

CAPITAL PROJECT FUNDS ANALYSIS

Capital Projects Funds are established for the receipt and expenditure of bond proceeds and capital resources for Board-approved capital projects. The FY2007 total appropriation for all Capital Projects Funds is \$625.7 million, an increase of \$29.2 million from the FY2006 level of \$596.4 million.

The FY2007 Capital Improvement Program includes anticipated bond proceeds of \$350.0 million. For FY 2007, no funds were generated from a QZAB bond, a decrease of \$6.8 million. The table below summarizes the capital projects funds:

FY2007 Capital Projects Funds – \$625.7 Million (in millions)

Sources of New Funds (FY2007 projects):

Local	
FY2007 Proposed Bonds	\$350.0
Interest	8.0
Soundproofing & Energy Conservation	
State	
Construction Development Board	
Federal	
Qualified Zone Academy Bonds	
Sub total:	358.0

Sources of Additional Funds (prior-year projects):

Other Government Revenue	1.3
Sub total:	1.3

Re-appropriation of Existing Bond Funds	266.4
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Total Sources of All Funds:	\$625.7
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Note: The Chicago Board of Education determines specific project allocations.

Capital Improvement Program

Capital Project Funds are funded by three sources, Local, State and Federal. The majority of funding comes from bond proceeds, and has become an increasingly important source as other sources do not provide enough to sustain the needs of CPS. The Chicago Board of Education determines specific project allocations by need. All schools also go through an assessment every three years which aids in planning future projects.

In FY1996, CPS launched one of the most ambitious capital programs in the nation in response to problems of overcrowded and physically decaying school buildings. This intensive effort has resulted in more than 1,395 new permanent classrooms that can accommodate over 39,085 students.

In addition, many projects have been completed or are underway in a joint effort with the City, the Chicago Park District, and the Public Building Commission. The current Capital Improvement Program reflects the evolving needs of the school-rebuilding effort. It continues many of the most critical projects such as new construction, targeted to relieve overcrowding and additional renovation of school interiors and interiors.

The objectives of the Capital Improvement Program are as follows:

- Reduce student density, ideally to no more than 80% of each school's design capacity.
- Achieve a minimum standard of physical condition and operating efficiency, through renovation.
- Improve the overall learning environment quality through educational enhancements.

To accomplish these objectives, the Capital Improvement Program is organized into three general program areas: new construction, building renovation, and educational enhancements.

New Construction

New facility construction that has taken place already has reduced the degree of overcrowding that exists in CPS. FY2007 projects in this category include new schools and multi-story additions to existing schools.

Building Renovation

Renovation is the heart of the District's effort to stabilize building conditions throughout the system. A primary goal of renovation is to add at least 25 years to the useful life of every building. FY2007 Capital Renovations will repair and/or upgrade the exteriors and interiors of school buildings to ensure safe and efficient learning environments. The renovation program also provides for ADA accessibility projects. Additionally, through the renovation component the FY2007 Capital Improvement Program will replace or rehabilitate specific school facilities such as gymnasiums, washrooms, boilers, and doors.

Educational Enhancement

Projects in this category seek to enhance CPS student learning experiences. Educational enhancements include providing expanded information access in the form of Internet, local and wide area network (WAN) classroom hookups, as well as requisite electrical distribution upgrades. This category also provides for new and rehabilitated science labs,

health centers, early childhood and pre-K classroom development and parent-child center renovations, play lots and campus parks.

DESCRIPTION OF FUNDING SOURCES

LOCAL

General Obligation (Dedicated Tax Revenue) Bonds – These bonds are issued and backed by the taxing authority of the Board. It is anticipated the Board will issue \$350.0 million in General Obligation Bonds during FY2007.

Tax Increment Financing (TIF) – A TIF is the difference between the amount of property tax revenue generated before a TIF district is created and the amount of property tax revenue generated after the TIF is created. In FY2007, CPS is not expecting any resources from TIFs.

School Soundproofing Funds – The City of Chicago provides funds to implement sound proofing projects at schools adversely impacted by aircraft noise generated at O'Hare International and Midway Airports. In FY 2007, it is anticipated the Board will not receive any money from this program.

Energy Conservation Funds – In the past the Board received a grant from Commonwealth Edison Company (ComEd). The money from the grant was used to retrofit existing electrical infrastructure in schools for greater efficiency. The grant has expired and therefore CPS expects no funding from ComEd in FY2007.

STATE

Construction Development Board (CDB) – The CDB, construction management agency for Illinois state government, and ISBE, determine the amount of money distributed to school districts in Illinois. For this fiscal year, it is anticipated that no CDB funding will be available.

FEDERAL

Qualified Zone Academy Bonds (QZAB) – In FY1997, the U.S. Congress passed legislation establishing the Qualified Zone Academy Bond. This program was designed to relieve school districts of the obligation to pay interest on qualifying bonds. It targets low-income school districts, those districts located in a federal Empowerment Zone or Enterprise Community or that serve low-income students. The Board does not anticipate any QZAB funding in FY2007.

Specific project details are contained in the Capital Improvement Program plan. To learn more about the plan, contact the Department of Operations Capital Planning Unit at 773.553.2900, or visit the Capital Planning Website: www.csc.cps.k12.il.us/operations/cip.html.