

# Illinois

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## Summary and Highlights

This snapshot examines the revenue sources and funding equity for district public schools and charter schools in Illinois and, in particular, Chicago Public Schools (CPS), during FY 2006-07 (Figure 1).<sup>1</sup>

In the following figures, the statewide values show how much per pupil funding districts in the state

received compared to how much charter schools received per pupil. The statewide values weighted for charter enrollment adjust these figures to account for the fact that some districts enroll more charter students than others and the district PPR varies between districts. The weighted values estimate how much more or less per pupil funding charter schools received compared to the funding district schools would have received to educate the same students. (See Methodology for details.)

## Highlights of Our Findings

- Illinois charter schools received 7.5 percent less

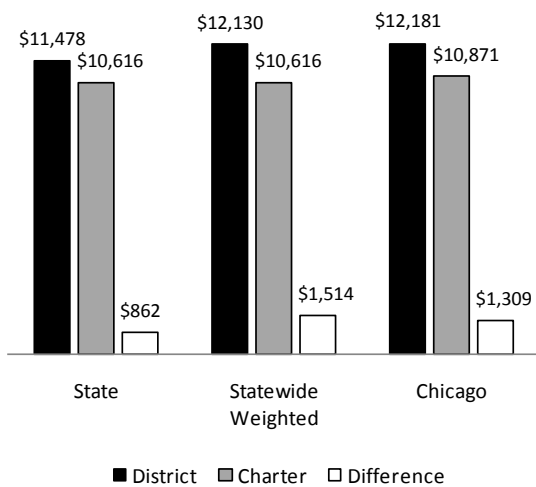
**Figure 1: District and Charter School Revenues and Enrollments**

Illinois (2006-07)	Statewide		Statewide Weighted for Charter Enrollment		Chicago	
<b>Per pupil Revenue</b>						
District	\$11,478		\$12,130		\$12,181	
Charter	\$10,616		\$10,616		\$10,871	
Difference	<i>(\$862)</i> <i>(7.5%)</i>		<i>(\$1,514)</i> <i>(12.5%)</i>		<i>(\$1,309)</i> <i>(10.7%)</i>	
<b>Per pupil Revenue by Source</b>	<b>District</b>	<b>Charter</b>	<b>District</b>	<b>Charter</b>	<b>District</b>	<b>Charter</b>
Federal	\$783	\$375	\$1,694	\$375	\$1,766	\$398
State	\$3,475	\$594	\$4,385	\$594	\$4,456	\$643
Local	\$6,465	\$18	\$5,368	\$18	\$5,282	\$19
Other	\$781	\$1,642	\$1,009	\$1,642	\$1,027	\$1,737
Indeterminate	(\$25)	\$7,987	(\$326)	\$7,987	(\$350)	\$8,074
Total	\$11,478	\$10,616	\$12,130	\$10,616	\$12,181	\$10,871
<b>Enrollment</b>						
District	2,022,301 99.0%		N/A N/A		372,861 95.0%	
Charter	20,700 1.0%		N/A N/A		19,470 5.0%	
Charter Schools	76		N/A		68	
<b>Total Revenue</b>						
District	\$23,212,796,530 99.1%		N/A N/A		\$4,541,676,798 95.5%	
Charter	\$219,753,262 0.9%		N/A N/A		\$211,667,202 4.5%	
Total	\$23,432,549,792		N/A		\$4,753,344,000	
<b>Percentage of Revenue by Source</b>	<b>District</b>	<b>Charter</b>	<b>District</b>	<b>Charter</b>	<b>District</b>	<b>Charter</b>
Federal	6.8%	3.5%	14.0%	3.5%	14.5%	3.7%
State	30.3%	5.6%	36.2%	5.6%	36.6%	5.9%
Local	56.3%	0.2%	44.3%	0.2%	43.4%	0.2%
Other	6.8%	15.5%	8.3%	15.5%	8.4%	16.0%
Indeterminate	(0.2%)	75.2%	(2.7%)	75.2%	(2.9%)	74.3%
<b>Change in district school funding if subjected to charter funding structure</b>						
	<i>(\$1.7 billion)</i>				<i>(\$490 million)</i>	

funding than districts statewide: \$10,616 vs. \$11,478 per pupil, a difference of \$862.

- Illinois charter schools received \$10,616 per pupil, but district schools would have received \$12,130 to educate the same students – a difference of \$1,514, or 12.5 percent. Weighting the district PPR for charter enrollment, therefore, increases the funding disparity by \$652 from the statewide difference above.
- Chicago’s charter schools received 10.7 percent less funding than CPS district schools: \$10,871 vs. \$12,181 per pupil, a difference of \$1,309.

**Figure 2: Per Pupil Total Revenue for Illinois District vs. Charter Schools, FY 2006-07**



- Chicago’s charter schools received 18.1 percent less government funding (\$2,020) – all revenues less “other” dollars - than Chicago district schools.<sup>2</sup>

**Primary Reasons for Funding Disparities**

- Illinois’ funding formula for charter schools allows for a high degree of local discretion. The funding amount is negotiated between a charter school and its sponsoring district, but must remain between 75 percent and 125 percent of per-capita student tuition spending of the district in which the charter school is located.

- State statute provides for district compensation of “lost” revenue to opening charter schools by reimbursing districts at a rate of 90 percent of charter costs the first year, 65 percent the second year, and 35 percent the third year. This compensation effectively increases the funding discrepancy between districts and charters.

- Illinois charter schools are not independent school districts. They are therefore dependent on their sponsoring district for eligibility and participation in state and federal funding programs.

- Additionally, because of their dependent status, charters often receive “goods and services” in exchange for withheld funds. Because these “goods and services” are often not claimed as revenue or are lumped together with “per pupil tuition” by the sponsoring district, it is difficult to determine whether charters receive their fair share.

- Because allocations to charter schools are determined by school districts rather than a student or school-based formula, the types of students served and/or grade level factors do not account for the funding gap.

- To compensate for lost revenue, Illinois charter schools turn to funding from private contributions grants and “other” non-tax sources. CPS charters relied on 16 percent of total funding from nongovernment sources, nearly double the amount Chicago district schools generated. These funds are often targeted toward start-up and ongoing facility costs.

- Because most charter funding is passed through to the schools by the district, it is difficult to discern the original source of many of the resources supporting charter schools. The funds that are passed through to charter schools by districts come from a combination of federal, state, and locally sourced dollars. In Figure 1, these funds are labeled “Indeterminate”.

### **How Illinois Funds Its District Schools<sup>3</sup>**

Funding for Illinois public schools comes from local and federal sources, General State Aid (GSA) and state categorical funding. Local funding for schools comes primarily from local property tax levies adopted annually by boards of education to balance approved budgets. Tax rates cannot exceed the maximum established by law unless approved by voter referendum.

GSA is distributed to districts based on average daily pupil attendance and the equalized assessed value<sup>4</sup> of all taxable property within the district. The state aid formula uses three different methods of allocation, depending on the property wealth of the district: the foundation formula, an alternate formula, and a flat grant formula.<sup>5</sup> Most districts receive state funding under the foundation formula. These districts have available local resources less than 93 percent of the foundation level. Districts that qualify for the alternate formula have available local resources between 93 and 174 percent of the foundation level. Districts that have more than 175 percent of the foundation level qualify for the flat grant formula.

There are supplemental adjustments to the GSA formula for district poverty levels, property tax appeals, court rulings, and hold harmless provisions.

Each district's GSA is based on one of the following: (1) the greater of the prior year's best three months of average daily attendance; or, the average of item 1 and the best three months of average daily attendance from the past two years. There are three different formula calculation rates based on different districts: unit districts = 3.00 percent; elementary districts = 2.30 percent; and high school districts = 1.05 percent.

Districts are also funded through state categorical aid. All districts are entitled to some portion of categorical aid for state-required programs such as transportation and special education. Districts submit claims to the state for these categorical

funds. Other categorical funds, such as adult and gifted education, are competitive grant processes.

The state also provides "transitional impact aid" to help compensate sponsoring districts for the impact of losing enrollment to local charter schools. The reimbursement rate is 90 percent of the cost of any charters in their first year of operation, 65 percent of second year costs, and 35 percent of third year costs.

### **How Illinois Funds Its Charter Schools<sup>6</sup>**

For the purposes of funding through the Illinois School Code, charter school enrollments are included in enrollment totals of the school district in which each pupil resides. Charter schools must report the aggregate number of students residing in a school district to the school district of residence.

Funding levels and any services provided to the charter school are negotiated between the charter school and each sponsoring district. The funding amount is specified in the individual charter, but legislation requires that charter schools receive not less than 75 percent nor more than 125 percent of per-capita student tuition of the district within which the charter school is located. Tuition represents the average cost of education for a regular general education student in that district. For a school that is authorized directly by the state and enrolls students from more than one district, the school will receive between 75 and 125 percent of the per-capita tuition rate from each of the districts from which it draws students.

Charter schools also are entitled to their proportionate share of federal and state categorical funding available for eligible students enrolled from the sponsoring district. And although charter schools are not considered independent districts in Illinois, charter schools are eligible to apply for any grant administered by the state that school districts are eligible to receive. The State Board of Education also makes start-up grants available to charter schools to pay the costs of acquiring educational materials and supplies such as textbooks, furniture, and other

equipment that will be needed in their first years of operations (not to exceed \$250 per student enrolled in the charter school).

**Figure 3: State Charter School Policies**

State Policies	Yes	No	Partial
Charter schools receive their funding directly from the state		X	
Charter schools are eligible for local funding	X <sup>7</sup>		
Cap on funding a charter school can receive	X <sup>8</sup>		
District public schools receive differential funding (e.g. more funding for 9-12 vs. K-8 schools)	X <sup>9</sup>		
Charter schools receive differential funding		X <sup>10</sup>	
State allows district to withhold funding from charter schools for providing administrative services		X <sup>11</sup>	
State "holds harmless" district funding for charter enrollment	X <sup>12</sup>		
School is considered LEA if authorized by non-district organization			X <sup>13</sup>
School is considered LEA if authorized by district		X	
Cap on number of charter schools	X <sup>14</sup>		
Cap on number of charter schools authorized per year		X	
Cap on number of students attending charter schools		X	
Charter schools have an open enrollment policy			X <sup>15</sup>

Unlike some states, charter school funding in Illinois does not follow the student out of the home district. If a student attends a charter school located outside the home district, with the approval of the receiving district, the student's family must pay tuition (except in the case where a school is authorized directly by the state and has been designed to serve students from more than one district).

State legislation requires that pass-throughs for special education funding be negotiated between the charter school and the sponsoring school district, like general education funding. In Chicago, the district most commonly withholds revenues in exchange for the provision of special education services. Frequently, there is a contract between the charter school and the home school district to provide such services and the per capita tuition rate is reduced to cover the cost (e.g., 90 percent rather than 100 percent per capita tuition).<sup>16</sup> (See Figure 3 for a summary of policies that impact charter school funding).

### Facility Funding

Capital Funding for Illinois School Districts: Capital funding from local sources comes through the sale of bonds approved by local referenda and local tax levies for designated capital projects, and collections on local fees.

At the state level, facility funding is primarily provided based on each district's property wealth, with wealthy districts receiving less state aid. The School Infrastructure Fund primarily funds debt service obligations. Any surplus funds go to support: (1) the School Technology Revolving Loan Fund; (2) state expenses for capital development projects; (3) school construction projects under the School Construction Law; and (4) any amounts due for school maintenance projects under the School Construction Law.<sup>17</sup> To access construction grants, school districts submit applications and facility plans to the State Board of Education, which then awards monies based on need and the type of project. The amount of a construction grant is equal to the recognized project cost multiplied by the school district's grant index. Debt service grants are awarded by the State Board of Education to assist school districts that passed construction bond referenda between 1996 and 1999. The grants are equal to 10 percent of the principal amount of bonds issued times the grant index for the district and may be used to retire the principal related to approved school construction bonds, restructure school district debt, or abate property taxes by an amount equal to the debt service grant.<sup>18</sup>

Capital Funding for Illinois Charter Schools: Charter schools in Illinois do not receive capital funds for facilities from local or state sources, unless they are conversion schools, which are provided their facilities by the district at no charge. Without state or local capital support, facilities costs in Illinois are commonly paid out of the charter school's per pupil operating funds.

No interest or low-interest loan programs and bond financing are available to Illinois charter schools. The state created the Charter Schools Revolving Loan Fund, which provides one-time interest-free loans for up to \$250 per enrolled student to help with facilities acquisition and start-up costs. Repayment of these loans is due at the end of the initial charter term. The Illinois Finance Authority, a self-financed state authority, provides tax-exempt revenue bond and lease financing for charter school capital projects. Lastly, by applying through their sponsoring district, charter schools can participate in the state's QZAB program.<sup>19</sup>

The Illinois Facilities Fund (IFF), a nonprofit community developer, provides facilities financing for Illinois charter schools through its Illinois Charter Capital Program (ICCP). With supporting start-up funds from Chicago Public Schools and the Chicago Community Trust and Circle of Service Foundation, the ICCP makes loans to charter schools with facility projects up to \$1 million. Through 2007, the ICCP had made 40 below-market loans to charters with terms up to 15 years and 5 percent fixed interest rates. In 2005, the IFF expanded the ICCP to include a bond financing program for charter school facility projects over \$1 million.<sup>20</sup>

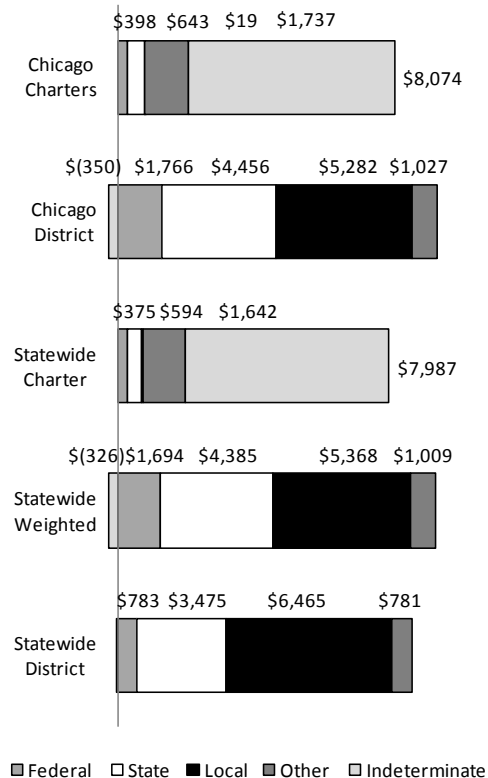
### Primary Revenue Sources for Illinois' Public Schools

The major revenue sources for state education funds come from income taxes, sales taxes, federal aid, the public utilities tax, and net lottery proceeds. Local revenue sources, on the other hand, are primarily derived from local property taxes and the Corporate Personal Property Replacement Tax (CPPRT). Across the state and in the focus district of Chicago, school districts relied

most heavily on local revenues to fund K-12 education, 56.3 percent and 43.4 percent, respectively. The state of Illinois funded an average of 30.3 percent of the total revenues for all district schools, but Chicago Public Schools relied more heavily on state support than the average district, receiving 36.6 percent of its total revenues from the state in FY 2006-07.

Funds pass through charter sponsoring districts as one lump-sum of "tuition" dollars, which when reported in financial audits, is an unidentifiable combination of federal, state, and locally sourced dollars. We could not estimate a percentage of local and state revenues for charter schools for this reason. However, we assume that percentages of revenue by source should approximate the percentages of the sponsoring district, given the state's formula for charter school funding.

**Figure 4: Per Pupil Revenue by Source for Illinois District vs. Charter Schools, FY 2006-07**



The primary reasons for funding disparities by source are: (1) Charter schools do not have access to local and state capital funds; (2) The latitude for district discretion in negotiating funding levels with charter schools decreases overall local and state revenues sources for charter schools; (3) Districts receive additional state impact aid in the first three years of a charter school's operations, thus increasing overall district revenues; (4) Charter schools do not have district status and, therefore, are dependent on their sponsoring district's eligibility and application for categorical aid; and (5) Due to non-district status, charter schools cannot apply directly for federal funding, unless administered by ISBE.

### **Local Sources**

Lack of Access to Capital and Debt Service Funds: Illinois charter schools are fortunate to have access to some local bond guarantee programs that do not exist for charters in many states. However, charter schools are still responsible for paying for these opportunities with general per pupil revenues, unlike district schools with large capital budgets. In FY 2006-07, local sources of district capital and debt service revenues were approximately \$1,395 per pupil statewide and \$1,184 per pupil for CPS. When state capital and debt service revenues are added to these totals, revenues increase to \$1,570 per student statewide and \$1,592 per Chicago Public Schools district student. In capital and debt service alone, Chicago charter school students missed out on nearly \$30 million in funding.

### **State and Local Sources**

District Discretion in Funding "Negotiations": Sponsoring districts have a high degree of latitude in negotiating the amount of revenues a charter school will receive. Districts can fund charters with as little as 75 percent of the average cost of tuition rate in the district or as much as 125 percent, which means charter schools likely rarely come close to receiving a fair share of "revenues" per pupil. In order to make a comparison of state and local revenue combinations, we isolated the "per pupil tuition" and "goods and services" totals

passed through to charter schools by districts and combined those totals with charter school identified state and local revenues.<sup>21</sup> When comparing these totals with district combinations of state and local revenues, charter schools received \$1,341 less than district schools statewide (\$9,940 vs. \$8,599). Chicago charter schools received \$1,002 less than CPS district schools using these same calculations (\$9,738 vs. \$8,736).

Again, these differences are estimates given that per pupil tuition and "goods and services" probably includes some federal revenues and other indeterminate revenues may well come from state or local sources. However, this presents a good estimate of the funding rate provided by sponsoring districts. Using these estimates, Chicago charter schools were funded at about 79.4 percent of district per pupil revenues from state and local sources.

District Impact Aid: State statute provides for districts to be reimbursed by the state at a decreasing rate of 90, 65, and 35 percent over the first three years of a new charter school's operation to compensate for declines in district revenues that have resulted from lost enrollment. Charter school proponents are largely in favor of this hold harmless funding provision as a means of supporting further charter school development. Nonetheless, it is certainly true that impact aid increases the disparity in funding between charter school and district schools, although this disparity will likely diminish over time as the relative number of charter schools that are in their first three years of operations decreases.

Non-District Status for State Funding: Charter schools do not have independent district status. Therefore, their enrollment counts are included with the students' district of residence for funding purposes. Charter schools are therefore dependent on these districts for eligibility and application for categorical aid.

Non-District Status for Federal Funding: Because charter schools do not have independent district

status, they cannot independently access federal funds. State statute provides that charter schools should receive their proportional share for eligible students, but charter schools cannot apply for competitive federal opportunities independently. Figures 1 and 4 show low comparative levels of federal funding for charter schools (\$1,368 less for CPS charters). Some federal revenues are certainly captured in “indeterminate” revenue streams, and other federal revenues likely never get reported since districts provide in-kind services in exchange for revenues withheld.

Charter schools serve similar populations of students as district schools and therefore the large federal funding discrepancy or disparities in state categorical aid cannot be attributed to differences in student populations (Figure 5).

**Figure 5: School Characteristics<sup>22</sup>**

Illinois (2006-07)	Statewide District	Statewide Charters
Percentage of students eligible for free or reduced price lunch <sup>23</sup>	82.2%	79.8%
Percentage of schools eligible for Title I	68.6%	70.6%
Percentage of students by school type:		
Primary (K-5)	58.9%	44.1%
Middle (6-8)	17.1%	5.9%
High (9-12)	18.0%	23.5%
Other (K-12, K-8, etc.)	4.1%	26.5%

**Making Up for Lost Revenue**

“Other” Dollars: Because of the disparity in government funding between charter schools and districts, charter schools depend on raising large sums of revenues to maintain education programming and facilities. As a percentage of total revenues, Chicago charter schools generated nearly twice as much in other revenues as did district schools in FY 2006-07: 16.0 percent for charters vs. 8.4 percent for district schools. Without “other” revenues, CPS charter school per pupil funding drops to \$9,134, whereas the same

calculation applied to CPS district school funding maintains per pupil revenues at \$11,154. If we assess relative funding without consideration of “other” revenues, the disparity in funding increases to a \$2,020 shortfall for CPS charter schools.

**State Scorecard**

We have assigned ratings to each state based on the quality of data available, as well as to the extent charter schools have access to specific streams of revenue (Figure 6).

In Figure 6, we judged “Data Availability” on the ease of access to the information needed for this study and others like it. A rating of “Yes” means that all information was available through web sources or that it was provided upon request by state departments of education. A rating of “Partial” means some but not all of the data for this study were available either through web sources or through state departments of education. A rating of “No” means the data were not available either through web sources or through state departments of education.

Separately, we judged “Funding Formula” based on whether or not charters were considered Local Education Agencies for purposes of funding. “Yes” means that charters in the state are always considered LEAs for all forms of funding. “Partial” means that charters are sometimes considered LEAs for specific streams of funding (such as federal revenue) or that only certain charters are considered to be LEAs. “No” means charters in the state are never considered an LEA for funding purposes. A state received a rating of fair and equitable funding if charters received fair and equitable revenue in all three revenue streams listed.

Similar methods were applied to ratings for federal funding, State Funding, Local Funding, and Facilities Funding.

**Figure 6: State Scorecard<sup>24</sup>**

Findings		IL
Federal Funding	Charters have access to federal funds according to state statutes (Yes = black, No = white)	Y
	Percentage of federal revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	<
State Funding	Charters have access to state funds according to state statutes (Yes = black, No = white)	Y
	Percentage of state revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	<
Local Funding	Charters have access to local funds according to state statutes (Yes = black, No = white)	Y
	Percentage of local revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	<
Facilities Funding	Charters have access to facilities funds according to state statutes (Yes = black, No = white)	N
	Percentage of facilities revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	<
Data Availability	State provides detailed, public data on federal, state, local, and other revenues for district schools (Yes = black, Partial = grey, No = white)	Y
	State provides detailed, public data on federal, state, local and other revenues for charter schools (Yes = black, Partial = grey, No = white)	N
Funding Formula	Charters are treated as LEAs for funding purposes (Yes = black, Partial = grey, No = white)	N
	State funds student (black) or the LEA (grey)	L
	State funding formula is fair and equitable (Yes = black, No = white)	N

**Endnotes**

<sup>1</sup> Revenue and Enrollment Data Sources and Calculations: (1) District revenue data came from historical FY 2006-07 AFR extrapolated spreadsheets for district statewide totals and Chicago Public Schools. Totals were taken from the Account Summary tab and line item revenues were identified for removal in the Revenue file. Lines 6 – “On behalf of payments” by the state and (28) – “Sale of Assets” from the Account Summary file were added to revenue totals; (2) The following revenues were deducted from totals: All adult education related revenues: \$12,263,470 and Pre-K/Early childhood revenues: \$324,987,316. Bond proceeds are not included in totals; (3) All flow-through revenues were added to the source total; (4) All non-tax generated revenues were moved from “local” to “other” revenues; (5) All revenues from unidentified sources, such as “vocation transportation fees from other LEAs” or “Regular Tuition from Other LEAs,” were moved to “Indeterminate”; (6) According to ISBE finance officials, a total of \$117,754,200 of CPS’s General Education Block Grant from the state was a Pre K state grant. That amount was removed from state revenue totals.

Charter School Revenues and Calculations: (1) All charter school *revenue* totals identified in this analysis are from FY 2006-07 audits. Audits were obtained for 28 Chicago charter holders and four out of seven operational charters outside of Chicago. We did not receive audits for the following schools: Lincoln Charter School in Venice 3, and Southern Illinois University East St. Louis Charter School and Tomorrow’s Build Charter School, both in East St. Louis School District 189; (2) Charter school revenue deductions from Chicago Public Schools revenue totals are based on Chicago Public Schools charter school expenditure data. Charter school revenue totals in audits account for more revenue than was passed through by Chicago Public Schools; (3) The majority of revenues reported in charter school audits are identified as “Per Capita Tuition”. These lump sums likely



included local, state, and federal revenues in addition to unidentified “goods and services” or facilities assistance. Therefore, we could not apply a local district percentage of local contribution to the state’s funding formula to derive an estimate of local and state funding. A large percentage of charter school revenues are therefore classified as “Indeterminate”.

Enrollment: Charter school enrollment totals came from ISBE’s “2006-07 School Summary”. District enrollment totals came from the “2006-07 District Summary.”

<sup>2</sup> For the purposes of this analysis, charter school indeterminate revenues are considered “government” funds. Our assumption is that indeterminate charter revenues are a combination of state, local, and some federal revenues. Some indeterminate revenues are likely “other” dollars but for the sake of comparison, we are treating them as government revenues. Total government revenues are thus less than indicated.

<sup>3</sup> Unless otherwise indicated, the information about Illinois district school funding comes from the Illinois Association of School Boards, “Understanding School Finance Report,” Revised: September 2008.

<sup>4</sup> “Equalized assessed value” means the assessed value multiplied by the state equalization factor; this gives the value of the property upon which the tax rate is calculated. Due to tax collection procedures, the EAV is for the year prior to the beginning of the fiscal year.

<sup>5</sup> The higher a district’s wealth the lower the percentage of cost the state will pay.

<sup>6</sup> *Illinois School Code*. Sections 27A-11 and 27A-11.5.

<sup>7</sup> Legislation includes charter school student enrollment as part of total enrollment in the school district (in which the student resides). The charter school and the local school board

are to agree on funding and any services to be provided by the school district to the charter school.

<sup>8</sup> No more than 125 percent of per capita student tuition of the district in which the charter school is located. (According to state charter school legislation, (105 ILCS 5/27A4b), funding should be no less than 75 percent nor more than 125 percent 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.)

<sup>9</sup> As of FY 2005, there is differential funding for high schools and elementary schools.

<sup>10</sup> Charter school funding is based on the district of residence’s average cost to educate a general education student.

<sup>11</sup> Any services for which a charter school contracts with a school district shall be provided by the district at cost.

<sup>12</sup> The State Board makes transition impact aid available to school districts that approve new charter schools or that have funds withheld by the State Board to fund new charter schools that are chartered by the State Board. The amount of the aid is equal to 90 percent of the per capita funding paid to the charter school during the first year of its initial charter term, 65 percent of the per capita funding paid to the charter school during the second year of its initial term, and 35 percent of the per capita funding paid to the charter school during the third year of its initial term.

<sup>13</sup> Only in the case of an appeal. (A charter can be created through an LEA or on appeal to the State Board of Education).

<sup>14</sup> In FY 2006-07, state legislation allowed for a total of 60 to be in operation: 30 in Chicago, 15 in the Chicago suburbs, 15 in the rest of the state. Legislation passed in September 2009 (SB 612) doubles the cap to 120: 45 new schools in

Chicago, five of which are reserved for drop-outs, and 15 new charters through the rest of the state.

<sup>15</sup> Enrollment in a charter school is open to any student who resides within the geographic boundaries of the area served by the local school board, provided that the board of education in a city having a population exceeding 500,000 may designate attendance boundaries for no more than one-third of the charter schools permitted in the city if the board of education determines that attendance boundaries are needed to relieve overcrowding or to better serve low-income and at-risk students.

<sup>16</sup> "Illinois Charter School Annual Report", January 2008. Page 12.

<sup>17</sup> *State Finance Act*, section 6z-45. The School Infrastructure Fund.

<sup>18</sup> *Ibid.*

<sup>19</sup> Balboni, Elise and Eva Rainer, Clara Chae, and Kathy Olsen. "2007 Charter School Facility Finance Landscape". The Educational Facilities Financing Center of Local Initiatives Support Corporation. April 2007

<sup>20</sup> *Ibid.*

<sup>21</sup> "Per pupil tuition" and "goods and services" totaled \$145,830,064 for all charters statewide and \$137,691,255 for CPS charter schools. These two revenue sources include state and local revenues, although "goods and services" have some federal revenues included. The remainder of the indeterminate funds are most likely "other" revenues. These revenue streams were identified as: "other grants and fundraising;" "miscellaneous;" "operating revenues," etc.

<sup>22</sup> School Characteristic data taken from NCES with the exception of free or reduced price lunch. NCES reported that only 4.9% of charter school

students were eligible for free or reduced price lunch, a staggering difference from ISBR reports. The statewide average is inapplicable for district schools. Title I from the district could not be obtained.

<sup>23</sup> Free or Reduced Price Lunch percentages taken from the ISBE "Illinois Charter School Annual Report", January 2008. The statewide district percentage is the average low-income percentage of the districts in which charter schools are located, not all districts statewide.

<sup>24</sup> Responses in Figure 6 represent estimates based on a division of charter school indeterminate revenues into state and local totals based on district percentages.