTER SCHOOL COMMISSION

Concept Schools )
) No. 2013-06
v.
)
Chicago Public Schools District 299 )

FINAL DECISION OF THE COMMISSION

On March 19, 2013, the Illinois State Charter School Commission voted to reverse the decision of the Chicago Public Schools District 299 (“CPS”) denying a charter school proposal submitted by Concept Schools (“Concept”) to open two charter schools, Horizon Science Charter School Academy – McKinley Park and Horizon Science Charter School Academy - Belmont. The Commission finds that Concept’s proposal to establish these schools complies with the provisions of the Charter Schools Law, 105 ILCS 5/27A, et seq., and that establishment of the Horizon Science Charter School Academies would be in the best interest of the students that Concept intends to serve.

I. Jurisdiction

The Commission exercises jurisdiction in this matter pursuant to the Illinois Charter Schools Law, 105 ILCS 5/27A, et seq. The local educational agency, CPS, voted to deny a charter school proposal by applicant Concept on December 19, 2012. On January 9, 2013, Concept submitted an appeal to the Commission. Thus the appeal is timely and is properly before the Commission under 105 ILCS 5/27A-8(g).

II. Procedural Background

CPS issued a call for charter school proposals with an August 13, 2012 deadline for submission of responses. Concept submitted a charter school proposal to CPS for consideration on August 13, 2012. CPS required applicants to upload all parts of its proposal and to submit the application electronically. In compliance with CPS’s process for receiving proposals, Concept uploaded fifty different documents to CPS’s website. On August 20, 2012, Concept contacted CPS to explain that it had inadvertently uploaded the wrong draft of one of the files: the proposal narrative. Concept requested that CPS substitute the draft narrative with the final version. However, CPS officials informed Concept that it would not accept the later version, as the analysis of the proposal had already been conducted. On August 22, Concept submitted the correct version to CPS anyway.

On August 27, 2012, CPS interviewed Concept regarding its proposal. During the interview, CPS asked questions that were based on Concept’s August 13 and August 22 submissions. Although the Charter Schools Law requires a district to hold public hearings on charter school proposals within forty-five days of receipt and to vote on the proposals within thirty days of the public hearing, CPS failed to vote by the statutory deadline.

The Commission conducted an interview with representatives from Concept and CPS on February 15, 2013. Both parties were asked and responded to questions about the proposal and CPS’s review. At the interview, CPS submitted a written statement responding to Concept’s appeal and four exhibits regarding CPS’ authorization process, the record of its denial, correspondence relevant to the appeal, and achievement data for Chicago Math and Science Academy High School, another charter school that Concept operates in Chicago.

The Commission held a public hearing regarding Concept’s appeal on February 21, 2013. Commissioner Michael Jacoby, Commissioner Angela Rudolph, and Executive Director Jeanne Nowaczewski represented the Commission at the hearing and representatives for Concept and CPS made statements on behalf of the respective parties.

Based on an initial evaluation of the materials Concept submitted on appeal, the responses Concept gave to questions at the capacity interview and comments made at the public hearing, Commission staff determined that Concept’s proposal merited further investigation. The team of expert consultants retained by Commission staff conducted a desktop review of student achievement results at schools affiliated with Concept, reviewed and analyzed the feasibility and suitability of the proposed facilities for each school, and performed an assessment of the financial impact of authorization on CPS. Additionally, counsel conducted a legal compliance review. Throughout the due diligence period, the Commission requested additional information from Concept. Most questions centered around Concept’s planned facilities and transportation plans. On February 18, 2013, Concept submitted a statement (i) explaining its property tax estimates and plans to cover any tax liability, (ii) describing its experience opening other schools in new facilities, (iii) clarifying its proposed transportation plan and (iv) revising its five-year financial projections to reflect adjustments Concept made to its transportation plan in response to the Commission’s questions.

On March 6, 2013, the Commission visited Chicago Math and Science Academy. Two representatives from CPS also participated in the site visit. In response to the request for additional information made at the site visit, on March 8, 2013, Concept submitted a list of authorizers of Concept-managed schools. Commission staff later obtained references from other authorizers that oversee Concept’s schools. Following the visit, on March 11, Concept informed the Commission that it would need to locate its second school at another facility. Commission staff then requested further information, including information regarding the new facility Concept proposed to house Horizon Science Academy Charter School – Belmont. On March 14, Concept (1) provided the Commission with additional information regarding the status of its efforts to secure facilities for the proposed schools, (2) offered additional information regarding the assessments that will be given to students, (3) submitted recent audits and responses to audit findings and (4) clarified the governance plan for the two proposed schools as it relates to the other schools that Concept manages.
On March 19, 2013, the Commissioners met and voted on Concept’s appeal. Eight Commissioners attended the meeting but only seven were present during the discussion and vote for this appeal. Five Commissioners voted to accept the staff recommendation to grant the appeal and two Commissioners voted to deny. Therefore, the motion to reverse the CPS decision to deny the Concept Schools proposal carried and the Commission granted Concept’s proposal to establish two Horizon Science Academy Charter Schools.

III. Findings of Fact

A. Overview of Concept’s Proposal

1. Concept currently operates Chicago Math and Science Academy and proposes to open two new K-12 schools, one on the southwest side of Chicago and another in a north-side Chicago neighborhood. Both schools would open as K-8 schools in the fall of 2013 and would add a grade each year to reach full configurations as K-12 schools by 2017.

2. According to its proposal, the Horizon Science Academy Charter Schools would aim to provide students with a “college preparatory” education that has a “STEM (Science, Technology, Engineering, and Math) focus.” The schools would become “flagship schools” and build upon Concept’s experience operating charter schools in Chicago and elsewhere.

3. At capacity, each K-12 school would serve 725 students each. One school, Horizon Science Academy Charter School – McKinley Park, will be located in the McKinley Park neighborhood at 2245 West Pershing Road in Chicago. The other, Horizon Science Academy Charter School – Belmont, will be in the Bowmanville community at 2050 West Balmoral Avenue in Chicago. Concept Schools originally proposed locating the second school in the Belmont community, approximately five miles south of the Balmoral facility. However, the letter of intent for Concept’s purchase of the Belmont facility expired due to the delay caused by CPS’s failure to vote on the proposal during the timeline imposed by the Charter Schools Law.

4. The grades 6-12 program at Horizons Math and Science Academies will be modeled on Chicago Math and Science Academy which has been in operation since 2004. Middle and high school programming will include similar courses as the elementary program. These courses will be supplemented with curricular offerings that prepare students to succeed in a global economy through exposure to world languages, science and technology competitions, and international travel. The high school curriculum includes Advanced Placement courses, as well.

5. Both of the Horizon Science Academy schools will be managed and governed by Concept. According to the proposal, the board of Concept will hold the charter and the Concept Schools organization will manage operations at the two schools just as it does at twenty-nine other charter school campuses. Management services include human resources, curriculum and school design, student information system, assessment, marketing, financial services, extra-curricular activities, school visits and evaluation, and professional development. In exchange for Concept’s management services, each school
will pay a fee that is equal to 12% of the per capita tuition each school receives. The management fee will not apply to categorical funding and any private donations to the school. Additionally, during the appeal process, Concept’s confirmed that the fee charged to the proposed schools will reflect the prorated share of actual costs of services provided.

6. Concept has developed a model that provides financial oversight at both campus and network levels. With the help and direction of network-provided support and guidance, school-based business staff ensure proper and efficient business operations at each campus. Financial reporting and monitoring systems are fully developed and boards regularly review financial reports.

7. The facilities Concept has selected for its proposed schools are not yet suitable for students. Concept has scheduled substantial construction to transform the facilities into ADA compliant school buildings. In addition, zoning change applications have been submitted for both schools, as neither facility is currently zoned for operation of a K-12 school.

B. CPS’s Reasons for Denial

8. CPS denied Concept’s proposal due principally to the scores CPS evaluators gave to the draft proposal Concept mistakenly submitted on August 13. CPS indicated that when it conducted a completeness check of the proposal Concept submitted, it found that all required documents had been submitted. The following day, CPS assigned a team of experts to review the proposal. Those reviewers were given one week to conduct an initial evaluation. Conference calls were held to discuss Concept’s proposal on August 21 and 27 and the capacity interview was scheduled for August 27. On August 20, Concept called CPS to inform the team that a draft, not a final version of the Proposal Narrative had been submitted. On August 22, Concept emailed the correct, updated version. On August 23, the Executive Director of the Office of New Schools at CPS informed Concept’s representative that CPS would not be able to consider the revised Proposal Narrative, but that ten minutes of the capacity interview would be dedicated to discussion of the revised document. The four reviewers who evaluated the Concept draft proposal all recommended that CPS deny the proposal. (CPS Statement, 2-3.)

9. In its review of the draft proposal, CPS raised concerns with the proposal’s educational plan, governance plan, business plan, and evidence of capacity. The principal concerns raised were:

   a. According to the CPS criteria for replication, which was included in the CPS Call for Quality Schools RFP, the existing school that Concept operates, Chicago Math and Science Academy Charter School (“CMSA”), would have to achieve a rating of Level 1 on the District’s existing performance policy or to achieve a Level 2 rating and outperform its network average of percentage of total performance policy points by at least 10 percent before CPS would allow it to replicate and open the proposed schools. CPS determined that in 2011, CMSA was rated as a
Performance Level 2 school and did not outperform its network schools as required by the criteria. Therefore, CPS determined that Concept would not be permitted to replicate and establish the proposed Horizon Science Charter School Academy schools. Even though CMSA’s performance improved in 2012, its performance was not sufficiently better than network schools to meet the criteria. (CPS Statement, 3-4 (stating that CMSA received 63% of possible points on the performance policy and network schools received 57%).)

b. The draft proposal did not outline comprehensive supports for at-risk students, including homeless students, students struggling with drug abuse, pregnant students and students with emotional issues. CPS determined that the supports services that Concept proposed to offer were not sufficiently detailed or comprehensive. Further, the draft proposal did not identify a staff member or senior leadership position responsible to ensure that appropriate accommodations would be made for at-risk students. (CPS Statement, 4.)

c. The draft proposal was missing the required budget narrative. Therefore, CPS indicated that it was unable to evaluate whether the proposal was economically sound and to determine whether the proposed budget was aligned with the school’s mission, vision and philosophy. (CPS Statement, 5.) The draft was also missing “a description of specific community engagement strategies that would occur prior to Board consideration, educational management organization selection criteria, a draft EMO contract, specific EMO performance data, the vision and theory of change section for applicants wishing to operate multiple schools, and the design objectives and accountability framework for schools intending to operate an innovative model.” (CPS Statement, 5.)

10. At the District’s capacity interview of the Concept team, some of CPS’s concerns were alleviated upon review of the final proposal Concept submitted but other concerns remained including but not limited to:

   a. Regarding the governance plan, CPS was concerned because Concept did not articulate to the District’s satisfaction concrete plans for the governing board to comply with the Open Meetings Act (“OMA”). The proposal stated that board meetings would be held outside of Chicago and interested members of the public would have to be transported to the meeting or view it in a webcast format. CPS determined that these meetings would not comply with the OMA.

   b. Regarding the business plan, CPS was concerned in part because of the average salary for certified teachers that was presented in the proposed budget. CPS concluded that the compensation package may not be competitive.

11. CPS indicated its willingness to entertain a proposal from Concept in response to the upcoming 2013 Call for Quality Schools process. CPS also encouraged Concept to apply for additional campuses as part of the upcoming renewal process that CMSA will have in 2013.
C. Findings From the Commission’s Due Diligence

12. Concept has a strong history of high academic, operational, and financial performance. Specifically, Concept has achieved impressive student achievement results in schools serving populations similar to the target populations for the two proposed schools.

13. In 2012, CMSA eliminated the achievement gap for students graduating from high school. No less than 90% of any subgroup graduated from CMSA in five years. Results for grade 6 students at Quest Charter School Academy, located in Peoria, Illinois, indicated that all subgroups outperformed the local district and the state on the Illinois State Assessment Test except for White students who tested a few points behind other subgroups. In schools outside of Illinois, grade 6 students nearly consistently outperformed their peers in neighboring schools.

14. Concept creates opportunity for students to experience learning outside of its schools’ walls. Older students are mentored and tutored by college students and local businesses and have opportunities to travel nationally and internationally. Graduates of Concept are encouraged to seek employment within the network which not only supports the development of graduates but also increases the capacity of each campus to recruit staff with the values of the institution.

15. Concept has developed a comprehensive approach to professional development, as evidenced throughout the proposal including a detailed professional development calendar. The plan supports the school’s mission and culture of high expectations, and provides training and support in core areas of the education model (e.g., technology).

16. The Concept board is well-established and has experience overseeing charter school operations since 1999. Concept’s plan for board governance is clear and board members take seriously their responsibilities of oversight and accountability. The board meets regularly and board bylaws contain appropriate provisions with respect to conflicts of interest and board member selection and removal. The board went through a strategic planning process two years ago and determined that as a provider of education management services, Concept has the capacity to grow by three to five schools per year under the existing model.

17. The Concept board includes qualified professionals with significant experience and expertise. Two of the five board members have experience with charter school oversight. Although the board does not have any members with direct experience in K-12 instruction or educational assessment and does not have parents or local community members, the design team indicated that the board will amend its bylaws to allow for the addition of two community members. In addition, while the Concept board does not currently hold its meetings in Chicago, Concept submitted written confirmation that upon
opening of the Horizon Science Charter School Academies, regular school board meetings will be held locally at the proposed school sites.

18. Notwithstanding the fact that the letter of intent it had procured for one building expired during the pendency of the CPS review, Concept responded with alacrity. Concept provided a revised facilities plan for an alternative school site which is feasible. Concept has had extensive experience developing facilities, even on a tight timeline, both in Chicago and elsewhere. Concept’s plan for recruiting families to the new facility is sound and Concept demonstrated evidence that it can make the necessary adjustments to complete renovations to the Balmoral facility and open on schedule in 2013.

19. Concept presented evidence of a purchase agreement and supporting loan documentation for purchase of the two facilities. The financial transactions appear to be arms-length and include reasonable terms.

20. In response to questions raised about transportation, Concept prepared a detailed transportation plan for all students, including students with special needs and homeless students. Concept also provided detailed cost projections and a revised financial model, which accommodate the updated plan.

21. The Commission’s site visit to CMSA included the direct observation of instruction; interviews with school and network leaders, teachers, students, parents, and board members; viewing artifacts of teaching and learning; and a network-led tour of the school. Commission staff concluded the following:

   a. CMSA is a successful school. Students are aware of the school’s high standards for behavior and academic achievement and strive to meet them. The CMSA staff reports that morale is healthy and operation of the school is smooth and focused on fulfilling the mission. Academics, assessment, and daily operations are well-supported by the management organization.

   b. The middle and high school program has a strong emphasis on math and science and is rigorous. The school has developed comprehensive middle and high school programs that provide students with a wide range of educational and extra-curricular activities. In addition, there is support for struggling students in the form of mandatory Saturday classes, tutoring, and mentors.

   c. The school is working to improve its achievement in English and Language Arts by adding curriculum and intervention programs, providing more time on learning necessary skills and using Saturday classes. In addition, the school provides regular parent workshops and English-language-learner classes to parents during the school day.

22. Commission staff also consulted other authorizers who oversee charter schools managed by Concept. Each authorizer who participated in the reference calls reported strong
satisfaction that Concept is in their portfolio of schools. The sample of authorizers that were consulted reported the following:

a. Two authorizers reported that Concept is the most responsible management company in their network of schools with regard to responsiveness to requests for information and compliance.

b. Concept does everything it can do to meet all expectations.

c. Concept is extremely well positioned to manage finances, facility, and educational programming.

d. Concept has not been placed on probation.

e. No authorizer reported having any outstanding unresolved issues of concern at schools Concept operates.

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).

The Commission gives preference to proposals that: “(1) demonstrate a high level of local pupil, parental, community, business, and school personnel support; (2) set rigorous levels of expected pupil achievement and demonstrate feasible plans for attaining those levels of achievement; and (3) are designed to enroll and serve a substantial proportion of at-risk children. . . .” 105 ILCS 5/27A-8(a).

B. Legal Compliance

Based upon its review and analysis of the proposal, public hearing comments, the information presented during due diligence and following the Commission staff’s recommendation, the Commission concludes that Concept’s proposal to establish Horizon Science Charter School Academy – McKinley Park and Horizon Science Charter School Academy – Belmont, as revised during the appeal process, complies with the Charter Law. See 105 ILCS 5/27A-7. Any technical noncompliance with the proposal that was presented to the District was curable and the Commission’s decision to grant Concept’s proposal is specifically conditioned upon Concept meeting its obligation to cure any issues identified by the Commission and to ensure that it is in full compliance with the Charter Schools Law prior to the opening of the schools.
The Commission is not required to base its decision exclusively on the merits of the proposal that Concept submitted to CPS. The Illinois Supreme Court has specifically held that, when reviewing appeals from a district’s denial of a charter school proposal, the decision need not be limited to the evidence that was submitted to the district. See Bd. of Educ. of Rich Twp. High Sch. Dist. No. 227, 965 N.E.2d at 19 (“Once an appeal is filed, the ISBE may direct the parties to provide additional information.”). The Charter Schools Law provides that the Commission is responsible for “authorizing high-quality charter schools throughout this State, particularly schools designed to expand opportunities for at-risk students, consistent with the purpose of” the Charter Schools Law. 105 ILCS 5/27A-7.5. The Commission, like the State Board did in the exercise of its responsibility to authorize high-quality charter schools on appeal, may receive additional information from an applicant after a district denies the applicant’s charter school proposal. The Court has expressly stated that charter school proposals can be revised on appeal. See Bd. of Educ. of Rich Twp. High Sch. Dist. No. 227, 965 N.E.2d at 37 (applying the Charter Schools Law to ISBE, the Court held that “[t]he authority granted . . . makes clear that charter applications are subject to revision. 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”) (internal citation omitted). See also 23 Ill. Admin. Code 650.60(b).

On appeal, the Commission staff properly allowed Concept to submit the final proposal in addition to the draft proposal CPS evaluated. The final proposal contained all of the required elements of a charter school proposal under the Charter Law, including the budget narrative and other information regarding community engagement strategies and the education management services Concept will provide. Moreover, during the appeal process, Concept addressed each of the concerns regarding legal compliance with the charter school proposal to the Commission’s satisfaction. Specifically,

1. The Charter Law requires that the words “Charter School” appear in the name of any school authorized pursuant to the Charter Law. Concept has indicated that it will change the official names of the schools to include the words “Charter School.”

2. The two facilities that Concept has identified are currently located in areas of Chicago zoned for manufacturing and would not permit operation of a school. Concept has filed the required requests for zoning changes for both facilities and the request is proceeding through the administrative process. On March 6, the zoning change requests were filed with the city of Chicago. On March 13, the changes were introduced to the City Council. The Commission’s award of a charter is conditioned upon Concept’s securing the required zoning modifications before the opening of the new schools.

3. To ensure compliance with the Open Meetings Act, Concept submitted written confirmation to the Commission that upon opening of the Horizon Science Charter School Academies, regular school board meetings will be held locally at the proposed school sites.
Additionally, although CPS did not cite the potential financial impact that the proposed Concept schools would have on the District as a basis for its denial of the proposal, pursuant to the Charter Schools Law, the Commission conducted its own financial impact analysis and determined that both of the schools Concept proposes to open could be funded at a per pupil amount equal to 100 percent of the CPS per capita tuition rate without materially impacting the overall CPS budget or financial solvency of the District. In any event, 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. 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.” Comprehensive Cmty. Solutions, Inc. v. Rockford Sch. Dist., 216 Ill. 2d 455, 481 (2005).

Accordingly, the Commission concludes that Concept’s revised proposal to establish the two Horizon Science Charter School Academy schools complies with the Charter Schools Law. See Bd of Educ. of Cmty. Consol. Sch. Dist. No. 59 v. Ill. State Bd. of Educ., 317 Ill. App.3d 790 (1st Dist. 2000) (“[T]he Board is authorized to reverse the denial of a charter upon a finding that the proposal substantially complies with the Act and that the approval of the charter would be in the best interests of the students if certain conditions are met within a specified time period.”)

C. Best Interests Analysis

The Commission also concludes that it is necessary to reverse CPS’s decision in the present case because the proposal as revised “is in the best interests of the students the charter school is designed to serve.” 105 ILCS 5/7A-8(h)(ii). Concept provided ample evidence during the appeal process to demonstrate that it has the capacity to provide Chicago public school students in the McKinley Park and Balmoral communities with a high quality educational option that is not currently available to them.1

In order to assess whether authorization would be in the best interest of the students Concept intends to serve, Commission staff conducted an independent analysis of four aspects of the proposal: the education plan, the organization plan, the business plan, and the evidence of capacity. The Commission staff rated each criteria on a scale from does not meet the standard, partially meets the standard, approaches the standard, to meets the standard. Upon review and analysis of Concept proposal and all the information collected during due diligence, the Commission staff concluded that all aspects of the Concept proposal meet the standard. On that

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1 During the appeal process, CPS indicated that it felt it had to reject Concept’s proposal during its review process because it had an obligation to maintain the “integrity of its process,” despite the fact that Concept’s final proposal was a good one. Rather than take the time to work with Concept to address any concerns, CPS denied Concept’s proposal so that it could adhere to its rigid process and arguably hasty timeline for considering charter school proposals. The Commission is not so constrained. Instead, the Commission’s decision is guided by the Charter Law mandate to reverse the District’s decision upon a finding that Concept’s proposal complies with the Charter Law and would be in the best interest of students Concept intends to serve.
basis, the Commission staff determined that establishment of the Horizon Science Charter School Academies is in the best interest of the students those schools are intended to serve and recommended that the Commissioners grant the appeal.

The Commission’s findings, set forth above, provide the basis for the Commission’s decision and conclusion that establishment of the Horizon Science Academy schools would be in the best interest of students in the McKinley Park and Balmoral communities. In sum, Concept believes that all students can become college ready in an environment of high expectations and solid academic programming. The curriculum, while comprehensive, is focused on science, math, and technology and is adequately supported by Concept’s customized interim assessment and data management tools. Concept has developed a sound model for school governance, effective leadership pipelines, facility and operational management systems and partners, and professional development that provides all staff with support to implement the Concept model. On appeal, Concept presented a balanced budget with clear assumptions, sound financial oversight and management, and concrete, reasonable facility acquisition plans. Students at other schools Concept operates have a solid track record of academic performance. At charter schools operated by Concept enrollment is strong, student achievement is high and finances are stable. Authorizers report satisfaction with the educational program Concept provides and Chicago families have indicated that they would like more seats available in Concept.

For these reasons, the Commission finds that establishment of Horizon Science Charter School Academy – McKinley Park and Horizon Science Charter School Academy – Belmont would be in the best interests of the students Concept intends to serve. The Commission’s grant of two charters to Concept that would open at the start of the 2013-2014 academic year shall be conditioned on Concept’s ability to meet specific requirements on or before July 1, 2013 relating to its proposed facilities. Those specific requirements shall be set forth in writing and submitted to Concept within ten days of this decision.

V. Conclusion

On the basis of the information presented to the Commission on appeal, the Commission concludes that reversal of CPS’s decision to deny Concept’s proposal to establish the Horizon Science Charter School Academy – McKinley Park and Horizon Science Charter School Academy – Belmont is warranted. The appeal is GRANTED.

Dated: March 25, 2013