

CHICAGO PUBLIC SCHOOLS



Approved BUDGET

2015 - 2016

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

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Official FY2016 Budget Documentation including integral data tables, as well as interactive features that make additional information more easily accessible, can be found on the Chicago Public Schools website at www.cps.edu/budget. This PDF Budget Guide and the Budget website should be read together to provide complete information on the proposed budget plan.

Dear Friends and Colleagues,

Chicago Public Schools (CPS) has made great strides in the last few years. Attendance and graduation rates have risen, students are performing better on standardized tests, and more students than ever are enrolling in college. None of this would be possible without the hard work of our students, teachers, principals and parents.

The progress we have made and hope to build on is threatened by the fiscal challenges facing our schools. As I am sure you are aware, CPS is facing a budgetary crisis due to declining state funding and exploding pension costs. These factors have cost the district more than \$1 billion over the last two years and another \$700 million this year. While Springfield pays pension costs for every other district in the state, CPS pays these massive pension obligations using funds that would otherwise go toward resources for the classroom. In the coming fiscal year, other districts will receive \$2,266 per student in pension support from Springfield, while Chicago will receive only \$31 per student. This is unfair, both to our students and our city's taxpayers.

Today we have put forth a budget that is far from ideal, but reflects our financial reality. The CPS budget for the coming year includes \$200 million in painful cuts we announced earlier this summer. While we anticipate streamlining the Central Office even further in coming months, we cannot balance our budget through additional cuts alone.

This budget also relies on TIF surplus funds and property taxes that will be raised to the cap. In addition, we plan to restructure approximately \$255 million of debt, which will limit classroom cuts this year, but cost future generations. Debt restructuring at this scale is not a sustainable solution, but it is one of the few options available as we work to prevent cuts that would limit our ability to build on our progress.

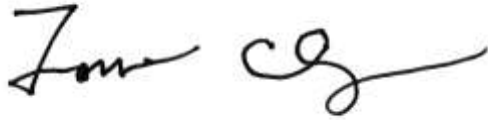
Even with these cuts and debt restructuring, we will still need \$500 million in pension funding equity in order to close our \$1.1 billion operating deficit this year. Without these funds, we will be forced to make up the difference through additional cuts and unsustainable borrowing later in the year, which could impact teacher positions and lead to unacceptably large class sizes.

We have done our best to shield our students from our budgetary crisis, but cuts of this magnitude and borrowing in this manner will mean fewer resources for our classrooms this year and in the years to come. We must reach a comprehensive budget solution with our partners in Springfield to continue making progress in Chicago's classrooms.

For the first time, in recent days, the Governor, Senate President, House Speaker, and others have agreed that our funding system is inequitable and must be changed. They recognize that a comprehensive solution is necessary to address our District's long-term fiscal needs. We will build on that consensus and continue to work closely with Springfield, the Chicago Teachers Union and other partners on a deal that will provide pension funding parity and fully fund education in Illinois so that we

can all invest in classrooms and schools. Our students, parents, teachers, principals and taxpayers deserve nothing less.

Sincerely,

A handwritten signature in black ink, appearing to read "Forrest Claypool". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Forrest Claypool
Chief Executive Officer
Chicago Public Schools



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Chicago Public Schools

Illinois

For the Fiscal Year Beginning

July 1, 2014

Executive Director

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Reader's Guide

The Chicago Public Schools' *FY2016 Proposed Budget* is the financial and policy plan proposed to the Chicago Board of Education for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

With a projected budget deficit for FY16 of over \$1 billion, CPS worked with State of Illinois leadership in an attempt to resolve funding issues before the end of the District's budget process. This included delaying budget guidance to schools and the release of this budget book to the latest possible moment in order to work with our partners in Springfield on a comprehensive budget resolution. No such resolution has emerged as of yet (at the issuance of this Budget, the State of Illinois has not yet passed its FY16 budget). Guidance to schools about their budgets was therefore issued on July 13, 2015, and school budgets were received for review and incorporation by CPS on July 24. This delay meant that the new fiscal year began without a finalized budget for CPS. In order to provide interim funding, the Board voted to authorize up to \$800 million in spending for the months of July and August 2015, until a full budget could be finalized.

Most likely you are reading the *FY2016 Proposed Budget* on the Chicago Public Schools website. This site contains the official budget document as well as interactive features that make additional information more easily accessible.

Interactive Budget Reports

We are providing enhanced interactive budget reports that allow you to view the entire operating budget and get more detail on any component of the budget.

The interactive reports include:

- Budget by Unit, including schools and Central Office departments
- Budget by Fund, such as general fund or federal and state grants
- Budget by Account, such as salary, benefits, commodities and contracts
- Budget by Program, such as instruction, support services and community services
- Revenues & Expenditures report, providing information on debt service and capital funds, as well as general operating funds
- School List, which lists all schools by network

The reports are designed to provide more detail as you scroll down the page. For example, if you search under "Budget by Unit", the parent unit – that is, top-level departmental unit – FY16 budget vs. FY15 expenditures year-to-date is displayed first, followed by a list of full time-equivalent positions budgeted vs. filled at the fiscal year end. The individual department units that roll up to the parent unit are then shown, with budgets and positions listed by Fund-Grant. For tracking purposes, grants that are subject to rollover each year are assigned a new 6-digit identifying number, and some grant periods cross fiscal years.

Expenses are identified by program numbers, which correlate to State function codes. Code 1000, for example, pertains to all instruction-based expenditures. Select State Function Description to get a complete list of program names and numbers.

The School List report is the quickest way to get budget information about a particular school. The top of the report contains a search box where you can type in a school name and go directly to that school's budget.

School budget reports provide information about:

- Student and teacher counts
- A school's budget by account
- A school's budget by fund source
- The number of teacher and support personnel positions staffed at the school

The school budget reports also allow you to drill down for more detailed information.

Budget Book Chapters

The *FY2016 Proposed Budget* includes narrative overviews of Chicago Public Schools ("CPS") programs, goals, financial policies and procedures, a budget summary and detailed financial tables. These chapters are accessible from the list of links on the left side of the screen on the home page of the budget website.

The following chapters are included:

Budget Overview:

This chapter summarizes the District's financial position, outlining the goals and objectives that CPS seeks to achieve in the current fiscal year and in the future. Summary tables provide additional details of the financial picture.

Revenue:

Included in this chapter is a description of each of the District's revenue sources, the assumptions and factors that influence our revenue projections and year-to-year comparisons.

Schools and Networks:

This chapter provides an overview of school budgets and the resources given to schools, as well as a year over year comparison of total school funding. It defines the various types of schools in Chicago, the demographics and the programs provided to students. District-run schools are organized into Networks, which provide administrative support and leadership development.

Departments:

Profiles of each Central Office department, including its mission and major programs, FY2016 budget summary, major accomplishments and key budget initiatives are included in this chapter.

Pensions:

This chapter provides a basic overview of the District's pension obligations and challenges.

Capital Budget:

The Capital Budget chapter describes our plan for major infrastructure investments. Because capital projects often take longer than one year to complete, a separate capital budget is prepared. This

chapter outlines the projected expenditures for multi-year projects and explains the impact of the capital budget on operating expenses. A separate capital budget website with more detailed information on all of the projects can be found on the CPS website.

Debt Management:

This chapter provides detail on the Board’s debt management practices. It presents a complete picture of the District’s use and management of debt. It includes a list of the current outstanding debt, proposed debt issuances and all debt service requirements.

Organization Chart:

An updated organizational chart reflecting the new administration will be posted to this report when it becomes available.

Fund Balance Statement:

This chapter explains CPS’ goals for maintaining a minimum fund balance (cash reserve) and how it is calculated.

Fund Descriptions:

Funds are separate accounting entities that ensure taxpayer dollars are spent as authorized. This chapter describes the four governmental fund types used by CPS: General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds. This year we are adding a new presentation that better distinguishes how funds are received and spent: General Budgeted Funds, School Generated Funds, State and Federal Grant Funds, Capital Projects Funds and Debt Service Funds.

Cash Management:

This chapter provides detail about CPS’ projected cash flow throughout the fiscal year, and explains its cash management strategies.

FAQs:

In this section we have included answers to some of the typical questions we receive about the Budget Book.

More Information:

This section includes information on demographics, school funding formulas, historical revenue/expenditure tables, the budget process, financial policies, the budget resolution and a glossary.

- **Appendix A – Demographics:** Provides detailed information about the District structure, school population and employees, and a view of the larger community in which our students and their families reside.
- **Appendix B – School Funding Formulas:** Outlines the funding formulas used to allocate resources to schools.
- **Appendix C – Budget Process:** As required by law, CPS follows a detailed budget calendar and process, which is provided in this section.
- **Appendix D – Financial Policies:** Explains the policies and procedures followed during the budget process.
- **Appendix E – Glossary:** Provides an alphabetical listing of specialized terms found throughout the budget book.

Budget Overview

Due to a decrease in state funding and our massive pension obligations, CPS' budget situation has continued to deteriorate over the past several years. With our finances at a breaking point, our objective is to put CPS on stable, sustainable footing now so that our financial crisis does not interfere with our mission: providing our children with a high quality education. We will continue to work toward a partnership with leaders in Springfield to resolve our district's fiscal crisis. In the past two years, CPS has paid over \$1 billion for pensions. On June 30, we made the full \$634 million payment on time, but were forced to borrow an additional \$200 million to cover the payment. On July 1, we announced \$200 million in cuts.

While we work toward a sustainable solution, CPS continues to trim administrative, central office, program and operating expenses in an effort to protect classrooms. In July, CPS announced \$200 million in cuts eliminating approximately 1,400 positions. Since FY11, CPS has cut \$740 million in these areas to ensure that every possible dollar is helping improve outcomes in the classroom. In fact, the FY16 budget is below the **FY13** budget, once pension costs have been taken out.

However, cuts to Central Office, administrative and operations areas will not solve the structural deficit.

As we have warned for the past several years, our financial situation will remain precarious until we achieve pension funding equity. As Ernst & Young noted in an analysis of the District's financial picture this spring: "Implementing a comprehensive, long-term plan that provides adequate funding to educate students without increasing future per pupil indebtedness will likely require a combined CPS, City and State solution."

To present a balanced budget for FY16 and to ensure that we are continuing to protect classrooms, CPS is relying on \$500 million in pension funding equity from Springfield. If equity is not achieved, CPS will be forced to address the shortfall with a mix of deeper cuts and/or additional unsustainable borrowing.

In addition, this budget already includes \$200 million in unsustainable borrowing known as "scoop and toss" and another \$50 million in one-time sources to pay debt service that will prevent classroom cuts today, but put a greater burden on future generations.

Despite these challenges, CPS continues to prioritize our classrooms, even as our resources become more scarce. Over the past four budgets we have:

- Moved to a Full School Day, providing students the time they need to learn.
- Prepared our youngest students to succeed by implementing Full Day Kindergarten for all students and expanded Pre-K programs through the *Chicago: Ready to Learn!* initiative.
- Successfully expanded Safe Passage so that students can focus on their studies and not their safety.
- Strengthened neighborhood schools with further investments in high quality STEM and IB programs, adding 19 new IB programs serving 6,000 students and 16 new STEM programs serving 8,300.
- Invested in Arts, launching the first-ever Arts Education plan.

- Committed to Physical Education and recess every day for every student.

Even in an austere budget, in FY16, we will make the following investments:

Expand Early Childhood Education Programs: \$16.6 million

CPS has increased Full Day Preschool opportunities by over 92 classrooms in an effort to meet the 3-year Plan to expand to 300 Full Day Preschool classrooms. Early Childhood Education had an estimated 100 classrooms in FY15 and plans to expand to 192 for FY16 through a \$5.2 million increase in state pre-school funding. A \$7 million grant from ISBE will provide a total of 10 new and 45 expanded full day classrooms for FY16; Social Impact Bonds that create an expansion of 11 classrooms at Davis, Tonti, and Edwards Elementary Schools; CPS also will expand 26 half-day rooms to full day with funding from the Mayor, State and Headstart.

Bandwidth Upgrade to High-Speed Internet: \$347,000

CPS will ensure that 455 schools receive an increase in bandwidth to 50Mb, at a cost of \$347,000. This will ensure that students have access to the Internet, the ability to use the latest technology effectively in their schools and can learn the skills necessary for the 21st century.

Expand Science Technology Engineering and Math (STEM): \$317,000

CPS is expanding the STEM program to Dunne Elementary. The conversion of Dunne is part of CPS's effort to strengthen neighborhood schools through the expansion of seats in STEM, International Baccalaureate (IB) and other high-performing programs across the city. The STEM program worked with Dunne's principal to plan the implementation of this program. The expansion will include startup costs, supplemental staff, and professional development for the staff at Dunne.

Selective Enrollment and Career and Technical Education Expansion: \$889,000

CPS is expanding the Selective Enrollment and Career and Technical Education Expansion to Hancock College Prep. Both programs (CTE and Selective Enrollment) will begin with a freshman class, and phase in one grade per year going forward. The CTE program will offer curriculum paths in pre-law and pre-engineering. Students living in the neighborhoods feeding into Solorio, Curie, Hubbard, Hancock, Kennedy, Bogan and Gage Park high schools will be given preference for the CTE programs at Hancock.

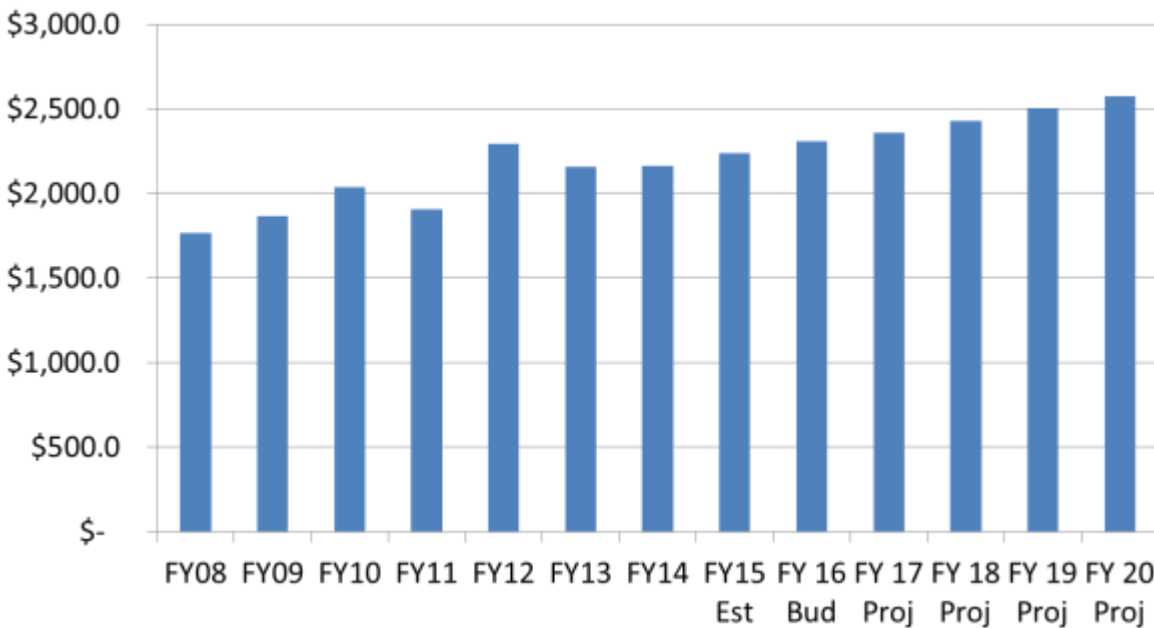
While we face serious fiscal challenges, we will continue to innovate and prioritize our children's education.

FINANCIAL CONTEXT

As discussed in the Revenue chapter, CPS has little control over the revenue it receives.

The main source of revenue is property taxes, which comprises about 41% of operating revenue. However, base property taxes are capped at the rate of inflation. In FY16, with inflation at 0.8%, that means base property taxes go up \$19 million, though CPS is able to take advantage of new property that is added to the base property values, The annual increase in revenue remains modest and is not sufficient to make up for the continuing declines in state funding nor the dramatic increases in pension costs.

Chart 1: Property Taxes Increase Modestly, Not Enough to Offset for Decreases in State Funding or Increases in Pension Cost

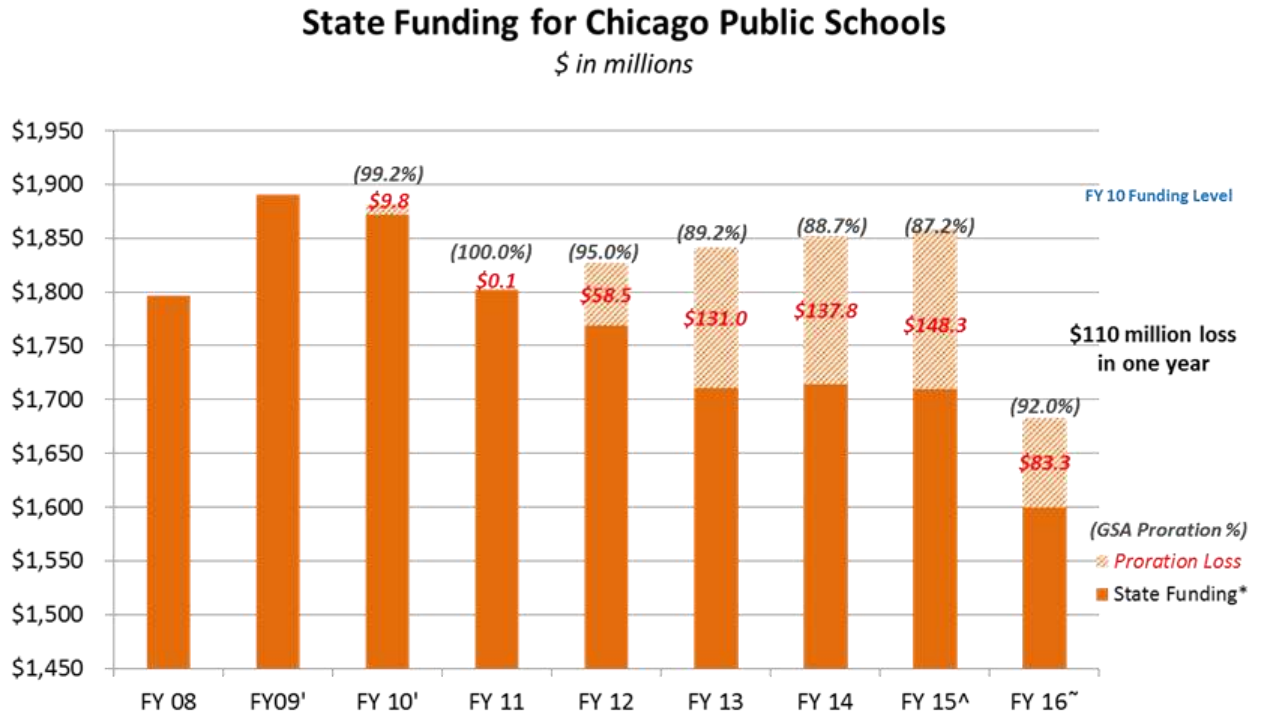


State funding is driven by formula and CPS expects to experience a year-over-year decline of \$106 million as a result of \$56 million in decreased grants and a \$50 million reduction in state contribution for pensions.

CPS has seen its state funding deteriorate since FY09, with state funding currently at levels below FY08. This is largely due to the state’s failure to fully fund the General State Aid formula. Although the state’s base per pupil “Foundation Level” is the same as it was in FY10, the state has not provided enough funding to meet that basic level. As a result, each school district only receives a percentage of the funds they are otherwise entitled to. This percentage, or “proration,” is 92% in FY 16 and has been as low as 87.2% in FY15. As a result of proration, CPS has lost nearly \$500 million since FY10 when proration began. If the state had fully funded the formula in FY16, CPS would have received an additional \$83 million, as shown in the light-shaded bars in Chart 2.

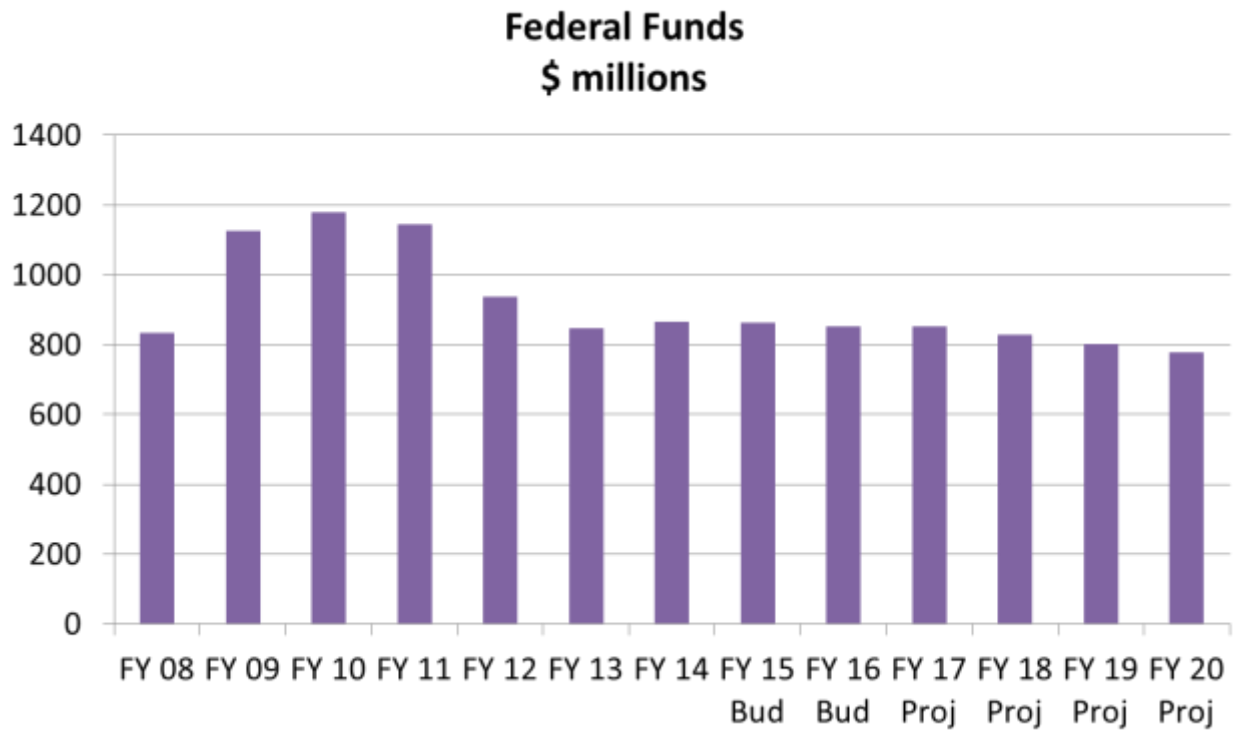
Until the state prioritizes education funding and reverses this pattern of decline, CPS’ budget woes will continue.

Chart 2: State Funding Has Declined Every Year Since FY10



Our major sources of federal funding are driven by formula and required to be used to provide supplemental services such as for low income students and English Language Learners. Other than federal stimulus funds in FY 09- FY11, federal funds are essentially flat or declining.

Chart 3: Federal Funds Support Supplemental Services and Have Been Flat or Declining



FY16 OVERVIEW

The FY 16 budget of \$5,687.7 million is \$68.5 million below the FY 15 budget of \$5,756.2 million. This is despite a \$42 million increase in teacher pension payments to \$676 million for FY16. In fact, pensions have been such a significant driver of our expenses that if we take these pension payments out of the budget, the FY 16 budget would be \$23.5 million **below** the FY 13 budget.

FY16 Budget Protects Classrooms, But Relies on Partnership with Springfield to Solve Budget Crisis

The FY16 budget is \$5,687.7 million, a decrease of \$68.5 million FY15 budget of \$5,756.2 million. Table I shows the major changes between the FY15 and FY16 budget.

Table 1: FY16 Proposed Budget

(\$ in millions) Changes: Favorable/(Unfavorable)	FY 15 Budget	FY 16 Budget	FY 16 v. FY 15 Budget
Revenue			
Property Tax	2,227.3	2,307.8	80.5
Replacement Tax	188.9	207.8	18.9
Replacement Tax for Debt Service	(56.2)	(58.3)	(2.1)
TIF surplus	25.0	87.2	62.2
All Other Local	137.4	158.1	20.7
Total Local	2,522.5	2,702.6	180.2
State Pension Funding Equity		480.0	480.0
GSA	1,022.6	952.2	(70.4)
GSA for Debt Service	(304.5)	(297.5)	7.0
Savings from Debt Restructuring, One Time Debt Funds	113.2	254.6	141.4
All Other State	676.4	668.0	(8.4)
Total State	1,507.7	2,057.3	549.6
Federal	863.6	852.6	(11.0)
Investment Income	0.1	0.1	0.0
Reserves	862.3	75.1	(787.2)
Total Resources	5,756.2	5,687.7	(68.5)
Expenditures	5,756.2	5,687.7	68.5
Net	0.0	0.0	

Local Revenues

Property taxes have increased, primarily as the result of new property that has been added to the base. As discussed below and more fully in the Revenue chapter, CPS is limited in the amount it can increase property taxes to the rate of inflation, which is 0.8% for FY16. That generates \$19 million of additional revenue and is an increase of about \$19 for the average homeowner with a \$250,000 home. Most of the increase is due to new property: both more than was expected in FY15, which allow us to carry forward about \$8.5 million to FY 16, and growth projected in FY16 of \$42 million. In addition, we are seeing more property tax revenue come in within our 60 day revenue recognition period, which accounts for the final \$11 million of the shown increase.

Replacement taxes are tied to state corporate income taxes and our projections are based on state data. Significantly, a portion of the Replacement Tax revenue we receive is dedicated to pay debt service and therefore is an offset to our operating revenue, as is General State Aid. We have changed the format of our presentation this year to be able to show this more explicitly. . The growing pressure of debt service on our operating budget is discussed more fully below and in the Debt Management chapter.

TIF surplus has increased in FY16 due to two factors. The first is that the Mayor announced a freeze on central area TIFs, which will generate an estimated \$125 million of revenue for CPS over FY 16 and the next four years. Another portion of the increase results from timing. A delay in processing means that FY15 TIF revenue is projected to arrive after our 60 day revenue recognition period and therefore will be counted in FY16 rather than FY15. TIFs continue to provide support to CPS, both through surplus funds that help the operating budget, as well as over \$2 billion in new schools and capital investments.

State Revenues

The FY16 budget relies on \$480 million of new state pension funding equity in order to close the budget gap, avoid additional cuts and/or additional unsustainable borrowing.

Base state revenues continue to decline, as discussed above. In addition, this year in the budget book, we have changed our budget tables in this Overview to show how the increasing burden of borrowing is threatening the classroom. General State Aid is partly used to pay for debt service, and this continues to divert more money each year away from the classroom. This year, we are restructuring some of our debt to reduce the present burden on GSA, but this will lead to greater costs in the future. Additionally, we are using approximately \$54 million of one-time resources to cover debt service and free up additional GSA (see Debt Budget Overview, below, and Debt Management chapter). We recognize that these are not sustainable practices, and reiterate that our focus is reaching a comprehensive solution to our financial crisis by partnering with Springfield.

Federal Revenues

Federal revenues remain nearly level year-over-year and reflect formula-driven reimbursement for supplemental services provided to students.

Expenditures

In large part driven by \$200 million in cuts announced on July 1, CPS' expenditures are down \$68.5 million from FY15 Budget. Reductions are offset by a \$24 million increase for interest on cashflow borrowing (discussed below), \$42 million increase in pension costs, and other cost increases. Note that because no contract has been reached with CTU, teacher salaries remain at FY15 levels.

ADDRESSING THE BUDGET GAP

\$740 Million in Cuts Away from the Classroom Since FY11

We will continue to reduce Central Office, decrease the cost of operations, and eliminate unnecessary and ineffective programs to improve our district's finances, but as we have said, we will not be able to

cut our way to financial stability. Between FY11 and FY15, we made \$740 million in cuts away from the classroom, as shown in Table 2. In FY16, we have outlined an additional \$200 million in cuts to operations, administrative expenses and programmatic expenses. We will continue to look for efficiencies and ways to streamline our operations outside of the classroom. We have reduced food service, custodial, and engineering expenses by streamlining work processes and restructuring how services are performed. Transportation costs have been reduced by better routing of buses. We improved our procurement process to secure more favorable rates on services and items we purchase. We eliminated programs that were not effective or efficient, and where the principles for funding allocation were unclear, we have rationalized those allocation models.

Table 2: Cuts Away from the Classroom Every Year

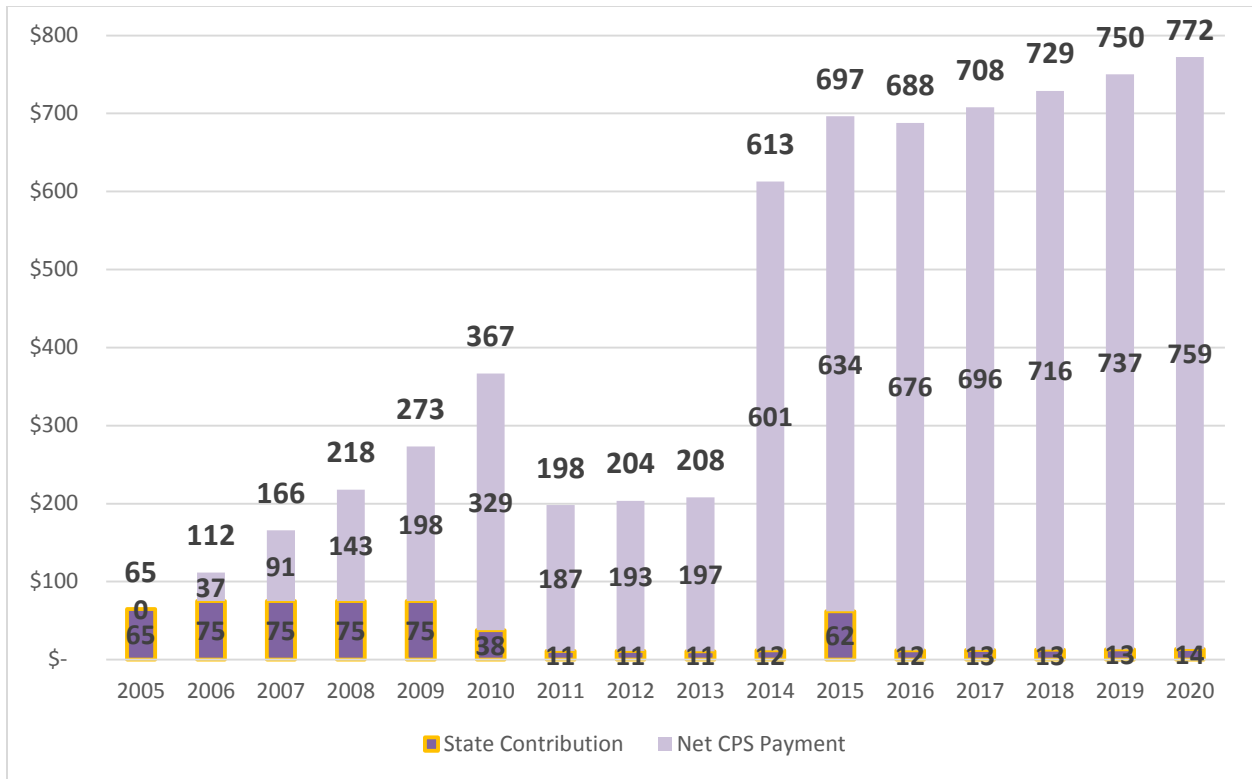
	FY11	FY12	FY13	FY14	FY15	TOTAL
Administration/ Operations	31.3	234.0	128.0	93.2	39.8	526.3
Programs	0.0	87.0	49.0	18.4	15.3	169.7
Debt Obligations	44.0	--	--	--	--	44.0
TOTAL	75.3	321.0	177.0	111.6	55.1	740.0

In FY16 we eliminated approximately 1,400 full-time positions, including approximately 350 vacancies that were not filled. The reductions included \$42.3 in savings after an 18-month review and effort to right-size the Diverse Learners program, \$17.4 million in spending on Networks, \$11.6 million in professional development for turnaround schools, \$15.8 million for start-up funding for newly approved charters, \$11.1 million for facility repair and maintenance, \$3.2 million in central office funding for elementary sports coaching stipends, among other cuts.

Pension Burden Accelerates in FY16

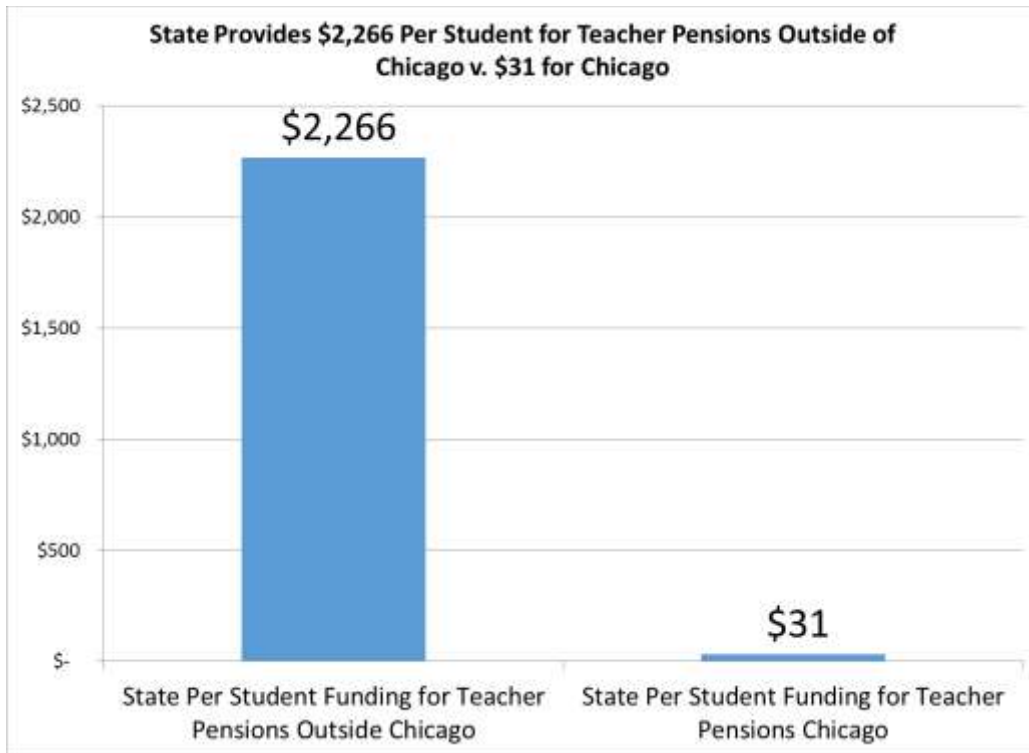
Pensions continue to be the single largest driver of CPS’s structural deficit. The CPS contribution to the Chicago Teachers Pension Fund (CTPF) jumps to \$676 million in FY16, from \$634 million in FY15. CPS’s contribution is the equivalent to over \$1,700 per student, or nearly 12 percent of the operating budget. CPS has paid more than \$1 billion towards pensions over the last two years, money that could have gone to our classrooms.

Chart 4: CPS's Required Employer Contributions to CTPF Grows Significantly (\$ in millions)



At the same time, the state will contribute \$2,266 per student for pension costs of teachers outside of Chicago and only \$31 for CPS teachers.

Chart 5: State Pension Inequity is Dramatic



CPS was encouraged to see Springfield acknowledge the need for pension parity for the first time. In early August, the Senate passed SB 318, which provides continuing state funding for current Chicago teacher pension benefits.

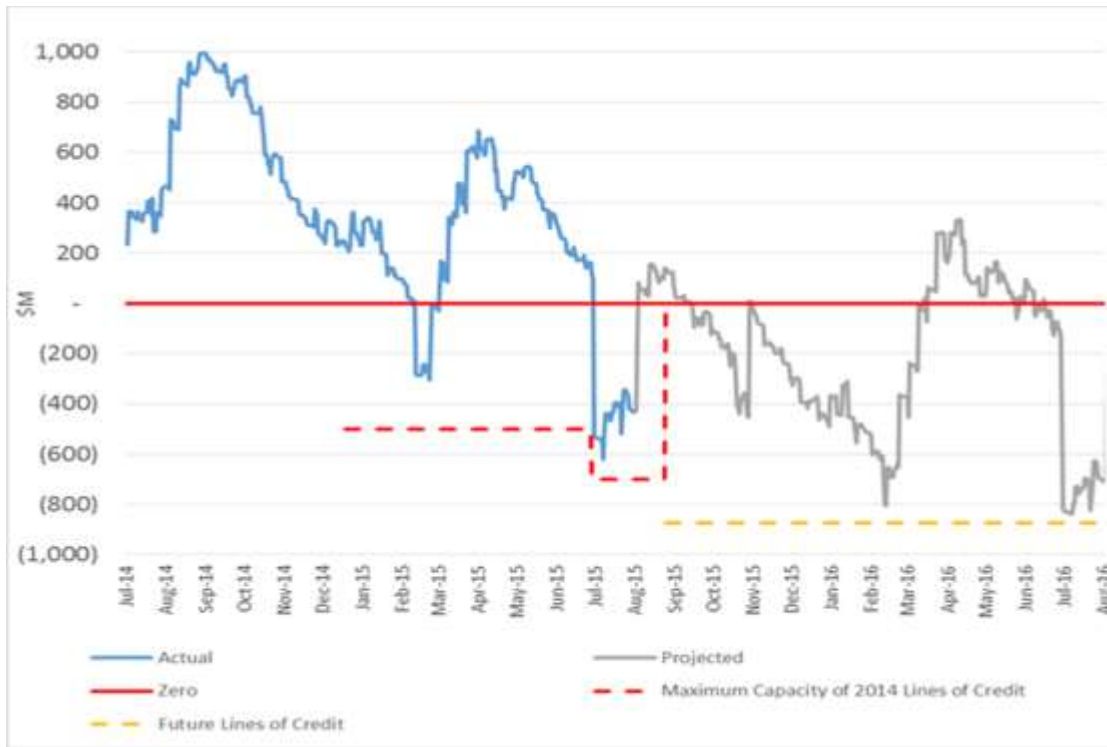
We look forward to further productive conversations with leaders in Springfield as well as the Teachers Union, in order to achieve pension parity with the rest of the state.

CASHFLOW MANAGEABLE ONLY THROUGH LINES OF CREDIT; NOT SUSTAINABLE IN LONG-RUN

As state funding has declined and the pension burden increases, CPS has drawn down its reserves in order to balance the budget. This has left the district with no capacity to bridge the ebb and flow of revenue receipt and payments other than through short-term borrowing.

CPS receives its major revenue source—property taxes—in two installments, March and August. However, most payments are made throughout the year, with two exceptions. Debt service is due in February right *before* the March installment is collected and the pension payment is in June, right *before* the August installment. Without reserves or borrowing, CPS does not have the cash to make both those large payments and the regular payments throughout the year. In fact, as Chart 6 demonstrates, CPS will be borrowing through the line of credit almost the entire year. Interest on this borrowing is adding \$24 million to our operating budget this year.

Chart 6: \$935M in Cashflow Borrowing Needed to Manage FY16; Not Sustainable for Long-Run



FUTURE OUTLOOK GRIM WITHOUT FUNDING AND PENSION EQUITY

Until there is a comprehensive solution to CPS’ structural deficit, Chicago Public Schools will continue to face yearly budget challenges – and the children of Chicago will pay the price. As long as CPS is burdened by an unfunded pension cost and flat or declining state and federal revenues, the financial picture will continue to be grim. Preliminary projections through FY20 show that deficits over \$900 million a year will continue. Because there is no contract with the CTU, these estimates do not include any CTU salary adjustments.

Table 3: Future Financial Outlook Grim

(\$ in millions)	FY 17 Projection	FY 18 Projection	FY 19 Projection	FY 20 Projection
Revenue				
Property Tax	2,360.9	2,430.2	2,501.9	2,575.0
Replacement Tax	216.5	226.4	231.4	235.5
Replacement Tax for Debt Service	(58.3)	(58.3)	(57.1)	(57.7)
TIF surplus	27.7	33.0	30.1	43.0
All Other Local	158.1	158.1	158.1	158.1
Total Local	2,704.9	2,789.4	2,864.4	2,953.9
Additional State Pension Funding	-			
GSA	952.2	952.2	952.2	952.2
GSA for Debt Service	(387.3)	(419.8)	(424.3)	(427.1)
All Other State	668.0	668.0	668.0	668.0
Total State	1,232.9	1,200.4	1,195.9	1,193.1
Federal	852.6	827.6	802.6	777.6
Investment Income	0.1	0.1	0.1	0.1
Reserves				
Total Resources	4,790.5	4,817.5	4,863.0	4,924.7
Expenditures Before Increases	5,687.7	5,721.5	5,756.3	5,792.1
Cost Increases				
Pension Increase	19.8	20.4	21.0	21.6
Salary Increases*	4.0	4.1	4.2	4.2
Health Care inflation@3%	10.0	10.3	10.6	10.9
Total Cost Changes	33.8	34.8	35.8	36.8
Revised Appropriation	5,721.5	5,756.3	5,792.1	5,828.8
Net Surplus/(Deficit)	(931.0)	(938.8)	(929.1)	(904.1)

*Because there is no CTU contract, these estimates do not include any CTU salary adjustments.

CAPITAL BUDGET OVERVIEW – AUSTERITY BUDGET

In addition to the operating budget, the FY16 budget includes revenues and appropriations for capital projects to address urgent classroom repair issues. CPS issued a \$178 million austerity capital budget for

FY16 that limits investments to only previously announced projects and funding for emergency repairs and maintenance. This budget includes \$115 million from CPS and \$63 million from the City of Chicago, the Federal e-rate program and other sources.

As part of the proposed budget, past commitments made for multi-year financed projects will be met, and the district's schools with the most pressing repairs and maintenance issues will be addressed. The \$115 million in CPS-funded projects falls below the five-year plan released last year that projected \$183 million in CPS investments for fiscal year 2016.

As a result of the financial crises, many of our district's most pressing needs, such as overcrowding relief and proven programmatic initiatives will go unmet. Instead, emphasis will be placed on basic building needs such as roofs, chimneys, and critical masonry repairs.

CPS has 39 schools that were above 120 percent of capacity as of the 20th day of this school year. This capital budget does not include any new schools or annexes.

While the investments are much needed, they do not address the increasing need to provide adequate space for areas of overcrowding within the district. Without assistance from a State capital program, CPS is unable to further address this outstanding need within the district due to limited financial resources.

The FY16 capital plan proposes nearly \$69 million in roof, chimney and other building condition projects to address the most urgent needs throughout the District in order to keep students safe, warm and dry. Within the capital budget, CPS will invest \$20.9 million to continue to install in air conditioning, upgrade IT infrastructure, address programmatic needs, improve athletic fields, and continue work on the district's playground initiatives.

In 2013, fewer than half of the CPS campuses had air conditioning in every classroom. Since 2013, CPS has installed air conditioning at 177 CPS schools and after the newest air conditioners are installed at 35 schools this summer, only 65 school campuses will remain without air conditioners.

All schools with available space will have playgrounds through a multi-year initiative that concludes in FY16. In the coming year, 27 playgrounds will be completed as part of the play lot budget.

DEBT BUDGET

OVERVIEW CPS Bonds Pay for Majority of Capital Program

In addition to seeking outside funding to support the capital plan, CPS has also made an annual commitment of its own resources to these long-term projects by issuing bonds, which are paid back over time. CPS currently has \$6.2 billion of outstanding debt and the FY16 budget includes appropriations of \$538.6 million for debt service.

The largest source of revenue we use for debt service on bonds is General State Aid, also a key source of funding for our operating budget. As we continue to borrow money to make capital investments in our

schools, debt service will take an increasing share of GSA. Even if the state provided just enough funding to keep GSA level, instead of the steady decline we have seen since FY09, debt service will consume 62% of unrestricted GSA by FY20. This path of unsustainable borrowing must be addressed through equitable, growing state funding on which CPS can rely.

Chart 7: Debt Service will Consume 62% of GSA by FY20



Unfortunately, Borrowing Key Component in Addressing FY16 Budget Gap

Despite the pressures on GSA already created by funding the basic capital improvement program, FY16 relies on additional borrowing to help close the budget gap. CPS will restructure its debt to provide \$200 million in budgetary relief. This effectively means that bonds that could be paid off now will be refinanced over a longer term. While this frees up money for the operating budget today, it pushes greater costs into the future. These one-time borrowing practices are unsustainable and do not address the structural deficit.

We also identified an additional \$54 million of one-time money that can be used to pay debt service this year preventing GSA from being diverted to debt.

In total, \$298 million of GSA would have gone to pay debt service and out of the classroom had we not made these choices. Instead, only \$43 million will be diverted.

We recognize these are not sustainable actions and that we will be facing the same financial challenges next year. This is not a choice we wanted to make, but felt we had to make until we can reach a solution with the state to achieve pension and funding equity.

CONCLUSION

The FY16 budget is based on a simple premise: Springfield must be a partner as we work to resolve the annual CPS budget crisis. CPS is willing to do its part to make reductions and work with our leaders to end pension inequity and reform the state education funding formula. At the same time, CPS is making its priority clear: keeping money in the classroom for this generation of students.

APPENDIX I: FY15 OPERATING BUDGET FINANCIAL PERFORMANCE

FY15 Projected Results: Very Little Gap Remains Between Budget and Spending

CPS projects that it will end FY15 spending \$5,562.6 million, or 97% of the \$5,756.2 million budget. However, much of the savings comes from programs that are reimbursed by federal or state grants: if the program starts late or otherwise does not spend what is budgeted, there is no reimbursement. Thus, while spending is \$194 million below budget, revenues are also below budget, for a net savings of only \$41.5 million.

Appendix I Table 1: FY15 End-of-Year Estimates

(\$ in millions) Changes: Favorable/(Unfavorable)	FY 15 Budget	FY 15 Estimate	Change FY 15 Est v. Bud
Revenue			
Property Tax	2,227.3	2,235.8	8.5
Replacement Tax	188.9	198.9	10.0
Replacement Tax for Debt Service	(56.2)	(58.3)	(2.1)
TIF surplus	25.0	6.3	(18.7)
All Other Local	137.4	156.5	19.1
Total Local	2,522.5	2,539.3	16.8
State Pension Funding Equity			0.0
GSA	1,022.6	1,008.3	(14.3)
GSA for Debt Service	(304.5)	(304.5)	0.0
One Time Debt Funds	113.2	113.5	
All Other State	676.4	673.9	(2.5)
Total State	1,507.7	1,491.2	(16.5)
Federal	863.6		(152.5)

		711.1	
Investment Income	0.1	0.2	0.1
Reserves	862.3	820.8	(41.5)
Total Resources	5,756.2	5,562.6	(193.6)
Expenditures	5,756.2	5,562.6	193.6
General Funds	4,433.8	4,443.0	(9.2)
School-Retained Funds	344.3	285.1	59.2
Grant Funds	978.1	834.5	143.6
Net Surplus/(Deficit)	0.0	0.0	0.0

Revenues

In total, FY 15 revenues are \$152.1 million below budget. This is almost entirely explained by the decrease in federal revenue, as increases in local revenue are offset by decreases in state revenue.

Local Revenue Above Budget

Property taxes are projected to come in \$8.5 million above budget because the actual property value (EAV) was higher than we estimated at the time of the budget, meaning that more new property came on the rolls. This is good news because this sets a higher base for next year and we see this carried forward in our estimates for FY 16.

Similarly, the Replacement Tax, based on state Corporate Income Taxes, came in slightly better than budget as a result of statewide trends. TIF surplus was budgeted at \$25 million, and the Mayor released more TIF surplus funds than we had anticipated. However, due to delays in processing, we do not anticipate receiving the funds prior to our 60 day revenue recognition period. Therefore, we are projecting only \$6.3 million will fall into FY 15, while the balance, as well as the additional surplus that has already been declared, will fall into FY 16.

Other local revenue is up primarily as a result of additional grant funding from the City of Chicago.

State Revenue Below Budget

In Spring, 2015, the Governor and General Assembly made reductions across the board to bridge a shortfall in the FY 15 budget. That included reductions in funding for education. As a result, CPS, like all districts, received less funding than originally budgeted.

Expenditures

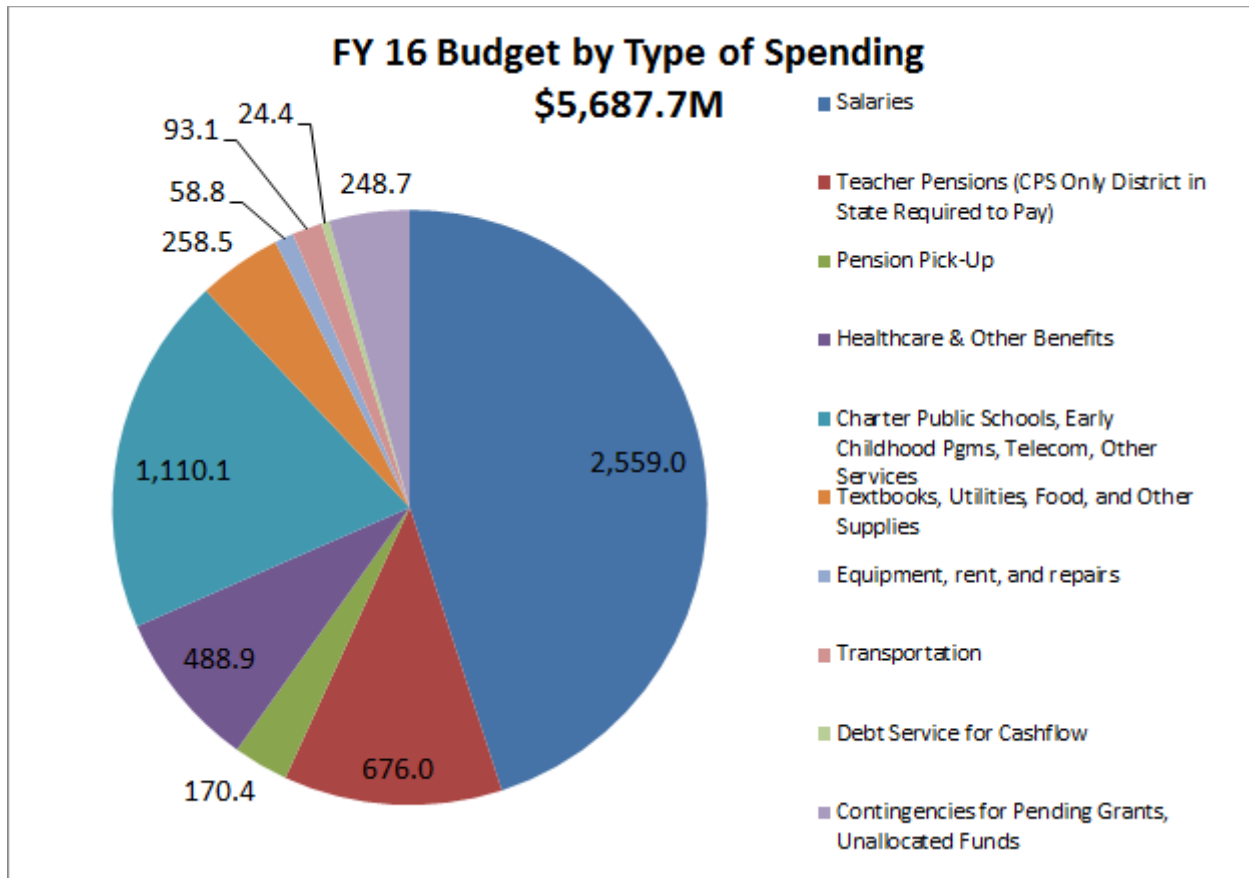
CPS expects to end FY 15 spending \$194 million below budget. This is entirely composed of unspent grant funds. Individual schools retain certain funds if they are not spent during the fiscal year. This includes funds they generate themselves, such as through fundraisers or grant writing, as well as their Supplemental General State Aid (SGSA). In FY 15, we are estimating \$59 million of spending below budget will be these funds that are returned to schools next year. Additionally, we are projecting to spend \$144 million less in all other grant funds. One of the major areas of underspending is Title I (which serves low income students). During FY15, the state received a waiver of restrictions on nearly \$60 million of Title I spending, but plans had to be put in place to meet new, more flexible criteria. Because this was so late in the year, we were unable to responsibly spend the funds. They are available to us in FY16 and the Title I budget is based on the actual grant level, not the lower FY15 estimated spending level. Various reasons explain the under-spending of other grant funds, but the result is generally the same: what we are unable to spend in FY15 will be available to us in FY16 and is budgeted in FY 16.

General Funds were slightly over budget at \$9.2 million. This is primarily the result of mandatory spending on diverse learners.

APPENDIX II: FY16 SUMMARY CHARTS

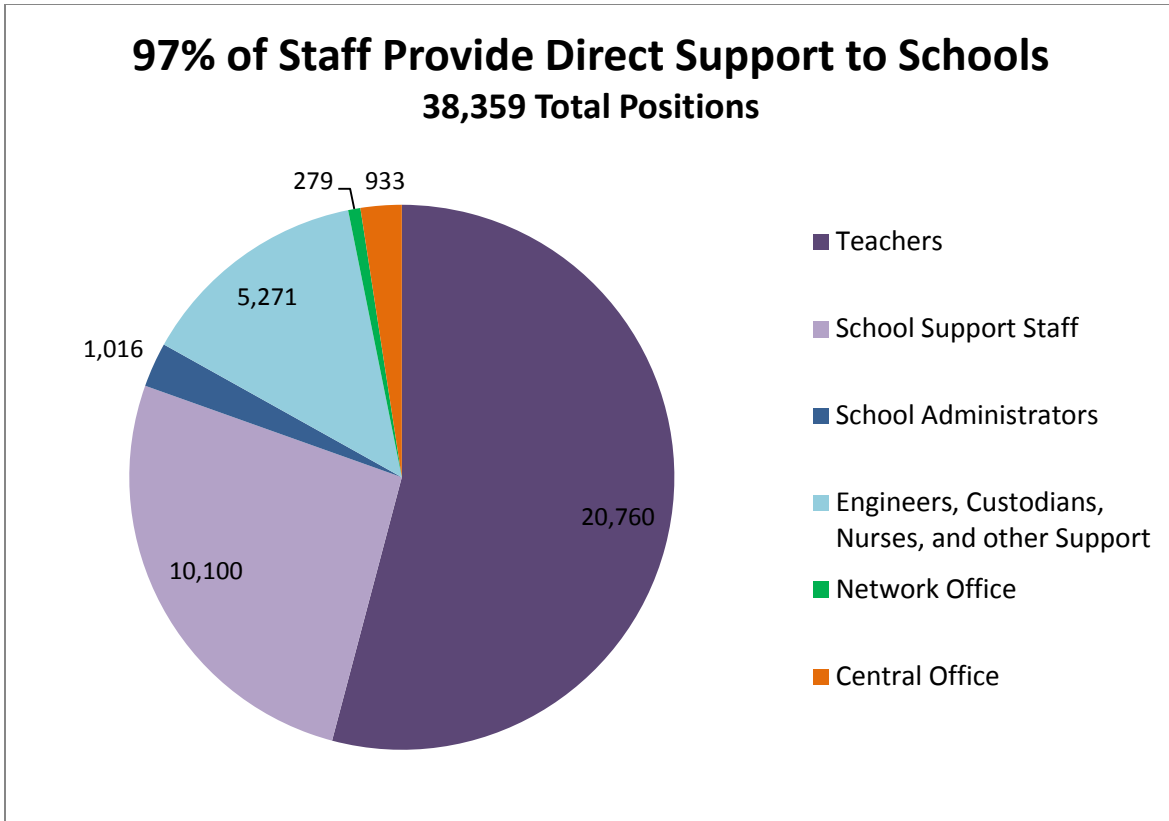
Salaries and benefits (including pension costs) to support the positions make up 68 percent of the budget (with more in practice, when charter, early childhood and other program spending is taken into account).

Appendix II Chart 1: Salaries and Benefits Make Up 68% of the Budget



*CPS is the only district in the state required to pay its own teacher pension costs

Appendix II Chart 2: Of the 38,359 Positions, 97% Directly Support Schools



APPENDIX III: MAJOR CHANGES FROM FY15 PROJECTED EXPENDITURES TO FY16 BUDGET

Account	FY2014 Expenditures	FY2015 Projected Expenditures	FY2016 Proposed Budget
Salary	\$2,538,768,994	\$2,595,735,033	\$2,553,376,377
Benefits	1,265,901,334	1,291,599,159	1,335,050,517
Contracts	1,209,042,567	1,221,900,204	1,150,889,861
Commodities	295,840,791	279,447,127	264,050,883
Equipment	68,664,819	56,327,529	22,019,721
Transportation	106,928,029	103,729,647	93,146,746
Contingencies	294,975	14,090,786	269,190,971
Others	390	4,369	0
Grand Total	\$5,485,441,899	\$5,562,833,854	\$5,687,725,075

Salaries and Benefits. 68 percent of CPS’s budget is spent on salaries and benefits. Charter schools, which also spend the majority of their budget on salaries and benefits, are funded through the “Contracts” accounts in the CPS budget. Taking all spending into account, salaries and benefit costs drive

the CPS budget. The reduction to the FY16 salary budget reflects the closure of 1,400 positions, while the increase in benefits is driven by a \$42 million increase in pension obligations.

Contracts. This category includes tuition for charter schools and private therapeutic schools and payments for clinicians - such as physical therapists and nurses - that are not CPS staff. This category also includes early childhood education programs provided by community partners. In addition, this category includes repair contracts, legal services, waste removal janitorial services, and other services. The reduction to the FY16 budget is due to district-wide cost reductions in department budgets for items such as professional development, AUSL management fees and building repairs.

Commodities. Commodities include spending on items such as food and utilities, with these two categories making up the largest share, as well as instructional supplies such as textbooks and software, and other supplies, such as postage, paper, and the like. The FY16 budget is down from FY15 expenditures as schools transfer funds into these accounts throughout the year.

Equipment. Equipment pays for the cost of furniture, computers, and similar other non-consumable items. The equipment budget is down from FY15 due to the elimination of startup and incubation funding for new schools, which often comes in the form of equipment. In addition, like commodities, schools transfer funds in equipment account for purchases throughout the school year.

Transportation. The cost of bus service is the vast majority of the Transportation budget, but it also includes costs for CTA passes and reimbursement that we are legally required to provide. Transportation costs are down from FY15 expenditures due to cost-saving measures undertaken by the district.

Contingencies. This account includes two categories of items. The first represents funding that has been budgeted but not yet allocated to the account or unit where it will be spent. Under the SBB system, schools are not required to allocate all of their funds, but can hold some in contingency while they determine how they want to spend it. Similarly, we centrally hold grant funds in contingency, particularly if the grant is not yet confirmed. Spending should rarely take place from contingency accounts, which is why the budget is significantly higher than the actual expenditures. If these funds are spent at all they are transferred to other budget lines first

Revenue

REVENUE OVERVIEW

One of CPS's biggest financial challenges – aside from pensions – is that it has little control over its revenue sources. State funding is set by formula, and as shown below, has been declining each year since FY09. Federal funding is also set by formula and is mostly restricted for supplemental services, such as for low income students, or for specific services, such as food. Other than FY09 – FY11 when federal revenues temporarily increased due to the American Recovery and Reinvestment Act stimulus funds, they have otherwise been essentially flat. Property taxes are the main source of local revenue (and the District's largest single source of revenue overall) and are capped at the rate of inflation.¹

Table 1: All Funds by Revenue Source (in Millions)

	FY15 Budget	FY15 End Of Year	FY16 Budget	FY16 vs. FY15 Budget
Local Revenues				
Property Tax	2,282.5	2,289.0	2,359.8	77.3
Replacement Tax	188.9	198.9	207.8	18.9
Other Local	368.2	369.9	423.3	55.1
Total Local	2,839.6	2,857.8	2,990.9	151.3
State Revenues				
GSA	1,022.6	1,008.3	952.2	(70.4)
Capital	135.5	69.0	96.3	(39.2)
Other State	676.4	673.9	1,148.0	471.6
Total State	1,834.5	1,751.2	2,196.5	362.0
Federal	897.2	735.8	889.9	(7.3)
Investment Income	0.1	0.2	0.2	0.1
Total Revenue	5,571.4	5,345.0	6,077.5	506.1
Reserves	\$940.4		\$75.1	
Bonds & Other	340.0		849.5	

As discussed more fully below, CPS is relying on \$480 million in new state pension support to help address the structural budget gap. That support is the main driver of the increase in revenue shown above in Table 1.

Revenues are dedicated to debt service and capital, and the remains are available for the day-to-day operations of CPS, as shown in Table 2. While FY16 total revenues are approximately \$6.1 billion, only \$5.6 billion are available for operations. The amount needed for debt service in FY16 appears significantly lower than in prior years because CPS will do a bond restructuring and rely on one-time funds to cover the majority of the debt service requirements. This frees up \$254.6 million of General State Aid (GSA) that will be available for operating expenses. In addition, state revenue shows a significant increase because the FY 16 budget relies on \$480 million in pension support from the state.

¹ New property is in addition to the amount capped at inflation.

Table 2: FY16 Revenue Sources Allocated for Debt, Capital, and Operating Funds

<i>\$ in millions</i>	Total	Amount for Debt Service	Amount for Capital	Balance for Operating Budget
Local Revenues				
Property Tax	2,359.8	52.0		2,307.8
Replacement Tax	207.8	58.3		149.5
Other Local	423.3	95.5	82.5	245.2
Total Local	2,990.9	205.8	82.5	2,702.6
State Revenues				
GSA	952.2	42.9		909.3
Capital	96.3		96.3	0.0
Other State	1,148.0			1,148.0
Total State	2,196.5	42.9	96.3	2,057.3
Federal	889.9	24.8	12.5	852.6
Investment Income	0.2		0.1	0.1
Total Revenue	6,077.5	273.5	191.3	5,612.6

REVENUE PROJECTIONS

This section summarizes the major revenue sources and our estimates for FY16. The estimate for each revenue source is provided in the Interactive Budget on the CPS budget website: www.cps.edu/budget

FY16 operating revenues are budgeted at \$5.6 billion, an increase of \$718.7 million from our FY15 budget and \$870.7 million more than our estimated end of year FY15 revenues. Most of this is the result of CPS relying on \$480 million in pension support from the state, property taxes at the level allowed by the cap, and additional TIF surplus funds.

Table 3: FY16 Operating Revenues Rely on State Pension Support

<i>\$ in millions</i>	FY15 Budget	FY15 Estimated End of Year	FY15 Change	FY16 Budget	FY16 Change to Budget
Property Tax	2,227.3	2,235.8	8.5	2,307.8	80.5
Replacement Tax	132.7	140.6	7.9	149.5	16.8
TIF Surplus	25.0	6.3	(18.7)	87.2	62.2
All Other Local	137.4	156.5	19.1	158.1	20.7
Total Local	2,522.4	2,539.2	16.8	2,702.5	180.2
State	1,507.7	1,491.2	(16.5)	1,577.3	69.6
State Pension Support	0.0	0.0	0.0	480.0	480.0

Federal	863.6	711.1	(152.5)	852.6	(11.0)
Investment Income	0.1	0.2	0.1	0.1	0.0
Total Revenue	4,893.8	4,741.8	(152.1)	5,612.5	718.7

Local Revenues

Property Taxes

Our FY 16 projection for property tax revenue is \$2,359.8 million, of which \$52 million is dedicated for debt service, resulting in a total of \$2,308 million available for operating purposes. This is an increase in operating revenue of \$72 million over FY 15 estimated revenues. It is driven by \$19 million from taxing at the cap, or the rate of inflation, and \$42 million from an estimated value of \$1,200 million in new property.

Chicago Public Schools is one of a number of school districts whose ability to levy local property taxes is limited by the Property Tax Extension Limitation Law (PTELL). This law stipulates that the increases in property tax extensions within a district are limited to the lesser of 5% or the increase in the national CPI for the year preceding the levy year. New construction falls outside this extension limit and is taxed at the same tax rate as is permitted by the allowable extension increase under PTELL on existing property. The CPI for 2016 property tax extensions (levied in 2015) is 0.8%, which is the second lowest level in recent history.² As a result, our increase in extensions on existing property for FY 16 will be very low (\$19 million), placing even greater pressure on our other major revenue sources, which make up less than half of total revenue.

CPS has a 60 day revenue recognition period. This generally allows us to recognize revenues received prior to August 29, 2016 as FY 16 revenues, and shifts our fiscal year revenues more in line with the year in which property taxes are collected.

Personal Property Replacement Taxes (PPRT)

PPRT revenue is budgeted to increase from \$198.9 million expected in FY15 to \$208 million in FY16. This includes \$58 million set aside for debt service and leaves \$150 million for operating purposes. PPRT money being diverted to pay debt service is another example of CPS's operating budget being negatively impacted by debt costs.

Replacement taxes "replace" money that was lost by local governments when their powers to impose personal property taxes on corporations, partnerships, and other business entities were taken away by state legislation in the 1970's.

The state collects and distributes PPRT to local taxing districts. Taxing districts in Cook County receive 51.7 percent of collections, which is divided among the County's taxing bodies based on each district's share of personal property collections in 1976. CPS receives 27.1 percent of the total Cook County share, which is equivalent to 14 percent of the statewide total.

The PPRT includes an additional state income tax on corporations and partnerships, a tax on businesses that sell gas or water, a 0.5 percent fee on all gross charges for telecommunications services excluding wireless services, and a per-kilowatt tax on electricity distributors. The primary driver of PPRT is corporate income tax receipts, which are closely tied to corporate profits.

² <http://www.revenue.state.il.us/LocalGovernment/PropertyTax/CPIhistory.pdf>

FY 16 projections of \$208 million are driven largely by anticipated growth in US Domestic Profits of 6%.³ The electricity excise tax for the State of Illinois drives approximately 12% of PPRT revenue and its receipts are expected to increase 0.5%. The state's telecommunications tax drives only 1% of PPRT collections, but is projected to decline year over year as customers begin to shed landlines in favor of wireless and online communication.

TIF Surplus and Other Local Revenues

Mayor Emanuel is dedicated to declaring a surplus of TIF funds each year. In July, 2015 the Mayor further announced a freeze on new spending in downtown TIF districts that would lead to an estimated \$250 million extra in TIF surplus over five years. CPS expected to receive approximately \$125 million from these new TIF surplus dollars on top of the funds already projected. TIF surplus in FY 16 is budgeted at \$87.2 million, a significant increase over our expected FY15 revenue. However, much of this is driven largely by the timing of payments. TIF surplus payments generally fall in August, with some small portion falling outside our revenue recognition period in September. However, we expect FY 15 TIF surplus revenue to come entirely in September, thus suppressing the FY 15 base and inflating the FY 16 TIF surplus revenue, for a difference of \$81 million. Independent of timing, TIF surplus funding is substantially higher than the \$25 million budgeted in FY15.

"Other local revenues" also includes the pension payment made by the City of Chicago on behalf of CPS employees to the Municipal Employees pension fund (discussed in the Pension chapter) and is estimated to be \$55 million. It is recorded as revenue as required by the Governmental Accounting Standards Board (GASB).

A portion of the increase is due to an increase in charter schools fees for facilities, security, IT costs from charter schools at CPS-owned buildings and administrative fees. This is estimated to be \$49 million in FY 16, up from \$46 million budgeted in FY 15, and discussed fully in Appendix B: School Funding Formulas.

STATE REVENUE

Overview

CPS's main source of state operating revenue, General State Aid (GSA) has been reduced each year since FY09 and, along with pensions, is a major driver of the structural deficit.

Since FY10, the state has failed to fully fund the state aid formula, which was designed to ensure school districts receive a minimum level of funding. When the state fails to appropriate enough dollars to fund to this level, it provides only of a percentage of the amount a district would otherwise receive, called "proration." This GSA formula provides greater resources for those districts with either low property values, a high number or concentration of low-income students, or both. As a result, the proration of these payments disproportionately affects districts in need, including CPS. As a result of this underfunding and subsequent proration, we have lost well over half a billion dollars since FY 10, and will lose \$83M dollars in FY 16 alone.

As Chart 1 shows, if the state had fully funded the GSA formula, CPS's annual state funding would have been significantly higher. That means our loss in state funding since 2010 has been primarily the result of the state failing to prioritize education funding.

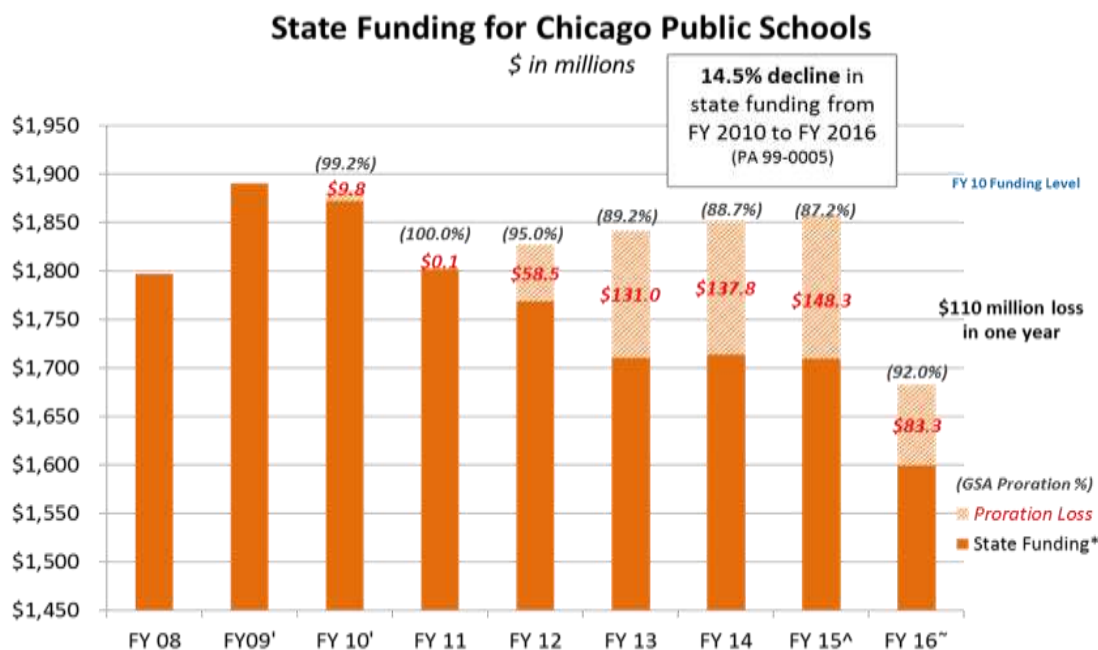
³ IHS Economics

In addition charter schools that were approved by the State Charter Commission receive funding directly from the state which is deducted from what CPS would otherwise receive for state aid.⁴ Beyond those factors, underlying changes in the formula result from assumed changes in Chicago property values (the formula uses an assumption, not actual property values, which are declining) and counts of low-income students.

As discussed in the Pensions Chapter, CPS is the only school district in the state required to fund and maintain its own pension fund, so every dollar paid into the fund by CPS, or *not* paid by the state, is a dollar diverted from operating revenue. CPS will pay \$676 million to CTPF in FY 16. At the same time, the state will pay \$3.7 billion to support the retirement of all teachers outside of Chicago. In order to achieve pension equity, the FY16 budget relies on \$480 million in additional pension support from the state in FY16.

As long as the state fails to prioritize funding for education, CPS will face financial challenges.

Chart 1: State Funding Has Declined Every Year Since 2009



GSA represents 16% of the total operating revenue. General State Aid consists of two components—the Equalization Formula Grant and the Supplemental Low-Income Grant (i.e. “Poverty Grant”).

The Equalization Formula Grant is based on the average daily attendance (ADA) at a school and generally on a local district’s ability to fund its own schools. The goal is that state money supplements local resources such that the combination provides a foundation for all students, thereby equalizing funding at districts across the state. The statutory funding level target, or “foundation level,” is \$6,119 in FY 16 and has been since FY 10.

⁴ The charter average daily attendance is added to CPS attendance and included in the GSA formula.

The Poverty Grant is based on the number and concentration of low-income students at a school district. For its calculation of low-income students, the state uses a three year average, non-duplicated count of children eligible for Medicaid, the Supplemental Nutrition Assistance Program, the Children's Health Insurance Program, or Temporary Assistance for Needy Families.

In addition, districts request adjustments to prior-year GSA allocations based on property values that were subsequently reduced after successful property tax appeals. CPS expects to receive \$16.3 million for FY16 in prior-year adjustments.

CPS' General State Aid revenue is made up of 25% Formula Grant dollars and 75% Poverty Grant dollars. As mentioned previously in this chapter, when the state fails to appropriate enough dollars to fund to the foundation level, it prorates each district's entire GSA payment (both Formula Grant and Poverty Grant), disproportionately affecting schools in need, such as CPS.

The projected \$70.4 million decline in total General State Aid from the FY 15 budget (\$56 million decline from the FY15 estimated revenue) is due primarily to steadily increasing assumed property value in the district, which drives down CPS' Formula Grant Claim, and CPS' declining low-income population, which drives down the district's Poverty Grant claim. CPS also has two charter schools, approved by the State Charter School Commission, which receive GSA dollars from the district's GSA revenue up-front. The year-over-year increase in the payments to these charter schools contributes to \$2 million of the GSA decline.

The allocation to schools of Supplemental General State Aid (poverty grant) will stay at \$261 million, consistent with statute. Required GSA debt service diverts \$42.9 million in FY 16 (down from \$191 million in FY 15).

General Education and Educational Services Block Grants

CPS receives two block grants: General Education Block Grant and Educational Services Block Grant. The grant amounts are computed by multiplying the state appropriation for the programs included in the grant by the Board's percentage share of those programs in FY 1995. The General Education Block Grant consists of grants for early childhood education, truants alternative optional education program (TAOEP), and agricultural education. The Educational Services Block Grant consists of grants for special education, state free and reduced meals, and pupil transportation.

In FY 16, CPS Block Grant revenue will increase by \$21 million over FY 15 projected end of year revenue, for a total of \$597 million. In addition, \$2 million in carry-forward from the previous year is budgeted. \$14 million of the \$21 million increase returns CPS back to the funding levels it saw before the reductions in the spring when the state cut education funding to close a mid-year budget gap.

Other State Revenues

Other state funding includes capital funds and categorical state grants that are not accounted for elsewhere. For example, it includes grants for bilingual education, vocational education, and driver's education.

CPS anticipates \$23 million in bilingual education funding, which is relatively flat from FY 15 Budget. Funding is provided based on the number of students receiving five or more class periods of bilingual/English as a Second Language (ESL) instruction per week. The amount of each district's grant is determined by the size of the student population, amount and intensity of bilingual/ESL services received by students, and the grade levels of eligible students. When the statewide total exceeds the appropriation, ISBE prorates reimbursements. In FY 16, our projections assume a proration level of 60%.

In FY 15 this revenue category included a grant for \$33 million to offset some of the losses to CPS due to the mid-year funding reductions discussed above. In FY 16, that funding will be replaced by a different discretionary grant that will be used to offset the losses of those most affected by the state's method of prorating General State Aid. We are projecting CPS to receive \$3 million of these funds, for a net loss of \$30 million between these two grants.

State Contribution for Capital

The FY 16 budget includes \$96 million in state support for capital projects at CPS. The major sources of these capital dollars are as follows:

- Gaming Revenue for School Construction:** Legislation was passed in 2013 that transfers funds from the State Gaming Fund to support school construction. CPS receives annual payments of \$13.3 million to support construction of new schools, which is reflected in the FY 16 budget.
- School Maintenance Grant:** CPS expects to receive \$16 million from the State's school maintenance grant program that was awarded in prior years but not received.
- Chicago Vocational Career Academy Renovation:** CPS expects to receive \$60 million in FY16 as a reimbursement for the major renovation project at CVCA that was budgeted in FY12. This project was not included in the capital funding bill (PA 99-0007) and as such, drives some uncertainty to this portion of the forecast.
- DCEO, Energy, and Other Grants:** CPS projects to receive \$7 million in grant funding from the Department of Commerce and Economic Opportunity and the Illinois Environmental Protection Agency for school-specific projects and projects to improve energy efficiency.

State School Construction Program

Over the past five years CPS has received support from the State School Construction Program. In FY 15, CPS received \$59 million. However, in FY 16 no additional School Construction funds will be released by the state, reducing our revenue further. Since these funds have been used to pay debt service on school construction projects, this loss of funding puts even more pressure on our declining GSA to cover debt payments.

FEDERAL REVENUES

Overview

Most federal grants require the Board to provide supplemental educational services for children from low-income or non-English speaking families or for neglected and delinquent children from preschool through 12th grade. These grants are dedicated to specific purposes and cannot supplant local programs. Medicaid reimbursement and Impact Aid are the only federal funding that is without any restriction.

Elementary and Secondary Education Act (ESEA) (also referred to as No Child Left Behind)

- Title I-A – Low Income:** Allocated based on a district's poverty count, this is the largest grant received under the No Child Left Behind Act. The grant allows the district to provide supplemental programs to improve the academic achievement of low-performing students. CPS anticipates a reduction in the formula-based Title I amount to \$252 million for FY16. The total grant available for FY16 is \$321 million, which includes allowable carryover of \$69 million due to the waiver CPS will receive.

- **Title I-A – School Improvement Grant 1003(a):** This grant provides services for underperforming Title I schools to improve the overall academic achievement of their students. The State utilizes Title I funds to carry out its system of technical assistance and support for local educational agencies. Because of program changes by the state, the current award will increase to \$4 million for FY16.
- **Title I-A – School Improvement Grants 1003(g):** School Improvement Grants help ensure that all students have reading and math skills at grade level by 2015. Seven high schools will receive new awards in FY16. The total amount available for FY16 is \$17 million under these grants, when including rollover amounts.
- **Title I-D – Neglected/Delinquent:** This grant targets the improvement of educational services for neglected or delinquent children and youth in local and state institutions to assist them in attaining State academic achievement standards. Programs include academic tutoring, counseling and other curricular activities. The allocation for FY16 will be \$2 million.
- **Title II-A – Improving Teacher Quality:** Class size reduction, recruitment and training, mentoring and other support services to improve teacher quality are funded through this grant. The current year award is estimated to drop to \$34 million in FY16. Including the estimated carryover of \$10 million, the total award available for FY16 is \$44 million.
- **Title III-A – Language Acquisition:** Funding is provided to support students with limited English proficiency who meet eligibility requirements. The total funding available for the Language Acquisition grant is budgeted at \$13 million for FY16, which comprises the estimated current-year allocation of \$9 million and carryover of \$4 million.
- **Title IV-B – 21st Century Community Learning Centers:** These grants provide opportunities for communities to establish schools as community learning centers and provide activities after-school and evening hours. For FY16, CPS estimates grant awards of \$6 million, and rollover of \$1 million.
- **Title VII-A – Indian Education:** Funds from this grant are used to meet educational and culturally-related academic needs of American Indian and Alaska Native students. Funds for FY16 are expected to increase to \$236,000.
- **Title VIII – Impact Aid:** This grant offsets lost revenue from federal acquisition of real property. The Impact Aid is expected to stay flat year-over-year at \$100,000 in FY16.

Individuals with Disabilities Education Act (IDEA)

IDEA grants provide supplemental funds for special education and related services to all children with disabilities from ages 3 through 21.

The IDEA grants include a number of programs.

- **IDEA Part B Flow-Through:** This is the largest IDEA grant, which is allocated based on a formula established by the state. The estimated award for the FY16 flow-through formula grant totals \$91 million. No carryover funding is available due to the FY15 allocation being fully spent.

•**IDEA Room & Board:** This grant provides room and board reimbursement for students attending facilities outside of Chicago and is estimated at \$2 million.

•**Part B Preschool:** This grant offers both formula and competitive grants for special education programs for children ages 3-5 with disabilities. CPS is expected to receive \$1 million from the formula grant and \$489,650 from a competitive grant for FY16.

Including small competitive grants and carryover from the previous year in the preschool grant, total IDEA funding equals \$94 million in FY16.

National School Lunch Program & Child and Adult Care Food Program

CPS offers breakfast, lunch, after school supper, after school snacks, Head Start snacks for afternoon classes during the school year, and serves breakfast and lunch during summer school.

Starting in 2012 CPS opted to participate in the Community Eligibility Provision program. All schools now are part of this program, which provides all students a free lunch regardless of income eligibility. CPS is reimbursed for all lunch meals at the maximum free reimbursement rate under the National School Lunch Program.

CPS's school breakfast programs provides breakfast in the classroom free of charge to all students regardless of income.

In addition, the USDA reimburses for free after school meals and free Head Start snacks under the Child and Adult Care Food Program and provides donated commodities based on the number of prior year lunches served.

Federal reimbursements are projected to increase from \$200 million in FY15 to \$213 million in FY16 with an increased reimbursement rate, and a higher contribution of donated food. These revenues include:

- \$139 million from school lunches
- \$53 million from breakfast programs
- \$13 million of donated food from the U.S. Department of Agriculture
- \$8 million of after school meals and Head Start Snacks

Medicaid Reimbursement

CPS provides a variety of services to students with disabilities such as speech therapy, physical therapy, occupational therapy, mental health service and special transportation. CPS qualifies for Medicaid reimbursement for these covered services to eligible students and the costs of administrative outreach activities.

Medicaid pays for costs of direct, medically necessary services provided to eligible children who have disabilities in accordance with the Individuals with Disabilities Education Act (IDEA). In Illinois, services that may be claimed for School-Based Health Services' Medicaid reimbursement are: Audiology, Developmental assessments, Medical equipment, Medical services, Medical supplies, Nursing services, Occupational therapy, Physical therapy, Psychological services, School health aide, Social work, Speech/language pathology, and Transportation.

These services are frequently specified as necessary related services in individual education programs (IEP) developed by schools for children with disabilities. When these services are provided under a child's IEP, the services are eligible for federal Medicaid reimbursement, at the state's reimbursement rate, approximately half of the established cost to provide the service.

Schools may also claim some costs for the administration of the program. Allowable administrative claims include outreach activities designed to ensure that the entire student community has access to Medicaid covered programs and services, as well as costs incurred for implementing and monitoring the Illinois state Medicaid plan.

Medicaid revenues in FY 16 are expected to remain flat to FY 15 at \$48 million. A decline in rates and the more efficient operation on busing in FY 16 is expected to be outweighed by CPS initiatives to claim some services not currently being claimed, and to create a better pipeline for Medicaid enrollment.

Other Federal Grants

Other Federal Grants include competitive grants for other specific purposes. Below is a brief description of major grants under this category:

- **Head Start:** The United States Department of Health and Human Services provides funds for the Head Start program, which focuses on educating children from birth to five years old who are in low-income families. The program provides comprehensive education, health, nutrition and parent involvement services to these children. CPS Head Start programs are funded through the City of Chicago. The FY16 award for Head Start is expected to increase to \$41 million from \$38 million in FY15.
- **Carl D. Perkins:** This grant was established to develop academic and technical skills for career opportunities, specific job training and occupational retraining. This grant targets students in secondary and post-secondary education. The FY16 Perkins formula grant is anticipated to decline to \$6 million as a result of decreased poverty rates. This includes an estimated rollover of \$181,000.
- **Race to the Top:** The FY16 allocation of \$2 million will allow CPS to integrate and analyze data collection; create science, technology, engineering and math programs; and train teachers on the CPS framework for teaching.

Federal Interest Subsidy under Qualified School Construction Bonds (QSCBs) and Build America Bonds (BABs)

In FY16 CPS has budgeted to receive a direct federal subsidy payment of \$25 million for these two types of federally-subsidized bonds. This amount takes into consideration an allowance assumption of 7.5% for federal sequestration and has not changed from our FY15 assumptions. See the Debt Management chapter for more information.

Schools and Networks

Two years ago, CPS introduced Student Based Budgeting (“SBB”), a funding model that allocates funds to schools on a per-pupil basis, which created greater consistency in funding across the District, ensuring that funding is fair and equitable, as dollars follow the students.

In FY16, the SBB Base Rate remains unchanged

Despite the District’s well-known financial problems, CPS is making every effort to maintain funding levels on core instruction in the schools. For this reason, SBB rates in FY16 are being maintained at the same level as in FY15.

Despite these efforts, the overall amount of SBB funding will decline in FY16 because enrollment is projected to be lower. Further, the District will no longer allow schools to keep funding if their enrollment is lower-than-projected on the 10th day of the school year, when funding adjustments are made. Over the past two years, schools were "held harmless" if they had lower-than-projected enrolled, allowed to keep funding for more students than they actually had. This year, however, SBB funding will follow the actual enrollment at each school on the 10th day.

As in FY15, schools can apply for programmatic support if the loss of funding due to large declines in enrollment makes it difficult to support their core educational programs. Requests are submitted through CPS network chiefs and reviewed by the Office of Network Support, with final decisions made by the Chief Executive Officer. To date, 18 schools have received \$2,445,000 in program support for FY16.

ENROLLMENT

Though CPS enrollment has been declining, it has done so at a slower rate than the rest of the state. Between FY11 and FY15, CPS enrollment has declined by 1.5 percent, or almost 6,000 students. Enrollment in the rest of Illinois has declined by 1.8 percent during this same period, with a decline in births being a driving factor in the enrollment declines for both the city and state. (See Appendix A for more information about enrollment and demographics.)

In FY16, we are projecting a further net overall decline in enrollment of 2,592 students, or 0.65 percent, as shown in Table 1.

Table 1: FY15 Enrollment and FY16 Projected Enrollment by School Type

School Type	FY15 Actual (20 th Day)			FY16 Projected		
	Pre-K	K-12	Total	Pre-K	K-12	Total
Traditional district-run schools*	21,559	309,411	330,970	20,951	305,412	326,263
Charter schools**	334	56,206	56,540	0	58,019	58,019
Contract schools**	21	3,504	3,525	0	3,744	3,744
District specialty schools*	959	1,082	2,041	965	1,103	2,068
District options schools	0	884	844	0	963	963
ALOP/SAFE school programs	0	2,723	2,723	0	3,034	3,034
Total District Enrollment	22,873	373,810	396,683	21,916	372,275	394,191
Community partner programs	4,938			5,293		

*FY15 enrollment for Christopher is included in traditional district-run schools. Christopher was funded as a specialty school in FY15, but will receive SBB funding in FY16.

**Pre-school programs located at charter schools are operated by community partners. In FY16, pre-school students at charter/contract schools will be counted as enrolled in the community partner program, not at the charter/contract school. Community partner enrollment is not included in the enrollment for the District.

K-12 enrollment at traditional district-run schools is projected to decline by 3,999 students, from 309,411 to 305,412. K-12 enrollment at charter and contract schools is projected to increase by 2,053 students, from 59,710 to 61,763.

For the first time in FY16, Alternative Learning Options Programs (ALOP) students are counted in SBB enrollment. ALOP programs, which serve students who have dropped out of school and seek to return, have expanded rapidly over the last two years – from 634 students in FY13 to 3,620 students at the end of FY15. These programs are an important way that CPS tries to reengage with off-track students and set them on a path for graduation.

Table 2: Growth in ALOP Enrollment since FY13

School Type	FY13	FY14				FY15				FY16
	20 th Day	20 th Day	Q2	Q3	Q4	20 th Day	Q2	Q3	Q4	Proj.*
ALOP Enrollment	634	1,090	1,582	1,756	1,939	2,675	3,209	3,386	3,620	2,966

*Enrollment projections are based on 20th day enrollment in prior years; mid-year increases have not been taken into account.

As shown in Table 1, pre-school enrollment is also projected to decline by 957 students, from 22,873 to 21,916, but these numbers are somewhat misleading. In FY15, 355 pre-school students were counted in the enrollment at charter or contract schools; in FY16, they will be reclassified as enrolled in the community partner program operating in the charter or contract school. When enrollment at community partner programs is factored in, we are projecting a decrease of approximately 600 students, which is consistent with the experience of the last several years and with a trend of declining birth rates in the city and state.

Table 3: FY15 Pre-school Enrollment and FY16 Projections

Pre-school Enrollment (Ages 3 and 4)	FY15 20 th Day	FY16 Projected
CPS Schools	22,873	21,916
Community Partner Programs	4,938	5,293
Total	27,811	27,209

While these enrollment numbers reflect the official 20th day enrollment count and the projection for FY16, enrollment is not the only factor that determines early childhood funding. CPS receives state Preschool for All (PFA) funding and federal Head Start funds which provide for a number of pre-school seats that exceed 20th day enrollment projections as extensive outreach to at-risk families takes place throughout the year. Moreover, a number of pre-school seats are initially left available at the 20th day to guarantee spaces for children who must be placed throughout the school year, as the district is obligated to provide a seat for any student with an IEP once he or she turns three years of age. Entry of pre-school students eligible for special education services occurs on a rolling basis throughout the school year.

NUMBER OF SCHOOLS

Per CPS definition, a school:

1. is officially authorized by the Chicago Board of Education;
2. is based in one or more buildings inside the geographic boundaries of the City of Chicago;
3. has or will have one of the following governance structures: a local school council, an appointed local school council, a board of directors, or a board of governors;
4. employs at least one administrator to lead the school;
5. employs at least one credentialed person to provide instruction to students;
6. provides an appropriate curriculum for each grade level served that, at a minimum, meets all requirements of the Illinois State Code;
7. requires progression towards a terminal grade level within a single school, regardless of physical location;
8. is not defined under Illinois School Code as something other than a school (e.g., an Alternative Learning Opportunity Program is not a school); and
9. has or is intended to have at least one actively enrolled student during the school year.

Based on this definition, there were 664 schools in FY15, and 660 schools in FY16. Table 4 gives the school count school type.

Table 4: Number of CPS Schools by School Type, FY15 and FY16

School Type	Description	FY15	FY16
Traditional district schools	District-run schools funded through Student Based Budgeting	504	502
Charter schools*	Public schools managed by independent operators and certified under state charter law	131	130
Contract schools	Public schools managed by independent operators under a contract with the District	11	11
District specialty schools	District-run schools that primarily serve students with significant diverse learning needs or early childhood students.	12	11
District options schools	District-run high schools for students in restricted environments or students who need educational alternatives to traditional high schools	4	4
SAFE school programs*	Schools managed by independent operators for students who have been expelled from other schools due to violence	2	2
Total schools		664	660
Not counted as schools:			
ALOP programs*	Programs managed by independent operators that provide educational options for students who have dropped out of school and seek to return	12	13

*The FY15 Budget Book stated that there are 132 charter schools. After the budget book was published, but before the beginning of the school year, a new charter school did not open, reducing the number of charters to 131 and the total number of schools to 664. This is the number of schools that CPS used as the school count throughout FY15. The FY15 Budget Book listed two SAFE schools with the expectation that a second SAFE school would open in FY15. The second SAFE school is expected to open in FY 16, so the number of such schools is flat from FY15. The FY15 Budget Book stated that there would be 15 ALOP programs in FY15, but three new ALOP programs failed to open. Since the number of ALOP programs does not affect the overall school count, the FY15 number of ALOP programs has been changed to 12.

The following school actions explain the change in school count between FY15 and FY16:

- Three district-run schools – Attucks, Crane HS, and Dyett HS – completed their phase-outs and have closed. However, Christopher, a former specialty school, has been reclassified as a traditional district-run school for budgeting purposes. (The reclassification of Christopher has also decreased the number of specialty schools from 12 to 11.) Therefore, we show a net reduction of two district-run schools for FY16.
- Three charter schools closed after FY15, including ASPIRA - Ramirez HS, Catalyst - Howland, and Ford HS. Two charter schools are expected to open in FY16, including ASPIRA - Business & Finance HS and Moving Everest. This results in a net decrease of one charter school, changing the count from 131 to 130.
- Although the second SAFE school did not open in FY15, it is expected to open during FY16, and so it remains in the school count.
- One new ALOP campus is expected to open in FY16, bringing the number of programs up from 12 to 13.

SCHOOL BUDGET OVERVIEW

The FY16 budget contains more than \$3.7 billion budgeted at school units, including almost \$2.1 billion budgeted for core instruction at 660 schools. The following tables show fund and position allocations by school type and funding category:

Table 5: FY16 School Budgets, by School Type and Funding Category

FY16 School Budgets (in \$000s)	Core Instruction	Diverse Learners	Bilingual	Early Childhood	Other Programs	Discretionary	Operations	Total
District Elementary	1,195,229	375,644	18,997	111,430	65,497	303,190	97,065	2,167,052
District High Schools	463,597	122,902	3,543	177	41,283	93,402	37,827	762,731
Charter/Contract	353,187	76,920	2,774	0	4,312	81,806	175,610	694,609
ALOP	18,197	3,486	37	0	206	3,563	9,515	35,005
Specialty	8,768	28,436	404	3,795	101	1,764	1,243	44,511
District Options	15,418	3,633	51	0	158	1,250	267	20,777
SAFE	825	570	0	0	1,007	78	959	3,440
Non-Public	0	0	0	0	258	0	0	258
Total	2,055,222	611,592	25,807	115,401	112,822	485,052	322,487	3,728,383

Table 6: FY16 Positions in School Budgets, by School Type and Funding Category

FY16 Positions at Schools (FTEs)	Core Instruction	Diverse Learners	Bilingual	Early Childhood	Other Programs	Discretionary	Operations	Total
District Elementary	10,707.8	4,913.0	171.5	1,450.7	621.1	2,836.3	2,439.8	23,140.2
District High Schools	4,303.2	1,446.6	33.0	7.0	348.6	910.0	859.0	7,907.4
Charter/Contract	0.0	0.0	0.0	0.0	0.0	0.0	116.0	116.0
ALOP	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
Specialty	66.5	387.0	4.0	45.0	1.5	3.5	26.0	533.5
District Options	129.2	33.4	0.5		2.0	5.8	7.0	177.9
SAFE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Public	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	15,206.7	6,780.0	209.0	1,502.8	973.2	3,755.6	3,448.8	31,876.0

The following sections discuss Core Instruction Funding and Additional Funding Received by Schools, including funding for diverse learners, bilingual, early childhood, other programs, discretionary funds, and operations.

FUNDING FOR CORE INSTRUCTION

Traditional District Schools

Traditional district schools are funded through Student Based Budgeting (“SBB”). The only district-run schools that do not fall in this category are the 11 specialty schools and four district options schools, which are discussed in later sections.

In the aggregate, funding for district-run schools is declining by more than \$60 million – a 3.9 percent reduction compared with a 1.1 percent decrease in enrollment. The reason for this disparity is that many district-run schools with declining enrollment were held harmless from funding reductions in FY15. District-run schools kept almost \$38 million of funding more than justified by the per-pupil rates and enrollment. Ending “hold harmless” accounts for almost two-thirds of the reduction in funding for district-run schools, with most of the remainder resulting from a reduction in overall student population.

The reduction in SBB funding does not affect district-run schools equally. Schools with stable or increasing enrollment that were not held harmless last year will generally see flat or increased SBB funds. Schools that were held harmless last year and are projected to have further declines in enrollment may see substantial reductions in funding.

Table 7: SBB Funding at Traditional District Schools

Traditional District Schools	FY15 20th Day	FY16 Projected	Change	% Change
Number of schools	504	502	(2)	
Number of K-12 students	309,046	305,412	(3,634)	(1.11%)
SBB funding, in millions	\$1,538.9	\$1,478.7	(\$60.2)	(3.91%)

District schools have budgeted approximately 91.8 percent of their SBB funds for teacher positions (including substitutes and extended day pay), 3.8 percent on educational support personnel, and 3.4 percent on non-personnel items. For the first time this year, schools were able to set aside funds specifically for unexpected contingencies, and they kept almost 1.0 percent of their funds in contingency

accounts. The following table summarizes the positions that district schools have funded with their SBB funds. These positions do not include the foundation positions that all district schools receive – one principal, one counselor, and one clerk.

Table 8: Positions (FTE’s) Budgeted by District Schools Using SBB Funds

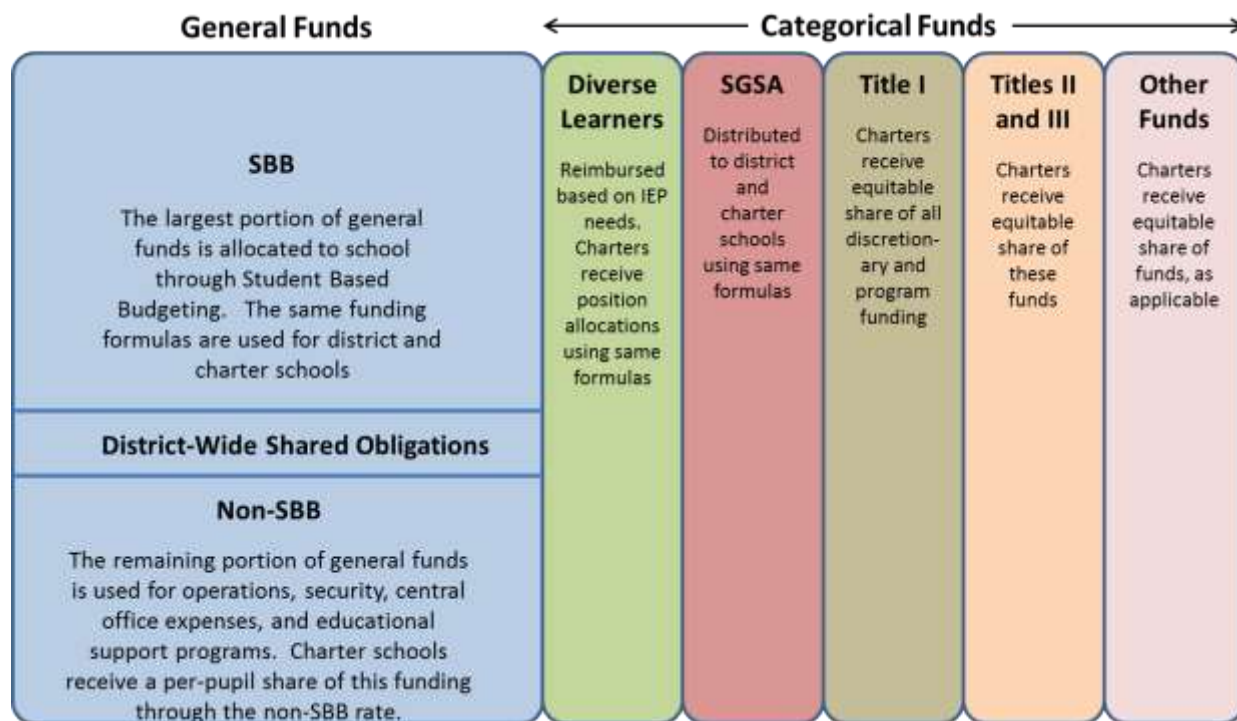
Category	Job Title	FY15 Budget	FY16 Budget
TEACHERS	Teachers	12,517.6	12,068.4
	Assistant Principals	510.8	515.8
	School Counselors / Social Workers / Nurse	164.9	149.2
	Coaches / Instructional Leaders / Other Teachers	34.3	27.2
EDUCATION SUPPORT PERSONNEL	Teacher Assistants	129.7	141.2
	School Clerks	125.2	129.0
	School Security Officers	70.6	67.7
	School Clerk Assistants	49.1	49.7
	Technology Coordinators	44.9	46.0
	Guidance Counselor Assistants	32.5	36.5
	Other Education Support Personnel	174.0	267.3
	TOTAL	13,853.6	13,498.0

Charter/Contract Schools

Charter and contract schools are public schools managed by independent operators. First established in Chicago in 1997, they offer an alternative to traditional district-managed schools. Charter schools are approved and certified under the Illinois Charter School Law. Contract schools also are independently managed public schools with similar autonomies as charter schools in budget and curricular operations.

As outlined in Chart 1, CPS provides tuition to charter schools in two components: SBB and non-SBB. Together, these tuition amounts provide charter schools with an equitable share of the District’s general funds budget.

Chart 1: Overview of CPS Operating Budget for Charter Funding



SBB is the largest portion of the general funds budget, and it is allocated to all schools under the SBB model, which uses the same funding formulas for district and charter schools. The General Funds budget also includes some funding categories that are considered district-wide shared obligations, such as the unfunded pension liability. Charters do not receive tuition funding based on these shared obligations. Funding for operations, security, central office expenses, and education support programs, which, for district-run schools, are paid-for through citywide spending, are paid to charter schools through a second category of funding called “non-SBB” funding. This ensures that charter school students receive an equitable share of this more centralized district school spending. Additionally, charter schools receive an equitable share of each categorical funding source, where applicable. Finally, administrative fees are charged to charter schools, so that they will contribute equitably to district overhead costs.

In FY16, two new charter schools are expected to open, and three charter schools will close at the end of FY15, for a net decrease of one charter school. Enrollment at charter and contract schools is expected to increase by more than 2,000 students, or 3.4 percent.

However, general education tuition payments (SBB and non-SBB, less administrative fee) to charter and contract schools will increase by only \$9.3 million in FY16 – less than 2 percent –as charter and contract schools are also affected by the ending of the “hold harmless.” When district-run schools were held harmless in FY15, charter and contract schools received a per-pupil equivalent through an increase in their SBB rates. This “hold harmless equivalent” added \$7.7 million of SBB funds to charter and contract schools in FY15, but will not be included in FY16 rates. Therefore, all charter and contract schools will experience a lower per-pupil rate in FY16 without the “hold harmless equivalent” added to their rate. Charter and contract schools with stable enrollment thus will see a reduction in SBB funding.

Table 9: SBB and Non-SBB Tuition Funding at Charter/Contract Schools

Charter/Contract Schools	FY15	FY16	Change	% Change
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	20 th Day	Projected		
Number of schools	142	141	(1)	
Number of K-12 students	59,710	61,763	2,053	3.44%
SBB funding, in millions	\$348.4	\$353.2	\$4.8	1.38%
Non-SBB funding, in millions	\$134.7	\$139.5	\$4.8	3.56%
Administrative fees (estimated), in millions	(\$15.8)	(\$16.1)	(\$0.3)	1.90%
Total general education tuition payments	\$467.3	\$476.6	\$9.3	1.99%

Alternative Learning Opportunity Programs (ALOP)

Alternative Learning Opportunity Programs provide different educational options for at-risk youth who are not currently enrolled in school. Since 2011, CPS has expanded partnerships with successful providers that specialize in working with off-track youth and more than doubled the number of available seats in options schools and programs.

In FY16, one new ALOP program is expected to open, for a total of 13 ALOP programs. In addition, 30 charter and contract schools and one district school serve the same population of at-risk youth who have dropped out of school and seek to return.

Table 10: SBB and Non-SBB Tuition Funding at ALOP Programs

ALOP Programs	FY15 20 th Day	FY16 Projected	Change	% Change
Number of programs	12	13	1	
Number of K-12 students	2,675	2,966	291	10.9%
SBB funding, in millions	\$17.0	\$18.2	\$1.2	7.1%
Non-SBB funding, in millions	\$6.6	\$7.3	\$0.7	10.6%
Administrative fees (estimated), in millions	(\$0.8)	(\$0.8)	(\$0.0)	0.0%
Total general education tuition payments	\$22.8	\$24.7	\$1.9	8.3%

As with charter and contract schools, the ending of “hold harmless equivalent” funding means that general education funding to ALOP programs is expected to grow at a smaller percentage (8.3 percent) than the enrollment growth (10.9 percent).

Specialty Schools

Specialty schools serve primarily students with significant diverse learning needs, as well as three early childhood centers that have only pre-kindergarten students. Specialty schools include:

- One K-8 school serving only students with severe and profound disabilities (Montefiore)
- Three early childhood centers serving only pre-K students (Vick, Thomas, Stock)
- Three early childhood centers serving pre-K students, but where a significant number of diverse learners remain enrolled at the school for primary grades (Blair, Beard, Rudolph)
- Four high schools serving 100 percent diverse learners (Northside, Southside, Graham, and Vaughn).

Walter S. Christopher Elementary School, a K-8 school with approximately 50 percent general education classrooms and 50 percent diverse learner cluster programs, has been budgeted as a specialty school in the past, but is being funded through Student Based Budgeting in FY16.

In FY16, specialty schools will receive \$8.8 million in funding for core instruction, which represents 19.7 percent of their overall budgets of \$44.5 million. Core instruction funding is decreasing slightly from \$9.1 million in FY15 (excluding Christopher).

The costs of these schools are significantly more than traditional schools when compared on a per-pupil basis to account for the specific needs of the diverse learners they serve.

District Options Schools

District options schools provide educational options to students in confinement, at risk of dropping out of school, or who have dropped out and wish to return. District schools include one school located at the Cook County Jail (York), one at the Cook County Juvenile Temporary Detention Center (Jefferson), one school serving pregnant women (Simpson), and one school serving students at risk of dropping out or returning dropouts (Peace & Education Coalition).

In FY16, district options schools will receive \$15.4 million in funding for core instruction to serve an estimated 963 students. The amount of funding is largely unchanged from FY15. District options schools are significantly more expensive than traditional schools because of the special circumstances of their student populations.

SAFE Schools

SAFE schools provide an educational option to students who have been expelled from another CPS school due to violence. CPS has one SAFE school on the south side of the city, and is expecting to open a second SAFE school on the west side. SAFE schools are managed by an independent operator.

The SBB and non-SBB tuition cost for two Safe schools is \$2.6 million, which is partially offset by a state Regional Safe Schools grant of approximately \$1.0 million.

ADDITIONAL FUNDING RECEIVED BY SCHOOLS

Although funding for core instruction is typically the largest portion of a school's budget, schools receive additional funding to meet specific student needs, including funding for diverse learners, bilingual students, early childhood students, other programs, discretionary funds, and school operations. See Appendix B for information on funding formulas for these allocations.

Diverse Learners

Schools receive special education teachers and special education aides (typically teacher assistants, special education classroom assistants and child welfare attendants) based on the number of minutes of specialized instruction that must be provided to the school's special education students, as identified in their Individualized Education Program (IEP). In FY16, more than 100 schools are participating in the "All Means All" pilot, which provides diverse learner funding on a per-pupil basis for their diverse learners.

Allocations are determined by the Office of Diverse Learner Supports and Services. In the FY16 budget, a total of \$611.6 million is budgeted for diverse learners in school units, including 3,620 teachers and 3,157 paraprofessionals.

Bilingual Education

Schools receive supplemental bilingual education teachers and per-pupil funds based on their number of English language learner (ELL) students. There are two programs: Transitional Bilingual Education (TBE), for schools that have 20 or more ELL students of the same language background, and Transitional Program of Instruction (TPI), for schools that have fewer than 20 ELL students of the same language background. The Office of Language and Cultural Education (OLCE) tracks ELL students and allocates supplemental bilingual teachers and funds to schools.

The FY16 budget contains \$25.8 million in supplemental funding to schools, including 209 supplemental bilingual education teacher FTE's. Bilingual education is supported by dedicated state and federal funding.

Early Childhood

The FY16 budget contains \$115.4 million in funding for early childhood programs at 356 elementary schools. Early childhood programs serve pre-kindergarten students, usually ages 3 and 4, and are funded from both a state grant (Pre-School for All) and federal Head Start funds. This amount also includes \$10.0 million of Title I funding that is used for 14 child-parent centers, and \$4.6 million for tuition-based pre-K programs at 12 schools.

CPS also provides funding to community-based providers for early childhood programs, as described more fully in the Early Childhood department narrative, but this funding is not reflected in school budgets.

Other Programs

Some schools receive teaching positions or other additional funding for specific programs that are run at those schools. The funding source for these programs is the General Fund. Details on these programs are found in that program's narrative. Significant programs include:

Table 11: Board Funded Programs

Board-Funded Program	Positions			Budget (\$ millions)		
	FY15 Ending	FY16 Budget	Change	FY15 Ending	FY16 Budget	Change
Magnet Schools	163.4	150.4	-13.0	\$17.5	\$16.5	(\$1.0)
JROTC	159.0	145.0	-14.0	\$16.9	\$15.6	(\$1.3)
International Baccalaureate	130.2	109.7	-20.5	\$13.2	\$11.4	(\$1.8)
Magnet Cluster Programs	101.0	96.0	-5.0	\$11.1	\$10.5	(\$0.6)
Selective Enrollment HS	42.0	34.0	-8.0	\$4.7	\$4.0	(\$0.7)
Montessori Programs	52.0	54.0	2.0	\$3.6	\$3.6	–
Critical Language Initiative	32.0	32.0	–	\$3.0	\$3.1	\$0.1
STEM*	44.0	38.0	-6.0	\$4.8	\$3.2	(\$1.6)
Regional Gifted Centers	35.0	21.4	-13.6	\$3.6	\$2.4	(\$1.2)
Classical Schools	21.0	13.4	-7.6	\$2.5	\$1.6	(\$0.9)
Regional Gifted Centers ELL	7.0	7.0	–	\$0.7	\$0.7	–
International Gifted	7.0	2.0	-5.0	\$0.7	\$0.2	(\$0.5)

Board-Funded Program	Positions			Budget (\$ millions)		
	FY15 Ending	FY16 Budget	Change	FY15 Ending	FY16 Budget	Change
Academic Centers	1.0	1.0	–	\$0.1	\$0.1	–
Totals	794.6	703.9	-90.7	\$82.4	\$72.9	(\$9.5)

*Includes grant funding for Early College STEM high schools. All other programs are supported with general funds.

Discretionary Funds

Supplemental General State Aid (SGSA) is part of the General State Aid that the district receives from the State of Illinois. SGSA funds are distributed to schools in proportion to the number of students enrolled who are eligible to receive free or reduced-price lunch under federal statutes.

CPS is required to distribute \$261 million in SGSA funds each year. SGSA funds are initially distributed based on an estimated count of low-income students at each school, but the final SGSA amount will be adjusted based on 20th day enrollment. See Appendix B for important changes in the 20th day adjustment process in FY16.

The FY16 budget includes \$259.8 million of SGSA funds budgeted at schools. The remaining \$1.2 million remains in contingency, awaiting 20th day SGSA adjustments.

Unspent SGSA funds at a school at the end of the year carry over to the next fiscal year. In recent years, CPS has made an initial distribution of carryover funds in July based on end-of-year spending estimates. This initial distribution gives schools a substantial portion of their SGSA carryover before the beginning of the school year, in order to plan and make initial outlays for academic programs early in the year.

Carryover dollars are not usually included in a school's budget because the budget is normally released before the end of the previous financial year. This year, however, the budget process was delayed significantly enough that SGSA carryover amounts could be determined before the budget was completed, therefore allowing the carryover dollars to be included as part of the SGSA funding in school budgets.

Title I of the federal No Child Left Behind (NCLB) Act provides funds to schools with high concentrations of low-income children to provide supplementary services for educationally disadvantaged students. Approximately 85 percent of CPS schools qualify for Title I discretionary funding. The FY16 budget contains \$200.0 million in Title I discretionary funding for CPS schools.

Schools use these dollars to fund additional teacher positions, as well as other supplemental services. For FY16, district schools allocated 56.5 percent of their SGSA funds to teachers, 28.1 percent to other non-teaching positions, and 15.4 percent on non-personnel costs. For Title I, they allocated 72.3 percent to teachers, 13.3 percent to other non-teaching positions, and 14.4 percent to non-personnel costs. Table 12 shows teaching positions funded in this way.

Table 12: Teacher FTEs Obtained with School Discretionary Funds

Teacher FTEs Obtained with Discretionary Funds	FY15 Budget	FY16 Budget
SGSA	1,172.7	1,305.3
Title I	899.8	1,097.8

Total	2,072.5	2,403.1
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Non-Education Expenses

Schools have received additional positions, services and funding for various operational expenses. Many of these positions are now managed centrally, rather than in schools, to gain district-wide efficiency and savings. Among the positions now managed centrally are bus aides, engineers, and custodians. In FY16, only the following non-education funding appears in schools budgets:

- **Security:** School security officers and security aides are assigned to schools by the Office of Safety and Security. Security positions are budgeted at the schools.
- **Food Service:** This includes the labor costs of the lunchroom staff; the food costs required to provide lunch and breakfast, are budgeted centrally.

Please refer to the department narratives for more details about each of these operational areas.

Private Schools

Students, teachers, and parents of private schools students are entitled to federal support through No Child Left Behind (NCLB), such as Title I, Title II, and Title III, and the Individuals with Disabilities Education Act (IDEA). CPS must set aside a share of the federal funds it receives to make services available to eligible private school students, teachers and parents. However, these funds are not paid directly to the private schools, but CPS instead operates these programs on behalf of these eligible students, teachers and parents.

Each year, CPS oversees and manages services for approximately 60,000 students in 240 private schools totaling approximately \$21 million. In addition, we oversee services for children who attend seven residential sites that specialize in serving children under the guardianship of the Illinois Department of Children and Family Services.

The following chart shows the allocations directed to private schools for each of the federal programs. Funding is a proportionate share of funds based on the number of eligible students in each private school compared to the CPS neighborhood school whether those students live. FY16 amounts are projections; the final amounts will be determined only after the district's FY16 application is approved by the Illinois State Board of Education.

Table 13: FY16 Budget for Private School Programs

Federal Program	FY14 Budget	FY15 Budget	FY16 Budget
Title I (Improving Academic Achievement of Disadvantaged Students)	\$12,390,090	\$13,594,638	\$15,265,523
Title IIA (Improving Teacher Quality)	2,134,182	5,097,615	3,900,000
Title III (English Language Learners)	357,942	314,254	300,000
Individual Disabilities Education Act (IDEA)	1,153,621	2,063,309	1,771,519
Total	\$16,035,835	\$21,069,816	\$21,237,042

NETWORKS

District-run schools are organized into networks, which provide administrative support, strategic direction, and leadership development to the schools within the network.

Networks are led by network chiefs, who are responsible for building effective schools with strong leaders by developing a professional development plan, collecting and assessing data to drive interventions, collaborating on best practices with other networks and enhancing community and parental involvement. Networks are supported by deputy chiefs, data strategists, instructional support leaders for each content area, and administrative support. Each network also has a Family and Community Engagement Coordinator and a Specialized Services Administrator, although these positions appear in the budget for the Family and Community Engagement and the Office of Diverse Learners, respectively. All network chiefs and their offices report to the Office of Network Support.

There are 13 networks that manage schools in various different geographic regions of the city. All networks are K-12, managing both elementary schools and high schools. In addition, the Office of Strategic School Support Services (OS4), the Academy for Urban School Leadership (AUSL), and Service Leadership Academies also function as networks. Schools managed by OS4 or AUSL, as well as the six military academies, do not belong to any of the 13 geographic networks.

Table 14: Current Network Structure

Network	City Planning Zones
1	Sauganash, Reed-Dunning, Albany Irving
2	Ravenswood
3	Austin, Belmont-Cragin
4	Logan, Lincoln Park
5	Humboldt Park, Garfield, West Humboldt, North Lawndale
6	Near North, Near West, Loop, Bridgeport, Chinatown
7	Pilsen, Little Village
8	McKinley Park
9	Bronzeville, Hyde Park, Woodlawn
10	Beverly, Midway, Chicago Lawn, Ashburn
11	Englewood, Auburn-Gresham
12	Chatham, South Shore
13	Far South, Far East
AUSL	
OS4	
Service Leadership Academies	

In FY16, network chiefs were given more control over their budgets. In the past, each network's budget consisted mostly of position allocations, with only a small part of a network's budget as discretionary. In FY16, network chiefs were given control over their entire budget, and they were responsible for determining the optimal combination of staffing and non-personnel allocations for their individual network.

Funds were not distributed equally to the 13 geographic networks. Each network was given a foundation allocation, but additional dollars were given to networks with higher poverty levels and/or higher concentrations of low-performing schools. Table 15 shows the FY16 budgets for each network:

Table 15: FY16 Network Budgets

Network	Personnel	Non-Personnel	FY16 Budget
1	\$1,100,048	\$35,629	\$1,135,677
2	1,046,284	58,095	1,104,379
3	1,381,681	76,615	1,458,296
4	978,471	130,434	1,108,905
5	1,220,693	87,860	1,308,553
6	1,128,549	37,672	1,166,221
7	1,079,136	192,085	1,271,221
8	1,190,695	76,570	1,267,265
9	1,138,689	156,780	1,295,469
10	876,059	233,128	1,109,187
11	1,584,094	18,008	1,602,102
12	1,118,193	183,298	1,301,491
13	1,322,785	(39,816)	1,282,969
Total	\$15,165,377	\$1,246,358	\$16,411,735

Overall, network budgets have been reduced significantly in FY16. Networks chose to close positions totaling \$2.3 million, and they reduced their allocation for hourly and overtime salary and for non-personnel expenses by \$1.6 million. All non-personnel costs are funded through general education funds, while positions are funded through general education, Title I and Title II funds.

Table 16: Total Budgets for 13 Networks

Network Budgets (in millions)	FY14	FY15	FY16
Regular positions	\$20.4	\$17.0	\$14.7
Hourly/overtime salary and non-personnel	\$4.2	\$3.6	\$2.0
Expected vacancy savings	\$0.0	\$0.0	(\$0.3)
Total	\$24.6	\$20.6	\$16.4

Department Narratives Overview

Departments within the Chicago Public Schools (CPS) serve, guide, and provide resources to our parents, teachers, partners, and community. The district’s central office units manage the administrative activities performed and utilized district-wide. Citywide units include teachers, programs and other resources that directly support schools but are not allocated to individual schools. They are managed and monitored by a central office unit.

These narratives contain tables that show the total dollars, by fund, associated with each department’s mission and major programs. If a department is comprised of multiple central office and citywide units, these unit budgets will be aggregated.

An example of a department’s budget summary is provided below:

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	215,494,965	217,915,755	223,318,929	210,925,012	214,756,013
Other Grants	16,140,849	23,550,215	24,519,326	21,246,064	23,165,400
Total Department	231,635,814	241,465,970	247,838,255	232,171,077	237,921,413
Held in Contingency	2,000,000	1,000,000	1,000,000	0	0
Budgeted at Schools	562,892,021	581,814,956	584,254,880	596,921,652	578,184,454
Grand Total	796,527,835	824,280,926	833,093,136	829,092,728	816,105,867

Addressing the columns from left to right:

2014 Actual Expenses are categorized by funding source (as are all other columns), to inform readers of the amount spent by the department during FY2014. Providing information that extends two fiscal years into the past is essential for perspective on spending trends over time.

During the course of the fiscal year, intra-fund transfers, reorganizations, or newly awarded grants may alter a department’s budget relative to the Approved Budget. The **2015 Ending Budget** reflects those changes.

In addition to reporting the final department budget, the **2015 Expenditures** reflects the estimated amount to be spent by the end of FY2015. There is a possibility for this column to change, as accounting may adjust journal entries for up to ninety days in order to reflect expenditures that are properly recorded in the previous fiscal year but not expensed until after.

In certain instances, an amount may be budgeted within **Contingency** if revenues are *reasonably certain to be collected* but not yet realized, or if funding will be transferred to other units for activities related to the department chiefly responsible for the stewardship of these dollars, but for which the transaction has not yet occurred.

Amounts **Budgeted at Schools** are for programs that are managed by the department but whose funding is included in the schools’ budgets.

For more detail on the various funding sources, please refer to the *Revenue* chapter included in this budget book.

The **2016 Proposed Budget** represents the amount allocated to the department for the fiscal year starting July 1, 2015 and ending on June 30, 2016.

Office of Accountability

MISSION

The Office of Accountability provides timely, accurate, and comprehensive data-driven decision support to school-level, Network, Central Office, and Cabinet stakeholders to improve the lives of the students we serve.

MAJOR WORKSTREAMS

- **Strategy and Research:** The Department of Strategic Planning and Implementation leads and coordinates an aligned planning and support process for The District's Action Plan, departmental work plans, and the school improvement planning process known as the Continuous Improvement Work Plan (CIWP).
- **Performance Data & Policy:** The Department of Performance Data & Policy works with the Office of Network Support and other stakeholders to establish performance standards for CPS units and initiatives based on valid and reliable indicators of effectiveness for use in goal-setting and accountability at all organizational levels.
- **Assessment:** The Department of Student Assessment provides high-quality and developmentally-appropriate required or optional assessment options for all CPS schools. While also supporting schools by evaluating students' baseline status, monitoring progress throughout the year and assessing growth.
- **Data Quality & Management:** The Department of Data Quality & Management (DQM) synthesizes and creates a repository for relevant District data in collaboration with Information Technology Systems. Beginning with the 2015-16 school year, the department of Workforce Analytics will be merged with DQM to create collaborative opportunities to integrate the District's data on students and employees.
- **Access & Enrollment:** Access and Enrollment is responsible for ensuring that all students in District-run schools are efficiently enrolled through an equitable process, and for running a centralized enrollment process for all non-charter elementary schools and high demand high schools and programs, including magnet, military, IB, Selective Enrollment, and CTE.
- **Educator Effectiveness:** Previously located in the Talent Office, this team manages the principal and teacher REACH evaluations; supports teachers in becoming Nationally Board Certified in partnership with the Chicago Teacher's Union; facilitates Broad Foundation & Education Pioneer talent pipeline programs, and oversees the implementation of The Board's Consulting Teacher program.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Funds	7,906,563	15,556,948	15,886,358	12,847,192	17,900,111
NCLB Federal	3,290,597	0	0	0	3,273,814
School Special Income	58,040	0	133,396	10,512	115,834
Other Grants	477,836	310,893	846,197	642,825	472,750
Total Department	11,733,036	15,867,841	16,865,952	13,500,529	21,762,509

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Funds	51	54	68.2
Other Grants	2	1	1
Total Department	53	55	69.2

MAJOR ACCOMPLISHMENTS

- Published the first-ever School Quality Rating Policy (SQRP) ratings in December 2014 for 664 schools.
- Administered, for the first time, PARCC, Partnership for Assessment of Readiness for College and Careers, which is mandated for all students by the Illinois State Board of Education (ISBE) .This, was in addition to executing the district’s published testing schedule.
- Established the Continuous Improvement Work Plans (CIWP) Steering Committee in spring 2015 and implemented a new web-based CIWP tool that will revolutionize the way schools enter and use school-level planning data.
- Managed the REACH Performance Task process for more than 20,000 teachers who received teacher evaluation ratings.
- Helped enhance the District-wide dashboard for principals and other school leaders to access user-friendly information about their schools.
- Improved the flow of internal and external data requests, facilitated stakeholder access to data, and ensured consistency for all CPS data.
- Led the Roster Verification process for all District teachers to be used in student growth measures of the new teacher evaluation system, with over 99% of rosters verified.
- Tracked outcomes of students impacted by previous years’ school actions and continued District-wide publication of annual school-climate student and teacher surveys to provide all stakeholders with qualitative information about each school. This information is available on cps.edu/schooldata.
- Launched self-scheduling for 8th graders applying to selective enrollment, IB, Military and Magnet high schools, allowing parents to pick the time and location they want to test or attend an information session.

KEY BUDGET INITIATIVES

- Shift the *Chicago: Ready to Learn!* Initiative pre-K admissions process from the Office of Early Childhood Education to the Accountability Office to streamline enrollment activities.
- Provide strategic analytics to inform major district initiatives, such as teacher evaluation, principal performance and family and community engagement, and build quantitative student growth metrics aligned to new district-wide growth assessments.
- Update the Performance Policy for traditional, option, and charter schools to emphasize student growth and to measure overall school quality with a thorough set of metrics.

Audit Services

MISSION

The Department of Audit Services supports executive management in its efforts to improve the efficiency and effectiveness of District operations and risk management.

MAJOR PROGRAMS

- **Internal Audits:** Application of standard business consulting techniques in the review of departments, processes, internal controls and other department or district initiatives for the purpose of identifying opportunities, mitigating risk, and/or improving effectiveness and efficiency. Findings are developed into action plans, which are then reported to executive management and the Board of Education and monitored through to implementation.
- **School Audits:** Perform reviews of individual schools' internal accounts (cash handling, purchasing, payroll, fixed assets, etc.). These audits serve as a deterrent to fraud and a monitor of compliance with various Board financial policies.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Funds	810,069	958,782	957,586	820,837	1,183,628
Total Department	810,069	958,782	957,586	820,837	1,183,628

*FY16 Budget increase due to increase in 1 FTE.

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Funds	7	7	8
Total Department	7	7	8

MAJOR ACCOMPLISHMENTS

- Performed review of spending and reimbursement activity using data mining techniques, thereby allowing increased coverage and reduced costs.
- Executed the Annual Internal Audit Plan, including Contract audits, Review of Reimbursement activity, and Review of Health Benefits spending.
- Executed Annual School Audit Plan which included audits of approximately 140 schools.
- Strengthened internal controls governing payment of health benefits.
- Closed outstanding findings related to Technology utilization, Sports Administration, allocation of special education staff, etc.

KEY BUDGET INITIATIVES

- Execute the current Internal Audit Plan, consistent with District risks, strategic initiatives, and available resources and close major outstanding audit findings.
- Execute Desk Audit process, utilizing exception reporting and data analytics to better monitor cash handling and other financial activity at individual schools.

Office of the Board of Education

MISSION

The Chicago Board of Education is responsible for the governance and organizational and financial oversight of Chicago Public Schools. It establishes policies, standards, goals, and initiatives to ensure accountability and provide a world-class education that prepares our students for success in college and career. The Board Office supports the Chicago Board of Education in their mission.

MAJOR PROGRAMS

- Chicago Board of Education meetings
- Office Hours with Board members
- Board Rules & Policies
- CPS Archive
- Agendas and Proceedings
- Contracts, agreements, and legal instruments
- Support and services to key stakeholders, including www.cpsboe.org and phone service at 773-553-1600

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	1,093,727	1,147,105	1,122,070	1,020,855	1,117,076
Total Department	1,093,727	1,147,105	1,122,070	1,020,855	1,117,076

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	8	8	8
Total Department	8	8	8

MAJOR ACCOMPLISHMENTS

- Held evening Board meetings at schools for greater community access
- Provided monthly Office Hours as opportunities for stakeholders to connect with Board of Education Members
- Continued to develop www.cpsboe.org to efficiently share Chicago Board of Education information and to house an online registration process for monthly Board meetings, whereby public participants can register as speakers or observers for meetings

KEY BUDGET INITIATIVES

- Continued Board Office reductions. The Board office has reduced its budget by 56% since FY 12 while maintaining a consistent level of service and effective operations.

Chief Administrative Office

MISSION

The Chief Administrative Office ensures that all operations of the school district run smoothly and are directed toward supporting schools and driving student achievement. The office strives to ensure fiscal stability and accountability, focusing on short- and long-range financial planning.

MAJOR PROGRAMS

The Chief Administrative Office oversees and coordinates all of the district's operations, including Facility Operations and Maintenance, Safety and Security, Food Service, Transportation, Finance, Procurement, Payroll, Information Technology, and the School Support Centers. Each of these areas is described in detail in separate sections.

In addition, the Chief Administrative Office maintains external relationships with sister agencies in the City and provides senior leadership to the district as part of the CEO's cabinet.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	441,973	361,510	460,498	453,966	360,612
Total Department	441,973	361,510	460,498	453,966	360,612

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	2	3	2
Total Department	2	3	2

MAJOR ACCOMPLISHMENTS

- Relocated CPS headquarters into a new Central Office location at 42 W. Madison, a move projected to save the District \$60 million over 15 years.
- Achieved nearly \$6 million in savings from improved centralized management of school engineer work to provide services at a lower cost across the District.
- Purchased 4.4 million pounds or \$3 million of locally grown produce and antibiotic free chicken that was used to prepare healthy meals for students.
- Centralized CPS fleet management and purchased leased vehicles that will save the District more than \$1 million over five years.
- Implemented a shared savings program with schools willing to shift their bell times for the 2014-15 school year. Schools received a portion of the savings worth \$2.4 million to use at their discretion.
- Expanded Safe Passage Program by adding an additional 600 Community Watchers to support the SY15 school challenges. Partnered with community based organizations to support a total of 133 schools.

- Data Center Move: 1,118 physical and virtual servers; 187 servers consolidated; 2,900 fiber and copper patch cables; 18 miles of cabling; 31 enclosures of equipment

KEY BUDGET INITIATIVES

- Roll out back of house operational modules for Point of Sale System which includes inventory controls, ordering, production records, and Hazard Analysis and Critical Control Point documentation following a successful pilot of system.
- Partnering with SodexoMagic to implement energy conservation projects at schools. SodexoMagic is investing \$5 million to update and upgrade mechanical systems, lighting, and other building equipment that will generate savings and future cost avoidance through reduced energy consumption.
- Consolidation of underutilized space in school buildings to reduce operating and maintenance costs by \$2.4 million, half of which will be shared with schools.
- Centralize the management and staffing of Bus Monitors which, along with the creation of transit-style stops, will save the District over \$5 million annually.
- Continuation of the city-wide Safe Passage program through 22 community-based vendors that will hire 1,300 safe passage workers for the 2016 school year
- Renegotiation of software, support and maintenance fees for District-wide software contracts
- Bandwidth increases: 455 Schools received an increase in bandwidth to 50Mb; All schools now have high speed Internet.

Office of College and Career Success

MISSION

The Office of College and Career Success (OCCS) works with schools, Networks, and communities to ensure that every student at every grade level is provided individualized supports and opportunities to keep them engaged, on-track and accelerating toward success in college, career and life.

MAJOR PROGRAMS

- **Strategic management, leadership, and alignment for the six major departments within OCCS:**
 - Student Support and Engagement
 - Social and Emotional Learning
 - School Counseling and Postsecondary Advising
 - Magnet, Gifted and International Baccalaureate (IB) Programs
 - STEM Initiatives
 - Early College and Career Education
- **Chicago Higher Education Compact:** Cultivate city- and state-wide task force of college partners to establish goals and drive supports for CPS students' college access and persistence, and continually strengthen additional postsecondary partnerships such as the University of Illinois / CPS Joint Task Force on College Success.
- **High School Strategy:** Develop recommendations and implementation plan to support student transitions into high school and postsecondary opportunities; develop portfolio investment plan to ensure every student has a specialized academic program within three miles.
- **Elementary and High School Best Practice Toolkits:** Build a best practices Grades 3-8 On-Track Toolkit aligned with Multi-Tiered Systems of Support (MTSS). This includes developing protocols and interventions for use by school-based teams to interpret and act on their Elementary On-Track rate, as well as data tools for school- and network-based teams to support this work. In addition, build a Postsecondary Leadership Team (PLT) Toolkit to support the work of PLTs citywide and facilitate strong implementation.
- **External and Internal Stakeholder Engagement:** Partner with Office of Family and Community Engagement, Office of Public and External Affairs, Office of Communications, nonprofit and community partners, postsecondary institutions, workforce agencies, companies, and funders to ensure collaboration around all College and Career Success objectives (e.g., developing and sharing a series of Parent University workshops focused on OCCS-related student supports, participation in Thrive Chicago collective impact initiative). In addition, build a strong feedback loop with principals and Network Chiefs to gather input regarding how College and Career Success strategies and priorities can best support student achievement.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Budget	414,715	3,060,763	2,591,033	2,112,834	607,143
NCLB Federal	53,680	0	0	0	0
Other Grants	32,572	0	0	0	0
School Generated	0	0	0	0	0
Total Department	500,967	3,060,763	2,591,033	476,182	607,143
Budgeted at Schools	0	310,424	710,614	639,109	0
Grand Total	500,967	3,371,187	3,301,647	2,751,943	607,143

- Increase in FY15 budget due to STEM programs moving from Magnet, Gifted, and IB Programs department budget. STEM became its own department beginning in FY16.

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Budget	6	8	4
NCLB Federal	0	0	0
Total Department	6	8	4
School Based	10	10	0
Grand Total	16	18	4

MAJOR ACCOMPLISHMENTS

- Launched the Chicago Higher Education Compact with 21 university partners to work toward the collective goal of increasing the college graduation rate of CPS students to 60 percent by 2025.
- Over half of the participating Compact universities partnered with CPS on the Summer Transition Strategy for high school students. The Summer Transition Strategy helps drive college enrollment for CPS students. Partnering universities provided CPS with the admissions checklists and materials provided to admitted students. CPS Summer Transition Teams use this information in student/family postsecondary planning discussions. Partnering universities provide regular status updates to CPS on the progress of student enrollment at their university to further guide and target students who are off-track for college enrollment.
- Organized a process to match strategic source vendors that provide college access services to the schools who need these supports the most. This matching process is an effort to close the opportunity gap by providing under-served schools support in the form of external partners. While the choice to formalize a partnership remains between the building principal and partner organization, our goal is to facilitate an intentional conversation between the two parties so that schools are more aware of the services available and partners can more efficiently reach out to schools that could benefit the most from their services.
- Managed the US2020 STEM Mentoring Initiative for the District, a grant-funded program involving approximately 500 mentors serving over 4,200 students in CPS schools and related programming.
- Established performance management practices and data tools to drive sound planning, implementation with fidelity, outcomes that meet/exceed targets, and continuous improvement.
- Created the Postsecondary Leadership Team (PLT) Toolkit to support the work of PLTs citywide and facilitate strong implementation.

KEY BUDGET INITIATIVES

- **College Access and Student Engagement Partners:** Cultivate engagement with OneGoal, iMentor, Strive for College, Becoming A Man (BAM) and Saga Innovations for the purpose of providing additional support to high-need students and schools.
- **High School Strategy:** Continue support for existing student transition programs (e.g., High School and College Fairs) while planning low cost, high impact student transition initiatives (e.g., college remediation coursework in the senior year, workforce pathways for students not going on to college after high school).

Office of Communications

MISSION

The Office of Communications promotes the District’s vision, mission, activities and priorities through a full range of tools, channels and strategies designed to engage key internal and external stakeholders.

MAJOR PROGRAMS

Communications Administration: The Office plans, manages and executes the District’s communications to inform the public and all stakeholders about the initiatives and activities of the District. We provide proactive and reactive communications support to all departments, networks, and schools for media, digital and web content, and other internal and external communications.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	1,386,597	1,800,955	2,067,103	1,942,780	1,878,407
Total Department	1,386,597	1,800,955	2,067,103	1,942,780	1,878,407

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	17	22	17
Total Department	17	22	17

MAJOR ACCOMPLISHMENTS

- Realigned department around four key areas of focus: Media Relations, Strategic Communications, Digital Outreach and Employee Communications.
- Enhanced online tools -- including an upgraded cps.edu -- to help parents and the public access key information about major announcements and activities.
- Expanded video capabilities and created “Inside CPS” to tell the CPS story more prominently through YouTube, where the District has now generated more than 200,000 views on its channel.
- Led a student contest to redesign the CPS logo as part of an overall effort to create an updated visual representation of the District.
- Increased the District’s Facebook (36,000+) and Twitter (25,000+) audiences by more than 30% each. Reached more than 278,000 users on Facebook during a weather-related school closing.

KEY BUDGET INITIATIVES

- Restructure Communications to better serve the needs of internal and external stakeholders.

Office of Teaching and Learning Core Curriculum

MISSION

To provide leadership and educational resources that support high quality curriculum and instruction focused on the effective implementation of disciplinary standards that prepare students for success in college, career and life.

MAJOR PROGRAMS

The Core Curriculum departments, which are under the Office of Teaching & Learning, focus on the effective implementation of Common Core State Standards in Literacy and Mathematics, Next Generation Science Standards, and high-quality arts instruction and programming in all art forms. They ensure that school instructors have the training, tools, and resources to support meaningful and effective teaching and learning.

- **Department of Arts Education** builds the capacity of arts educators and Arts Liaisons, provides in- and out-of-school time student programs in the visual and performing arts, and implements the CPS Arts Education Plan to increase equity and access to high-quality arts education.
- **Department of Literacy** provides leadership and resources that support rigorous standards-aligned curriculum, and provides all students with the language, literacy, social science and civic knowledge to succeed in college, career and life.
- **Department of Mathematics** supports teachers and administrators through district-wide professional learning opportunities, the development of curricular resources for Common Core State Standards-aligned instruction, and through the Middle Grades Algebra Initiative.
- **Department of Science** provides leadership and resources that support a high quality science curriculum and instruction.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Funds	3,807,474	7,211,596	7,907,732	6,308,290	1,968,504
NCLB Federal	4,206,095	1,320,243	1,649,019	744,010	4,599,356
School Special Income	430,224	144,785	634,914	299,443	308,408
Other Grants	561,097	336,435	540,652	462,203	163,417
Total Department	9,004,890	9,013,059	10,732,317	7,813,946	7,039,685

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Funds	32	32	6
NCLB Federal	7	7	24
School Special Income	1	1	1
Other Grants	1	1	3
Total Department	41	41	34

MAJOR ACCOMPLISHMENTS

- **Impacting students**
 - Over 25,000 participated in citywide in- and out- of- school time Core Curriculum programs
 - Over \$3 million in scholarships were awarded to student participants in Core Curriculum programs
- **Impacting Teacher Practice through Professional Development, Tools, and Supports:**
 - Provided nearly 5,000 educators with professional learning experiences in assessment practices, Common Core implementation, arts integration, and curriculum development
 - Provided 45 middle grades math teachers with over \$200,000 in tuition funds for university coursework, certifying them to teach Common Core State Standards-aligned high school algebra to qualified middle grade students
 - Loaned over 594 science curriculum kits to schools for classroom use, issued over \$750,000 in supplemental funding to schools for Core Curriculum teaching and learning, and connected tens of thousands of online library resources to schools
 - Provided over \$60,000 in grants to schools for implementation of service learning projects
- **Impacting School Leaders:**
 - Published budget guidance documents that clarify instructional time, budgeting, and school-level planning for Core Curriculum subject areas
 - Provided over 30 hours of professional learning for principals on Core Curriculum best practices

KEY BUDGET INITIATIVES

- **To impact students** by increasing student participation in citywide Core Curriculum programs, opportunities for student civic engagement and youth voice, and access to quality educational resources
- **To impact teacher practice** by strengthening professional learning for teachers, teacher leaders, and content liaisons, and by providing tools and resources such as Content Frameworks, Network Partnerships, and content-specific resources
- **To impact school leaders** by offering professional learning in leadership, Common Core State Standards practices, and coaching educators.

Office of Diverse Learner Supports and Services

MISSION

The Office of Diverse Learner Supports and Services (ODLSS) provides high-quality and specially-designed instructional supports and services for all diverse learners within their least restrictive environments. ODLSS works collaboratively with schools, networks, students, families, and other external stakeholders to prepare diverse learners for college and career success. This team provides the tools, guidance, supports, and services necessary to ensure that all diverse learners receive meaningful and relevant access to grade-level core instruction within their neighborhood school, school of choice, or the school closest to their residence.

MAJOR PROGRAMS

Specially-Designed Instruction: Specially-Designed Instruction provides direct services to students with visual or hearing disabilities and students who are homebound or in hospital settings. This program also provides consultative and coaching supports to Learning Behavior Specialists (teachers), and creates professional development resources and activities around key CPS and ODLSS initiatives.

Pupil Personnel Services: Pupil Personnel Services provides services for special education and limited general health requirements, including medical compliance and Response to Intervention, managing a team of over 1,400 related-service professionals. Services are offered in seven related service disciplines: Nursing, Psychology, Social Work, Speech-Language Pathology, Occupational Therapy, Audiology, and Physical Therapy.

Access and Opportunities: Access and Opportunities delivers secondary-transition supports, services, and experiences and provides Extended School Year and other summer programming services for students with Individualized Education Programs (IEPs). This area also identifies school locations to meet the needs of diverse learners, and supports students who require assistive technology tools that mitigate visual-, physical-, and curricular-access barriers.

Early Childhood Special Education: Early Childhood Special Education assigns and manages all citywide itinerant teachers and provides for the transition, enrollment, and support of students moving from Early Intervention, community-based Head Start programs into CPS schools. This team conducts developmental screenings for children from birth to five-years old, delivers technical assistance to schools and teachers that provide early childhood special education services, and conducts compliance monitoring for Illinois state performance plan indicators.

Charter/Contract/Private School Supports: As the Local Educational Agency for charter and contract schools, CPS provides instructional guidance and professional development to Case Managers and Learning Behavior Specialists to ensure compliance with IEPs, 504 Plans, and other legal mandates. Similarly, equitable Proportionate Share supports and services are provided for parentally-placed private school children with disabilities in Chicago.

Procedural Safeguards and Parental Supports: Procedural Safeguards and Parental Supports represents CPS in due-process hearings and mediations, coordinates the investigation of state complaints, helps resolve school disputes, provides technical legal assistance to parents and school personnel, and supports parental participation in education.

Resource Management and System Supports: Resource Management and System Supports provides financial and operations support to schools, networks, and Central Office departments including allocation of Learning Behavior Specialists and Paraprofessional positions to schools.

Compliance Monitoring and Management: Compliance Monitoring and Management develops and maintains the data system infrastructure used to collect and report academic, behavioral, health-related, and other federal- and state-required data, and delivers comprehensive reporting and data analysis to the Illinois State Board of Education, Office of Special Education Programs, networks, principals, teachers, parents, and communities.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	215,494,965	217,915,755	223,318,929	219,116,402	214,756,013
Other Grants	16,140,849	23,550,215	24,519,326	22,192,807	23,165,400
Total Department	231,635,814	241,465,970	247,838,255	241,309,209	237,921,413
Budgeted at Schools	562,892,021	581,814,956	584,254,880	613,090,921	578,184,454
Grand Total	794,527,835	823,280,926	832,093,136	854,400,131	816,105,867

- The difference between FY 15 expenditures and the FY 16 proposed budget reflects the savings announced in July 2015.

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	1,491.5	1,421.5	1,419.5
Other Grants	196.0	197.5	189.5
Total Department	1,687.5	1,619.0	1,609.0
School Based	7,072.7	7,395.5	6,780.0
Grand Total	8,760.2	9,014.5	8,389.0

MAJOR ACCOMPLISHMENTS

- Provided regular training and coaching supports to the over 350 teachers providing instruction in programs for students who require intensive academic supports
- Provided 2,500 homebound instruction referrals, served over 1,000 students in various medical and psychiatric institutions, and provided itinerant services to over 650 students with vision impairments
- Revised related service provider allocations to a workload and enrollment based formula, resulting in more preventative-focused services and becoming better aligned to federal and

state guidance. Increased RSP role in providing tiered interventions to over 25,000 students, resulting in early intervention and the reduction of adverse impacts on students.

- Launched a pilot Post-Secondary Employment Preparation (PEP) Training Center with Ray Graham Training Center HS at CPS Central Office where students learn key skills needed for employment while interning in jobs that they may be eligible for after graduation
- Created an Autism-Behavioral Health Team centered on providing behavioral support to classroom staff, increasing their ability to remediate disruptive student behaviors

KEY BUDGET INITIATIVES

All Means All Pilot: Aimed at accelerating academic achievement of students with diverse learning needs, the FY16 pilot expands from 22 schools to 102 schools in all networks, serving over 9,000 diverse learners. AMA provides principals with one-on-one coaching and budget flexibility to design innovative programs to better meet individual student needs. AMA objectives include increasing school engagement in implementing results-driven academic programming and service delivery for diverse learners, building capacity in our neighborhood schools to support the academic achievement of diverse learners, improving appropriate resource allocation to schools based on IEP needs so that resources follow the student, and encouraging schools to provide necessary transition support to students who exit special education.

Increasing Diverse Learner Access To Core Curriculum: Transformation of student and staff scheduling within all schools and programs —district, charter, elementary, high school, neighborhood, selective enrollment, magnet, specialty schools, early childhood special education— and improvements functioning within network teams. Renewed focus is placed on the quality of instruction within cluster classrooms and specialty schools, and a new focus on the integrated delivery of related services.

Office of Early Childhood Education

MISSION

The Office of Early Childhood Education (“OECE”) is a part of the Office of Teaching and Learning. We are committed to engaging students in high-quality learning experiences that support and respect the unique potential of each individual through best practices and meaningful family and community engagement.

MAJOR PROGRAMS

School-based Early Childhood Preschool Programs

- **Early Childhood Preschool Programs:** Provides high-quality preschool for children ages 3-5 in Chicago Public School (“CPS”) buildings. Children are instructed by CPS teachers, with support for this program coming primarily from the State Early Childhood Block grant. Classrooms are offered in both full-day and half-day settings.
- **Early Childhood Preschool Programs-Head Start:** CPS receives funding from the Chicago Department of Family and Support Services (“DFSS”) to operate the federally funded early childhood program for low income children and their families. Classrooms are offered in both full-day and half-day Settings.
- **Child-Parent Centers (“CPC”):** The CPC program is the oldest successful model of early childhood education. CPS’ Child-Parent Centers provide a full array of child and family support services in 17 locations. The CPC programs are funded through multiple sources, including Title I, an i3 Grant, Social Impact Bonds, and other grants. Classrooms are offered in both full-day and half-day Settings.
- **Tuition Based Preschool (“TBP”):** The TBP model was developed in an effort to provide preschool programs for working families in need of quality early childhood education and care programs. CPS offers tuition-based preschool in a community where at least 20 families are in need of these services. The costs for these programs are fully covered by the tuition charged to families. The session is in progress for 10 hours per day.

Community Partnership Preschool Programs

- **Community-Based Preschool for All:** In addition to providing preschool programs directly, CPS contracts with over 120 community providers who offer programs throughout the city. Providers are selected through an RFP process. These services are primarily funded by the State Early Childhood Block grant.
- **Birth-3 Services:** Recognizing the importance of reaching children at birth, CPS contracts with community-based providers to offer center-based prevention initiative services for infants and toddlers. These services are partially funded by the State Early Childhood Block grant and include developmental screening and monitoring.
- **Prevention Initiative: Home Visiting:** Through community-based providers, CPS reaches nearly 3,000 families with children aged birth to 3. Pregnant and parenting teens in CPS high schools are included in these home-based services. These services are funded by the State Early Childhood Block grant.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	669,934	505,791	440,896	262,444	430,822
NCLB	535,213	307,600	1,290,070	1,198,259	1,922,952
Other Grants	63,529,988	69,467,474	70,512,191	65,744,541	67,511,381
School Generated	200,053	261,498	368,095	174,478	486,096
Total Department	64,935,188	70,542,363	72,611,252	67,379,722	70,351,251
Budgeted at Schools	105,524,705	110,470,421	112,070,843	111,381,999	129,667,298
Grand Total	170,459,893	181,012,784	184,682,095	178,761,722	200,018,549

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
NCLB	2	2	2
Other Grants	108	110	154
School Generated	1	1	1
Total Department	111	112	111
School Based	1,410.2	1,461.2	1,510.6
Grand Total	1,521.2	1,573.2	1,621.6

MAJOR ACCOMPLISHMENTS

- The Office of Early Childhood Education launched the *Chicago: Ready to Learn!* initiative across all OECE funded programs two years ago. Since that time, *Chicago: Ready to Learn!* continues to be a joint effort between the Chicago Department of Family and Support Services and Chicago Public Schools to ensure that Chicago is investing in high-quality programs for young children, birth to age five.
- Over the past year, OECE supported the implementation of the second year of full day kindergarten in all CPS schools.
- Expanded full day preschool opportunities in school-based programs to serve high need areas in the city in over 100 classrooms.
- Provided the “Walking Preschool Bus” program in year three to 10 schools and approximately 100 families. The Walking Preschool Bus provided by COFI provides a trained adult to walk preschool students to and from school door to door. The goal is to improve parent and student participation in the school.
- Implement year two of the co-pay system to ensure all children have an opportunity to apply for approximately 1200 families. In an effort for all families to participate in CPS school based preschool programs, the co-pay system allows parents to pay for their child’s participation in them if they are not eligible for a grant funded seat.
- Entered all schools into the ExceleRate Illinois preschool rating system. Over 270 schools received a Gold rating.
- Supported implementation of the Network Professional Development for teachers PreK-2nd Grade to create high-quality instruction aligned to the Common Core State Standards.

- Hosted a Summer Institute for Birth through Second Grade staff that had over 1000 attendees over three days in July.
- Awarded the Federal Preschool Expansion Grant.
- Implemented 2nd Grade Ready Readers. A Tier 3 intervention support program that served 5700 students in 246 schools in the spring of 2015.

KEY BUDGET INITIATIVES

- Open 80 additional full day classrooms in FY 16, including 55 through the Preschool Expansion Grant. These classrooms serve high need communities throughout the city.
- Build intervention supports for K-2nd Grade students, including 2nd Grade Ready Readers in all Title I schools to serve approximately 7,000 students.
- Build effective quality supports and monitoring systems that align with state and federal regulations for all early childhood programs by increasing support systems to schools including monitoring teams, early childhood education specialist, enhance parent engagement activities and curriculum, and additional social and emotional supports for students.
- Develop a comprehensive system for grades PreK-2nd Grade Common Core State Standards framework for teaching, including the CPS Early Literacy Plan and engaging experts from the community to increase resources available to teachers and families.
- Improve recruitment and enrollment systems and efforts to engage all families in early childhood preschool programs.

Office of Early College and Career Education

MISSION

The Office of Early College and Career Education (“ECCE”) is a part of the Office of College and Career Success (“OCCS”) and provides access to rigorous and relevant college-level and career-focused courses that result in postsecondary credit, professional credentials, and work-based learning.

MAJOR PROGRAMS

- **Career and Technical Education (CTE)** programs engage students in advanced, career-focused curriculum, industry certification opportunities, and work-based learning to drive increased graduation, college enrollment, and employability rates. Students are prepared for multiple pathways to postsecondary success.
- **Early College** programs focus on providing educational options for students to gain college credits, experiences, and rigor while in high school. This work includes: five Early College STEM Schools (ECSS); Dual Credit; Dual Enrollment; and CTE Articulation Agreements.
- **Computer Science for All** is a groundbreaking District initiative that will continue to expand Computer Science K-12. The District is in the second year of a five-year strategy to support this expansion, which will result in computer science being a core subject and a graduation requirement.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Budget	1,654,153	2,432,468	2,240,491	1,862,562	1,580,080
NCLB Federal	338,636	492,567	158,072	72,719	0
Other Grants	5,719,250	12,477,917	8,330,425	6,129,977	10,086,182
Total Department	7,712,039	15,402,952	10,728,988	8,065,258	11,666,262
Budgeted at Schools	9,368,635	4,651,431	9,037,794	7,957,182	659,453
Grand Total	17,080,674	20,054,383	19,766,782	16,022,440	12,325,715

- Large amounts of grant funds are held centrally to start the fiscal year and subsequently transferred to schools where spending occurs.

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Budget	8	7.5	6.5
NCLB Federal	1.5	0	0
Other Grants	29.5	30.5	29.5
Total Department	39	38	36
School Based	48.7	43.9	7.67
Grand Total	87.7	81.9	43.67

MAJOR ACCOMPLISHMENTS

- In fall 2014, launched Computer Science for All in 24 elementary schools and 22 high schools, and will add another 61 schools next year for a total of 107.
- Expanded Early College work to 4-year institutions such as St. Xavier, Loyola, IIT, and UIC while innovating our approach with CCC – expanding to Options Schools, having CCC faculty teach at the high school level, and creating Early College options for CTE.
- 70 high schools will be running 190 dual credit courses in SY16, up from 38 schools running 82 courses in SY15.
- Industry certifications, such as IT Essentials and Certified Nursing Assistant (CNA), are now included on the School Quality Rating Policy (SQRP). For SY15, CTE students earned over 3,500 certifications, of which over 1,700 are SQRP eligible.
- 20 schools applied for new CTE programming. Nine new programs are slated to open in SY16, and two schools will pilot modified Health Science programs in fall SY16 for the first time, expanding options for low enrollment schools.
- Continued expansion of work-based learning through strategic partnerships such as CTA and Chipotle. We organized 1,030 job shadows and 1,500 internship opportunities in SY15, compared to 640 job shadows and 1,400 internships in SY14.
- Launched CTE instructional coaching support model that reached close to 200 teachers, and worked intensely with 106 teachers.

KEY BUDGET INITIATIVES

- Continue to expand work-based learning and internships by targeting two-to-three strategic industry partnerships (e.g., Chambers of Commerce, industry associations, etc.).
- Continue to strengthen CTE curriculum and instructional support across all programs citywide.
- Expand dual credit and dual enrollment programs to reach goal of 7,000 enrollments in SY 2015-2016. In FY16, 32 additional high schools will be approved to offer dual credit, bringing the total number of high schools offering dual credit to 70. Support growth to four-year post-secondary partners.
- Develop Career Pathways program to support opportunity youth, which connects youth with career-exploration, certification-bearing/post-secondary training opportunities, employment, and connection to employment.
- Develop Board Policy recommendation and a school guidance document for a Computer Science graduation requirement. Expand Computer Science to 40-50 new schools.

Executive Office

MISSION

The Chief Executive Officer is responsible for ensuring that the district’s mission of providing a high quality education to every child in every neighborhood is realized, steering innovations that improve academic outcomes, and putting the district’s finances on stable footing.

MAJOR PROGRAMS

Executive Administration: Lead the district’s administration, including providing world-class education options that prepare all students for success, stabilizing District finances, and coordinating with the Board of Education.

Chief of Staff: Coordinates the endeavors of senior leadership across departments to ensure strategic harmony in achieving the CPS mission.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	2,730,990	1,535,878	1,819,963	1,728,678	1,478,963
Total Department	2,730,990	1,535,878	1,819,963	1,728,678	1,478,963

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	11	13	8
Total Department	11	13	8

KEY BUDGET INITIATIVES

- Stabilize the district’s finances by working with state and local partners to ensure that every school has the resources it needs.
- Continue to expand high quality education options to students in all parts of Chicago, and make sure that all students have access to a high quality high school within three miles of their homes.
- Improve recruitment and retention of high quality principals and teachers to drive academic improvements across the city.
- Streamline Central Office operations to better support students and schools.

Department of Facilities Operations and Maintenance

MISSION

The Department of Facilities Operations and Maintenance serves to keep schools safe, warm and dry while providing the best possible climate for students achievement.

MAJOR PROGRAMS

- **Capital - New Construction and Renovation:** Develops building projects and budgets for consideration in the District's capital plans, and ensures that standards are implemented and that project scopes meet District priorities. We ensure buildings are warm, safe, and dry and create new buildings and annexes to alleviate overcrowding.
- **Engineer Services:** Engineer services are provided to schools to keep critical building infrastructure and mechanical systems operational and to ensure maximum building safety, functionality and long-term durability.
- **Custodial Services:** Custodial services are provided to schools to keep facilities clean and habitable for students and staff. In FY14, Aramark Management Services was hired to manage board-employed custodians and custodial service vendors. Under Aramark, CPS has transitioned to a new service model, with schools staffed by one custodian during the day and deep cleaning done during non-school hours.
- **Waste Removal:** Schools are provided with uninterrupted trash and recycling services, including collection and disposal. Each school has waste and recycling dumpsters appropriate for building size and capacity.
- **Integrated Facilities Management (IFM):** In FY15, CPS initiated a pilot asset management program at 33 schools, in which one vendor - SodexoMagic LLC - provides all asset management services at each school. These services include engineer and custodial work, O&M repair work, various trades, landscaping, pest control, energy management, and snow removal.
- **Real Estate:** The Real Estate department manages the sale of all surplus assets, including the portfolio of closed school buildings from the 2013 school actions. The department also oversees all real estate contracts throughout the District, including leases, school license agreements, telecom agreements, venue rental contracts, and intergovernmental agreements with other agencies. Real Estate ensures that CPS property is utilized so that it generates discretionary income for the District, creates strategic partnerships that benefit CPS, and minimizes leasing costs.
- **Other Contractual Services:** In order to reduce costs and increase the quality of services, the District manages fifteen contracts centrally, with five new contracts added to the portfolio of goods and services in FY15. Current contracts include various trades, environmental contractors, emergency restoration contractors, maintenance, repair and operations (MRO) supplies, landscaping, pest control, elevator maintenance and inspections, fire extinguishers, pumps and sprinkler maintenance and service, backflow services, HVAC water treatment, and pool chemicals.

Budget Summary

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	281,300,600	322,110,929	323,098,048	297,044,195	323,092,661
NCLB Federal	0	0	1,436	0	0
Other Grants	0	994,409	970,421	919,190	1,132,658
School Generated Revenue	139,344	40,580	418,540	41,721	27,392
Total Department	281,439,944	323,145,918	324,488,444	298,005,105	324,252,711
Budgeted at Schools	65,805,346	279,308	22,709,783	21,259,898	0
Grand Total	347,245,290	323,425,226	347,198,227	319,265,003	324,252,711

Position Summary

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	1,490	1,436	1,397
Total Department	1,490	1,436	1,397

MAJOR ACCOMPLISHMENTS

- Relocated CPS headquarters into a new Central Office location at 42 W. Madison, a move projected to save the district \$60 million over 15 years.
- Closed on \$5 million in property sales.
- Achieved nearly \$6 million in savings from improved centralized management of school engineer work to provide services at a lower cost across the District.
- Completed first year of new centralized custodial management program, which will save over \$12 million annually beginning in FY16.
- Completed first year of the pilot Integrated Facility Management program at 33 schools, combining asset management functions – custodial services, engineer services, repair work, landscaping, and pest control – in a more efficient service delivery model.
- Continued the Energy Shared Savings Program, an initiative to share savings with schools that reduce their energy usage; the initiative provided more than \$280,000 in energy savings for the District, with half of the savings being reinvested in the schools
- Brought the first group of new prototypical additions/annexes on-line with an average savings of 8 percent.
- Implemented a new electronic routing process for obtaining Preliminary/Final Acceptance on Capital Improvement Projects, which helped to reduce the approval time by 77 percent.
- Delivered the FY15 air conditioning program \$5 million under budget by using a multi-prime delivery methodology that allowed for the completion of an additional 29 schools a year ahead of schedule.
- Consolidated the functions of the Program Manager and Design Manager into a single Program Planning and Design Management Entity which will save \$3 million annually.

KEY BUDGET INITIATIVES

- Implement a hub-and-spoke model for engineer deployment, where a high school (will serve as the “hub”) and nearby elementary schools will share engineer services. This will increase both efficiency and flexibility of engineer personnel, and will result in significant cost savings for the District.
- Partner with SodexoMagic to implement energy conservation projects at schools. SodexoMagic is investing \$5 million to update and upgrade mechanical systems, lighting, and other building equipment that will generate savings and future cost avoidance through reduced energy consumption.
- Consolidate underutilized space in school buildings to reduce operating and maintenance cost by \$2.4 million, half of which will be shared with schools.
- Reduce operating and maintenance costs by 25 percent by working directly with tradesman to provide more or equivalent levels of maintenance at a reduced cost.
- Continue reduction in Capital Consultant Management cost to reflect current projected reductions in annual Capital spend.

Office of Family and Community Engagement

MISSION

To empower and engage CPS families and communities in order to nurture strong support structures that improve student outcomes.

MAJOR PROGRAMS

- **Network Family and Community Engagement (FACE) Managers:** Nurture strong student support structures by fostering better informed, empowered and engaged parents. FACE Managers work with each Network to conduct parent workshops, implement district attendance and truancy strategies, conduct community needs assessments, and provide targeted outreach.
- **Parent University:** Physical locations that provide resources and services to help parents better support their children’s learning. Services may include early childhood guidance, special needs support, and help with the college application process.
- **Faith-Based Initiatives:** A partnership with the faith-based community to provide education advocacy and crisis support services to CPS families. The flagship program, Safe Haven, provides leadership and social-emotional programming in targeted communities. This program is provided to students at no-cost during after-school hours and over the winter, spring and summer breaks.
- **Community Relations:** Facilitate meetings and workshops through Community Action Councils (CACs) that aid the development of community-specific educational plans. Conduct community dialogue and focus groups, and provide leadership development through community conferences.
- **Back-to-School Campaign:** An aggressive grassroots approach to building awareness for strong attendance on the first day of school.
- **Local School Council (LSC) Relations:** Conduct LSC elections and train/support LSC members in fulfilling their statutory duties, which include principal evaluation, retention and selection, approval and monitoring of school budgets, and monitoring LSC members’ compliance with statutory mandates.
- **Title I Parent Involvement:** Facilitate parent involvement in Title I schools by working with principals and parents to comply with mandates for programming supported by Title I funds.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures as of 5/30/2014	2016 Proposed Budget
General Budget	6,814,619	9,468,718	9,010,886	7,849,108	5,717,495
NCLB Federal	1,562,292	487,546	487,546	469,342	1,141,620
Other Grants	0	532,500	874,500	874,500	658,000
School Generated	28,000	0	0	0	0
Total Department	8,404,911	9,956,264	9,840,432	8,660,450	7,517,115

- Parent Support Centers moved to the Office of Network Support during FY15, accounting for a mid-year reduction of \$867,923.
- The Safe Haven program received a new grant of \$1 million from the City of Chicago, of which \$342,000 was spent in FY15 and \$658,000 is budgeted for FY16. This grant was given in addition to the City’s original commitment of \$532,500 for the Safe Haven program in FY15. Further, the Safe

Haven program received \$500,000 from the State of Illinois in FY15, which was appropriated in the General Budget.

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Budget	55.4	50.4	33.4
NCLB Federal	3.6	3.6	10.6
Total Department	59	54	44

- Parent Support Centers moved to the Office of Network Support during FY15, accounting for the reduction of 5 positions.
- FACE strategically restructured Title 1 Parent Involvement responsibilities, staffing, and LSC Election planning to support cost-saving initiatives across the district for FY16.
 - Moved Title I Parent Involvement supports to FACE Managers who are already working with parents and community members, freeing up LSC Relations staff to focus on LSC supports.
 - Reduced total cost of Back to School, while still maintaining the programming that has proven to be successful in driving attendance in the first week.
 - Found ways to use Title I Parent Involvement funds to support department efforts, freeing up general funds for other priorities.

MAJOR ACCOMPLISHMENTS

- Continued support of Safe Haven Program at 110 sites across the city. Provided services such as anti-bullying curriculum to over 4,500 children during summer, winter, and spring intercessions as well as after school.
- Initiated a Coat Drive campaign which provided winter coats to over 3,000 students.
- Trained 6,450 LSC members on roles and responsibilities, conducting effective meetings, school improvement plans, budgeting, principal evaluations, retention, and principal selection.
- Launched two Parent University pilot sites in spring 2014 at Roberto Clemente and Spencer Technology Academy

KEY BUDGET INITIATIVES

- Increase supports and partnerships to aide in the reduction of truancy, and improved attendance and reintegration.
- Increase school and community partnerships leading to enhanced student resources and opportunities.
- Expand Parent University program to Sir Miles Davis Elementary

Finance

MISSION

The Chief Finance Office oversees Corporate Accounting, Risk Management, Children and Family Benefits Unit (CFBU), Office of Business Diversity (OBD), Treasury, and Office of Management and Budget (OMB). Finance manages CPS' annual and long-term financial budget with the primary objective of ensuring effective performance planning and accountability, financial stability and maximum resource support of educational priorities and student achievement.

MAJOR PROGRAMS

- **Corporate Accounting/Accounts Payable:** supports the administrative and instructional needs of the Chicago Public Schools by utilizing efficient technologies and proven financial systems to implement accurate financial reporting and cost-effective operating processes.
- **Risk Management:** maintains an insurance program to manage the liability exposure of the Board, and any retained losses are managed through a variety of risk transfer strategies including shifting of risk via contracts with vendors.
- **Children and Family Benefits Unit:** increases and maintains the participation rate of students in Medicaid and SNAP (Supplemental Nutrition Assistance Program). Through their efforts, they are able to identify new revenue streams as well as enhance existing ones through the Poverty Grant and Medicaid Reimbursement for students that are a part of the district's Diverse Learner program. CFBU also implements strategies to increase the participation rates of students in Medicaid and SNAP to promote success in the classroom and to ensure children and families have access to health care and a healthy food purchasing power.
- **Office of Business Diversity:** responsible for the administration and monitoring of the Minority and Women Owned Business Enterprises (M/WBE) program. The M/WBE program helps create and sustain an equitable business environment by promoting M/WBE participation in public contracting and procurement. Chicago Public Schools (CPS) is a leader in this area, and continues to be dedicated to its goals.
- **Treasury:** manages debt, investments and cash flow activities to optimize liquidity, maximize investment earnings and obtain the most efficient financing for capital projects, given the Board's available resources and risk tolerance.
- **Office of Management and Budget:** provides fiscal support for the District by ensuring that the budget is balanced, expenditures remain within budget, budget decisions are based on solid analytical information, and school, district, and public users have access to information that is transparent, easy to understand, and useful. OMB further ensures that the District accesses the full federal and state funding allocations available, that users of these funds meet all reporting and compliance requirements, and that these funds fully support the District's objectives and goals to improve student achievement.
- **Chief Finance Office:** analyses of financial policies and legislation and their impact on CPS' revenue generation and pension management.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
Risk Management	6,158,513	9,495,926	7,294,774	6,179,893	6,272,918
Corporate Accounting	5,267,556	5,757,098	5,219,068	4,061,284	4,453,518
Budget & Management Office	2,240,647	3,071,954	2,933,434	2,357,666	2,809,080
Treasury	1,256,989	1,892,928	1,890,571	1,251,769	1,875,400
Children and Family Benefits Unit	684,838	973,133	1,002,840	815,951	827,489
Accounts Payable	1,187,578	1,201,300	1,194,881	1,069,882	736,230
Chief Financial Officer	461,937	583,170	581,947	599,671	575,818
Business Diversity	393,416	470,414	470,337	445,757	419,568
School Special Income	-135,977	28,957,627	2,700,613	432,709	0
Total Department	17,515,497	52,403,550	23,288,465	17,214,582	17,970,021

- Budget & Management: FY15 expenditures came in below budget due to vacancies throughout the year. One position worth \$41,700 was closed for FY16.
- Treasury: FY15 expenditures are net of interest income. Interest income will be recorded as revenue in FY16, and Treasury expenditures will represent fees gross of interest earnings.
- Risk Management: Reduced the FY16 claims contingency and amount budgeted for premiums by \$3M as a result of updated insurance policies.
- Other Grants: Primarily school generated revenues that are transferred to schools during the year.

FUND SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	17,231,068	22,970,399	19,946,202	16,049,080	17,218,217
NCLB Federal	360,446	416,821	420,210	421,756	418,149
Other Grants	-76,017	29,016,330	2,922,053	743,746	333,655
Total Department	17,515,497	52,403,550	23,288,465	17,214,582	17,970,021

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
Corporate Accounting (including Accounts Payable)	44	45	37
Budget Management Office	27	27	26
Children and Family Benefits Unit	13	12	12
Treasury Total	7	7	7
Risk Management	5	5	5
Business Diversity	4	4	4
Chief Financial Officer	2	2	2
Total Department	102	102	93

MAJOR ACCOMPLISHMENTS

- Developed and successfully launched Hyperion suite of IT applications including Budget, Projections, Revenue, Capital and Debt Service. School budgets have been simplified and principals have more planning tools to use in preparing their budgets. Despite having only two weeks to complete their school budgets, Principals did so using the new tool, a sign of the efficiency of the system and the ease of use.
- The applications also provide Budget and Treasury enhanced data analysis and monitoring capabilities for monthly district-wide spending, expected revenue, debt service budgeting, and capital planning.
- Implemented paperless invoicing for all vendors. By switching to this simple e-mail-based system, we eliminated volumes of paper that had to be manually scanned into the financial system to process payment. The system is more user-friendly for vendors, provides more timely payment and tracking, reduced errors and reduced staffing
- Undertook redesign of the school Internal Accounts tracking process. This system, previously operated separately from the main accounting system, allows schools to manage funds generated at the school level, such as fees and from fund-raisers. Under the new model to be implemented in Fall, 2015, the system will be simplified, linked to the district's main accounting system for better financial tracking, and training and support for school staff will be significantly enhanced.
- Successfully secured \$700 million in lines of credit to provide liquidity to the District throughout our extremely challenging financial times.
- Reinvigorated the audit process, with a new focus on solving underlying problems identified in school audits, a more timely audit review of schools, working more aggressively to resolve systematic problems identified in department audits, and developing and completing an annual audit program.
- Began implementation of the Illinois E-Pay program at the central office and a pilot of the program at schools. This allows schools to accept payments electronically, such as parent payments.
- Implemented a new investment tracking tool which significantly deepened the credit analysis and investment strategy toward the yearly investment.
- Took over management and oversight of the district's 403b and 457 employee deferred compensation plans. This ensures that the district's entire investment responsibility is consolidated into one area with the necessary expertise.
- Assisted families in securing Medicaid and Supplemental Nutrition Assistance Program (SNAP), with a particular emphasis on helping families already receiving CPS services. This ensures that the district can receive Medicaid reimbursement. Over \$500,000 worth of Medicaid billable services provided to eligible students have been identified this year. As a result, claims for these students have been resubmitted for processing.

KEY BUDGET INITIATIVES

- Continue expansion of Hyperion, moving to automate production of the Consolidated Annual Financial Reports and other financial reporting.
- Strengthen financial reporting by implementing timely month-end and year-end closing processes, quarterly reconciliations, and other best practices that ensure accurate and timely reporting.
- Implement new district-wide travel policy to reduce cost and improve accountability.
- Reduce CPS' insurance premiums from approximately \$4.7 million in FY15 to about \$3.6 million in FY16 by eliminating unnecessary coverage and by increasing Self Insured Retentions (deductibles). Decreased claims contingency funding to historical spending levels, saving

approximately \$2 million.

- Support the replacement of the District's obsolete and resource intensive Position Control system. Payback for this investment is expected to be achieved within two years.
- Execute the FY16 line of credit, authorized at up to \$935 million to continue to manage the district's liquidity throughout the year.
- Execute the upcoming bond issuance to finance capital expenditures, refinance outstanding bonds and pay for swap termination payments (as needed), authorized at up to \$1.16 billion.
- Continuing to deepen the district's capacity for liquidity forecasting and provide a better tool for reporting cash flow.

Office of Grant Funded Programs

MISSION

The mission of the Office of Grant Funded programs (GFP) is to ensure strategic utilization of grant funds, aligning them with District priorities to increase student achievement.

MAJOR PROGRAMS

- **Grant Development and Implementation Support:** Manage the development and on-time submission of formula grant applications and amendments, and monitor and support the implementation of all grant initiatives, working collaboratively and deliberately with leaders of various CPS departments to ensure outcomes and results aligned to District objectives.
- **Internal and External Compliance:** Provide accurate and timely documentation of internal controls and coordinate tests performed as part of the District's A-133 audits, state monitoring visits, federal monitoring visits and other funding agency compliance requirements, and ensure that the District's internal controls are adhered to by monitoring the use of grant funds at the school, department and Network levels.
- **Non-Public School Programs:** Ensure timeliness, efficiency and efficacy of District-administered programs to meet ESEA requirements for equitable distribution of federal resources such as Title funds and IDEA to private/non-public schools and students.
- **Charter School Funded Programs:** Manage systems and structures necessary to support charter, contract and ALOP schools' allowable and impactful use of federal and state categorical funds.
- **Statewide Systems of Support (SSOS):** Manage District implementation of the Title I Statewide System of Support and the related coordination of services to ISBE-identified priority and focus schools by leveraging available structures and resources to ensure that schools receive expert, timely and relevant assistance with an emphasis on closing the achievement gap.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	1,869	9,834	0	0	0
NCLB Federal	3,129,007	3,777,585	3,788,890	2,878,499	2,593,742
Other Grants	3,435	112,489	771,212	286,342	1,658,826
Total Department	3,134,311	3,899,908	4,560,102	3,164,841	4,252,568
Budgeted at Schools	21,255,081	24,126,980	25,324,329	19,220,264	24,490,637
Grand Total	24,389,392	28,026,888	29,884,431	22,385,105	28,743,205

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
NCLB Federal	28	26	24
Other Grants	1	9	11
Total Department	29	35	35

MAJOR ACCOMPLISHMENTS

- Submitted more than 60 formula grant applications and amendments for federal and state funds to support the implementation of grant-funded programs, totaling more than \$600M.
- Completed nearly 300 school compliance visits, reviewing over \$200M in federal funds to provide on-site guidance and support to schools on uses of federal and state funds.
- Distributed over 2000 federally-required time and effort attestations to school, Network, and District Office staff via a new electronic tool built into the existing Oracle financial system.
- Provided Title I services including supplemental instruction and academic counseling to over 14,000 eligible students of non-public, private schools as part of required proportionate share services.
- Supported the allocation of more than \$90M in state and federal funds to charter, contract, and alternative schools by reviewing program plans for more than 150 individual campuses and ensuring alignment to grant requirements.
- Launched Network Liaison services to all geographic Networks via the Statewide System of Support to provide expert, timely and relevant assistance with an emphasis on closing the achievement gap.

KEY BUDGET INITIATIVES

- **Full implementation of the Statewide System of Support:** Fully staff the Network Liaison team at 10.0 FTE per the requirements of the Statewide System of Support grant and begin services to all qualifying Networks/schools, including AUSL, OS4 School Improvement Grant schools, and charter, contract, and alternative schools.
- **Coordination of supplemental supports to schools.** Through the efforts of the Title I Statewide System of Support and the NCLB Title I grant, ensure resources are utilized efficiently and effectively to support identified schools to increase the academic achievement of students.
- **Build on proven compliance monitoring practices:** Emphasize up-front internal controls, ongoing monitoring, consistent guidance, and comprehensive training in an effort to minimize back-end compliance issues.

Information & Technology Services

MISSION

The Department of Information & Technology Services (ITS) provides innovative technology solutions that improve the quality of education for our students, reduce the administrative burden on our educators, facilitate parent interaction, and increase community engagement.

MAJOR PROGRAMS

- **Student Records and School Performance:** The IMPACT student records system supports daily school operations, and the data warehouse and "Dashboard" support performance analytics.
- **Operating and Supporting Systems:** Finance, HR/Payroll, Learning Hub, CPS.EDU, and other supporting ITS functions, such as training and communications.
- **Infrastructure Backbone:** Data center, telephones and the data network, including school wireless networks and internet connections.
- **User Devices:** Computer engineering and support, including the help desk, field service support vendors, software licensing and device acquisitions.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	46,231,036	76,849,422	79,268,682	53,455,164	74,691,226
Lunchroom Fund	599	0	5,700	2,280	0
NCLB Federal	8,733	0	0	0	286,625
SGSA	6,522	0	0	0	0
Other Grants	681,907	146,672	306,568	139,857	94,077
Total Department	46,928,796	76,996,094	79,580,950	53,597,300	75,071,928

- CPS has historically received essential telecom support and maintenance services paid for directly by the Federal E-Rate subsidy program. Because the E-Rate program paid vendors directly for the services provided to CPS, these benefits were not included in the ITS operating budget. However, to more accurately reflect the actual cost of services managed in FY15, the value of \$28.3 million was added to the ITS budget in the General Fund, reflecting E-Rate payments as revenue on behalf of CPS. Accounting will add E-rate expenditures manually when year-end true-ups are complete to meet the gap between the budget and expenditures.
- A reduction in headcount to cut costs and lower wireless maintenance expenses due to fewer schools are driving savings in the FY16 budget versus FY15.

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	169	161	156
Total Department	169	161	156

MAJOR ACCOMPLISHMENTS

- Partnership of Assessment of Readiness for College and Careers - Moved from 40 percent readiness to over 90 percent of schools ready for full district testing with improved device inventory through district-wide campaign. School bandwidth was increased to 50 Mb/s and improved device management capabilities across all platforms.
- Data Center Move
 - 1,118 physical and virtual servers
 - 187 servers consolidated
 - 2,900 fiber and copper patch cables
 - 18 miles of cabling
 - 31 enclosures of equipment
- Central Office Move - ITS played a major role in the relocation of the central office to three new buildings, which will save the district more than \$60 million over a span of 15 years.
- SIM Upgrade - Upgraded the Student Information Management (SIM) System to a new and improved version.
- Hyperion Budgeting - Enhanced current budgeting process to deliver a robust platform for budgeting, planning forecasts, and reporting by implementing Hyperion Public Sector Planning, Data Relationship Management, and Hyperion Essbase that can be shared across Chicago Public Schools.

KEY BUDGET INITIATIVES

- Reduction of eight vacancies and five staffed positions.
- Renegotiation of software, support and maintenance fees for district-wide software contracts projected to save \$4.8M.
- Reduction of \$1M in application consulting costs.
- Centralizing departmental IT functions (Reflect and Learn, TALEO SaaS, OCCS Career Portal) to reduce cost by \$1.9M.
- Implementing Central Office Device management initiative to save District \$1.5M. Departments no longer need to purchase technology.
- Bandwidth increases
 - 455 Schools received an increase in bandwidth to 50Mb.
 - All schools now have high speed Internet.

Office of Innovation and Incubation

MISSION

As the designee for The Chicago Board of Education (BOE), the legal entity that authorizes all new schools regardless of governance structure, the Office of Innovation and Incubation (I&I) manages a portfolio of over 141 charter and contract schools, 13 Alternative Learning Opportunity Programs (ALOP) and 2 Safe Schools that educate well over 60,000 students. The office provides direct support to a diverse set of schools – Traditional and Options – for youth with varied needs that include, but are not limited to, students seeking alternatives to the neighborhood school, re-enrolled dropouts and young adults who are currently in school but significantly off-track for graduation, students who have been expelled or are in need of alternative placement for behavioral reasons, and students involved in the juvenile justice system. The Options schools include ALOP programs and Safe Schools, but also certain charter and contract schools, and four District-run schools.

MAJOR PROGRAMS

Below are the intra-office departments that allow our team to operate most efficiently and provide the highest level of customer service to our stakeholders. The responsibilities for each work function are also highlighted.

- **New School Development** is responsible for managing the design, development and readiness of all new, innovative school models and programs. This work includes ensuring that the District adheres to any and all provisions of the Illinois State Board of Education (ISBE) and the Illinois School Code regarding charter, contract, and alternative learning opportunities programs. This team is responsible for engaging with key internal and external stakeholders (parents, community and faith-based organizations, new school operators, business leaders, education advocacy groups, high performing authorizers, etc.) to develop, manage, and execute Chicago Public Schools new and existing school development processes, which will be consistent, transparent and aligned to best authorizing practices.
- **School Operations and Compliance** is responsible for supervising the financial and operational compliance-based systems, processes, etc. for charter and contract schools as well as ALOPs. The team ensures that schools adhere to any and all compliance related provisions as defined in the Illinois School Code and contracted in the school's agreement with The Chicago Board of Education (BOE) and assures the District is compliant with ISBE standards. The School Operations and School Support team oversees the department's process for receiving and responding to inquiries from internal and external entities and disseminating the resolution to the appropriate District personnel and external stakeholders.
- **Academic Quality and School Improvement** is responsible for overseeing the implementation and execution of all educational models. This team will ensure that schools adhere to any and all academic related provisions as defined in the Illinois School Code and contracted in the school's agreement with the Board. The department will assure schools are compliant with legal and ISBE standards, which may include principal and teacher evaluations (where applicable). The Academic Quality and School Improvement team is also responsible for leading the department's process for providing instruction-based technical assistance (i.e., professional development) and assisting schools identified as low performers.
- **Strategy, Policy and Accountability** is responsible for leading the department's identification of innovative solutions and sharing of best practices, developing and recommending policies and procedures, and providing data analysis and accountability support to all charter, contract schools, District-run and alternative learning programs. The team will also be responsible for crafting

strategy and policy, which includes, but is not limited to, the identification and recommendation of legislation and/or policy changes, conducting research and writing about policy issues, and the identification of innovative solutions that focus on increasing student achievement.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures as of 5/30/2014	2016 Proposed Budget
General Budget	7,872,322	27,034,148	8,403,500	3,480,027	7,442,616
NCLB Federal	2,514,325	808,275	1,010,865	730,366	1,040,370
Other Grants	654,695	2,043,270	2,510,338	2,162,986	670,774
School Generated	451,635				
Total Department	11,492,977	29,885,693	11,924,703	6,373,379	9,153,760
Budgeted at Schools		974,981	911,482	911,482	
Contingency					2,002,000
Grand Total	11,492,977	30,860,674	12,836,185	7,284,861	11,155,760

- Significant part of department budget is held centrally and transferred during the fiscal year to schools/programs where spending occurs.
- The variance in General Funds between approved FY15 and proposed FY16 is the result of the elimination of Startup and Incubation funding for new schools starting in FY16
- The decrease in the Other Grants portion of the budget from FY15 to FY16 is due to the Pathways to Accelerated Students Success (PASS) grant ending on 9/30/15. However, final approval for a 1-year extension is pending approval from the US DOE. (In FY14, the PASS grant was budgeted in the Department of Multiple Pathways).
- The budgeted at schools amount for FY15 represents the Regional Safe School Grant. In FY16, the expected Regional SAFE grant funding is budgeted in contingency.
- Contingency reflects budgeted amount for PASS grant and SAFE grant for which the district is still waiting for final approval from the US Department of Education and State of Illinois.

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Budget	27.00	28.87	19.00
NCLB Federal	8.35	10.13	9.00
Other Grants	19.65	22.00	5.00
Total Department	55	61	33
School Based	7	8	2
Grand Total	62	69	35

- The position variance from FY15 to FY16 is due to the ending of the PASS grant and the reduction in central office personnel.

MAJOR ACCOMPLISHMENTS

Engaging the Community in an Authentic and Meaningful Way:

- In 2013, I&I launched an authentic community engagement process by creating Neighborhood Advisory Councils (NACs). The NAC process provides our parents and community members with an opportunity to review and provide feedback on proposals for new charter and contract schools in their respective communities. The NAC's primary role is to provide its members with a voice in the approval process of high-quality education options that fit the unique needs of the students in their neighborhoods. This year, I&I partnered with the Gates Foundation to launch the 2014 NAC process. I&I has formed NACs in four regions across the city (North, West, Southwest, and Southeast) to secure community input on the seven proposals received requesting to open eleven campuses.

Identifying Innovative Solutions and Soliciting Subject Matter Experts:

- In FY15, I&I launched the District's first RFP process to solicit proposals from operators that demonstrate capacity to successfully open, incubate, and operate innovative pilot ALOP programs that intentionally focus on accelerating the academic outcomes of middle grades students and Age Cycle 15 students at risk for not being on track to complete high school.
- In June 2015, the Chicago Community Trust awarded I&I a grant to implement an innovative authorization approach to establishing a new digital arts career academy that would serve youth involved in the justice system.

Holding Charter and Contract Schools and Programs Accountable:

- The majority of charter, contract and options schools and programs have fully transitioned to the School Quality Rating Policy (SQRP), the District's policy for measuring annual school performance. As such, all Chicago Public Schools and programs will have one common accountability framework.
- In FY15, I&I placed six charter school campuses on the Academic Warning list. Each school was required to submit a remediation plan and track progress against that plan. School campuses that fail to make adequate progress will be brought to the Board for an appropriate School Action in FY16.
- In FY15 I&I was awarded and managed Attendance and Truancy funding from the Office of Student Support and Engagement. The intent of the funding was to identify the root cause of chronic truancy and develop innovative strategies to promote and increase attendance in the schools. The 17 schools that took part in the initiative were district-managed alternative schools and contracted alternative opportunity learning programs that are located across the city. Preliminary results have indicated that the schools participating in the grant-funded initiative have experienced an increase in overall attendance rates.

Preparing District, Charter, Contract and Alternative Schools and Programs with School Readiness Support:

- I&I recently introduced a two-year school readiness program for all new and expanding schools and programs. In FY15, I&I helped launch eight new schools and/or programs and managed 35 expansions. Included in the program was a comprehensive training program that focused on financial and operational compliance, academic accountability and program support.

Providing technical assistance to Option Schools and/or Programs:

- I&I provided an annual professional development session (known as The Summer Institute for Option School) for schools at the beginning of each school year to share new policies, practices and knowledge. The three days of professional development covered areas related to assessment, accountability, safety and security, data resources and practices, diverse learners, and other topics critical to successful school operations.

- I&I performed a complete data analysis of students enrolled in school year 2013-2014 across all Options Schools, including first year's performance data from SQRP. The analysis helped inform the authorization process for Options schools as well as defining the growth strategy for the upcoming school years.

KEY BUDGET INITIATIVES

- **School Start-Up Funding:** Starting in FY16, Start-Up funding has been discontinued for all new schools except for the 4 schools already approved and scheduled to open in fall 2015.
- **School Expansion funding:** The FY16 I&I budget includes funding for the addition of expansion grades to 6 District schools and 25 charter schools (3,123 additional seats).
- **New School Incubation:** Starting in FY16, Incubation funding for new schools has been discontinued as part of district wide budget reductions. However, I&I will be running a dual process by completing the second year of incubation for 4 schools and programs scheduled to open in the Fall of 2015, and the first year of incubation for 2 already approved schools in addition to any newly approved schools and programs during FY16.
- **Staffing:** For FY16, I&I announced an office reorganization to absorb recent personnel changes. Moving forward, I&I will have the four dedicated work functions outlined above to service all students, parents, community members, schools and programs.
- **Contract Material Modifications:** CPS approved 13 of 18 applications to modify existing charter school contracts. These modifications will add approximately 150 high quality seats in SY16 and identify new locations for five existing schools.
- **Options Contract Material Modifications:** CPS approved 12 of 15 applications to modify existing Options schools and program contracts. These modifications will result in the addition of approximately 200 new seats in Options schools and programs to meet the needs of underserved communities.
- **Charter Renewal:** For the 2015-2016 school year, nine charter and contract agreements, including Options charters and contracts (approximately 5,774 seats) will be up for evaluation because their agreements will expire on June 30, 2016. Thorough analysis will result in renewal recommendations being submitted to the Board of Education for approval.

Office of the Inspector General

MISSION

The Inspector General strives to ensure integrity in the operations of Chicago Public Schools by conducting meaningful, accurate and thorough investigations into allegations of waste, fraud, financial mismanagement and employee misconduct. The OIG also reviews CPS systems, practices and procedures to determine their efficacy in preventing waste, fraud, and financial mismanagement.

MAJOR PROGRAMS

Investigations: Pursuant to state statute and Board Rule, the OIG is mandated to conduct investigations into allegations of waste, fraud and financial mismanagement. All OIG funds are utilized to perform that function.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	1,620,723	1,772,543	1,772,543	1,431,894	2,070,435
Total Department	1,620,723	1,772,543	1,772,543	1,431,894	2,070,435

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	17	17	17
Total Department	17	17	17

MAJOR ACCOMPLISHMENTS

- Identified multiple suburban families who fraudulently enrolled their children at CPS selective enrollment high schools, resulting in the disenrollment of 9 students.
- Conducted numerous investigations into illegal use of the CPS tax-exempt letter by CPS vendors. As a result, one vendor was debarred for three years and CPS is pursuing debarment against another.
- Investigation determined a high school principal ordered that test scores be lowered to keep students with IEPs or special needs out of the school.
- Conducted investigations of school personnel misappropriating school funds or property resulting in several dismissal charges.
- Investigations of vendor contract “stringing” that will result in the debarment of at least 10 vendors.
- Investigated school-based employees for creating fraudulent time records. CPS is now pursuing a new policy recommendation regarding this issue.
- Numerous investigations of violations of the CPS residency policy with termination recommendations.

- Conducted investigations of violations of CPS ethics policy, one of which resulted in a \$250K vendor settlement.

KEY BUDGET INITIATIVES

- Ongoing major investigation into the circumstances surrounding awarding of the SUPES contract.
- The OIG will continue to perform its mandated function to ensure that CPS employs honest employees, receives contracted deliverables from vendors, and manages its programs with limited risk of fraud.

Office of Language & Cultural Education

MISSION

The Office of Language & Cultural Education (“OLCE”) seeks to provide a high-quality education to all language learners through collaborative partnerships and professional development. Language education, which includes developing the native-language and English-language proficiency of English Learners (ELs), is critical to learning and success in college, career and life. The department supports students, teachers and parents by:

- Establishing language policies and standards-based models of instruction;
- Building the capacity of general education and bilingual/ESL teachers through strategic partnerships;
- Monitoring programs, teacher certification and overall compliance with state and federal laws;
- Empowering parents to be active participants in advancing bilingual and biliteracy skills.

MAJOR PROGRAMS

- **English Learner (EL) Programs** provide English language instruction and supports to 73,000 CPS students whose primary language is one other than English. Major programs include:
 - **Transitional Bilingual Education (“TBE”)**: ELs participating in TBE programs receive Language Arts instruction in the home language and study English as a Second Language (ESL) to develop English Language proficiency. Core subjects are provided in English as well as the native language, and students receive instruction in the history and culture of the U.S. and the native land of the ELs (or their parents).
 - **Transitional Program of Instruction (“TPI”)**: ELs participating in TPI programs receive ESL instruction, core subjects in English, and instruction in the history and culture of the U.S. as well as the native land of the ELs (or their parents).
- **Dual Language Programs** offer core instruction in both English and Spanish with the goal of developing proficiency in both languages. Programs begin at the preschool and kindergarten levels and provide a route for students to earn the State Seal of Biliteracy upon graduation.
 - The **State Seal of Biliteracy** is a recognition given to high school seniors who have studied and can exhibit the ability to communicate in two or more languages (including English) by the spring of their senior year.
- **World Language Programs** provide exposure to foreign languages, developing the listening, speaking, reading and writing skills in the target languages. CPS currently offers 13 world language programs in 351 schools serving 108,000 students.
 - **Critical Language Initiative (CLI)** is a component of CPS’s World Language programs which emphasizes instruction in languages that are considered critical to U.S. national security interests. Focus languages include, but are not limited to, Arabic, Chinese, Hindi, Korean and Russian. Starting with school year (SY) 2015-2016, the CLI will be managed by OLCE.
- **Parent Involvement & Community Outreach Programs** supports EL parents through training, theme-based workshops, and GED and ESL courses, and ensure parental involvement in school-based Bilingual Advisory Councils and the city-wide Chicago Multilingual Council.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	\$ 320,221	\$ 750,869	\$ 760,276	\$ 639,942	\$ 610,277
NCLB Federal	\$ 2,531,485	\$ 3,988,770	\$ 3,214,750	\$ 2,374,582	\$ 7,401,405
Other Grants	\$ 2,869,232	\$ 2,277,555	\$ 3,201,412	\$ 1,836,163	\$ 3,929,817
Total Department	\$ 5,720,938	\$ 7,017,194	\$ 7,176,438	\$ 4,850,688	\$ 11,941,499
School Based	\$ 28,852,553	\$ 29,510,716	\$ 30,557,959	\$ 28,314,546	\$ 33,747,991
Grand Total	\$ 34,573,491	\$ 36,527,910	\$ 37,734,397	\$ 33,165,234	\$ 45,689,490

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	3.0	3.0	1.6
NCLB Federal	26.2	28.0	28.5
Other Grants	1.8	2.0	1.9
Total Department	31.0	33.0	32.0
School Based	206.4	247.7	282.0
Grand Total	237.4	280.7	314.0

**Budget summary includes \$4.4M in NCLB Federal funding for 41 positions and \$3.1M in General Funds for 32 positions supporting the Critical Language Initiative.*

MAJOR ACCOMPLISHMENTS

- Launched the pilot for the State Seal of Biliteracy at 18 High Schools. 92 students earned the State Seal of Biliteracy in the spring of 2015.
- Expanded summer support programs to 1,400 students including ELs in grades 2-7, refugee students in grades 2-11, and high school credit attainment courses for ELs in grades 9-11.
- Implemented the STARTALK World Language Program, which allowed 60 high school students to participate in intensive Arabic and Chinese language studies at the University of Chicago; 25 students will travel to China for a 5-week language and cultural immersion program.
- Continued building the capacity of 2,200 teachers, counselors and administrators through professional development sessions focusing on collaboration among dual language teachers, effective implementation of EL programs, and the application of Common Core State Standards (CCSS) as well as English and Spanish Language Development Standards (WIDA).

KEY BUDGET INITIATIVES

- Expand services to ELs by providing school-based allocation of supplemental funds in the form of positions for the TBE and TPI programs.
- Invest in professional development for school administrators, bilingual/ESL and general education teachers.
- Expand instructional resource pool by enabling qualifying teachers to obtain a bilingual or ESL teaching endorsement.
- Provide additional substantive summer school opportunities for ELs and newcomer Refugee students.

Office of Law

MISSION

The Law Department provides a full array of legal services to the Chicago Board of Education and the various departments and divisions of the Chicago Public Schools. Board attorneys represent and counsel clients on general litigation, labor and employment matters, school law, school finance, student discipline, commercial transactions, and workers' compensation.

MAJOR PROGRAMS

- **Appeals:** Represents the Board and its employees before the Illinois Appellate and Supreme Courts, the Seventh Circuit Court of Appeals and the United States Supreme Court.
- **Commercial, Torts and Workers' Compensation:** Provides general litigation and counseling services to the Board and its management on a diverse range of issues including breach of contract, property taxation litigation, personal injury, and workplace injuries.
- **Employment Civil Rights:** Represents the Board and its agents in all litigation matters filed in federal and state court involving allegations of discrimination or a violation of the United States Constitution or a federal statute.
- **Investigations:** Investigates a multitude of allegations of employee misconduct, falsification of attendance records and documents, local school council related complaints and challenges, allegations of test cheating and fraudulent enrollment.
- **Labor and Employee Discipline:** Handles traditional labor law matters involving unfair labor practice charges and arbitration demands filed by labor organizations, as well as prosecuting employee discipline matters before administrative agencies and the Illinois State Board of Education. This unit also acts as the CEO's representative in collective bargaining.
- **School Law:** Advises District staff on student privacy, student discipline, student enrollment and transfers, local school council issues, legislative review, charter school matters, and educational initiatives.
- **Transactions Unit:** Drafts and negotiates a broad range of contracts including professional services, equipment leases, educational services, and real estate transactions including land acquisition. The unit also provides legal review and counsel in bond issuances and advises departments and schools regarding compliance with Board rules, policies, and procurement laws.
- **Employee Engagement and EOCO:** Respond to and arbitrate grievance and disciplinary issues ensuring timely and objective resolution; ensure all employees are being supported in a fair, unbiased, and non-discriminatory manner.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	10,892,934	16,344,771	13,051,027	9,445,811	14,529,864
School Generated	247	0	28,865	17,262	0
Total Department	10,893,181	16,344,771	13,079,892	9,463,073	14,529,864

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	75	75	92
Total Department	75	75	92

The Employee Engagement and EOCO units moved from the Talent Office to Law for FY16. This organizational change includes 18 FTE and a \$2.08 million budget allocation.

The FY15 budget included a one-time university fellow FTE.

MAJOR ACCOMPLISHMENTS

- Negotiated an intergovernmental agreement to implement the 'Space to Grow' program, a pilot undertaken by the Board in conjunction with the City, the Metropolitan Water Reclamation District, and not-for-profits to provide green space in heavily urbanized neighborhoods. It includes opportunities for student play, outdoor learning, gardening and certain edible "kitchen gardens" so elementary students can grow their food, providing a "plot to table" experience.
- Preserved over \$307 million in tax revenues through property tax intervention and litigation. This includes savings of approximately \$7.4 million in revenue through settlement of property tax interventions, approximately \$400,000 by filing an undervaluation case, and approximately \$300 million in tax rate objection litigation.
- Debarred 27 vendors for violating Board policies. Collected \$260,000 in connection with vendor violations of procurement rules.

KEY BUDGET INITIATIVES

- Projected to save \$54,000 annually by switching legal research vendors.
- Reduce offsite storage costs 1) by monitoring and reducing Recall usage as business needs allow and 2) disposing of eligible records currently stored at Recall as identified by user departments.

Office of Magnet, Gifted, & IB Programs

MISSION

The Office of Magnet, Gifted, and IB (MGIB) Programs provides students and families with high quality school models aimed at increasing college readiness through rigorous, theme-based instruction.

MAJOR PROGRAMS

- **Theme-Based Program Support:** Provide ongoing best practices, professional development, and resource requirements support to facilitate strong program implementation in all MGIB programs.
 - *Magnet Cluster:* neighborhood schools that specialize in a specific subject area such as Science, Technology, Engineering, and Math (STEM), arts, world language, and technology instruction;
 - *City-wide Magnet:* schools that specialize in a specific subject area such as world language or fine arts and accept students from across the city to reflect diverse socioeconomic, racial, and ethnic backgrounds;
 - *International Baccalaureate (IB):* consists of the Primary Years Programme (PYP), Middle Years Programme (MYP), and Diploma Programme (DP), which provide rigorous, internationally-focused instruction centered on world language, English, mathematics, sciences, and arts for students in grades 1-12;
 - *Selective Enrollment High Schools:* schools with academically advanced programs focusing on honors and Advanced Placement (AP) courses;
 - *Classical Schools:* schools with demanding liberal arts courses of instruction;
 - *Regional Gifted Centers:* instructional programs that place an emphasis on thinking, reasoning, problem-solving and creativity; and
 - *Montessori:* schools which emphasize self-directed activity on the part of the child and clinical observation on the part of the teacher.
- **New Theme-Based Program Incubation Support:** Guide and inform the start-up process for IB, Gifted, and Magnet programs district-wide; provide professional development to principals, teacher leaders, and teachers on implementing IB, Gifted, and Magnet options within their schools; and manage the relationship between CPS and external partners such as the College Board, International Baccalaureate Organization, Magnet Schools of America, and National Association for the Gifted Child.
- **Advanced Placement Professional Development & Support:** Provide guidance on, and expand access to, Advanced Placement (AP) programs district-wide; offer educators professional support using both CPS and College Board expertise; and provide financial assistance for AP exam fees.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Budget	2,726,401	4,601,653	3,749,892	1,960,709	4,152,642
NCLB Federal	24,178	0	0	0	0
Other Grants	318,641	265,000	244,080	244,080	291,158
School Generated	0	0	0	0	0
Total Department	3,069,220	4,886,653	3,993,972	2,204,789	4,443,800
Budgeted at Schools	52,272,238	56,266,973	56,405,447	55,906,743	51,036,472
Grand Total	55,341,458	61,153,626	60,399,419	58,111,532	55,965,272

- Difference between 2015 Approved and Ending budget due to funding transfers out to schools for professional development and Advanced Placement programming.

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Budget	8	8	8
Total Department	8	8	8
School Based	540.9	542	490
Grand Total	548.9	550	498

- Reduced supports to MGIB schools by 52 positions as part of annual budget reductions.
 - Reduced full-time International Baccalaureate coordinators at schools to half-time.
 - Right-sized the International Gifted program.
 - Right-sized additional supports given to selective enrollment and magnet schools.
- Despite these reductions, CPS is confident that the MGIB program can continue to accomplish its goals.

MAJOR ACCOMPLISHMENTS

- Supported successful IB authorization efforts at all wall-to-wall and IB programme schools (16 newly authorized Middle Years and Diploma Programmes).
- Supported successful IB Candidate applications at 5 new IB elementary schools.
- Led efforts to ensure that all CPS high schools offer at least 2 Advanced Placement courses next year.
- Provided program and curriculum guidance for the initial implementation of IB Middle Years Programme at 6 Welcoming Schools in preparation for the IB MYP verification visit.
- Provided technical support and curriculum development support in collaboration with the Office of Early College and Career Education, leading to successful authorization of IB Career Programs at 4 schools.
- Piloted district-wide MGIB program endorsement support process for existing MGIB programs aimed at creating a district-network-school collaborative effort to assess MGIB program implementation relative to best practice standards.
- Provided professional development for over 1,100 MGIB program teachers.
- Launched Comprehensive Gifted Programs at 7 new schools.
- Supported ISBE teacher certification training and processing for 543 CPS teachers seeking the Illinois Professional Education License Gifted Endorsement.
- Trained 112 teachers in the Gifted Education Seminar.
- Supported initial planning and start up of 1 new selective enrollment high school.

KEY BUDGET INITIATIVES

- Continue to invest in high-quality, theme-based programs, at 11 IB elementary schools currently in the authorization process.
- Continue to achieve efficiencies in program development and delivery while investing in expansion and development of priority programs such as IB, Advanced Placement and Selective Enrollment.

- Strengthen Advanced Placement programs by offering professional development workshops for teachers.
- Conduct IB professional development for 600+ IB teachers to ensure teachers have current resources and up-to-date training in delivering IB Programme curriculum.
- Invest in new opportunities to increase access to Advanced Placement through expanded school level funding for PSAT exams.
- Invest in Advanced Placement exam subsidies for students receiving free or reduced lunch.
- Provide Gifted Education Seminar Training to new and existing teachers in gifted programs.
- Provide incubation support to 1 selective enrollment high school.

Office of Network Support

MISSION

Our mission is to leverage strong leadership and high-quality teaching in every classroom so that every child from every community has access to a world-class learning experience and will graduate from high school prepared for success in college and career.

MAJOR PROGRAMS

- **Office of Network Support:** The Office of Network Support oversees thirteen K-12 networks of schools, two specialized networks for Service Leadership Academies and the Academy for Urban School Leadership (AUSL). This team also manages the Principal Quality Initiative (PQI), and partners with the Office of Strategic School Support Services. Each network is led by a Chief of Schools who is responsible for building effective schools and leaders by managing and coaching principals, creating a professional development plan, collecting and assessing data to drive interventions, collaborating on best practices with other networks and enhancing community and parental involvement. The chief is supported by a deputy, a data strategist focusing on analytics, and several instructional support leaders (curriculum and instructional specialists) for each content area.
- **Service Leadership Academies:** The Office of Service Leadership Programs oversees 45 Junior Reserve Officers' Training Corps (JROTC) programs, which include six military academy high schools. There are approximately 139 instructors on staff who are retired military veterans and are cost-shared with the U.S. Department of Defense. The office serves as a network for the military academies and manages the JROTC program, including program evaluation, strategic planning for growth, measurement, and marketing. The office also runs a wide variety of city-wide sports competitions, summer camps, college field trips, community service and co-curricular events.
- **Academy for Urban School Leadership:** Network Support manages the District's relationship with AUSL, a non-profit organization that operates 32 of the District's most challenged schools by providing turnaround services designed to dramatically improve their academic performance. The District contracts with AUSL to provide turnaround services, and to support professional development for teacher residents at AUSL training sites.
- **Principal Quality Initiative:** PQI provides professional development to aspiring principal candidates through the Chicago Leadership Collaborative and enhances leadership skills of current principals, deputies, and chiefs of schools through the Chicago Executive Leadership Academy. PQI also conducts assessments to maintain the rigor of the Principal Eligibility Process and creates candidate slates for critical District roles.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures as of 6/30/2015	2016 Proposed Budget
<u>NETWORK SUPPORT</u>					
General Budget	1,033,891	2,574,347	3,324,008	1,966,425	2,156,630
General Budget (PQI)	0	0	0	0	8,139,125
NCLB Federal (PQI)	101,722	0	0	0	3,593,516
School Generated	26,377	0	0	0	0
Total Department	1,161,990	2,574,347	3,324,008	1,966,425	13,889,271

- Office of Network Support closed vacant positions and eliminated non-personnel expenses to help reduce administrative costs of the District.

- As part of an organizational restructuring, the Principal Quality Initiative will be managed by the Office of Network Support beginning in FY 16. The Principal Quality Initiative was previously part of the Talent Office.

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures as of 6/30/2015	2016 Proposed Budget
<u>SERVICE LEADERSHIP ACADEMIES</u>					
General Budget	1,624,797	1,864,285	1,683,013	1,511,591	1,758,880
Other Grants	2,272	0	0	0	121,811
School Generated	191,996	86,259	271,284	216,872	86,259
Total Department	1,819,065	1,950,544	1,954,297	1,728,643	1,966,949
Budgeted at Schools	15,932,261	16,254,653	16,212,090	14,781,405	15,060,903
Grand Total	17,751,326	18,205,197	18,166,387	16,510,048	17,027,852

- The FY16 budget for Service Leadership Academies was reduced by over \$1 million by eliminating vacant military instructor and central office positions. Four military instructor positions were also reduced at low-enrollment JROTC programs.

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures as of 6/30/2015	2016 Proposed Budget
<u>AUSL</u>					
General Budget	8,074,568	9,240,365	9,240,513	5,720,463	3,837,322
NCLB Federal	1,789,743	5,424,277	5,424,820	2,900,365	4,026,482
School Generated	78,252	528,531	1,020,360	1,015,698	1,083,328
Total Department	9,942,564	15,193,173	15,685,693	9,636,526	8,947,132
Budgeted at Schools	1,921,699	0	0	0	0
Grand Total	11,864,263	15,193,173	15,685,693	9,636,526	8,947,132

- In FY16, \$1.1 million in incubation funding for new turnaround schools has been eliminated since no new turnaround schools have been announced.
- The professional development program was also reduced from 141 to 70 teacher residents, reducing the program costs by nearly \$5 million.
- Four AUSL-managed schools are completing their five-year turnaround period at the end of FY15, which will reduce the cost of AUSL management fees by roughly \$1 million.

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
<u>NETWORK SUPPORT</u>			
General Budget	11	17	14
General Budget (PQI)	0	0	65
NCLB Federal	0	0	4
Total Department	11	17	83

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
<u>SERVICE LEADERSHIP ACADEMIES</u>			
General Budget	15	15	12
Total Department	15	15	12
School Based	158	152	139
Grand Total	173	167	151

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
<u>AUSL</u>			
General Budget	7.5	7.5	7.5
NCLB Federal	30.2	39.5	29
School Generated	7	7	3
Total Department	44.7	54.0	39.5
School Based	0	0	0
Grand Total	44.7	54.0	39.5

KEY BUDGET INITIATIVES

- Continue to develop the leadership capacity of Chiefs of Schools through coaching and existing support structure of continuous improvement activities.
- Broaden and deepen the strategic initiatives to accelerate academic performance improvement in low-performing schools and sustain performance in high-performing schools.
- Maintain focus on initiatives to improve student attendance and reduce suspensions.
- Improve student transitions between elementary and high school.

MAJOR ACCOMPLISHMENTS

- Implemented a support structure to strategically guide networks and school leaders in continuous improvement efforts through periodic data reviews, action planning, and monitoring.
- Designed and implemented a set of strategic initiatives to build the capacity of networks and school leaders to drive improvement in the academic achievement of all students.
- Worked in close partnership with the Office of Teaching and Learning to deliver professional development in the Common Core State Standards in literacy and direct support to classroom teachers to improve the quality of instruction.
- Focused foundational literacy as an instructional priority in low-performing schools through a Kindergarten-2nd grade literacy program. Monitored the progress of all Level 3 schools and delivered strategic support to build early literacy skills.
- Increased support to Instructional Leadership Teams in schools on data analysis, decision making, action planning, and monitoring through professional development and standardized tools.
- Conducted “State of the School” addresses and shared key data via Local School Council Data Dashboards to empower and motivate families and communities to become engaged and share ownership for the success of their school.
- Collaborated with the Office of College and Career Success on the Engage Students Attendance Grant, which called upon Networks to identify schools that would benefit from additional strategic support to improve attendance and reduce truancy through partnerships with community-based

organizations, restorative justice training, and additional planning time for teachers and staff. The grant allocation was just over \$3 million.

- A comprehensive principal handbook to guide and inform principals on day-to-day school operations, federal, state and local education policy, management of fiscal and human resources, and research-based best practices for effective instructional planning and progress monitoring.
- Enrolled nearly 10,300 students in JROTC programs, which provide classroom and co-curricular activities focused on leadership development, self-discipline, service learning, and college and career readiness.

Nutrition Support Services

MISSION

The Department of Nutrition Support Services (NSS) supports the District’s academic community by providing nutritious and appealing meals with superior service to every student on every school day. NSS is the third largest K-12 food service department in the United States, annually serving 70 million meals to 365,000 students through our 685 food campuses.

MAJOR WORKSTREAMS

- **Breakfast and Lunch Programs:** CPS provides nutritionally balanced, free meals to all students to encourage the consumption of healthy foods. Annually, CPS serves approximately 26 million breakfast and 43 million lunch meals.
- **After-School, Fresh Food and Vegetable Grant, and Seamless Summer Program:**
 - After-School Meals and Snacks: Provide students with healthy, well-balanced meals and snacks to support their extended day while attending after-school and Saturday programs.
 - Summer: Provide schools open for summer breakfast and/or lunch meals.
 - Fresh Food and Vegetable Grant: The Federal Government provides grants for in-classroom tastings of fruits and vegetables during the school day to increase fresh fruit and fresh vegetable consumption and nutrition education exposure in elementary schools.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	-10,123,539	0	0	0	0
Lunchroom Fund	118,690,023	146,985,207	149,205,329	101,033,912	141,105,469
NCLB Federal	0	0	11,853	11,853	0
Other Grants	890,707	2,150,872	2,159,201	1,375,737	2,678,966
Total Department	109,457,191	149,136,079	151,376,383	102,421,502	143,784,435
Budgeted at Schools	82,527,205	86,282,302	82,224,832	81,815,191	86,975,817
Grand Total	191,984,395	235,418,381	233,601,215	184,236,693	230,760,253

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
Lunchroom Fund	262	258	258
Total Department	262	258	258
School Based	2490	2502	2474
Grand Total	2752	2760	2732

- Position reductions are a result of meal count reductions at schools. Staff at schools are assigned based on meals served per labor hour. The 28 positions reduced were vacancies with no employee impact.

MAJOR ACCOMPLISHMENTS

- Operated program at profit allowing a fund balance of \$8.7 million while contributing \$8.5 million in indirect costs to the general fund.
- Increased student participation by 1.5 percent, even though student enrollment dropped by 1 percent.
- Enrolled all district schools in the Community Eligibility Program (CEP) allowing free meals to be served to all students in the district. This accounted for increased revenue of \$8 million.
- Purchased 4.4 million pounds or \$3 million of locally grown produce and antibiotic free chicken that was used to prepare healthy meals for students.
- Expanded Fresh Fruit and Vegetable Program to 73 schools versus 37 schools in FY14.
- Assisted 150 schools in achieving certification for the USDA Healthier U.S. School Challenge.
- Introduced breakfast vending machines at 6 high schools to increase the availability of healthy breakfast options for students. This increased breakfast participation by an average of 6.3 percent in those locations.
- Reduction of Chicago Department of Health fines from \$75,000 in FY 14 to \$0 in 2015.
- Implemented the Aramark Brands in 42 schools to support driving participation.
- Provided 16.5 hours of professional development to all lunchroom employees.
- Transitioned 122 schools to a new vendor to increase the availability of more freshly prepared higher quality meals.
- Transitioned 25 schools from the pre-packaged meals program to a full service cafeteria “bulk style” meal.
- Completed the full roll out of the Meal Management Point of Sale System district wide, improving the accountability for meal claims to ISBE.
- Increased summer LunchStop locations from 23 sites to 40. These locations allow anyone in the community up to the age of 18 to eat throughout the summer.
- Secured over \$251,000 from various foundations to support pilot programs and outcomes driving participation at breakfast and school gardens.
- Adopted, in conjunction with the Urban School Food Alliance, an antibiotic free chicken standard that would require all vendors to provide a timeline for implementation by 2017.

KEY BUDGET INITIATIVES

- Grow student participation by 2 percent across both Breakfast and Lunch programs.
- Develop and implement NSS Academy to support and strengthen employee skills and develop succession planning procedures.
- Develop strong on-boarding process to allow new employees to learn necessary operational needs prior to placing them within school environment. This will increase skill levels and better support schools.
- Increase student feedback opportunities by hosting monthly tasting experiences at schools and surveying of menu options to determine successful menu choices.
- Build a field trip program for student interaction and nutrition education and provide to principals and teachers as educational enrichment options.
- Roll out a compostable tray for student meals district wide while discontinuing the use of polystyrene.
- Roll out back of house operational modules for Point of Sale System which includes inventory controls, ordering, production records, and Hazard Analysis and Critical Control Point documentation following a successful pilot of system.

Payroll Services

MISSION

The Office of Payroll Services manages the payroll processing for all Chicago Public School employees, in compliance with Board of Education rules, government policies and laws.

MAJOR PROGRAMS

- **Compliance:** The Compliance team manages all voluntary and non-voluntary payroll deductions, administers manual checks and debit cards, and ensures proper withholding and remittance of various employer/employee payroll taxes. The team also manages and audits contributions to pension funds, and oversees garnishment processing and W-2 processing.
- **Payroll Systems Administration Group (PSAG):** The PSAG team processes payroll for the entire District. This includes regular earnings as well as supplemental pay (summer school, sports programs, and camps).
- **Timekeeper Central (TKC):** The Timekeeper Central team serves as Payroll Administrators to Central Office departments.
- **Time and Attendance Correction (TAC):** The TAC team supports school payroll clerks working onsite by responding to user phone calls and emails. The team is also responsible for administrative tasks, such as granting timekeeping software security, creating and maintaining job schedules and updating pay rules.
- **Customer Service:** The Customer Service team answers all payroll related inquiries from CPS employees. The team also assists with processing employee garnishments and researching employee records for various departments, primarily Law.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	2,752,178	3,140,494	2,944,052	2,726,440	2,815,676
Total Department	2,752,178	3,140,494	2,944,052	2,726,440	2,815,676

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	32	31	31
Total Department	32	31	31

MAJOR ACCOMPLISHMENTS

- **Customer Service Improvements:** Increased number of calls answered to 93.6 percent (formerly 86 percent) and decreased abandonment rate to 6.4 percent (formerly 15 percent). Created web-based self-service forms for frequently requested services that include workflow and electronic administration. Re-designed Payroll content on HR4U with new job aids and training materials.
- **Time and Attendance Corrections Improvements:** Increased number of calls answered to 95.5 percent (formerly 82.8 percent) and decreased abandonment rate to 4.4 percent (formerly 16.9 percent). Updated content on Clerks' website.
- **Manual Check Policy:** Created a policy which reduced manual check workload by 70.5 percent.
- **Online Pay Statements:** Enabled by the functionality within PeopleSoft, changed system to default check stubs to electronic, self-service printing, as well as to mail check and statements to employee home addresses, resulting in an 88 percent decrease in printing and postage costs and a 90 percent decrease in CPS warehouse distribution hours.
- **MEABF contributions for Part-Time Seasonal Employees:** Implemented system changes in compliance with new regulations.
- **HR4U Database Hosting and Application Upgrade:** Completed all functional testing, resulting in successful payroll processing.
- **Payroll Optimization Phase 1 - Retro Pay Processing:** Automated the process that required manual review of reports and system processing. Benefits – increased accuracy in processing and reduction in errors.

KEY BUDGET INITIATIVES

- **Continuation of Payroll Optimization Phase 1 - Leave Accrual Processing** – Automate payroll processes to decrease processing time and increase data accuracy in processing standard hours, benefit days, holidays and sick pay.
- **Kronos Upgrade:** Payroll Services will play a crucial role in implementing an upgraded version of the timekeeping software. New functionality will be enabled and Payroll Services will conduct business process reengineering during the implementation to enhance the user experience through repeatable, scalable, and reliable technology.
- **Payroll Optimization Phase 2** – Automate other key manual processes such as Final Pay and Time and Labor Exception processing. Streamline batch processing hand-offs between Payroll and HRIT.
- **Position Management** – Support implementation of Position Management through participation and input throughout the project lifecycle.

Procurement

MISSION

The Department of Procurement purchases high-quality goods and services on-time and at the best value from high-performing, innovative, and ethical suppliers. By leveraging best practices from private and public organizations, this team ensures that all CPS schools and departments have the materials and services necessary for all CPS students to be successful. The department is committed to the Board of Education’s Minority and Women Business Enterprise (M/WBE) policy, which are set at 30 percent and 7 percent, respectively, for minority and women-owned businesses.

MAJOR PROGRAMS

- **Source:** Ensure full compliance with legal requirements for all sourcing activities, provide guidance to end-user departments on the most appropriate way to source their needs, and provide continual support during the life of any resulting contracts.
- **Negotiate:** Develop category strategies and structure the best partnership with suppliers for each addressable spend category. Continue to generate savings going forward by creating and implementing strategies and partnerships in areas such as healthcare, asset management, revenue generation, and third party administration.
- **Optimize:** Build sustainable procurement excellence by streamlining internal processes and creating the framework to pro-actively engage our schools and key suppliers on a year-over-year continuous improvement program.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	2,471,159	2,475,979	2,469,849	2,230,815	2,336,802
Total Department	2,471,159	2,475,979	2,469,849	2,230,815	2,336,802

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	21	22	21
Total Department	21	22	21

MAJOR ACCOMPLISHMENTS

- Achieved goal of nearly \$20 million in savings in FY15, in addition to savings already achieved in FY13 and FY14 in the areas of professional development, facilities, and a variety of ITS projects, including printing as a service and LAN system improvements.
- Drove savings of \$100 million between FY13 and FY15 (\$75.5m in Year-Over-Year Savings, \$17.5m in One-Off Savings, and \$7m in Cost Avoidance Savings) by developing category strategies and structuring the best partnership with suppliers for each addressable spend category
- Continued to improve the Department’s professionalism and capabilities by formalizing and

adopting a formal procurement process based on a 5-step approach branded the “CPS Procurement Way”.

- Expanded our Supplier Performance and Relationship program to 53 key suppliers.

KEY BUDGET INITIATIVES

- Develop category strategies for professional services, construction, educational services, and office supplies
- Continue to grow the culture of performance management by expanding our program to nonstrategic suppliers.
- Continue to facilitate the procurement process for school-based personnel by expanding e-market place (punch-out) to professional services firms.
- Optimize school-based spending by developing internal benchmarks and sharing best practices.

Office of Professional Learning

MISSION

To define and manage high-quality professional learning to drive improved performance and prepare students for success in college, career and life.

MAJOR WORKSTREAMS

- **Professional Learning Standards and Evaluation** develops processes and protocols that drive quality in teaching and learning.
- **Learning Technologies** maintains the Learning Hub, the system which houses and tracks CPS professional learning, and the Knowledge Center, an Intranet site that houses information, tools and resources for CPS staff. Also manages the Learning Object Repository (“LOR”), within the Safari platform, comprised of various webinar systems which support digital media management.
- **New Teacher Induction and Mentoring** manages the District’s induction and mentoring program for all first and second-year teachers.
- **Educational Technology** leads and manages the District’s educational technology strategy, which includes the Ed Tech RFQ, personalized learning strategy, and digital citizenship modules.
- **CPS Framework Specialists** provides supports and resources including standard-setting resources (companion guides, addenda), teacher-created support resources and teacher-led professional development sessions through the efforts of the CPS Framework Specialists.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Funds	494,308	1,240,463	1,195,461	1,177,639	1,000,708
NCLB Federal	2,018,049	2,449,895	2,448,459	1,974,530	2,798,065
School Special Income	36,503	0	55,418	38,386	0
Other Grants	630,877	1,465,541	1,066,740	877,802	516,588
Total Department	3,179,738	5,155,899	4,766,079	4,068,357	4,315,361

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Funds	5	5	5
NCLB Federal	11	12	10
Other Grants	2	1	1
Total Department	18	18	16

MAJOR ACCOMPLISHMENTS

- Designed and offered 21 unique professional development courses for teachers surrounding the REACH Evaluation System.
- Created 629 resources/videos to support CPS principals and teachers with the CPS Framework for Teaching. These resources/videos were viewed 303,123 times by CPS staff on the CPS Knowledge Center.
- Increased usage of the Knowledge Center by 130 percent.
- Increased Safari Montage classroom utilization by 54 percent over last year -- 5.2 million views.
- Produced, broadcast and archived 400+ webinars/live events for central office and Networks.
- Completed year-long project to upgrade the district's Learning Management System (LMS) and launch the Learning Hub - part of the PeopleSoft HCM Upgrade Project.
- Supported 2,000+ providers of professional learning in their set-up/management of 8,220 courses with 198,140 employee enrollments.
- Completed an extensive procurement process to identify 72 high-quality professional learning vendors.
- Achieved a 400 percent increase in the number of teachers attending new teacher orientation in SY14-15, due to improved reporting of new teachers and coordinated communication.

KEY BUDGET INITIATIVES

- Support implementation of standards, normalization of evaluation protocol for employee professional learning.
- Streamline business processes/support continuous improvement in learning technologies.
- Develop Framework for Teaching courses, modules, tools, and resources that support the improvement of teacher practice.
- Provide digital content to students and school staff and support the production of webinars/live streaming events through the Safari Montage platform for every CPS school.

Office of Public and External Affairs

MISSION

The Office of Public and External Affairs advocates for CPS students before every level of government to shape educational policy and secure external resources. The office advances the CPS agenda in Springfield, before the Chicago City Council and in Washington as well as partners with entities to secure grant opportunities to advance the goals of CPS. Our team builds critical support for and understanding of CPS policy and initiatives to help build strong relationships with key decision makers.

MAJOR PROGRAMS

- **Inter-Governmental Affairs (IGA)** serves as the main point of contact for 50 aldermen, 59 state senators, 118 state representatives, 18 U.S. congressmen, and 2 U.S. senators.
 - IGA actively advocates for initiatives and legislation favorable to CPS and works to deter legislation that does not benefit student progress.
 - Works with departments and elected officials to secure external resources.
- **Competitive Grants** works to maximize district revenue by winning competitive federal and state grants that support core district priorities.
 - Liaison to business, philanthropic, and government funding communities.
 - Seeks grants, sponsorships, and in-kind contributions to support CPS priorities.
- **External Partnerships** fosters and maintains the District relationship to high-profile funders in order to gain financial support for District priorities.
 - Works with businesses and corporations to secure funding for CPS priority initiatives
 - Develops partnerships that benefit schools across the District.
- **Children First Fund (CFF)** is the 501(c)(3) non-profit organization for CPS. In this capacity, CFF pursues, accepts, and oversees the management of private financial contributions for the benefit of CPS students .
 - As a legally independent entity, CFF functions within its own by-laws and is governed by an external Board of Directors composed of Chicago’s philanthropic leaders.
 - CPS supports the organization by funding two staff members as an in-kind contribution.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures as of 6/22/2015	2016 Proposed Budget
General Fund	2,050,170	2,584,249	2,583,418	1,919,689	2,680,754
School Generated	20,000	25,650	25,650	0	25,650
Total Department	2,070,171	2,609,899	2,609,068	1,919,689	2,706,404

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	20	20	19
Total Department	20	20	19

MAJOR ACCOMPLISHMENTS

- Worked on securing long term pension reform solution to alleviate \$1.1 billion budget deficit.
- Worked with various CPS departments and Chicago's City Council to secure TIF funds for projects at neighborhood schools.
- Continued to cultivate, manage and follow nearly 300 active partnerships throughout the year garnering nearly \$30 million in cash and in-kind support for students, schools and peak priority projects.
- Spearheaded the CPS/UNCF Scholarship Campaign, netting record support from schools, staff and external partners. The 2015 Campaign netted a record \$300,000 in donations, up by more than \$112,000, reversing an annual decline in support in recent years.
- Produced and distributed 480,000 copies of the CPS Calendar to parents, schools, District staff, governmental agencies, affiliate partners and community organizations. The CPS Calendar is viewed by 900,000 to 1 million people per day. Peoples Gas was secured as the corporate sponsor for a fifth consecutive year.
- Secured record support for District-wide events and programs such as CPS Tech Talk, Googlepalooza, 2014-15 Back-To-School Campaign, Summer Safe Haven, LSC's 25th Anniversary Celebration and a series of programs held throughout the year by the Office of Family and Community Engagement (FACE), CPS Sports, Office of College and Career Success, Teaching and Learning and the Office of the CEO. External Partnerships continues to be an active partner in the development, execution and funding of most mission critical projects deemed a priority by CPS leadership.
- Continued to expand the Internet Essentials Program within the district and city to include support for 40 schools during Comcast's Get Schooled Challenge, the launch of CPS Parent Universities and CPS CONNECTS. These new programs will impact hundreds of parents and students on a daily basis. Comcast continues to be the most prominent partner engaged in the expansion of low-cost internet service in Chicago, responding to a direct need to help bridge the digital divide in neighborhoods across the city.
- Secured over \$92.8 million in competitive government grants this year.
- Secured 26 additional learning gardens.
- Secured 60 elementary schools to participate in a program with the Chicago Blackhawks. Each school received floor hockey equipment and participated in the Toews' Fitness Challenge.
- Secured athletic equipment for 50 high schools and 50 elementary schools totaling \$75,000 from Good Sports.

KEY BUDGET INITIATIVES

- Streamlined the workforce by closing one vacant position.
- Maintained existing lobbying budget in order to protect state and federal funding.
- All vacancies have been eliminated and the department is fully staffed entering FY16.

Office of Safety and Security

MISSION

The mission of the Office of Safety and Security is to support the Chicago Public Schools in providing a safe and secure environment that is conducive to learning. The department is responsible for identifying and addressing safety concerns within the school while partnering with other stakeholders such as the Chicago Police Department (CPD) to identify risks in the community that will also affect the safety of the school and our students. This team uses a combination of methods, including prevention, intervention and enforcement to proactively address issues that might affect the students and staff.

MAJOR PROGRAMS

The Office of Safety and Security manages the safety of our students through four main resources: CPS Security Guards, Chicago Police Officers, Safe Passage, and technology such as security cameras and alarm systems. The department is divided into two teams to manage these resources.

The Network Safety Team serves as the overall safety support structure for each Network. Every school has an identified point of contact from this team who is accountable for assisting in areas ranging from safety strategy development to security staff support to incident investigation and response. Key responsibilities include:

- Working with Schools to develop customized school safety plans
- Providing school-based security staff support and training
- Ensuring the performance optimization of school-based security staff
- Conducting safety audits for schools
- Partnering with Chicago Police Department and Community Stakeholders to support school safety plans
- Conducting interventions for students who are at risk due to factors including but not limited to environmental concerns, gang concerns and any other issues that might jeopardize student safety

The Strategic Safety Initiatives Team is responsible for developing longer-term, bigger picture strategies and programs such as anti-violence initiatives and Safe Passage. This team also manages the technology strategy and implementation for safety initiatives such as cameras and metal detectors.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	34,926,124	45,960,968	50,298,422	41,752,913	31,647,542
NCLB Federal	7,615,149	0	0	0	0
School Generated	0	0	303,331	214,051	351,170
Other Grants	92,110	86,811	587,638	160,307	876,568
Total Department	42,633,383	46,047,779	51,189,391	42,127,271	32,875,281
Budgeted at Schools	51,668,063	54,439,709	53,279,639	52,608,418	53,681,780
Grand Total	94,301,446	100,487,488	104,469,030	94,735,689	86,557,061

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	196	216	199
Other Grants	2	6	6
Total Department	198	222	205
School Based	990	1,008	973
Grand Total	1,188	1,230	1,178

* The fingerprinting and background-check staff moved from the Talent Office to Safety & Security in FY16, this includes 6 FTE and \$650K budget allocation.

MAJOR ACCOMPLISHMENTS

- Expanded Safe Passage Program: Added an additional 600 Community Watchers to support the SY15 school challenges. Partnered with community based organizations to support a total of 133 schools.
- School Safety Protocols: Partnered with Principals to create school safety plans with enhanced security protocols designed specifically for their school.
- Trauma-informed Care School Officer Training: Developed and delivered trauma-informed care training to all security officers to help bring broader understanding to the challenges that our students may face.
- New School Safety Technology: Awarded IEMA (Illinois Emergency Management Agency) Grant which allowed the installation of cameras at 8 new schools.
- “Re-entry Pilot”: Implemented program in partnership with Department of Justice to support students who are returning to school from the Juvenile Justice System. This program is being held in partnership with the Nancy B. Jefferson School and Chicago Police
- Summer Jobs and Programs to promote Anti-Violence Strategies: Partnered with Department of Family Supports and Services to implement 20,000 summer jobs across the City of Chicago’s youth population.
- Transitioned Background Check process to Safety and Security Department: Partnered with Talent to identify streamlined protocols to improve service times and customer experience.

KEY INITIATIVES

- Continuation of the city-wide Safe Passage program through 22 community-based vendors that will hire 1,300 safe passage workers for the 2016 school year
- Continued refinement of the School-based Security Model: CPS will continue to work with Principals to improve the performance of the security officers. Training will focus on improved communication of expectations. Partner with school-based stakeholders to ensure that all expectations are clearly aligned.
- Launch new Intervention Strategy to better capture quality tips to prevent youth violence within and outside of the school. Through a grant awarded by the NIJ, CPS will evaluate the impact of the at-risk youth intervention strategies.

- Develop new “Momentary Physical Intervention” standards to enable security officers to safely intervene in situations where there is a physical situation and a person may be in danger of becoming physically injured.
- Expand and Improve Safety Technology: CPS will continue to seek grants to expand the availability of cameras and other safety technology at schools.
- Expand upon the Youth/police intervention initiative in partnership with NOBLE (National Organization of Black Law Enforcement Executives). Initiative promotes youth/police interaction to share experiences and build relationships between the two groups.

Office of School Counseling and Postsecondary Advising

MISSION

The Office of School Counseling and Postsecondary Advising (“OSCPA”) is a part of the Office of College and Career Success (OCCS). The Office of School Counseling and Postsecondary Advising ensures that school counseling teams (counselors & coaches) utilize leadership, advocacy, systemic change and collaboration to promote student success, provide preventive interventions, and respond to student needs by implementing a student-centered, data-informed comprehensive school counseling program that advances the academic, personal/social, and career development of all students and is aligned with District goals and state standards.

MAJOR PROGRAMS

- **K-12 Counseling Support:** *Counseling Specialists* are responsible for the integration of the School Counselor Framework outlining key pillars of K-12 school counseling work. The Specialists drive school counseling programs that are comprehensive and track relevant key performance indicators to ensure the school counselors address the academic, social-emotional, and postsecondary needs of all students. Specialists develop and support the REACH evaluation system that identifies a common definition and set of standards for the school counseling practice.
- **College and Career Advising Program:**
 - *College and Career Specialists* provide network level support to schools that promote a college-going culture and drive college access and persistence growth. Specialists own supporting schools in driving the district’s postsecondary key performance indicators and are responsible for implementing targeted strategies and activities that drive postsecondary success, such as building Postsecondary Leadership Teams, serving as trainers for the College and Career Advising Credential, organizing strategic college fairs, and facilitating college-school partnerships and dual enrollment participation.
 - *Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)* is a Federal program that operates in 40 elementary schools and 32 high schools. The Trio Federal program operates in 1 high school. These programs support implementation, management and ongoing evaluation of school-based activities designed to increase the college-going rate of low-income students with the intent of improving student achievement and success in postsecondary education.
- **Scholarship Support:** Foster partnerships with strategic scholarship providers; manage, track, and report awards; coordinate events and professional development; and publish a guide that provides students with scholarship opportunities as a way to close the financial need gap.
- **DREAMer Support:** Provide direct services to schools and other CPS external partners to support immigrant student populations. Services include ongoing DREAM training, a framework for the creation of school-based student DREAMer Clubs, sponsorship of a District-wide scholarship fund, a task force of postsecondary institutions to address college admissions and financial aid gaps for DREAMers, and parental/community engagement sessions that focus on the needs of Chicago's immigrant communities.
- **Postsecondary Strategic Initiatives:** Provide District-wide and targeted resources and supports to enhance students’ preparation for success in postsecondary endeavors, such as development of college and career counseling suites, securing and launching a district-wide student college and career planning portal, and building the College Persistence Toolkit to support staff in advising efforts.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Budget	758,292	2,710,202	2,184,248	1,616,109	1,782,409
NCLB Federal	333,585	0	36,586	36,620	1,304,132
Other Grants	1,644,779	1,937,290	2,568,467	1,862,628	2,729,309
Total Department	2,736,656	4,647,492	4,789,301	3,515,357	5,829,929
Budgeted at Schools	0	0	309,189	309,189	268,967
Grand Total	2,736,656	2,736,656	5,098,490	3,824,546	6,098,934

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Budget	13	13	13
NCLB Federal	0	0.5	0
Other Grants	21	35.5	35
Total Department	34	49	48

MAJOR ACCOMPLISHMENTS

- Formally launched Network Postsecondary Leadership Teams (PLTs) across all Networks and two school-based PLTs in each Network, and launched the postsecondary monthly school data tracker to enable school-specific ongoing early indicator monitoring and support.
- Provided district-wide Gates Millennium Scholarship info sessions and student support workshops resulting in 35 Gates Scholars, the highest for any school district across the nation for the 6th time in 7 years.
- Hosted strategic college exposure events including the 2nd Annual Young Men of Color Summit serving ~500 students, the first College and Career College Fair & STEM Expo serving ~3000 students, and the first College Affordability tour in Network 11.
- Piloted the Chicago College Advising Credential training for ~90 CPS staff, providing training on best practice postsecondary advising, and developed plan to expand training to more staff next year.
- Expanded Bilingual and DREAMer (undocumented) supports, including reaching 427 staff to date with DREAM training, hosting 2 CPS DREAMer Information Days reaching 100+ participants, hosting the annual CPS Bilingual Parent College Fair reaching ~500 parents, and organizing Year 2 of the CPS DREAM Fund Scholarship to provide financial assistance to 2-4 DREAMers.
- Expanded K12 counseling supports, including supporting the first K-8 school to receive national RAMP (counseling excellence) recognition, leading network-level counselor PDs district-wide, developing new Counselor REACH tools, and organizing the School Counseling and Postsecondary Advising Program Expo at SWAP to serve 200+ counselors.
- Rolled out the College Persistence Toolkit to all high schools, providing best practice strategies for students, families and schools.
- CPS spotlighted as a national leader in postsecondary preparation work, with OCCS/OSCPA being invited to share goals aligned with the First Lady's Reach Higher Initiative and the White House

College Opportunity Day of Action, and King College Prep HS winning the Reach Higher FAFSA Video Contest to bring First Lady Michelle Obama to Chicago to deliver King's commencement speech.

KEY BUDGET INITIATIVES

- Continue toward long-term goal of all students in grades 6-12 completing a College and Career-Ready Individual Learning Plan that culminates in a concrete post-secondary plan, through roll-out of Naviance (district-wide student planning technology portal) and aligned Grades 6-12 postsecondary planning milestones.
- Establish Postsecondary Leadership Teams in all District-managed high schools in order to lead strategies to drive key postsecondary performance indicators, identify gaps, and problem solve.
- Strategically support college access for immigrant, DREAMer, and Latino student populations by providing resources and professional development to direct service providers, and by partnering with pertinent stakeholders to improve college access and success.
- Implement year 2 of the Chicago College and Career Advising Credential and associated professional development, for school postsecondary advising staff in order to ensure more school staff are getting the training and support they need to be effective in increasing and sustaining student postsecondary success.
- Organize 3 strategic citywide college fairs that focus on STEM, selective colleges and universities, and a "Last Chance" Spring Fair for seniors.
- Develop an understanding of the current senior seminar landscape in order to strengthen existing programs and establish new programs where none exist.

School Support Center

MISSION

The School Support Center (SSC) is a one-stop-shop dedicated to creating and delivering innovative and proactive business solutions that empower schools to focus on instruction. We believe our schools need sound business practices that support student achievement. The School Support Center serves as a single-point of contact between Central Office partners and school/Network staff by providing excellent training, consultative support, and Premium Services in all areas related to school business operations.

MAJOR PROGRAMS

Support Center

This team provides problem solving, consultation, and instructor-led training support to school principals and their support staff who manage school business operations. The School Support Center serves as a single-point of contact for support in the functional areas of Budget, Finance, Procurement, Talent, and the emergency management planning component of Safety and Security.

Quality Assurance, Training & Compliance

In partnership with Central Office departments (Information Technology Services, Talent, Budget, Procurement, Finance, Treasury, Safety and Security, Nutrition Support Services, etc.):

- Develops training content/delivery modules and prepares trainers to implement training courses for Budget, Finance, Procurement, Safety & Security, Talent and district-wide campaigns. Current offering covers topics such as school budgets, internal accounts management, procurement, fixed assets, fee waiver forms, Taleo, and Network principal budget training/working sessions. Serves 4,000 attendees annually.
- Identifies and provides analysis on school-level trends/system issues and meets monthly with department Chiefs and Networks to execute improvements in district-wide policies/procedures and school compliance.
- Develops relevant and coherent knowledgebase to increase communication effectiveness between Central Office departments, the School Support Center, and school customers related to CPS policies and general information.

Premium Services

The School Support Center Premium Services option offers a service alternative for school principals to receive on-site consultation, training, and support in all areas of school financial operations. All schools who subscribe to Premium Services will receive these supports:

- An assigned Financial Specialist who visits each school on a regularly scheduled basis
- Differentiated/On-site training and support during visits to the school, with time spent providing consultation and training to the principal and designated staff specifically on Internal Accounts (IAMS) procedures, budget planning and spending, troubleshooting, and monitoring of school finances.
- On-site support for school audits (pre-audit preparation and post-audit support).

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Budget	2,533,908	2,121,874	2,907,027	2,615,532	1,996,802
SGSA	717,354	0	700,348	642,799	0
Total Department	3,251,263	2,121,874	3,607,375	3,258,331	1,996,801

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Budget	29	32	31
SGSA	8	6	6
Total Department	37	38	37

MAJOR ACCOMPLISHMENTS

- Implemented the change management for school budget application (known as Public Sector Budgeting) to Hyperion Budgeting, providing technical training and support to 1,200 school-based users.
- Provided instructor-led training to 550 CPS principals and designees on the new Taleo applicant tracking application, which replaced the former DS2 system for candidate sourcing.
- Organized the release of school budgets district-wide via Network Principals’ budget meetings in collaboration with the Office of Network Support, Budget and Grants Management, and Information Technology Services; with representation from all operations and instructional departments to address questions related to the budget and other areas of school operations.
- The SSC School Emergency Management team provided support to schools to reach 100 percent completion of School Emergency Management plans across the District.
- Trained 550 CPS principals on procurement compliance.
- Increased customer participation with Premium Service (PS) to include 164 schools in FY15.

KEY BUDGET INITIATIVES

- Consolidate the SSC locations to provide a single hub for principals and school staff to access, as well as deploy to Network locations, knowledgeable experts in the functional areas of Budget, Finance, Procurement, Talent, and the emergency management planning component of Safety and Security.
- Design and implement a comprehensive tool coordinated across all departments to provide Principals and Network Chiefs with a streamlined list of district priorities/deliverables, as well as accompanying training courses for FY16.
- Gather pulse on school customer experience of existing Oracle applications and project manage action items to further simplify the District’s approach to customer service for our schools and expand training support to Networks and school staff in collaboration with Information Technology Services and Payroll Departments.

Office of Social and Emotional Learning

MISSION

The Office of Social and Emotional Learning (“OSEL”) is a part of the Office of College and Career Success (“OCCS”), and works with schools to establish multiple tiers of support for students’ social, emotional and behavioral needs. We support training and implementation of strategies for positive and proactive school and classroom climate development, social-emotional skill instruction, and tailored social, emotional, and behavioral interventions.

MAJOR PROGRAMS

- **Social Emotional Learning, School Culture and Climate:** Provide training and coaching on supports for school staff to teach, model and consistently reinforce clear expectations throughout the school to create a safe, positive learning environment for all students in accordance with the CPS School Climate Standards.
- **SEL/Behavioral Interventions:** Offer therapeutic strategies with focused skill development specifically designed to positively impact a student or small group of students with certain social-emotional barriers to learning. Using effective discipline and intervention practices, the team works to reduce out of school suspensions and expulsions.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Budget	1,277,183	7,322,049	7,110,946	5,285,008	6,123,325
NCLB Federal	2,640,988	0	4,000,000	2,876,401	3,000,000
Other Grants	3,650,443	4,496,292	6,299,598	3,761,716	2,029,337
Total Department	7,568,614	11,818,341	17,410,544	11,923,124	11,152,662
Budgeted at Schools	0	0	259,138	82,903	0
Grand Total	7,568,614	11,818,341	17,669,682	12,006,027	11,152,662

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Budget	26	26.84	25.84
NCLB Federal	0	0	0
Other Grants	9	9.16	9.16
Total Department	35	26	35

MAJOR ACCOMPLISHMENTS

- In partnership with a citywide stakeholder collaborative, OSEL implemented the revised Student Code of Conduct (SCC) to ensure the District is moving towards a supportive discipline model and minimizing the use of exclusionary discipline. These changes and associated supports resulted in a 55 percent reduction in out-of-school suspensions.
- Released new School Climate Standards to guide the creation of safe and supportive school environments, and created multi-year School Climate Cohorts to provide intensive support for the implementation of these standards in 79 schools.

- Provided professional development and materials for 107 schools to implement evidence-based programs to teach SEL skills to all students.
- Created a professional learning community and training series for the new role of Network SEL Specialist to ensure all schools are building Multi-Tiered Systems of Support (MTSS) for students' social and emotional growth.
- Expanded Restorative Practices Coaches to 103 schools to support implementation of supportive discipline models in alignment with SCC.
- Expanded the Behavioral Health Team (BHT) model to 64 schools to support the coordination and monitoring of behavioral health supports for students with more targeted and/or intensive social and emotional needs.
- Embedded an alternative to expulsion interventions at 40 schools across eight networks, expanded use of the Saturday Morning Reach out and Teach (SMART) Program as an intervention to 392 students, and made SMART available to all charter schools.
- Created new citywide professional development opportunities, offered frequently throughout the school year, to support MTSS implementation for all schools, including restorative practices and peace circles, Deans/Disciplinarians Professional Learning Community (PLC), Coaching Classroom Management, Restorative In-School Suspension, and Trauma Sensitive Schools.
- Received two federal i3 grants to support implementation of evidence-based SEL skills instruction and school-wide integration; received Project AWARE grant to support training of a cadre of Youth Mental Health First Aid trainers and at least 200 First Aid deliverers.
- Implemented Teen Pregnancy Prevention Initiative in 28 schools to support SEL development in 9th & 10th grade students.
- Created a Supportive Schools Certification that will appear on School Progress Reports going forward, and conducted a thorough review of 18 schools that are eligible to receive this designation in SY16.

KEY BUDGET INITIATIVES

- Fund professional development, resource creation, and direct services for the SEL aspects of district-wide MTSS priority and suspension and expulsion alternatives to meet specific social, emotional, and behavioral needs of referred students.
- Continue implementation of two federal i3 grants to expand SEL skills instruction and school wide integration.
- Continue CPS Teen Pregnancy Prevention Initiative activities that include the implementation and evaluation activities of the Wyman Teen Outreach Program, Peer Health Ambassadors program and the Youth Advisory Committee.
- Reduce training expenses by continuing to build internal capacity of Central Office and Networks to provide training and coaching on SEL MTSS, ensuring a focus on preventative strategies through the suspensions and expulsions reduction project.

Sports Administration and Facilities Management

MISSION

To develop interscholastic athletic opportunities that enrich students' educational experiences and promote physical health.

MAJOR PROGRAMS

- **High School Sports:** Provides valuable after-school learning opportunities by managing the operational logistics for High School Interscholastic competitions across three seasons and for the citywide summer sports camp sessions. Facilitates the comprehensive professional development of all High School Athletic Directors and Coaches, which includes recognition of rules, regulations and conduct of all who are associated with the Sports Administration mission.
- **Elementary School Sports:** Organize network leagues and city-wide tournaments for the elementary schools that choose to continue to fund sports teams.
- **Student Drivers Education:** Oversee classroom instruction and behind-the-wheel activities for students at 20 citywide locations.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Funds	15,582,270	17,017,964	17,193,381	16,275,706	13,685,959
School Special Income	1,224,918	5,760	1,173,376	341,773	148,888
Total Department	16,807,188	17,023,724	18,366,758	16,617,479	13,834,847

- Change from FY 15 approved budget to FY 16 proposed budget includes \$3.2 million in savings announced in July, 2015.

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Budget	8	10	8
Total Department	8	10	8

MAJOR ACCOMPLISHMENTS

- Held successful mandatory trainings for all principals and athletic directors to review sports bylaws, policies and responsibilities of all associated with sports offerings.
- Created a sports training webinar, which is published on CPS University, for any new administrators and athletic directors.

- Redesigned the Individual Study Plan to establish greater accountability and clarity of who is responsible for providing academic supports to ineligible student-athletes.
- Provided miscellaneous staff to randomly attend games to monitor the exchange of eligibility sheets, and visit schools to ensure that ineligible students were achieving academic supports.
- Established a Regional Basketball Playoff system, to allow for convenient viewership, monitoring and provided a showcase for college coaches to recruit our athletes.
- Hired a Title IX Professional as Compliance Coordinator to oversee the gender equity obligations of the District.
- Launched guidelines requiring earlier start times for athletic competitions in order to address safety concerns.
- Upgraded the Driver's Education fleet with the purchase of 40 new cars to better serve the needs of the students in the Driver's Education program.

KEY BUDGET INITIATIVES

- Establish a sports request application process that allows the department to control cost and the number of sports teams added.
- Department of Sports Administration will continue to organize network leagues and city-wide tournaments for the elementary schools that choose to continue funding high demand sports teams.

Office of STEM Initiatives

MISSION

The Office of STEM Initiatives within the Office of College and Career Success (OCCS) provides support and resources to schools, facilitating the design and implementation of high-quality, sustainable Science, Technology, Engineering and Math (STEM) learning environments, leading to effective STEM education for all students and accelerating students' preparation for postsecondary success. Our Core Belief Statement: "We are developing tomorrow's innovators!"

MAJOR PROGRAMS

- **STEM Incubation for Elementary Schools:** Develop and implement 3-year incubation roadmap designed to facilitate strong STEM program integration in all 12 STEM Initiative Elementary Schools. Eleven schools are in year 3 of implementation while one school (Dunne Elementary) will be entering the first year of incubation. The focus at the eleven schools entering the third year of implementation will be on developing certification standards that schools must meet to get STEM designation, and on helping these schools meet those standards.
- **Early College STEM Schools (ECSS):** Support STEM implementation in five Early College STEM schools with the goal of increasing the number of students that graduate with early college credit, increasing the number of students that graduate college-ready in math & science, increase the number of students engaged in real-world work experience, and increasing the number of students that graduate with an associate degree in IT. Program elements include early college courses, school-wide STEM instruction, work-based learning opportunities, STEM enrichment, and IT career pathways. ECSS schools were funded throughout their incubation period with Race to the Top grants, which are expiring early in FY16. We are continuing to support these schools, at reduced levels, but these schools are ending their implementation phase and moving into a sustaining phase.
- **STEM Standards of Certification:** Develop and implement a "model" standard or roadmap for STEM Implementation across the District, inclusive of expectations around leadership, school structures and culture, staffing, instructional approach, course-taking, and college and career exposure.
- **Citywide STEM Strategy:** Support Chicago citywide strategy to triple the number of STEM credentials earned annually by Chicagoans through the CPS STEM Standards for Success, a set of criteria for defining STEM schools and measuring program growth. The pilot will launch in SY16 with 17 STEM schools with the intent of becoming a designation on School Progress Reports over time. Key priorities are: to improve teacher capacity to deliver STEM curriculum; increase interest and awareness of STEM topics and careers; improve STEM academic readiness; and improve STEM career preparation.

BUDGET SUMMARY

	2016 Proposed Budget
General Budget	1,446,699
NCLB Federal	2,852,354
Other Grants	176,264
School Generated	0
Total Department	4,866,653
Budgeted at Schools	3,371,672
Grand Total	8,438,325

- STEM programs were part of the MGIB unit in FY14 and part of the OCCS Central Office Unit in FY15. FY16 will be the first year that STEM is a separate department.

POSITION SUMMARY

	2016 Proposed Positions
General Budget	4
NCLB Federal	0
Total Department	4
School Based	38
Grand Total	42

MAJOR ACCOMPLISHMENTS

- Led development of comprehensive Vision and Priorities for CPS STEM Education.
- Designed and implemented K-8 STEM Incubation Blueprint and Implementation Plan for 11 neighborhood elementary schools.
- Established STEM Leaders Institute, a professional learning community for ES and HS STEM School leaders, and received 90 percent positive feedback from participants.
- Provided PD to ~400 teachers focused on STEM and 21st century learning including: cooperative learning, technology integration, and Math & Science practices across the content areas.
- Launched Innovation Labs in 11 STEM elementary schools, where students have an opportunity to explore topics such as alternative energy, robotics, mechanics and structural engineering.
- Revised Early College STEM School (ECSS) program model to include enhanced goals, interventions to increase college readiness, a school-wide STEM focus, and work-based learning.
- Managed goal-setting discussions with ECSS college and corporate partners, providing an inclusive process for developing a shared vision and mission and clarifying roles, expectations, and success metrics.
- Expanded work-based learning and academic enrichment for 600+ ECSS students to improve readiness and access to early college opportunities for Summer 2015, including ~95 internships.
- Created CPS STEM Standards for Success, a set of criteria for defining STEM schools and measuring program growth – Pilot will launch in SY16 with 17 STEM schools with the intent of becoming a designation on School Progress Reports over time.

KEY BUDGET INITIATIVES

- Invest in new “wall-to-wall” STEM program at Dunne Elementary, including professional development for all school staff, hiring/placement of STEM Math & Science Specialist, and creation of a new STEM innovation lab.
- STEM Specialists to provide targeted, job-embedded professional development in STEM-focused instructional practices including: authentic assessments, cooperative learning, technology integration, and trans-disciplinary planning.
- Convene 500+ teachers and staff from across the district to provide training and support for school-wide STEM integration, problem-based learning, Common Core State Standards, and Next Generation Science Standards training.

Office of Strategic School Support Services

MISSION

The Office of Strategic School Support Services (“OS4”) provides high-need elementary and secondary schools with the comprehensive and coherent services and supports required to increase student achievement and sustain school improvement.

MAJOR PROGRAMS

- **Reinvesting in High Need Schools:** OS4 is specifically designed to reinvest in CPS’s high-need schools with a focus on whole school transformation. OS4 works with “Reinvestment Schools,” which are generally elementary schools that require provisional or intensive support and which have demonstrated the “readiness” to engage in a transformation effort. In partnership with OS4, each school will develop and implement a whole school transformation plan designed to support the school in improving student achievement.
- **In-School Coaching** – In FY16, OS4 will provide funding to schools to hire a .50 FTE to provide on-site coaching support to teachers and in-school professional development. This is a shift from years past as the school leaders will lead their coaching support locally. For the past 2 years, principals have been prepared to leverage effectively the support of instructional coaches to maximize student achievement.
- **Administration of Federal School Improvement Grants (“SIG”):** OS4 oversees and manages the SIG program; SIG is a federal grant awarded to schools that demonstrate the greatest financial need and strongest commitment to use grant funds in a manner that will result in significant improvements in student achievement. Each SIG school is paired with an external lead partner, as required by the SIG program, to provide daily onsite leadership support and assistance to the school as it develops and implements a comprehensive and sustainable school improvement plan based on the SIG intervention model.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures as of 6/20/2015	2016 Proposed Budget
General Fund	364,490	231,636	343,402	255,243	121,895
NCLB Federal	8,099,499	15,340,429	12,051,597	6,663,860	1,555,414
Other Grants	979,833	3,311,558	2,794,780	692,715	2,751,152
Total Department	9,443,822	18,883,623	14,003,493	7,761,818	4,428,461
Budgeted at Schools	24,317,577	13,178,698	19,084,855	15,874,868	11,688,029
Grand Total	33,761,399	32,062,321	34,274,634	23,486,686	16,116,490

- FY15 Amended and FY16 Proposed Budgets do not reflect total grant appropriations, which are updated in the first quarter.
- FY16 Proposed Budget assumes that SIG grants will become 5-year grants that include a year of ramp-up and ramp-down. This will decrease the amount of funding for the next cohort of schools in its first year in FY16.
- FY15 Ending Budget and FY15 Expenditures were lower than Approved Budget due to Title I transfers out to reinvestment schools which do not appear in the department’s totals.

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	2	1	1
NCLB Federal	17	18	1.2
Other Grants	3	6	6.8
Total Department	22	22	9
School Based	95.5	81.75	95.5
Grand Total	117.5	103.75	104.5

- FY16 school-based proposed positions are estimates of total grant appropriations, which are updated in the first quarter.
- School based positions are higher at the beginning of the year because SIG grants operate for 14 months, which results in higher July and August FTE counts.

MAJOR ACCOMPLISHMENTS

- **Measured Improvement:** Preliminary results for FY15 NWEA show that the percentage of students meeting growth targets increased by 10 percent in reading, up to 65.2 percent, and by 20 percent in math, up to 65.9 percent. All OS4 elementary schools had more students meeting reading growth targets in 2015 than the previous year, 88 percent of schools had more students meeting math growth targets in 2015 than the previous year.
- **FY2016 SIG Grant Awards:** OS4 will submit SIG grant applications on behalf of 3 elementary and 9 high schools to implement the transformation intervention reform model. Grant awards are expected to be announced in December 2015.
- **Lead Partner Oversight:** To increase the level of support and capacity-building required by SIG, all SIG schools have been paired with high quality external lead partners that are funded entirely through SIG. OS4 has implemented monitoring and reporting protocols to ensure that lead partners are executing their scopes of work with fidelity and sharing accountability for increasing student achievement.
- **Professional Development:** During the 2014-2015 school year, OS4 continued its professional development offerings for leaders and teachers in the Reinvestment schools. Teacher sessions were scheduled by grade level which resulted in a series of over 35 1-Day Sessions grounded by two overarching themes: 1) ELA Common Core, and 2) Gradual Release of Responsibility Instructional Framework. The average teacher session included approximately 25 participants in each session, resulting in over 252 hours of face-to-face professional development for teachers across OS4. In addition to this, a cohort of approximately 100 educators were nominated by their schools to become Teacher Fellows. These teachers participated in intensive professional development as they were trained in the Common Core State Standards and Gradual Release of responsibility at a much deeper level. These teachers will serve as demonstration classrooms within their respective schools. Sessions were held after-school hours and on Saturdays. Each teacher received 71 hours of professional development through this program.
- **Extended Day Program:** During FY15, OS4 collaborated with its elementary schools to implement an after-school academic intervention program focused on literacy for students

in Grades 2-8, which incorporated a blended learning approach aligned to the Common Core State Standards for English Language Arts. While an external provider supported the design and implementation of the program, all instruction was provided by CPS teachers, which built internal capacity to sustain the program without external support. This program included the implementation of the iReady reading program and Think-Through Math program.

- **Rosetta Stone World Language Program** – Implemented daily World Language program at nine elementary schools. This independent study model gave students access to study during the school day with additional access before/after school and from home. The tool allowed for the delivery of individualized instruction according to the student’s pace. Teachers were allowed to measure student progress and adapt lesson plans and parents were aware of their student’s progress as well.

KEY BUDGET INITIATIVES

- **Redesigned Professional Development:** OS4 will change the way it delivers professional development from using out-of-network providers to providing in-network professional development. The department will save approximately \$11.6 million in Title I funding by providing this professional development through CPS teachers instead of professional development companies. This new approach will continue to maintain a transformation model for neighborhood schools at a significant reduction in cost.
- **Right-sized Central Office Headcount to New Spending Plan:** In FY15, OS4 was allocated \$15.3M in Title I funds to achieve the department’s goals. With a reduction of approximately 90 percent in Title I funding, OS4 was able to save the district valuable resources by reducing its staff from 22 FTEs in FY15 to 9 FTEs in FY16.
- **Serve the Same Amount of Schools:** OS4 will maintain and serve the same number of schools in its Network with less funding. Schools in OS4 will fund “Out of School Time” programming for professional development as OS4 strives to deliver the same high-quality instruction with less funds.

Office of Strategy Management

MISSION

The Office of Strategy Management was launched in FY13 to help the District set and achieve ambitious goals through long-term strategic planning, development of a culture of excellence in execution, and project management of key cross-functional initiatives.

MAJOR PROGRAMS

- **Capital and Facilities Planning:** Developing and revising the district’s Educational Facilities Master Plan, serving as a liaison to the Chicago Educational Facilities Task Force, working with schools and communities to understand their facilities needs and priorities, and advising senior leadership and the Board of Education on capital allocation decisions, including investments to relieve overcrowding.
- **School Transition Management:** Managing and implementing school actions, turnarounds, and new school openings, including execution of transitions in a manner compliant with SB630, as amended. Total cost includes all expenses of the implementation of School Action Transitions, including supports to students, and costs to transition materials and decommission buildings.
- **Demographic Analysis and Planning:** Supporting CPS leadership through data-driven demographic analysis aimed at accelerating progress on the District’s vision and priority initiatives. Critical work includes analysis of the city’s student population and enrollment trends, evaluating the capacity of our schools relative to those long-term trends, developing short and long-term enrollment projections for the District both overall and by school and grade, maintaining the neighborhood school boundary locations and data file, recommending boundary changes, and conducting demographic analysis to support strategic initiatives.
- **Strategic Planning & Initiative Management:** This function was created to ensure development and execution of the District’s strategic priorities and initiatives in a well-coordinated, timely, and cost-effective manner.

Budget Summary

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	22,141,409	1,640,779	1,367,861	845,196	1,034,598
Total Department	22,141,409	1,640,779	1,367,861	845,196	1,034,598

Position Summary

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	10	10	6
Total Department	10	10	6

MAJOR ACCOMPLISHMENTS

- Expanded access to selective enrollment high schools on the southwest side by converting the academic focus of Hancock High School and re-aligning boundaries of neighboring high schools.
- Supported expansions of early childhood education in low income communities via demographic and geographic analysis.
- Continued successful management the consolidation of underutilized schools and programs that were voted to close in 2013, in order to redirect limited resources into higher performing schools.
- Enabled cost and efficiency improvements in transportation services through demographic and geographic analysis.
- Coordinated summer school for offices reporting into the Chief Administrative Office.

KEY BUDGET INITIATIVES

- Updating the Educational Facilities Master Plan, including identification of progress since the last plan and developing revised long term enrollment projections for CPS overall and for each school.
- Identifying opportunities to provide all Chicago families with a high quality high school option within 3 miles of their home.
- Addressing the space constraints of our most overcrowded schools, despite the challenging fiscal environment.
- Strengthening feeder relationships to attendance-area high schools by revising high school boundaries so that they better align to those of the elementary schools in the area.
- Bringing enrollment projections process fully in-house and modifying approach to reduce third party spending and drive greater accuracy in forecasts.
- Assisting the district in delivering a more streamlined, efficient system of student enrollment.

Office of Student Health and Wellness

MISSION

The Office of Student Health and Wellness (OSHW) aims to remove health-related barriers to learning so that students may succeed in college, career and life.

MAJOR PROGRAMS

There is a strong relationship between student health and academic success: healthy students make better learners. OSHW works to increase access to quality school health services and improve school wellness environments through strong collaborations with community partners. Activities are focused on leading school health and wellness policy and procedural guidance, promoting health education instruction, delivering professional development and technical assistance, increasing access to physical activity, and providing direct access to health services.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	4,216,421	4,629,062	4,650,539	4,102,841	4,004,265
Lunchroom	54,293	140,592	192,028	111,035	382,128
Other Grants	2,963,770	3,372,496	3,832,951	2,113,390	1,804,531
Total Department	7,234,483	8,142,150	8,675,518	6,327,267	6,190,924

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	55	54	49.5
Lunchroom	1.5	3	4.5
Other Grants	11.5	12	11
Total Department	68	69	65

MAJOR ACCOMPLISHMENTS

- Disseminated and analyzed Healthy CPS Survey for over 280 schools to assess alignment to health and wellness policies and determine relevant action steps.
- Provided over 100,000 comprehensive dental exams.
- Completed a dashboard for health and wellness to enable school administrators and designated staff to view school and Network specific health and wellness reports to further data driven decisions that relate to student health and wellness as well as student attendance.
- Implemented year one of the Physical Education Policy at all schools, which included required 90 minutes of physical education (PE) for all elementary students and daily PE for all high school students.
- Expanded the Vision Program to include school-based vision services in order to provide all students with access to vision services and eyeglasses as needed. Provided nearly 34,000 vision examinations and over 20,000 pairs of glasses to students.
- Received over \$2 million in federal and private grant funds to support student programs in the areas of health, wellness, and vision.

Student Health

- Offered trainings & webinars for school personnel in diabetes, food allergies, AED/CPR, and sexual health education to promote policy alignment related to student health.
- Trained over 450 sexual health instructors in schools to ensure alignment with district policy.
- Delivered district-issued epinephrine pens to all schools to ensure compliance with Illinois law.
- Partnered with the Chicago Department of Public Health (CDPH) on HIV/STI prevention program aimed to reduce STI infection, address health disparities, and reduce teen pregnancy rates.
- Disseminated School-Based Health Center (SBHC) board rule and protocol to codify the relationship with schools, outline procedures for developing a new SBHC, and align with local, state and national standards.
- Provided over 90,000 dental exams to students in partnership with CDPH.

Student Wellness & Physical/Health Education

- Awarded nearly \$1.4 million in public & private grants to expand student wellness initiatives.
- Assisted over 100 schools who met all policy criteria in becoming LearnWELL certified.
- Assisted 150 schools in achieving Healthier US School Challenge certification (HUSCC) for a District total of over 300 schools.
- Provided District-wide professional development to over 800 employees.
- Developed a final scope and sequence for Comprehensive and Coordinated Health Education.
- Provided over \$300,000 to schools, including \$125,000 of PE equipment, to implement policies.

Vision and Hearing Screening & Referral/Vision Examination

- Provided over 168,800 students with a hearing screening and nearly 129,000 students with a vision screening, including referral to medical examinations.
- Provided access to medical care with the University of Illinois- Chicago Hospital at no cost to students, families, or the Board, with 218 students completing the medical referral with a medical provider.
- Provided access to school-based vision examination services at no cost to students, families, or the Board.
- Implemented partnership with eyeglass manufacturer to reduce time between exam and distribution of glasses from over 90 days to an average of 40 days

KEY BUDGET INITIATIVES

Student Health

- Continue the expansion of the HIV/STI Prevention Initiative at 20 schools to build capacity & supports to implement sexual health education, provide access to health services, and promote policy requirements.
- Expand and increase compliance of all health policies.

Student Wellness

- Assist 50 additional schools in becoming certified for LearnWELL.
- Support expansion of physical education at all schools.
- Allocated Tax Increment Financing dollars to 57 schools to hire 81 full time PE teachers

Vision and Hearing Screening & Referral/Vision Examination

- Increase number of data sharing and services agreements with licensed healthcare providers for access to medical services following referral.

Office of Student Support and Engagement

MISSION

The Office of Student Support and Engagement (“OSSE”) is a part of the Office of College and Career Success (OCCS) and provides comprehensive supports to help students become more connected to and engaged in school, including re-engagement services for out-of-school youth, resources to eliminate barriers for Students in Temporary Living Situations, attendance and truancy guidance for students, families, and schools, and extended learning opportunities to enhance all students’ core academic experience while engaging parents and community members in school-led activities.

MAJOR PROGRAMS

- **Attendance & Truancy:** Lead and coordinate the district-wide efforts to promote consistent student attendance and reduce chronic absence and truancy at both the school and community level. Intervene when schools fall below the District’s attendance goals and assist in disseminating and funding best practices for improving and maintaining high attendance.
- **Students in Temporary Living Situations (STLS):** Train and support all CPS schools to ensure system-wide compliance with McKinney Vento Law to ensure the removal of barriers to the educational opportunities for our over 20,000 students who are experiencing homelessness. Much of this work consists of providing transportation as well as basic needs such as hygiene kits, uniforms, and other supports that students need to be successful in school.
- **Student Outreach and Re-engagement (SOAR) Centers:** Provide targeted outreach to chronically truant and out-of-school youth to get them re-engaged, re-enrolled, and persisting in a best-fit educational setting with the goal of earning a high school diploma. There are four SOAR Centers located in neighborhoods with the highest concentration of out-of-school youth (Roseland, Pilsen/Little Village, Garfield Park, and Englewood).
- **Academic Competitions:** Manage and oversee student participation in Science Fair, Math League, Academic Decathlon, Debate, Spelling Bee, and Chess, hosting over 48,000 competitive slots for CPS students. Competitions create a competitive environment to teach students to apply content knowledge in ways that develop college and career skills such as argumentation, problem solving, and critical thinking.
- **Out of School Time (OST) Activities:** Manage and oversee After School All Stars, After School Matters, City Year programs, Science Olympiad, and You Be the Chemist, offering approximately 40,000 slots for CPS students. Students who participate in these programs are more likely to have increased academic performance, improved attendance, and be more excited to learn and achieve.
- **Community Schools Initiative (CSI):** Support 134 schools in Chicago receiving targeted grant funding to support Community Schools programming. These schools partner with community-based organizations to provide a comprehensive set of wrap-around supports to students, their families, and community members. Central office sets implementation guidelines, trains and connects schools to resources, and provides data analysis and technical assistance.
- **Mentoring the Next Generation (MtNG):** CPS mentoring program focused on supporting students through direct and indirect contact year-round through critical transition years from Kindergarten to 1st Grade, 8th to 9th Grade, and high school to postsecondary opportunities.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Budget	13,147,195	16,194,889	11,356,256	7,558,790	9,209,096
NCLB Federal	2,246,468	3,706,518	8,201,828	7,563,932	8,117,718
Other Grants	10,035,326	8,705,337	9,856,675	7,082,055	11,244,405
Total Department	25,428,990	28,606,744	29,414,759	22,204,777	28,571,219
Budgeted at Schools	4,260,698	0	8,069,631	4,743,689	796,562
Grand Total	29,689,688	28,606,744	37,484,391	26,948,466	29,367,781

- FY14 numbers are a rollup of Multiple Pathways, and Academic Learning and Supports Central and Citywide departments that were later reorganized to make up the new Student Support and Engagement Department. Some programs moved to Teaching and Learning, and a major NCLB Federal Program (SES) was eliminated in FY15.

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Budget	9	13	11
NCLB Federal	5	6	6
Other Grants	32	37	36
Total Department	46	56	53

MAJOR ACCOMPLISHMENTS

- Continued implementation of Attendance Improvement and Truancy Reduction Strategy to improve student attendance District-wide. The comprehensive strategy focuses on providing data tools and guidance to improve all schools' attendance and targeted financial investments to support high-need schools through school-climate training, social-emotional skill development, and supplemental student programming. The first two years of the strategy resulted in District-wide increases in average daily attendance at both the elementary and high school levels, as well as decreases in chronic absence and chronic truancy rates. Record high attendance rate of 93.2% for SY14 maintained for SY15.
- The District's three Student Outreach and Reengagement (SOAR) Centers have served 3,900 out-of-school youth and have produced 240 graduates since opening in March 2013. Eighty-six percent of students have reached stable enrollment and 66 percent of students remain enrolled in school. Launched fourth SOAR Center in Englewood in May 2015 to provide services to students in another high-need community.
- The Community Schools Initiative supported over 150 schools in creating integrated support programs and services for students by aligning needs with community partners and service providers. Won six 21st Century Community Learning Center (CCLC) grants worth \$16.2 million over five school-years (SY15-SY19) to support evidence-based comprehensive Community Schools Initiative (CSI) programming at 24 CPS neighborhood schools.
- Led District-wide training and support to all CPS schools to ensure our over 20,000 STLS students in CPS had access to transportation and other basic needs such as hygiene kits, school uniforms, and other clothing items to address barriers to attending school every day.

- Engaged approximately 38,500 elementary and high school students in out-of-school time programming via After School Matters, City Year, After School All Stars, You be the Chemist, and Science Olympiad. Achieved an increase in participation at high-priority attendance schools.
- Launched Chess as the eighth Academic Competition and executed seven other District-wide competitions such as Academic Decathlon, Debate, Science Fair, and Spelling Bee, engaging more than 48,000 students in 160 CPS schools, with select teams moving on to win state competitions and compete on the national level.
- Provided 436 CPS students with mentorship through Mentoring the Next Generation from 353 adult mentors at 247 CPS schools, where students were provided over 2,500 face-to-face contact hours.

Student Transportation Services

MISSION

To improve student achievement by providing safe, timely, and cost-effective transportation for all eligible students in accordance with federal, state, and local laws, as well as City ordinances and Chicago Board of Education policies and procedures.

MAJOR PROGRAMS

- **Diverse Learning Transportation:** Provide transportation from home to school for over 9,500 students with special needs and over 500 students with specified medical needs via approximately 1,025 routes provided by 20 vendors. Additional services are based on individual student needs, and may include bus aides, nurses, lift-equipped vehicles for wheelchairs, air-conditioning, car seats, and harness/restraint systems.
- **Options for Knowledge Transportation:** Provide transportation for approximately 9,500 elementary school students at academic centers and magnet, gifted, and classical schools. Students are transported on approximately 325 routes. Transportation is often based on living 1.5 to 6.0 miles from school; however, for gifted and academic centers, transportation is offered for those living further than 1.5 miles.
- **Non-Traditional Transportation:** Non-Traditional Transportation serves Students in Temporary Living Situations, students living in Chicago but attending other school districts, students attending qualifying NCLB schools, and transportation to three Alternative Safe Schools.
- **Bus Aides:** CPS provides Bus Aides for nearly 6,000 students with IEPs that require a transportation aide. In FY14, the Transportation department centralized the staffing and management of all Bus Aides to more efficiently allocate personnel and improve route coverage.

Budget Summary

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	114,579,812	113,684,541	118,147,880	107,164,244	119,560,339
NCLB Federal	997,690	1,000,000	899,398	283,309	350,000
Total Department	115,577,502	114,684,541	119,047,279	107,447,553	119,910,339
Budgeted at Schools	3,366,176	3,856,010	3,376,195	3,333,055	0
Grand Total	118,943,678	118,540,551	122,423,473	110,780,608	119,910,339

- The difference between FY 15 Approved Budget and FY 16 proposed includes the savings announced in July, 2015; these are offset in the proposed budget by such items as growth in need for transportation and bus aides for diverse learners, the cost of inflation for bus contracts, and the transfer of certain transportation-related costs into the Transportation budget from other departments, such as the shift of the CPS Warehouse appropriation.

Position Summary

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	849	876	1086
Total Department	849	876	1086
School Based	225	214	0
Grand Total	1074	1090	1086

MAJOR ACCOMPLISHMENTS

- Improved route optimization skills and resources. FY15 student transportation costs were down over \$1 million from FY14, despite an additional 450 students being transported per an IEP (an increase of 182 at charter schools alone) in the 2014-15 school year.
- Centralization of CPS fleet management and purchase of leased vehicles that will save the district over \$1 million over five years.
- Implemented a shared savings program with schools willing to shift their bell time for the 2014-15 school year. Schools received a portion of the savings worth \$2.4 million to use at their discretion.
- Improvements in routing capitalized on the additional 15 minutes between start times to improve pairing by 19 percent over last summer for the Summer Programs. The improved routing resulted in 120 fewer buses and a savings of over \$500,000.

KEY BUDGET INITIATIVES

- Implementation of bell time shifts to increase operational efficiency and service reliability, an initiative projected to save \$2 million annually.
- Creation of a “transit-style” transportation model for students receiving transport through the Options for Knowledge program. This initiative will consolidate the number of stops and save over \$2.3 million annually.
- Centralize the management and staffing of Bus Monitors which, along with the creation of transit-style stops, will reduce the need for bus monitors to save the district \$2 million annually.
- Continued improvements to bus routing staff and implementation of new routing software to drive routing efficiencies and nearly \$1 million savings.

Talent Office

MISSION

The Talent Office manages talent acquisition and onboarding, for new hires, and the engagement, rewards, and recognition strategies for those already working for CPS.

MAJOR PROGRAMS

- **Staffing Services:** Facilitate approximately 32,000 staffing transactions annually, including all hires, transfers, and employee exits; manage over 6,000 substitute placements weekly; maintain staffing records.
- **Talent Acquisition:** Lead and support the recruitment of highly qualified teachers by utilizing teacher referral resources and managing student teaching partnerships; assist in the recruitment of high-quality principals through the Chicago Leadership Collaborative and other principal referral resources; and manage the Education Pioneer fellowship program which provides valuable professional experience in education administration and support to over 20 college students each year.
- **Employee Solutions:** Support employees in accessing necessary information regarding policies, procedures, and advice via Talent Generalists and the Talent call center; provide workforce data-management and analytics; administer all leaves and benefits.
- **Compensation and Benefits:** Manage the District’s compensation management and benefits plan design and options, monitor healthcare costs district-wide, and ensure that employees have an annual opportunity to elect benefits.
- **Talent Support & Executive Administration:** Perform client management function for all District leaders seeking Talent guidance and support, conduct workforce planning, and executive leadership.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Fund	23,367,404	36,740,297	33,143,652	30,715,473	15,139,362
NCLB Federal	20,625,861	14,850,956	14,383,820	9,710,300	60,193
School Generated	592,189	318,145	432,373	291,355	82,728
Other Grants	9,901	0	66,228	43,291	0
Total Department	44,595,355	51,909,398	48,026,073	40,760,419	15,282,283

- Restructuring for FY16: Several functions totaling \$22.7M and 120 FTE are to be moved to other departments due to central office department restructuring
- The Employee Engagement and EOCO units which include a \$2.36 million budget and 18 FTE will be moved to Law Department
- The Leadership Development unit which includes an \$11.7 million budget and 69 FTE will be moved to the Office of Network Supports
- Fingerprinting and background check team, which includes a \$650K budget and 6 FTE, will be moved to Safety & Security.

- The Educator effectiveness unit which includes a \$8 million budget and 22 FTE will be moved to the accountability office
- The workforce analytics unit which includes 5 FTE will be moved to Accountability during FY15

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Fund	230.02	196.88	73.34
NCLB Federal	11.00	9.00	1.00
School Generated	1.98	1.32	0.66
Total Department	243.00	207.20	75.00

*The Talent Office headcount is comprised of 70 operational staff employees. Also included in the headcount are employees that are part of the District’s Talent Pipeline which includes 2 Broad residents, and 2 Education Pioneer fellows.

MAJOR ACCOMPLISHMENTS

- Introduced Pay for Performance and Merit-based salary planning, new Compensation Policies and Procedures, and Strategic Benefits Communications and Programs.
- Partnered with the Chicago Teacher’s Union to prepare 78 teachers to achieve National Board Certification.
- Implemented a more professional, constructive discipline process for teachers and paraprofessionals that encourages setting expectations, gaining commitment, and mutual support of the school’s goals and culture.

KEY BUDGET INITIATIVES

- Invest over \$1 million in the Consulting Teachers program, providing one-on-one professional development to tenured teachers and helping ensure that every classroom is led by a capable teacher.
- Serve as a strategic partner in developing human capital by proactively managing performance and professional development

Office of Teaching & Learning

MISSION

To provide all stakeholders with educational resources that will result in high-quality curriculum and instruction that engages and empowers students.

MAJOR PROGRAMS

- **Education and Sports Policy and Procedures** effectively communicate and facilitate the strategic implementation of Board policies and procedures to ensure equity and fair standards for all CPS students to drive student achievement.
- **Instructional Supports** provides students with targeted resources and academic programs that extend learning opportunities for success. The Instructional Supports department ensures that all students will be actively engaged in extended learning opportunities that foster and enhance the skills needed for success in college, career and life.

BUDGET SUMMARY

	2014 Actual Expenses	2015 Approved Budget	2015 Ending Budget	2015 Expenditures	2016 Proposed Budget
General Funds	1,842,475	4,760,785	4,504,576	3,198,653	3,750,363
NCLB Federal	5,010,785	17,676,983	17,529,271	10,262,939	14,272,788
School Special Income	0	0	118,142	115,538	116,510
Other Grants	448,982	179,428	304,984	183,171	0
Total Department	7,302,242	22,617,196	22,456,973	13,760,302	18,139,662

POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Funds	14	13	14
NCLB Federal	4	4	4
School Special Income	0	1	1
Other Grants	2	2	0
Total Department	20	20	19

MAJOR ACCOMPLISHMENTS

- **Core Curriculum:**
 - Initiated the first 3-Day CCSS Summer Principals' Institute for CPS Principals.
 - Continued Central Office Leadership, Network Leadership and Teacher Leader Training on Multi-Tiered Systems of Support.
 - Launched a Core Curriculum and Core Supports RFP which yielded a list of approved vendors from which schools can order instructional materials.
 - Implemented a K-10 Interdisciplinary African and African American Curriculum and developed and launched a Latin and Latin American Studies Curriculum for the District.
 - Expanded the First Moves Program from 32 participating schools in SY13 to 92 participating schools in SY14 before transitioning the program to OCCS.

- **Instructional Supports:**

- Implemented the following summer school program in SY14: Summer Cool.
- Informed and financed an \$85,500 IT upgrade which gave all CPS principals daily access to students' summer school progress and developed a Principal Guide for Age Cycle 15 Students.
- Collaborated with ITS to upgrade Dashboard to include the number of Age Cycle 15 Students in membership at each elementary school and include Credit Recovery Failure Reporting on the Dashboard.
- Collaborated with ITS to develop and implement Personal Learning Plans (PLPs) for all Summer Bridge students and all students promoted in June with supports.
- Provided Networks and schools with three revised Forecast Reports to increase their ability to identify struggling students during the school year.
- Developed Virtual Learning Guidelines for the District.

- **Education and Sports Policy and Procedures:**

- Rebuilt the Scheduling Department and provided District-wide training and guidance on master scheduling.
- Launched Google Groups and a Knowledge Center page to facilitate District-wide collaboration and information sharing on master scheduling.
- Reinstated bi-annual meetings for High School Schedulers and full training for *new* High School Schedulers.
- Revised the District's process for scheduling online instruction and Driver Education to improve data collection and analysis.
- Conducted a Full Elementary School Scheduling Pilot in Network 3 which yielded a tangible evaluation of functionality within the District's current Student Information Systems.
- Reviewed all 26 of 26 600-level policies, met with policy content owners and developed a policy amendment schedule to present amended policies to the Board.

KEY BUDGET INITIATIVES

- Build capacity of CPS Network Chiefs, principals, and teachers in designing, implementing, and supporting rigorous teaching practices and engaged student learning tasks that enable students to demonstrate progress towards mastery of Common Core State Standards.
- Build capacity of CPS Network Chiefs, principals and teachers using Multi-Tiered Systems of Support to create a strong learning community for all schools and students.
- Inform and support ITS upgrades for improved efficiency in generating, storing, accessing, monitoring, and analyzing data for all T&L Departments.
- Apply cross-departmental strategic planning and data-driven decision making at the classroom, school, Network and Central Office levels for continuous improvement in eliminating duplicative programs and realizing operational efficiencies.
- Collaborate with all Academic Departments to establish a high school strategy that effectively meets the needs of Age Cycle 15 students.
- Provide a positive District culture to close achievement gaps, continue the upward trend in graduation rates, and ensure all students are college and career-ready.

PENSIONS

For many years, pensions have been the single largest driver of CPS's structural deficit. Unlike all other school districts in Illinois, which receive full teacher pension funding from the state, CPS is required to fund its own teacher pension system while its taxpayers also pay into the pension funds of other districts. In FY 15, CPS contributed \$634 million for Chicago pensions out of its own resources, while the state contributed \$3.4 billion for all other districts out of statewide resources. As a result of inaction from the state to address this unfair burden on CPS, the District had to take money from the classroom to cover rising teacher pension costs .

In FY16, CPS's contribution to the Chicago Teachers Pension Fund (CTPF) will continue to rise, reaching \$676 million. This payment represents an increase of \$42 million compared to FY15 and will consume 12 percent of the District's operating budget.

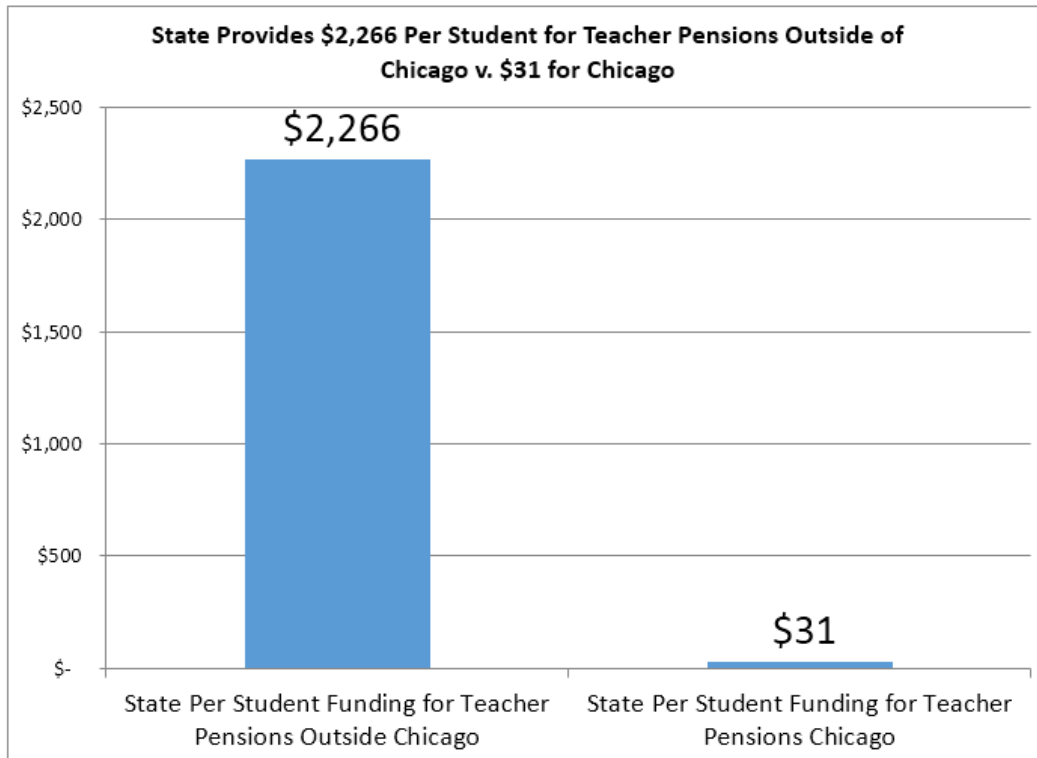
Only CPS Faces a Crushing Pension Burden

CPS is in a uniquely difficult financial situation because it is the only school district in Illinois that is required to support its pension system. Teachers outside of CPS are part of the state Teachers' Retirement System, funded by the state from taxes, including those paid by Chicago taxpayers. However, CPS teachers are part of the CTPF, which is funded by Chicago taxpayers, *with almost no support from the state*. This double-taxation of Chicago taxpayers is inequitable and a main cause of the financial challenges that CPS faces.

Even though both systems are governed by state statute, there is a vast difference in how pensions are funded, and Chicago is at a great disadvantage.

In FY16, the state will make a \$3.7 billion contribution to TRS. This amounts to a pension subsidy for downstate and suburban school districts of \$2,266 per student. In contrast, CPS receives only \$31 per student (Chart 1). The significant gulf in state pension support has created a structural budget crisis that will continue to divert scarce resources away from classrooms to cover pension payments until action is taken to correct this imbalance.

Chart 1: State Per-Pupil Contribution Disparity for Teacher Pension Funds



In addition to providing the employer contribution for TRS, the state also funds the retiree health care plan for teachers outside of Chicago. The state will provide an additional \$108 million to support retiree health care for the 95,000 TRS retirees, while CPS will pay \$65 million to CTPF for health care for 24,000 retirees.

Employees also are required by statute to contribute 9 percent of their salary to pensions (the “employee contribution”). However, CPS pays 7 percent of the 9 percent for a total of \$131 million budgeted in FY16 for participants in CTPF. Non-teacher employees are part of a separate municipal pension system. CPS also pays 7 percent of the 8.5 percent employee contribution for these employees, at a cost of \$40 million in FY16.

CPS’s Pension Contribution Requirements

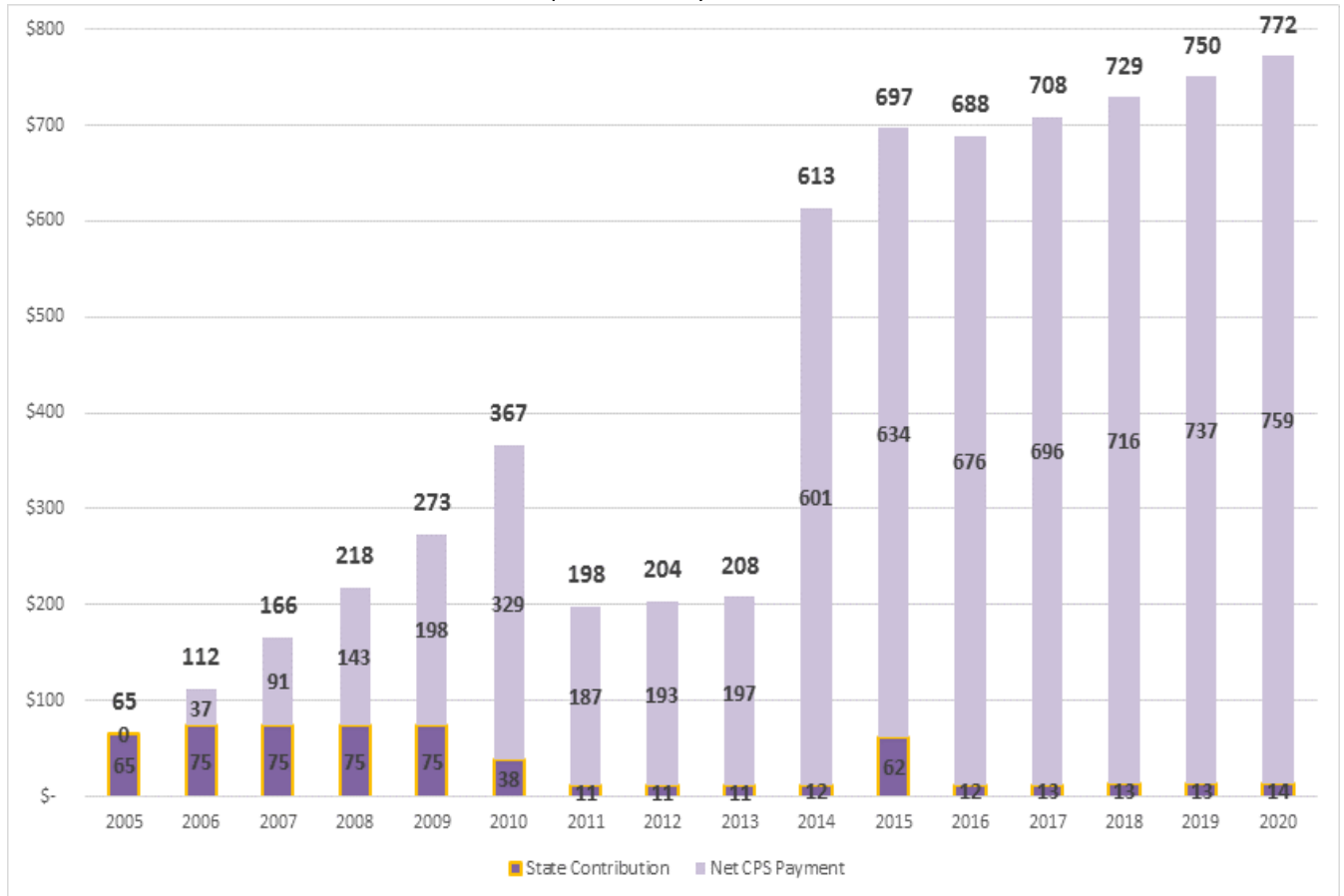
Teachers and other employees with teaching certificates (e.g., principals) who work at CPS participate in the CTPF. The CTPF is governed by a 12-member Board of Trustees: six elected by the teacher contributors, three elected by the annuitants, one elected by the principal contributors, and two appointed by the Board.

CPS is required to make an annual contribution to CTPF, based on an actuarial calculation, sufficient to bring to 90 percent the “funded ratio” of actuarial assets to liabilities by 2059. By statute, CPS is also allowed to decrease its contribution by the amount of any state funding contributed to the pension fund. In FY15, CPS paid \$634 million in pension payments to the CTPF, while the state contributed only \$62 million, for a total payment of \$696 million. This is in contrast to the state funding goal outlined in

statute of 20 to 30 percent of the state’s TRS contribution. If the state met that funding goal in FY15, it would have contributed \$700 million to CTPF instead of \$62 million.

While the state contributes vast amounts on behalf of all other school districts, it continues to place the full burden of pension funding on CPS. Without a fair contribution from the state, like it provides for all other districts, CPS’ FY16 payment is slated to increase to \$676 million.

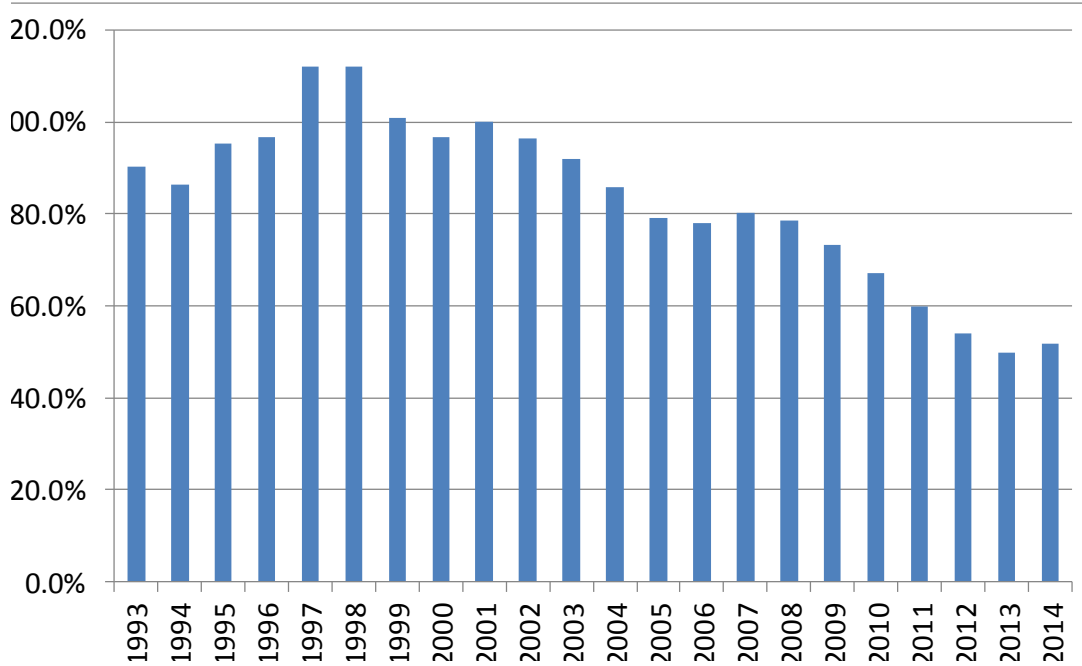
Chart 2: CPS’ Required Employer Contributions to CTPF grows dramatically
(\$ in millions)



Decline in Funded Ratio Led to Increased CPS Contributions

As recently as June 30, 2001, CTPF had a funded ratio of 100 percent, and according to state law, CPS did not have to make an employer contribution. By June 30, 2004, the funded ratio had dropped to 86 percent, below a 90 percent threshold, and therefore CPS was statutorily required, beginning in FY06, to make employer contributions.

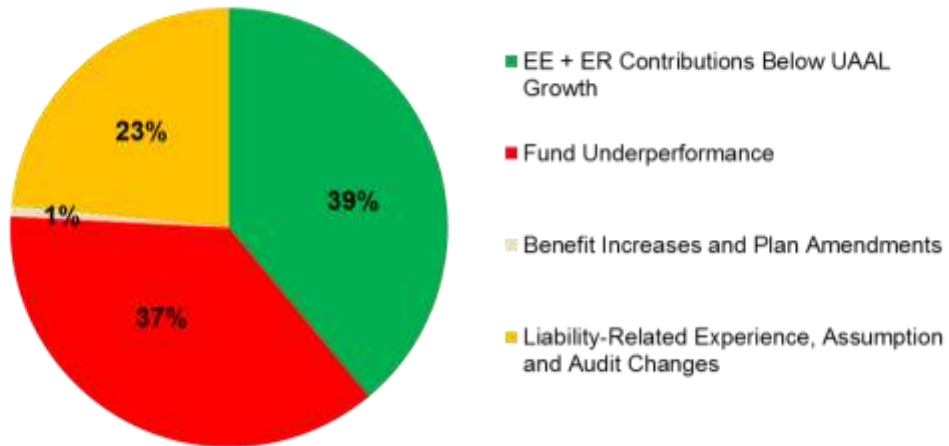
Chart 3: CTPF Funded Ratio Decreased Over Time



Causes of Decline in Funded Ratio

The funded ratio decreased from 100 percent in 2001 to 52 percent in 2014, which represents a decrease of \$9.4 billion over a 13-year period. As shown in Chart 3, investment returns below the assumed rates accounted for 37 percent of the decrease. Contributions statutorily set below what is required to cover the unfunded actuarial liability (UAAL) accounted for another 39 percent, and the combination of plan experience, assumption changes and other smaller items accounted for the other 24 percent. Note that throughout this period, the state failed to meet its goal of providing 20% - 30% of TRS funding to CTPF.

Chart 4: Causes of Decrease Funded Ratio from 6/30/01 to 6/30/14*



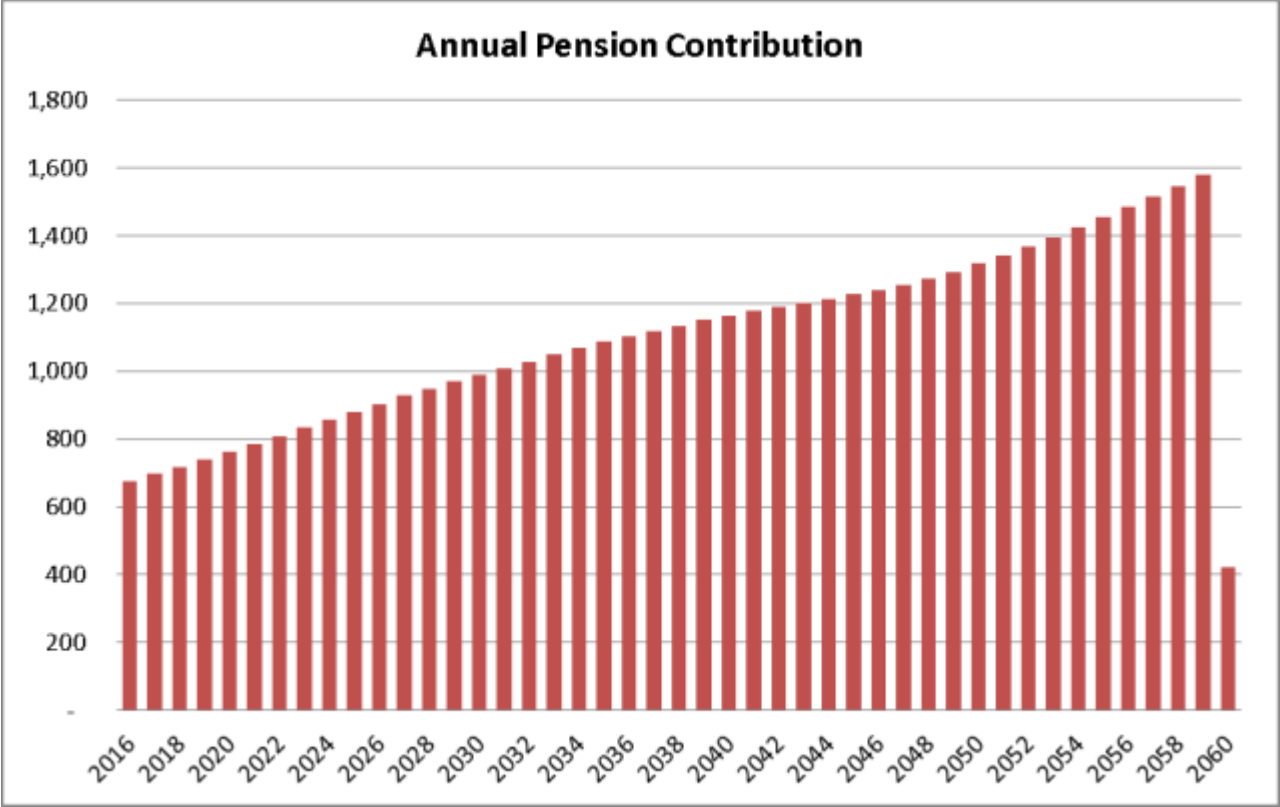
*EE in the chart refers to Employee and “ER” refers to Employer

Although many factors, including decisions at both the state and local levels, contributed to the decline, CPS now must make up the shortfall through increased contributions that divert money away from classrooms.

CPS Pension Contributions Continue to Grow

The mounting financial pressure from pensions will not disappear without funding equity and will continue to draw resources that could otherwise be spent in the classroom. CPS’ pension obligation is increasing by \$42 million in FY16; payments will rise every year until 2059 in the absence of comprehensive pension funding equity.

Chart 5: CPS Employer Pension Contributions Will Continue to Grow Every Year Until 2059 When 90% is Reached



Pensions Crowd Out Classroom Spending

In the past two years alone, CPS has made more than \$1 billion in pension payments. Since FY14, when the pension payment jumped by \$400 million to a total of over \$600 million, CPS has turned to a series of one-time fixes to pay for pension costs and prevent significant school budget reductions. In FY14, the district used reserves to balance the budget and ended the year with expenses exceeding revenue by \$513 million.

In order to make the full \$634 million payment due for FY15, CPS had to borrow an extra \$200 million *on top of* the \$500 million it had already borrowed to address its cash shortages. The district made the full payment on time on June 30, 2015, but using borrowed funds. The following day, the district announced \$200 million of cuts.

To balance the FY16 budget and account for CPS’ nearly \$700 million pension payment, CPS cut \$200 million and eliminated 1,400 positions while reducing spending on programs from elementary athletics to facility repair and maintenance and teacher professional development. The FY16 budget further relies on \$500 million in pension support, and if Springfield does not reach a resolution, the District will be forced to use a combination of deeper cuts that will directly impact classrooms and additional unsustainable borrowing. While additional cuts and borrowing are a last resort, both options are a very real possibility unless action is taken to address CPS’ structural deficit and its main driver, the District’s pension obligation.

Importance of Pension Funding Equity

For years, CPS has warned that its skyrocketing pension obligations must be addressed through legislative solutions or classroom budgets will be impacted. The unfortunate reality is that CPS has reached that breaking point, and it can no longer make pension payments with reserve funds and one-time fixes. The only alternative to draconian budget cuts in the near future is pension funding equity. The absence of legislative action will prove to be devastating.

CPS remains engaged with its partners in Springfield on potential options to resolve the District's structural deficit.

Mayor Rahm Emanuel has proposed two plans to reform the broken pension system and put CPS on sustainable economic footing. Plan A would create a single, uniform pension system across the state for teachers and taxpayers. This plan would put create parity between districts and benefit retirees and teachers outside of the city because the CTPF is better funded than the TRS.

Plan B is a comprehensive solution that would require shared investment from everyone with a stake in the system, including state government, teachers and Chicago taxpayers. Under Plan B, the state would cover the annual cost for teachers' pension, excluding debt resulting from changing demographics, poor investment returns during the Great Recession and legacy costs due to the lack of payments beginning in 1995. In turn, teachers would make their full individual pension contributions and a small property tax levy would be authorized in Chicago to cover teacher pensions. To ease the state's burden, all local school districts would be required to cover their own annual pension costs, but the state would pick up its historic legacy costs, which represent the largest portion of current pension debts. The Mayor's plan also calls for reform of the state's broken education funding system to provide more dollars to all school districts.

The Senate recently passed SB318, sponsored by Illinois Senate President Cullerton. This funding reform bill is an encouraging sign. It recognizes the state's responsibility to contribute to Chicago teachers' pensions and restores the property tax levy that was eliminated in 1995. It also provides immediate relief by limiting the amount that CPS must pay for the next two years. The bill creates a commission to address the broken education funding system. The long-term, equitable solution that solves CPS's structural deficit remains elusive.

CPS has reached the point where our leaders in Springfield must act to prevent severe cuts to city classrooms. Thankfully, there are viable options on the table to address this crisis should lawmakers choose to act.

Capital

The FY16 budget for Chicago Public Schools includes a capital plan totaling \$178 million for school repair, improvement, and modernization. The investments outlined in this plan reflect the tremendous financial challenges facing the District, and are limited to previously announced projects and emergency maintenance and repairs that immediately impact student safety and comfort.

The capital budget includes \$115 million of funding provided by CPS through bonds, and \$63 million from the City of Chicago, Federal E-Rate funding, and other external sources. The \$115 million of CPS funding represents a significant decrease from the \$184 million proposed for FY16 in last year's five-year plan. This decrease reflects the minimum investment required to maintain CPS facilities.

Under the leadership of Mayor Rahm Emanuel, CPS and the Board of Education have provided over \$1.4 billion since FY12 to build new schools, provide playgrounds and air conditioning, improve access to technology with new computers and expanded bandwidth, expand academic programs (career and technical education programs, for example), and make core investments in our facilities to repair roofs, fix chimneys, and replace or repair boilers and other mechanical systems. This has been done to ensure students have a high-quality learning environment to support their education.

Today, over \$567 million in capital projects are underway at 126 schools, each supporting this vision of expanding high-quality academic options for families across the city. The District's fiscal constraints, however, have forced CPS to scale back plans for building upgrades and improvements in FY16. Investments in air conditioning, programmatic initiatives, and IT system upgrades have been reduced from the plan released in FY15 and repairs to CPS facilities have been limited to those that impact the health, warmth, and safety of students and teachers.

The FY16 capital budget and five-year capital plan outline plans for \$581 million of investments from FY16 to FY20. Highlights of the plan are included here; full details are available at the Capital Plan website - www.cps.edu/capitalplan.

Since releasing the FY16 One-Year and Five-Year Capital Plans on May 1, 2015, the budget has been revised to add \$5.2 million for emergency projects at Lakeview and Edwards. This increase has been partially offset by a \$2 million reduction in CPS-funded projects accelerated or that received favorable bids. An additional \$1.6 million of projects previously listed as CPS-funded have been re-categorized as outside funded to reflect new sources of funding. \$15.5 million for potential outside funded projects has also been set aside for funding that may materialize during the fiscal year.

Limited Financial Resources

Given the District's \$1.1 billion budget deficit, we must shift the focus of our five-year capital plan away from plans released in prior years and instead address only our most urgent facility needs. On average, our buildings are over 75 years old with a total repair need of \$4 billion. Our financial shortfall has forced us to limit our capital plan to roofs, chimneys, and other basic building needs, leaving little remaining for important investments that would ease overcrowding, add additional programmatic initiatives, and expand technology upgrades.

Prioritize Building Needs

The FY16 capital plan proposes nearly \$91 million in roof, chimney and other building condition projects to address our most urgent needs. Investments in the Facility Needs category include roofs at Saucedo, Collins, De Diego, and Edwards, as well as chimneys at Alcott, Manierre, McCormick and Sumner. In addition, Tilden and Lakeview high schools will receive urgent masonry repairs, Crown and Shields will receive needed structural renovations, and phase two of the Lane Tech renovation will be completed.

The five-year capital plan proposes continued funding for the District's most urgent building needs, with annual investments of between \$70 and \$80 million. Of this total, we will set aside \$16 million annually for emergency projects that arise throughout the year - an increasingly important tool as our buildings age and we manage through a smaller-than-ideal capital plan.

Technology, Programmatic and Other Investments

We have appropriated \$41.8 million to invest in IT infrastructure, programmatic needs, athletic fields, and playground and air conditioning initiatives.

Continue full-day Pre-K expansion. We propose investing \$2.7 million to continue the district-wide Pre-K expansion at Columbia Explorers and Tonti. Tonti, a high performing neighborhood school, will receive a new 4-classroom modular unit to expand on a successful Pre-K program at the school. The Columbia Explorers project involves building out new leased space to house Pre-K students.

Improve school internet access for enhanced learning. The District will provide \$13.2 million to meet IT requirements, \$8.5 million of which will provide upgraded data networks at over 50 schools with nearly \$4 million of the \$8.5 million funded through the Federal E-rate program. \$2.1 million will fund three projects necessary to keep the District's computer systems and IT infrastructure up-to-date. An additional \$2.6 million will fund projects that will be paid for by operating savings.

Playgrounds program successfully completed. With the completion of the 27 playgrounds in the FY16 playlot budget, CPS will wrap up the multi-year playground program that successfully built playgrounds at all schools with available space.

Air Conditioned classrooms to aid learning. In 2013, fewer than half of the CPS campuses had air conditioning in every classroom. Since then, CPS has installed air conditioning at 177 schools. With the release of last year's capital plan, the Mayor announced a five-year goal of installing air conditioning in every classroom. After the newest air conditioners are installed at 35 schools this summer, only 65 school campuses remain without air conditioners, putting CPS well ahead of schedule on the five-year plan.

Outside Funding Provides Much-Needed Enhancements

With the help of over \$26 million in new TIF and other local funding, CPS is able to build athletic fields at Wells, Esmond, Hayt, Audubon, Clemente and Alcott, along with new playlots at Hamilton, Perez, Earle, Joplin, Kipp Charter Bloom, Ninos Heroes, and Randolph. In addition, Amundsen will receive an interior renovation, Franklin will receive new lockers, and Orozco will continue the Space to Grow program started last year. TIF funding will also support urgent repairs needed at Tilden and Lakeview high schools.

Overcrowding Relief Underfunded

This capital budget does not include any new schools or annexes. Just over \$10 million will go toward overcrowding relief at Dore and Mount Greenwood. The Mount Greenwood project consists of six modular classrooms to address the growing population. Dore will receive an eight classroom modular addition to temporarily relieve severe overcrowding while design begins on a more permanent solution.

Though much needed, these two investments do not address the increasing need to provide adequate space for areas with increased enrollment. In the past, the state has provided capital funding to help with overcrowding, but without assistance from a state capital program, CPS's fiscal constraints leave the District unable to further address this outstanding need.

Transparency

The District's FY16 proposed One- and Five-Year Capital Plans are available on the interactive capital website at cps.edu/capitalplan, providing community members with easy access to detailed information on all capital projects that are planned and underway. The site allows users to quickly select projects by school, geographic area, type, and year. It also allows users to scroll over an interactive map to gather details by area. The site has been designed to encourage public engagement and comment.

Developing and posting the proposed FY16 and five-year capital plan ensures that CPS has complied with the requirements of Public Act 097-0474. The FY16 and five-year capital plans were developed around findings from the Education Facility Master Plan. Together, these resources provide a comprehensive picture of the utilization, capital needs, and future direction for the District's physical infrastructure.

SOURCES AND USES

The FY16 Capital Budget totals \$177.6 million and will be funded by a combination of CPS resources, state funding, a federal grant, TIF funding, and various other local public and private funding sources. In total, approximately \$115 million comes from CPS resources, and \$63 million comes from outside support. Below is a summary of the sources and uses of the FY15 Capital Budget by project type.

**Table 1: Sources and Uses
(In Thousands)**

Sources	
Debt Proceeds	\$ 114,911
Federal Grants	3,800
State Funding	18,900
TIF Funding	24,040
Self-Funded Projects	2,600
Other Local Public and Private Funding	13,305
Total FY16 Capital Budget Sources	\$ 177,556

Uses		
Building Repairs and Modernization	\$	139,574
Facility Needs		90,729
Facility Upgrades		5,010
Interior Renovations		3,600
Lockers		1,410
Site Improvements		20,635
Playlots		8,070
Athletic Fields		9,255
Other Site Improvements		3,310
IT & Other Projects		13,200
Contingency		10,000
Access to Quality Education Programs	\$	2,944
Pre-K Expansion		2,640
Programmatic Investments		304
Relieving Overcrowding	\$	10,200
Other	\$	24,838
Capital Project Support Services		9,578
Legal/Regulatory Requirements		3,500
Potential Outside Funded Projects		11,760
Total FY16 Capital Budget Uses	\$	177,556

IMPACT OF FY16 CAPITAL PROJECTS ON OPERATING BUDGET

All projects considered for inclusion in the annual capital budget are analyzed for their projected impact on the District's operating budget. For some projects this year, the capital investment supports a programmatic or academic investment in the operating budget, and both the operating and capital investments were approved concurrently. In other instances, we expect to see savings, such as energy savings, but these are difficult to quantify. Below are details of the operating impact by project type, with savings expressed as a negative number in parentheses and additional operating costs expressed as a positive number.

FACILITY NEEDS

Building Envelope/Chimney Renovations

Energy Savings

The Lane Tech renovation is expected to have a positive impact on the operating budget as old structural issues are fixed and result in increased energy efficiency, although it is difficult to estimate or measure savings. This is also the case for roof and window projects at Addams, Collins, De Diego, Gallistel, and Saucedo and other building and chimney renovations outlined in the plan. In addition, building envelope renovations, once completed, generally free up engineers and other CPS resources to focus on other buildings in need of attention.

Mechanical and Electrical

Energy Savings

Mechanical projects will be funded on an emergency basis from contingency, so the number of projects we will complete as part of the FY16 Capital Budget is unknown. However, any new FY16 mechanical projects should generate operating savings, as new boilers are more energy efficient and require less maintenance than older, existing machines. This frees up CPS resources for other mechanical systems in need of attention.

FACILITY UPGRADES

Building Interior and Lockers

No Impact

The Building Interior category consists of ADA, furniture projects, interior renovations, and locker installations. These improvements require virtually no maintenance and do not impact the operating budget.

FACILITY SITE IMPROVEMENTS

Playgrounds, Turf Fields, and Site Improvements

No Impact

New playground and turf field construction requires some maintenance and cleaning to prolong the life of the playground. While this maintenance requires an engineer or custodian – thus taking time from the individual's other job duties – there is no impact on the operating budget as maintenance is absorbed by current school personnel. The benefits of the playgrounds and turf fields in conjunction with the district's recess initiative easily outweigh the small personnel commitment.

IT & OTHER PROJECTS

Information Technology and Other Projects

(\$0.9 Million)

Many of the Information Technology (IT) and Educational Programming projects consist of infrastructure, hardware, or software implementation that does not trigger any additional operating costs. The ongoing support for these projects will be absorbed by current available staff, resulting in no increase to the District's operating budget. Additionally, the new equipment associated with the School Data Network and Wireless Upgrades project will cost less than current equipment to maintain, but revised maintenance costs are still to be determined.

The FY16 capital plan includes \$2.6 million worth of IT investments that will be funded by operating savings generated by these projects. The payback period is two years for the Position Control Replacement project and five years for the Student Information Systems Replacement, after which CPS will realize ongoing operating savings for each project.

PROGRAMMATIC

Pre-K Expansion

\$0.09 Million

The addition of new space for Pre-K classrooms at Columbia Explorers and Tonti increases the need for facilities support personnel, district utility costs, and building maintenance costs. The lease of space for the Columbia Explorers addition will also add rental costs to the District's operating budget. We estimate this total to be approximately \$87,000 annually.

Other Programmatic Investments

No Impact

Renovations at Back of the Yards High School and Davis will provide upgrades necessary for Back of the Yards' wall-to-wall IB program and Davis's Child Parent Center. These projects will not add to the District's operating budget.

OVERCROWDING RELIEF

Modulars

\$0.06 Million

The addition of new modulars at Mount Greenwood and Dore increases the overall need for facilities support personnel, district utility costs, and building maintenance costs. We estimate this total to be approximately \$62,000 annually.

OTHER

Capital Project Support Services/Legal Requirements

(\$13.1 million)

Capital Project Support Services and Legal Requirements, such as bi-annual assessments, are paid out of capital funds because of their sole focus on capital-funded projects. Due to this funding classification, the operating budget is able to spread the cost of these items over several years, saving over \$13 million in operating expenses in FY16.

CAPITAL PROJECTS FUNDS

The Summary of Capital Projects Funds table shows capital revenues and capital outlays (expenses) to be incurred in FY16 regardless of the year the project was appropriated. The Fund Balance (unspent revenues received in prior years) accounts for the difference in expected FY16 capital outlay versus revenues. For example, if the District raised \$400 million in bond proceeds during a fiscal year but only expensed \$300 million in the same time period, the remaining \$100 million would carry forward in the Fund Balance for use during the following fiscal year.

**Table 2: FY14 - FY16 Summary of Capital Projects Funds
(In Millions)**

	FY14 Actual	FY15 Estimate	FY16 Estimate
Beginning-Year Fund Balance	\$ 173.8	\$ (92.0)	\$ (147.6)
Revenues			
Local	37.2	111.0	82.5
State	37.8	69.0	80.3
Federal	14.9	-	12.5
Total Revenue	89.9	180.0	175.3
Expenditures			
Capital Outlay	487.0	384.1	297.8
Bond Proceeds	131.3	148.5	555.0
Transfer Out to Debt Service Stabilization Fund	0.0	0.0	40.0
End-of-Year Fund Balance	\$ (92.0)	\$ (147.6)	\$ 244.9

Local revenue of \$15.0 million is expected from new TIF-related projects, \$12.4 million from other local funding sources, \$50.8 million from prior year TIF-funded projects, and \$36.9 million from the sale of property and other revenue sources.

The state revenue total is comprised of \$13.3 million in gaming revenue for new construction projects and \$6 million for potential Department of Commerce and Economic Opportunity (DCEO) and energy efficiency grants. An additional \$60 million of the state revenue total is tied to Chicago Vocational Career Academy’s major renovation, for which CPS continues to wait for reimbursement.

The federal revenue total includes \$5.8 million from the Federal Aviation Administration for the noise abatement project at Ebinger and \$6.6 million in Federal E-Rate funding for upgrades to the District’s IT infrastructure.

Table 3 outlines capital funds spent each fiscal year by the year in which the funds were appropriated. For a more detailed view into FY15 spending, CPS will publish a report by September 30, 2015 that offers a breakdown of funds by project, source, and other categories.

Table 3: Capital Spending by Year (FY12 - FY16)

	Total	Spending by Year (Cash Paid Out)					Remaining Spend
	Appropriations	FY2012A	FY2013A	FY2014A	FY2015E	FY2016E	
Prior Year/Other Expenditures		451.4	240.9	52.4	25.7	8.4	-
FY2012 Capital Budget	659.9	102.2	178.3	65.8	56.8	20.0	181.8
FY2013 Capital Budget	473.3	-	74.3	310.7	23.6	8.0	56.7
FY2014 Capital Budget	347.5	-	-	84.7	125.7	26.0	111.0
FY2015 Capital Budget	509.9	-	-	-	152.2	181.1	176.6
FY2016 Capital Budget	160.3	-	-	-	-	54.2	106.1
Total Spend by Year		\$ 553.6	\$ 493.5	\$ 513.6	\$ 384.1	\$ 297.8	\$ 642.0

All values in millions

A=Actual E = Estimated

CHANGES TO FY16 BUDGET FROM FY15 FIVE-YEAR CAPITAL PLAN

Last year, as part of the District’s Five-Year Capital Plan, CPS proposed \$184 million in capital investments for FY16. As discussed previously, our vast need for building repairs and unprecedented fiscal constraints have forced the District to re-prioritize these proposed investments.

Table 4 lists the school-based projects added to the FY16 Capital Budget from last year’s five-year plan.

Table 4: School Projects Added to FY16 Capital Budget

Project	CPS Funding	Outside/Self Funding
Facility Needs		
Tilden - Urgent Masonry Repair	\$ 1,000,000	\$ 700,000
Alcott – Chimney	850,000	-
Manierre – Chimney	560,000	-
McCormick - Chimney	560,000	-
Sumner - Chimney	270,000	-
Crown - Structural Renovation	409,000	-
Shields - Modular Renovation	830,000	-
Lakeview - Emergency Repairs	1,700,000	1,000,000
Edwards - Roof	3,500,000	-
Programmatic Investments		
Columbia Explorers - Pre-K	600,000	-

Tonti - Pre-K	2,040,000	-
Back of the Yards - Interior Renovation	39,000	225,000
Davis - SIB CPC Expansion	40,000	-
Overcrowding		
Mount Greenwood - Modulares	3,000,000	-
Dore - Modulares	7,200,000	-
Building Interior		
Morgan Park - Lockers	1,000,000	-
Franklin - Lockers	-	410,000
Amundsen - Interior Renovation	850,000	2,600,000
Site Improvements		
Payton - Parking Lot	1,100,000	-
Esmond - Athletic Field	-	1,300,000
Hayt - Athletic Field	-	705,000
Audubon - Athletic Field	-	1,200,000
Alcott - Athletic Field	-	1,600,000
Solomon - Athletic Field	450,000	-
Wells - Athletic Field	-	2,700,000
Clemente - Athletic Field	-	1,300,000
Orozco - Space To Grow	-	1,610,000

Nine projects in need of emergency repair work on roofs, chimneys, and masonry were added to the FY16 Capital Budget. These new projects reflect urgent needs that have arisen since the publication of last year's five-year plan.

New programmatic investments are included in the FY16 Capital Budget to expand Pre-K at Columbia Explorers and Tonti and to support the IB program at Back of the Yards and the Child Parent Center at Davis. Additional modular space to relieve overcrowding was added at Mount Greenwood and Dore.

The budget for building interior projects includes additions for investments of lockers at Morgan Park HS and Franklin and an interior renovation project at Amundsen HS - a project that leverages an additional \$2.6 million in outside funding. Additionally, a \$1.1 million investment for a parking lot at Payton HS will end the current lease for staff parking and ensure compliance with building codes for the school's new annex, and a \$450,000 investment into an athletic field at Solomon will fulfill a prior commitment. Athletic fields and site improvements at seven other schools that are fully outside funded were added as well.

CPS also increased its commitment to playlots (to \$5.5 million in CPS funding from \$3.6 million in last year's five-year plan) to complete the multi-year playlot program one year ahead of schedule.

Along with these additions to the FY16 Capital Budget, the budget for IT projects was reduced by nearly \$20 million, with an additional \$6.4 million coming from outside/self-funded projects. The \$20 million included in last year's FY16 plan for Air Conditioning was also removed, aided by an additional \$10 million of state funding appropriated in FY15.

Finally, the District's FY16 capital budget includes \$62.6 million in outside funding, some of which is outlined above. This represents an increase of \$59 million from the FY16 plan outlined last year. These funding opportunities will allow CPS to complete projects that it would not otherwise be able to afford.

Debt Management

Chicago Public Schools' (CPS) Capital Improvement Program, described in the Capital chapter, each year funds a variety of investments such as new schools, playgrounds, air conditioning, expanded bandwidth and new computers, academic programs (career and technical education programs, for example), and core investments in our facilities to repair or replace infrastructure and mechanical systems. This work creates a high quality learning environment to support a high quality education.

CPS funds the Capital Improvement Plan largely through the issuance of bonds. Bonds are debt instruments that are similar to a loan, requiring annual principal and interest payments. Most of these bonds are repaid from General State Aid (GSA). Since GSA is also a major revenue source for core academic priorities, we face a continuing challenge in balancing the day-to-day classroom needs with the need for quality educational facilities.

Debt Overview

The Board of Education currently has \$6.2 billion of outstanding debt. FY16 includes appropriations of \$538 million for alternate bonds and PBC payments.

CPS continually reviews the affordability of its capital program, minimizes debt issuance costs and monitors existing debt for any cost-saving opportunities as part of its efforts to meet budget challenges. To minimize interest costs, CPS has funded capital expenditures on an interim basis by utilizing fund balance to the greatest extent possible. The timing of bond sales depends on the market conditions and the need to reimburse for capital expenditures.

Debt Profile

CPS has established the following debt management goals to balance costs, risks and liquidity needs:

- To borrow at the lowest cost of funds balanced against acceptable risk levels
- To maintain an appropriate allocation of debt products and to refinance existing debt when current market conditions are advantageous
- To maintain the strongest credit ratings possible, given current financial constraints
- To fund a capital plan that balances the need for new construction with the affordability of additional debt issuance

Types of Obligations

The Board is authorized by state law to issue notes and bonds and to enter into lease agreements for capital improvement projects. CPS issues Alternate Revenue General Obligation Bonds. As with most school districts, CPS issues bonds backed by the full faith and credit of the Board, otherwise known as General Obligation (GO) Bonds. These GO bonds are paid for from all legally available revenues of the Board.

CPS issues a special type of GO bond called an "Alternate Revenue" GO Bonds. These bonds are backed by two revenue sources and offer a number of other bondholder protections. The first revenue source is a property tax levy which is available to support debt service should the Alternate Revenue not be available. In addition to the property tax levy, CPS uses "Alternate Revenues" to repay its bonds (e.g. GSA). With these revenues available to pay debt service, the property tax can be and is abated every year. As a result, CPS bonds have two dedicated revenue sources, property taxes and the specific alternative revenue, which provide an additional layer of security for bondholders. The Board is authorized to issue Alternate Revenue Bonds after adopting a resolution and satisfying public notice

publication and petition period requirements in lieu of a voter referendum, which is typical in other school districts.

The Alternate Revenues supporting CPS bonds are GSA, Personal Property Replacement Taxes (PPRT), revenues derived from intergovernmental agreements with the City of Chicago, property taxes and federal interest subsidies. The majority of CPS bonds are backed by GSA. In FY2016, GSA will account for \$297 million in debt service, which would normally be paid from GSA revenues. However, only \$43 million in debt service will be paid from GSA; the remainder will be paid from \$40 million of capital fund balance transfer, \$14 million from the debt service stabilization fund and other reserve releases, and \$200 million from a restructuring of FY2016 debt service.

In addition to debt service funded by GSA, \$58 million of debt service is paid from PPRT. Debt service paid for from PPRT revenues also reduces PPRT revenues available for operating purposes. Additionally, \$91 million in debt service is paid by revenue resulting from Intergovernmental Agreements with the City of Chicago.

The Public Building Commission (PBC), a local government entity which manages construction of schools and other public buildings, has in the past sold bonds which rely on CPS property tax levies. No PBC bonds have been issued since 1999 and these bonds expire in 2020. The FY16 budget includes \$52 million in payments for principal and interest on these bonds.

CPS has benefitted from issuing bonds with federal interest subsidies, resulting in a very low cost of borrowing. These include Qualified Zone Academy Bonds (QZABs), which provide capital funding for schools in high-poverty areas, Qualified School Construction Bonds (QSCBs), and Build America Bonds (BABs), the latter two created by the American Recovery and Reinvestment Act of 2009 (ARRA). With the expiration of ARRA, new QSCBs and BABs are no longer available, although the federal government continues to pay the interest subsidy to CPS. The FY16 budget includes \$25 million of federal subsidies for debt service.

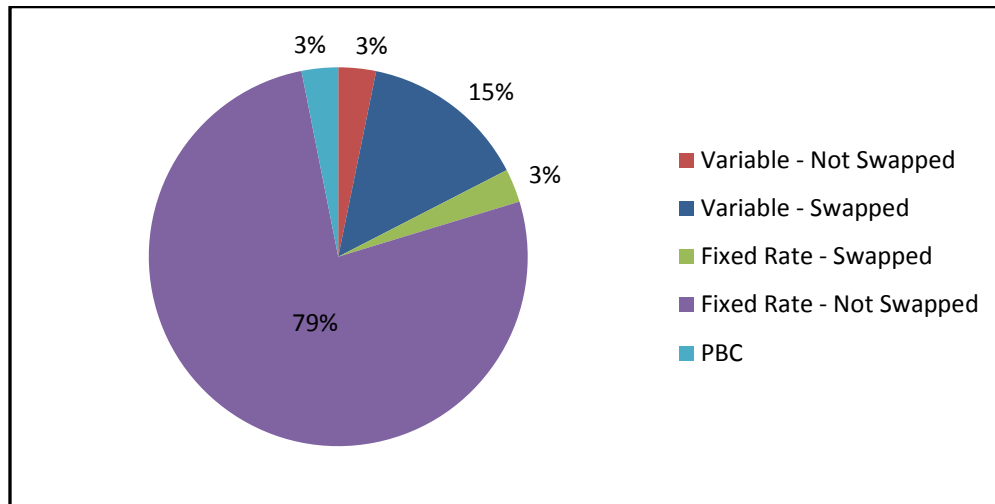
As a result of the passage of PA 98-0018 in June 2013, CPS began annually receiving State School Infrastructure Fund monies as part of the State School Construction Program. CPS received approximately \$13.3 million in FY15. CPS anticipates it will continue to receive approximately \$13.3 million annually. Revenues are being applied toward the funding of the construction of new schools and other projects. If needed, CPS can issue debt to be paid for from these revenues.

Debt Management Tools and Portfolio Mix

As part of the Debt Management Policy, CPS is authorized to use a number of tools to manage its debt portfolio including refunding of existing debt, issuing fixed or variable-rate bonds, and issuing short-term or long-term debt. These tools are used to manage various types of risks, to generate cost savings, and to assist capital asset planning.

Typically, CPS issues fixed-rate bonds which pay a set, agreed-upon interest rate according to a schedule established at the time of debt issuance. However, about 18 percent of CPS's debt is variable rate, which means that the interest rate is not set and can fluctuate. The interest rate on variable rate debt is often lower than what can be achieved in a fixed rate market, but the rate can be highly volatile. CPS plans to convert its outstanding variable rate debt to a fixed rate as it comes time to refinance these bonds.

**Chart 1: Summary of Fixed Rate, Variable Rate and Swapped Debt
(as of April 21, 2015)**



Additionally, the Board entered into 10 interest rate swaps from 2003 to 2007. An interest rate swap is an agreement between two parties (known as counterparties) where one stream of future interest payments is exchanged for another based on a specified principal amount. The Board’s swaps generally convert the variable rate paid to bondholders to a fixed rate through the exchange of interest payments with its counterparties. No swaps have been entered into since 2007 and the district will no longer use swaps.

Approximately 18% of the Board’s outstanding debt as of April 21st was swapped. The Board has entered into ten interest rate swap agreements which contain a provision that if the Board’s credit rating is withdrawn or reduced below set thresholds the counterparty can terminate the swap agreement. This would result in the swap being paid off early. Depending on market conditions, CPS could either be owed money or could owe money to the counterparty.

CPS’ recent downgrades by Moody’s and Fitch to “Baa3” and “BBB-,” respectively, are below the thresholds set in eight of the ten swap agreements. In March, when these thresholds were reached, CPS would have owed the counterparties approximately \$228 million if they demanded payment at that time. However, prior to the downgrades, the Board began discussions with the counterparties to amend the existing interest rate swap agreements. Currently, those discussions are ongoing and additional consideration has been given to ending the interest rate swap agreements through an orderly and systematic approach.

Credit Ratings

The Debt Management Policy of CPS provides guidance for debt management as well as capital planning and supports the Board’s ability to manage its debt in a conservative and prudent manner. One of the goals of the policy is to ensure that CPS maintains the highest possible credit rating among the credit agencies. These agencies are independent entities and their purpose is to give investors, or bondholders, an indication of the creditworthiness of a government entity. A high credit score can lower the cost of debt issuance, much the same way a strong personal credit score can reduce the

interest costs of loans and credit cards. Ratings consist of a letter “grade”, such as A or BBB or BB, and a credit “outlook”, or expectation of the direction of the letter grade. Thus, a “negative outlook” anticipates a downgrade to a lower letter grade, a “stable outlook” means the rating is expected to remain the same, and a “positive outlook” may signal an upgrade to a higher, better rating.

CPS meets frequently with the credit rating agencies about its budget, audited financial results, debt plan, and management initiatives to ensure the agencies have the most updated information possible. The primary rating factors for CPS concern management, debt profile, financial results and economic and demographic factors.

CPS’s current credit ratings from Standard and Poor’s, Fitch Ratings, Moody’s Investor Service and Kroll Bond Rating Agency (added in FY15) are BBB, BB+, Ba3 and BBB+ respectively. Just as a high credit ratings can mean lower borrowing costs, deterioration in credit ratings have started to lead to an increase in interest expenses for CPS.

FY16 Challenges

FY2016 presents a challenging environment for CPS to maintain ratings and issue bonds. CPS faced a series of downgrades in FY2015 due to a sizeable budget gap, continued drawdown on reserves, and limited ability to raise revenues. These downgrades increase CPS’ cost of borrowing, further increasing revenues needed to pay debt service. Without additional State support for pensions and education funding that enable CPS to close the budget gap, these downward rating trends will continue and further increase interest costs.

Additionally, as CPS continues to issue debt to invest in the District’s facilities, debt service will rise annually. Because CPS funds its debt from GSA, each additional dollar of debt service reduces GSA dollars available for the classroom. In FY2016, approximately \$297 million of GSA is required to fund debt service, representing 43% of the district’s unrestricted GSA. By 2020, \$427 million of GSA will be required to fund debt service, nearly 70% of unrestricted GSA. Similarly, approximately \$58M (in FY2016 through FY2020) of Replacement Taxes are used for debt service, revenues that would otherwise be available for operating purposes.

In FY2016, the budget assumes that CPS will use approximately \$254 million of one-time resources and debt restructuring to reduce the amount of GSA used for debt service and free up this money for operating purposes. These include a \$40 million transfer of capital fund balance to debt service, a \$14 million transfer from the Debt Service Stabilization Fund (DSSF) and other reserves and a \$200 million restructuring of outstanding debt. The \$200 million restructuring will pay down FY2016 principal and interest with new longer dated bonds in order to generate near-term FY2016 relief to the operating budget. However, the new bonds will carry additional debt service which increases the debt burden in future years.

In previous years, CPS received a modest amount of state revenues for school construction through the state’s School Construction Program to offset the amount of GSA needed for debt service. In FY2015, \$59 million of these revenues were applied toward the repayment of existing debt and helped to increase the amount of GSA available for operating purposes. In FY2016, no state School Construction revenues are available to offset GSA-funded debt service.

Due to CPS’ current ratings, CPS has implemented a strategy of unwinding its outstanding swap portfolio and converting most variable rate debt to a fixed rate. In FY2015, the recent downgrades triggered automatic terminations which CPS is the process of negotiating with the swap counterparties. Certain of

these termination payments will be paid for through the DSSF and sothers will be paid for through bond proceeds.

The draw down on reserves and fund balance to help support the operating fund presents liquidity challenges as discussed in the Cash Management Chapter. In order to provide sufficient liquidity to cover daily operating expenses, CPS will issue up to \$935 million in working capital lines of credit. These working capital lines of credit are issued as Tax Anticipation Notes (TANs) which are repaid from property taxes. The pending line of credit will be repaid from the 2015 tax year which is collected largely in FY2016.

FY16 Debt Service Costs

As shown in the table below, FY16 includes total appropriations of \$538 million for alternate bonds and PBC payments.

CPS is required to set aside debt service a year in advance for GSA funded debt and one-and-a-half years in advance for PPRT funded debt service. These payments are held in trust with an independent trustee, as required by the bond indentures. Therefore, the FY16 Revenues shown for the Debt Service Funds represent the amount that is to be set aside for these future debt payments.

Because of this set-aside requirement, the majority of the appropriations for FY16 represent the amount that is to be paid during FY16 from revenues set aside in the prior year. Table 1 provides information on the debt service fund balance at the beginning of the year, the expenditures that are made from the debt service fund and the revenues that are deposited to the fund to largely fund the debt service requirements for the following fiscal year.

**Table 1: FY14 - FY16 Summary of Revenues Set Aside and Appropriations for Debt Service Funds
(In Millions)**

	FY14	FY15	FY16
	Actual	Estimated	Budget
Beginning Restricted Fund Balance	537.3	501.6	538.5
Fund Outflows:			
Appropriations			
Existing Bond Principal payment	148.3	154.7	146.6
Existing Bond Interest payment	315.9	367.9	389.0
Total Existing Bond Debt Service	464.2	522.6	535.6
Fees	3.7	3.1	3.0
Total Appropriation for Debt Service Funds	467.9	525.7	538.6
Total Transfer In/(Out) from DSR	15.1	21.1	47.1
Fund Inflows:			
Revenues			
Property Taxes	52.1	55.2	52.0
PPRT	57.0	58.3	58.3
GSA	119.1	175.3	42.9
State Capital Reimbursement	54.0	59.2	-
Other Local (City IGA and Interest Earnings)	110.1	116.9	95.5
Federal Interest Subsidy	24.8	24.7	24.8
Total Revenue	417.1	489.6	273.5
Other Financing Sources (capitalized interest, Bond premium):	-	9.3	294.5
Revenue Recognition	-	42.6	
Ending Restricted Fund Balance	501.6	538.5	615.0

In FY15, the Board changed its revenue recognition period from 30 days to 60 days which will mean approximately \$43 million of property tax revenues, as well as IGA revenues from the City, will be added to fund balance.

Debt Service Stabilization Fund (DSSF)

The DSSF is an internal fund managed by the Board to provide funding for various debt and liquidity needs as they arise. It is not a fund established under any bond documents and there are no bond requirements associated with this fund.

The DSSF is used for multiple purposes, including acting as a reserve for unexpected debt payments and a revolving fund to provide liquidity for operating and debt financing activities. It can also be used to help support swap termination payments. The table below shows the appropriations that represent

actual expenditures and will draw-down the balance in the fund. These are shown separately as “Expended.” “Revolving” appropriations reflect payments that are required to be deposited in the debt service funds according to bond documents, but are provided in excess of actual debt service and are returned or “revolved” to the DSSF after all debt service has been paid.

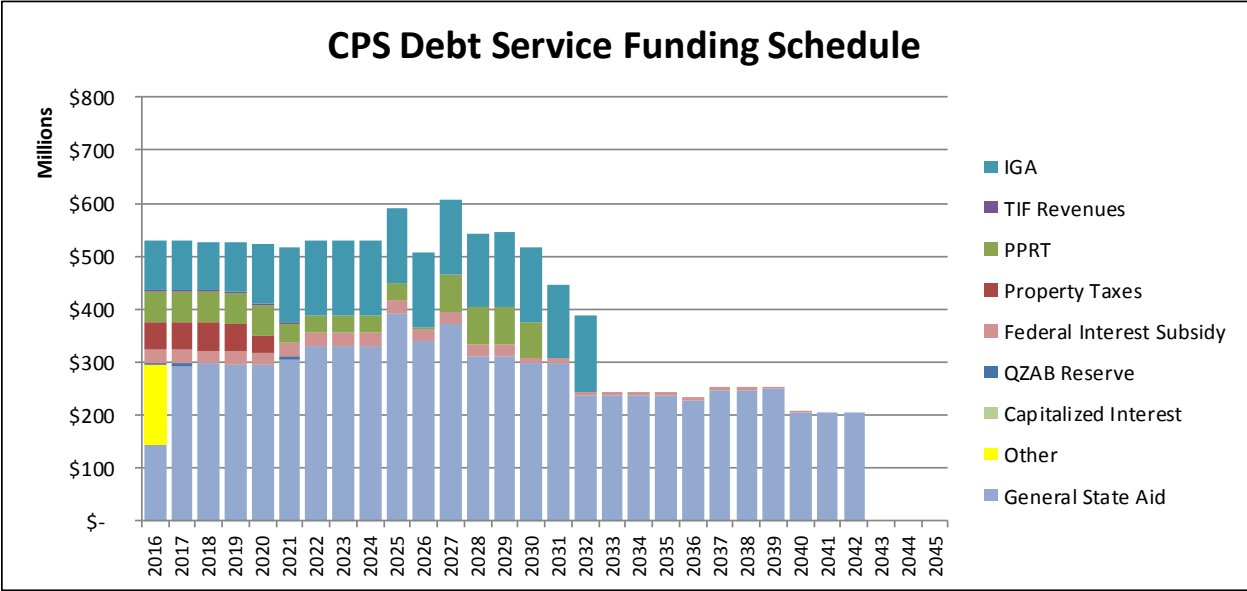
**Table 2: Debt Service Stabilization Fund (DSSF) Presentation
(In Millions)**

	FY14 Actual	FY15 Estimated	FY16 Budget
Beginning Fund Balance	198.9	183.8	57.1
Revenues	48.3	32.5	-
Appropriations			
Total Appropriations	0.2	0.2	0.5
Other Transfers In/Out			
Revolving	(9.2)	(7.2)	-
Expended	(54.0)	(151.8)	(47.1)
Ending Fund Balance	183.8	57.1	9.5

Future Debt Service Profile

GSA and PPRT revenues needed to pay bondholders are in direct competition with resources needed to ensure we continue to fund priorities that drive academic achievement. GSA and PPRT revenues needed to fund debt increases significantly from \$356 million in FY16 to \$480 million in FY2020.

The following graph illustrates the fiscal challenges of CPS’s debt obligations on currently outstanding bonds. This graph does not show the impact of any future bonds required to support future capital budgets or debt restructuring.



*Does not include future capital project bond financings.

Measuring Debt Burden

External stakeholders such as taxpayers, unions, parents, government watchdog groups, rating agencies, and bondholders frequently review CPS’s debt profile to gauge its size and structure as a crucial component of CPS’s financial position. In addition to evaluating the total amount of debt outstanding and the annual debt service payments, those evaluating CPS’s financial picture also look at our “debt burden.” The purpose is to gauge how much taxpayers bear in debt costs and determine how much debt is affordable for residents, which establishes true debt capacity. Several methods of measuring debt burden are commonly employed for school districts; these include comparing existing debt to legal debt limits, measuring debt per capita and measuring debt as a percentage of operating expenditures.

Legal Debt Limit

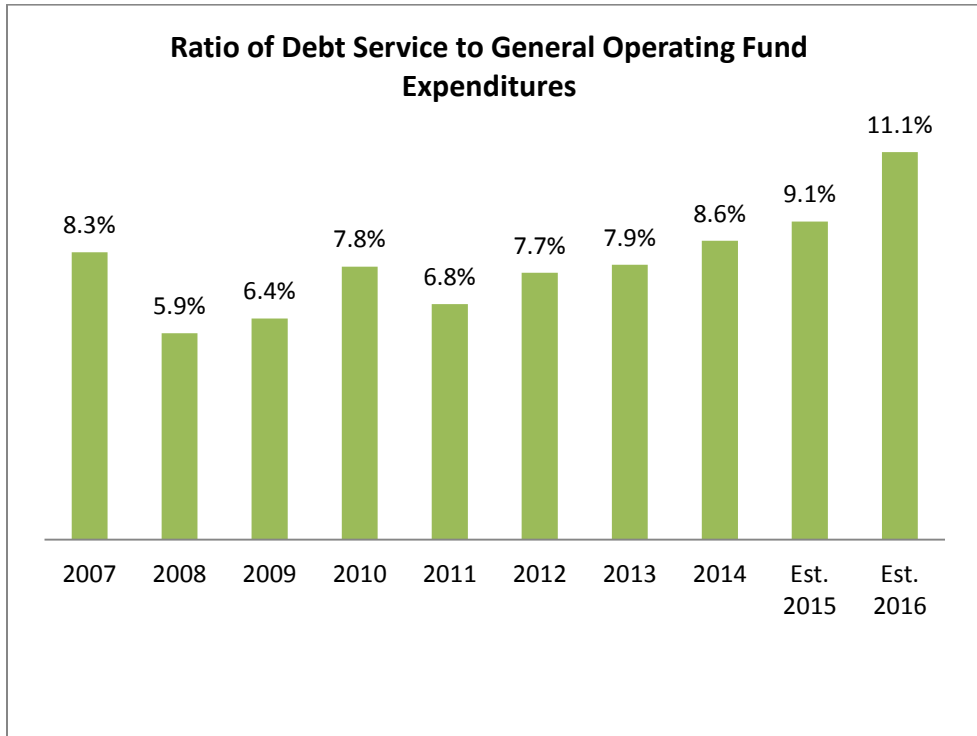
The Illinois School Code imposes a statutory limit of 13.8 percent on the ratio of the total outstanding property tax-supported debt that a school district may borrow compared with a school district’s equalized assessed value, which generally represents a fraction of total property value in the district. Because the Board has issued alternate revenue bonds for which property tax levies are not extended, these bonds do not count against the legal debt limit imposed by the Illinois School Code. Therefore, total property tax supported debt is extremely low at less than 1 percent of the legal debt limit.

Debt Per Capita

The Board’s per capita debt burden, or total debt divided by the City of Chicago’s population, has increased in the last decade. As reported in the FY14 Comprehensive Annual Financial Report, general obligation debt per capita decreased slightly by \$42 from FY13 to \$2,205. This is still considered moderate to slightly above average relative to other comparable school districts.

Debt as a Percent of Operating Expenditures

Another way of measuring the total debt burden is by dividing annual debt service expenditures by operating fund expenditures. Based on this method, the debt burden for FY15 and FY16 are estimated at 9.1 and 11.1 percent of total operating expenditures respectively, reflecting the increased debt burden as a result of recent bond issues.



A copy of the Debt Management Policy is available at the Board's website at <http://policy.cps.k12.il.us/download.aspx?ID=42>

**OUTSTANDING DEBT
as of June 30, 2015**

Debt Outstanding at 06/30/2015 Chicago Public Schools	Closing Date	Maturity Date	Principal Outstanding	Pledged Funding Source for Debt Service
PBC Series A of 1992	1/1/1992	1/1/2020	123,875,000	Property Tax
PBC Series B of 1999	3/1/1999	12/1/2018	72,595,000	Property Tax
Unlimited Tax G.O. Series 1997A*	12/3/1997	12/1/2030	11,131,899	IGA / PPRT
Unlimited Tax G.O. Series 1998B-1*	10/28/1998	12/1/2031	257,043,662	IGA / PPRT
Unlimited Tax G.O. Series 1999A*	2/25/1999	12/1/2031	419,559,983	IGA / PPRT
QZAB Series 2001B	10/24/2001	10/23/2015	9,440,000	State Aid
Unlimited Tax G.O. Series 2002A	9/24/2002	12/1/2022	31,670,000	IGA
QZAB Series 2003C	10/28/2003	10/27/2017	4,585,000	State Aid
Unlimited Tax G.O. Refunding, Series 2004A	4/6/2004	12/1/2020	131,735,000	PPRT / State Aid
Unlimited Tax G.O. Series 2005AB	6/27/2005	12/1/2032	203,820,000	PPRT / State Aid
QZAB Series 2006A	6/7/2006	6/1/2021	6,852,800	State Aid
Unlimited Tax G.O. Series 2006B	9/27/2006	12/1/2036	305,875,000	State Aid
Unlimited Tax G.O. Series 2007B	9/4/2007	12/1/2024	197,765,000	IGA / PPRT
Unlimited Tax G.O. Series 2007C	9/4/2007	12/1/20	4,540,000	IGA / PPRT
Unlimited Tax G.O. Series 2007D	12/13/2007	12/1/2029	187,375,000	State Aid
Unlimited Tax G.O. Series 2008A	5/13/2008	12/1/2030	262,785,000	IGA / PPRT
Unlimited Tax G.O. Series 2008B	5/13/2008	3/1/2034	200,775,000	State Aid
Unlimited Tax G.O. Series 2008C	5/1/2008	12/1/2032	464,655,000	State Aid
Unlimited Tax G.O. Series 2009D	7/29/2009	12/1/2022	52,465,000	State Aid
Unlimited Tax G.O. BAB Series 2009E	9/24/2009	12/1/2039	518,210,000	State Aid / Federal Subsidy
Unlimited Tax G.O. Series 2009F	9/24/2009	12/1/2016	12,325,000	State Aid / Federal Subsidy
Unlimited Tax G.O. QSCB Series 2009G	12/17/2009	12/15/2025	254,240,000	State Aid
Unlimited Tax G.O. QSCB Series 2010C	11/2/2010	11/1/2029	257,125,000	State Aid
Unlimited Tax G.O. BAB Series 2010D	11/2/2010	12/1/2040	125,000,000	State Aid
Unlimited Tax G.O. Refunding Series 2010F	11/2/2010	12/1/2031	176,630,000	State Aid
Taxable Unlimited Tax G.O. Refunding Series 2010G	11/2/2010	12/1/2017	38,590,000	State Aid
Unlimited Tax G.O. Series 2011A	11/1/2011	12/1/2041	402,410,000	State Aid
Unlimited Tax G.O. Refunding Series 2011C-1	12/20/2011	3/1/2032	47,200,000	State Aid
Unlimited Tax G.O. Refunding Series 2011C-2	12/20/2011	3/1/2032	44,100,000	State Aid
Unlimited Tax G.O. Series 2012A	8/21/2012	12/1/2042	468,915,000	State Aid
Unlimited Tax G.O. Series 2012B	12/21/2012	12/1/2035	109,825,000	State Aid
Unlimited Tax G.O. Series 2013A-1	5/22/2013	3/1/2026	106,930,000	State Aid

Debt Outstanding at 06/30/2015 Chicago Public Schools	Closing Date	Maturity Date	Principal Outstanding	Pledged Funding Source for Debt Service
Unlimited Tax G.O. Series 2013A-2	5/22/2013	3/1/2035	124,320,000	State Aid
Unlimited Tax G.O. Series 2013A-3	5/22/2013	3/1/2036	157,055,000	State Aid
Unlimited Tax G.O. Series 2015A	3/26/15	3/1/2032	89,200,000	State Aid
Unlimited Tax G.O. Series 2015G	3/26/15	3/1/2032	88,900,000	State Aid
Unlimited Tax G.O. Series 2015CE	4/29/15	12/1/2039	300,000,000	State Aid
Total Principal Outstanding			6,269,518,344	

*Excludes accreted interest accrued on 0% coupon capital appreciation bonds.

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY*
as of June 30, 2015
(\$ in Thousands)

Fiscal Year Ending June 30	Total Existing General Obligation Bond Principal	Total Existing General Obligation Bond Interest	Total Existing G.O. Bond Debt Service	PBC Leases	TOTAL
2016	155,656	297,532	453,188	51,997	505,185
2017	157,518	293,938	451,456	52,019	503,475
2018	172,767	279,196	451,963	52,070	504,033
2019	178,875	273,178	452,053	52,099	504,152
2020	191,621	280,883	472,504	30,635	503,139
2021	216,950	289,311	506,261		506,261
2022	203,398	282,758	486,156		486,156
2023	212,098	275,979	488,077		488,077
2024	216,997	265,113	482,110		482,110
2025	225,483	257,002	482,485		482,485
2026	502,773	245,539	748,312		748,312
2027	258,915	232,776	491,691		491,691
2028	268,245	221,754	489,999		489,999
2029	227,667	264,453	492,120		492,120
2030	491,232	248,358	739,590		739,590
2031	270,124	231,040	501,164		501,164
2032	235,915	264,821	500,736		500,736
2033	106,205	84,602	190,807		190,807
2034	127,605	78,655	206,260		206,260
2035	118,675	72,110	190,785		190,785
2036	126,070	65,729	191,799		191,799
2037	124,600	58,913	183,513		183,513
2038	149,460	51,368	200,828		200,828
2039	157,890	42,697	200,587		200,587
2040	166,800	33,606	200,406		200,406
2041	176,070	24,076	200,146		200,146
2042	185,860	14,473	200,333		200,333
2043	195,275	4,882	200,157		200,157
2044	-	-	-		-

TOTAL		\$5,820,744	\$5,034,742	\$10,855,486		\$238,820	\$11,094,306
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Cash Management

CPS cash flow experiences peaks and valleys throughout the year depending on when revenues are received and expenditures paid. Most revenues are received in the second half or later in the fiscal year – in FY15, 71 percent of CPS’ revenues were received after February. Expenditures, mostly payroll, however, are level across the fiscal year, with the exception of debt service and pensions. Both the massive pension and debt payments come due just *before* the receipt of approximately \$1.1 billion of each installment of property tax revenues. The impact of these trends in revenues and expenditures causes cash flow pressures for the District.

Most organizations preserve fund balance in order to weather these peaks and valleys in cash flow. The Board policy is to maintain an operating fund balance of at least 5 percent of the total operating and debt service budget, and the Government Finance Officers Association recommends fund balance levels between 5 and 15 percent of spending. However, given the financial challenges facing the District and in order to make the annual pension payment, CPS has drawn down on its fund balance. With reserves depleted, CPS no longer has the cash available to weather the volatility of cash flow.

In order to address these liquidity issues, in FY15 the District issued a working capital line of credit. A working capital line of credit allows the Board to borrow money to pay for expenditures before cash is available and then repay the borrowing when revenues become available. State statute provides CPS with the ability to issue this type of cash flow borrowing through a Tax Anticipation Note (TAN) paid from property taxes. In FY15, CPS issued a \$700 million TAN to support liquidity. In FY16, CPS plans to issue up to a \$935 million TAN.

Borrowing from a line of credit requires that CPS pay interest on these bonds. In FY15, CPS expects to pay approximately \$3 million in interest on the working capital line of credit. In FY16, the Board has budgeted approximately \$24 million in interest costs for the TAN. These costs are reflected in the Operating budget.

REVENUE

CPS has three main sources of operating revenues: local revenues, state revenues and federal revenues. Below we describe the timing of receipt of each of these revenue sources.

Local Revenues. Local revenues are largely made up of property taxes. Approximately \$2.3 billion of property taxes a year are received in two installments. The first installment of approximately \$1.2 billion is received in late February and March. Receipt of the second installment is dependent on when the installment’s due date is set – over the last three years this due date has been around August 1. The second installment of approximately \$1.1 billion is received in the July and August timeframe. Essentially, this means that 97 of local revenues are after February, more than halfway through the fiscal year.

State Revenues. State revenues are largely made up of General State Aid and Block Grants. At nearly \$1 billion, General State Aid makes up over 60 percent of the state revenues, and is received regularly from August through June in equal semi-monthly installments. The approximately \$600 million of Block Grant payments are not distributed regularly; their availability is often dependent on the state’s own cashflow. In FY15, nearly all (97 percent) of these block grant payments were received in the second half of the fiscal year.

Federal Revenues. Federal revenues can be received only when the grants for these funds are approved by the State, as the State administers these grants on behalf of the federal government. Over the last two fiscal years, there have been significant delays in State approval. In FY14, approval was delayed until March. In FY 15, grants were not approved until December. As a result, about \$595 million of FY15 federal revenues, or 82 percent of the total, were received in December 2014 or later.

EXPENDITURES

CPS expenditures are largely predictable, and the timing of these expenditures can be broken down into three categories: payroll and vendor, debt service and pensions.

Payroll and Vendor. \$2.5 billion of CPS' expenditures are payroll and associated taxes, withholding and employee contributions. These payments occur every other week and occur primarily from September through July. Another \$2.5 billion of CPS vendor expenses are also relatively stable across the year. These expenses include, for example, textbooks, educational materials, charter school payments, healthcare, transportation, facilities, commodities and capital spending.

Debt. Debt service is deposited into debt service funds once a year in mid-February, right *before* CPS receives the first installment of property tax revenues of \$1.1 billion. The timing and amount of these payments are dictated by the legal bond documents and therefore cannot be changed. In FY15, the debt service deposit was \$232 million. With CPS' structural deficit and draw-down of reserves, we are very dependent on the timing of revenues—or in recent years on cash flow borrowing—to ensure debt service is paid on time.

Pension. The timing of CPS pension payments also presents cash flow challenges. CPS typically makes small contributions throughout the year that coincide with the payroll for employees paid with federal funds. In FY15, this totaled approximately \$15 million. The majority of the pension payment is made in late June, just *before* CPS receives approximately \$1.0 billion in property tax revenues from the second installment. In FY2015, the remaining \$619 million pension payment was made on June 30, 2015.

Forecasted Liquidity

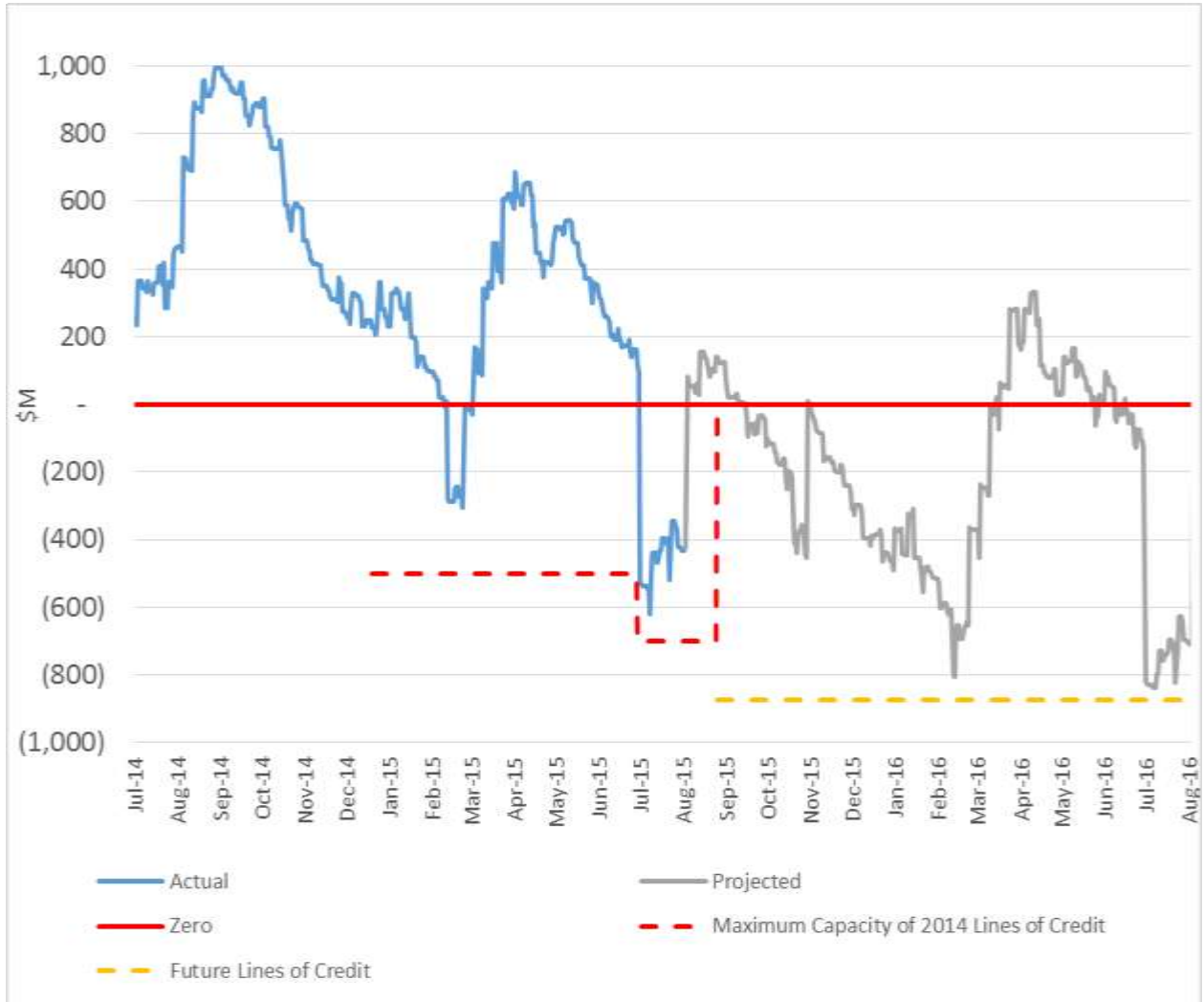
The chart below illustrates CPS' liquidity profile in FY15 and FY16. It shows the peaks and valleys that CPS must manage. The high points in August and March reflect the two installments of property taxes. The low points in February and June reflect the debt service deposit and pension payment.

The overall trend of lower liquidity reflects the continued draw-down of fund balance. Continued structural budget gaps will only create further downward pressures on this cash flow picture. In FY15, CPS spent most of the year in positive territory, but ended the year significantly negative due to the use of fund balance in the FY15 budget. At the end of FY15, CPS expanded its existing \$500 million line of credit by \$200 million to \$700 million in order to cover the year-end pension payment.

As the grey line illustrates, CPS expects to spend much of FY16 in a negative cash position. The negative cash flow will be covered by the \$935 million FY16 line of credit, which is represented by the yellow dotted line. With the significant pension payment at the end of the year, CPS anticipates tapping nearly all of the line of credit to cover this payment. This chart illustrates why it is so crucial for there to be pension equity, so that CPS is able to return to a more sustainable cash flow position that is less reliant on short-term borrowing.

Chart 1: Without State Pension and Funding Equity CPS Must Rely on Unsustainable Cashflow Borrowing

Projected Liquidity Forecast



Fund Balance Statement

Maintaining a baseline level of fund balance, or financial reserve, enhances financial stability for any individual or organization. Just as individuals keep a balance in their checking accounts in case of emergencies, Chicago Public Schools (CPS) seeks to maintain a baseline amount of funds within its operating account to ensure smooth day-to-day operations. Additionally, financial reserves provide a cushion for year-to-year fluctuations in financial performance. External stakeholders consider a baseline fund balance a hallmark of prudent financial management and a best practice for governmental organizations. Just like individuals experiencing financial challenges cannot maintain a checking account balance, CPS's financial challenges have meant that we, too, are unable to maintain a fund balance.

CPS adopted its Fund Balance and Budget Management policy¹ in August 2008. The goals of this policy are to maintain adequate fund balances in the various funds to provide sufficient cash flow for daily financial needs, to offset significant economic downturns or revenue shortfalls, to provide funds for unforeseen expenditures related to emergencies, and to secure and maintain strong credit ratings. The definition of fund balances in this context is assets in excess of liabilities that can be spent in times of need. To achieve these goals, the Board established the stabilization fund, an assigned fund balance (under Governmental Accounting Standard Board Statement No. 54) within the Operating Fund. The stabilization fund target baseline is a minimum of five percent of the operating and debt-service budgets.

Many external stakeholders, such as rating agencies and government watchdog groups, consider five percent a minimum level of reserves. Rating agencies commonly view fund balances in excess of five percent as appropriate, and the Government Finance Officers Association recommends fund balance levels between five and 15 percent of spending.

While CPS acknowledges the importance of maintaining a minimum level of fund balance, it must balance this with advancing its core mission of ensuring that every child graduates college- and career-ready, even in the face of declining state revenues and statutorily-required increasing pension payments. Accordingly, in FY 16 CPS will continue to draw on reserves and will not maintain the stabilization fund balance at the target levels.

Use of Fund Balance

In FY15, CPS changed its revenue recognition policy from 30 days to 60 days to reduce volatility at the end of the fiscal year and to better match revenue timing with expenditures. With the new policy, CPS was projected to have an additional \$648 million available in fund balance at the beginning of FY15. Most of this was projected to be used to close the FY15 budget gap. Based on our end-of-year projections, most of the funds will be used in FY15, leaving only \$72 million in the stabilization fund for FY16. Of this, \$4.5 million will be used to close the operating fund gap, leaving \$67.5 million to meet the General Fund Stabilization target, obviously falling well short of the recommended balance. We are also anticipating ending FY15 with \$9.5 million more in Workers' Compensation/Tort Fund balance than we budgeted, which we will draw down to cover expenses within that fund, keeping the fund balance at approximately \$19.8 million, where we ended FY14. Again, this is well short of the target for this fund.

¹ Board Report 08-0827-PO8

Table 1: Estimated Use of Fund Balance

Fund Balance by Type	FY14 Actual Balance	FY15 Estimated Use	FY15 Estimated End of Year Balance	FY16 Budgeted Use	FY16 End of Year Balance
<i>Revenue Recognition</i>	648.0				
General Fund-for Appropriation	267.6	843.6		8.5	
General Fund-for Stabilization	0.0	0.0	72.0	63.5	63.5
Workers' Comp/Tort Fund (adjusted for revenue recognition)	19.8	(9.4)	29.2	9.5	19.7
Suppl General State Aid (SGSA)²	47.1	(1.2)	48.3	39.7	8.6
Other Special Revenue Funds	13.9	(12.2)	26.1	21.4	4.7
Not Available for Appropriation³	87.5	0.0	87.5	0.0	87.5
Total Operating Fund	435.9	820.8	263.1	79.2	184.0
Debt Service Stabilization Fund	183.8	126.7	57.1	47.6	9.5

Fund Balance Targets

The fund balance targets established in the policy address the General Fund, Workers' Compensation/Tort Fund, Supplemental General State Aid (SGSA) Fund, Debt Service funds, and Capital Projects funds. For the General Fund, the fund balance target is set between 5 and 10 percent of the total operating and debt service budgets. For the Workers' Comp/Tort Fund, the fund balance target is between 1 and 2 percent of the operating budget. For SGSA, the fund balance target is the full fund balance from the prior year. For the debt service funds, the amount should be sufficient to cover potential risks, as determined by the Treasury Department. All capital projects funds are re-appropriated for capital projects.

Given these targets and the fund balance estimates above, Table 2 below summarizes the fund balance status compared to targets.

² This fund balance must by statute be re-appropriated to the schools in the budget year where it was unspent in the current year.

³ This includes funds set aside to pay for open purchase orders, services/goods received but not yet paid, and non-spendable fund balance, including endowments and prepaid assets.

Table 2: Fund Balance Falls Short of Targets

Fund Type	Estimated Balance at 6/30/2015	FY16 Fund Balance Target	Estimated Balance at 6/30/2016
General Fund	\$72.0	\$298.1 (5%)	\$63.5
Workers' Comp/Tort Fund	\$29.2	\$59.6 (1%)	\$19.7
Supplemental General State Aid Fund	39.7 ⁴	\$39.7	\$0
Debt Service Stabilization Fund	57.1	Enough to cover risks	9.5

Once again, the General Fund and the Workers' Comp/Tort Fund will not meet the fund balance targets at the end of FY16. CPS will ask the Board to extend the deadline to replenish the fund balance for FY16 and FY17 while it continues to seek a solution to the pension inequity and restore financial stability to the District.

As the district replaces its variable rate debt with fixed rate and exits from swaps, the need for the Debt Service Stabilization Fund becomes minimal.

FY16 Plans for Replenishing the Fiscal Stabilization Fund

In addition to developing a long-term strategic plan to restore fiscal stability, CPS will continue the following policies in FY16:

- Partner with the Governor, the General Assembly, and the Chicago Teachers Union to secure pension equity so that Chicago taxpayers do not pay twice for teacher pensions, once for Chicago teachers and also for all other teachers.
- Encourage the state to reprioritize funding for education.
- Provide limited capital investment funded by CPS, consistent with the proposed FY16-20 Capital Improvement Program, and seek outside sources of funding wherever feasible.
- Secure private foundation grants to pay for enrichment programs as much as possible.
- Closely monitor spending to achieve savings and efficiencies wherever possible.

⁴ Fund balance is estimated to be \$48.3 million, but \$8.6 million is expected to be held in obligations

Fund Descriptions

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Funds are the control structures that ensure that public monies are spent only for those purposes authorized and within the amounts appropriated. The Board adopts legal budgets for all governmental fund types. The acquisition, use, and balances of the government’s expendable financial resources and the related current liabilities are accounted for through governmental funds. Governmental funds that Chicago Public Schools utilizes have historically been divided into four types: General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds

To control the budget and to comply with rules and regulations, accounts are organized into governmental funds, each of which is considered a separate accounting entity. Expenditures within each fund are further delineated by unit, grant, program, and account to more fully reflect the planned activities of the fund. The level of budgetary control (where management can compare budget to actual performance to demonstrate budgetary compliance) is established for each individual fund and within the fund by unit, grant, program, and account.

CPS Fund Structure

Fund Type	Fund Name	Fund Number
Operating Fund	General Fund	
	Education Fund Building Operations and Maintenance Fund	114, 115, 117, 124 230
Operating Fund	Special Revenue Funds	
	Tort Fund	210
	SGSA Fund	225
	IDEA Fund	220
	Lunchroom	312- 314
	Other Grant Funds	321- 369
Debt Service Funds	Debt service funds	514 - 699
Capital Projects Funds	Capital projects funds	401 - 499

General Fund

The General Fund is the primary operating fund of the Board of Education. It was created in response to the provision of P.A.89-15, which consolidated all of the rate-limited tax levies into the Board’s general education tax levy. The General Fund consists of the Education Fund and the Operations and Maintenance Fund.

- **Education Fund (Funds 114, 115, 117, 124)**

The Education Fund is used to account for the revenues and expenditures of the educational and service programs that are not accounted for in any other funds. It includes the cost of instructional, administrative, and professional services; supplies and equipment; library books and materials; maintenance of instructional and administrative equipment; and other costs pertaining to the educational programs. The

Education Fund contains the Special Education Fund (114), Regular Education Fund (115), Tuition-based Preschool Fund (117), and School Special Income Fund (124).

- The **Special Education Fund (114)** represents all instructional and service activities provided for students with disabilities. This fund is primarily supported by local property taxes, state special education reimbursements, and Medicaid reimbursements.
 - The **Regular Education Fund (115)** represents all instructional and service activities not accounted for elsewhere.
 - The **Tuition-based Preschool Fund (117)** keeps track of fees received and payments made for the paid preschool program for children whose parents are in need of a full-day education and child-care program for their three and four-year-old children or families who are not income-eligible for state or federally subsidized programs.
 - The **School Special Income Fund (124)** accounts for private foundation grants and donations that schools and departments secure on their own and revenues that schools generate for school-specific functions.
- **Building Operations and Maintenance Fund (Fund 230)**

The Building Operations and Maintenance Fund supports the repair and maintenance of CPS buildings. The fund is used to account for expenditures for the minor improvement and repair of buildings and property, including the cost of improvement, repair, replacement, and maintenance of building fixtures. The fund also pays for ongoing maintenance costs such as the salaries and benefits of engineers and custodial employees, utility costs, and custodial supplies and equipment.

Special Revenue Funds

Generally accepted accounting principles (GAAP) provide special revenue funds to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The use of a special revenue fund type is permitted rather than mandated for financial reporting purposes. For these purposes, CPS includes the special revenue funds within the General Operating Fund.

The Special Revenue Funds include the Supplemental General State Aid (SGSA) Fund, Workers' Compensation/Tort Fund, School Lunch Funds, and federal and state grant funds.

- **Supplemental General State Aid Fund (Fund 225)**

The SGSA Fund was created to provide supplemental instructional services to students from low-income families. CPS is legally required to contribute funds from its General State Aid revenues. Prior to FY90, this funding supported basic as well as supplemental programs. With the passage of the Chicago Public Schools Reform Act of 1989, funding for supplemental programs increased for five years until it reached \$261.0 million in FY95, eliminating at the same time any funding for basic programs. Under this legislation, SGSA funding is mandated at a minimum of \$261.0 million per year, effective FY96.

Each school receives its share of the SGSA funds based on the number of students who receive free and reduced lunch. School principals develop programs in accordance with

their school improvement plans as required by the Act. Recommended programs include early childhood programs, class-size reduction, academic enrichment, attendance improvement, and remedial assistance.

- **Workers' Compensation/Tort Fund (Fund 210)**

The Tort Fund is established pursuant to the Tort Immunity Act (745 ILCS 10/1-101 et seq.) and the Illinois School Code (105 ILCS 5/34-1 et seq.). Property taxes constitute the primary funding source, and Section 9-107 of the Tort Immunity Act authorizes local public entities to levy a property tax to fund expenses for tort judgment and settlement, liability, security, Workers' Compensation, unemployment insurance, and risk management. The monies in this fund, including interest earned on the assets of this fund, should be used only for the purposes authorized under the Tort Immunity Act.

- **School Lunch Funds (Funds 312, 314)**

The School Lunch Funds account for school breakfast, lunch, after-school snacks, Head Start snacks, and after-school meals for all children who participate in the programs during the school year. The National School Breakfast and Lunch Programs (Fund 312) are voluntary programs available to all public schools, private schools, and residential child-care institutions that agree to operate a non-profit program offering lunches meeting federal requirements to all children in attendance.

Since FY98, CPS has also been providing after-school meals for children under the Childcare and Adult Food Program; this activity is accounted for in Fund 314. The Childcare and Adult Food Program establishes a fixed reimbursement amount per meal for eligible students from 3 to 12 years of age who participate in after-school programs.

- **Federal and State Grant Funds (Funds 220, 324-369)**

Grant funds account for monies that have restrictions on their use imposed by grantors such as federal and state governments. Each specific project is accounted for separately using a complete group of self-balancing accounts so that the accounting and reporting requirements of the grantors are met.

Capital Projects Fund (Funds 401-499)

The Capital Projects Funds are used to account for financial resources to be used for major capital acquisition or construction activities. Financial resources result from bond issues, receipts from other long-term financing agreements, or construction or maintenance grants to be used for school capital projects and capital leases. Proceeds from a bond issuance are often recorded in a separate capital fund, consistent with GAAP. However, an aggregated capital projects fund group is sufficient for the purpose of external financial reporting.

Debt Service Funds (Funds 514-699)

The Board is authorized by state law to issue notes and bonds and to enter into leases for capital improvement projects and cash requirements. Debt service funds are established to account for revenues and appropriations that are used for the payment of principal, interest, lease payment, and other related costs. CPS frequently establishes a separate debt service fund for each bond issue, although they can be aggregated for reporting purposes.

- **PBC Lease Funds (Funds 514, 516, 518)**

These funds account for property tax revenues and lease payments to the Public Building Commission (PBC) for debt service on bonds that the PBC sold to fund capital projects for schools that the Board is leasing from the PBC. The Board has lease agreements with the PBC to pay principal, interest, and administrative fees for revenue bonds that the PBC issued to finance capital projects for schools that the Board leases from the PBC. These bonds rely solely on property tax levies. The current lease payments support PBC bonds issued in 1992 and 1993, and refunding bonds issued in 1999. All of these revenue bonds will mature by 2020.
- **Debt Service Stabilization Fund (Fund 602)**
 - This fund was established by the Board to provide for debt expenditures (e.g., debt service, swap, variable rate payments, and fees) and other uses approved by the Board.
- **Alternate Revenue Bond Funds (Funds 606-699)**

The Local Government Debt Reform Act of the State of Illinois allows the Board to issue alternate revenue bonds based on dedicated revenue sources. To support construction and renovation of school buildings, the Board has been issuing alternate revenue bonds since 1996. These funds account for pledged revenues and payments of principal, interest, and related fees on any alternate bonds.

APPENDIX A DISTRICT AND COMMUNITY DEMOGRAPHICS

Introduction. Chicago has a rich history of economic growth and transformation. Our city set a global standard in the 19th century as an industrial giant, unmatched in its freight network and manufacturing might. It developed a strong base of esteemed manufacturing firms – involved in sectors from metal fabrication and electronics, to chemicals and food processing – supported by robust supply chains and an efficient transport and logistics infrastructure. By the late 20th century, the focus of the city and the region had expanded to embrace a knowledge-based economy, while developing a highly skilled workforce. Today the Chicago region has emerged as a major hub for the headquarters of national and global corporations and the sophisticated business and professional services necessary to support them, including finance, insurance, law, information technology (IT), marketing/PR, and logistics.

The economy of Chicago and the region remains large and diverse, boasting a strong foundation of the physical, human, technological, and institutional assets vital to a developed economy in the 21st century. Chicago is the only inland American city with a global footprint. It is the latest metropolitan area in the United States poised to cross the “megacity” threshold of a total population over 10 million; by 2030 it will have become the United States’ third megacity. Chicago’s performance on productivity, income, and wage levels has consistently exceeded U.S. averages. Its 2010 gross regional product of approximately \$500 billion places the Chicago region third among U.S. metro areas after New York and Los Angeles. If the region were a country, it would be the 20th largest economy in the world. Our city and region are global in character, with a substantial and growing foreign-born population and non-stop flights to over 200 destinations throughout around the world.

CHICAGO POPULATION

Total population. As of the 2010 Census, there were 2,695,598 people with 1,045,560 households living in Chicago, making Chicago the third largest city in the US. An estimated 23 percent of the population is under 18 years.

Race and ethnicity. According to the U.S. Census Bureau's American Community Survey data estimates for 2009-2013, for people reporting one race alone, 49 percent were White; 33 percent were Black or African American; 6 percent were Asian; less than 0.5 percent were American Indian or Alaska Native less than 0.5 percent were Native Hawaiian and Other Pacific Islander; and 12 percent were some other race. An estimated 2 percent reported two or more races. Across the above ethnic categories, the US Census counts 20 percent of Chicagoans as Hispanic.

Language: Among people at least five years old living in Chicago, 36 percent spoke a language other than English at home. Of those speaking a language other than English at home, 68 percent spoke Spanish and 32 percent spoke some other language; 45 percent reported that they did not speak English “very well.”

Income and poverty. According to the U.S. Census Bureau's American Community Survey data estimates for 2009-2013, the median income for a household in Chicago was \$47,270. An estimated 17 percent of households had income below \$15,000 a year and 10 percent had income of \$150,000 or more. In 2009-2013, 23 percent of people were in poverty. An estimated 33 percent of related children under 18 were below the poverty level, compared with 17 percent of people 65 years old and over. An

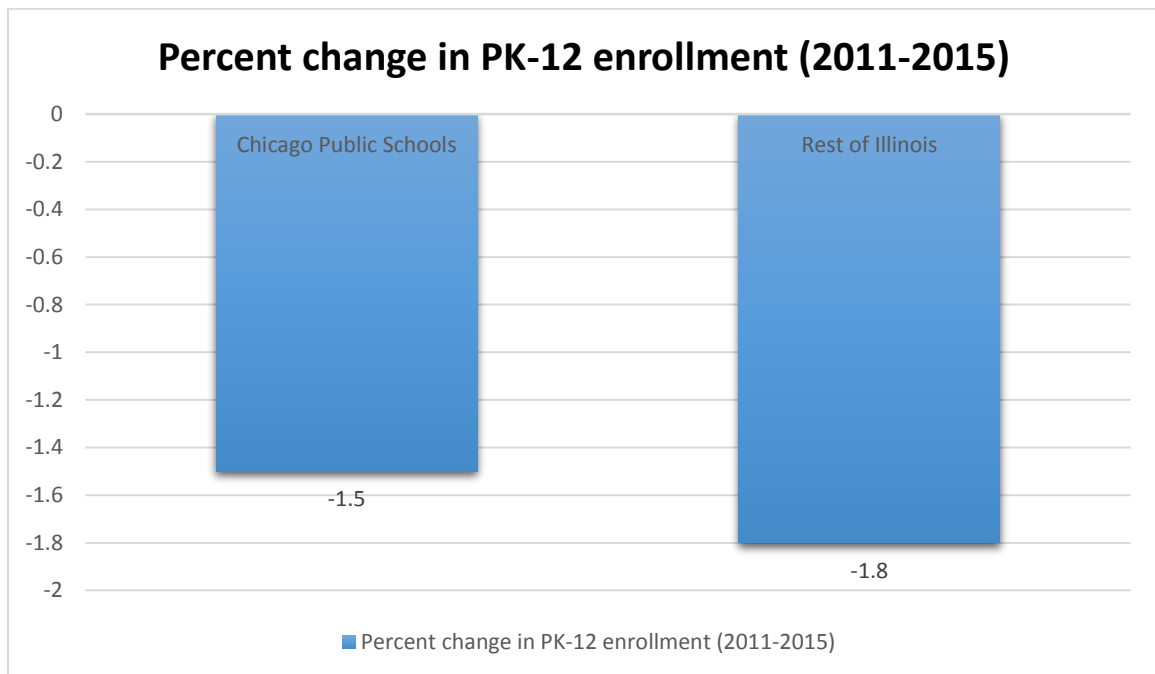
estimated 19 percent of all families and 35 percent of families with a female householder and no spouse present had incomes below the poverty level.

CHICAGO PUBLIC SCHOOLS ENROLLMENT

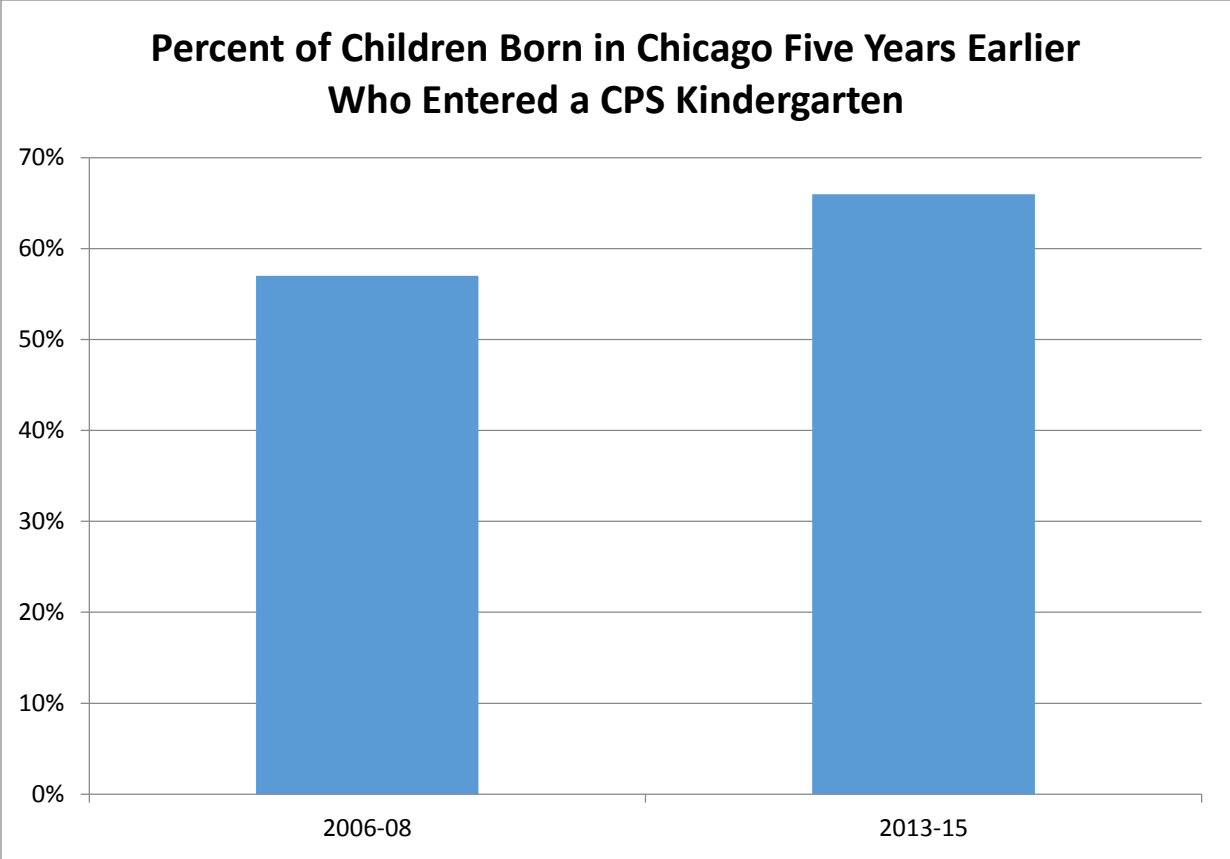
Overview. Chicago Public Schools is the nation’s third largest school district, having served 396,683 students in the 2014-2015 school year. Since 2011, the enrollment of Chicago Public Schools has declined at a slower rate than for the rest of the state of Illinois (-1.5% vs. -1.8%), with a decline in the births being a driving factor in the enrollment losses for both the state and for the city.

Of all students in the state of Illinois, CPS enrolls 43% of the African Americans, 35% of the Hispanics, 28% of the Native Hawaiian or other Pacific Islanders, 19% of American Indians, 15% of Asians, 8% of Two or More Races, and 4% of Whites. As compared to the rest of the state, Chicago has much higher rates of low income, student mobility, and of English Language Learners.

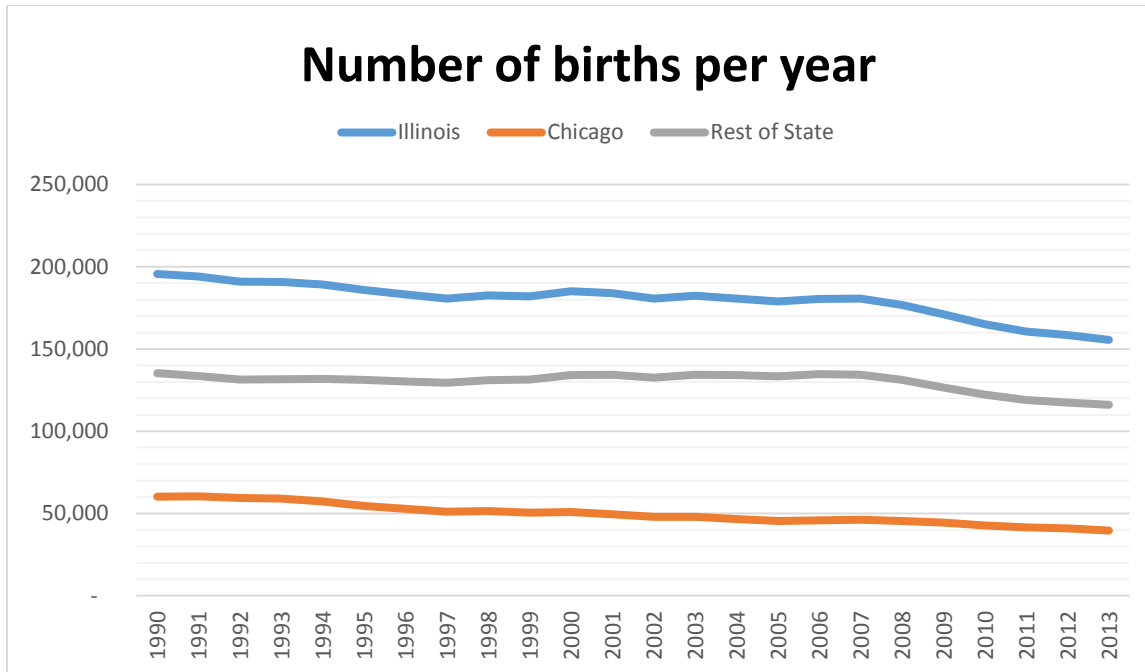
Total Enrollment. As noted above, since 2011, CPS enrollment has declined by 1.5 percent (5,998 students). Over this same period, enrollment in the rest of Illinois has declined by 1.8 percent (30,667 students). CPS enrollment has been supported by improvements in the graduation of high school students, by expanding our offerings for pre-kindergarten students, and through attracting a greater percentage of Chicago’s children than in years past.



In the most recent three years, 2013-2015, incoming kindergarten classes averaged 66% of the number of students born in Chicago five years earlier. From 2006-2008, for example, CPS drew only 57% of the number of children that had been born in the city five years earlier meaning that a child born in CPS is now 15% more likely to enroll in CPS today than would have been the case less than a decade ago.



The primary driver in the enrollment declines has been a decline in the number of children being born. This trend has impacted the nation, the state of Illinois, and the city of Chicago. Nationally, between 1990-2012, fertility rates (defined as births per 1,000 women aged 15-44) declined by 11%. Between 1990 and 2013, births in Illinois declined from 195,499 to 155,528, while births in the city of Chicago dropped from 60,242 to 39,571. During 1998 and 1999, the birth years for most students graduating in 2016, there were on average 50,538 children born in Chicago, while in 2010 and 2011, the birth years for this year's kindergarten class, the number of children born in Chicago averaged 42,167. Even though CPS now attracts a higher percentage of Chicago's children than it once did, the pool of children is smaller than it once was.

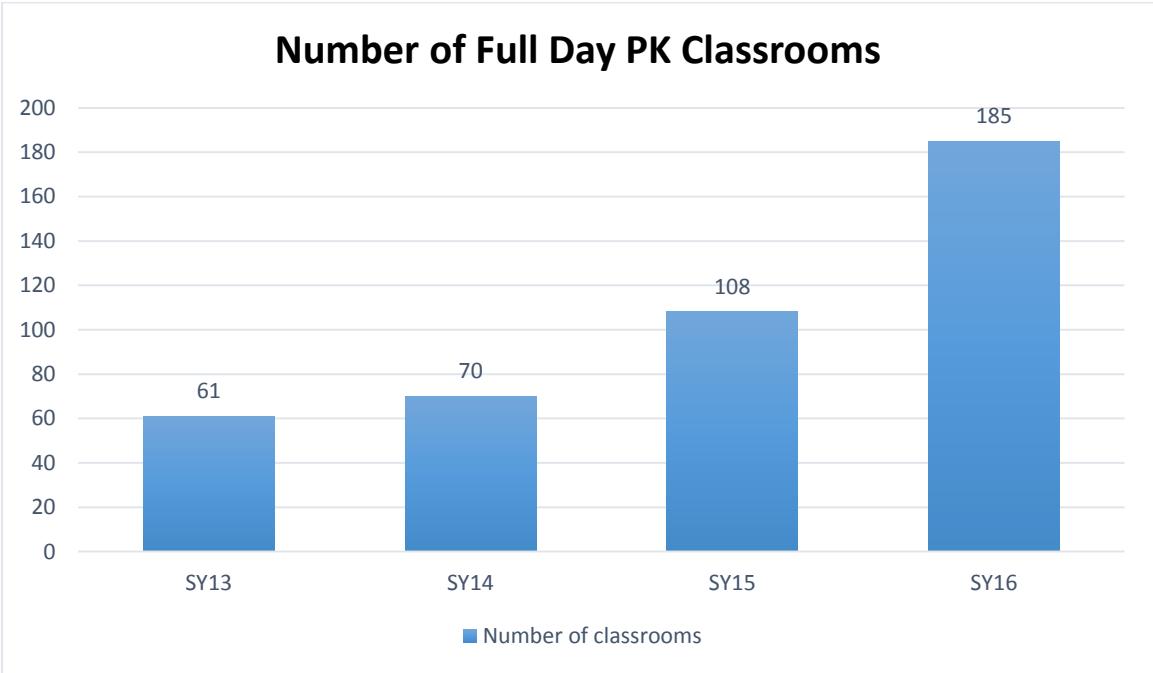


CPS's recent enrollment history (as of 20th day) and the projection for 2016 are shown below. Early childhood enrollment projections are also shown, but funding for early childhood programs is based on a number of factors beyond enrollment. The official enrollment snapshot is taken on the 20th day of each school year.

	Fall 2005 (FY06)	Fall 2006 (FY07)	Fall 2007 (FY08)	Fall 2008 (FY09)	Fall 2009 (FY10)	Fall 2010 (FY11)	Fall 2011 (FY12)	Fall 2012 (FY13)	Fall 2013 (FY14)	Fall 2014 (FY15)	Fall 2015 (FY16 proj)
School-based PK*	21,363	21,388	23,325	24,370	24,247	23,705	24,232	24,507	23,671	22,873	21,916
Elementary Schools (K-8)	280,767	274,672	271,464	269,139	269,010	265,336	266,046	266,555	264,845	261,803	258,976
High schools (9-12)	111,564	112,541	113,166	115,770	115,314	113,640	113,873	112,399	112,029	112,007	113,299
Total Enrollment	413,694	408,601	407,955	409,279	408,571	402,681	404,151	403,461	400,545	396,683	394,191

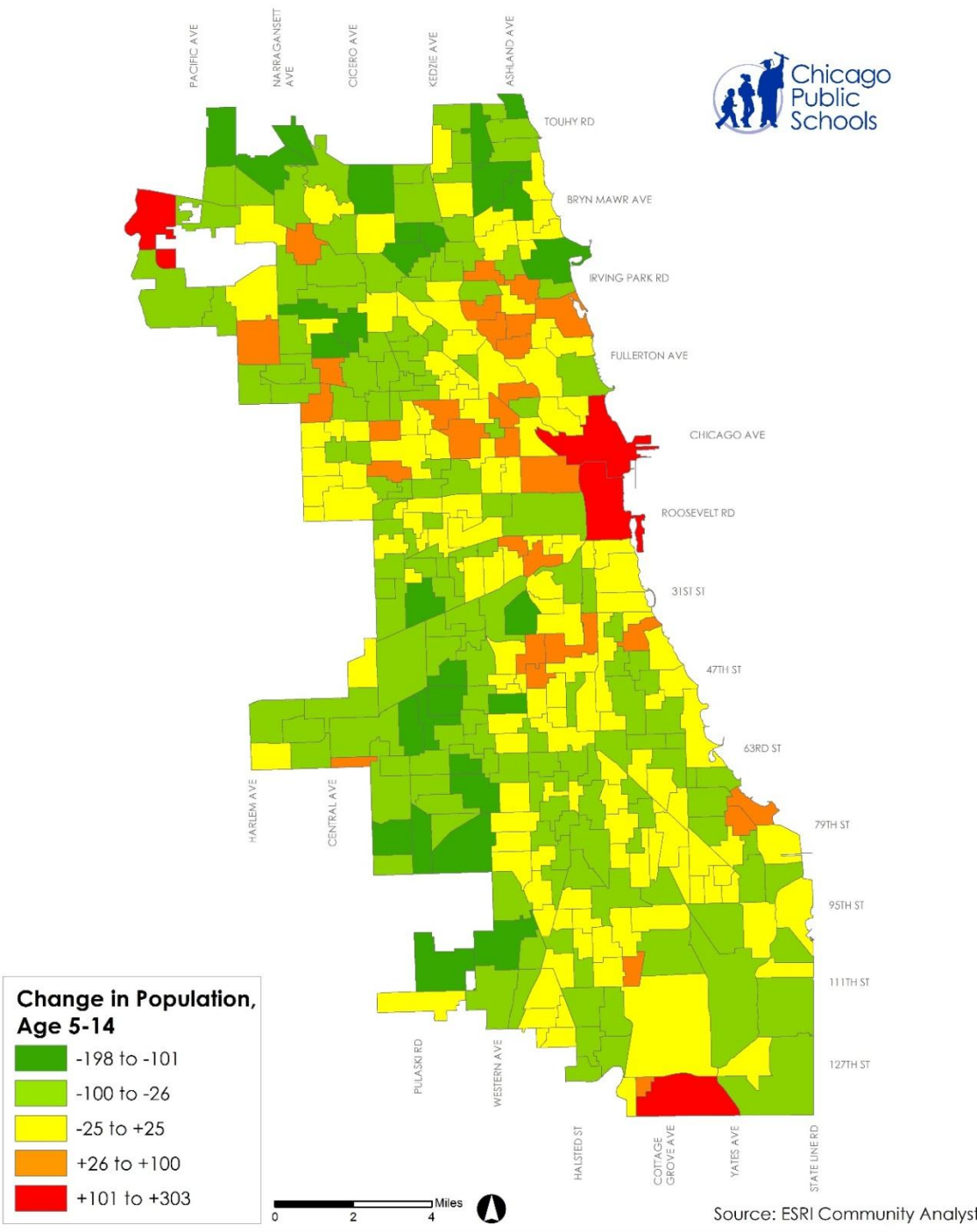
* Does not include nearly 10,000 students that are in community partnership programs. From FY06 to FY15, School-based PK includes preschool students at charter schools (355 in FY15); in FY16, these students will be enrolled in the community partner that operates the preschool program at the charter school.

Early Childhood Enrollment. While births in the city overall are declining, there are more three-year-olds enrolling in pre-kindergarten classrooms. CPS’s official enrollment figures do not include many students that are served by community partnership programs. CPS receives state Preschool for All (PFA) funding and federal Head Start funding, which provide for a number of preschool seats that exceed enrollment projections. CPS also continues to expand the number of pre-kindergarten students enrolled in full day, rather than half day, programs. CPS has increased the number of full day pre-kindergarten classrooms from 61 in school year 2013 to 185 in school year 2016.

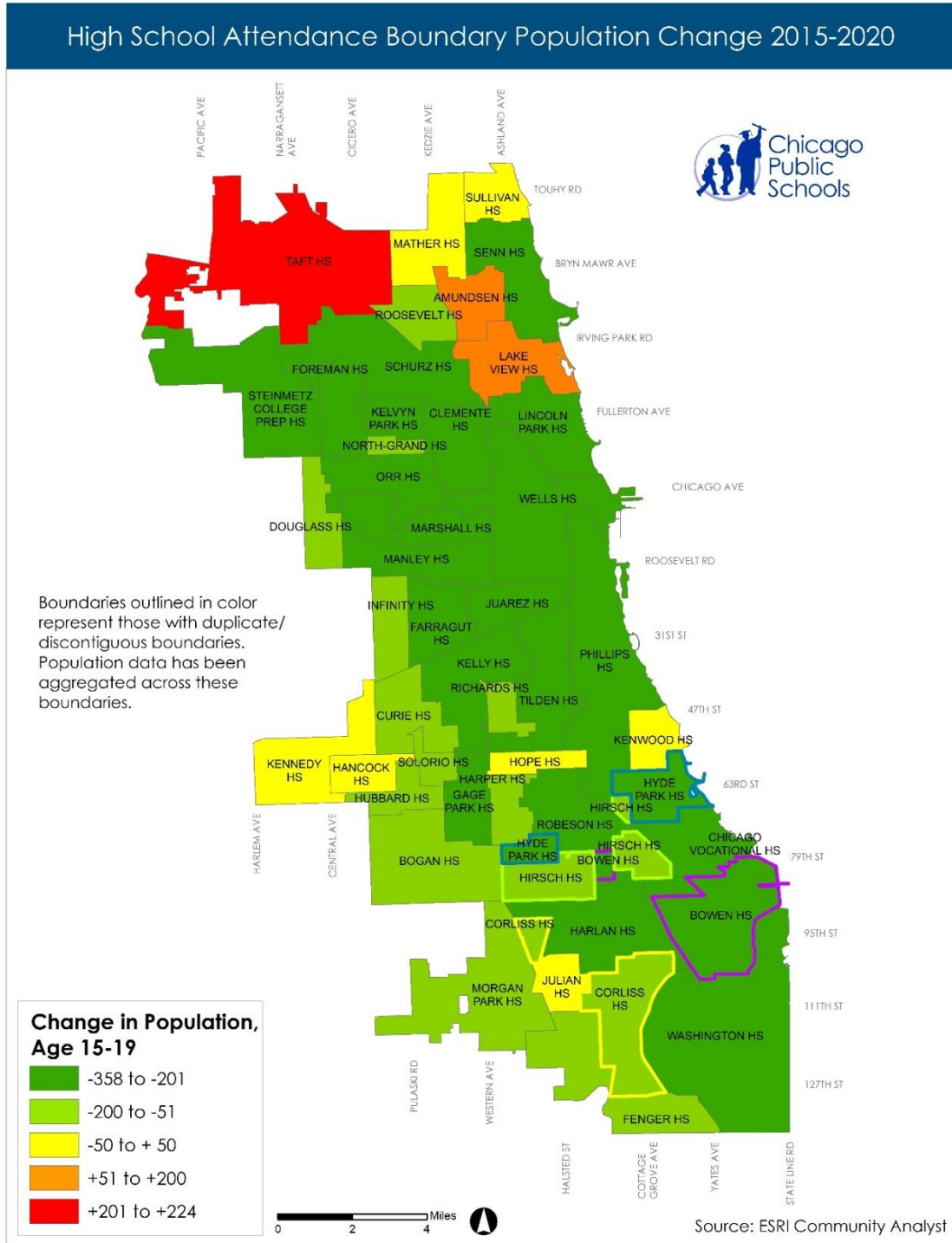


Areas of population growth. CPS expects that there will continue to be several geographic areas of population and enrollment growth that will put space pressures on the schools in those areas, particularly in the central business area, South Loop, Near West, Northwest and the Southwest side of the city. Below is a map of our elementary school boundaries colored to show areas of expected population change between the years 2014-19, among children aged 5-14. While population change does not always coincide with a change in enrollment, it is a strong indicator.

Elementary School Attendance Boundary Population Change 2015-2020

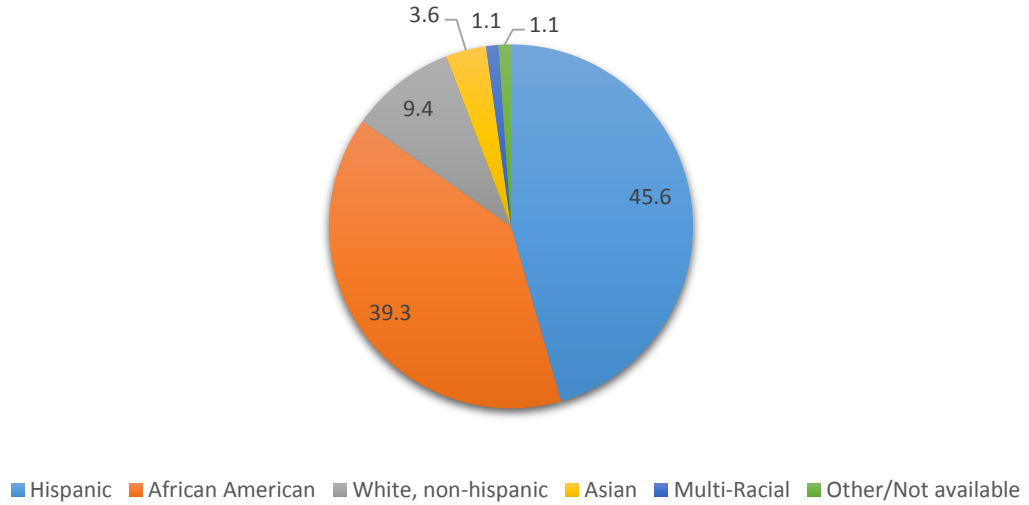


At the high school level, population growth is expected to be most pronounced on the North and Northwest sides of the city, with growth also in the central business area/south lakefront, and in the Southwest.

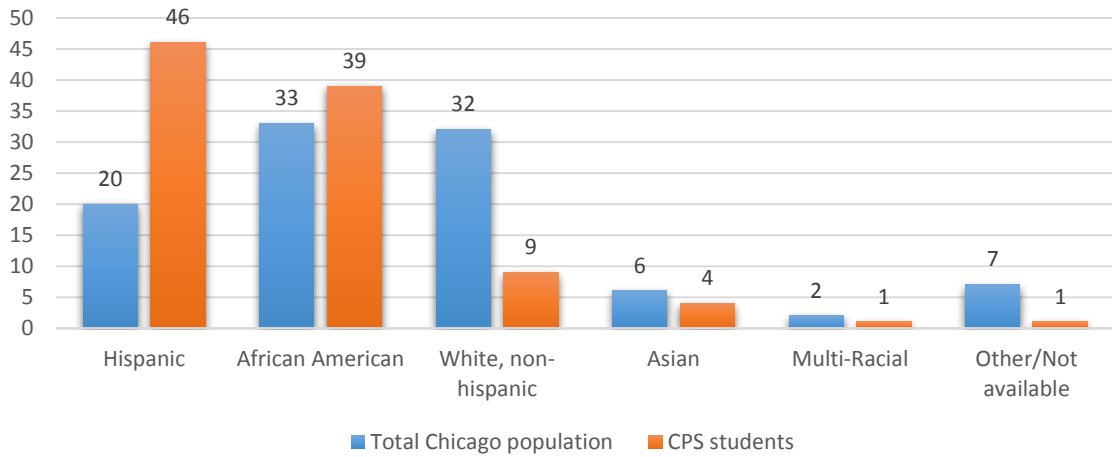


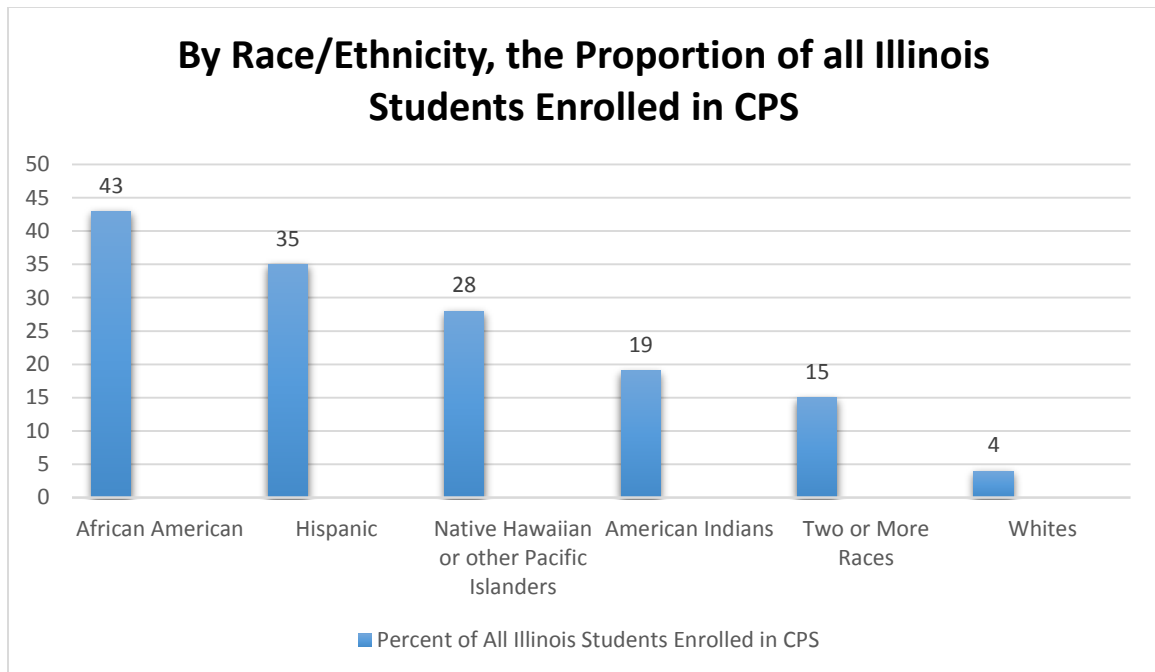
Race and Ethnicity. In the 2014-15 school year, the student racial breakdown was as follows:

Race/Ethnicity of CPS students Percent of CPS enrollment



Percent Distribution of Race/Ethnicity Total Chicago Population compared to CPS enrollment



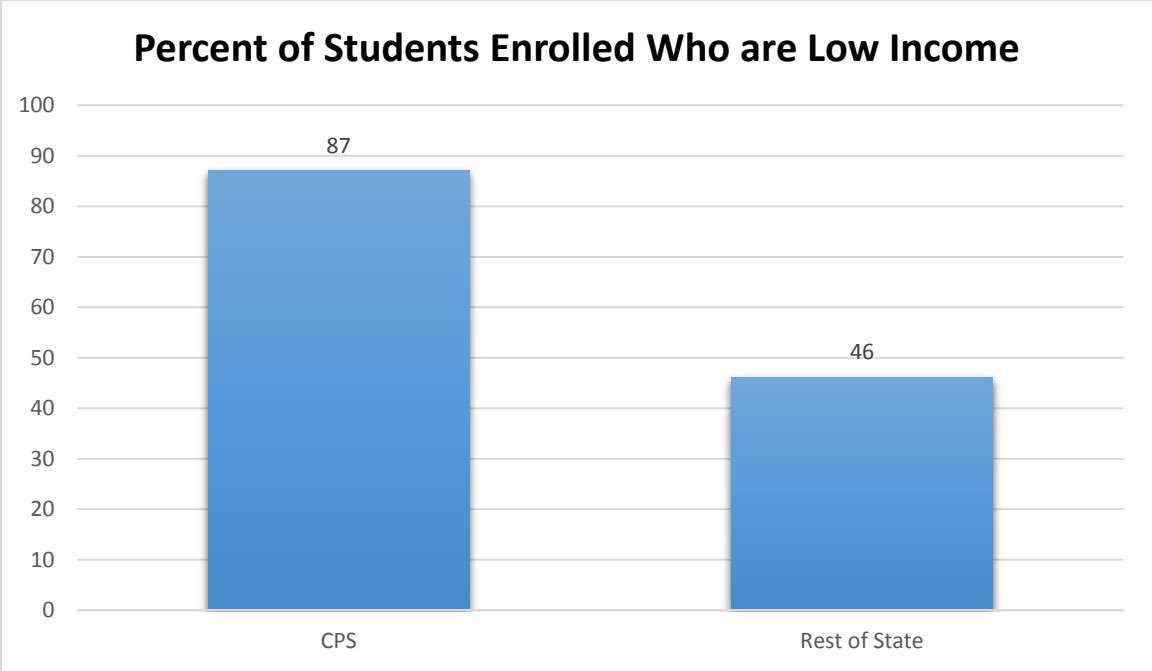


English Language Learners

English Language Learner (ELL) students are those eligible for transitional bilingual education, and for whom English is not considered their native language. In the 2014-15 school year, 66,231 CPS students were ELLs. ELLs comprised 16.7% of CPS student enrollment, which amounts to 32% of the ELLs in the State of Illinois. An average of 8.5% percent of students are identified as ELL in schools districts throughout the rest of Illinois. CPS offers bilingual education programs in 14 languages – including Spanish, Mandarin, Cantonese, Polish, Ukrainian, Arabic, and Urdu – to address the needs of ELL students. In addition to bilingual education programs, transitional language programs serve students from 110 different language backgrounds.

Income and Poverty

Socioeconomically, CPS students are disproportionately low-income as compared to the rest of the state. Students defined as low-income are those students, aged 3 through 17, who come from families receiving public assistance, live in institutions for neglected or delinquent children, are supported in foster homes with public funds, or are eligible to receive free or reduced-price lunches. Approximately 87 percent of CPS students are from low income families, nearly twice the percentage in the rest of the state (46%).



Student mobility

The student mobility rate is based on the number of times students enroll in or leave a school during the school year. In 2014, the mobility rate of students in CPS was 17.5%. The rate was 12.3% across Illinois. Students who left more than once were counted multiple times.

APPENDIX B SCHOOL FUNDING FORMULAS

This appendix provides the funding formulas used to allocate resources to schools. This presentation is organized in the following sections:

- Student Based Budgeting
- Additional General Education Allocations to Charter/Contract Schools
- General Education Allocations to Specialty and District Options Schools
- Allocations of Special Education Teachers and Aides
- Special Education Funding for Charter/Contract Schools
- Allocations of Supplemental Bilingual Teachers for English Language Learners
- Allocations of Discretionary Funds

STUDENT BASED BUDGETING (SBB)

Student Based Budgeting is used to determine the base amount of resources that a school receives for core instruction. Introduced for the first time in FY14, SBB replaced all previous quota formulas and per-pupil allocations. The FY16 budget is the third year using the SBB model.

SBB is a per-pupil funding allocation, weighted based on grade level and diverse learner category. We assign weights for different grade levels based on student need. In elementary schools, kindergarten to third grade students receive a higher weight to reflect the district’s goal that class size should be lower in those grades. High school students receive a higher weight than elementary students because high schools require more resources, largely driven by the fact that high school teachers get two prep periods while elementary school teachers get only one.

The FY16 SBB rates are unchanged from FY15. The base per-pupil rate remains at \$4,390. Further, the grade level weights used to determine SBB rates are unchanged from FY15. Students in grades 4-8 receive the base per-pupil rate. Students in kindergarten through third grade receive a weight of 1.07, which means that their per-pupil rate is 7 percent higher than the base rate. High school students receive a weight of 1.24.

Diverse learners may receive different SBB rates depending on the amount of time spent outside of the general education classroom. Diverse learners are required to receive instruction in the least restrictive environment (“LRE”), which means that they should remain in the general education classroom whenever practicable. A diverse learner’s LRE category is based on the amount of school day where the student is receiving instruction outside of the general education classroom:

Table 1: LRE Categories for Diverse Learners

LRE Category	Amount of the School Day Spent Outside of the General Education Classroom
LRE 1	Less than 20%
LRE 2	Between 20% and 60%
LRE 3	More than 60%

In elementary schools, LRE 1 and LRE 2 students receive the same funding as general education students because they occupy a seat in the general education classroom, even though they may spend a

substantial part of the day outside of it. LRE 3 students receive 40 percent of the per-pupil rate for the students’ grade level because it is assumed that they receive their instruction from diverse learner teachers, and that they are in the general education classroom only for special periods like art, music, or physical education.

High schools can schedule more efficiently when diverse learners are outside of the general education setting. LRE 1 students receive the same funding as general education students because they could be in the general education classroom for every period. LRE 2 students receive 70 percent of the high school per-pupil rate because it is assumed that they will receive instruction from diverse learner teachers for at least two periods in core subject areas. LRE 3 students receive 40 percent of the high school per-pupil rate because it is assumed that they take only elective subjects in the general education setting. More information on additional funding for diverse learners is detailed later in this chapter.

The SBB weightings are unchanged from FY15.

Table 2: FY16 SBB Rates

Enrollment Category	SBB Weighting	SBB Rates
K-3 Gen Ed / LRE 1 / LRE 2	1.07	\$4,697.30
4-8 Gen Ed / LRE 1 / LRE 2	1.00	\$4,390.00
9-12 Gen Ed / LRE 1	1.24	\$5,443.60
K-3 LRE 3	40% of 1.07	\$1,878.92
4-8 LRE 3	40% of 1.00	\$1,756.00
9-12 LRE 2	70% of 1.24	\$3,810.52
9-12 LRE 3	40% of 1.24	\$2,177.44

Total Amount of SBB Allocation

For FY16, the SBB allocation is \$2,036,704,455. This represents a \$29.5 million reduction from FY15, due to lower enrollment and the elimination of the FY15 hold harmless funds. The SBB allocation has been increased to account for schools new to the SBB model – ALOP programs and one former specialty school (Christopher) are being funded through SBB for the first time in FY16 – but the addition of these funds does not provide a fair comparison to FY15.

ALOP programs have technically been funded outside of Student Based Budgeting in FY14 and FY15, but they have been funded using the same rates as charter and contract schools. Although we are now formally including ALOP students in SBB, it does not represent an actual change to the funding levels that they will receive.

Walter S. Christopher Elementary School has been funded in the past as a specialty school, which is a school that primarily serves diverse learners. Specialty schools are not funded through SBB because of they serve a non-traditional student population. Christopher has always been an anomaly in the category of specialty schools because approximately half of the students are general education students who are educated alongside students with disabilities. In FY16, we are classifying Christopher as an SBB school, rather than a specialty school, for its allocation of core instruction funding.

Table 3: Distribution of SBB Allocation for FY15 and FY16

(All amounts in \$000s)	FY15 (Original budget)	FY15 (After 10 th day adjustments)	FY16 (Based on projections)
Base SBB Rate for All Schools	\$1,770,792	\$1,751,870	\$1,742,157
Foundation Positions Equivalent (Charter/Contract)	36,002	35,338	37,909
Teacher Salary Adj. Equivalent (Charter/Contract)	6,849	6,723	7,649
Multiple Building Adj. Equivalent (Charter/Contract)	288	282	316
Teacher Salary Adjustment for District Schools	33,293	33,293	35,714
Multiple Building Adjustment for District Schools	1,400	1,475	1,475
Other Adjustments*	7,204	4,435	1,750
FY15 Program Support	0	8,234	2,445
FY15 Hold Harmless	0	45,680	0
Post-10 th Day Adjustments	0	1,861	0
Temporary Adjustments (Adjusted at 10 th Day)	1,154	0	1,790
Contingency for 10 th Day Adjustments	22,148	0	8,765
Total SBB Dollar Distribution, Equivalent to FY15	1,879,130	\$1,889,191	\$1,839,970
Christopher reclassified from Specialty to SBB			1,537
ALOP programs added to SBB			18,197
Total SBB Dollar Distribution for FY16	\$1,879,130	\$1,889,191	\$1,859,704
Cost of Foundation Positions for District Schools	175,000	177,000	177,000
Total SBB Allocation	\$2,054,130	\$2,066,191	\$2,036,704

*Includes miscellaneous overrides and a COLA adjustment for assistant principals given in July 2014.

Calculation of FY16 SBB Base Rate

The FY16 SBB base rate is \$4,390, which was calculated by taking the amount to be distributed and dividing by the total weighted enrollment of all SBB students, as shown in Table 4. The FY16 base rate is the same as in FY15.

Table 4: Calculation of FY16 SBB Base Rate

Amount to be Distributed through Base Rate*	\$1,742,156,916
Total Weighted Enrollment*	396,846.676
FY16 SBB Base Rate	4,390.00

*Excludes schools that are new to SBB funding, including ALOP programs and Christopher.

Total weighted enrollment is based on the FY16 enrollment projections. The projections use five years of enrollment data and the “cohort survival ratios” for each school. The cohort survival ratio compares the number of students in a particular grade at a particular school to the number of students in the previous grade in the previous year. Ratios are calculated for each grade progression and are then used to project future enrollment. Schools are given a chance to review and appeal enrollment projections, and all appeals are reviewed in consultation with network chiefs. Enrollment projections are finalized after appeals have been reviewed and acted upon.

Table 5: FY16 Projected Enrollment

Enrollment Category	SBB Weighting	Unweighted Enrollment				
		Original SBB Schools		New to SBB Funding		Total
		District	Charter	ALOP	Christopher	
K-3 Gen Ed / LRE 1 / LRE 2	1.07	103,040	13,746	0	97	116,883
4-8 Gen Ed / LRE 1 / LRE 2	1.00	116,683	14,857	0	115	131,835
6-8 Gen Ed /LRE 1 at the HS rate	1.24	2,237	2,870	0	0	5,107
9-12 Gen Ed / LRE 1	1.24	73,571	28,816	2,798	0	105,185
K-3 LRE 3	40% of 1.07	1,798	70	0	56	1,924
4-8 LRE 3	40% of 1.00	2,680	86	0	118	2,884
9-12 LRE 2	70% of 1.24	3,993	1,153	145	0	5,291
9-12 LRE 3	40% of 1.24	844	165	23	0	1,032
Total		305,026	61,763	2,966	386	370,141

Table 6: FY16 Projected Enrollment, with SBB Weightings

Enrollment Category	SBB Weighting	Weighted Enrollment				
		Original SBB Schools		New to SBB Funding		Total
		District	Charter	ALOP	Christopher	
K-3 Gen Ed / LRE 1 / LRE 2	1.07	110,252.80	14,708.22	0.00	103.79	125,064.81
4-8 Gen Ed / LRE 1 / LRE 2	1.00	116,863.00	14,857.00	0.00	115.00	131,835.00
6-8 Gen Ed /LRE 1 at the HS rate	1.24	2,773.88	3,558.80	0.00	0.00	6,332.68
9-12 Gen Ed / LRE 1	1.24	91,228.04	35,731.84	3,469.52	0.00	130,429.40
K-3 LRE 3	40% of 1.07	769.54	29.96	0	23.97	823.47
4-8 LRE 3	40% of 1.00	1,072.00	34.40	0	47.20	1,153.60
9-12 LRE 2	70% of 1.24	3,465.93	1,000.80	125.86	0	4,592.59
9-12 LRE 3	40% of 1.24	418.62	81.84	11.41	0	511.87
Total		326,843.81	70,002.86	3,606.79	289.96	400,743.42

SBB Funds Distributed Outside of the Per-Pupil Rate

The SBB model includes three categories of SBB funds that are distributed to district schools outside of the per-pupil rates. Charter and contract schools receive the per-pupil equivalent of these funds.

1. Teacher Salary Adjustment

Some district schools with a large number of experienced teachers receive a teacher salary adjustment to help pay for their high staff costs. The teacher salary adjustment is calculated at a single point in time before school budgets are released. We calculate the district-wide average cost of all staffed teacher positions that are funded with SBB funds. We then calculate the average cost of staffed SBB teachers for each school. If this average cost at any school exceeds the district-wide average, the school will receive a teacher salary adjustment. The amount of the adjustment is calculated by multiplying the difference between the school’s average teacher cost and the District’s average teacher cost, multiplied the number of staffed SBB teachers at the school.

Once calculated, the teacher salary adjustment remains with the school during the year. It is changed from year to year due to changes in staffing at the school and district-wide. It is therefore possible for a school to receive a teacher salary adjustment in one year and not receive an adjustment the next year.

In FY16, the total cost for the teacher salary adjustment in district-run schools is \$35,714,117.

2. Multiple Building Adjustment

Additional SBB funds are given to 27 schools that have a branch building that is a significant distance from the main school building. Funding is given to help defray the cost of a clerk or other administrative support needed at the second building. No additional funding is given to schools with multiple buildings that are on the same block or on the same campus, where the buildings are within walking distance of each other.

For schools that do qualify for additional funding, the amount given is based on the size of the school. Larger schools are given smaller amounts because they benefit from economies of scale in Student Based Budgeting, and they have more ability to provide administrative support for the branch building than smaller schools.

The following chart shows the formula for the multiple building adjustment:

Table 7: Formula for Multiple Building Adjustment

Projected Enrollment of School	Amount
750 or fewer students	\$75,000
751 to 1,000 students	\$50,000
More than 1,000 students	\$25,000

The total cost of the FY16 multiple building adjustment in district-run schools is \$1,475,000.

3. Foundation Positions

Every district-run school receives three foundation positions – one principal, one counselor, and one clerk – in addition to the school’s per-pupil allocation. The foundation positions benefit small schools, which would have a difficult time funding these positions from their per-pupil allocation. District-run schools have no discretion on whether to have these positions; all district-run schools are required under state law and the Chicago Teachers Union contract to have one principal, one counselor, and one clerk. For FY16, the total cost of foundation position in district-run schools is \$177 million.

Calculation of SBB Per-Pupil Equivalents for Charter Schools

Charter schools receive a per-pupil equivalent for the teacher salary and multiple building adjustments that go to some district-run schools, and for the foundation positions that all district-run schools. These per-pupil rates were calculated by taking the amount allocated to district schools for these items and dividing by the total weighted enrollment for district schools, as shown in Table 8.

Table 8: Calculation of Per-Pupil Equivalents for Charter/Contract Schools

	Foundation Positions	Teacher Salary Adjustment	Multiple Building Adj.
Amount Reserved for District-run Schools	\$177,000,000	\$35,714,117	\$1,475,000
Weighted Enrollment for District-run Schools*	326,843.81	326,843.81	326,843.81
Per-Pupil Equivalent for Charter/Contract	\$541.54	\$109.27	\$4.51

*See Table 6 for calculation of weighted enrollment for district schools. Weighted enrollment for Christopher is not included, since calculation was done before Christopher was added to SBB model.

With the per-pupil equivalents added in, the SBB base is nominally higher for charter and contract schools, as shown in Table 9; however, the funding is equivalent to funding for district-run schools.

Table 9: Charter/Contract SBB Base with Per-Pupil Equivalents

	Amount
SBB Base Rate for All Schools	\$4,390.00
Foundation Positions Equivalent	\$541.54
Teacher Salary Adjustment Equivalent	\$109.27
Multiple Building Adjustment Equivalent	\$4.51
Charter/Contract SBB Rate with Per-Pupil Equivalents	\$5,045.32

Table 10 shows the SBB rates for charter and contract schools with the per-pupil equivalents included and adjusted for grade weight and diverse learner category.

Table 10: FY15 SBB Rates for Charter/Contract Schools

Enrollment Category	SBB Weighting	SBB Rates with Equivalents
K-3 Gen Ed / LRE 1 / LRE 2	1.07	\$5,398.49
4-8 Gen Ed / LRE 1 / LRE 2	1.00	\$5,045.32
9-12 Gen Ed / LRE 1	1.24	\$6,256.20
K-3 LRE 3	40% of 1.07	\$2,159.40
4-8 LRE 3	40% of 1.00	\$2,018.13
9-12 LRE 2	70% of 1.24	\$4,379.34
9-12 LRE 3	40% of 1.24	\$2,502.48

Once the charter/contract per-pupil equivalents are calculated, the total cost is added to the base rate allocation. The total amount of SBB funds distributed on a per-pupil basis is shown in Table 11.

Table 11: SBB Amount Distributed on Per-Pupil Basis

(All amounts given in \$000s)	FY15 (Original budget)	FY15 (After 10 th day adjustments)	FY16 (Based on projections)*
SBB Base Rate for All Schools	\$1,770,792	\$1,751,870	\$1,742,157
Foundation Positions Equiv. (Charter/Contract)	36,002	35,338	37,909
Teacher Salary Adj. Equiv. (Charter/Contract)	6,849	6,723	7,649
Multiple Building Adj. Equiv. (Charter/Contract)	288	282	316
Total Amount Distributed on Per-Pupil Basis	\$1,813,931	\$1,794,213	\$1,788,031

*Excludes schools that are new to SBB funding, including ALOP programs and Christopher.

When ALOP programs and Christopher are included, the amount of SBB funds distributed on a per-pupil basis increases to \$1,807,501,589.

Temporary Adjustments

Ten schools have received temporary adjustments because they have unusual circumstances that call their enrollment projections into question. If the school's 10th day enrollment does not support the additional SBB funding, the funding will be reduced; it will remain if the enrollment supports the funding level.

Contingency for 10th Day Adjustments

Approximately \$8.8 million has been reserved in contingency. The funds have been set aside primarily to ensure that we could provide SBB funds in case the total SBB enrollment of the district at the 10th day exceeds our projections. Contingency funds are also reserved for adjustments at schools that will occur after the 10th day.

ADDITIONAL GENERAL EDUCATION ALLOCATIONS FOR CHARTER SCHOOLS, CONTRACT SCHOOLS AND ALOP PROGRAMS

Non-SBB Rates

Charter and contract schools receive a per-pupil equivalent for services that are provided in-kind to district schools, including operations & maintenance, security, Board-funded programs (e.g., magnet, selective enrollment), and Central Office management.

The non-SBB allocation is the entire amount of general funds in the operating budget except for the SBB allocation and a limited set of items that are classified as district-wide shared obligations. Table 12 shows the district-wide shared obligations removed from the FY16 non-SBB calculation:

Table 12: District-Wide Shared Obligations

	Budgeted Amount (in \$ thousands)
Unfunded Pension Liability	\$479,400
Core Instruction for Options, Specialty Schools	26,100
Facilities Supplement for Charter/Contract Schools	26,166
New and Expansion Schools / School Transition	4,136
Early Childhood (funded with General Funds)	4,931
TIF Arts/PE	8,439
Bond Interest	20,417
Real Estate Leases	14,191
Liability Insurance	7,476
Transportation / Drivers Ed	4,858
Offsetting revenue from Charters, JROTC, pensions	56,950
Contingency	20,000
Total District-Wide Shared Obligations	\$691,983

After removing the district-wide shared obligations, the non-SBB rate was based on an estimated non-SBB allocation just under \$834.0 million. The FY16 non-SBB base rate was calculated by taking the total amount of non-SBB spending and dividing by the weighted total enrollment of all students.

Table 13: Calculation of FY16 Non-SBB Base Rate

General Funds (Funds 115, 210, 230)	\$3,562,645,000
Less SBB	(\$2,036,704,000)
Less District-Wide Shared Obligations	(\$691,983,000)
Amount of Non-SBB to be Distributed on Per-Pupil Basis	\$833,958,000
Total Weighted Enrollment (Non-SBB)	422,740.20
FY16 Non-SBB Base Rate	\$1,973

Total weighted enrollment for the non-SBB rate is not the same as the total weighted enrollment for the SBB rate. It is higher for three reasons:

- Diverse learner students are counted the same as general education students in the non-SBB rate. Some diverse learners receive a different rate in SBB because so much of their instruction is provided by special education teachers, which are funded outside of SBB. Since the non-SBB rate is based on the administrative and operational support provided to schools, general education and diverse learner students are counted the same way.
- Enrollment for all schools, and not just SBB schools, is included.
- Pre-K students in half-day classrooms are counted as half-day students (with a weight of 0.5) in the total enrollment count.

The following chart shows the FY16 non-SBB rates, which are unchanged from FY15:

Table 14: FY16 Non-SBB Rates

Non-SBB Rates	Elem K-3	Elem 4-8	HS 9-12
Weighting	1.07	1.00	1.24
Per-Pupil Amount for All Schools	2,111.98	1,973.81	2,447.52

An administrative fee is charged against each school's non-SBB allocation to cover the cost to the District of overseeing charter schools, contract schools, and ALOP programs.

Facilities Supplement for Schools in Independent Facilities

Schools that are in facilities not owned by CPS receive a facility supplement of \$750 per pupil to cover the costs of renting or owning the school facility. The FY16 rate is the same as the FY15 rate. Charter and contract schools that are housed in a CPS-owned building do not receive the facilities supplement, but are allowed to occupy the CPS-owned facility at the nominal rental rate of \$1 per year.

Facilities Charges for Charter/Contract Schools in CPS-Owned Facilities

Charter and contract schools occupying a CPS-owned facility are responsible for the operating costs of the building. Schools are charged for facilities costs based on per-pupil rates reflecting the average operating costs throughout the district.

Facilities charges are assessed in three separate components, each with a separate rate:

Table 15: Per-Pupil Rates for Facilities Charges

Deduction Type	FY15 Rates	FY16 Rates
Facilities & Maintenance	\$767	\$787
Security	\$137	\$146
Information Technology	\$96	\$65
Total Facilities Charge	\$1,000	\$998

Charter and contract schools can opt out of the District’s security and information technology services. Charter/contract schools that are the sole occupant of a CPS facility can also opt out of facilities and maintenance services. Charter/contract schools that are sharing a facility with another school are not allowed to opt out of facilities and maintenance services.

Schools will not be charged for any component of the facilities charges from which they have opted out.

Employer Pension Contribution Charges

Under the SBB model, charter/contract schools receive per-pupil funding based on an SBB allocation that includes the amounts spent on employer pension costs of certified teachers. For this reason, each charter/contract school reimburses the District for the employer pension costs for its employees who participate in the Chicago Teachers Pension Fund. Schools are charged 11.16 percent of the salary costs of participating employees, consistent with the pension normal cost estimates for FY16. Pension payments are deducted from quarterly tuition payments. Pension charges will not apply to special education teachers, aides, or clinicians.

Administrative Fee

Charter schools, contract schools, and ALOP programs are charged a 3 percent administrative fee to cover the District’s costs in overseeing these schools and programs. The following table shows how the administrative fee is assessed for each funding source.

Table 16: Administrative Fee

Funding Source	Fee	How Admin Fee Will be Charged
SBB	3%	Total fee for SBB, non-SBB, and SGSA will be deducted from non-SBB payments.
Non-SBB	3%	
SGSA	3%	
Facilities Supplement	–	No admin fee.
Special Education	3%	Fee deducted from special education reimbursements.
Title I	–	No admin fee. District’s administrative costs are deducted prior to the allocation of Title I funds.
Title II	–	No admin fee. District administrative costs covered in Title I.
Title III	2%	Admin fee is capped at 2% per grant rules. 2% fee deducted from Title III payments.
State Bilingual (TBE/TPI)	3%	Fee deducted from state bilingual payments.

GENERAL EDUCATION ALLOCATIONS TO SPECIALTY AND OPTIONS SCHOOLS

Specialty Schools

Specialty schools serve primarily students with significant diverse learning needs, except for three early childhood centers that have only pre-kindergarten students.

Because of the specialized populations at these schools, core instruction funding is not provided through Student Based Budgeting. Instead, these schools receive positions and a small amount of funding for non-personnel items. Most of the classroom teachers are special education teachers or early childhood teachers, both of which are funded separately and which comprise a much larger portion of the schools' budgets.

Specialty schools receive the following general education resources:

- 1 principal, 1 counselor, and 1 clerk. This is the same administrative base that all district schools receive in Student Based Budgeting.
- 1 assistant principal, unless the school is participating in the Diverse Learner Pilot (see below).
- A number of general education teachers to ensure that teachers in self-contained classrooms receive coverage for their preparation periods. The general education teachers are typically used for art, music, or physical education instruction.
- An allocation for non-personnel items, equal to \$35,000 per school, plus \$300 for each elementary student, \$400 for each high school student, and \$150 for each pre-K student.

District Options Schools

District options schools provide educational options to students who have dropped out of traditional high schools (over-age students without enough credits to graduate) or students in confinement. District schools include one school located at the Cook County Jail (York), one at the Cook County Juvenile Temporary Detention Center (Jefferson), one school serving pregnant women (Simpson), and one school serving students at risk of dropping out or returning dropouts (Peace & Education Coalition).

The district options schools are not funded through Student Based Budgeting, nor is their funding based on any formula tied to enrollment. Enrollment counts at alternative schools can often be misleading, given the highly transient nature of the students. Rather, the core allocation given to options schools is based on the programs run at the school and the needs of the students served.

Alternative Learning Opportunity Programs (ALOP)

CPS also funds Alternative Learning Options Programs serving students who have dropped out of school and want to return, or students who are at risk of dropping out. These programs receive SBB and non-SBB tuition funding just like charter and contract schools, but their payments are based on quarterly enrollment counts, rather than two enrollment counts per year.

Safe School Programs

CPS also funds two Safe School programs for students who have been expelled from traditional schools due to violence. They are funded using the same rates as charter and contract schools, but each school is funded for a floor of 150 students, regardless of the actual number of students enrolled, to ensure

that spots are available when needed. CPS receives a Regional Safe School grant from the State of Illinois, which helps pay these costs.

ALLOCATIONS OF SPECIAL EDUCATION TEACHERS AND PARAPROFESSIONALS

To determine if a student is eligible to receive special education services, an evaluation is conducted, followed by the development of an Individualized Education Program (IEP). The IEP lists the special education and related services needed to ensure that the student receives a free, appropriate public education in the Least Restrictive Environment (LRE). If a student has a disability but does not qualify for special education services, a “504 plan” may be developed. The 504 plan (so called because it is required under section 504 of the Rehabilitation Act of 1973) lists the accommodations and modifications that the student is to receive.

As in previous years, special education teachers and classroom paraprofessionals are allocated to schools in accordance with Illinois state regulations and CPS policy. The CPS special education staffing formulas take into account a variety of factors including disability type, the required instructional minutes, program, and student’s grade (see formulas below). In all cases, the formulas are in accordance with, or more generous than, state formulas. Additional staff may be allocated to a school based on specific criteria that is not addressed by the formula, such as paraprofessional support needs identified in a student’s IEP.

Special education positions are allocated as follows:

Number of students: According to state regulations, no general education classroom should have more than 30% diverse learners, excluding students that only receive speech services outside of the general education classroom. For students in separate diverse learner classrooms, ISBE sets teacher to student ratios, as outlined in Table 17. The ratios are determined per class period, and the student with the greatest amount of required special education services drives class size.

Table 17: FY16 Diverse Learner Staffing Formulas

Level of Service	Teacher to Student Ratio	Teacher + Paraprofessional to Student Ratio
20% or less of special education and related services per week	15 to 1 student/teacher ratio without a paraprofessional	16-17 students to 1 teacher + 1 paraprofessional
Between 20% and 60% of special education and related services per week	10 to 1 student/teacher ratio without a paraprofessional	11-15 students to 1 teacher + 1 paraprofessional
60% or more of special education and related services per week	8 to 1 student/teacher ratio without a paraprofessional	9-13 students to 1 teacher + 1 paraprofessional
Student ages 3 through 5 in a separate special education classroom	5 to 1 student/teacher ratio without a paraprofessional	6-10 students to 1 + 1 paraprofessional

Other factors that may influence staffing needs:

- A learning behavior specialist (teacher) is limited to five periods of instruction per day, whether instruction is provided in a general education or separate instructional setting.
- The age range of students in a diverse learner classroom cannot span more than four years.

“All Means All” Diverse Learner Pilot

In FY16, 102 schools are participating in an All Means All (“AMA”) pilot, which replaces position allocations for diverse learner teachers and paraprofessionals with per-pupil funding. The goal of the new per-pupil funding model is to be able to update a school’s resources more quickly and transparently in response to changing diverse learner enrollment and/or IEP needs

Funding is based on a simple per-pupil formula based on the amount of time that diverse learners spend outside the general education setting, i.e., their LRE status, as defined earlier in Table 1. Unlike in SBB, there is no funding distinction by grade level. The following table gives the FY16 AMA rate, shown as a weight of the base SBB rate.

Table 18: FY16 AMA Rates

Student Type	SBB Base Rate	AMA Per-Pupil Weights	AMA Per-Pupil Rates
LRE 1	\$4,390	1.49	\$6,541
LRE 2	\$4,390	2.47	\$10,843
LRE 3	\$4,390	4.03	\$17,692

Additional AMA funding is allocated for diverse learners who are English learners (EL’s) or preschool students for supplemental student supports, such as ancillary classroom staff, services, equipment, supplies, or materials that a school may need to purchase to effectively run its programs.

Table 19: Additional AMA Funding for English Learners and Pre-K Students with IEP’s

Student Type	SBB Base Rate	AMA Per-Pupil Weights	Add’l AMA Allocation
English Learner with IEP	\$4,390	0.02	\$88
Early Childhood with IEP	\$4,390	0.02	\$88

These AMA rates are designed to ensure that schools will have sufficient resources to meet the needs of students with IEP’s. The model makes the following assumptions:

- Average position cost for diverse learner teachers and paraprofessionals.
- Students will need services for the maximum length of time within their LRE category; i.e., an LRE 1 student will need services 20% of the time, and LRE 2 student will need services 60% of the time, and an LRE 3 student will need services 100% of the time.
- Schools will not always be able to maximize classroom size capacity. The model assumes that class size in diverse learner classrooms will be, on average, three students below the maximum class size.

- The rates were set to ensure there are sufficient funds for additional classroom supports to meet individual IEP needs. Funding for dedicated minutes with a teacher or paraprofessional is included in the AMA per-pupil rates. AMA schools should have enough resources to support students with dedicated aides, as long as the school has a typical number of such students.

For schools with Early Childhood Diverse Learner (Pre-K) programs, funds will be allocated to each school’s AMA budget to fully cover classroom teacher and aide positions at the average classroom cost.

To help schools transition to AMA, original budgets may be capped at a 10% year-over-year increase or decrease. Teacher salary adjustments will be added to cover higher cost of experienced teaching staff. Schools will also be required to budget for teacher and paraprofessional substitute coverage costs.

AMA funding will be adjusted based on diverse learner enrollment counts at 20th day, and further funding adjustments may be made for enrollment shifts throughout the school year.

SPECIAL EDUCATION FUNDING FOR CHARTER/CONTRACT SCHOOLS

Charter and contract schools are assigned special education teacher and paraprofessional positions using the same staffing formulas as district schools. However, charter and contract schools hire their own special education personnel and are reimbursed for their expenses at the following rates:

Table 20: Special Education Reimbursements

Position	Maximum for average position	Maximum for any individual position
Allocated teacher positions (certification required)	\$90,000	\$110,000
Allocated paraprofessional (certification required)	\$40,000	\$53,000
Allocation clinician (certification required)	\$90,000	\$110,000
Case manager stipend (one per school)	To be determined	

1. Special Education Teacher Reimbursement

- a. The charter and/or contract school will hire its own special education teacher(s) based on the school’s population of students with disabilities. Chicago Public Schools (CPS) will reimburse the charter and/or contract school on a quarterly basis. This reimbursement will be based on CPS’s determination that each special education teacher possesses the proper certification(s) as required by the State of Illinois and that the number of full-time equivalent teacher positions for reimbursement does not exceed the CPS-approved allocation for the charter and/or contract school.
- b. For the 2015-2016 school year, the maximum reimbursement rate for any full-time equivalent special education teacher is \$110,000 per year. The maximum reimbursement rate for all full-time equivalent special education teachers for each charter operator is an average per-teacher reimbursement rate of \$90,000 per full-time equivalent special education teacher.
- c. The quarterly reimbursement to the charter and/or contract school for full-time equivalent special education teachers will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved, full-time equivalent

teachers for the percentage of the quarter's instructional days for which the teacher was employed; or (ii) aggregate sum of the actual salaries and benefits paid to CPS-approved, special education teachers employed at the charter and/or contract school for the percentage of the quarter's instructional days for which the teacher was employed.

2. Special Education Paraprofessional Reimbursement

- a. The charter and/or contract school will hire its own paraprofessionals to provide the necessary supports required by its students' IEPs.
- b. Chicago Public Schools (CPS) will reimburse the charter and/or contract school on a quarterly basis. This reimbursement will be based on CPS's determination that each special education paraprofessional providing instructional support is highly qualified in accordance with NCLB standards and that the number of full-time equivalent paraprofessional positions for reimbursement does not exceed the CPS-approved allocation for the charter and/or contract school.
- c. For the 2015-2016 school year, the maximum reimbursement rate for any full-time equivalent special education paraprofessional is \$53,000 per year. The maximum reimbursement rate for all full-time equivalent special education paraprofessionals for each charter operator is an average per-paraprofessional reimbursement rate of \$40,000 per full-time equivalent paraprofessional.
- d. The quarterly reimbursement to the charter and/or contract school for full-time equivalent special education paraprofessionals will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved, full-time equivalent paraprofessionals for the percentage of the quarter's instructional days for which the paraprofessional was employed; or (ii) aggregate sum of the actual salaries and benefits paid to the CPS-approved, special education paraprofessionals employed at the charter and/or contract school for the percentage of the quarter's instructional days for which the paraprofessional was employed.

3. Special Education Clinician Reimbursement

- a. If clinicians are required by the students' IEPs, the charter and/or contract school will hire its own clinicians to provide the necessary supports.
- b. The charter and/or contract school may have the Board furnish clinicians to serve the charter and/or contract school's students with disabilities, only if a waiver is given by CPS.
- c. If the charter and/or contract school hires its own clinicians, then Chicago Public Schools (CPS) will reimburse the charter and/or contract school on a quarterly basis. This reimbursement will be based on CPS' determination that each clinician possesses the proper certification(s) as required by the State and that the number of full-time equivalent clinicians does not exceed the CPS-approved allocation for the charter and/or contract school.
- d. For the 2015-2016 school year, the maximum reimbursement rate is \$110,000 per year. The maximum reimbursement rate for all full-time equivalent clinicians for each charter operator is an average per-clinician reimbursement rate of \$90,000 per full-time equivalent clinician.
- e. The quarterly reimbursement to the charter and/or contract school for full-time equivalent clinicians will be the lesser of the (i) product of the maximum reimbursement rate multiplied

by the number of CPS-approved full-time equivalent clinicians at the charter and/or contract school for the percentage of the quarter's instructional days for which the clinician was employed; or (ii) aggregate sum of the actual salaries and benefits paid to the CPS-approved clinicians at the charter and/or contract school for the percentage of the quarter's instructional days for which the clinician was employed.

4. Special Education Case Manager Reimbursement

- a. The charter and/or contract school shall appoint and pay a salary and benefits to its own qualified case manager.
- b. Chicago Public Schools (CPS) will provide the charter and/or contract school with a stipend per school for such a qualified case manager for the 2015-2016 school year that is equivalent to the amount given to case managers at district-run schools. The amount of the stipend is to be determined, pending an agreement between the Board and the Chicago Teachers Union.
- c. A case manager shall be deemed qualified if he or she has (1) a Type 10 (special), Type 03 (elementary), or Type 09 (secondary) ISBE certificate endorsed in a special education area, or with a special education teaching approval or supervisory approval, OR (2) a Type 73 (school service personnel) ISBE certificate endorsed as a school social worker, school psychologist, guidance specialist, or speech-language pathologist or have a supervisory endorsement. At least two years' experience in the field of special education is recommended/preferred.
- d. An individual serving as a case manager may receive only one stipend, even if the individual is serving more than one school.

ALLOCATIONS OF SUPPLEMENTAL BILINGUAL TEACHERS FOR ENGLISH LANGUAGE LEARNERS

Supplemental bilingual funding is determined by the Office of Language and Cultural Education (OLCE). In FY16, OLCE has made significant changes to the funding allocations.

First, district-run schools will receive only supplemental teacher positions. In FY15, almost \$7.5 million was distributed to 294 schools on a per-pupil basis, but much of this funding remained unspent because the amounts received by individual schools were too small to be effectively used. The per-pupil allocations have been eliminated for district-run schools in FY16.

Second, supplemental positions are based on the number of English learners (EL's) at your school, rather than an adjusted count of EL students based on the level of bilingual or ESL (English as a Second Language) instruction received. In the past, EL students were counted for supplemental funding only if the school was providing bilingual or ESL instruction, as if schools could choose whether to provide that instruction and would be rewarded with supplemental funding if they did. But schools are legally required to provide Transitional Bilingual Education (TBE) and/or Transitional Programs of Instruction (TPI) for their EL students, and the expectation is that all schools will comply with these requirements. For this reason, supplemental bilingual resources are being allocated to schools based on student need – their actual count of EL students, rather than an adjusted count.

OLCE used a simple allocation formula in FY16:

Table 21: Supplemental Bilingual Position Allocations for District-Run Schools

Tier	EL Enrollment	Supplemental Teacher Allocation
1	250 or more EL students enrolled	1.0 FTE teaching position + 0.5 FTE teaching position from Title III funds
2	20 to 249 EL students enrolled	0.5 FTE teaching position

Charter schools, contract schools, ALOP programs, and SAFE schools receive supplemental bilingual funding through per-pupil formulas. They receive a share of the TBE/TPI funds received from the State, as well as federal Title III funds.

Table 22: Supplemental TBE/TPI Funding for Charter/Contract/ALOP/SAFE Schools

Tier	EL Enrollment	Supplemental Teacher Allocation
1	100 or more EL students enrolled	\$45,000
2	5 to 99 EL students enrolled	\$353.27 per EL student*

*Per-pupil rate is net of 3% administrative fee.

Table 23: Supplemental Title III Funding for Charter/Contract/ALOP/SAFE Schools

Tier	EL Enrollment	Supplemental Teacher Allocation
1	250 or more EL students enrolled	\$45,000
2	20 to 249 EL students enrolled	\$145.04 per EL student

*Per-pupil rate is net of 3% administrative fee.

ALLOCATIONS OF DISCRETIONARY FUNDS

Supplemental General State Aid (SGSA)

Supplemental General State Aid is part of the General State Aid that CPS receives from the State and is required by law to distribute directly to schools. SGSA funds are designed to supplement regular and basic programs supported by the General Education Fund. The amount of SGSA funds is based upon the concentration level of children from low-income households. Funds are distributed to the schools in proportion to the number of pupils enrolled who are eligible to receive free or reduced-price meals under the federal Child Nutrition Act of 1966 and the National School Lunch Act as of the 20th day of the school year.

Beginning in FY15, all CPS students qualify for free lunch under a Community Eligibility Option program established by the U.S. Department of Education, regardless of an individual student's household income. However, we do not believe that this result means that all CPS students now qualify for SGSA funding. The SGSA statute looked to federal nutrition acts to set an income threshold that would define which students are low-income students who would qualify for SGSA funding. That low-income

threshold is 185% of the federal poverty rate, which is the threshold for qualifying for free or reduced lunch under federal nutrition acts.

All schools received an initial SGSA allocation that is based on a projected number of low-income eligible students. However, the SGSA allocation will be adjusted later based on the number of qualifying students at each school on the 20th day of the current school year.

Initial allocation: The Budget Office has used prior year data to calculate a low-income percentage for each school, which will be locked in for all of FY16. That percentage has been multiplied by each school’s FY16 projected enrollment to determine the number of low-income eligible students. (Rounding is done to the nearest student, or in the case of preschool students, to the nearest 0.5 student.) Schools receive a per-pupil allocation based on this calculated number of eligible students.

Final allocation: The number of eligible students will be recalculated based on 20th day enrollment. The low-income percentage used for the initial allocation will not change, but it will be multiplied by each school’s 20th day enrollment to determine the number of low-income eligible students. (Rounding, again, is done to the nearest student, or in the case of preschool students, to the nearest 0.5 student.) Each school’s final SGSA allocation will be based on this newly-calculated number of eligible students.

For FY16, the preliminary per-pupil rate is \$790.36, which was calculated by dividing \$261 million by the projected number of free and reduced meal students expected in FY16:

Table 24: Calculation of FY16 SGSA Base Rate

Amount to be Distributed	\$261,000,000
FY16 estimated total count of low-income students	330,231.00
FY16 SGSA Base Rate	\$790.36

Schools receive SGSA funding for each qualifying student. If a school has only one student eligible for SGSA, the school will receive an allocation of \$790.36 for that student.

Charter, contract, ALOP, and SAFE schools, like district-run schools, receive SGSA funding. The initial SGSA allocation, however, is based on CPS’s enrollment projection for the school, rather than the school’s own projection.

Unspent SGSA funds in any fiscal year remain with the school and carry over to the next fiscal year. SGSA is different from most funding sources in this respect. Schools may not carry over unspent SBB or Title I funds, and the same rule applies to most other funding sources. SGSA is different because the District is legally required to allow schools to carry over unspent funds to the next fiscal year.

An estimated amount of FY15 SGSA carryover is included in the SGSA budgets for district schools. Carryover is usually not included in the original budget and rolled out after the fiscal year has begun. However, because the budget process occurred so late this year, the FY16 SGSA budgets do include carryover funds. Once the district has finalized the financials for FY15, the final amount of FY15 SGSA carryover will be calculated for each school, and any additional carryover amounts will be allocated to each school. This final carryover amount will likely be distributed in October 2015.

NCLB Title I

CPS allocates Federal NCLB Title I funds to schools with high concentrations of low-income children to provide supplementary services. The formula used to determine a school's eligibility for these funds is based on the ratio of TANF (Temporary Assistance to Needy Families) and free and reduced-price lunch school data as a percentage of enrollment. CPS uses poverty data generated yearly by the number of students, ages 5-17, who are eligible to receive free or reduced lunch (60 percent weight), and the number of children, ages 5-17, from families that receive financial assistance through TANF (40 percent weight). The data must be collected at a single point in time for the entire school system; the District has used December 1, 2014 as the collection point for FY16. Once data is collected, CPS ranks schools and allocates additional funding to those schools serving a population with greater than 40 percent poverty.

It is important to remember that the poverty rate calculations for Title I are more stringent than for SGSA. SGSA considers only at the number of students who qualify for free and reduced meals, and it is not unusual for CPS schools to have poverty rates of 99 or 100 percent by that measure. The Title I poverty measure also looks at the number of students who qualify for TANF, and far fewer CPS students meet this standard.

The per-pupil allocation rate increases as the poverty index for the schools increases. A school with a 40 percent poverty rate receives an allocation of \$573 per eligible student. As the poverty rate increases by 1 percent, the per-pupil allocation increases by \$23 per pupil. A school with a poverty index of 41 percent receives \$596 per pupil. A school with a poverty index of 50 percent receives \$803 per pupil. Schools with a poverty index below 40 percent do not receive Title I funds, even if the school has eligible students.

Thus, poorer schools receive significantly more Title I funding, not only because they have more eligible students, but also because they receive more funds per eligible students. This is illustrated in the following table:

Table 25: Examples of Title I Funding Amounts

Poverty Index Examples	Allocation Rate	Eligible Students (assume total school enrollment of 1,000)	Total Allocation
35%	\$0 (below threshold)	350	\$0
40%	\$573.00	400	\$229,200
41%	\$596.00	410	\$244,360
55%	\$918.00	550	\$504,900
71%*	\$1286.00	690	\$728,916

*Highest poverty rate of any CPS school.

In FY16, the Title I poverty index is the weighted average of the number of students who qualify for free or reduced-price lunch (60% weight) and the number of students who qualify for TANF (40% weight), **rounded up** to the nearest whole number. In the past, we have rounded down to the nearest whole number, which meant that schools with a weighted average between 39.01% and 39.99 % would not qualify for Title I funding. Federal regulations allow us to round up instead, and by doing so, we are now able to provide Title I funding to four schools that would otherwise have been excluded.

Schools have received an initial Title I allocation based on their calculated Title I poverty index and their FY15 20th day enrollment. After the school year begins, the Title I allocation for each school will be updated based on the same Title I poverty index and the school's FY16 20th day enrollment.

Schools can budget SGSA and NCLB Title I funds at their discretion but must remain in compliance with regulations and guidelines.

APPENDIX C BUDGET PROCESS

The Board is required by the Illinois School Code to adopt an annual school budget for each fiscal year no later than 60 days after the beginning of the fiscal year. The Chicago Public Schools' fiscal year starts July 1 and ends the following June 30.

- A proposed budget must be prepared and made available for public review at least 15 days prior to its finalization.
- The Board is required to hold at least two public hearings at least five days after copies of the proposed budget are made available for review.
- Notice of budget hearing dates must be published in a City of Chicago newspaper at least five days prior to the time of the hearing.
- The Board must adopt a budget within the first 60 days of each fiscal year.

Copies of the budget are made available for review at the Board office.

Budget Calendar and Process Development

With a projected budget deficit for FY16 of over \$1 billion, CPS leadership worked with State of Illinois leadership in an attempt to resolve funding issues before the end of the District's budget process. This included delaying budget guidance for schools and the release of this budget book until the latest possible moment, holding out hope for a budget resolution at the state level. No such resolution has emerged as of yet (at the issuance of this Budget, the State of Illinois is still without an FY 16 budget itself). Guidance to schools about their budgets was therefore issued on July 13, 2015, and school budgets were received for review and incorporation by CPS on July 24.

Budget Planning

The FY2016 school budgets are in the third year of implementation using the Student-Based Budgeting ("SBB") model. In addition, OMB engaged in strategic planning with departments to develop preliminary FY2016 budgets based on critical initiatives identified by senior leadership and the Board. As in previous years, the goal was to identify and implement administrative efficiencies to allow a continued prioritization of resources from the central office to schools, and to give principals greater flexibility to make investments that drive student achievement. For the sixth year in a row, efficiencies were identified and reductions to Central Office were made, including through contract renegotiations and outsourcing non-critical functions.

This fiscal year, OMB also introduced the new Hyperion budgeting tool for both schools and central office. The new application enables better fiscal reporting and coordination across the District.

Authorization of Two-Month Budget

As referenced above, CPS delayed the release of budget information to schools in order to work with state leadership in Springfield on a more comprehensive budget solution. This delay meant that the new fiscal year began without a finalized budget for CPS. In order to provide interim funding, the Board voted to authorize up to \$800 million in spending for the months of July and August, 2015, until a full budget could be finalized.

Public Involvement

The announcement of the availability of the proposed budget for review the Board, stakeholders and the press is made before being presented in public hearings.

Board Adoption of the Budget

The Board is anticipated to act on the FY2016 Proposed Budget at their meeting on August 26, 2015.

APPENDIX D FINANCIAL POLICIES

Chicago Public Schools (CPS) is responsible for pre-school through 12th grade education in the City of Chicago. It is an independent local government entity with its own authority to levy property taxes. The fiscal year starts July 1 and ends June 30. The Board of Education is directed by the Illinois School Code (105 ILCS 5/34-43) to adopt an annual school budget for each fiscal year no later than 60 days after the beginning of the fiscal year. The annual budget includes a set of policies to be followed in managing financial and budgetary matters, allowing the Board to maintain its strong financial condition now and in the future.

Balanced Budget Policy

The Board is required by the Illinois School Code to balance its budget each year within standards established by the Board, consistent with the provisions of Article 105 ILCS 5/34-43. The Board defines a "balanced budget" as when the total resources, including revenues and spendable prior-year fund balances, equal or exceed the total budgeted expenditures, and a "structurally balanced budget" as when the total projected revenues that the Board accrues in a fiscal year are equal to or greater than the total expenditures. Revenues and expenditures are defined in accordance with Generally Accepted Accounting Principles (GAAP). The Board's current policy is that all funds should be structurally balanced unless they include the spendable prior-year fund balance that is available under the terms of the Board's Fund Balance Policy.

- **General Fund:** Although a structurally balanced budget is the goal for the General Fund, the prior-year spendable fund balance can be appropriated in the following budget year for one-time expenditures or under certain circumstances if the spendable fund balance exceeds 5 percent of the operating and debt service budget for the new fiscal year. The one-time expenditures are listed under the Fund Balance and Budget Management Policy.
- **Workers' Compensation Tort Fund:** The restricted fund balance in the Workers' Compensation Fund can be used only for expenses specified by the Illinois School Code 105 ILSC 5/18-8.05, such as unanticipated large tort, property loss, workers' compensation, or liability claims.
- **Grant Funds:** All grant funds shall be structurally balanced.
- **Supplemental General State Aid Fund (SGSA):** The Illinois School Code 105 ILSC 5/18 requires that all spendable fund balances be re-appropriated in the subsequent year to each school that did not spend its allocation in the prior year.
- **Capital Projects Funds:** All spendable fund balances in the Capital Projects Funds will be re-appropriated in the following year for eligible construction and renovation projects.
- **Debt Service Funds:** Funds restricted for debt service are monies held as required by a bond indenture or similar agreement and maintained mostly with bond trustees. Assigned fund balances represent reserves to cover potential risks related to swaps or variable-rate bonds.

Fund Balance Policy

Section 5/34-43 of the Illinois School Code authorizes the Board to accumulate a fund balance. The stated goals of maintaining a fund balance are to provide adequate working capital to ensure uninterrupted services in the event of budgetary shortfalls, to provide for capital improvements and to achieve a balanced budget within a four-year period. It is the policy of the Board to retain sufficient funds to achieve these goals for operating funds. To achieve this stable financial base, CPS manages its financial resources by establishing fund-balance policies for governmental funds, which consist of the Operating Funds (General Fund and Special Revenue Funds), Capital Projects Funds and Debt Service Funds.

Fund-Balance Target

Fund-balance targets are established for the General Fund, the Tort Fund, the Supplemental General State Aid Fund, Debt Service Funds, and Capital Projects Funds. The set amounts differ for each fund and require an annual review. Factors included in the determination of fund-balance targets include predictability of revenues, legal requirements, bond indentures, potential volatility of expenditures, and liquidity requirements. The stabilization fund target is a percentage of operating and debt service budget.

▪ General Fund

- **Stabilization Fund Balance (Assigned Fund Balance):** The policy requires the Board to maintain an assigned fund balance of a minimum of 5 percent and a maximum of 10 percent of the operating and debt service budgets for the new fiscal year as a stabilization fund in the General Fund at the annual adoption of the budget. The 5 percent is estimated to be the historical minimum cash requirement to provide sufficient cash flow for stable financial operations. The Chief Financial Officer (CFO) will propose to the Board a reasonable target amount that is within this range during the budget process. It is the Board's goal that this stabilization fund will not be utilized unless there is an unforeseen financial emergency and a corresponding consensus decision among the Board members.
- **Stabilization Fund Balance Replenishment:** In the event that the stabilization fund decreases below 5 percent, the CFO will prepare and present to the Board a plan to replenish it. If necessary, any surplus that CPS generates will first go toward replenishing the stabilization fund until the minimum 5 percent goal is achieved and then to the fund balance. The Board must approve and adopt a plan to restore these balances to the target levels within a 12-month period. If restoration of the stabilization fund cannot be accomplished within such a period without severe hardship, then the CFO or Director of Office of Management and Budget may request that the Board approve an extension of this restoration deadline. Because of the financial stress the District is facing, the CFO and Budget Director will request an extension of the deadline for FY15 while they develop a long-term plan to restore the fund balance.
- **Use of Excess Fund Balance above the Stabilization Fund:** When the stabilization fund is adequately established, any excess above the required stabilization funds can be assigned for appropriation in the following budget year for one-time expenditures or under certain circumstances as outlined below:

- To offset a temporary reduction in revenues from local, state and federal sources
 - When the Board decides to not increase the City of Chicago property taxes to the maximum allowable property tax cap
 - To retire the Board's debt
 - To fund major legal settlements or liability claims made against the Board
 - To fund necessary one-time equipment or capital spending required for the Board
 - To pay for costs related to an unforeseen emergency or natural disaster
 - To pay for specific education initiatives lasting no more than three years
- **Workers' Compensation/Tort Fund:** The fund balance target for the Workers' Compensation/Tort Fund shall be no less than 1 percent and no more than 2 percent of the operating budget. The FY15 budget will not use any fund balance. However, the fund is still below the target.
 - **Supplemental General State Aid Fund (SGSA):** The fund balance shall equal the unspent amounts from the previous year. According to the Illinois School Code 105 ILSC 5/18, all spendable fund balance will be re-appropriated in the subsequent year to each school that did not spend its allocation in the prior year.
 - **Capital Projects Funds:** Fund balance shall equal the unused bond proceeds, revenues, and available fund balances from the previous fiscal year. All spendable fund balance in the Capital Projects Funds will be re-appropriated in the following year for eligible construction and renovation projects.
 - **Debt Service Funds:** Funds restricted for debt service are monies held as required by a bond indenture or similar agreement and maintained mostly with escrow agents. Assigned funds in the debt service funds represent the Board's efforts to cover risks and shall be sufficient to cover potential risks such as termination, counterparty, and basis points. The Treasury Department will determine a proper level of fund balance each year.

Monitoring and Reporting

In conjunction with the submission of the annual budget, the CFO shall annually prepare a statement about the status of the fund balance in relation to this policy and present the findings to the Board. Should the CFO disclose that the stabilization funds will decline below 5 percent of the upcoming operating and debt service budget, a recommendation for fund-balance accumulation shall be included in the annual statement. For FY2015, with the known reduction of the stabilization fund below 5 percent, the CFO will develop a long-term plan to replenish fund balance to the prescribed 5 percent level.

One-Time Revenue

The Board Policy states that revenue shall be considered to be one-time if it was not present in the prior fiscal year and if it is unlikely that it will be available in the following fiscal year, and further states that CPS shall not use one-time revenues to fund ongoing expenditures. To do so might mean that CPS would be unable to make up the gap created by the expiration of the one-time revenues in the next budget

period, a situation that could lead to service cuts. Under the policy, one-time revenues would support only one-time expenditure items described below:

- To retire the Board's debt
- To fund major legal settlements or liability claims made against the Board
- To fund necessary one-time equipment or capital spending required for the Board
- To pay for costs related to an unforeseen emergency or natural disaster
- To pay for specific education initiatives lasting no more than three years
- To increase the size of CPS's budget-stabilization fund

However, due to the financial condition of CPS, the FY15 budget will rely on one-time revenues to support operating expenses, and CPS will seek approval from the Board to do so. The long-term plan to replenish the fund balance also will include strategies to reduce reliance on one-time revenues.

Basis of Budgeting and Revenue Recognition

The budgeting and accounting policies of the Board are based on GAAP. The Governmental Accounting Standards Board is the standards-setting body for governmental accounting and financial reporting. These governing bodies require accounting by funds so that limitations and restrictions on resources can be easily explained.

Budgets are presented using the modified accrual basis of accounting.

Under the revenue recognition policy adopted in FY2015, revenues are recorded when they become measurable and available. Property taxes are recognized as current revenues as long as they are available within 60 days after a fiscal year ends. Federal, state and local grants are recognized as revenues when eligible requirements imposed by grantors have been met and as long as they are collected within 60 days of the end of a fiscal year.

Expenditures are recorded when the related liability is incurred, regardless of the timing of related cash outflows. One exception is that debt service expenditures are recorded only when payment is due. Only revenues and expenditures anticipated during the fiscal year are included in the budget. Unexpended funds in the General Fund, Workers' Compensation/Tort Fund, and SGSA Fund revert to the fund balance at the close of a fiscal year. Unexpended capital funds are carried forward from year to year until projects are completed.

Budgetary Control and Budget Transfer

Budgetary control is exercised at the school, department, and system-wide levels with the adoption of the budget, and at the line-item level through accounting control. The monitoring of expenditures and revenues is a crucial component of the management of the budget. In the event of an unexpected decline in revenue, certain non-essential expenses would be the first to be identified and frozen to ensure a balanced budget at year-end.

Because a budget is only a plan, transfers between line items during the year are permitted. All budget transfers follow an established fund-transfer policy and approval process. All transfers requiring Board approval will be reported at the monthly Board meeting. The following are a few of the guidelines for making transfers:

- Funds may be transferred within a fund, between units, accounts, programs, or, in certain

circumstances, grants. Transfers over \$1,000 must be recommended by the Office of Management and Budget, reported to, and approved by the Board.

- No transfer may be made between any of the statutory funds supported by property taxes.
- Transfers shall not exceed 10 percent of the fund during the first half of the fiscal year, and no appropriation shall be reduced below an amount sufficient to cover all obligations that will be incurred against the appropriation, consistent with statute (105 ILCS 5/34-50).

Budget Amendments/Supplemental Budgets

The Illinois School Code (105 ILCS 5/34-47 and 48) authorizes the Board to make additional or supplemental expenditures rendered necessary to meet emergencies or unforeseen changes. After the adoption of the annual school budget, the Board may, by a vote of two-thirds of its voting members, pass an additional or supplemental budget, thereby adding appropriations to those made in the annual school budget. Such a supplemental or additional budget is considered an amendment of the annual budget for that year. However, any appropriations thus made shall not exceed the total revenues that the Board estimates it will receive in that year from all revenue sources and any fund balance not previously appropriated. In case of emergencies such as epidemics, fires, unforeseen damages or other catastrophes happening after the annual school budget has been passed, the Board, by a concurring vote of two-thirds of all the members, may make any expenditure and incur any liability. The Board is required to hold two public hearings both on budget amendments and supplemental budgets.

Cash and Investment Management Policy

In accordance with the Illinois School Code (105 ILCS 5/34-28) and Public Funds Investment Act (30 ILCS 235/1), the Board adopted an investment policy that provides guidelines for the prudent investment of all public funds and outlines the policies for maximizing efficient cash management. The ultimate goal is to manage public funds in a manner that will meet cash flow needs, ensure security and provide the highest investment return while complying with all state and local requirements governing the investments of public funds. To achieve these goals, the Treasury maintains cash-flow forecasts that closely match cash on hand with projected disbursements. To minimize the potential risk and losses, the Board limits investments to the safest types of securities, pre-qualifies the financial institutions, and diversifies the investment portfolios. The Treasury evaluates and monitors the portfolio regularly. The Investment Policy detail can be accessed by going to <http://policy.cps.k12.il.us/download.aspx?ID=27>

Debt Management Policy

The Board established a debt management policy that sets forth the parameters for issuing debt and managing the outstanding debt portfolio. Additionally, the policy provides guidance for the debt-payment structure that directly affects the Board's finances, the types and amounts of permissible debt, the timing and method of sale that may be used, the structural features that may be incorporated, and the selection of swap advisors. The purpose of this policy is to enhance the Board's ability to issue and manage its debt in a fiscally conservative and prudent manner and to ensure the Board's continued access to the capital markets. The Board will match the term of the borrowing to a useful life of projects and will seek the best possible credit rating in order to reduce interest costs. Every project proposed for debt financing should be accompanied by amortization schedules that best fit within the existing debt structure and minimize the impact on future operating and maintenance costs of the tax and debt burden on the General Fund and the overlapping debt of other local governments. The Treasury will determine the mix of variable- and fixed-rate debt that best manages its overall interest costs while

considering risks and benefits associated with each type of debt. The following link provides details about the debt management policy; visit <http://policy.cps.k12.il.us/download.aspx?ID=42>

APPENDIX E

GLOSSARY

Account: A budget attribute used to group funds with a similar purpose, such as supplies, salaries or travel expenses. Sometimes referred to as the “object” of the expenditure, it means what the dollars will be spent on.

Accrual Basis: The accounting technique under which transactions are recognized when they occur, regardless of the timing of estimated cash flow.

Accrued Expense: Expense incurred and recorded on the books but not payable until a later date.

Adopted Budget: The budget ultimately approved and authorized by the Chicago Board of Education that authorizes spending for the fiscal year based on the appropriations in the budget.

All Means All Pilot (AMA): “All Means All” is a phrase commonly used to express inclusion of students receiving special education services. The AMA Pilot at CPS is a program designed to test implementation of a student-based budgeting funding model to efficiently allocate resources to schools serving students with diverse learning needs.

American Recovery and Reinvestment Act (ARRA): The federal government’s national stimulus program adopted in 2009.

Ancillary Classrooms: Identified for elementary schools only. Refers to the number of allotted classroom spaces required for non-homeroom uses, such as science labs, computer labs, resource rooms, special education rooms, after school programs, and/or community organization special programs. The number of ancillary classrooms can be identified by subtracting the number of allotted homeroom classrooms from the total number of classrooms.

Appropriation: An authorization to make expenditures and incur obligations for a specific purpose granted by a legislative body -- in this case the Board of Education -- for a specific time period.

Assessed Valuation (AV): The value placed on all taxable property for tax purposes. This amount is subject to the state equalization factor and the deduction of exemptions.

Average Daily Attendance (ADA): The aggregate number of pupil days of attendance divided by the number of days in the regular school session. Attending school for five or more clock hours while school is in session constitutes one pupil day of attendance. The best three months’ average daily attendance of the prior year is used in calculating General State Aid for the current year.

Balance Sheet: A statement of the financial position of an organization at a point in time. It includes assets, liabilities and fund balances.

Bill (HB or SB): Legislation drafted in the form of an Act for introduction into Illinois General Assembly and identified with a bill number. HB refers to a bill introduced into the House and SB refers to a bill introduced into the Senate. Bills are available on the General Assembly website at www.ilga.gov.

Block Grant: A state or federal grant program that consolidates several previously separate categorical grant programs into one larger grant. Block grants usually allow the recipient agency more flexibility in the use of the resources than would be allowed with separate grants.

Bond: A written promise to pay a specified sum of money - called the “face value” or “principal amount” - along with the periodic interest at a specified rate; the money is to be paid off at a specified date in the future.

Bonded Debt: The portion of indebtedness represented by outstanding bonds.

Bond Rating: An assessment of the credit risk of a specific bond issue.

Bond Redemption and Interest Fund: A debt service fund for the receipt and disbursement of the proceeds of annual tax levies for the payment of the principal and interest on specific bond issues.

Budget: An estimate of income and expenditure for a set period of time.

Budget Classification: A series of numerical codes used to categorize items of appropriation by unit, fund, account, program and grant.

Budgetary Control: The control or management of a governmental or enterprise fund in accordance with an approved budget to keep expenditures within the limits of available revenue appropriations.

Capital Development Board (CDB): the State of Illinois government organization that administers the School Construction program.

Capital Outlay: An expenditure that results in the acquisition of, or addition to, fixed assets. Capital outlay meets the following criteria: has an anticipated useful life of more than one year; can be permanently identified as an individual unit of property; belongs to land, buildings, structures & improvements or equipment; constitutes a tangible, permanent addition to the value of city assets; does not constitute repair or maintenance; not readily susceptible to loss.

Capital Project: A specific and identifiable improvement or purpose for which expenditures are proposed within the capital budget or capital improvement program.

Capital Project Fund: A fund created to account for financial resources to be used for the acquisition or the construction of major capital facilities or equipment.

Categorical Revenue: Funds from local, state, federal or private sources that can, by law, only be used for specific purposes (e.g., No Child Left Behind revenue or Supplemental General State Aid revenue).

Change Orders: Modifications of scope and/or costs related to a project.

Chicago School Finance Authority (SFA): A separate government body created in 1980 to sell bonds for the working capital, operating, and capital needs of the Chicago Board of Education, and to oversee the financial management of the Board. The SFA went out of existence in 2010.

Chicago Board of Education: The local government organization established to provide elementary and secondary education in the city of Chicago.

Chicago Public Schools (CPS): The K-12 school system that operates under the Chicago Board of Education.

Chicago Teacher Pension Fund (CTPF) – The pension fund for Chicago teachers, principals and administrative staff with teaching certificates. Teachers, principals and administrative staff in the rest of the state belong to the Illinois Teacher Retirement System (TRS).

Collaborative: Geographic grouping of schools; the District is divided into five collaboratives – North/Northwest, West, Southwest, South, and Far South.

Common Core State Standards (CCSS): Describes what students are expected to learn at every grade level in order to be prepared for success in college and careers. CCSS is designed to be relevant to the real world and help students succeed in a global economy. Chicago Public Schools began the transition to CCSS in the 2011-12 school year and fully implemented during the 2014-15 school year.

Contingency: A budgetary reserve set aside for emergencies or unforeseen expenditures.

Continuous Improvement Work Plan (CIWP): The two-year school improvement plan required of all CPS schools. The purpose of the CIWP is to establish each school’s mission, its strategic priorities, and the steps the school will take to accomplish its goals.

Corporate Personal Property Replacement Tax (CPPRT): A tax instituted in 1979 to replace the Corporate Personal Property tax. It consists of a state income tax on corporations and partnerships and a tax on the invested capital of public utilities. The tax is collected by the Illinois Department of Revenue and distributed to over 6,000 local governments based on each government’s share of Corporate Personal Property tax collections in a base year (1976 or 1977).

Cost of Living Adjustment (COLA): The “cost of living adjustment” commonly refers to the amount or percentage change to salary and/or benefits in order to protect income from being eroded by inflation.

Debt Service: The amount of money required to pay the principal and interest on all bonds and other debt instruments according to a predetermined payment schedule.

Debt Service Fund: A fund established to account for the accumulation of resources for, and the payment of, principal and interest on long-term debt.

Deficit: Excess of expenditures over revenues in a given period.

Depreciation: That portion of the cost of a capital asset that is charged as an expense during a particular period. This is a process of estimating and recording the lost usefulness, expired useful life or diminution of service from a fixed asset.

Distinguished Budget Presentation Award: A voluntary program administered by the Government Finance Officers Association to encourage governments to publish efficiently organized and easily readable budget documents, and to provide peer recognition and technical assistance to the fiscal officers preparing them.

Effective Date: The date on which a Public Act takes effect (i.e. the date it becomes generally enforceable.)

Effective Tax Rate: The ratio of taxes billed to the market value, generally expressed as a percentage.

Encumbrance: Obligation in the form of a purchase order and/or contract which is chargeable to an appropriation and which reserves a part of the fund balance because the goods or services have not been received. When paid, the encumbrance is liquidated and recorded as an expenditure.

Enrollment Efficiency Range: Ideal Enrollment less 20% through Ideal Enrollment plus 20%.

Enterprise Fund: A fund established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Equalization: The application of a uniform percentage increase or decrease to assessed values of various areas or classes of property to bring assessment levels, on average, to a uniform level of market value.

Equalization Factor (multiplier): The factor that must be applied to local property assessments to bring about the percentage increase that will result in an equalized assessed valuation equal to one-third of the market value of the taxable property in a jurisdiction.

Equalized Assessed Valuation (EAV): The assessed value multiplied by the State of Illinois equalization factor minus adjustments for exemptions. This gives the property value from which the tax rate is calculated.

Education Support Professionals (ESP): Position classification for non-teacher/principal support staff. This category covers positions such as custodians, engineers and security guards as well as most central office departmental staff.

Exemption: The removal of property from the tax base. An exemption may be partial – like a homestead exemption – or complete. An example of a complete exemption is a church building used exclusively for religious purposes.

Expenditure: The outflow of funds paid for an asset or service obtained. This term applies to all funds.

Extension: The actual dollar amount billed to the property taxpayers of a district. All taxes are extended by the County Clerk.

Federal No Child Left Behind Revenue: Revenue from federal programs that support supplemental education programs.

Federal Special Education I.D.E.A. Program Fund Revenue: Provides supplemental programs for all students with disabilities for students ages 3-21.

Federal Lunchroom Revenue: Revenue from the federal program that supports free and reduced-price meals for children from low-income families.

Fiscal Year: The time period designated by the system signifying the beginning and ending period for recording financial transactions. The Chicago Public Schools fiscal year begins July 1 and ends June 30.

Fixed Asset: An asset of a long-term character that is intended to continue to be held or used, such as land, buildings, machinery, and equipment.

Focus Schools: A designation referring to a Title I school that has a) the largest gaps between the highest- and lowest-achieving subgroups within its school, b) a subgroup or subgroups with low achievement OR c) a high school with low graduation rates. ISBE categorizes schools in the “focus” group if the school had a 3-year average state assessment composite between 26% and 45%

Foundation Level: A dollar level of financial support per student representing the combined total of state and local resources available as a result of the general state aid formula. The foundation level is dependent upon the State of Illinois appropriation for General State Aid.

Full-Time Equivalent (FTE): A unit that indicates the workload of an employed person in a way that makes workloads comparable across various contexts. An FTE of 1.0 means that the person is equivalent to a full-time worker, while an FTE of 0.5 signals that the worker is only half-time or works full-time for half a year.

Fund: A separate accounting entity with a self-balancing set of accounts that comprise its assets, fund equity, revenues and expenditures. Money and other fund assets are set aside in an account for specific purposes and activities in accordance with legal requirements. A school or department may have resources available from several funds. Examples include the General Fund, Workers’ Compensation/Tort Fund and the Federal Title I Fund.

Fund Accounting: A governmental accounting system that organizes its financial accounts into several distinct and separate sets of accounts, or “funds,” designated by their different functions.

Fund Balance: The assets of a fund minus liabilities, as determined at the end of each fiscal year. Any reservations of fund balance are deducted, leaving a remaining unreserved fund balance.

GASB 24 – Governmental Accounting Standards Board Statement #24: Establishes accounting rules for pass-through grants, food stamps and on behalf payments of fringe benefits and salaries. As it relates to “on behalf payments”, GASB 24 requires payments made by other governments to be included as revenues and expenditures as long as they are for employee benefits. By law, the City of Chicago has been contributing to the Municipal Employees’ Annuity and Benefit Fund of Chicago on behalf of the Board’s educational support personnel (ESP).

GASB 54 - Governmental Accounting Standard Board Statement #54: In order to improve consistency and clarity in fund balance reporting, GASB 54 establishes a hierarchy of fund balance classifications categorized by the extent to which governments are bound by constraints on resources reported in the funds. The hierarchy includes:

1. Non-spendable fund balance: Amounts that cannot be spent such as inventories, prepaid amounts, and the principal of a permanent fund. Also, long-term loans, notes receivables and property held for resale would be reported as non-spendable unless the proceeds are restricted, committed or assigned.
2. Restricted fund balance: Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

3. **Committed fund balance:** Amounts constrained for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Formal action is also required by the same group to remove or change the constraints placed on the resources.
4. **Assigned fund balance:** For all governmental funds other than the general fund, any remaining positive amounts not classified as non-spendable, restricted, or committed. For the general fund, assigned fund balance is amounts constrained for the intent to be used for a specific purpose by a governing board, a body or official that has been delegated authority to assign such amount.
5. **Unassigned Fund Balance:** Amounts not classified as non-spendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance.

Hyperion: Performance management software owned and managed by Oracle. CPS implemented Hyperion in June of 2015 and uses the system for planning, budgeting and forecasting of revenue and expenditures.

Generally Accepted Accounting Principles (GAAP): A uniform minimum standard of, and guidelines to, financial accounting and reporting. GAAP governs the form and content of the basic financial statements of an entity, encompassing the conventions, rules, and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. They provide a standard by which to measure financial presentations.

General Fund: The primary operating fund used to account for all revenue and expenditures except those related to specific programs that are accounted for separately in special purpose funds.

General Obligation Bonds: Bonds that finance public projects, such as new school buildings. The repayment of the bonds is made from property taxes and is backed by the full faith and credit of the issuing entity.

General State Aid (GSA): State revenue provided to school districts to support basic education programs. The amount that each school district receives depends upon the educational needs of the school district (as measured by the Supplemental General State Aid weighted average daily attendance), the size of the local tax base, the amount of tax effort by the local school district (in certain cases) and the foundation level. The General State Aid formula works so that every child in the state has access to resources for his or her education at least equal to the foundation level.

Goals: Specific plans that a department has for upcoming and future years. Goals identify intended end results but are often ongoing and may not be achieved in a single year.

Government-Funded Funds and Special Grant Funds: Funds established by the Board to account for programs that are fully reimbursable by the state or federal government and special grants.

Governmental Accounting Standards Board (GASB): Organization that establishes accounting standards for state and local governments in the U.S.

Grant: A contribution given by a government entity, private foundation or other type of organization to support a particular activity or function.

Hold Harmless: Under CPS's SBB model (see "Student Based Budgeting"), school funding levels are typically adjusted based on actual enrollment counts measured on the 20th day of the actual budgeting school year. However, in school year (SY) 14-15, CPS allowed schools that did not meet their enrollment targets to retain their SBB funding, essentially "holding schools harmless" against adverse financial impact that would have otherwise been caused by lower-than-expected enrollment figures. "Hold Harmless" was eliminated in the 2016 fiscal year budget.

Homeroom Classrooms: Refers to the number of allotted classroom spaces required for homeroom use. Homerooms are important for tracking daily attendance and distributing report cards. The number of classrooms allotted for homeroom use is determined by multiplying the total number of classrooms by 0.769, rounding down to the nearest whole number.

Ideal Program Enrollment (also referred to as Ideal Capacity): For elementary schools, equals the number of Allotted Homeroom Classrooms multiplied by 30. For high schools, equals the total number of instructional classrooms multiplied by 30 multiplied by 80%.

Illinois School-Based Health Services Program: In September 1994, the Illinois Department of Public Aid (now the Illinois Department of Healthcare and Family Services) submitted a Medicaid State Plan Amendment, which expanded the range and scope of existing covered services and increased reimbursement rates. The new program, based on 42 CFR 440.13D(d) of the Social Security Act, allows the district to receive reimbursements through Medicaid for certain services provided to eligible children.

Illinois State Board of Education (ISBE): The state organization created to oversee elementary and secondary education in Illinois.

Individuals with Disabilities Education Act (IDEA) - PL 94-142: Federal law which requires school districts to provide appropriate education services to children with disabilities. IDEA governs how states and public agencies provide early intervention, special education and related services to eligible infants, toddlers, children and youth with disabilities.

Inter-government Agreement (1997 IGA) with City of Chicago - October 1, 1997: The 1997 IGA represents a unique financing arrangement between the city of Chicago and the Chicago Public Schools to pay for the construction of new schools, school building additions and renovation of existing schools and equipment. The agreement provides that the city will help the Board to finance its Capital Improvement Program by providing it with funds to be used to pay debt service on bonds issued by the Board for such purpose. The amount to be provided by the city will be derived from the proceeds of ad valorem taxes levied in future years by the city on all taxable property.

Inter-government Agreement using Tax Increment Financing (IGA-TIF): This agreement secures revenues from certain eligible Tax Increment Financing districts, which will be used by the Chicago Public Schools to pay for the construction of new schools.

Interest Earnings: Earnings from available funds invested during the year in U.S. treasury bonds, certificates of deposit and other short-term securities consistent with our investment policies.

Investments: Securities and real estate held for the production of revenues in the form of interest, dividends, rentals or lease payments. The term does not include fixed assets used in governmental operations.

Local School Councils (LSC): Local School Councils are comprised of 6 parents, 2 community members, 2 teachers, 1 non-teacher staff, a school's principal and a student representative (high school LSCs only). The LSC is responsible for approving how school funds and resources are allocated, developing and monitoring the annual School Improvement Plan, and evaluating and selecting the school's principal.

Levy: Amount of money a taxing body authorizes to be raised from the property tax.

Liabilities: Debts or other legal obligations arising out of transactions in the past that must be liquidated, renewed or refunded at some future date.

Long-term Debt: Debt with a maturity of more than one year after the date of issuance.

Lunchroom Fund: A fund for the assets, liabilities, receipts and disbursements of the School Lunchroom Program.

Maintenance: All materials or contract expenditures covering repair and upkeep of buildings, machinery and equipment, systems and land.

Medicaid Revenue: Revenue from the federal Medicaid program that the Board receives as reimbursement for the provision of Medicaid-eligible services to eligible children.

Miscellaneous Revenues: Proceeds derived from notes and bonds sold by the Board, interest on investments and undistributed property taxes, collections from food service sales, rental of property, gifts, donations and sale of real estate owned by the Board.

Mission Statement: Designation of a department's purpose or benefits; how the department supports the overall mission of the system.

Modified Accrual Basis: An accounting method commonly used by government agencies that combines accrual- and cash-based accounting. Under this basis, revenues are recognized when they become both "measurable" and "available" to finance expenditures of the current fiscal period. Expenditures are recognized when the related fund liability is incurred, except when: (1) inventories of materials and supplies that may be considered expenditures, either when purchased or when used; (2) prepaid insurance and similar items that need not be reported; (3) accumulated unpaid vacation, sick pay and other employee benefit amounts that need not be recognized in the current period, but for which larger than normal accumulations must be disclosed in the notes to the financial statements; (4) interest on special assessment indebtedness that may be recorded when due rather than accrued, if offset by interest earnings on special assessment levies; and (5) principal and interest on long-term debt that are generally recognized when due.

Multiplier: See **Equalization Factor**.

Multi-Tiered Systems of Support (MTSS): A five-tiered performance system based on school performance metrics that together provide multiple lines of evidence for measuring school quality.

Network: Geographical grouping of schools for management and support purposes.

No Child Left Behind Act (NCLB): On January 8, 2002, President Bush signed into law the No Child Left Behind Act of 2001. This law provides for the most significant reform to the Elementary and Secondary

Education Act (ESEA) since its inception in 1965. Under the new law, states and school districts are required to develop strong accountability systems based on student performance and to test students in grades 3-8 on reading, math, and science. Each state, school district, and school is expected to make adequate yearly progress toward meeting state standards. Parents of children in failing schools have the option to transfer their children to better-performing schools and/or obtain supplemental services such as tutoring paid for by Federal Title I funds. The new law also gives states and school districts increased local control and flexibility in the use of federal education funds.

Northwestern Evaluation Association Measures of Academic Progress (NWEA MAP): Adopted by CPS in school year 2015-16 as the uniform assessment for all students applying to a selective enrollment school, academic center or gifted school.

Object: Specific nature or purpose of an expenditure. Object codes are common across all units, programs and projects. Examples of objects include professional services and teacher salaries. Also referred to as *accounts*.

Office of Strategic School Support Services (OS4): Ensures high-quality neighborhood schools for all students in every community by dramatically improving student achievement in underserved neighborhood schools. The department also seeks to increase school internal accountability and ensure effective school leadership and staff in all neighborhood schools

Operating Budget: Financial plan outlining estimated revenues, expenditures and other information for a specified period (usually one fiscal year). Long-term costs, such as those related to capital projects, are typically excluded from the operation budget.

Operating Expenses: Proprietary fund expenses that are directly related to the fund's primary service activities.

Operating Expense Per Pupil: Gross operating cost of a school district for K-12 programs (excludes summer school, adult education, bond principal retired and capital expenditures) divided by the average daily attendance for the regular school term.

Operations & Maintenance (O&M): Represents the portion of taxes assessed for the maintenance and operations of the system's facilities. The O&M fund of the Public Building Commission covers O&M expenses for buildings leased by the school system from the commission.

P.A.: Abbreviation for "Public Act." Public acts are available on the General Assembly website at www.ilga.gov.

Partnership for Assessment of Readiness for College and Careers (PARCC): PARCC is a consortium of states and the District of Columbia that are working to create and deploy a standard set of mathematics and English assessments for the purpose of measuring college and career readiness of students in grades K-12. The assessments are administered electronically and are closely aligned with the Common Core State Standards, and replace the former state ISAT exam. CPS first began administering PARCC during school year 2014-15 when the district focused on administering the assessment to elementary school students in grades 3-8 and high school students in English I and Algebra I / Integrated Math I courses.

Penalty Date: Date by which property tax bills are due and payable. In Cook County, the penalty date for first-half tax bills is normally March 1, and the penalty date for second-half tax bills is August 1.

Pension: A defined benefit amount paid regularly to a former employee during his or her retirement.

Pension funded ratio: A percentage measurement of actuarially-calculated assets compared to actuarially-determined pension liabilities.

Pension Relief: A legislative action by the Illinois General Assembly that temporarily reduced required pension contributions by CPS. The relief, which lasted three years, expired in FY2013.

Performance Measures: Specific measures of the workload and key outcomes of each department. These provide information about how effectively and efficiently the department is operating.

Priority School: A designation by the Illinois State Board of Education describing a Title I or Title I-eligible school that is a) among the persistently lowest performing 5% of all Title I schools within the state based on a 3-three-year average AND b) demonstrates a lack of progress OR c) is a Title I (participating or eligible) secondary school with a three-year average graduation rate of 60% or less.

Program: Instructional or functional activity.

Program Description: Describes the nature of service delivery provided at this level of funding. The description includes department/bureau mission, goals, accomplishments, and performance measures as well as total expenditures and staff counts.

Project: An activity that usually has a given time period for its accomplishment and whose costs are generally reimbursed by the state or federal government.

Property Tax Revenue: Revenue from a tax levied on the equalized assessed value of real property.

Proposed Budget: Financial plan presented by the Chief Executive Officer for consideration by the Chicago Board of Education.

P.A. 87-17: Property Tax Extension Limitation Law that imposes a tax cap in Lake County, Will County, DuPage County, McHenry County and Kane County, as well as the prior year's EAV on Cook County. The tax cap limits the annual growth in total property tax extensions in the operating funds of a non-home rule government to either 5 percent or the percentage increase in the Consumer Price Index (CPI), whichever is less. The prior year EAV provision limits extensions in rate-limited funds to the maximum tax rate multiplied by the prior-year EAV for all property currently in the district.

P.A. 88-593: Public Act that requires all five state pension funds to reach 90 percent funding by the year 2045; also established a state goal of funding the Chicago Teacher Pension Fund at between 20 percent and 30 percent of state funding for the teacher retirement system.

P.A. 89-1: Property Tax Extension Limitation Law that imposes a tax cap in Cook County. The provisions of this tax cap are the same as in P.A. 87-17.

P.A. 89-15: Public Act that gives the mayor of Chicago effective control of the Chicago Board of Education; also changed the financial structure of the Board.

P.A. 93-21: Public Act that defines the current state poverty grant formula and defines the poverty count to be used for this grant as the unduplicated count of children in any one of four low-income

programs (Medicaid, KidCare, TANF and food stamps); excludes children who are eligible for services from the Department of Children and Family Services.

P.A. 93-845: Public Act that authorized school districts to continue to file for adjustments of prior year GSA claims to reflect revenue lost due to property tax refunds.

P.A. 94-976: Property Tax Extension Limitation Law that set the maximum extension rate for funds subject to tax caps including the rate that requires voter approval. This does not allow a local government to exceed its total tax cap limit, but it does make it much less likely that tax rate limits in specific funds will prevent the local government from taxing up to its tax cap limit.

P.A. 96-490: Public Act that changed the value of the property tax bills mailed in the spring from 50 percent of the prior year's total bill to 55 percent of the prior year's total bill.

P.A. 96-889: Public Act that created a new second-tier pension plan for the state pension funds and the Chicago Teacher Pension Fund; changed the required funding schedule for the Chicago Teacher Pension Fund.

P.A. 97-8 (SB 7): Public Act that makes significant changes to teacher tenure, layoff and dismissal Policies; changes the process for resolving collective bargaining impasses.

Public Hearing: A formal open meeting held to present information and receive public testimony on a local issue.

Public Building Commission (PBC): The Chicago municipal corporation from which local government taxing authorities lease facilities. The PBC issues bonds, acquires land and contracts for construction for capital projects of other local governments associated with the facilities that are being leased. Annual payments on these leases are included in the local government's tax extensions. The Chicago Board of Education is currently leasing many facilities from the Public Building Commission.

Public Building Commission Lease/Rent Fund: Debt service fund for the receipt and disbursement of the proceeds of an annual tax levy for the rental of school buildings from the PBC. Most of the rental payment is used by the PBC to make debt service payments on revenue bonds that were issued to finance capital projects in the schools that are leased from the PBC.

Public Building Commission Operation and Maintenance Fund: Fund for the receipt and disbursement of the proceeds of an annual tax levy for operation and maintenance of buildings leased from the PBC.

Prior Year's EAV: Provision of P.A. 87-17 which requires that extension limits for rate-limited funds for Cook County governments be determined using the EAV one year prior to the year of the levy.

Rate Limited Fund: Fund to account for the accumulation and use of revenue generated by a rate-limited tax levy. P.A. 89-15 collapsed all of the Board's rate-limited funds into the Education Fund as of FY1996.

Reserve: Account used to indicate that a portion of a fund balance is restricted for a specific purpose, or an account used to earmark a portion of a fund balance to indicate that it is not available for expenditure. A reserve may also be an account used to earmark a portion of fund balance as legally segregated for a specific future use.

Revenue Bonds: A municipal bond whose principal and interest are payable exclusively from a revenue source (rather than a tax source) that is pledged as the payment source before issuance.

Safe Passage: A program designed to increase children’s safety as they walk to and from school by placing CPS employees along designated safe passage routes. The program was expanded in the Fall of 2013 to support students transitioning to new schools.

Seal of Biliteracy: The Seal of Biliteracy is an award given by a school, district, or county office of education in recognition of students who have studied and attained proficiency in two or more languages by high school graduation. It is designed to function as a nationally-recognizable standard of achievement in bilingual education. In Illinois, the State Seal of Biliteracy will be designated on the high school diplomas and transcripts of graduating public school pupils attaining proficiency in one or more languages in addition to English.

School Actions: Significant changes to schools that require Board approval. Examples of school actions include consolidations, school moves and turnaround implementation.

School Improvement Plan (SIP): A two-year strategy and written plan for strengthening the core academic subjects and improving the overall academic status of schools that are placed on academic early warning or academic watch status by the Illinois State Board of Education.

Social Impact Bond (SIB): A debt instrument that commits a public sector entity to pay for improved social outcomes that result in public sector savings. Private investors inject capital into the specified social initiative and are paid a financial return by the public entity only if social outcomes are achieved. SIBs are also known as “Pay for Success Bonds” or “Social Benefit Bonds”.

Space Use Status: There are three Space Use Statuses: Underutilized, Efficient, and Overcrowded. Underutilized is defined as School Enrollment less than the lower end of the Enrollment Efficiency Range, Efficient is defined as School Enrollment within the Efficiency Range, and Overcrowded is defined as School Enrollment greater than the upper end of Efficiency Range.

Space Utilization Index: A school's enrollment expressed as a percentage above or below the Ideal Program Enrollment of the facility. $\text{Space Utilization Index} = (\text{Enrollment} - \text{Ideal Program Enrollment}) / \text{Ideal Program Enrollment}$. Also communicated as Utilization Rate, which is equal to Space Utilization Index +100%.

Special Revenue Funds: A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

State Aid Pension Revenue: Revenue from an annual state appropriation to fund a portion of the employer contribution to the Chicago Teachers’ Pension fund.

State Statute: A law enacted by the Illinois General Assembly and approved by the governor.

Structural Deficit: A deficit that exists even when the economy is at its potential. Structural deficits can only be addressed by explicit and direct government policies: reducing spending, increasing the tax base and/or increasing tax rates.

Student Based Budgeting (SBB): A flexible, per-pupil funding model giving principals more control over the resources they can use to best meet the needs of their students. Unlike the District's prior Quota funding methodology, which provided specific positions for each school, Student Based Budgeting provides dollars based on the number of students at each school allowing principals to structure the school in the way that best serves its students. CPS moved to Student Based Budgeting in FY2014.

Supplemental General State Aid Fund (SGSA) (formerly State Chapter I): Fund for the receipt and disbursement of Supplemental General State Aid.

Supplemental General State Aid Revenue (SGSA) (formerly State Chapter I): Portion of general state aid which the Chicago Board of Education receives that is attributable to the number of low-income children in the school district and must be used to supplement and not supplant the basic programs of the district.

Tax Base: The total value of all taxable real and personal property in the city as of January 1 of each year, as certified by the Appraisal Review Board. The tax base represents net value after all exemptions.

Tax Caps: Abbreviated method of referring to the tax increase limitations imposed by the Property Tax Extension Limitation Laws (P.A. 87-17 and P.A. 89-1). A tax cap places an upper bound on the amount of government tax that an individual might be required to pay.

Tax Increment Financing (TIF): A public financing method of providing local property tax funding for economic development projects within a designated TIF area.

Tax Rate: The amount of a tax stated in terms of a percentage of the tax base.

Tax Rate Limit: Maximum tax rate that a county clerk can extend for a particular levy. Not all tax levies have a tax rate limit.

Tax Roll: Official list showing the amount of taxes levied against each taxpayer or property in the county.

Title I Grant: provides financial assistance to local educational agencies (LEAs) and schools with high numbers or high percentages of children from low-income families to help ensure that all children meet challenging state academic standards.

Title II Grant: Federal grant that seeks to increase student achievement by supporting the placement and development of highly qualified, effective leaders in every school.

Tort Fund: Used to collect tort fund revenue received from a special property tax earmarked to fund expenses related to tort judgment and settlement, liability, security, workers' compensation, unemployment insurance, and risk management. The monies in this fund, including interest earned on the assets of this fund, should be used only for the purposes authorized under the Tort Immunity Act.

Total Classrooms: Refers to the number of classroom spaces (located within a permanent non-leased building) designed to be used as classrooms regardless of current use, including science labs, art rooms, resource rooms, and special education rooms, but excluding spaces not designed as classrooms, such as offices, lunchrooms, libraries, gymnasias, and auditoria.

Turnaround School: An underperforming school participating in a reformation model that begins with new leadership, new teachers and staff with many of them trained to teach in urban schools, new

curriculum, additional after-school programs and newly renovated facilities. The same students return in the fall to the same school, with a new climate focused on success for every student.

Turnover: The anticipated savings resulting from the delay in staffing new positions and those positions that become vacant during the course of the school year.

Unit: Each school, central office department, network office, or other special operating entity represented by a five-digit number. Examples of units include the Law Department and DuSable High School.

Uniform Pension System: A standard pension system that treats all teachers and all taxpayers in a given state exactly the same. References to a “uniform pension system” as it relates to CPS expresses the desire for the Chicago Public School district to be treated exactly the same as other school districts within Illinois in terms of receiving funding from the state to cover annual teacher pension costs.