

Chicago Public Schools

Chicago Board of Education
Presentation

Options for Acero Schools

Board Meeting December 12, 2024



Background

- The Acero Charter School Network, initially **authorized** in **December 1997**, is a **replicating multi-site** charter school with **15 campuses** and a maximum enrollment cap of 9,750 students. As of 2024-25, the 20th day official count enrollment across the network is 6,179.
- On October 9, 2024, the ACERO Network of Charter School's Board authorized seven of its fifteen campuses to close.
- Pursuant to **Charter Law, Charter Schools** have the ability to **negotiate their agreements** with the District. ACERO operated within the scope of their agreement with District.
- **The state statutory moratorium and Board Resolution** on closures, consolidations, and phase-outs until July 1, 2026, only **applies** to **District-managed schools**, not Charter schools.
- Acero has maintained strong financial performance. Since FY18, they have met and/or exceeded the 4 Financial Key Indicators codified in the Charter School Accountability Plan.

Context

In 2023, Acero received a three-year renewal term, expiring June 30, 2026.

- **Meets Standards for Academic and Financial Performance,**
- Does Not Meet Standards for Operational Performance due to EL and DL compliance deficiencies.
- Acero's most **recent performance (FY24)** shows that the organization is **exceeding standards for 2 Key Indicators** (Change in Net Assets and Current Ratio), and **meeting standards for the other 2** (Net Asset and Cash on Hand Ratio).
- On June 25, 2024, **Acero submitted its FY25 budget**, which did **not indicate a deficit for the current year**. I&I supported the campuses during Start of School Initiatives to ensure a smooth start to the year; deployment visits indicated no issues.
- **Acero's decision to close seven campuses is based on projected deficits, using FY25 as their baseline.** The **seven ACERO** schools have the following common themes: **declining enrollment**, need for **significant facility improvements**, small school model is not sustainable for their CBA, and external facility factors.

Timeline

- **September 26:** Board of Education unanimously passed a resolution to prohibit closures of *District-managed* schools until after the 2026-2027 academic year. This does not apply to charters.
- **October 9:** All seven members of the Board of Education announce their resignations.
- **October 9:** CPS receives official notice that seven Acero campuses are subject to close on June 30, 2025. Acero notifies families, staff, and the general public the same day.
- **October 10:** CPS meets with Acero leadership to confirm the action and immediately works with the board office to activate the established standard protocols and practices regarding school closure.
- **October 11-November 1:** CPS follows standard operating procedure, preparing materials to support families to transition to another school, as has been consistent with 20+ prior charter closures since 2015. CPS requests more detailed financial information, including projections for future school years, and other data to better understand the reasons for the proposed closures and prepare for contingencies to protect impacted students and staff. CPS maintains communication with Acero leadership to ensure accuracy of information.
- **October 22nd:** CPS leadership begins orientation of new board members.
- **October 23rd:** Board President Shi & Vice President Todd-Breland officially resign

Timeline (Cont.)

- **October 24th, prior to Agenda Review Committee:** Incoming Board President Johnson expresses opposition to giving Acero additional funds to continue operating the schools slated for closure.
- **October 24th:** New Board of Education members are sworn in. Agenda Review Committee takes place. During public participation, CTU charter division representative and several parents and staff from Acero testify. During open session, there is no guidance given to CPS leadership regarding deviating from standard operating procedure regarding charter closures.
- **October 30th:** CPS sends emails to families of Acero students with information regarding finding alternative options for SY25-26.
- **October 31st:** Board President Johnson resigns.
- **November 1st:** Board of Education holds regular monthly meeting. CEO testifies that the District is providing support to Acero families to find alternative options for SY25-26, and commits to briefing Board members and providing additional information. Board members express interest in holding Acero accountable, and preventing school closures. Board members provide initial guidance to CPS to develop plans and scenarios to keep Acero schools open (CPS had already been working on these contingencies based on information requested by CPS and provided by Acero). **This is the first official indication by the Board that CPS should deviate from standard operating procedure.**

Timeline (Cont.)

- **November 6-8:** CPS briefs board members regarding Acero closures.
- **November 7:** CPS announces extension of GoCPS deadline to November 22 to accommodate Acero families seeking alternative options for their students for SY25-26.
- **November 7:** Per direction of the CEO, the team met with Acero and shared that CPS was interested in providing supplemental funding to keep campuses open.
- **November 8:** After weeks of dialogue and requests for information, CPS is able to confirm the accuracy of updated financial data submitted by Acero, including future projections.
- **November 11:** CPS leadership meets with Mayor Brandon Johnson regarding Acero closures.
- **November 11-12:** CPS meets with Acero CEO, indicates the possibility that financial support may be provided to Acero to continue operating these campuses for SY25-26.
- **November 13:** CPS provides presentation to Board members that included detailed options for the seven Acero campuses.
- **November 18 -19:** CPS briefs board members with specific details about potential solutions.
- **November 19:** CPS sends emails and letters to Acero families about various options regarding Acero, the CBOE resolution, and the extension of GoCPS to December 15th.
- **November 22 - December 6:** CPS makes proactive calls to 8th grade families about GoCPS HS Applications.

Acero Potential Solutions

Option #1 | Acero Maintains Schools until 2026

Acero maintains the seven campuses until 2026: *CPS provides support to Acero to fulfill their contract.*

- While CPS cannot legally force Acero to keep the schools open, CPS continues to work with Acero to advocate for the seven campuses to remain open under Acero until 2026.
- Financial support will be provided to cover the deficit of operating the campuses under the Acero network and a MOU must be agreed upon by Acero's Board of Directors.
- The potential financial impact to the district to keeping all campuses open until 2026 **could be up to \$3.2M**. This amount includes an anticipated revenue adjustment based on the per-pupil formula, but does not include capital investments in any of the current Acero facilities. This calculation is based on projections and current policies and procedures around charter school funding.

Option #1 | Acero Maintains Schools until 2026

Benefits & Risks

Benefits

- **Limited disruption** to students, staff, and families.
- Allows for **more time to** ensure that if a **transition** occurs, we can do so in the **most efficient and transparent way** possible.

Risks/challenges

- Students/families could leave the school throughout the phase-out process - as **stability might be a concern**, which will impact students' daily experiences significantly (i.e., staff retention).
- Providing additional funding **sets a precedent that CPS can and will fund charter schools** above the state-mandated Per Capita Tuition Charge (PCTC) and bail out charters **on the brink of closure**.
- CPS will provide Acero **funding** to close the **financial gap** which does not include capital costs. **The district would be liable for life safety issues on the seven campuses.**
- We need to include Acero's overhead costs in providing resources for daily operations and management
- Currently, the Board does not have **a framework** for when charter schools **receive additional funds** to support operational deficits or additional needs as we have traditionally transitioned students to other schools within the district.

Option #2 | Students Transition to CPS Schools

CPS transitions students to other school options: *CPS works with students and families to find an option that best fits their needs for the 2025-26 school year.*

- This option is **consistent** with **past processes** for charter **school closures**
- CPS has **extended** the **GoCPS** deadline to **December 15th** which allows students additional time to find available seats in out-of-boundary schools.
- In alignment with **established protocols**, families will receive **direct assistance from CPS** in order to **discuss** their **preferences** and identify a suitable new option.
- Consistent with past practices, CPS will provide in-kind financial support to the district-run schools that are slated to receive a significant number of impacted students.
- The potential financial impact to the District could range from \$5 million in total savings (if all students chose to transition to district-managed schools) to \$5 million in additional costs (if all students chose to transition to other charter schools). This does not include the potential impact of students leaving the district altogether.

Option #2 | Students Transition to CPS Schools

Benefits & Risks

Benefits

- Acero Network and I&I leaders have a working relationship that will enable seamless transition support and wind-down.
- Consistent with past **wind-down processes** for charter schools electing to self-close. This includes understanding what is **needed to transition students, student and business records storage and preparation, and physical and financial asset return.**
- Students will receive **personalized transition support** from the Office of Network Support (**ONS**), the Office of Multicultural and Multilingual Education (**OMME**), and the Office for Students with Disabilities (**OSD**).
- District-managed schools will receive one-time financial support for transitioning students depending on the number of students transitioning to each school.

Risks/Challenges

- Closure of these schools would destabilize families and staff who are currently a part of these school communities.
- Given the large number of students transferring, groups may not transition to the same schools.
- The **remaining Acero campuses** may **not be an option** for most impacted families.
- CPS has observed that when charter schools close, the district eventually loses some of those students as they transfer out of the district.

Option #3 Contingency Plan SY26-27 | CPS Absorbs and Reopens Schools as District Managed Schools

CPS absorbs campuses and re-opens them as District-run schools: *CPS transitions the campuses to become citywide schools and expands CPS facility footprint for the Year 2026 - 2027.*

- This option may cause the **least disruption** to students and families, **given a year to transition** to district-managed schools.
- CPS would need to seek Board approval to establish the new schools, add the sites to the lease renewal with the Archdiocese, and any changes to the Capital Improvement Program Budget (CIP) and/or CPS-approved FY25 budget.
- Although long-term operational costs may not increase significantly, CPS would incur an **incubation costs** to transition the schools.
- Absorbing the **campuses** would require them to become **city-wide district schools** due to the District's Under-Enrollment Schools Policy (302.11).
- **Programming** at these new **campuses may be** substantially **different** as these will be district managed schools.
- The potential **financial impact** to the district to **convert** these schools to **District-managed schools** could be up to **\$21M and \$28M**.

Option #3 Contingency Plan SY26-27 | CPS Absorbs and Reopens Acero Schools as District Managed Schools

Benefits & Risks

Benefits

- At a minimum, this option allows families and students to continue at the same location, easing the burden of students acclimating to a new physical environment and families traveling to a new school. This is particularly beneficial for students with disabilities.
- Retention of existing Acero staff may be possible, resulting in continuity of staff-staff and staff-student relationships.

Risks/Challenges

- Foremost, this **sets a precedent** that all self-closing charter schools should/can be absorbed by the district. 20 charter schools have closed since FY15.
- Despite the school remaining open, **staff** would have to be hired by CPS, which has **residency and certification requirements that do not apply to charter schools**. As a result, there will still be **staff turnover** and potential **more staff vacancies**.
- Acero oversees and manages the programs and curricula for the seven proposed campuses. If these **seven schools** were to **transition** to the district, they would need to comply with CPS curricular requirements, implement all student and staff policies, and integrate student information systems and grades. **This process would affect every CPS department and must be completed within a short timeframe.**
- Large financial impact on the district due to the **incubation** (personnel, learning materials, furniture, equipment, and technology) and **operation of seven new schools**.
- Additional expenses incurred by the district for the building **purchase or rent, maintenance, and capital expenses**, rental costs are likely to increase at 4 of the 7 leased sites, which are set to expire June 2025.
- The proposed **absorption of the seven campuses** poses a **significant challenge** to the **Under-Enrolled Schools Policy (302.11)**, which is designed to assist under-enrolled schools through targeted interventions that enhance enrollment efficiency. This approach risks **undermining our commitment** to supporting CPS schools near Santiago, Paz, Tamayo, and Cisneros.

Option #4 Hybrid Opportunity

The district will financially support Acero to cover the network's deficit while the district phases out some of the campuses. This option could be completed in two different ways:

Hybrid 1: The district supports Acero keeping 6 campuses open and will phase out the Acero Paz campus. This option requires the district to provide financial support to Acero to cover the deficit for the whole network, excluding the Paz campus. The estimated cost of this option, excluding capital investments, **could be up to \$1.6M***. Depending on parent preferences, the district will transition students at the Paz campus to district-managed or charter schools.

Hybrid 2: The district supports Acero's keeping 5 campuses open and phasing out the Acero Paz and Cruz campuses. This option requires the district to provide financial support to Acero to cover the deficit for the whole network, excluding the Paz and Cruz campuses. In this scenario, our analysis shows that the **network** as a whole **will be close to breakeven*** (excluding capital investments) and may not need additional funding, as Paz and Cruz both contributed substantially to the network's projected deficit. Depending on parent preferences, the district will transition students at the Paz and Cruz campuses to district-managed or charter schools.

* This amount includes an anticipated revenue adjustment based on the per-pupil formula, but does not include capital investments in any of the current Acero facilities. This calculation is based on projections and current policies and procedures around charter school funding.





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