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CHICAGO CHARTER SCHOOLS TOGETHER SHOW GOOD FISCAL HEALTH

(CHICAGO) A first-ever independent analysis of Chicago charter school finances by the Civic Federation has found that most of the schools were in good financial health during the 2007 and 2008 fiscal years. As a group Chicago charters also used many fiscal best practices.

Released today, the report is the first of a two-part study supported by the Searle Funds at The Chicago Community Trust. The report examined the publicly available budgets and audited financial statements of all 30 Chicago charter schools in operation during FY2007 and 2008, measuring how well the schools performed against key standards of fiscal accountability and evaluating their revenues and expenses. The report does not examine programs or curriculum.

Taken together, charter schools in Chicago had revenues that were more than enough to cover costs and most did not overspend on facilities or basic operations. Chicago charters also performed well according to financial indicator metrics developed by the Washington, D.C. Charter School Board called General Performance Assessment or GPA. As a group Chicago charters would have earned a B+ grade in 2007 for their financial performance and a B in 2008, according to GPA metrics.

With regard to financial accountability, charters also performed well. The number of schools that were in full compliance with CPS program and financial rules increased from 19 of 28 schools in 2007 to 23 of 28 in 2008. All of the charters also received unqualified audit opinions in both of the years studied. "While a few of Chicago's charters have some financial troubles, it is a good sign that their overall fiscal performance has been so strong," said Laurence Msall, president of the Civic Federation. "The Civic Federation views charter schools as a valuable laboratory for exploring other options to finance and manage public schools."

The Civic Federation uncovered some fiscal warning signs during the analysis. Nine of the 28 charters for which data were available had declining or negative budget positions between fiscal years 2007 and 2008. Also, the number of the schools with payroll costs below the best practice standard of 50% of expenditures declined from ten of 22 to six of 22, which could indicate a threat to many schools' long term fiscal sustainability.

The Federation's main policy recommendation with regard to charter school finances is that the schools be required to report standardized data. The reason the Civic Federation was not able to come to conclusions for all 30 schools for each measure of fiscal health is that reporting is not consistent. Chicago Public Schools should require that charter schools report line items within revenues and expenses that are comparable across all charters and to other CPS schools.

The Civic Federation is an independent, non-partisan government research organization founded in 1894. The Federation's membership includes business and professional leaders from a wide range of Chicago area corporations, professional service firms and institutions. For more information, please visit the Federation's website at www.civicfed.org.

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