

AN ACT concerning education.

**Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:**

Section 5. The School Code is amended by changing Sections 27A-4 and 27A-5 and by adding Sections 27A-10.5 and 27A-10.10 as follows:

(105 ILCS 5/27A-4)

Sec. 27A-4. General Provisions.

(a) The General Assembly does not intend to alter or amend the provisions of any court-ordered desegregation plan in effect for any school district. A charter school shall be subject to 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 education services.

(b) The total number of charter schools operating under this Article at any one time shall not exceed 120. Not more than 70 charter schools shall operate at any one time in any city having a population exceeding 500,000, with at least 5 charter schools devoted exclusively to students from low-performing or overcrowded schools operating at any one time in that city; and not more than 45 charter schools shall

operate at any one time in the remainder of the State, with not more than one charter school that has been initiated by a board of education, or by an intergovernmental agreement between or among boards of education, operating at any one time in the school district where the charter school is located. In addition to these charter schools, up to but no more than 5 charter schools devoted exclusively to re-enrolled high school dropouts and/or students 16 or 15 years old at risk of dropping out may operate at any one time in any city having a population exceeding 500,000. Notwithstanding any provision to the contrary in subsection (b) of Section 27A-5 of this Code, each such dropout charter may operate up to 15 campuses within the city. Any of these dropout charters may have a maximum of 1,875 enrollment seats, any one of the campuses of the dropout charter may have a maximum of 165 enrollment seats, and each campus of the dropout charter must be operated, through a contract or payroll, by the same legal entity as that for which the charter is approved and certified.

For purposes of implementing this Section, the State Board shall assign a number to each charter submission it receives under Section 27A-6 for its review and certification, based on the chronological order in which the submission is received by it. The State Board shall promptly notify local school boards when the maximum numbers of certified charter schools authorized to operate have been reached.

(c) No charter shall be granted under this Article that

would convert any existing private, parochial, or non-public school to a charter school.

(d) Enrollment in a charter school shall be open to any pupil 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. Students residing within an attendance boundary may be given priority for enrollment, but must not be required to attend the charter school.

(e) Nothing in this Article shall prevent 2 or more local school boards from jointly issuing a charter to a single shared charter school, provided that all of the provisions of this Article are met as to those local school boards.

(f) No local school board shall require any employee of the school district to be employed in a charter school.

(g) No local school board shall require any pupil residing within the geographic boundary of its district to enroll in a charter school.

(h) If there are more eligible applicants for enrollment in a charter school than there are spaces available, successful applicants shall be selected by lottery. However, priority shall be given to siblings of pupils enrolled in the charter

school and to pupils who were enrolled in the charter school the previous school year, unless expelled for cause, and priority may be given to pupils residing within the charter school's attendance boundary, if a boundary has been designated by the board of education in a city having a population exceeding 500,000.

Beginning with student enrollment for the 2015-2016 school year, any lottery required under this subsection (h) must be administered and videotaped by the charter school. The authorizer or its designee must be allowed to be present or view the lottery in real time. The charter school must maintain a videotaped record of the lottery, including a time/date stamp. The charter school shall transmit copies of the videotape and all records relating to the lottery to the authorizer on or before September 1 of each year.

Subject to the requirements for priority applicant groups set forth in paragraph (1) of this subsection (h), any lottery required under this subsection (h) must be administered in a way that provides each student an equal chance at admission. If an authorizer makes a determination that a charter school's lottery is in violation of this subsection (h), it may administer the lottery directly. After a lottery, each student randomly selected for admission to the charter school must be notified. Charter schools may not create an admissions process subsequent to a lottery that may operate as a barrier to registration or enrollment.

Charter schools may undertake additional intake activities, including without limitation student essays, school-parent compacts, or open houses, but in no event may a charter school require participation in these activities as a condition of enrollment. A charter school must submit an updated waitlist to the authorizer on a quarterly basis. A waitlist must be submitted to the authorizer at the same time as quarterly financial statements, if quarterly financial statements are required by the authorizer.

Dual enrollment at both a charter school and a public school or non-public school shall not be allowed. A pupil who is suspended or expelled from a charter school shall be deemed to be suspended or expelled from the public schools of the school district in which the pupil resides. Notwithstanding anything to the contrary in this subsection (h):

(1) any charter school with a mission exclusive to educating high school dropouts may grant priority admission to students who are high school dropouts and/or students 16 or 15 years old at risk of dropping out and any charter school with a mission exclusive to educating students from low-performing or overcrowded schools may restrict admission to students who are from low-performing or overcrowded schools; "priority admission" for charter schools exclusively devoted to re-enrolled dropouts or students at risk of dropping out means a minimum of 90% of students enrolled shall be high school dropouts; and

(2) any charter school located in a school district that contains all or part of a federal military base may set aside up to 33% of its current charter enrollment to students with parents assigned to the federal military base, with the remaining 67% subject to the general enrollment and lottery requirements of subsection (d) of this Section and this subsection (h); if a student with a parent assigned to the federal military base withdraws from the charter school during the course of a school year for reasons other than grade promotion, those students with parents assigned to the federal military base shall have preference in filling the vacancy.

(i) (Blank).

(j) Notwithstanding any other provision of law to the contrary, a school district in a city having a population exceeding 500,000 shall not have a duty to collectively bargain with an exclusive representative of its employees over decisions to grant or deny a charter school proposal under Section 27A-8 of this Code, decisions to renew or revoke a charter under Section 27A-9 of this Code, and the impact of these decisions, provided that nothing in this Section shall have the effect of negating, abrogating, replacing, reducing, diminishing, or limiting in any way employee rights, guarantees, or privileges granted in Sections 2, 3, 7, 8, 10, 14, and 15 of the Illinois Educational Labor Relations Act.

(k) In this Section:

"Low-performing school" means a public school in a school district organized under Article 34 of this Code that enrolls students in any of grades kindergarten through 8 and that is ranked within the lowest 10% of schools in that district in terms of the percentage of students meeting or exceeding standards on the Illinois Standards Achievement Test.

"Overcrowded school" means a public school in a school district organized under Article 34 of this Code that (i) enrolls students in any of grades kindergarten through 8, (ii) has a percentage of low-income students of 70% or more, as identified in the most recently available School Report Card published by the State Board of Education, and (iii) is determined by the Chicago Board of Education to be in the most severely overcrowded 5% of schools in the district. On or before November 1 of each year, the Chicago Board of Education shall file a report with the State Board of Education on which schools in the district meet the definition of "overcrowded school". "Students at risk of dropping out" means students 16 or 15 years old in a public school in a district organized under Article 34 of this Code that enrolls students in any grades 9-12 who have been absent at least 90 school attendance days of the previous 180 school attendance days.

(1) For advertisements created after the effective date of this amendatory Act of the 98th General Assembly, any advertisement, including a radio, television, print, Internet, social media, or billboard advertisement, purchased by a school

district or public school, including a charter school, with public funds must include a disclaimer stating that the advertisement was paid for using public funds.

This disclaimer requirement does not extend to materials created by the charter school, including, but not limited to, a school website, informational pamphlets or leaflets, or clothing with affixed school logos.

(Source: P.A. 97-151, eff. 1-1-12; 97-624, eff. 11-28-11; 97-813, eff. 7-13-12; 98-474, eff. 8-16-13.)

(105 ILCS 5/27A-5)

Sec. 27A-5. Charter school; legal entity; requirements.

(a) A charter school shall be a public, nonsectarian, nonreligious, non-home based, and non-profit school. A charter school shall be organized and operated as a nonprofit corporation or other discrete, legal, nonprofit entity authorized under the laws of the State of Illinois.

(b) A charter school may be established under this Article by creating a new school or by converting an existing public school or attendance center to charter school status. Beginning on the effective date of this amendatory Act of the 93rd General Assembly, in all new applications submitted to the State Board or a local school board to establish a charter school in a city having a population exceeding 500,000, operation of the charter school shall be limited to one campus. The changes made to this Section by this amendatory Act of the



93rd General Assembly do not apply to charter schools existing or approved on or before the effective date of this amendatory Act.

(b-5) In this subsection (b-5), "virtual-schooling" means the teaching of courses through online methods with online instructors, rather than the instructor and student being at the same physical location. "Virtual-schooling" includes without limitation instruction provided by full-time, online virtual schools.

From April 1, 2013 through April 1, 2014, there is a moratorium on the establishment of charter schools with virtual-schooling components in school districts other than a school district organized under Article 34 of this Code. This moratorium does not apply to a charter school with virtual-schooling components existing or approved prior to April 1, 2013 or to the renewal of the charter of a charter school with virtual-schooling components already approved prior to April 1, 2013.

On or before March 1, 2014, the Commission shall submit to the General Assembly a report on the effect of virtual-schooling, including without limitation the effect on student performance, the costs associated with virtual-schooling, and issues with oversight. The report shall include policy recommendations for virtual-schooling.

(c) A charter school shall be administered and governed by its board of directors or other governing body in the manner

provided in its charter. The governing body of a charter school shall be subject to the Freedom of Information Act and the Open Meetings Act.

(d) A charter school shall comply with all applicable health and safety requirements applicable to public schools under the laws of the State of Illinois.

(e) Except as otherwise provided in the School Code, a charter school shall not charge tuition; provided that a charter school may charge reasonable fees for textbooks, instructional materials, and student activities.

(f) A charter school shall be responsible for the management and operation of its fiscal affairs including, but not limited to, the preparation of its budget. An audit of each charter school's finances shall be conducted annually by an outside, independent contractor retained by the charter school. To ensure financial accountability for the use of public funds, on or before December 1 of every year of operation, each charter school shall submit to its authorizer and ~~Annually, by December 1, every charter school must submit to~~ the State Board a copy of its audit and a copy of the Form 990 the charter school filed that year with the federal Internal Revenue Service. In addition, if deemed necessary for proper financial oversight of the charter school, an authorizer may require quarterly financial statements from each charter school.

(g) A charter school shall comply with all provisions of

this Article, the Illinois Educational Labor Relations Act, and its charter. A charter school is exempt from all other State laws and regulations in the School Code governing public schools and local school board policies, except the following:

(1) Sections 10-21.9 and 34-18.5 of the School Code regarding criminal history records checks and checks of the Statewide Sex Offender Database and Statewide Murderer and Violent Offender Against Youth Database of applicants for employment;

(2) Sections 24-24 and 34-84A of the School Code regarding discipline of students;

(3) The Local Governmental and Governmental Employees Tort Immunity Act;

(4) Section 108.75 of the General Not For Profit Corporation Act of 1986 regarding indemnification of officers, directors, employees, and agents;

(5) The Abused and Neglected Child Reporting Act;

(6) The Illinois School Student Records Act;

(7) Section 10-17a of the School Code regarding school report cards; and

(8) The P-20 Longitudinal Education Data System Act.

The change made by Public Act 96-104 to this subsection (g) is declaratory of existing law.

(h) A charter school may negotiate and contract with a school district, the governing body of a State college or university or public community college, or any other public or

for-profit or nonprofit private entity for: (i) the use of a school building and grounds or any other real property or facilities that the charter school desires to use or convert for use as a charter school site, (ii) the operation and maintenance thereof, and (iii) the provision of any service, activity, or undertaking that the charter school is required to perform in order to carry out the terms of its charter. However, a charter school that is established on or after the effective date of this amendatory Act of the 93rd General Assembly and that operates in a city having a population exceeding 500,000 may not contract with a for-profit entity to manage or operate the school during the period that commences on the effective date of this amendatory Act of the 93rd General Assembly and concludes at the end of the 2004-2005 school year. Except as provided in subsection (i) of this Section, a school district may charge a charter school reasonable rent for the use of the district's buildings, grounds, and facilities. Any services for which a charter school contracts with a school district shall be provided by the district at cost. Any services for which a charter school contracts with a local school board or with the governing body of a State college or university or public community college shall be provided by the public entity at cost.

(i) In no event shall a charter school that is established by converting an existing school or attendance center to charter school status be required to pay rent for space that is

deemed available, as negotiated and provided in the charter agreement, in school district facilities. However, all other costs for the operation and maintenance of school district facilities that are used by the charter school shall be subject to negotiation between the charter school and the local school board and shall be set forth in the charter.

(j) A charter school may limit student enrollment by age or grade level.

(k) If the charter school is approved by the Commission, then the Commission charter school is its own local education agency.

(Source: P.A. 97-152, eff. 7-20-11; 97-154, eff. 1-1-12; 97-813, eff. 7-13-12; 98-16, eff. 5-24-13.)

(105 ILCS 5/27A-10.5 new)

Sec. 27A-10.5. Educational or charter management organization.

(a) In this Section:

"CMO" means a charter management organization.

"EMO" means an educational management organization.

(b) All authorizers shall ensure that any charter school established on or after the effective date of this amendatory Act of the 98th General Assembly has a governing body that is separate and distinct from the governing body of any CMO or EMO. In reviewing charter applications and charter renewal applications, authorizers shall review the governance model

proposed by the applicant to ensure that there are no conflicts of interest.

(c) No charter school may employ a staff person who is simultaneously employed by an EMO or CMO.

(105 ILCS 5/27A-10.10 new)

Sec. 27A-10.10. Closure of charter school; unspent public funds; procedures for the disposition of property and assets.

(a) Upon the closing of a charter school authorized by one or more local school boards, the governing body of the charter school or its designee shall refund to the chartering entity or entities all unspent public funds. The charter school's other property and assets shall be disposed of under the provisions of the charter application and contract. If the application and contract are silent or ambiguous as to the disposition of any of the school's property or assets, any property or assets of the charter school purchased with public funds shall be returned to the school district or districts from which the charter school draws enrollment, at no cost to the receiving district or districts, subject to each district's acceptance of the property or asset. Any unspent public funds or other property or assets received by the charter school directly from any State or federal agency shall be refunded to or revert back to that State or federal agency, respectively.

(b) Upon the closing of a charter school authorized by the Commission, the governing body of the charter school or its

designee shall refund all unspent public funds to the State Board of Education. The charter school's other property and assets shall be disposed of under the provisions of the charter application and contract. If the application and contract are silent or ambiguous as to the disposition of any of the school's property or assets, any property or assets of the charter school purchased with public funds shall be returned to the school district or districts from which the charter school draws its enrollment, at no cost to the receiving district or districts, subject to each district's acceptance of the property or asset. Any unspent public funds or other property or assets provided by a State agency other than the State Board of Education or by a federal agency shall be refunded to or revert back to that State or federal agency, respectively.