

## CHARTER ACCOUNTABILITY PLAN - STARTING IN 2017-2018 SCHOOL YEAR

The Board and the Charter School have determined that it is in the best interests of the Board, the Charter School, students, parents and the public to articulate clear standards for the Charter School. The governing board of the Charter School shall be responsible for overseeing the academic performance of the Charter School and ensuring the academic success of the Charter School's students. Additionally, the governing board of the Charter School is responsible for ensuring that the Charter School's financial management and compliance meets the minimum acceptable standards, defined as Average performance in the below plan. The governing board of the Charter School shall be held accountable through an annual performance evaluation and the publishing of a public Performance Scorecard outlining the level of achievement of the Charter School with respect to those standards, based on data collected during the prior school year.

### 1. Accountability Components

The Board and the Charter School hereby agree that the Charter School and each of its Attendance Center or campus, if applicable, shall be evaluated annually in accordance with the Agreement and this Accountability Plan including (i) the Board's School Quality Rating Policy ("SQRP") adopted November 19, 2014 (14-1119-PO1), (ii) Board Resolution Regarding School Quality Rating Policy adopted September 29, 2015 (15-0929-RS3), (iii) the Board's Charter School Quality Policy ("CSQP") adopted October 28, 2015 (15-1028-PO1), and (iv) any other resolutions adopted by the Board related to the SQRP. Said policies and resolutions, as may be amended from time to time, are hereby incorporated by reference into and made a part of this Agreement as if fully set forth herein.

### 2. Annual Performance Scorecard

Annually the Board shall publish a Performance Scorecard indicating the Charter School's performance overall and by each Attendance Center or campus, if applicable, on each of the indicators ("Indicators") in the following two categories: (i) Pupil Performance and (ii) Financial Management and Compliance. The Board reserves the right to also publish any underlying documentation with respect to such Performance Scorecard including, but not limited to, the Financial Audit of the Charter School as referenced in paragraph 6.a. of the Agreement. A Performance Scorecard for the preceding school year will be issued each year as soon as the data and corresponding analysis is available.

For the Pupil Performance Indicators, the Board will assign Charter Schools an

accountability designation for purposes of comparison to other CPS schools and public reporting. The level of the Charter School's achievement and progress will be determined by a set of Indicators measuring, among other things, student academic performance and growth, attendance, progress toward graduation, post-graduation success, school culture and climate, and data quality.

The SQRP and CSQP shall be used to determine if a school is meeting or making reasonable academic progress, as defined in the Illinois Charter Schools Law. When conducting the annual performance evaluation, the Charter School's academic performance shall be categorized as Meeting Standards, Making Reasonable Progress, or Failing to Meet Standards or Make Reasonable Progress. This determination shall also be used in decisions concerning the renewal, non-renewal or revocation of a school's charter and agreement.

For the Financial Management and Compliance Indicators, the Charter School's performance on each Indicator will be rated as follows:

- Exceeds Standards - Above average performance
- Meets Standards - Average performance
- Does Not Meet Standards - Below average performance

This Accountability Plan establishes the performance levels, listed below, which generate the ratings for each Indicator. However, additional information or extenuating circumstances may lead the Board to rate an Indicator higher or lower than when performance level criteria are strictly applied.

#### A. Pupil Performance

##### *Standardized Tests*

In the spring of each year, the Charter School shall participate fully in assessments required by the State of Illinois as well as any other assessments required by the district's performance policy during the administration period agreed upon by the Chicago Public Schools and the Charter School. Data from these assessments will be compiled and evaluated as described in the SQRP. If for any reason the Chicago Public Schools ceases to use any of the assessment systems described herein, the Board shall implement, for Charter School accountability purposes, the same alternate student assessment system and test measure criteria used for district's students.

### *Additional Student Performance Indicators and Data Required*

Additional metrics may also be assessed per the SQRP, including the Charter School's attendance rate, freshman on track rate (for high schools), one-year dropout rate (for high schools), Advanced Placement ("AP") exam metrics (for high schools), International Baccalaureate ("IB") exam metrics (for high schools), early college credit (for high schools), career certifications (for high schools), graduation rate (for high schools), college enrollment and persistence (for high schools), and data quality. Additionally, all schools will be required to administer the My Voice, My School survey annually.

In general, schools will be required to submit all relevant data necessary to calculate the metrics outlined in the SQRP.

### *Annual Measurable Objectives*

As required by the Federal Every Student Succeeds Act ("ESSA"), as may be amended from time to time, Illinois has set annual measurable objectives. Charter Schools failing to meet annual measurable objectives may face sanctions under applicable State and Federal laws.

### *Comparison Metrics*

The Charter School's academic performance shall be reviewed annually relative to the performance of other schools within CPS on metrics included in the SQRP and/or on assessments mandated and other metrics measured by the State of Illinois.

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## B. Financial Management and Compliance

The following Financial Management and Compliance Categories will be included on and evaluated for each Performance Scorecard: Financial Condition, Financial Controls, Reporting, and Legal Compliance. The school will receive a rating for each Indicator based on the rubric described below. Performance against each Indicator will be reported on the Annual Performance Scorecard.

### *Financial Condition*

This category measures the overall financial health of the school based on the change in net assets, current ratio (liquidity), net asset ratio, cash on hand ratio, and loan delinquency. Ratings will be assigned for each Indicator as follows:

Indicator	Exceeds Standards	Meets Standards	Does Not Meet Standards
Change in Net Assets (Key Indicator)	Sum of last three years Change in Net Assets is greater than or equal to 2% of the sum of last three years total revenue <i>and</i> current year Change in Net Assets is greater than or equal to 2% of current year revenue	Either the sum of last three years Change in Net Assets is greater than or equal to 2% of the sum of last three years total revenue <i>or</i> current year Change in Net Assets is greater than or equal to 2% of current year revenue	Neither the sum of last three years Change in Net Assets is greater than or equal to 2% of the sum of last three years total revenue <i>or</i> current year Change in Net Assets is greater than or equal to 2% of current year revenue
Current Ratio (Key Indicator)	Current Ratio is greater than or equal to 3.0	Current Ratio is less than 3.0 but greater than or equal to 1.1	Current Ratio is less than 1.1
Net Asset Ratio (Key Indicator)	Net Asset Ratio is greater than or equal to 50%	Net Asset Ratio is less than 50% but greater than or equal to 20%	Net Asset Ratio is less than 20%
Cash on Hand Ratio (Key Indicator)	Cash/avg. monthly expenses greater than or equal to 3.0	Cash/avg. monthly expenses less than 3.0 but greater than or equal to 1.0	Cash/avg. monthly expenses is less than 1.0

Loan Delinquency	No late payments in the last twelve months or no outstanding debt	One or two late payments in the last twelve months	Three or more late payments in the last twelve months
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The Board shall use the annual Financial Audit, required under paragraph 6.a, along with any other relevant information as part of the Financial Condition Category.

*Financial Controls*

This category assesses the fiscal soundness of the financial system in place at each school, taking into consideration the auditor’s independent review.

Indicator	Exceeds Standards	Meets Standards	Does Not Meet Standards
Annual Audit	Unqualified opinion, no significant deficiencies or material weaknesses	Unqualified opinion, one or two significant deficiencies and no material weaknesses	Unqualified opinions, one material weakness or more than two significant deficiencies; or an audit with a qualified opinion

The following items, required by paragraph 6.a of the Agreement, shall be evaluated and presented as part of the Financial Controls Category:

- i) the Charter School’s audit report opinion on its financial statements; and
- ii) the Charter School’s audit report on compliance and internal control over financial reporting based on an audit of the financial statements performed in accordance with Government Auditing Standards and the Single Audit Act of 1984, as amended.

*Reporting*

This category measures a school’s timely submission of documents. Documents include annual budgets, quarterly financial statements, audit reports, and other compliance documents required at the federal, state, and local levels as outlined in the Office of Innovation and Incubation’s compliance chart.

Indicator	Exceeds Standards	Meets Standards	Does Not Meet
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			Standards
Fed/State/CPS Compliance Document Timeliness	On-time submission percentage is greater than or equal to 95%	On-time submission percentage is less than 95% but greater than or equal to 80%	On-time submission percentage is less than 80%

*Legal Compliance*

This category measures legal compliance reflected and reported in the annual audit and detailed in any findings

Indicator	Exceeds Standards	Meets Standards	Does Not Meet Standards
Legal Compliance	Auditor report on compliance reflects no findings	Auditor report on compliance reflects one or two findings	Auditor report on compliance reflects three or more findings; or repeat finding

The following items, required by paragraph 6.a.iii. of the Agreement shall be tested and reported upon annually by the Charter School’s independent auditor and evaluated and presented as part of the Legal Compliance Indicator:

- i. Compliance with all Federal and State laws and constitutional provisions prohibiting discrimination on the basis of disability, race, creed, color, gender, national origin, religion, ancestry, marital status or need for special educational services pursuant to 105 ILCS 5/27A-4(a);
- ii. Compliance with the Freedom of Information Act and Open Meetings Act pursuant to 105 ILCS 5/27A-5(c);
- iii. Compliance with all applicable health and safety requirements applicable to public schools under the laws of the State of Illinois pursuant to 105 ILCS 5/27A-5(d);
- iv. Compliance with all Federal and State laws and rules applicable to public schools that pertain to special education and the instruction of English language learners pursuant to 105 ILCS 5/27A-5(g);
- v. Compliance with all enumerated State laws and regulations applicable to Charter Schools in accordance with 105 ILCS 5/27A-5(g); and
- vi. Conformance with the following paragraphs of the Agreement:
  - a) Paragraph 4.d., an open enrollment process and lottery,
  - b) Paragraph 4.l., the school’s governance structure,

- c) Paragraph 5.c., maintenance of corporate status and good standing,
- d) Paragraph 5.e., completion of criminal background checks,
- e) Paragraph 5.g., the school's facility(ies)/ Attendance Center(s) and ADA compliance,
- f) Paragraph 6.j., compliance with applicable sections of the Illinois Pension Code,
- g) Paragraph 6.k., ongoing presence of management and financial controls,
- h) Paragraph 6.p., monitoring of public funds used for advertising, and
- i) Paragraph 8., maintenance of required insurance coverage.

In addition to the above items, the Board will also consider the Charter School's compliance with the Office of Innovation and Incubation's compliance requirements and the teacher qualification requirements in accordance with both the Charter Schools Law (Section 27A-10). Failure to comply with either the compliance requirements or the teacher qualification requirements shall affect the rating on the Legal Compliance Indicator.

When determining how to classify a Financial Management and Compliance Indicator, the Board may consider information from various sources including, but not limited to, Financial Audits, site visits, spot checks or spot audits to verify enrollment and/or attendance data, and any information provided by other CPS departments, parents, or employees.

If a Financial Audit states that there were material weaknesses or significant deficiencies found, the Board may request from the Charter School the auditor's management letter and/or an opinion from a qualified, third-party professional regarding the importance of the finding. The Board shall also ask the Charter School to respond to the finding.

To further strengthen the Board's financial accountability process, the Board has established baseline financial standards for the Charter School which have been detailed below:

### **Financial Remediation Process**

The Office of Innovation and Incubation ("I&I") shall oversee a financial remediation process ("Financial Remediation Process") that requires a Charter School to submit documentation to I&I regarding the Charter School's financial health. As indicated above, there are four "Key Indicators" related to financial performance A Charter

School shall enter the Financial Remediation Process if:

- At least two (2) out of four (4) Key Indicators are not meeting standards in one (1) fiscal year, or
- Exigent circumstances cause the Charter School unexpected financial hardship.

A Charter School that begins the Financial Remediation Process for the first time or begins in a non-consecutive year shall be required to submit monthly cash flow statements to I&I, with the possibility of other requirements.

A Charter School in its second consecutive year of the Financial Remediation Process shall be required to submit a financial corrective action plan (“Financial Corrective Action Plan”) and other required documents to I&I. This Financial Corrective Action Plan should detail the actions the Charter School will take to improve its financial position.

As stated in the CSQP under “Other Considerations”, nothing in this policy shall prohibit the Charter School from being subject to non-renewal or revocation based on the totality of factors. The financial factors that may be taken into consideration include, but are not limited to: (i) the Charter School’s financial situation is severe enough that it impacts the education of students, (ii) the Charter School not successfully completing the Financial Corrective Action Plan within the Financial Remediation Process, or (iii) the Charter School being in the Financial Remediation Process for more than half of the duration of its Agreement. These criteria may also be considered for expansion, replication, or a shortened renewal term.

### 3. Charter School Participation in the Accountability Process

The Charter School shall take all necessary actions to collect and report the information required by this Accountability Plan for the Charter School overall and by each Attendance Center, if applicable, including, without limitation:

- A. Full participation in the administration of all required student assessments, as the case may be, including all procedures designed to safeguard the integrity of the assessments;
- B. Participation in site visits conducted by the Board to ascertain that sufficient, minimum educational, facility, and operational practices are in place;
- C. An annual financial and compliance audit, as required by law, including but not limited to, the Single Audit Act Amendments of 1996 (31 U.S.C. §7501-07, as amended), OMB Circular A-133, and the compliance

- requirements set forth in OMB Compliance Supplement, and by the Agreement;
- D. Provision of student, school, and employee information required by the Agreement and/or the Accountability Plan;
  - E. Submission and implementation of ADA Plan(s) for the Attendance Center(s) required by the Agreement;
  - F. Provision of information that is necessary to evaluate parent, student, employee, or public allegations or audit findings that, if true, would constitute a violation of the law or Agreement; and
  - G. Provision of additional information or cooperation in other actions not listed in this section necessary to evaluate the Charter School's performance with respect to the Financial Management and Compliance Categories.

#### 4. Renewal, Non-Renewal and Revocation

The Board shall evaluate the Charter School in accordance with the Accountability Plan and may rely on its evaluation of one or more Indicators included in the Accountability Plan when the Board acts to revoke, renew, or not renew the Charter School's charter. Depending upon the circumstances, any Indicators for the current year of the Charter School or any optional site visit(s) by the Board may or may not be considered when the Board evaluates the Charter School against this Accountability Plan.

With respect to the Pupil Performance Category, the Board will take any such action using the SQRP rating for the Charter School then available. For example, for a five-year charter agreement ending on June 30, 2021, the 2017 SQRP Rating would assess the academic performance of the Charter School for the 2016-2017 school year and so on as illustrated below:

Issuance of SQRP Rating	Based on School Year
Summer/Fall 2017	August/September 2016-June 2017
Summer/Fall 2018	August/September 2017-June 2018
Summer/Fall 2019	August/September 2018-June 2019
Summer/Fall 2020	August/September 2019-June 2020
Summer/Fall 2021	August/September 2020-June 2021

When a charter is up for renewal, the Board will take into account previous years of the Charter School's academic performance on the SQRP; provided, however, the Board will not take into account the final year's academic performance of the Charter School other than as set forth in the CSQP except under extraordinary circumstances.

When the Board considers revoking a charter, it may take into account whether: (i) the Charter School has failed to implement its academic remediation plan and adhere to the timeline as defined by the Board; (ii) the Charter School has remained on the Academic Warning List for two consecutive years as defined in the CSQP; or (iii) such other criteria as set forth in the then current SQRP, CSQP or amendatory resolutions regarding the aforementioned policies.

The Board may act to renew, not renew, or revoke a charter of the Charter School during the term of the Agreement in accordance with paragraphs 12 and 13 of this Agreement.

In all circumstances, the Board shall follow the requirements of the Charter Schools Law and its Agreement, including all due process requirements, regarding the processes required for renewal, non-renewal and revocation.