

EDUCATE

INSPIRE

TRANSFORM



# Chicago Public Schools

**Richard M. Daley**  
Mayor, City of Chicago, Illinois



**Board of Education  
of the City of Chicago**

Rufus Williams, President  
Clare Muñana, Vice President  
Norman R. Bobins  
Tariq H. Butt, M.D.  
Alberto A. Carrero, Jr.  
Peggy A. Davis  
Roxanne Ward

CHICAGO  
PUBLIC  
SCHOOLS | CPS

Arne Duncan, Chief Executive Officer  
Barbara Eason-Watkins, Ed.D.,  
Chief Education Officer  
M. Hill Hammock,  
Chief Administrative Officer  
Pedro Martinez, Chief Financial Officer  
Daryl J. Okrzesik, Controller

## Popular Annual Financial Report

**Office of Finance**

*For the fiscal year ended June 30, 2008*

# Chicago Public Schools District Map

The Chicago Public Schools' School Leadership Model consists of 23 Area Offices, structured by elementary and high school areas. CPS manages and guides the 17 elementary and 6 high school areas. In the following pages, CPS is proud to share a closer look into each area highlighting a list of schools and the area's accomplishments in the last year.

## CPS Areas

Elementary School Instruction Areas:

1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18

High School Instruction Areas:

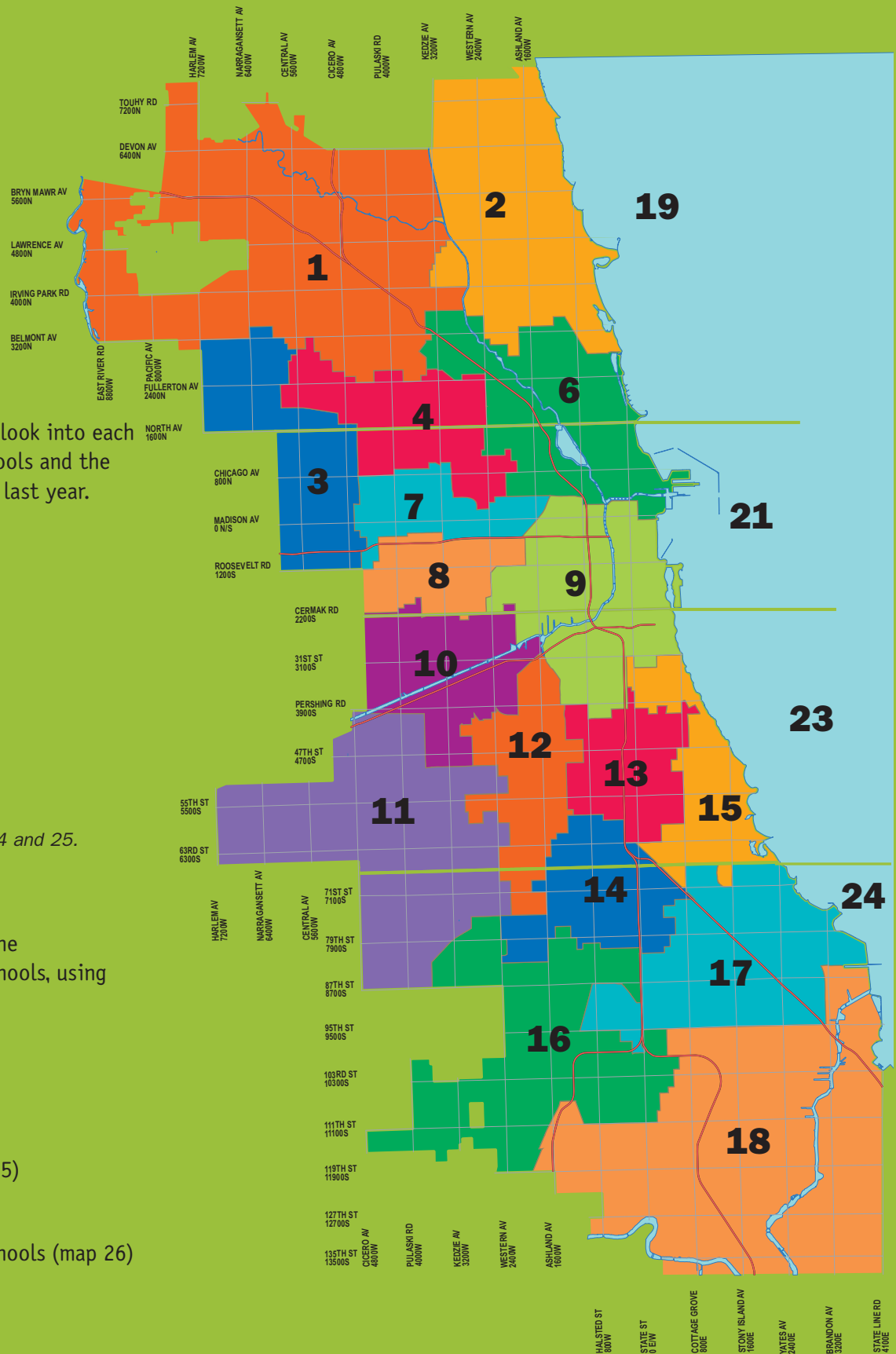
19, 21, 23, 24, 25\*, 26\*

*\*Not shown. Please see pages 24 and 25.*

## Instruction Area maps

Maps on pages 3 to 25 show the locations of all of CPS' 622 schools, using the following key:

- Elementary schools
- AMP schools
- High schools
- Community schools (map 25)
- Military schools (map 26)
- JROTC programs in high schools (map 26)



December 10, 2008

### Dear Colleagues and Friends:

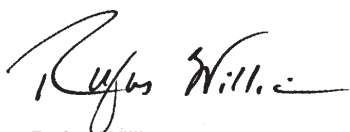
Chicago Public Schools (CPS) is nationally recognized for being a catalyst of change in both our communities and schools. Our accomplishments are made possible through focused improvements within our core strategy areas of instructional excellence, talent attraction and development and expanded learning opportunities. Since taking on the challenge of raising our scholastic performance, we have seen progress across the city and have become a national model for urban school reform. At the heart of our transformation are innovative programs and dedicated people like you.

Our goal is to ensure that every child in every school is on track to graduate prepared for success in postsecondary education and employment. Several years ago, we began focusing on three supporting strategies: advancing literacy, improving human capital, and creating more learning opportunities. These strategies have become the cornerstone for all of our new programs and initiatives particularly, within the areas of student graduation, education funding, teacher performance and educational enrichment. Our school transformation efforts have created a solid foundation which enables us to respond to educational challenges with creative and effective solutions.

Today, less than 5 percent of the operating budget goes to administration. The remaining budget is in the schools and in the classrooms. In recognition of our strong fiscal management, CPS was awarded bond rating upgrades from both Moody's and Standard & Poor's for the fiscal year 2007-2008. We were also awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for our published 2008 budget and the 2007 Comprehensive Financial Annual Report. The GFOA award is presented to government units that achieve the highest standards in government and accounting and reporting.

We are committed to lifting students' expectations in order to help them see high school graduation not as an end, but as the first step toward a successful career in their chosen field. Today, Chicago has schools with better-prepared principals and teachers all working hard and working together toward our common goal to be the premier urban school system in America. We continue to do our best to educate, inspire and transform the lives of our students.

Respectfully submitted,



Rufus Williams  
President  
Chicago Board of Education



Arne Duncan  
Chief Executive Officer  
Chicago Public Schools



Rufus Williams  
Board President



Arne Duncan  
Chief Executive  
Officer



Clare Muñana  
Vice President



Norman R. Bobins  
Board Member



Dr. Tariq Butt  
Board Member



Alberto A. Carrero  
Board Member



Peggy A. Davis  
Board Member



Roxanne Ward  
Board Member

# Profile

The Chicago Public Schools is a body politic and corporate as well as a school district of the State of Illinois. CPS boundaries are coterminous with the City of Chicago. The Chicago Board of Education is established under and governed by the Illinois School Code and is not a home rule unit of government. The Chicago Board of Education operates a system of 627 schools primarily for grades kindergarten through twelve. As the third largest school district in the nation, we serve approximately 409,000 students; we employ over 44,000 dedicated individuals—23,000 of whom are teachers.

The Chicago Public Schools is governed by a seven-member Board of Education that is appointed by the Mayor of the City of Chicago. The Board elects one of the members to serve as President of the Board. Additionally, pursuant to amendments to the Illinois School Code initially

enacted in 1988, elected school councils composed of parents, teachers, principals and community representatives exercise certain powers relating to the operation of the individual schools in the Chicago Public Schools system, including selection of principals and approval of school budgets.

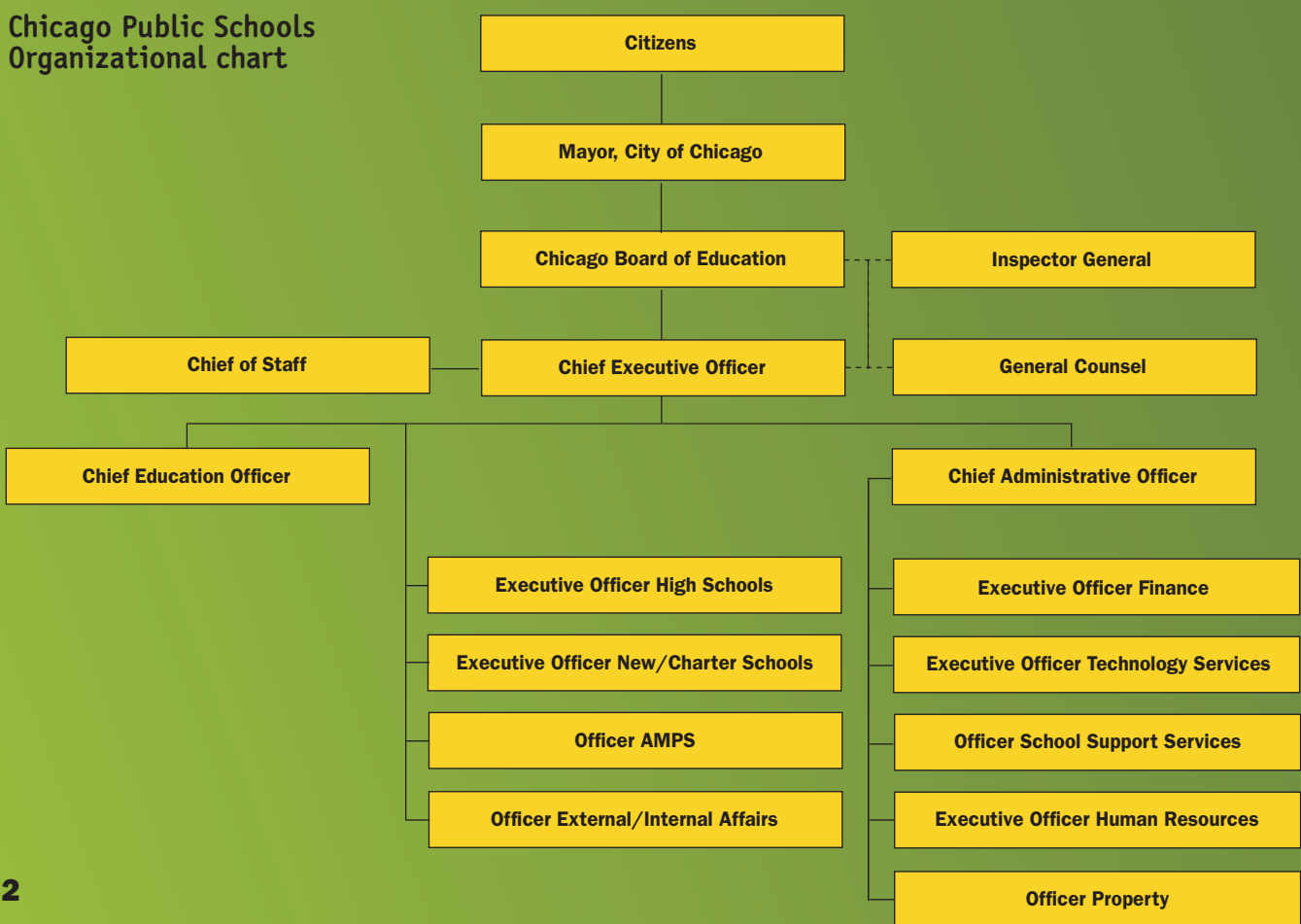
## Introduction

This popular version of our annual financial report is designed to give our readers a snapshot of Chicago Public Schools' (CPS) financial condition and to highlight information that our parents, teachers, supporters, and community and state leaders should find helpful for improving their understanding of our operations. This report does not provide all the detailed financial information that is contained in our Comprehensive Annual Financial Report (CAFR). The CAFR includes all of the audited financial statements and disclosures. For a detailed report, please visit our

website at [http://www.cps.edu/About\\_CPS/Financial\\_information/Pages/Annualreport.aspx](http://www.cps.edu/About_CPS/Financial_information/Pages/Annualreport.aspx). If you would like a copy of the CAFR, please contact us through one of the options located on the back cover of this report and we will gladly fulfill your request.

The primary function of the Office of Finance is to ensure the financial integrity of the organization and to accurately report on the Board's financial condition in accordance with all state and federal legislation, governmental regulations and Board policies. While the auditors focus primarily on verifying the accuracy of the information presented, they also assess the financial risks to the organization and review the processes that CPS has in place to reduce these risks. As highlighted throughout this report, CPS has focused on improving its financial foundation and funding those activities that will improve the educational achievement of our students.

## Chicago Public Schools Organizational chart



## How Did We Do Last Year?

In general, CPS ended the fiscal year better than budgeted, primarily due to favorable revenue increases in addition to carefully controlled expenditures. As in past years, CPS maintained strong fiscal discipline and budgeted prudently, to ensure that the limited resources available, both financial and human, were used efficiently to advance the core strategies. At the end of fiscal year 2008 (FY08), CPS again achieved a strong cash position.



### Noteworthy events include:

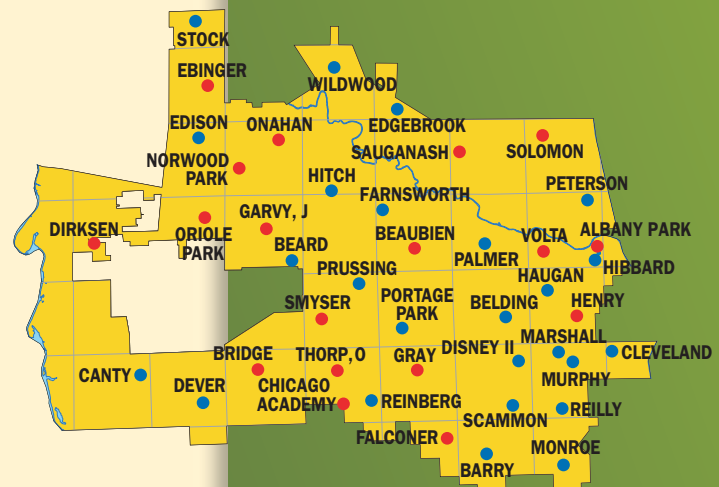
- Fiscal year 2008 total budget was \$5.8 billion with operating fund totaling \$4.6 billion. The capital improvement budget was \$855 million and \$283 million was appropriated for debt service.
- CPS revenues increased \$98 million over FY07 from multiple sources such as property taxes, and state and federal revenues.
- During the fiscal year, CPS issued \$250 million in bonds to fund the Capital Improvement Program.
- Looking forward, CPS' fiscal year 2009 budget of \$6.16 billion represents a 6.4% increase or \$371 million over last year of which the General Operating Fund accounted for \$4.85 billion with a 4.4% increase.



## Caretakers of our Planet

Area 1 is proud of its many efforts to teach and model how to be efficient caretakers of our planet. Hibbard School exemplifies quality education with an environmental focus. Over 1,200 students used ecological systems as a focal point for a cross-curricular, inquiry based, school-wide project. Each grade level planned a week-long ecosystem project. Students presented methods to help the world's rainforests, deserts, and oceans. The green museum showcased the research and ideas of our talented students. Teachers collaborated on a meaningful project while students embraced learning.

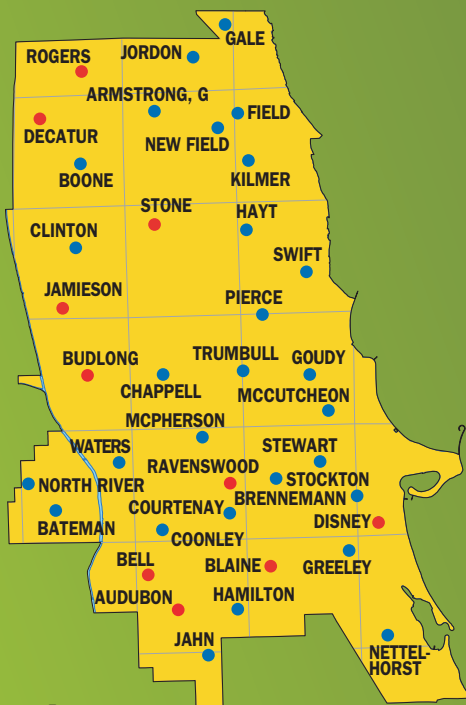
### AREA 1



## National Blue Ribbon School

Area 2 is proud of Greeley School, a National Blue Ribbon School of Excellence, Decatur Classical, the number one school in the state, and Walt Disney Magnet, whose instructional model is being replicated throughout the city. Swift School recently received the Jimmy and Rosalynn Carter Partnership Award for Campus-Community Collaboration and the status of "0 Ambassadors" through the Oprah Winfrey Angel Network. Twelve Area 2 schools are listed in Chicago Sun-Times newspaper's top 50 neighborhood schools.

### AREA 2



## What's Going On in Finance

### Balanced Budget

The 2008-2009 budget was the 14th consecutive balanced budget presented to the Chicago Board of Education since FY1996. This balanced General Operating Funds budget reflected total resources of \$4.9 billion which includes the use of \$145.2 million of fund balance.

### Capital Improvement Program

Using new debt issues, refundings, and Tax Increment Financing (TIF) dollars, CPS continues to fund its necessary Capital Improvement Program (CIP). In fiscal year 2008, CPS received approximately \$250 million in net proceeds from new bonds. The state has not designated funds in the past four years for CIP needs. This year we have continued to work with the City of Chicago to fund the Modern Schools Across Chicago program, a joint effort to renovate and build 27 schools.

### New Board Policy

The Board instituted new financial policies to ensure prudent financial practice. The new board fund balance policy requires the Board to maintain an unreserved, designated fund balance of a minimum of 5% and a maximum of 10% of the operating and debt service budget for the new fiscal year as a stabilization fund in the General Fund at the annual adoption of the budget. The 5% is estimated to be the historical minimum cash requirement to provide sufficient cash flow for stable financial operations.

### Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

Chicago Public Schools  
Illinois

for the Fiscal Year Ended

June 30, 2007



*Kevin L. Root*  
President

*Jeffrey L. Egan*  
Executive Director

The Government Finance Officers Association (GFOA) has awarded CPS with the Certificate of Achievement for Excellence in Financial Reporting each year since 1996 for its CAFR and since 2000 for the popular version. Since 1998 CPS also has received the Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

### Increased Funding for Teachers' Pensions

CPS is faced with dramatically increasing pension costs for our teachers, and the state legislature has failed to address this difficult issue. CPS is the only public school district in Illinois that is required to pay the employer contribution for teacher pension benefits.

## New Processes

### Stabilized Human Resources Processes

CPS@Work, an integrated Human Resources/Payroll/Benefits system, had its Phase II Self-Service launched in November 2007 allowing employees to update their benefits information on-line during annual open enrollment via the CPS@Work website. It will be completed in 2009, giving full access to human resources, benefits, and payroll self-services for employees and managers with a more paperless system and improved work flow.

### Consolidated Banking

Consolidated banking, an enhanced banking services system, began implementation in 2007. In FY08, over 350 schools' internal accounts were converted to a single bank while approximately 1,000 school personnel were trained to effectively use the new SinglePoint electronic cash management system. This completed the conversion process. As a result, all CPS school checking accounts are consolidated at a single bank with lower fees, higher interest, standardized services and reporting with internet access that allows electronic funds transfer and secured weekly armored car pickups.

### Emergency Preparedness

Chicago Public Schools are now able to update their school Emergency Plans in the Chicago Police Department's Facility Information Management System (FIMS). In the past, schools developed their emergency management plan and safe school plans separately on template documents. Those processes have been consolidated and schools are now able to simply update plans electronically, allowing Chicago Police and other first responders the most up to date and accurate information when responding to school emergencies. Schools are also able to report their emergency drills through FIMS, allowing CPS to be compliant with State of Illinois reporting requirements.

### FirstClass Email

Last year, we rolled out a messaging and collaboration software solution which is currently being used by 21% of students and 79% of faculty. FirstClass has conferences which provides secure on-line gathering space for students. One conference, in particular, has content for the portal provided by i-SAFE America. Each school quarter, the content of the portal will change to address an emerging Internet safety issue, such as cyber bullying and personal safety. Employees and students can read articles, view videos, and explore on-line activities by using the Internet Safety Portal.

### IMPACT

Chicago Public Schools' Instructional Management Program and Academic Communication Tool (IMPACT) is a centralized student information solution which replaced the existing repository of student records. It is a comprehensive technology solution that makes student information more accessible, reduces paperwork, and allows teachers more instructional time with students. All public, charter and non-public specialized schools are now on-line as of August 2008.

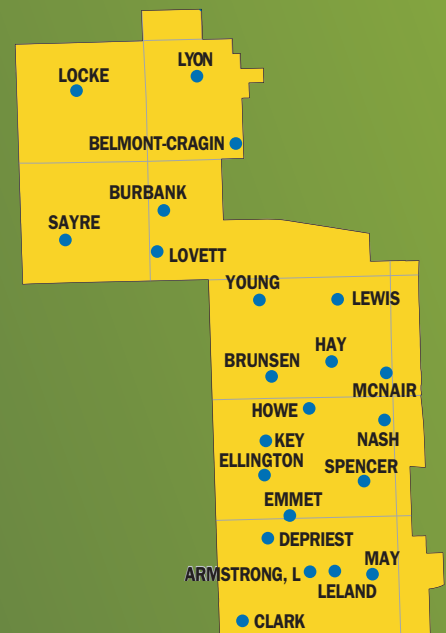
### Oracle Financial Systems

Special new financial system modules were created and/or improved, which linked program management administered at the school or department level directly to centralized financial systems. The goal is to maximize central oversight and integration and minimize paper work flow tracking. The Fixed Assets module brings the custom tracking and accounting of CPS' assets into the standard, supported Oracle Financials arena. The Board Reporting module saves time and provides extensive work flow. Student Stipend enables schools to pay over 10,000 students with appropriate SSN verification as well as minimum wage and fair labor law enforcement. School Improvement Planning is now closely linked to the Public Sector Budgeting process.

## Student Achievement Growth

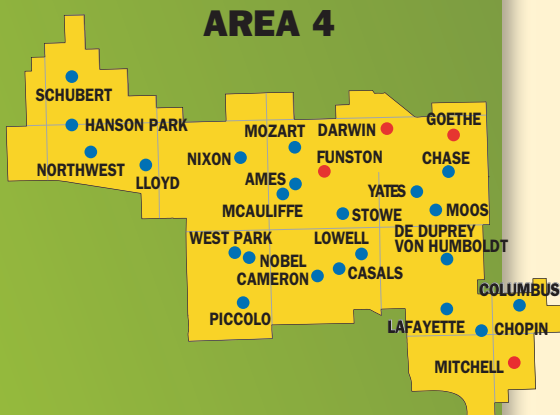
Area 3 schools showed the second highest growth in student achievement on the ISAT. Through innovative programs such as the School Based Induction Program and the Chicago Data Initiative, as well as partnerships with America's Choice and the Edison Alliance, Area 3 educators continue to improve the quality of teaching and learning in our schools. With the awarding of Magnet Cluster Funding to Spencer and May Academies, technology is used to communicate assignments via webcasts and email, thus, promoting rigor, relevance, and relationships.

### AREA 3



## Creative School Programs

The schools in Area 4 have creatively sought out solutions to meet the needs of our urban students. We have programs ranging from fine arts integration, nutrition, Real Men Read, Boys to Men, single sex classrooms, Executive Functioning and AVID to increase students' management of their learning. Eight schools partnering with the Chicago Schools Alliance to form Instructional Leadership Teams (ILT) received training from Targeted Leadership Consultants, the same group training all CPS high schools to create ILT's.



## Funding Education

*CPS faces financial challenges in the year ahead as revenue struggles to keep pace with increasing costs and declining enrollments. In the next few years, pension funding will become a substantial expense for CPS, with expenditures expected to increase significantly each year.*

### Budget Focus on Educational Priorities

The budget for FY09 increases total funding for all funds by 5.4%. Revenue changes include increases of \$20 million from property taxes and \$99 million in new state revenues and a decrease of \$8.5 million from lower personal property replacement taxes due to the weakness in the Illinois economy.

CPS has continued to cut central administrative costs and shifted those resources directly to schools. At the same time, we have improved business services (human resources, finance and operations) to schools. Survey results are encouraging as the information indicates principals are increasingly satisfied with the quality of service provided.

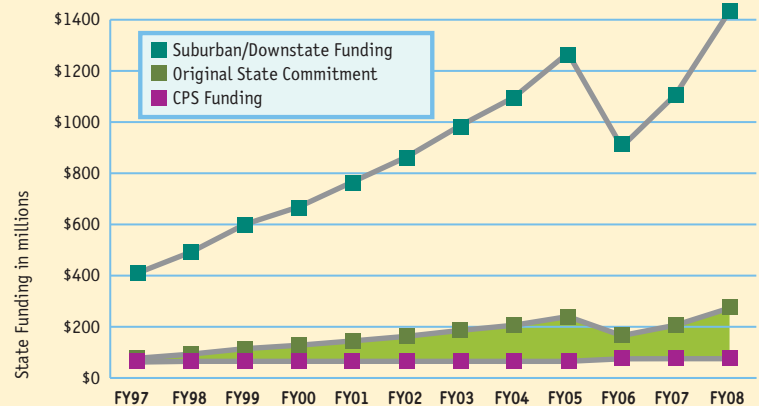
### Overreliance on Local Revenues in Chicago

Chicago taxpayers fund a disproportionate amount of the costs of educating our students. Local property taxes have risen every year. Local resources have paid for 90% of the over \$5.1 billion capital program, with the state contributing no capital funding during the last five years. Education funding reform has had limited political support at the state and Federal levels and no significant change is imminent.

Chicago taxpayers contribute to the Chicago Teachers' Pension Fund (CTPF) through their property tax dollars and contribute to the downstate teachers' pension fund through their state income tax dollars. Prior to 2006, the state of Illinois provided only \$65 million per year to CTPF. As of FY06, the state increased its contribution to \$75 million, and CPS budgeted the same amount for FY09. This funding is still significantly below the state's original commitment to provide CTPF with between 20 and 30 percent of its annual contribution to the downstate teachers' pension fund.

### State Funding of Teachers Pension

Suburban/Downstate vs. CPS  
State of Illinois Original Commitment to CPS



Source: Chicago Public Schools



## State Help to Fund Education

In Illinois, the state provides funds to compensate for differences between the per-pupil foundation level and local property wealth, referred to as general state aid (GSA). While statewide K-12 education has received an increase in the foundation levels of school funding, rising from \$5,734 in FY08 to \$5,959 in FY09, the state share of funding is very low compared to other states. In Illinois, the state has provided 31.8% of total K-12 funding when the national average was 46.9%.

The result in Illinois is significant inequity in school funding with some school districts spending more than \$23,000 per student while others spend less than \$5,000. The gap between well-funded schools and poorly funded schools continues to widen.

## No Child Left Behind Act (NCLB)

Most of the contributions that the federal government provides to CPS comes as categorical grants under the No Child Left Behind Act (NCLB). Federal Medicaid revenue is uncertain as the current moratoria on numerous measures to reduce reimbursable services expire in April 2009. The proportion of funding for Individuals with Disabilities Act (IDEA) costs has also declined.

The proportional share of revenue between federal, state and local sources shows that property owners in Chicago bear the largest financial burden to support public education in Chicago. Over-reliance on property taxes creates inequity between property-rich and property-poor districts.



## CPS Needs More Funds

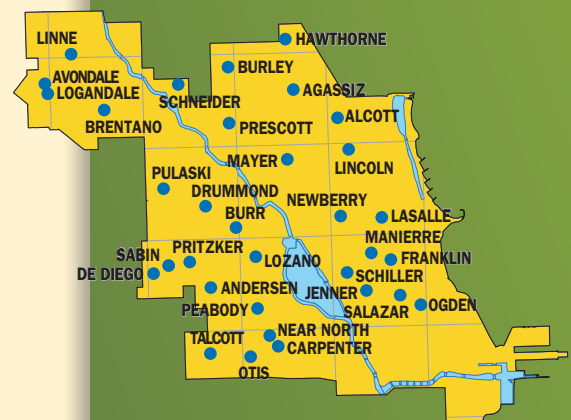
The State of Illinois' funding is still insufficient to cover the cost increases in FY09. The CPS state revenue share of 37% is higher than the Illinois average as a result of a higher proportion of children from poor families. Therefore, the burden of supporting public education rests increasingly on local taxpayers. Because of the tough economic times with family budgets squeezed by rising costs for food, energy and other basic necessities, CPS did not increase tax rates this year. CPS will draw down \$100 million from the general fund-balance reserve.

We cannot continue to ask local taxpayers to bear the burden of the state's failure to fund our schools properly. This not only falls short in providing the education our children deserve and need to be successful, but it perpetuates gross inequities across the state that conflict with the reasoning behind the historic 1954 Supreme Court decision, *Brown v. Board of Education*. Educational equality is the civil rights issue of our generation: a system that favors wealthy communities is fundamentally unfair and economically unsound. Today's education system produces tomorrow's workforce.

## University Partnerships

Area 6 continues in partnership with National Louis, DePaul and Roosevelt Universities to provide professional development in literacy, math and writing. Talcott School's grant from Motorola integrates solar power with studies on the environment and renewable energy. The Ogden, Hawthorne and Burley Schools were ranked as the top scoring Chicago Public Schools on the ISAT. Eleven schools participate in the Chicago Community Trust grant with DePaul University to improve teaching in the areas of math and science. Peabody School was recognized for its gains and improvement on the ISAT.

## AREA 6



## Highest Test Score Gains

Area 7 celebrated the highest ISAT gains citywide for the 2007-2008 school year. Also, Laura Ward School gained recognition as having the highest DIBEL gains in the state of Illinois. Hefferan, Calhoun North, Herbert and Beidler were also recognized for their achievement in DIBELS. Cather and Hefferan Schools were recognized for having seven years of consecutive gains on the ISAT test. Herbert School's 2nd grade teacher was recognized as a 2008 Drive Award Winner. In Area 7 "Excellence is not the Goal. It's the Standard".



## Benefit Programs

Ensuring that Chicago families have access to the public benefits for which they are eligible improves children's health and increases CPS' resources. The CPS Children and Family Benefits Unit (CFBU) promotes increased access, enrollment, and renewal of CPS students and families in food stamps, All Kids, Family Care, and TANF (cash assistance).

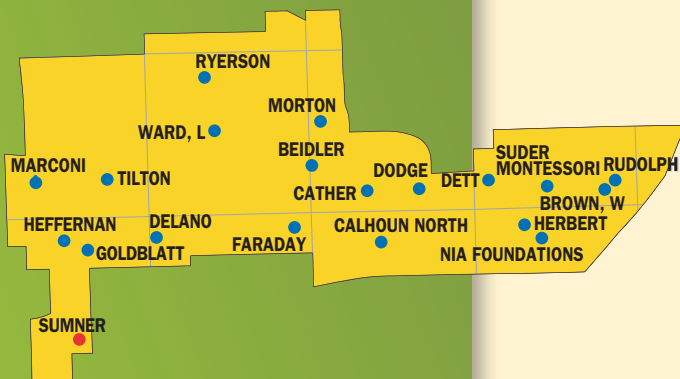
In FY08, CFBU Liaisons completed nearly 4,500 applications for food stamps and/or All Kids. Liaisons also presented at over 200 parent meetings to educate CPS families about their potential eligibility, rights and responsibilities with regard to public benefit programs. Liaisons support all CPS schools, with a focus on 100 schools with particularly high rates of students who are potentially eligible for benefits but not enrolled. Increasing enrollment of CPS' 85,000 potentially eligible students in these health and food assistance programs, CPS receives increased state aid based on the Poverty Grant.



## What Would CPS Do with Additional Funding?

- **Improve teacher quality:** CPS is encouraging more of our teachers to become Nationally Board Certified, a proven indicator of teacher excellence. CPS is also exploring merit pay for improved student performance, another proven method of increasing student achievement.
- **Smaller class sizes in the early grades:** CPS would like to reduce primary grade school classes to less than 28 students, which allows students to focus on learning the basics and developing good study habits.
- **Universal community schools:** Community schools are those that stay open evenings and weekends to provide both academic and social enrichment activities for students as well as classes for parents and neighborhood residents. There are approximately 150 Community Schools in the school district. Our goal is to make all of our schools Community Schools within four years.
- **School construction projects:** CPS requires new capital money from the state in order to avoid drawing on its reserves in order to finance the new school construction which is at the core of the Modern Schools Across Chicago program.
- **More early childhood classrooms:** Last year, over 35,000 children participated in early childhood programs, about two-thirds of the eligible population of 50,000. There is still strong demand for more program availability, which is limited due to lack of space and funding.

## AREA 7



## Chicago Public Schools Goes Green

Chicago Public Schools shares the City of Chicago's vision of being the most environmentally friendly city in the country. We're leading by example in our commitment to reduce our impact on the environment and to teach students to be environmental stewards. Under the leadership of CEO Arne Duncan, Chicago Public Schools launched an Environmental Action Plan to direct CPS' environmental initiatives this year and beyond.

The Environmental Action Plan includes 26 results-oriented strategies focused on what the CPS community can do around transportation and air, waste, energy, land, water, and engagement.

In FY09, our top strategies are reducing energy use, recycling more and growing school gardens.

Teachers throughout the system are at the forefront of CPS' environmental

efforts. Many are leading the way by educating students to be care takers of our planet through a variety of enriching programs: classroom curriculum and projects, school gardens, after-school conservation and service learning clubs, recycling, composting, field trips, river clean-ups and more. CPS is working to increase our sustainability operationally and through infrastructure. For example, twenty percent of the school district's electricity is purchased from renewable sources, designating CPS the largest renewable purchaser in Illinois.

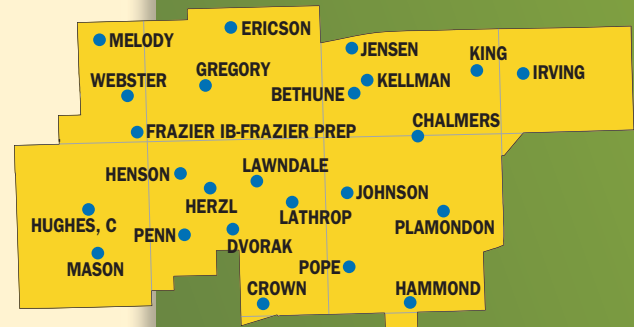
CPS aims to be a leader of sustainability among large urban school districts. The Environmental Action Plan serves as an enriching platform from which to educate, inspire and transform students. To learn more about Chicago Public Schools' green initiatives and view the Environmental Action Plan, please visit [www.cpsenvironmentalaction.org](http://www.cpsenvironmentalaction.org).

## Private Community Partnerships

Our unwavering commitment for improving teaching and learning is the basis for the development of partnerships with Polk Brothers Foundation and Chicago New Teachers Center (CNTC). The Foundation was coordinated by DePaul Center for Urban Education to expand the progress of Community Schools and build strong links with the community in extended learning opportunities. The CNTC leadership and coaches serve to increase beginning teacher retention as well as bring a new generation of dedicated educators to Chicago Public Schools.



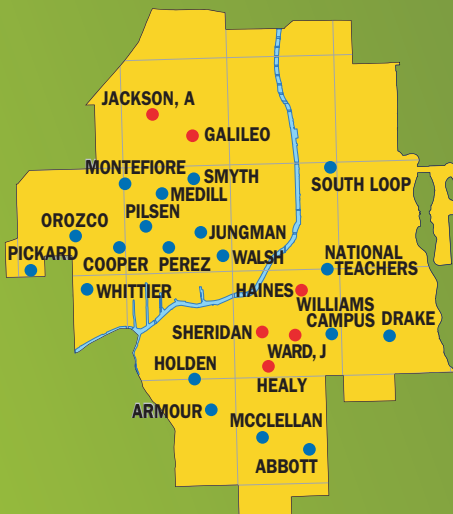
## AREA 8



## International Recognition and Awards

Some of our significant instructional improvement and school milestones are: Perez and Walsh Schools received recognition from Reading First and an award for their efforts in decreasing the percentage of students in the Intensive and Strategic performance categories. Drake School was acknowledged for their long standing relationship with Chicago Board of Trade. Smyth Elementary became an official Primary Years Program (PYP) for the International Baccalaureate Program this past October and is awaiting results to see if Smyth is granted the Middle Years Program as well.

### AREA 9



## Core Strategies

**CPS Ultimate Goal:** Every child in every school is on track at every stage in his or her career to graduate prepared for success in postsecondary education and employment.

This section is intended to update you on the major work toward our ultimate goal: ensuring that every child is prepared for success in postsecondary education and employment. To reach that goal, we're continuing to focus our work on our core and supporting strategies:

- Providing excellent instruction
- Attracting and developing talented people
- Expanding options and opportunities for all students
- Managing performance
- Aligning resources with priorities

## Providing Excellent Instruction

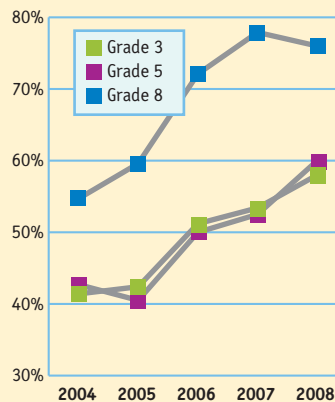
Providing schools with a choice of aligned instruction packages in the core subjects that provide curricula, materials, assessments, teacher professional development, coaching and student supports.

## Elementary School Progress

Elementary test scores hit a new high this year, with 68 percent of our students meeting or exceeding state standards—our seventh consecutive year of gains. This excludes the scores of English Language Learners, many of whom took the ISAT test for the first time. These students, in Bilingual Program years 0-5, previously took the Illinois Measure of Academic Growth in English (IMAGE) test, which the state eliminated last year after a federal panel ruled the test did not align with state standards. CPS believes that including the scores of these students does not accurately represent the progress of the district, so we are not using them for student or school-level accountability.

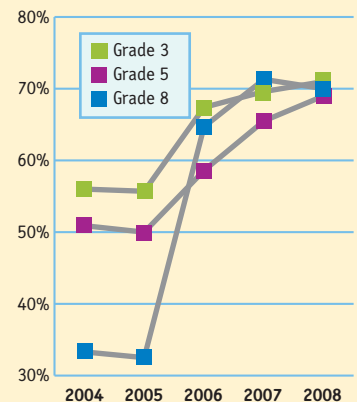
### ISAT Reading Scores

2008 — Percent Meeting or Exceeding Standards

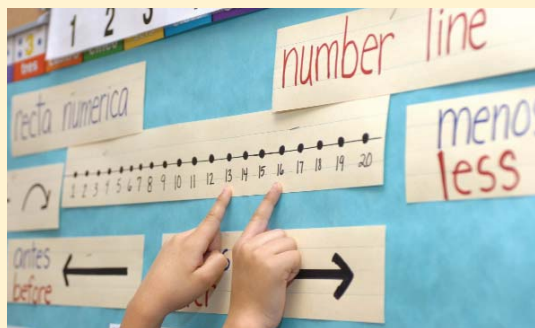


### ISAT Math Scores

2008 — Percent Meeting or Exceeding Standards



Source: Chicago Public Schools, Research, Evaluation and Accountability





We haven't had the same levels of improvement in high school, but we see positive trends. In high school, over the past five years, our students have gained twice as much as the state and three times as much as the nation on the ACT test, although we have not seen our PSAE scores increase at the same rate.

### Keeping A Laser-Like Focus On Instruction

For our instructional initiatives to be successful, our students need to be ready to read entering first grade. This means providing high-quality preschool and kindergarten programs to families in the district. We have added hundreds of slots to preschools in high-need areas and are serving more children than ever.

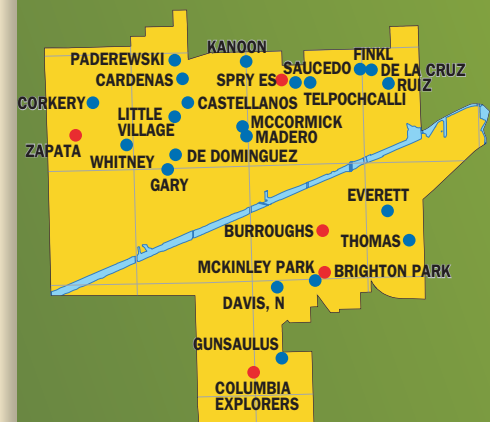
We know that to be competitive students must strive for better performance. To do this, we are refining our work in the middle grades and continuing our expansion of the Chicago Reading Initiative and the Chicago Math and Science Initiative to support more schools.

We are ensuring our students are prepared for rigorous high school instruction. The district is launching an intensive reading intervention for students in grades 6-8 who are two or more grade levels off pace. We have adopted a new writing curriculum and students will be required to pass a writing test to move on to high school from eighth grade. We also enacted a policy that ensures every elementary school student is taught by teachers endorsed in math, science, social studies and reading, and we are providing interest-free loans for teachers to pursue these endorsements.

## Achievement through Team Work

Area 10 schools, located in the Little Village Community, had one of the highest improvements citywide. There are 24 schools with 14,000+ students. Our motto is "Improving Achievement Through Teamwork and High Expectations." The focus is guided by the Area Literacy Plan that serves as a framework for all grade levels with writing as the common strand. Area 10's composite is 69.8% (citywide 67.8%), reading rate 67.1% (citywide 66.7) and math rate 74.5% (citywide 70.6%).

### AREA 10



## Go Green for the Future

Area 11 is home to over 15,000 students and is proud to serve one of the highest student populations in CPS. Christopher School participates in the Go-Green initiative and is making connections between today and the future. Area 11 schools support AVID and PBIS school-wide as well as study and implement Differentiated Instruction strategies. Area 11 works diligently and holds true that every child can reach new heights when we “Expect Success and Nothing Less”.

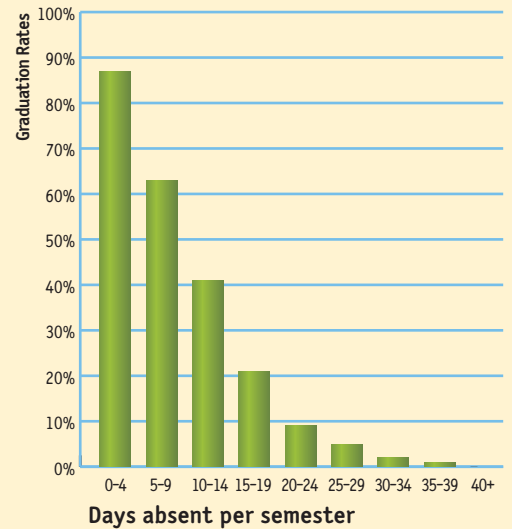
## Effective Student Transitions

This summer, every eighth-grader was invited to participate in Freshman Connection. The program linked each eighth-grader to a high school and helped them build relationships with the upperclassmen this summer before the school year started. The program also offered the opportunity to receive course credit. These programs are geared towards improving freshman attendance and engagement, since students who attend school regularly are more likely to learn and graduate.

In high school, our newest strategy is the expanded implementation of the Instructional Development System (IDS), which provides comprehensive curricula in English, mathematics and science, as well as the teacher supports necessary for successful execution. We have 43 schools using the IDS curriculum this year.

The district is also supporting principals’ development through the Instructional Leadership Council (ILC). At every high school, the ILC is helping principals build and sustain strong instructional leadership teams (ILTs). The council works with the ILTs to use data to drive instructional decisions and build strong department teams.

Four-Year High School Graduation Rate by Freshman Absence Rates

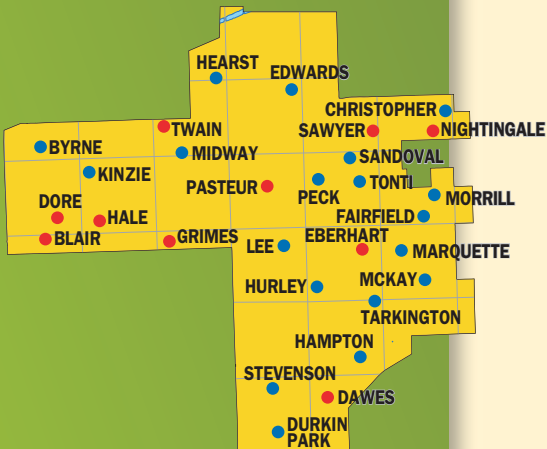


Source: Consortium on Chicago School Research

*“Freshman year is critical for our students, particularly for students who are older as freshmen. Our new pilot programs and Freshman Connection will help us target these most at-risk students.”*

—Rufus Williams, Board President

## AREA 11



## Attracting and Developing Talented People

*Recruiting, hiring, developing and advancing the best people in the world to teach in, lead and support our schools.*

### Focus on Excellence in Teaching

We are seeing more applications than ever for teacher vacancies, and we are getting increasingly better applicants. We believe that our emphasis on high standards has led us to be more attractive to high-quality candidates, and an earlier hiring timeline has enabled us to make offers to the best as soon as possible. As a result, we reduced teacher vacancies on the first day of school to just 2.51 percent, a dramatic improvement from last year's 5.08 percent vacancy rate on the first day of school.

The district is scaling up two innovative programs around teacher leadership, Fresh Start Schools and Chicago Teacher Advancement Program (TAP), and we are piloting the Excellence in Teaching project, based on the CPS Framework for Teaching.

Meanwhile, preliminary data indicate the number of CPS teachers and administrators certified by the National Board for Professional Teaching Standards has risen to 1191. Having multiple National Board Certified teachers in schools is one part of our school-wide improvement strategy.

### Building the Principal Pipeline

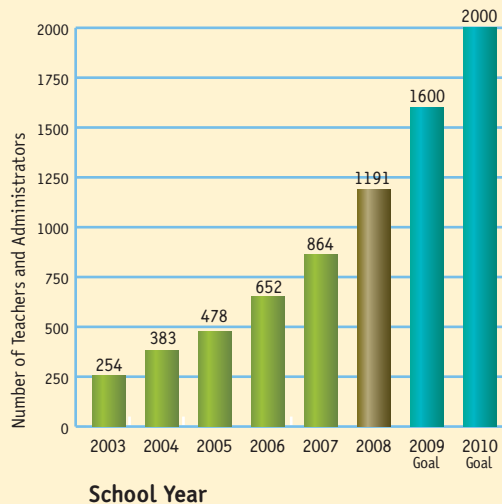
Over the last three years, we have hired hundreds of new principals and other school leaders, but we are continuously looking for talented future leaders. Our goal is to identify and recruit internal candidates for upcoming vacancies as well as align the many principal preparation programs to create an external pipeline built on consistent expectations.



*"For students who would be the first in their family to attend college, the influence of teachers makes a significant difference."*

—Arne Duncan, Chief Executive Officer

National Board Certified Teachers and Administrators at CPS



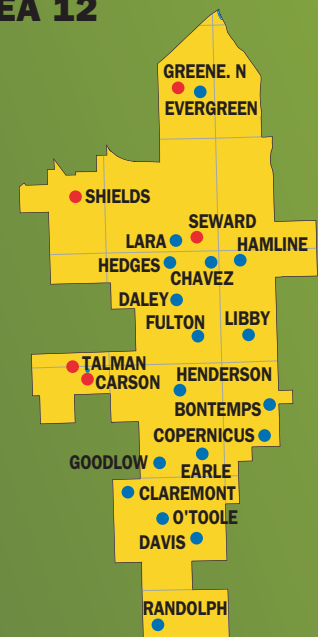
School Year

Source: CPS Office of Human Resources

## Diverse Teacher Development

Through the use of on-going professional development with our administrators and content area coaches, partnerships with universities for Math, Science, and Reading endorsements, along with on-site coaching, Area 12 delivers Best Practice strategies to support our schools. We continue to support promotion of the Least Restrictive Environment, improved student attendance, and articulation with our feeder high schools. Our continued participation in the Middle Grade Project and Partnership Read as well implementation of Writer's Workshop will ensure the continued success in Area 12.

### AREA 12



## Improved Math and Science

Area 13 schools have continued to work diligently to improve mathematics and science instruction. Twelve schools enhanced the quality of math and science instruction through participation in the Cluster 4 Middle Grades Project (C4MPG). Eight schools offer high school algebra to eighth grade students. Awards were received by three schools for, “You Be The Chemist” and “Space Explorers” after school programs. One half of the schools are enrolled in the district’s core reading program, resulting in a positive effect on literacy instruction.



## Expanding Options and Opportunities

*Providing our students with an early start, a longer day, and a choice of quality schools.*

### Out-of-School Programs

Our Community Schools program, the largest in the country, offers at least 12 hours of after-school programming per week, including parent programming and health and social services. These efforts complement the After-School All-Stars and After-School Counts programs, which together are improving achievement in reading and math and raising regular school attendance.

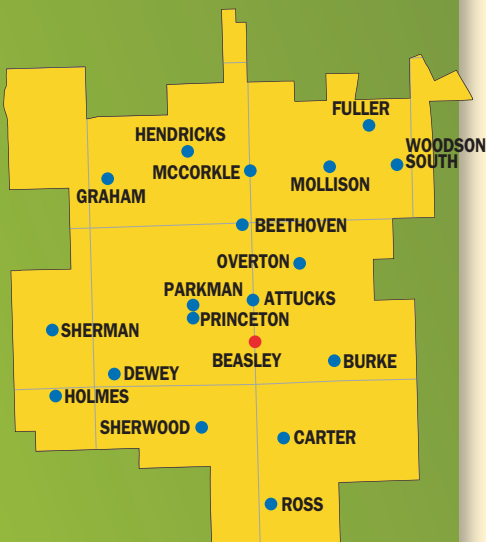
### Renaissance 2010 Options

The district is focused on providing our students and their families with the power of choice. This year, CPS opened 34 new schools through Renaissance 2010, turnaround schools and magnet programs. Renaissance 2010 was designed to increase the number of high-quality educational options across traditionally underserved neighborhoods. New schools are created through a competitive process, though Ren10 has developed yearly strategic focus areas for which it recruits new school proposals. Past examples include residential schools and career academies.

### Ensuring Every Student Graduates

Through Graduation Pathways, we’ve made strides to ensure every student has the supports necessary to graduate prepared for the future. In addition to providing credit recovery programs in the evening, the district is launching an after-school credit recovery initiative. We also developed the Freshman Watchlist tool that identifies eighth- and ninth-graders at risk of falling off-track on the path to graduation; by identifying these students early, Graduation Pathways believes teachers and counselors can offer additional supports and targeted efforts to keep these students on track.

## AREA 13





## Managing Performance

*Holding everyone in CPS—students, teachers, principals and administrators—responsible for meeting high expectations.*

### Making Sure Everyone Knows What Success Looks Like

For each major role in the district, we are developing:

- A clear definition of excellence
- Data to track progress toward excellence
- Opportunities for discussions and decision-making about these measures
- Predictable rewards and consequences for performance

We also believe that offering more autonomy and flexibility will help some of our schools become successful faster. Our Office of Autonomy seeks to create the conditions to foster and support local innovation in every school. Schools can earn autonomy via student achievement and sound management or apply for autonomy with a plan stating how they'll use increased freedom to raise student achievement.

### New Tools Are Helping

CPS' new Web site, [www.cps.edu](http://www.cps.edu), provides the latest district information to parents, students and staff and makes it easier to get involved. In addition, a new feature gives parents the opportunity to compare schools on a number of statistics, helping them to better evaluate their various options.

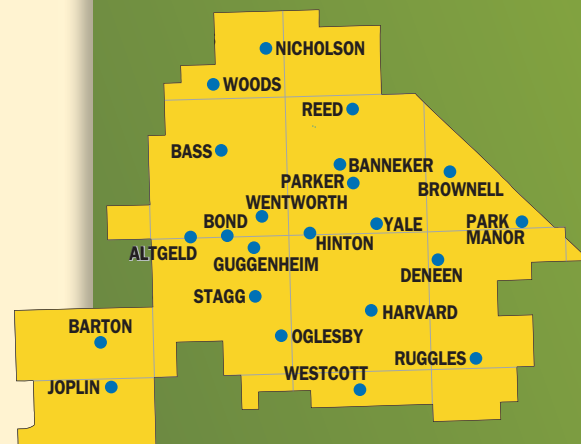
The CPS Dashboard tool aggregates information and allows school, Area and district leaders to view key school and student performance indicators such as student and teacher attendance, student grades and misconducts. By March, the Dashboard will have over 100 metrics available and the ability to view student profiles that principals and school leadership teams can use to improve decision making, enable accountability and improve school and student performance.

Finally, we have introduced an innovative measurement of school performance. Relative School Impact on Student Growth measures the difference between a school's average student growth on the ISAT and the average growth of similar students districtwide. It accounts for student factors that are outside of a school's control, such as students' prior level of performance, so as to more fairly and accurately measure the school's impact. We believe it is important to measure how schools impact students at all levels of achievement from year to year.

## Middle Grades Movement

Area 14 schools have embarked on several "Child-Centered and Data Driven" projects. Partnerships include the Chicago New Teachers Center, the Model Hiring Initiative, and Positive Behavior Interventions & Supports. The area's Strategic Education Plan concentrates on the Balanced Literacy approach (readers and writers workshop). We develop conceptual understanding of mathematics through the use of CMSI materials. Focus on the Middle Grades Movement is designed to help students become better prepared for the 8th to 9th grade transition to ensure they're prepared for success in post-secondary education and employment.

### AREA 14



## Outstanding Principal

Area 15 serves students with an incredible diversity ranging from neighborhood to International Baccalaureate, gifted, city wide and magnet cluster programs. Strong and innovative partnerships serve the schools from new teacher induction through the Chicago New Teachers Center to ongoing professional development with the University of Chicago. Many schools implement district and research based curricula. The area prides itself on offering targeted and cutting edge professional development. An outstanding principal received the Milken Family Foundation National Education award – \$25,000 prize for an innovative educator.



## Aligning Resources With Priorities

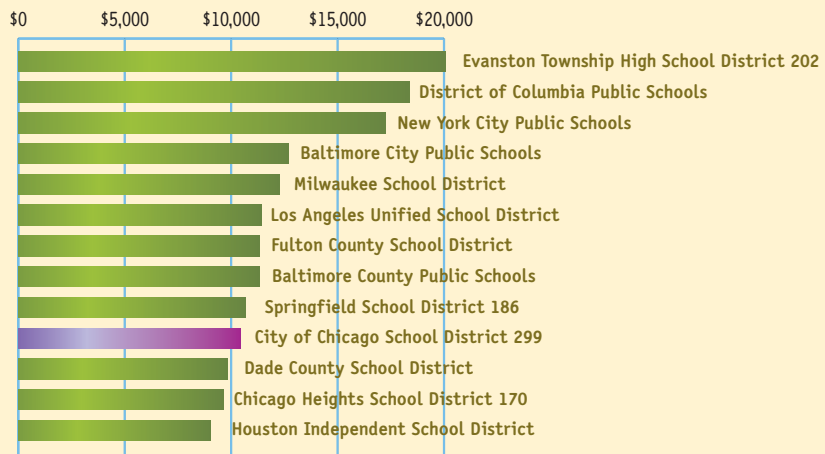
*Allocating resources, both human and financial, based on evidence of their contribution toward achieving district goals.*

### Creating Modern Schools Across Chicago

We recently joined forces with the City of Chicago for the “Modern Schools Across Chicago” program. This fall, Sir Miles Davis Academy, first of 27 new and renovated schools, opened, with five more slated to open in Fall 2009. CPS and the City are investing more than \$1.2 billion to build 24 new schools, renovate three major high schools, and make them all LEED-certified as part of the City’s environmental sustainability initiatives. The projects are funded with local tax dollars.

But we could go further in our efforts with more resources. Illinois’ state contribution to public education dropped to a new low of total funding this year, putting our state 49th out of 50 in state funding. Though we are cutting back where possible, the state funding shortfall means public education funding falls disproportionately to local taxpayers. This means cities with high property wealth, like Evanston, are able to generate much larger amounts of funding per pupil than Chicago can. Even among comparable cities, Chicago has a lower level of funding per student. For this reason, we continue to develop partnerships with the philanthropic and business communities to expand the pool of resources for innovation in the district.

### Per-Pupil Funding



### Total revenue amount per student

Source: National Center for Education Statistics, 2004-2005



## Educational Outcomes

### More Students Meet Standards

At CPS, more students than ever are meeting or exceeding state standards. Including the scores of English-language learning (ELL) students, some of whom took the ISAT for the first time, 65.2% of all elementary students meet or exceed state standards. However, CPS believes that this number does not accurately reflect the progress of the district as these students are in years 0-5 of their bilingual program—indicating some of them know little to no English. Therefore, CPS adjusts the state scores to exclude ELL students. Excluding the scores of these students, 67.8% of CPS elementary students met or exceeded state standards on the ISAT. Though ISAT scores with ELL scores included count toward Annual Yearly Progress at the state level, they will not be used by CPS for student or school-level accountability.

### Achievement Tests Change

This was the third year that all traditional students in grades 3-8 took the ISAT Reading and Math tests in March. Students in 4th and 7th grades also took the ISAT Science. This was the first year that ELL students were required to take the ISAT, after the previous test of growth in English language acquisition, IMAGE, was ruled as not in alignment with state standards. Along with being a component of CPS' accountability system, the ISAT also determines sanctions under the Federal "No Child Left Behind" Act.

*"Our hope is that by providing the necessary information and support, elementary and high schools can rigorously prepare our students for college and beyond."*

—Mayor Richard M. Daley

### 2008 Key Statistics

- In reading, 66.7% of all students met or exceeded state standards, an astonishing 5.8 percentage point increase over 2007.
- In math, 70.6% of all students met or exceeded state standards, a 2 percentage point increase from 2007.
- In science, 62.6% of all students met or exceeded state standards, a 2.2 percentage point increase from 2007.
- Overall, 13.1% of students exceeded ISAT state standards in 2008.

### Improvement Strategies

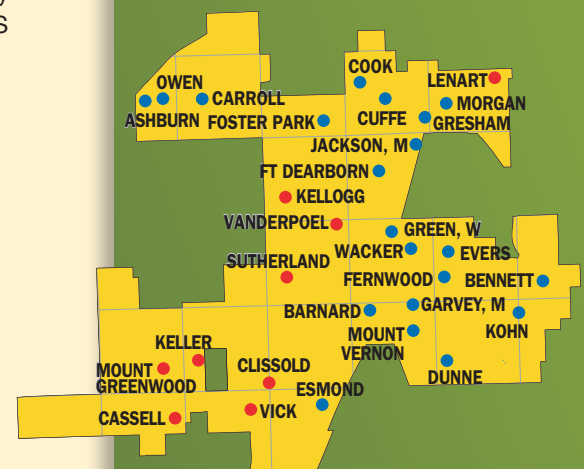
With the support of the Chicago Reading Initiative and the Chicago Math and Science Initiative, ISAT scores have increased fairly quickly over the last seven years. In order to continue to improve our progress, particularly in getting students to exceed rather than just meet standards, we have implemented several strategies to improve students' learning.

In the middle grades, teachers are now required to gain subject-specific endorsements—in math, science, social studies or reading—in order to continue teaching in the district. This initiative is aimed at improving content-level knowledge so that middle-grades teachers can explain difficult concepts with more depth and breadth than they could with general endorsements. CPS has also expanded its preschool and afterschool programs, which prepare kids to be ready to read before first grade and support continued learning after the school day is done.

## Parental Workshop

Area 16 is moving from Good to Great by including all stakeholders in the process of improving teaching and learning. Schools were recognized by the Mayor for making continuous growth. Our year began with a successful parent workshop. These workshops are a critical key in bridging the gap between home and school. Area staff saves old paper to serve as scratch paper for tests. A beautiful eco-friendly Art Gallery was created using recycled products.

## AREA 16



## Community School

Caldwell Academy of Math and Science was the recipient of the Community Schools Initiative Grant. Caldwell is evolving into a community school that will not only serve students, but the community as well. The school plans a Parent Center to address parents' needs, workshops to prepare children to read, support for Pre-K and kindergarten students and a medical center to address immediate medical concerns of students and members of the community. Timely preventive workshops for issues such as asthma will also be provided.

## CPS' High School Progress

This year, the Illinois State Board of Education changed the scoring methodology for the Prairie State Achievement Exam (PSAE), the state test administered to all 11th-grade students that includes the ACT as well as the WorkKeys assessment. Due to this change, the district saw 27.7% of students meeting and exceeding expectations on the PSAE.

However, on the ACT portion of the exam, CPS students have gained twice as much as the state and three times as much as the nation. The CPS average increased from 17.2 to 17.7 this year. The district is also seeing an increase in the number of students seeking out rigorous Advanced Placement (AP) coursework. More than 1,300 additional students enrolled in at least one AP course in 2008 than 2007, an increase of nearly 12 percent. This indicates CPS students want to be challenged and they want to take the classes necessary to be prepared for postsecondary education.

## CPS' Challenges

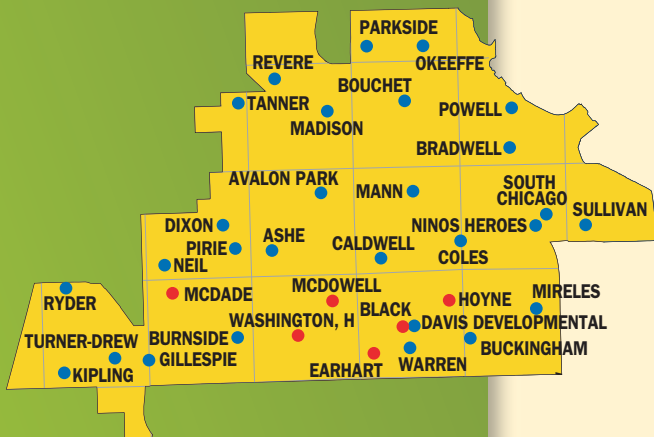
The transition to high school is among the most difficult transitions CPS students face. Many students have been in the same school for eight years and moving to a large, unfamiliar high school can be hard on them. This is one of many reasons attendance drops so dramatically from eighth to ninth grade. As we know, if students aren't in school, they aren't learning.

One of the district's goals is to improve the freshman transition—to get students acclimated to high school so they can stay on track and be prepared for graduation and beyond. CPS' freshman on-track rates have increased nearly 2.5 percentage points over last year, but still hover at lower than 60%. In order to graduate more students who are prepared for postsecondary education, on-track rates will need to improve.

There are also still significant gaps in achievement between African-American and Hispanic students and white and Asian/Pacific students. Though the gap is closing in elementary schools, it persists—and may be growing—at the high school level. In order to ensure success for every student in every school, the district must target its efforts toward closing the gaps in elementary school and supporting students through the high-school transition and beyond.

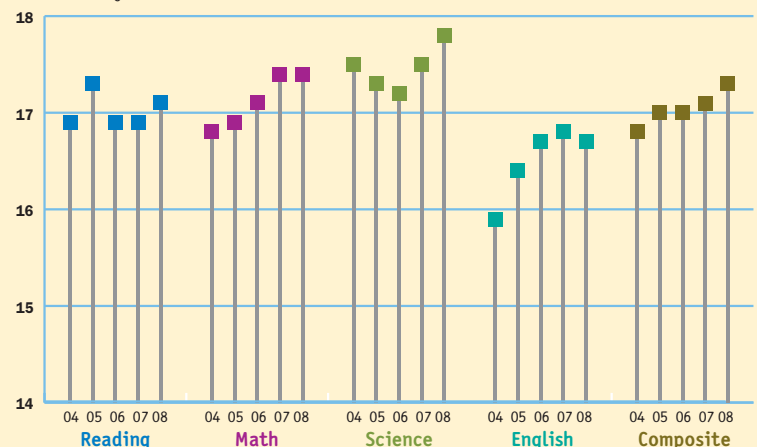


## AREA 17



## ACT scores

2004 through 2008



Source: Chicago Public Schools, Research, Evaluation and Accountability; ACT.org

# CPS Annual Financial Report

## and the Management's Discussion and Analysis (MD&A)



Three of the six finalists, including of the Money Smart Kid Essay Contest are from CPS. The winner (shown center) is from Ariel Community Academy.

### What is included in the CPS Comprehensive Annual Financial Report (CAFR)?

Each year, in addition to this popular version of the annual report, CPS produces a Comprehensive Annual Financial Report (CAFR). The CAFR is prepared using a reporting combination of both government-wide financial statements and fund financial statements. These financial statements consist of three major components:

- Government-wide financial statements include the Statement of Net Assets and the Statement of Activities which provide a broad, long-term overview of CPS' finances
- Fund financial statements include the balance sheet and statement of revenue, expenditures, and net changes in fund balances. They provide a greater level of detail of revenues and expenditures and focus on how well CPS has performed in the short term in the most significant funds
- Notes to the basic financial statements

### What is the Management's Discussion and Analysis (MD&A)?

In the MD&A section of the CPS' annual report, management discusses numerous aspects of the organization, both past and present. Among other details, the MD&A provides an overview of the previous year of operations and how the CPS fared in that time period. Management also touches on the upcoming year, outlining future goals and approaches to new projects.

## Teacher DRIVE Award

Area 18 serves 18,000 students in 32 schools. It was again recognized for the highest number of DRIVE Award finalists. The Area is at the forefront of building teacher capacity in its unique approach to teacher professional development. To increase primary student achievement, the Area mandated a six-week second grade summer school program for all at-risk students that was unique to the district. The Area is meeting the needs of an ever growing diverse student population.

### AREA 18



## Conservation Club

The area's diversity and numerous achievements exemplify academic excellence! Foreman's Conservation Club collected 14,720 pounds of recyclable materials. Steinmetz senior class earned \$1.5M in scholarships and won a state silver medal for its physics project. A student at Senn received a four-year full expense POSSE Scholarship. Of six nationwide schools, Kelvyn Park was awarded The National Youth Leadership Council Generator School Network Award for excellence in Service Learning. Schurz's principal was selected in the Fulbright Teacher Exchange Program in Brazil while a graduate student was selected as a Gates Millennium Scholar.

## AREA 19



## Highlights

### from the Government-Wide Financial Statements

Total assets of \$8.7 billion increased due to larger accounts receivable balances, new school construction and other improvement projects as part of the CPS Capital Improvement Program.

Capital assets, net of depreciation, increased \$195 million or 4.3% over the prior fiscal year due to continued progress of the Capital Improvement Program. Capital assets, net of depreciation, for fiscal year 2007 totaled \$4.48 billion and \$4.68 billion in fiscal year 2008. In fiscal year 2008, CPS issued \$250 million in Unlimited Tax Obligation Bonds to fund the Capital Improvement Program.

Long-term debt increased \$208 million, or 4.37%. The total long-term portion of debt outstanding and capitalized leases was \$4.82 billion in fiscal year 2007 and \$5.04 billion in fiscal year 2008.

Accrued pension increased to \$1.85 billion in fiscal year 2008 from \$1.75 billion in fiscal year 2007, an increase of \$105.9 million, or 6.1%. The year-end balance reflects the increase in the net pension obligation related to the Public School Teachers' Pension and Retirement Fund of Chicago.



Other post-employment benefit (OPEB) liabilities increased to \$579.8 million in fiscal year 2008 from \$425.1 million in fiscal year 2007, an increase of \$154.7 million, or 36.4%. The year-end balance reflects the increase in net OPEB related to healthcare costs associated with the Public School Teachers' Pension and Retirement Fund of Chicago.

Other long-term liabilities including current portion increased to \$441.3 million in fiscal year 2008 from \$343.9 million in fiscal year 2007, an increase of \$97.3 million, or 28.3%. The change in year-end balance reflects an increase in accrued sick pay, vacation pay and workers' compensation of \$54.1 million, \$34.5 million and \$11.4 million respectively, and a decrease in tort liabilities of \$2.7 million.

CPS' net assets decreased \$214.5 million to (\$101) million. Of this amount, \$133 million represents CPS' investment in capital assets, net of depreciation, and related debt. Restricted net assets of \$551 million are reported separately to present legal constraints from debt covenants and enabling legislation. The (\$785) million of unrestricted deficit represents the shortfall CPS would experience if it had to liquidate all of its non-capital liabilities as of June 30, 2008.

## College Scholarships

Area 21 schools had numerous noteworthy moments during the 2007–2008 school year: Scholarships awarded to students in excess of \$45.7 million dollars, had five Gates Millennium Scholarship winners from Juarez, Manley, and Michele Clark Schools and produced three POSSE Scholars from Juarez, Michel Clark, and Roberto Clemente Schools. Two schools (Manley and Gallery 37) are in the \$1 Million Dollar Club (schools awarded one million dollars in scholarships). Three Principals participated in an educational tour of schools in Beijing. And, Marshall H.S. won the State basketball championships in the boys and girls division.

### Condensed Statement of Net Assets

(Millions of dollars)

	Governmental Activities			
	2008	2007	Difference	% Change
Current Assets	\$3,989	\$3,848	\$141	3.7%
Capital Assets, Net	4,683	4,488	195	4.3%
<b>Total Assets</b>	<b>\$8,672</b>	<b>\$8,336</b>	<b>\$336</b>	<b>4.0%</b>
Current liabilities	\$924	\$934	-\$10	-1.1%
Long-term liabilities	7,849	7,288	561	7.7%
<b>Total Liabilities</b>	<b>\$8,773</b>	<b>\$8,222</b>	<b>\$551</b>	<b>6.7%</b>
Net Assets:				
Invested in capital assets				
Net of related debt	\$133	\$267	(\$134)	-50.2%
Restricted for:				
Debt service	446	414	32	7.7%
Specific purposes	105	131	(26)	-19.8%
Unrestricted	(785)	(698)	(87)	12.5%
<b>Total Net Assets</b>	<b>(\$101)</b>	<b>\$114</b>	<b>(\$215)</b>	<b>-188.6%</b>

### Statement of Net Assets

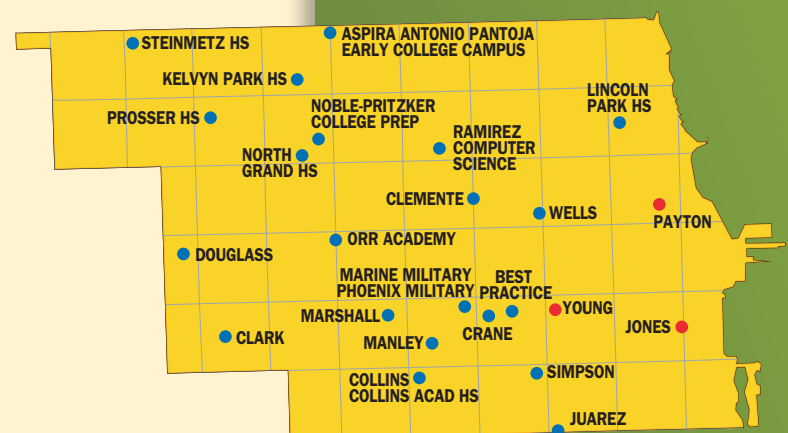
As Reported in Government-Wide Financial Statements

This Statement of Net Assets is aimed at citizens who are interested in a government's finance, but do not have direct access to the detailed accounting data. The government-wide financial statements are designed to provide readers with a broad overview of the school district's finances in a manner similar to a private sector business. Government-Wide Financial Statements are available in CPS' Comprehensive Annual Financial Report (CAFR).

The Statement of Net Assets presents information on all of CPS' assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

All of CPS' services are reported in the government-wide financial statements, including instruction, pupil support services, instructional support services, administrative support services, facility support services and food services. Property taxes, replacement taxes, state aid, interest and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

## AREA 21



## Healthy School Menu

Richards Career Academy culinary department won 1st place in the district-wide Healthy School Menu contest. Thirteen six-member teams prepared lunch for twenty Chicago-area distinguished executives and celebrities, like Gail Gand of the highly acclaimed TRU restaurant. The menu will be served twice on the district's school menu. With the Oppenheimer Family Foundation Teacher Incentive Grant, York Alternative HS students published a book entitled, "Project Atlas 1: From the Same Street". These self-reflective student writings communicate lessons discovered through incarceration in hopes of preventing others from making the same mistakes.

## Resources

### How Are Chicago Public Schools Funded?

The Chicago Public Schools are financed through a combination of Local, State and Federal sources. CPS uses fund accounting to ensure and to demonstrate compliance with government accounting and legal requirements.

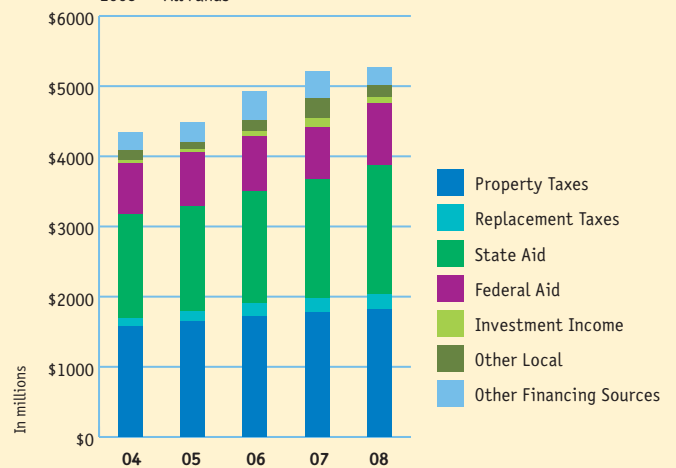
Resources from all sources totaled \$5,266 million for fiscal year 2008. The Federal government contributed 16.6% of all revenues for CPS in fiscal year

2008, while State aid was 35.1%. The remaining 48.3% of resources are raised locally and include property and replacement taxes as well as net proceeds from bonds issued for the Capital Improvement Program in the amount of \$250 million.

Fund Financial Statements are available in CPS' Comprehensive Annual Financial Report (CAFR).

### Resources by Sources

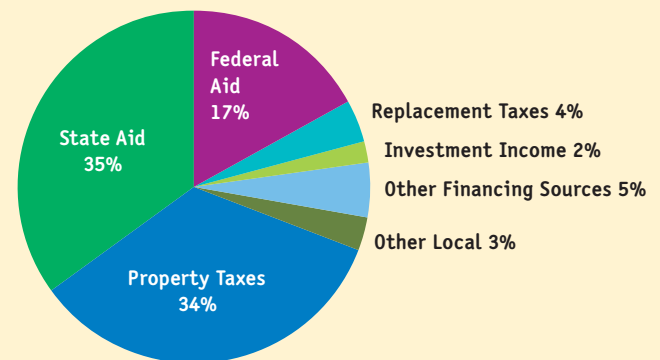
2008 — All Funds



Source: Chicago Public Schools

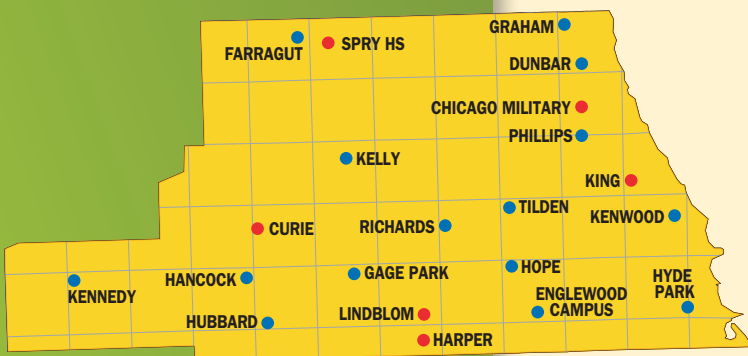
### Resources by Sources

2008 — All Funds



Source: Chicago Public Schools

## AREA 23





### Resources and Other Financing Sources (Millions of dollars)

	2008	2007 (restated)	Percent of Total	Increase (Decrease) from 2007	Percent Increase (Decrease) from 2007
Property Taxes	\$1,814	\$ 1,768	34.4%	\$46	2.6%
Replacement Taxes	\$215	201	4.1%	\$14	7.0%
State Aid	1,846	1,680	35.1%	\$166	9.9%
Federal Aid	876	720	16.6%	\$156	21.7%
Interest and Investment Income	86	117	1.6%	(\$31)	(26.5%)
Other	181	286	3.4%	(\$105)	(36.7%)
<b>Subtotal</b>	<b>\$5,018</b>	<b>\$ 4,772</b>	<b>95.3%</b>	<b>\$246</b>	<b>5.2%</b>
Other Financing Sources	248	396	4.7%	(\$148)	(37.4%)
<b>Total</b>	<b>\$5,266</b>	<b>\$ 5,168</b>	<b>100%</b>	<b>\$98</b>	<b>1.9%</b>

\* Minor differences in percentages occur due to rounding.

### Resources by Type

The following schedule presents a summary of revenues and other financing sources by type for the general operating fund, capital projects fund and debt service fund for the fiscal year ended June 30, 2008. It also depicts the amount and percentage changes in relation to prior year revenues and other financing resources.

During fiscal year 2008, CPS changed its revenue recognition policy for non-exchange transactions such as State aid, Federal aid, and replacement taxes to consider these revenues susceptible to accrual from 90 days to 30 days. The change resulted in a fund balance restatement decreasing the beginning fund balance by \$159.5 million. This change is consistent with CPS' current revenue recognition policy for property taxes.

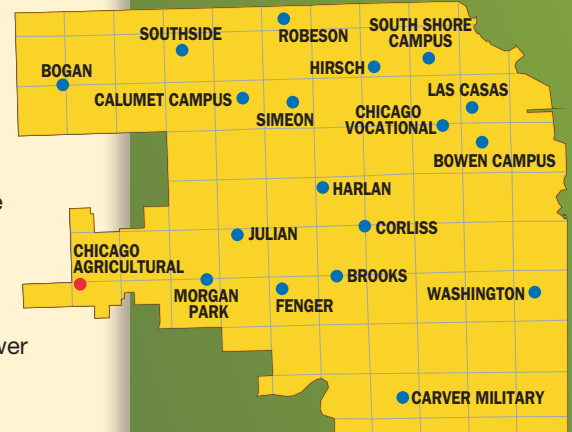
Local property taxes provide approximately 34.4% of all revenues. The other local revenues come from personal property replacement taxes, interest income, lunchroom fees and miscellaneous items.

- **Property Taxes** increased by \$46 million from fiscal year 2007 due to increases in tax levies and new construction.
- **Personal Property Replacement Taxes** increased \$14 million over fiscal year 2007 as a result of higher corporate profits.
- **State Aid** increased by \$166 million (based on restated 2007 amounts) primarily due to a \$400 per pupil increase in foundation level, up to \$5,734 per student.
- **Federal Aid** increased \$156 primarily because of the new revenue recognition policy as well as increased E-Rate projects.
- **Investment Income** decreased \$31 million from fiscal year 2007, due to lower interest rates.
- **Other Income** decreased \$105 million primarily due to a one-time funding from the City of Chicago for FY07 debt refundings.
- **Other Financing Sources** decreased \$148 million due to fewer bonds issued for the Capital Plan.

## Environmental Initiatives

Area 24 teachers provide students unique opportunities to highlight environmental initiatives. IB juniors at Washington High School are working with "Friends of the Forest" to participate in monthly restoration stewardship days at Powderhorn Forest Preserve. Fenger High School students have received permission from the city to turn a vacant lot into a garden while students at Chicago High School for Agricultural Sciences received a \$5,000 grant from the Illinois IBIO for development of a mosquito abatement program.

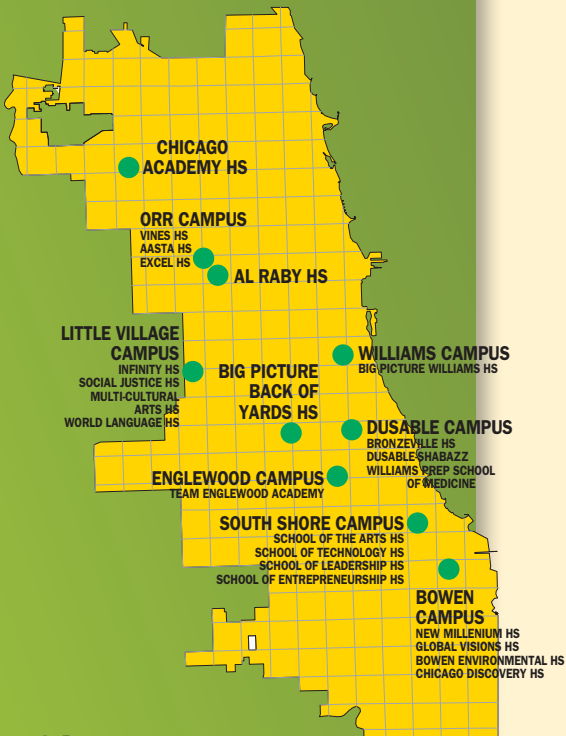
### AREA 24



## Promoting Green

Committed to excellence in all endeavors, Area 25 schools received many competitive enrichment and scholarship opportunities in 2007–2008. Collectively, our students received scholarship offers totaling \$3.9 million: Two University of Chicago Collegiate Scholars winners from Daniel Hale Williams Prep, two Gates Millennium Scholarship winners from New Millennium and School of Leadership and two Posse Scholarship winners from New Millennium and School of Entrepreneurship. Promoting Green growth is also crucial. In this spirit, BEST HS received a \$1,500 grant to restore a prairie site and Al Raby School established a native plant garden.

## AREA 25



## Expenditures

### Where Does the Money Go?

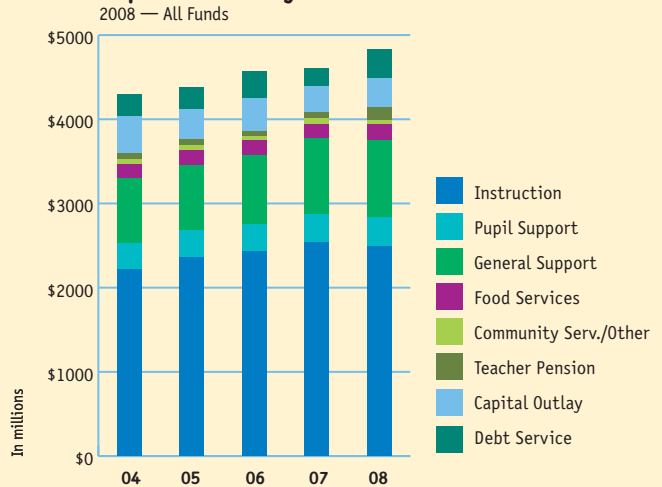
These graphs display fiscal year 2008 expenditures across specific program areas. Detailed Fund Financial Statements are available in CPS' Comprehensive Annual Financial Report (CAFR).

**Instruction** includes basic education and special education for students with physical, mental, emotional and/or learning disabilities. Also included are

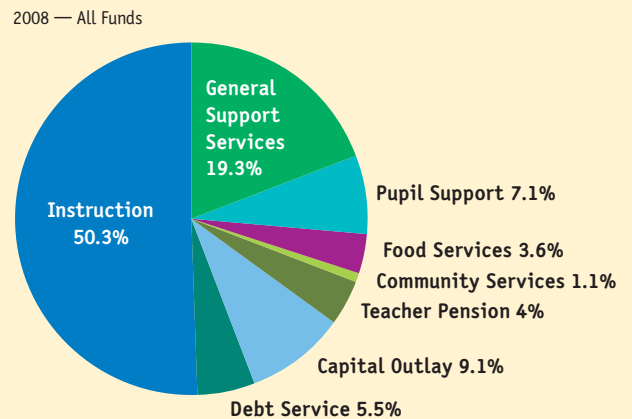
vocational education, summer school, supplementary bilingual education and education for economically deprived students.

**Pupil Support Services** includes guidance counseling, social work, speech pathology, nursing, psychology, occupational and physical therapy services.

### Expenditures by Function



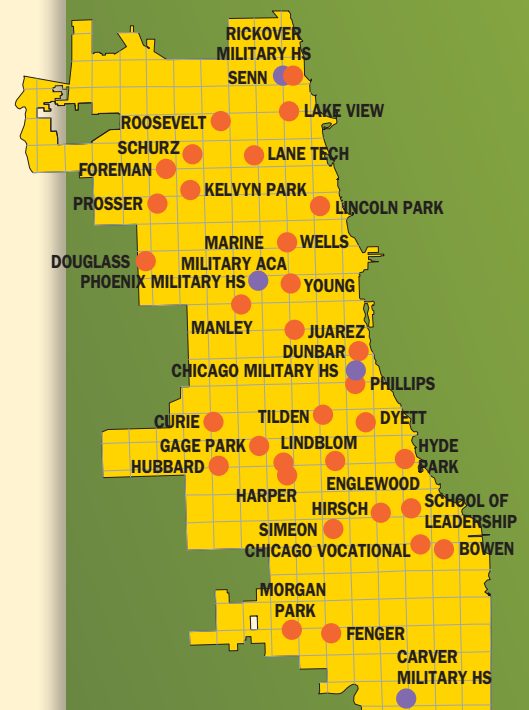
### Expenditures by Function



## Student Leadership

The mission of Area 26—Military Schools and JROTC is to motivate high school students, teach the value of citizenship, leadership, community service, personal responsibility and a sense of accomplishment while instilling self-esteem, teamwork and self-discipline. Area 26 posted an overall attendance rate of 88%. The average ACT score for the Military Academies was 16.9, a 1.2 point gain from the previous year and 23.5% on the PSAT, a 5.4% gain. Area 26 posted a 71.4% average for Freshmen On Track, which increased by 5.4%.

## AREA 26



## Expenditures

(Millions of dollars)

	2008	2007	Percent of Total	Increase (Decrease) from 2007	Percent Increase (Decrease) from 2007
Instruction	\$ 2,575	\$ 2,492	50.3%	\$ 83	3.3%
Pupil Support	362	349	7.1%	13	3.7%
General Support Services	987	914	19.3%	73	8.0%
Food Services	182	180	3.6%	2	1.1%
Community Services	45	45	0.9%	0	0.0%
Teacher Pension	207	156	4.0%	51	32.7%
Capital Outlay	467	346	9.1%	121	35.0%
Debt Service	282	342	5.5%	(60)	-17.5%
Other	11	8	0.2%	3	37.5%
<b>Total</b>	<b>\$ 5,118</b>	<b>\$ 4,832</b>	<b>100%</b>	<b>286</b>	<b>5.9%</b>

**General Support** includes:

- **Instructional Support** includes programs designed to enhance curriculum development, educational staff training and library services.
- **Facilities Services** includes operation and maintenance of plant and student transportation.
- **Administrative Support** includes school administration such as school principal and assistant principal compensation as well as central and area office administration.

**Food Services** includes student lunches and breakfasts.

**Community Services** includes after school programs and programs provided for non-public schools.

**Teachers' Pension** includes CPS employer share of teacher pension funding.

**Capital Outlay** includes major new construction and renovation costs.

**Debt Service** includes the payment of general long-term principal and interest.

## Expenditures by Function

The following schedule represents a summary of the general operating fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2008, as well as the percentage change in relation to prior year amounts.

Instruction has increased due to teacher salary step increases and cost of living adjustments as well as an increase in payments to Charter schools of \$48 million. General Support Services increased 8.0%, or \$73 million, which includes an increase in energy costs of \$9.6 million due to rising fuel costs. Capital Outlay increased 35.0%, or \$121 million, due to continuation of capital improvement projects for renovation and new facilities. Debt service expenditures decreased 17.5%, or \$60 million, due to the absence of the defeasance of CPS' bonds, which occurred in the prior year.



## Capital Improvement

The Capital Improvement Program (CIP) is designed to relieve overcrowding and renovate school buildings to enhance the educational environment. Chicago Public School's CIP uses a phased prototype renovation process that allows us to restore buildings while minimizing the impact on students and maximizing the benefit to the community. Since the inception of the CIP in 1995, the CIP has made a significant impact on the physical quality of our schools, which in turn has made a significant impact on our students' learning environment.

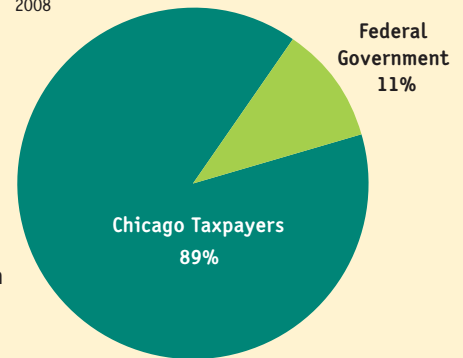
Finding resources to fund the CIP is an ongoing effort. Over the past 11 years, the program has grown in scope to over \$5.1 billion. Local resources have been the primary source of funds for this program. While the State of Illinois has not designated funds for over 4 years, the Federal government contributes funds toward CIP, but to a much lesser extent.

### Capital Assets

As of June 30, 2008, CPS had \$7.1 billion invested in a broad range of capital assets, including land, buildings, improvements, and equipment. Capital assets increased from last year by \$341 million before depreciation.

### Capital Improvement Program Funding

2008



Source: Chicago Public Schools

### New Construction and Renovations

In fiscal year 2008, CPS completed the following projects:

#### 24 ADA Projects

1 Addition

15 Doors

6 New Roofs

98 Renovations

5 Science Labs

### Modern Schools Across Chicago Program

In June 2006, Mayor Richard Daley announced the Modern Schools Across Chicago (MSAC) program, a partnership between the City and CPS to provide over \$1 billion in school construction over 6 years. The program includes citywide projects representing Chicago's highest priority needs: new high schools to increase capacity, major high school renovations to provide modern facilities and new elementary schools to relieve overcrowding. In 2008, one new replacement school will open and two major high school renovations will be completed. The remainder of the projects including 1 additional high school renovation, 9 new elementary schools, 5 replacement elementary schools, 1 addition, 2 replacement high schools, and 6 new high schools are scheduled for completion by 2012.



# Funding for capital programs

## Long-Term Debt

As of June 30, 2008, CPS had \$5.12 billion in total debt, including accreted interest and capitalized lease obligations outstanding versus \$4.89 billion last year, an increase of 4.5%.

## Bond Issuances

In FY2008, CPS issued \$1.7 billion of bonds as part of CPS' Capital Improvement Program, to pay costs of issuance of the bonds, and refund certain previously issued bonds. CPS completed the refunding to reduce its total debt service over the next 17 years. As a result of the collapse of the variable Auction Rate market in February 2008, CPS also issued refunding bonds to restructure its auction rate debt and terminated certain swaps.

Associated with these refunded bonds, CPS terminated six swap agreements which resulted in termination payments of \$20.5 million to the counterparties.



## Bond Issuances

Date	Purpose	Amount (in thousands)	Series	Special Type of Unlimited Tax General Obligation Bonds
Dec. 2007	Capital Program	238,720	2007D	Unlimited tax general obligation
Sept. 2007	Refunding previously issued bonds	262,785	2007A	Refunding associated with two swaption contracts
Sept. 2007	See above	204,635	2007BC	Refunding
May 2008	Restructure of auction rate debt of certain swaps	262,785	2008A	Refunding Private Placement
May 2008	See above	240,975	2008B	Refunding Private Placement
May 2008	See above	464,655	2008C	Refunding
<b>Total</b>		<b>1,674,555</b>		

## Debt Ratings

Chicago Public Schools continued the pattern established over the past ten years of making incremental improvements in its debt ratings, reflecting the financial community's confidence in our fiscal policies and practices. The debt ratings are used as a guide to the financial stability of an organization and as an indication of the safety and security of debt issued by that organization. The Board's debt ratings continue to reflect a medium investment grade obligation with adequate security features.

In November 2007, Standard and Poor's (S&P) and Moody's Investor Service upgraded Chicago Public Schools' bonds based on the school system's improved financial health and Fitch improved its outlook from stable to positive.

Moody's Investors Service cited CPS' upgrade due to sustained trend of

sound finances and management's track record for meeting financial benchmarks. S&P raised its rating based on the CPS' maintenance of good financial operations, which are enhanced by strong financial management and strong tax base growth.

The Board benefits from these increased ratings through reduced interest costs, reduced bond insurance costs, and reduced cost of credit on non-bond debt, additional funds for CIP and wider market acceptance for all CPS bonds.

While the credit ratings of the Board are stable to improving, market conditions continue to fluctuate due to the global credit crisis which has adversely affected the Board's variable rate debt. The Board will continue to be responsive to restructuring its debt portfolio in response to market developments.

## CPS Debt Ratings

	FY2008	Outlook	FY2007	Outlook
Fitch Ratings	A+	Positive	A+	Stable
Moody's Investor Service	A1	Stable	A2	Positive
Standard and Poor's	AA-	Stable	A+	Stable

# Going Forward

The progress throughout CPS is remarkable. Student performance is steadily rising and school structures are improving. Our financial condition remains stable, our work force is better prepared and focused, and CPS is leaner and more productive.

Despite our best efforts, the challenge remains that some schools continue to under-perform. The children who attend these schools need our help and support. No system is working harder to improve our schools than we are in Chicago.

With strong business and community partnerships and continuing support from Mayor Daley and the City of Chicago, CPS strives to be the premier urban school district in the country by providing all our students and their families with high quality instruction, outstanding academic programs and

*“Our students are energized and demonstrate solid academic results when we offer them curriculum in changing and creative formats.”*

—Arne Duncan,  
Chief Executive Officer



comprehensive student development to prepare them for the challenges of the world of tomorrow. This is our continuing commitment to the citizens of Chicago for every year, every child, in every school.

## Glossary of terms

**BUDGET** Allocation of available revenue in accordance with the spending guidelines and policies of the revenue sources to carry out educational goals of the school district.

**CAPITAL IMPROVEMENT** Any permanent structure or other asset in real estate added to a property that adds to its value, whether through new construction or renovation.

**DEBT RATINGS** A grade assigned by credit rating agencies that evaluate the credit worthiness of a corporation's debt issues. A rating is specified by a letter classification, such as AAA, B, or CC. This rating is a financial indicator to potential investors of debt securities (i.e. bonds).

**DEBT SERVICE FUND** Governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt

principal and interest.

**EXPENDITURE** The payment of obligation (liability).

**FUNCTION** A group of activities directed toward a specific service of the school district.

**FUND ACCOUNTING** Accounting whereby nonprofit organizations and organizations in the public sector are measured by accountability instead of profitability. These organizations have a need for special reporting to financial statements users that show how money is spent, rather than how much profit was earned.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** Financial statements that incorporate all of the school district's financial activities into two statements: the statement of net assets and the

statement of activities.

**LONG-TERM DEBT** Loans and obligations with a maturity of longer than one year; usually accompanied by interest payments.

**NET ASSETS** Resources remaining when the school district deducts all of their financial obligations from the assets they own.

**OPERATING FUND** The primary fund used to account for all financial transactions relating to current operations.

**RESOURCES** Funds recognized in the accounting period in which they become susceptible to accrual – that is, when they become both measurable and available to finance expenditures of the fiscal period.

**UNRESTRICTED** The portion of net assets available to be used or spent in the future.

# CPS At A Glance

## STUDENTS

Total: 408,601 (2007–2008)

## STUDENT ENROLLMENT

21,388 Pre-School

27,901 Kindergarten

246,771 Elementary (1–8)

112,541 Secondary

## STUDENT RACIAL BREAKDOWN (2007–2008)

46.5% African-American

39.1% Latino

8.0% White

3.3% Asian/Pacific Islander

2.9% Multi-Racial

0.2% Native American

## ADDITIONAL STUDENT INFORMATION (2007–2008)

83.6% of students from low-income families

18.4% of Illinois public school students attend CPS

14.8% are limited-English-proficient

94.4% attendance rate for elementary schools

78.9% attendance rate for high schools

89.9% citywide attendance rate

## PUPIL/TEACHER INFORMATION (2007–2008)

20.0 pupils per teacher in elementary schools

24.6 pupils per teacher in high school

\$ 74,839 average teacher salary

\$120,659 average administrator salary

## SCHOOLS

Total: 627(2007–2008)

## ELEMENTARY SCHOOLS – 483

407 traditional elementary schools

41 magnet schools

18 middle schools

8 gifted centers

9 special schools

## HIGH SCHOOLS – 116

38 general/technical

10 career academy

13 magnet school

8 math/science/technology academy

5 military academy

21 small school

8 achievement academy

5 alternative school

8 special education school

## CHARTER SCHOOLS – 28

19 elementary

(35 elementary campuses)

9 high school

(21 high school campuses)

## LOCAL SCHOOL COUNCILS

Each council consists of:

6 parent representatives

2 community representatives

2 teachers

1 principal

1 student representative (high school only)

## OPERATING BUDGET

\$4.648 billion (FY2007–08)

Local sources: \$2.024 billion

State sources: \$1.653 billion

Federal sources: \$0.862 billion

Appropriated Fund Balance: \$0.109 billion

## EMPLOYEES – 43,840 (FY2007–08)

Total Positions:

38,648 (public schools)

47 (non-public schools)

3,560 (citywide)

1,585 (central/regional)

## OVERALL RACIAL BREAKDOWNS

All Staff:

41.5% African-American

36.0% White

19.0% Latino

2.7% Asian/Pacific Islander

0.8% Native American

## 593 PRINCIPALS:

53.8% African-American

26.6% White

17.9% Latino

1.3% Asian/Pacific Islander

0.3% Native American

## 23,727 TEACHERS

31.4% African-American

49.0% White

15.1% Latino

3.5% Asian/Pacific Islander

1.0% Native American

## PER PUPIL OPERATING EXPENDITURES as of FY06–07

\$11,033 operating expenditure per pupil

\$8,009 per capita tuition

CHICAGO  
PUBLIC  
SCHOOLS

CPS

**Educate • Inspire • Transform**

Office of Finance

125 S. Clark

Chicago, IL 60603

773-553-2710 Phone

773-553-2711 Fax



Please contact us if you would like additional copies of this report or copies of our Comprehensive Annual Financial Report (CAFR).

**Comprehensive Annual Financial Report for the Year Ended June 30, 2008**

[http://www.cps.edu/About\\_CPS/Financial\\_information/Documents/FY08\\_CAFR.pdf](http://www.cps.edu/About_CPS/Financial_information/Documents/FY08_CAFR.pdf)

**Popular Annual Financial Report for the Year Ended June 30, 2008**

[http://www.cps.edu/About\\_CPS/Financial\\_information/Documents/FY2008\\_PAFR.pdf](http://www.cps.edu/About_CPS/Financial_information/Documents/FY2008_PAFR.pdf)

For further information or to learn about our educational, operational and employment opportunities, please visit the CPS website at <http://www.cps.edu/>


**Credits**

**Creative Direction:** A&H Lithoprint, Broadview, IL

**Graphic Design:** Kathryn Brewer, Brewer Communications, Inc.

**Photography:** Victor Powell, Powell Photography, Inc.  
John Booz, John Booz Photography

**Content:** Finance, Strategic Planning, School Demographics and Planning,  
Area Instruction Officers, Chief of Staff

 Printed on 80% recycled paper,  
including 60% post-consumer waste