

**APPROVE THE RENEWAL OF THE CHARTER SCHOOL AGREEMENT WITH
OCTAVIO PAZ CHARTER SCHOOL**

THE CHIEF EXECUTIVE OFFICER RECOMMENDS THE FOLLOWING DECISION:

Approve the renewal of the Charter School Agreement with Octavio Paz Charter School for an additional 5-year period. A new Charter School Agreement applicable to this renewal term is currently being negotiated. The authority granted herein shall automatically rescind in the event a written Charter School Agreement is not executed by the Board and the charter school's governing board within 120 days of the date of this Board Report. The agreement authorized herein will only take effect upon certification by the Illinois State Board of Education. Information pertinent to this renewal is stated below.

CHARTER SCHOOL: Octavio Paz Charter School
(Grades 4-8)
2401 W. Congress
Chicago, IL 60612
(Grades K-3)
2651 W. 23rd Street
Chicago, IL 60608
Phone: (312) 432-1170
Contact Person: Dr. Benita Goldman, Director

OVERSIGHT: Charter Schools Office
125 S. Clark, 12th Floor
Chicago, IL 60603
Phone: (773) 553-1535
Contact Person: Greg Richmond, Director

ORIGINAL AGREEMENT: The original Charter School Agreement (authorized by Board Report 97-1217-EX2) is for a term commencing July 1, 1998 and ending June 30, 2003. The agreement authorizes the operation of a two-facility Charter School serving students in grades K through 8. The campus serving K-3rd is located at 2651 W. 23rd Street. The campus serving 4th-8th grades is located at 2401 W. Congress. The school has total current enrollment of approximately 800 students. The Agreement incorporates an accountability plan whereby the school is evaluated by the Board each year based on numerous factors related to its academic, financial and operational performance.

CHARTER RENEWAL PROPOSAL: Octavio Paz Charter School submitted a renewal proposal on December 16, 2002 to continue the operation of the school under the same mission and educational programs at the same location(s). The proposal requests an increase in the maximum student enrollment to permit up to approximately 1060 students over two years beginning in 2004. The school seeks to add 100 K-8 students and 60 Pre-K students in 2004 and another 100 K-8 students in 2005. No increase in enrollment or cost to CPS would occur in 2003-04.

CHARTER EVALUATION: The Charter School's Office Review Committee ("Committee") has reviewed and evaluated Octavio Paz's renewal proposal as well as the school's past academic, financial and operational performance. In reading, 41% of Octavio Paz students are at national norms and in math 49% of students are at national norms. In both subjects, Octavio Paz students achieved significantly more than a year of growth (1.35 and 1.35 respectively) in 2001-02. On the 2002 ISAT, 43% of students met or exceeded state standards, an increase 14% over the prior year. The charter school performed better than CPS neighborhood schools on 6 of the 7 student performance measures reviewed. The committee recommends, based on these accountability measures and results, that Octavio Paz be authorized to continue operating as a charter school.

RENEWAL TERM: The term of Octavio Paz's charter status is being extended for five (5) years commencing July 1, 2003 and ending June 30, 2008.

AUTHORIZATION: Authorize the General Counsel to include relevant terms and conditions in the written Charter School Agreement which shall reflect resolution of any and all outstanding issues between the Board and the governing body of the charter school including, but not limited to: site location, enrollment, funding, educational program, financial controls and practices, academic accountability and evaluations. Authorize the President and Secretary to execute the Charter School Agreement. Authorize the Director of Charter Schools to issue a letter notifying the Illinois State Board of Education of the action(s) approved hereunder and to submit the approved proposal and signed Charter School Agreement to the Illinois State Board of Education for certification. Authorize the General Counsel to further negotiate, and execute any amendments to the Agreement required by the Illinois State Board of Education.

LSC REVIEW: Approval of Local School Councils is not applicable to this report.

FINANCIAL: The financial implications will be addressed during the development of the 2003-2004 fiscal year budget. Since the School Code of Illinois prohibits the incurring of any liability unless an appropriation has been previously made, expenditures beyond FY03 are deemed to be contingent liabilities only, subject to appropriation in subsequent fiscal year budgets.

GENERAL CONDITIONS:

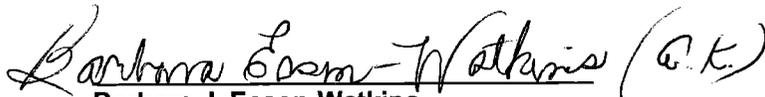
Inspector General – Each Party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the Provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one-year period following expiration or other termination of their terms of office.

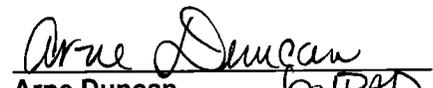
Indebtedness – The Board's indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Approved:


 Barbara J. Eason-Watkins
 Chief Education Officer

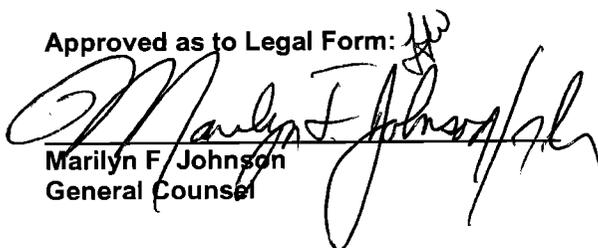
Respectfully submitted:


 Arne Duncan
 Chief Executive Officer

Within Appropriation:


 Kenneth C. Gotsch
 Chief Fiscal Officer

Approved as to Legal Form:


 Marilyn F. Johnson
 General Counsel