

CHICAGO PUBLIC SCHOOLS



Approved BUDGET

2014-2015

**Board of Education of
the City of Chicago**
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Chicago Public Schools

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Chief Financial Officer



Official FY2015 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,

Despite continuing financial challenges, the Chicago Public Schools FY 2015 budget makes considerable investments in our schools, ensuring that our goal of providing all students with a high-quality education remains absolute.

The vast majority of the FY 2015 budget is directed toward schools. This year, we have been able to invest more in our students by increasing the Student Based Budgeting (SBB) core instruction per pupil rate by \$250. These additional funds will help our schools to sustain and accelerate student growth.

The FY 2015 budget makes further investments in a variety of key areas that drive student achievement. These include STEM and IB programs, social emotional learning, dual credit and dual enrollment programs, a comprehensive Arts Education Plan, and Safe Passage, which helps our students focus on their studies rather than their safety.

This budget follows through on our commitment to provide every child from every community with the high-quality education they deserve; however, we do so under a serious financial strain. To keep budget cuts away from the classroom, we have streamlined our administrative costs, reducing Central Office and other operational spending by \$740 million since 2011. This year, we will also extend the District's revenue recognition period – a one-time fix that will allow us to close the FY 2015 budget gap, but does not address our underlying fiscal challenges.

The District continues to face dire fiscal concerns in the coming years, including a nearly \$1 billion deficit driven in large part by skyrocketing pension costs. Pension reform remains critical to our long-term financial future, as does increased education funding from the State. As a school community, we must work with our elected officials to address these issues, protecting the academic gains our students have made while laying a strong foundation for future growth.

With its significant improvements to our schools, programs and facilities, I am confident that the FY 2015 budget will benefit students in every area of the city. I thank our principals, teachers, families and community members for their support, and for their unfailing commitment to Chicago's next generation of leaders.

Sincerely,



Barbara Byrd-Bennett
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, 2013

Executive Director

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Letter from the CEO

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Reader's Guide

The Chicago Public Schools' *FY2015 Proposed Budget* is the financial and policy plan proposed to the Chicago Board of Education for the fiscal year beginning July 1, 2014 and ending June 30, 2015. The fiscal year encompasses 12 months, as mandated by the 1995 Amendatory Act enacted by the Illinois legislature.

Most likely you are reading the *FY2015 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

The enhanced interactive budget reports allow you to view the entire budget and drill down to more detail on any component of the budget that you are interested in.

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 and Department Lists to easily find the school or unit you are looking for
- **New this year:** Position detail. New tables show categories of positions and drill down to each job title, with views by fund and unit
- **New this year:** Historical Revenues and Expenditures, which show 6 years of historical data by fund and accounts
- **New this year:** Download all data, for users who wish to work with excel detail of all budget lines by unit, fund, grant, program, and account.

The reports are designed to provide more detail as you scroll down the page. If you search under "Budget by Unit", the parent unit FY15 budget vs. FY14 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. This code framework is developed by the Illinois State Board of Education and helps ensure that data submitted to the state is consistent across school districts. Code 1000, for example, pertains to all instruction-based expenditures. By drilling down on each State Function Description, you will see every program name and number.

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 enrollment
- 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 *FY2015 Proposed Budget* includes narrative overviews of Chicago Public Schools ("CPS") programs, goals, financial policies and procedures, and 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 the District 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:

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.

Departments:

Profiles of each Central Office department, including its mission and major programs, FY2015 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, as the only school district in the state that must support the pension cost of its retired teachers.

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:

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.

Organizational Overview:

This chapter explains the CPS organizational chart by providing detailed information for each level of management.

Organizational Chart:

A high level chart showing reporting relationships and their connection to the Five Year Action Plan.

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 funds types used by CPS: General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds. The budget website also presents a non-traditional 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.

Readers' Guide:

This document, which contains basic information about how to use the budget website.

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.

Copies of the Public Hearing transcripts are posted here as soon as they are available.

Budget Overview

Over the last several years, CPS has grappled with an ever-growing budget deficit that is due in part to the State being last in the nation in education funding and CPS being the only district in the state to face escalating pension costs.

We have taken steps to address the deficit: we have made every effort to keep cuts away from the classroom by identifying ways to cut spending from central office, administration and operations. With the additional \$55 million in cuts we will make in FY15, CPS has cut \$740 million cumulatively since FY11 in these areas to ensure that every dollar possible is helping improve outcomes in the classroom.

Despite these challenges, we continue to invest in areas that drive student achievement. Over the past three 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.

Our new approach to safety and security has been particularly successful. We have expanded Safe Passage so that it now serves 53,227 students at 94 schools. We have added security cameras at 93 schools and integrated them with the 911 center. Our focus on improving the school climate has led to implementation of restorative justice, social/emotional supports, and anti-bullying curricula in schools. We have also expanded out-of-school-time supports, including expanding Safe Haven, which now serves over 10,000 students in 110 sites for after-school and between semester programs.

Our strategic safety investments have been highly successful. New data shows the most recent school year was the safest on record since CPS started tracking student safety data in 2007. The progress is being driven by the City's comprehensive school-based strategy, which is founded on reforming school discipline to a more restorative approach, implementing intensive mentoring and tutoring for students, reengaging with disconnected youth, and a strong partnership between CPS and Chicago Police.

Leading indicators of student safety, school climate and academic achievement show significant gains over the past three school years. Compared to the 2010-2011 school year, the recently completed 2013-2014 school year saw:

- Over 27,000 fewer out of school suspensions—a 33 percent drop in out of school suspension rate
- Nearly 1,300 fewer CPS students referred for expulsion—a 37 percent drop in referral for expulsion rate

- More than 1,000 fewer in-school arrests of CPS students—a 35 percent drop in the in-school arrest rate
- 49 fewer CPS students who were victims of shooting—a 25 percent drop in the CPS student shooting victimization rate
- A 12 percent drop in the number of students who were victims of homicides, including a 50 percent drop over the prior school year

The FY15 budget continues and builds on these investments by focusing resources on the pillars of success outlined in “The Next Generation: Chicago’s Children,” the District’s 2013 – 2018 Action Plan to achieve our vision of students 100 percent college ready and 100 percent college bound.

Our financial situation will remain precarious until we achieve pension reform. Each year we have balanced the budget with short-term strategies, buying time until we can achieve pension reform. Yet again, in the spring 2014 legislative session, there was no action to reform Chicago teacher pensions, leaving no solution to the structural budget gap in sight.

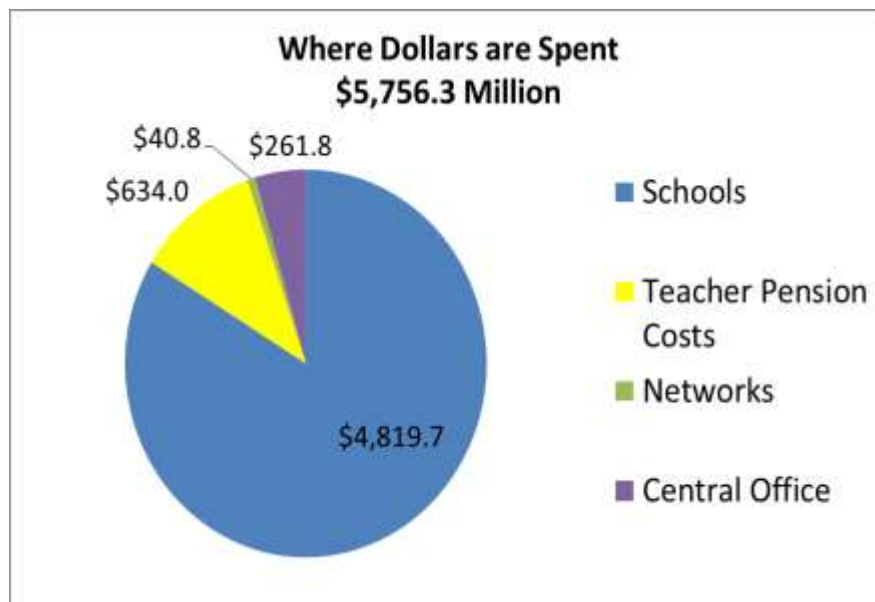
To present a balanced budget for FY15 and to ensure that we are continuing to invest in the areas that drive student achievement, CPS turned to an accounting change. This extraordinary move only helps us this one year and does nothing to address our structural deficit. Only with state action on pension reform for CPS and increased education funding levels will we be on stable, sustainable financial footing.

FY15 OVERVIEW

Most Spending is at Schools

Our dollars are invested in schools and the classroom. With 11 percent of the budget (nearly \$1,600 per student) set aside to pay pension costs, 97 percent of all positions and 84 percent of all spending are at schools; 4.5 percent is spent on central office services, while 0.5 percent is spent at the Networks.

Chart 1: Most CPS Spending is at Schools



Similarly, salaries and benefits (including pension costs) to support the 39,206 positions make up 68 percent of the budget (with more in practice, when charter, early childhood and other program spending is taken into account).

Chart 2: Salaries and Benefits Make Up 68% of the Budget

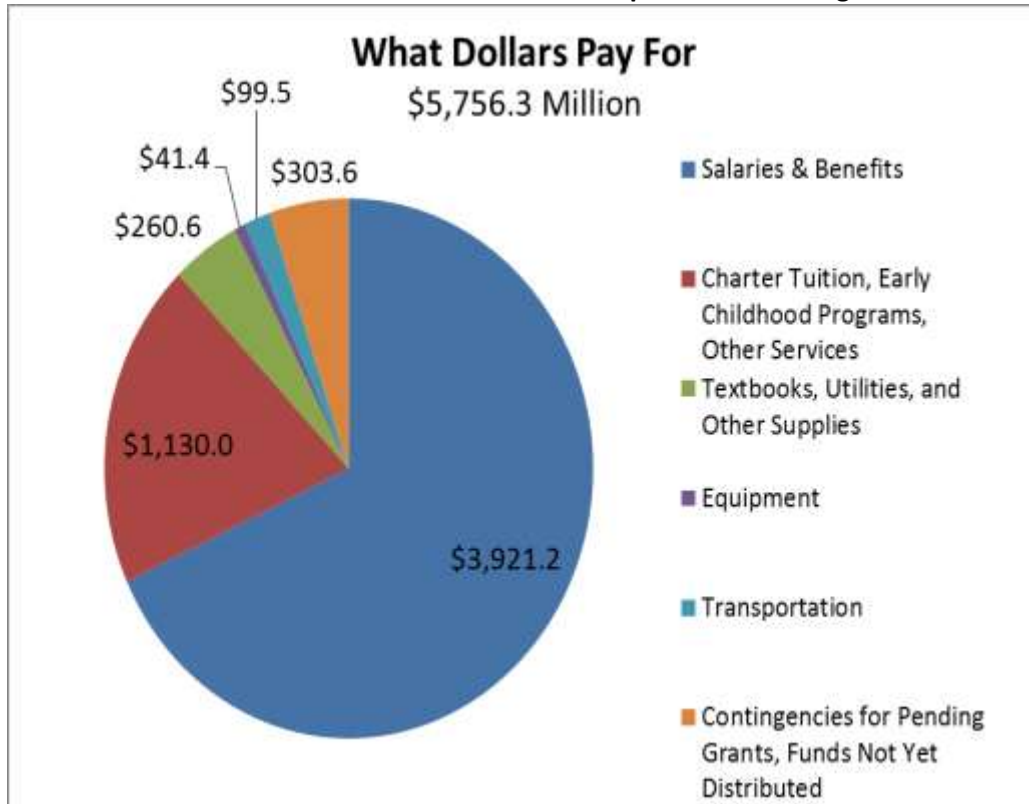
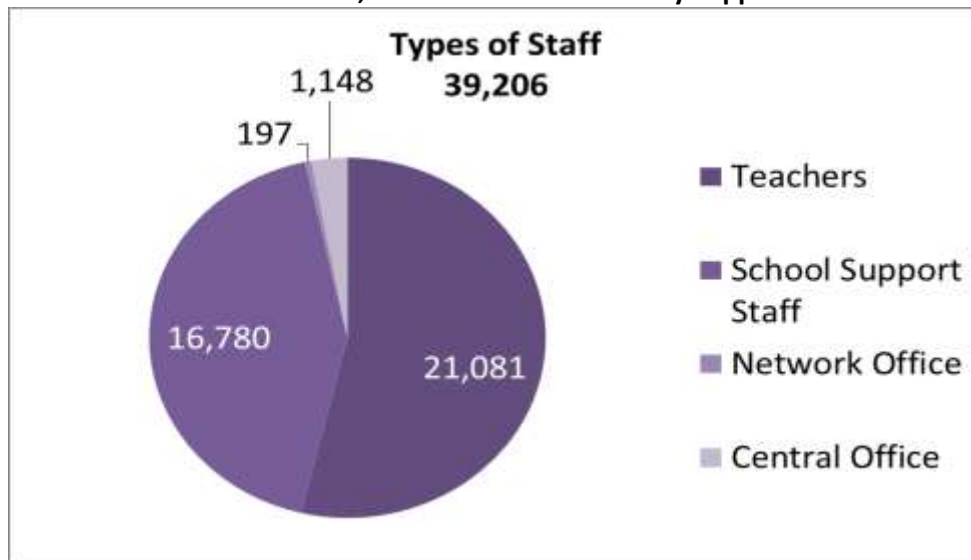


Chart 3: Of the 39,206 Positions 97% Directly Support Schools



FY15 Budget Invests in the Classroom, Continues to Make Central Office and Operations Cuts, Yet Relies Significantly on One-Time Resources as Pension Costs Continue to Grow

The FY15 budget is \$5,756.3 million, an increase of \$164 million from the FY14 budget of \$5,592.3 million. The increase is largely due to approximately \$86 million in salary increases primarily as the result of collective bargaining agreements, a \$34 million increase in pension payment, nearly \$16 million for the first year of the multi-year commitment to Arts and PE teachers, and \$2 million for the addition of the five new elementary International Baccalaureate programs. Other programmatic investments are offset by the reductions described later in this Chapter.

Table 1: FY15 Proposed Budget

	FY14 Budget	FY14 Estimate	FY15 Budget Book	FY15 Change
Revenue				
Property Tax	2,141.4	2,145.0	2,178.5	33.5
Replacement Tax	105.5	125.0	132.7	7.7
TIF surplus	20.0	20.0	25.0	5.0
All Other Local	149.6	117.0	186.2	69.2
Total Local	2,416.5	2,407.0	2,522.4	115.4
State	1,621.5	1,608.2	1,507.7	(100.5)
Federal	908.4	865.1	863.6	(1.5)
Investment Income	3.1	2.4	0.1	(2.3)
Total Revenue	4,949.5	4,882.7	4,893.9	11.1
Expenditures	5,592.3	5,312.2	5,756.3	
Net Surplus/(Deficit)	(642.8)	(429.5)	(862.3)	

Revenue Continues Year-Over-Year Decline

As discussed in the Revenue chapter, CPS has little control over the revenue we receive. Our major sources of federal funding are driven by formula and we have seen our allocations decrease over time.

State funding is also driven by formula and CPS experienced a year-over-year decline of \$50 million in state aid. Without significant new investment from the state, CPS continues to receive state support below FY08 levels. As described more fully in the Revenue chapter, state funding available for the operating budget declines even more, as increasing use of bonds to support the capital program draws more state aid to service the debt.

Local revenue is increasing as a result of growth in the Replacement Tax, additional TIF surplus declared by the Mayor, tax levels at the cap, capturing expiring TIFs and new property, and changes in the way we reflect charter school fees. As discussed more fully in the Schools chapter, CPS is moving away from a model of deducting an administrative fee and showing a “net” amount as the payment to charters.

Starting in FY15 we will distribute the total allocation as a “gross” amount and charge charter schools a per pupil administrative fee based on their specific circumstances. In addition, this is the second year of implementation of the charter payment for contributions to the Chicago Teacher Pension Fund. We distribute an equitable share of pension funding to charter schools, and those charters whose teachers are part of the Chicago Teachers Pension Fund are required to pay the employer contribution. Because CPS statutorily makes the contribution, the charters will remit the payment to CPS, where it will be counted as revenue, but it is essentially a pass-through to the pension fund.

ADDRESSING THE BUDGET GAP

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

Between FY11 and FY14, we made nearly \$700 million in cuts away from the classroom, as shown in Table 2. 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.

The FY15 budget continues the pattern and makes an additional \$55 million in cuts, increasing the total to nearly \$740 million.

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

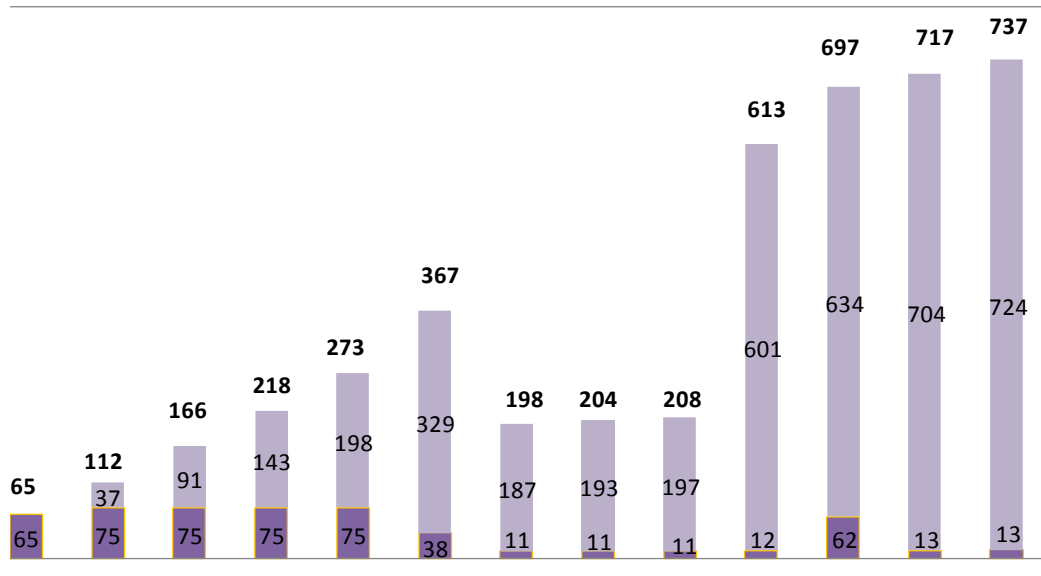
In FY15 we are again reducing the costs to maintain our facilities by implementing a new Facilities Management contract that saves over \$17 million. We restructured lunchroom staff to reflect industry standards, and reduced food costs through more competitive pricing, initiatives started last year with nearly \$3 million in benefits that continue into FY15. Our efforts to improve transportation efficiency have continued as a result of central management of bus aide staff and optimization of bus routes, saving nearly \$6 million. We are eliminating 37 central office positions in areas such as Finance, Information Technology, and Accountability. Central office program reductions include reducing programs that consistently underspend, use of outside training vendors, and administrative positions that will save \$15 million. In total, we are making \$53 million in cuts away from the classroom.

Pensions Continue to be an Increasing Burden in FY15

Pensions continue to be the single largest driver of CPS’s structural deficit. The CPS contribution to the Chicago Teachers Pension Fund (CTPF) jumps another \$84 million in FY15, to \$697 million. Fortunately, the recently-passed state budget includes a \$50 million state contribution to CTPF, decreasing the amount that CPS will have to pay by \$50 million. Still, at \$634 million, CPS’s contribution is the equivalent to about \$1,600 per student, or 11 percent of the operating budget.

CPS will continue to work with the General Assembly, the union, and others to achieve meaningful pension reform.

Chart 4: CPS’s Required Employer Contributions to CTPF Grows Dramatically¹
(\$ in millions)



To Address Volatility of Property Tax Revenues, CPS Will Change Revenue Recognition Period for FY15

As was the case in FY12, FY13, and FY14, the volatility of property tax receipts at the end of the fiscal year reporting period makes projecting revenue difficult—our estimate of property tax revenue could shift by hundreds of millions of dollars if it comes in a few days earlier or later.

- Change in property tax due date led to volatility.** For decades, until 2012, second installment property taxes in Cook County were due in November or December. In 2012, however, the County met the statutory due date of August 1, which shifted hundreds of millions of dollars in property tax receipts to the July/August period, as most property taxes are received right before or after the due date.

Under CPS’s current revenue recognition period, property tax revenues are recognized as current revenues as long as they are available within 30 days after a fiscal year ends, or through July 30. That makes the timeframe around the end of the revenue recognition period particularly volatile, as it coincides with the property tax due date. In FY12 and FY13, hundreds of millions of dollars in property tax receipts shifted across fiscal years simply because of a shift of a day or two in receipt. Budgeting revenues in the fiscal year becomes extremely difficult because of this volatility and therefore meeting balanced budget and fund balance requirements becomes more challenging.

¹ Chart reflects total employer contributions to CTPF. From 2011 on, it reflects CPS’s contribution after the statutorily authorized offset for state contributions.

- **Federal revenue also misses the revenue recognition window.** Due to changes in state rules, CPS receives federal and state revenue as a reimbursement *after expenses have been paid*. This leads to a lag between expenditures and when the revenue is received. For claims made at the end of the year, this can mean shifting tens of millions of dollars across fiscal years if the revenue is not received by July 30.
- **Most school districts in Cook County and other large urban districts across the U.S. have 60 day revenue recognition periods.** Most school districts in Cook County and large school districts such as New York, Los Angeles, Philadelphia, and Miami recognize revenue if it comes in within 60 days of the end of the fiscal year. The City of Chicago also has a 60 day recognition period at the end of its fiscal year.

CPS Will Change to 60 Day Revenue Recognition Period

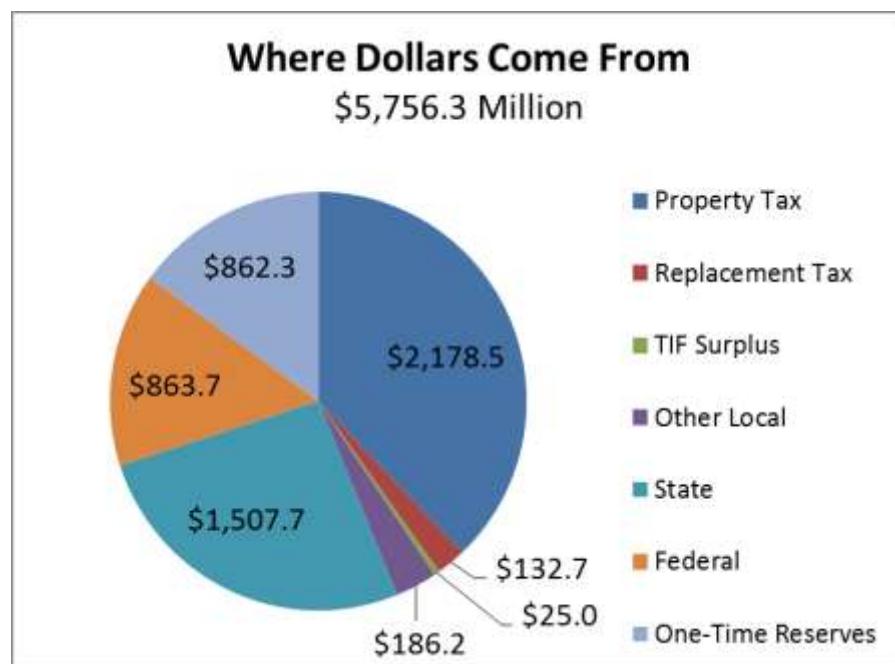
To correct these two issues—volatility in revenue collections and matching of revenues and expenditures within fiscal years—and to be more consistent with the practices of other school districts and the City, CPS has changed the revenue recognition period to 60 days, through August 29, for FY15 and future years.

Change in Revenue Recognition Period Increases Reserves That Will Balance FY15 Budget

We are projecting that by changing the revenue recognition period to 60 days for the FY15 budget we will see an increase of approximately \$654 million in reserves, based on August collections.

We recognize that this helps us balance the FY15 budget but does not generate any additional revenue. It is simply a timing change that will help us provide a bridge for the FY15 budget until the time when we achieve financial stability through pension reform.

Chart 5: Significant Use of Reserves to Balance Budget



Once Again Turn to Reserves to Maintain and Improve School Funding

CPS will use more in reserves in the FY15 budget than in the FY14 budget, as we continue to dedicate more funding to the classroom. With the reserves available from changing the revenue recognition period and those created as a result of better-than-expected performance in FY13 and FY14, CPS will balance the budget using \$862.3 million in reserves. This has allowed us to increase per pupil funding by \$250, as described more fully in the Schools chapter, and make other key investments described below.

Table 3: Available Reserves Tapped to Balance FY15 Budget

Fund Balance by Type	FY14 Beginning of Year Balance	FY14 Estimated Use	FY14 Estimated End of Year Balance	FY15 Budgeted Use	FY15 End of Year Balance
Revenue Recognition			648.0		
General Fund	713.2	404.3	308.9	797.7	159.2
Workers' Comp/Tort Fund²	65.0	37.6	33.4	0.0	33.4
Supp'l General State Aid (SGSA)³ and Other Special Revenue Funds	63.5	(12.4)	75.9	64.6	4.2
Not Available for Appropriation⁴	107.4	0.0	107.4	0.0	107.4
Total Operating Fund	949.1	429.5	1,173.6	862.3	304.2
Debt Service Stabilization Fund⁵	269.2	53.8	219.4	54.0	145.8

FY15 INVESTMENTS THE NEXT GENERATION: CHICAGO'S CHILDREN 100% College Ready; 100% College Bound

The five pillars of the District's action plan, *The Next Generation: Chicago's Children*, released in 2013, continue to provide the framework for our FY15 budget investments and choices.

Pillar 1: High Standards, Rigorous Curriculum and Powerful Instruction for All Students

- **Add \$70 million and increase core instruction funding per student \$250.** In FY14, the district moved to a new, student-based budgeting (SBB) model that gives principals unprecedented

² FY14 End of Year includes \$6 million due to revenue recognition

³ The uncommitted portion of this fund balance must by statute be re-appropriated to the schools in the budget year where it was unspent in the current year. Approximately \$7 million is projected to pay for open purchase orders and will not be available to reappropriate.

⁴ 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.

⁵ Debt Service Stabilization Fund includes other FY14 activities not reflected here.

autonomy and flexibility to make choices to best meet *their* students' needs. Building on the successful first year implementation, the FY15 budget increases the amount principals have been allocated per student by \$250. CPS added an additional \$70 million to the SBB allocation and ensures that funding follows the student.

- **Fund 168 new Art and PE teachers at 171 schools.** Through the Mayor's commitment of \$25 million in TIF surplus funds, schools received 168 new Art and PE teachers. Principals submitted applications, and selected schools received a multi-year commitment to matching funding to add these new positions. This funding will help implement the City's first-ever Arts Education Plan and help ensure that every child has access to physical education every day.
- **Add five new International Baccalaureate (IB) elementary feeder schools.** International Baccalaureate (IB) programs have proven to be among the most successful. In the past three years, CPS has added 19 new IB programs serving 6,000. In FY15, we have added \$2 million in operating support and \$8 million in capital construction to add five new elementary IB programs at Seward, Agassiz, Ebinger, Moos, and Peirce. These schools will provide an educational continuum for students entering high school IB programs at Back of the Yards, Clemente, Hyde Park, Morgan Park, Lincoln Park, Senn, and Taft high schools.
- **Add 15 high schools to dual credit/dual enrollment program to serve 4,700 students.** Dual credit/dual enrollment is a partnership with the City Colleges that helps students earn college credit while they are still in high school. The Dual Enrollment program allows students to take courses at any of the seven City College campuses, while the Dual Credit program provides college-level courses taught by qualified CPS teachers at high schools. In FY15, 15 additional high schools will be added to the partnership, bringing the total number of schools to 45 and the number of students enrolled to 4,700, an increase from 300 students in FY11. Each year, City Colleges provides 700 tuition-free seats to Chicago high school students.
- **Initiate "Computer Science for All."** As part of the Mayor's effort to expand access to STEM education, 46 schools in FY15 will participate in the pilot of the District's new computer science curriculum. This program will equip students with skills necessary for the 21st century, creating a pipeline for foundational computer science skills in elementary schools, expanding computer science classes to every high school, and elevating computer science to a core subject. The FY15 budget includes \$300,000 to support this initiative.

Pillar 2: System of Supports that Meet Students' Needs

- **Expand Safe Passage by \$1 million.** The FY15 budget includes \$1 million to expand the successful Safe Passage program. New data shows the most recent school year was the safest on record since CPS started tracking student safety data in 2007. The progress is being driven by the City's comprehensive school-based strategy, which is founded on reforming school discipline to a more restorative approach, implementing intensive mentoring and tutoring for students, reengaging with disconnected youth, and a strong partnership between CPS and Chicago Police.
- **Support social emotional learning.** Fourteen social/emotional learning specialists (\$1.7 million) have been added to support each network in coaching and training schools on

behavioral supports, school climate, intervention models, and student adjudication processes.

- **Establish re-entry pilot for 200 students.** Students returning from the juvenile justice system are at high-risk for dropping out without the appropriate supports. With a two-year \$500,000 Department of Justice grant, we will provide 200 students per year with re-entry services.
- **Focus on college summer transition.** Many students graduate and are enrolled in college for the fall following their graduation, yet fail to show up. A \$500,000 matching pool will encourage high schools to develop an approach to supporting students over the summer as they prepare for the transition to college.
- **Support transition to high school.** A \$475,000 matching pool will be available to high schools to support freshmen orientation programs and ensure that students are off to a solid start in high school. In addition, \$160,000 will be invested in two fairs for students and their families to learn about high school options. Over 9,000 8th graders are expected to attend.
- **Add Career and Technical Education programming for overage students.** In FY15, we will initiate a portfolio of CTE programming for up to 100 students who are overage for their grade and lacking high school credits. This will include a “senior-year bridge” program to link students to post-secondary opportunities or other paths for career-focused, certifications.
- **Add \$4.5 million to fund seven new Options programs to re-engage out-of-school students and provide a path to a high school diploma.** Seven new Alternative Learning Options Programs (ALOP) will be added in FY15, adding 1,725 seats for students who would otherwise not be enrolled in schools. These schools are in addition to the six new programs opened in FY14, which enrolled over 1,100 students.
- **Add new SAFE school.** In FY15, CPS will add \$1.4 million to fund a new SAFE school to serve an additional 150 seats, an educational option for students who have been expelled from another CPS school due to violence.

Pillar 3: Engaged and Empowered Families and Communities

- **Create two new Parent Universities.** These sites will enhance parent engagement and provide resources and services that help parents to better support their students from the cradle to college. Services may include early childhood guidance, special needs support, and help with the college application process.

Pillar 4: Committed and Effective Teachers, Leaders and Staff

- **Provide salary increases for teachers.** The FY15 budget provides approximately \$83 million to cover the cost of collectively bargained salary increases of 2 percent plus step and lane adjustments for CPS teachers.
- **Provide salary increase for principals and assistant principals.** The FY15 budget includes approximately \$3.1 million to cover the cost of a 2 percent increase for principals and assistant principals.

- **Invest over \$2.7 million for consulting teachers.** Rooted in the CPS - CTU labor contract, this program will provide one-on-one professional development to tenured teachers. Teachers who are achieving success in the classroom will provide professional development and instructional support for tenured teachers who are experiencing some challenges. The REACH evaluation system provides the foundation for the identification of teachers who require additional support and those well-prepared to support.
- **Invest an additional \$1.7 million to develop candidates preparing to become principals.** Through the Chicago Leadership Collaborative (CLC), we have partnered with four of the nation's strongest principal preparation programs to develop a pool of potential principal candidates. The expansion will provide additional Residencies to ensure that these prospective school leaders have experiences while in training that mirror those that they will experience on-the-job.
- **Expand CTU Quest Partnership to encourage National Board Certified Teachers.** The FY15 budget adds \$500,000 to expand the partnership with the CTU Quest Center to support candidates seeking National Board Certification. Based upon the success of the current partnership, these funds help prepare for an expansion and scale-up to ensure that the maximum number of teachers interested in pursuing National Board Certification are supported.

Pillar 5: Sound Fiscal, Operational and Accountability Systems

- **New Five-Year Capital Plan continues district priorities.** Since FY12, under the Mayor's leadership, the Board and CEO have provided over \$1.1 billion 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 is all done to ensure students have a high quality learning environment to support a high quality education.

The FY15 budget provides an additional \$510 million in capital projects to provide access to quality education programs, repair and modernize buildings, and relieve overcrowding. A description of the capital plan is included in the Capital chapter, while full details are available at the Capital Plan website, www.cps.edu/capitalplan.

FUTURE OUTLOOK SHOWS NO RELIEF

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 for FY16 and FY17 show that deficits over \$1 billion will continue.

Table 4: Future Financial Outlook Grim

	FY15 Budget Book	FY16 Projection	FY16 Change	FY17 Projection	FY17 Change
Revenue					
Property Tax	2,178.5	2,178.5	0.0	2,178.5	0.0
Replacement Tax	132.7	132.7	0.0	132.7	0.0
TIF surplus	25.0	25.0	0.0	25.0	0.0
All Other Local	186.2	173.1	(13.1)	196.7	23.6
Total Local	2,522.5	2,509.3	(13.1)	2,532.9	23.6
State	1,507.7	1,449.7	(58.0)	1,323.5	(126.2)
Federal	863.6	838.6	(25.0)	813.6	(25.0)
Investment Income	0.1	0.1	0.0	0.1	0.0
Total Revenue	4,893.9	4,797.7	(96.2)	4,670.1	(127.6)
Expenditures before cost increases					
	5,756.2	5,756.2		5,938.6	
Cost Increases					
Pension Increase		69.3		20.1	
Salary Increases		103.9		82.8	
Healthcare Inflation		10.2		10.5	
Savings from CO consolidation		(1.0)			
Total Cost Increases		182.4		113.4	
Revised Expenditures		5,938.6		6,052.1	
Net Surplus/(Deficit)	(862.3)	(1,140.9)		(1,382.0)	

CAPITAL BUDGET OVERVIEW

In addition to the operating budget, the FY15 budget includes revenues and appropriations for capital projects to modernize classrooms across the city to provide a high quality education that will prepare students to be 100 percent college ready and 100 percent college bound.

Since Fiscal Year 2012 (FY12), under the Mayor’s leadership, the Board and CEO have provided over \$1.1 billion 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 facilities to repair roofs, fix chimneys, and replace or repair boilers and other mechanical systems. This is all done to ensure students have a high quality learning environment to support a high quality education.

Today, there are over \$500 million in capital projects underway at 65 schools, each supporting this vision of expanding high quality academic options to parents and students across the city.

The FY15 budget provides an additional \$510 million in capital projects to provide access to quality education programs, repair and modernize buildings, and relieve overcrowding. Highlights of the plan are included in a separate Capital chapter; full details are available at the dedicated Capital Plan website, www.cps.edu/capitalplan.

DEBT BUDGET OVERVIEW

CPS Bonds Pay for Portion of Capital Program

While CPS works hard to secure outside funding to support the capital plan, it also dedicates its own resources, issuing bonds and paying them back over time. CPS currently has \$6.4 billion of outstanding debt and the FY15 budget includes appropriations of \$525.7 million for annual debt service. It also includes \$78.1 million from reserves (discussed more below). In total the budget includes \$603.8 million in debt service fund appropriations.

Debt service costs are supported by a few major revenue sources, including General State Aid, Replacement Tax, Property Tax, state School Construction funds, local intergovernmental agreements, and federal interest subsidies for certain types of bonds. Details describing these revenues are included in the Revenue chapter.

Whenever possible, CPS secures outside funding to pay for capital projects or debt service. Intergovernmental Agreements and state School Construction funds are such outside resources. Certain bonds issued by the Public Building Commission in the mid-1990s are paid by a dedicated property tax levy. Others issued under the Build America Bond Act are subsidized by the federal government.

The remaining bonds CPS issues are funded either through Replacement Tax or General State Aid. In FY15, \$191 million of General State Aid will be dedicated to debt service, as will \$56 million of Replacement Tax.

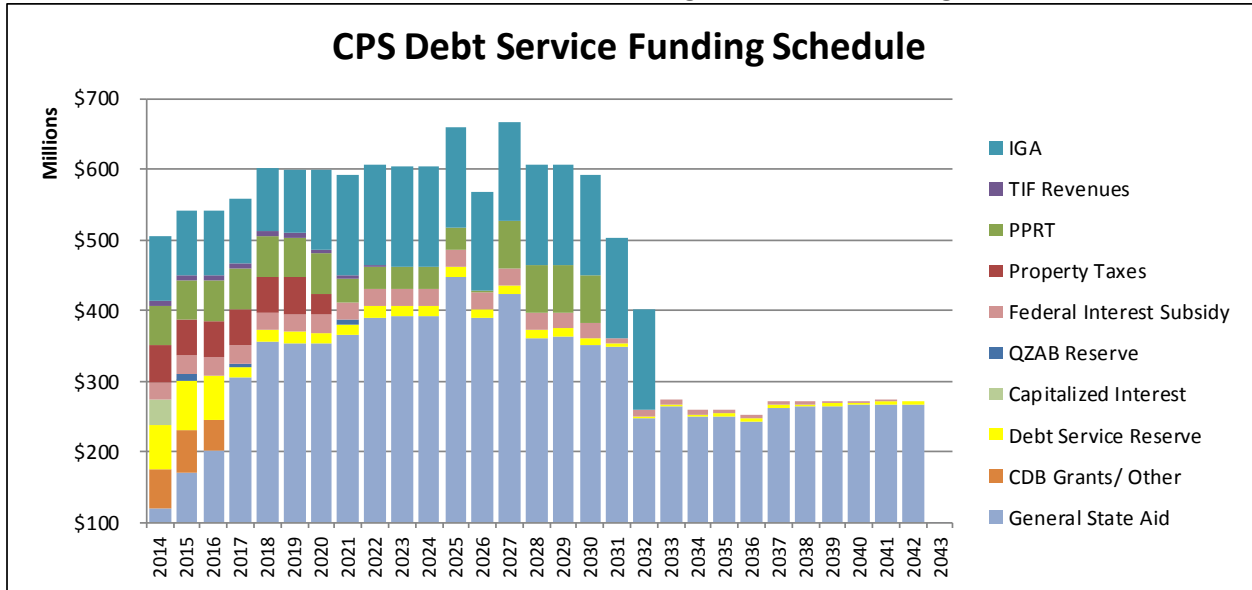
Debt Service Also Creates Long-Term Fiscal Challenges

General State Aid (GSA) and Replacement Tax revenues also support the operating budget, as discussed above and in the Revenue chapter, and thus have competing demands to fund debt service and to fund the classroom.

In the near term, these challenges get even worse. GSA and Replacement Tax revenues needed to fund debt increase significantly – from \$247 million in FY15 to \$434 million by FY17, staying at approximately that level through 2030.

The graph below shows this growth in debt service payments for **currently outstanding bonds only**; this graph does not show the impact of any future bonds required to support future capital budgets and highlights another pressure on the budget.

Chart 6: Debt Service Creates Long-Term Fiscal Challenges



*Does not include future capital project bond financings.

CONCLUSION

The FY15 budget makes very clear choices: we will continue to invest in our classrooms to ensure that students are 100 percent college ready and 100 percent college bound. We will streamline our operations and make cuts in areas that allow us to maintain the investments in schools. Yet, we cannot accomplish our goals until we address the underlying structural deficit through pension reform and increased state revenue. Unfortunately, this is a refrain we have had to continue to repeat every year.

APPENDIX: FY14 OPERATING BUDGET FINANCIAL PERFORMANCE

FY14 Projected Results: Better than Budget, but Still a Deficit

CPS expects to end FY14 with a substantial operating deficit, even though our performance was better than budget. The FY14 budget anticipated a \$642.8 million shortfall, which was closed with reserves. Instead, we expect to end the year with a \$429.5 million shortfall.

Table 7: FY14 Results

	FY14 Budget	FY14 Estimate	Difference from Budget
Revenue			
Property Tax	2,141.4	2,145.0	3.6
Replacement Tax	105.5	125.0	19.5
TIF surplus	20.0	20.0	0.0
All Other Local	149.6	117.0	(32.6)
<i>Total Local</i>	2,416.5	2,407.0	(9.5)
State	1,621.5	1,608.2	(13.3)
Federal	908.4	865.1	(43.3)
Investment Income	3.1	2.4	(0.7)
Total Revenue	4,949.5	4,882.7	(66.8)
Expenditure	5,592.3	5,312.2	280.1
Net Surplus/(Deficit)	(642.8)	(429.5)	213.3

Several factors account for the change from budget.

- **Replacement Tax anticipated to be above budget.** As described more fully in the Revenue chapter, Replacement Tax is linked to state Corporate Income Tax and CPS relies on the state's estimates to project our revenue. For FY14, we underestimated the amount the state would collect, and we now estimate CPS will collect \$19 million more than was budgeted.
- **Lower state and federal revenue.** At the time the budget was prepared, CPS relied on preliminary estimates from the Illinois State Board of Education (ISBE) of the amount of General State Aid (GSA) we would receive. The final calculation ended up being \$5 million lower than we budgeted. Additionally, the State Charter Commission approved in 2013 two new charter schools. According to statute, the funding for those charters is taken directly from CPS's GSA. Since it was the first year of operation for these charters, CPS did not include an estimate for the reduction. By the end of FY14 we project that \$6.9 million of CPS's GSA will be directed by the state to the new state-approved charters.

During FY14, CPS learned that the federal government was changing the eRate program, which supported technology and telecommunication for schools, and CPS would not receive any funding in FY14, an impact of \$14 million. Federal revenue is lower as well because grant expenditures are lower than budget (as described below). Because federal funds are reimbursed based on actual expenses paid, lower spending or even delay in payment after the reporting period means less revenue.

- **Disciplined management reduced expenditures.** We expect lower than budgeted costs in food, transportation, supplies, and contractual service due to more disciplined focus and monthly review of spending. Salary costs are also projected to be below budget as a result of more stringent review and hiring requirements for Central Office staff, as well as staff turnover.
- **Schools held on to funds.** Each year, CPS is required to distribute \$261 million directly to schools from Supplemental General State Aid (SGSA). Schools use these funds to provide supplemental educational services for students. If those resources are not spent, we return the funding to the school the next year.⁶ We then must budget the full amount from the prior year in the next year's budget. That amount comes out of the SGSA reserve. In FY2014, we estimated the amount in the reserve would be \$41.3 million and appropriated that amount to schools to spend. However, at the end of FY14, we are estimating that they will have spent only \$1.4 million of that, leaving approximately \$40 million. This means that schools will have that \$40 million to spend in FY15 but that FY14 spending is \$40 million below budget.

Schools also generate money through grants, auditorium rental, and similar means. We included an estimate of \$50 million in the budget for these revenues and expenditures; however, schools only spent only \$20 million.

⁶ This process and methodology is described more fully in the Schools chapter.

Revenue

REVENUE OVERVIEW

CPS receives revenue from local, state, and federal sources as outlined in the table below. Each of the different sources is described in the sections that follow, along with the assumptions used in our budget projections and a justification for our estimates.

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

	FY14 Budget	FY14 End Of Year	FY15 Budget	FY15 vs. FY14 Budget
Local Revenues				
Property Tax	2,193.4	2,197.0	2,233.7	40.3
Replacement Tax	162.5	182.0	188.9	26.4
Other Local	449.6	304.0	417.0	(32.6)
Total Local	2,805.5	2,683.0	2,839.6	34.1
State Revenues				
GSA	1,085.6	1,075.0	1,022.6	(63.0)
Capital	101.7	92.0	135.5	33.8
Other State	655.9	653.0	676.4	20.5
Total State	1,843.2	1,820.0	1,834.5	(8.7)
Federal	932.9	894.1	897.2	(35.7)
Investment Income	3.1	2.4	0.1	(3.0)
Total Revenue	5,584.7	5,399.5	5,571.4	(13.3)
Bonds & Other	300.0	300.0	340.0	

Some of the revenues CPS receives are dedicated to debt service and others for capital. What remains is available for the day-to-day operations of CPS. While FY15 total revenues are approximately \$5.6 billion, only \$4.9 billion is available for operations.

Table 2: FY15 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	2,233.7	55.2		2,178.5
Replacement Tax	188.9	56.2		132.7
Other Local	417.0	97.0	108.8	211.2
Total Local	2,839.6	208.4	108.8	2,522.4
State Revenues				
GSA	1,022.6	191.3		831.3
Capital	135.5	63.1	72.4	0.0
Other State	676.4			676.4
Total State	1,834.5	254.4	72.4	1,507.7
Federal	897.2	24.7	8.9	863.6
Investment Income	0.1			0.1
Total Revenue	5,571.4	487.5	190.1	4,893.9

Minimal Growth in Operating Revenues

The revenue picture for CPS continues to be challenging. We have little control over the amount of revenue we receive, with most federal and state money determined by formulas which are driven by factors mainly out of our control. The only local revenue we do control is property taxes and the amount of property taxes each year is governed by a statutory cap.

Table 3: FY15 Operating Revenues Nearly Flat Compared to FY14

<i>\$ in millions</i>	FY14 Budget	FY14 Estimated End of Year	FY14 Change	FY15 Budget	FY15 Change
Property Tax	2,141.4	2,145.0	3.6	2,178.5	33.5
Replacement Tax	105.5	125.0	19.5	132.7	7.7
All Other Local	169.6	137.0	(32.7)	211.2	74.2
Total Local	2,416.5	2,407.0	(9.6)	2,522.4	115.4
State	1,621.5	1,608.2	(13.3)	1,507.7	(100.5)
Federal	908.4	865.1	(43.3)	863.6	(1.5)
Investment Income	3.1	2.4	(0.7)	0.1	(2.3)
Total Revenue	4,949.5	4,882.7	(66.9)	4,893.9	11.1

FY15 operating revenues are budgeted at \$4.9 billion, a decrease of \$55.6 million from our FY14 budget and \$11.1 million more than our estimated end of year FY14 revenues. Declines in both state and federal revenue nearly offset the increase in local funds in FY15.

State Revenues: The main source of state operating revenue, General State Aid (GSA), is down \$50 million for FY15 compared to last year. This is due to the state's continuing failure to fully fund the state aid formula and changes in Chicago property values, which decrease the state's contribution. This decrease also includes a required payment of \$7.6 million to two state approved charter schools. Charter schools that are approved by the State Charter Commission receive funding directly from the state which is deducted from what CPS would otherwise receive for state aid.¹ The pressure on the operating budget is even greater, as a larger portion of GSA must go to debt service in FY15 compared to FY14.

Federal Revenues: Looking at the aggregate federal revenue picture, revenues are projected to decrease from FY14 to FY15. This is the result of a decrease in Title I Funds, Title II Funds, and School Improvement Grant for FY15. CPS's allocation of Title I, its major federal revenue source, is declining. The federal award in FY13 was \$287 million and decreased to \$269 million in FY14. The FY15 Award is expected to be \$260.6 million.

However, in the case of Title I, most of this money is allocated to schools as discretionary funding, and often schools do not spend the full amount allocated to them. Therefore, CPS has historically carried over federal funding from one year to the next. In FY15, \$35 million of these carryover funds will be used, making the Title I revenue estimate \$295.6 million. Thus, the use of carryover funds masks an actual decline in the amount of federal revenue CPS is receiving. These carryover amounts are detailed in the specific revenue discussions below.

REVENUE PROJECTIONS

This section summarizes the major revenue sources and our estimates for FY15. The estimate for each revenue source is provided in the Interactive Budget on the CPS budget website: www.cps.edu/budget

Local Revenues

Property Taxes

The FY15 budget projects \$2,234 million from property taxes, of which \$55.2 million is dedicated for debt service. The operating budget includes \$2,179 million from property taxes.

In the past, CPS operated under the 30 day revenue recognition policy under which property tax revenues were recognized as current revenues as long as they are available within 30 days after a fiscal year ends, or through July 30. That makes the period right around the end of the revenue recognition period particularly volatile because it coincides with the property tax due date. Budgeting revenues in the fiscal year becomes extremely difficult because of this volatility. In an effort to address this volatility, CPS has changed for the FY15 budget the revenue recognition period to 60 days, through August 29. This is discussed more fully in Appendix D: Financial Policies and in the Fund Balance Statement chapter.

Personal Property Replacement Taxes (PPRT)

¹ The charter average daily attendance is added to CPS attendance and included in the GSA formula.

PPRT is expected to increase from \$162.5 million in FY14 to \$188.9 million in FY15, based on a State-projected 3.4 percent net growth rate. This includes \$56.2 million set aside for debt service and leaves \$132.7 million for the operating budget.

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.

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.

Other Local Revenues

Other local revenues are \$211.2 million for FY15 in the operating budget, an increase of \$41.5 million from the FY14 budget. The increase is mostly attributable to an \$18 million increase in charter schools fees for facilities, security, IT costs from charter schools at CPS-owned buildings and administrative fees. This is the result of a new methodology for collecting fees rather than netting them out of expenses and is discussed fully in Appendix B: School Funding Formulas.

"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 \$55.9 million. It is recorded as revenue as required by the Governmental Accounting Standards Board (GASB).

In addition, this category include \$25.0 million for TIF surplus dedicated to funding new Arts and PE teachers, \$10.5 million for funds generated and used by schools, and \$5.1 million for rental income.

When considering all funds, an additional \$108.0 million supports the capital budget, and another \$97 million supports the debt budget. This is made up primarily of various intergovernmental agreements with the City.

State Revenues

General State Aid (GSA)

GSA represents the major state support that all public school districts receive. GSA consists of regular GSA and a poverty grant. Regular GSA utilizes many factors in its allocation formula, such as average daily attendance, a specified annual foundation level, available local resources, and tax rates. The poverty grant is allocated based on the concentration of low-income students that utilize Medicaid, food stamps and Temporary Assistance for Needy Families (TANF).

Although the per pupil "foundation level" is set at \$6,119 for FY15, the same as in the past three years, the statewide appropriation is insufficient to pay for the foundation level. Therefore, all school districts will receive 90 percent of their GSA. As discussed above, CPS is expecting a decrease in GSA from \$1,075 million to \$1,023 million.

In addition, CPS requests adjustments on prior-year GSA allocations based on property values that were subsequently reduced after the taxpayer filed a successful property tax appeal. CPS expects to receive \$16.3 million for FY15.

The allocation to schools of Supplemental General State Aid (poverty grant) will stay at \$261 million, consistent with statute. Debt service requires \$191.2 million and the balance of \$570.4 million will go to the General Fund.

General Education and Educational Services Block Grants

CPS receives two block grants: General Education Block Grant and Educational Services Block Grant (ESBG). 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 FY1995.

For FY15, CPS anticipates new state funding to remain level at \$111.1 million; however, the budget also includes \$8.3 million in funds unspent in FY14 that will carry over to FY15.

Under the Educational Services Block Grant, CPS is projected to receive \$476.4 million in FY15, slightly above the \$472.5 million projected for FY14.

Because of fiscal constraints, the State has delayed payment of two block grants and other miscellaneous grants since FY09. However, in Fiscal Year 2014, the state is current on its payments, the FY15 budget assumes that the state will remain current throughout FY15.

Other State Revenues

Other state funding includes capital funds and small categorical state grants that are not accounted for anywhere else. It includes vocational education, bilingual education, driver's education, and other state grants. Details of each are available on the budget website.

State Contribution for Capital

- **School Construction Program:** In FY10 the state adopted The Jobs Now! Capital program, including funding for P-12 capital programs. CPS receives 20 percent of the statewide \$1.5 billion total (\$300 million) over several years. The Capital Development Board (CDB) administers capital improvement programs for local school districts. CPS received \$60 million in FY13 and \$54.1 million is anticipated in FY14 which will be used to offset debt service costs. CPS expects to receive \$59.2 million in FY15 which will also go toward debt service.
- **Additional School Construction Funding:** The State General Assembly recently passed a bill that appropriates \$35 million for state school construction. CPS has included this amount in the FY15 budget, although at the time of this writing, the Governor has not acted on the appropriation bill.
- **DCEO Energy Grants:** CPS expects to receive \$7.0 million from the state Department of Commerce and Economic Opportunity for capital grants to improve energy efficiency.
- **Capital Grants for Specific CPS Schools:** The state's FY15 capital plan includes an additional \$17 million in grants for capital projects at specific CPS schools. \$16 million will be used for overcrowding relief and \$1,000,000 will be used for school security equipment grant funded through the Illinois Emergency Management Agency. The CPS FY15 budget anticipates receiving these funds.

- **Gaming Revenue for School Construction.** New legislation was passed in 2013² 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.

FEDERAL REVENUES

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 \$260.6 million for FY15. The total grant available for FY15 is \$295.6 million, which includes carryover of \$35 million from prior years.
- **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 decrease to \$3.2 million for FY15.
- **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 FY15. The total amount available for FY15 is \$29.6 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 FY15 will be \$1.77 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 \$36.1 million in FY15. Including the estimated carryover of \$6.4 million, the total award available for FY15 is \$42.5 million.
- **Title III-A – Language Acquisition:** Support is provided to students with limited English proficiency who meet eligibility requirements. The total funding available for the Language Acquisition grant is budgeted at \$13.9 million for FY15, which comprises the estimated current-year allocation of \$9.1 million and carryover of \$4.8 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-

² PA 98-0018

school and evening hours. For FY15, CPS estimates grant awards of \$13 million, and rollover of \$.6 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 FY15 are expected to decrease to \$190,000.
- **Title VIII – Impact Aid:** This grant offsets lost revenue from federal acquisition of real property. The Impact Aid is expected to stay flat at \$100,000 in FY15.

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 flow-through formula grant totals \$100.1 million, which consists of \$90.7 million of current-year funding and \$9.4 million of carryover funds.
- **IDEA Room & Board:** This grant provides room and board reimbursement for students attending special facilities outside of Chicago and is estimated at \$800,000.
- **Part B Preschool:** This grant offers both formula and competitive grants for special education programs for children ages 3-5 with disabilities. These preschool programs are expected to have \$1.6 million from the formula grant (\$1.2 million of FY14 allocation plus \$330,204 of carryover/rollover) and \$489,650 from a competitive grant for FY15.

Including small competitive grants and carryovers from the previous year, total IDEA funding equals \$103.7 million for FY15.

National School Lunch Programs & Child and Adult Care Food Program

CPS offers breakfast, lunch, after school supper, after school snacks, and Head Start snacks for students during the school year, and serves breakfast and lunch during summer school. The federal government provides reimbursement for free, reduced-price, paid lunches, and breakfasts under the National School Lunch Program. In addition, the federal government reimburses for free after school meals and free Head Start snacks under the Child and Adult Care Food Program and provides free surplus commodities based on the number of prior year lunches served. CPS's universal school breakfast programs provides breakfast free of charge to all students regardless of income eligibility in the classroom when school starts in the morning rather than in the cafeteria before school starts, easing participation for students.

Federal reimbursements are projected to increase from \$201.1 million in FY14 to \$207.9 million in FY15 with an increased reimbursement rate, higher contribution of donated food, and increased participation rate in the snacks and after-school program. These revenues include:

- \$135.4 million from school lunches
- \$52.1 million from breakfast programs

- \$12.3 million of donated food from the U.S. Department of Agriculture
- \$8.1 million from after school supper and Head Start snack programs

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 and the costs of administrative outreach activities provided to eligible students.

Medicaid revenues are expected to decline to \$47.6 million in FY15 from \$52.3 million in FY14 due to a decrease in fee for service revenue.

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 FY15 award for Head Start is expected to increase to \$43.0 million from \$39.9 million in FY14.
- **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 Perkins formula grant is anticipated to decline to \$6 million as a result of decreased poverty rates. With the estimated \$600,000 rollover, the total grant will provide \$6.6 million for the program.
- **Race to the Top:** The FY15 allocation of \$7.9 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. This amount includes the FY15 allocation of \$1.9 million and carryover in the amount of \$6 million.
- **Smaller Learning Community Grants:** The grants are used to implement smaller high schools to improve academic achievement, graduation rates and the learning climate and culture. Congress eliminated this grant; the total award remaining for the last year of the grant is \$2.6 million. Estimated carryover for FY15 is \$1 million.
- **E-Rate Subsidy.** CPS expects to receive an E-Rate subsidy of \$13.8 million in FY15.

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

In FY15 CPS will receive a direct federal subsidy payment of \$24.7 million for these two types of federally-subsidized bonds. This is \$0.2 million higher than FY14 due to changes in federal sequestration assumptions.

Schools and Networks

One year ago, CPS introduced Student Based Budgeting (“SBB”), a school funding model that allocates funds to schools on a per-pupil basis. SBB replaced the quota formulas that were used in the past to allocate teacher and school administrative positions to district-run schools. SBB empowers principals, giving them the autonomy to use their SBB dollars to build an instructional program that meets the needs of their schools. We introduced SBB with the belief that principals, working with their LSCs, can make better decisions on how to use their resources than central office making quota decisions. SBB also provides a unified funding formula that applies to both district and charter/contract schools, ensuring that funding is fair and equitable.

In FY15, the SBB Base Rate is Increasing by \$250

Since FY11, CPS has reduced spending in central office, operations, and administration in order to invest money in the classroom. Because of these efficiencies and despite yet another significant increase in pension costs, CPS is increasing the per pupil rate by \$250.

We have added more than \$69 million to the SBB allocation for teacher salary increases (including cost of living adjustment and lane and step increments). We have also ensured that the one-time funds provided in FY14 to help schools transition to SBB remains available to schools, but now funds follow the students.

Together, these additions have allowed the district to increase the SBB base rate by \$250, from \$4,140 in FY14 to \$4,390 in FY15. This \$250 increase represents a 6 percent increase to the SBB base rate and a direct investment in the classroom.

Although the majority of schools benefit from the increased SBB rate, some schools are experiencing a significant reduction in funding due to large decreases in enrollment over the last two years. For most of these schools, the one-time transition funds provided in FY14 shielded them from the impact of declining enrollment in FY14. With all of the SBB funding now following the students, we recognized that some schools with large declines in enrollment may have challenges in supporting their core educational programs. Schools in this situation were able to apply for specific programmatic support.

All requests were submitted through their network chiefs and reviewed by the Office of Network Support, with final decisions made by the Chief Executive Officer. To date, 35 schools have received over \$4.1 million in program support.

ENROLLMENT

Enrollment projections become even more important when using SBB as the funding methodology. In the aggregate, we are projecting relatively flat enrollment in FY15. As shown in Table 1, total enrollment in FY15 is expected to decrease by only 100 students.

Table 1: FY14 Enrollment and FY15 Projected Enrollment by School Type

School Type	FY14 Actual (20 th Day)			FY15 Projected		
	Pre-K	K-12	Total	Pre-K	K-12	Total
Traditional district schools	22,364	316,135	338,499	22,050	312,228	334,278
Charter schools ¹	332	54,240	54,572	322	56,912	57,234

School Type	FY14 Actual (20 th Day)			FY15 Projected		
	Pre-K	K-12	Total	Pre-K	K-12	Total
Contract schools	0	3,004	3,004	0	3,748	3,748
District specialty schools	975	1,527	2,502	967	1,514	2,481
District options schools	0	841	841	0	824	824
ALOP/SAFE school programs ²	0	1,127	1,127	0	1,880	1,880
Total enrollment	23,671	376,874	400,545	23,339	377,106	400,445

Notes to table:

¹ Charter school projections for FY15 do not include enrollment for Foundations and Kipp Ascend Primary, which were approved after enrollment was finalized. However, they do include projected enrollment for two new campuses for Pathways in Education, which were originally approved as charter schools but later changed to ALOP programs.

² FY15 projections for Alternative Learning Options Program/SAFE programs do not include enrollment for new programs approved during the May 2014 board meeting, or for the new Pathways in Education campuses.

SBB enrollment is projected to decline by 491 students. SBB enrollment includes the K-12 enrollment at traditional district schools, charter schools, and contract schools. SBB enrollment at traditional district schools is projected to decline by 3,907 students, from 316,125 to 312,228. SBB enrollment at charter and contract schools is projected to increase by 3,416 students, from 57,244 to 60,660.

CPS is in the second year of expanding its Alternative Learning Options Programs (ALOP) to serve students who have dropped out of school and seek to return. CPS opened six new ALOP programs in FY14, expanding enrollment from 634 students in FY13 to 1,090 students in FY14. However, enrollment in the new ALOP programs increased throughout the year, reaching 1,939 by April 2014. This steady increase in enrollment throughout the school year is unusual; in most other schools, enrollment peaks around the 20th day and declines throughout the school year.

We expect the same pattern to hold for ALOP programs in FY15. We are projecting 1,835 ALOP students to be enrolled in ALOP programs at 20th day, but it is likely that enrollment will increase throughout FY15, especially with the opening of seven new ALOP programs.

Preschool enrollment is also projected to decline by 332 students, from 23,671 to 23,339. While these enrollment numbers reflect the official 20th day enrollment count and the projection for FY15, unlike K-12 schools 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 preschool seats that exceed 20th day enrollment projections. This is because the need is much greater than the number of students currently served and extensive outreach to reach at-risk families takes place throughout the year. Moreover, a number of preschool seats are initially left available at 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 preschool students eligible for special education services occurs on a rolling basis throughout the school year.

NUMBER OF SCHOOLS

In late 2013, Barbara Byrd-Bennett charged an internal team with a seemingly simple task: determining an official count of the number of schools in the District. The official count was needed because various departments would count schools in different ways.

As a result of this work, a definition of a school was established. 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 the definition and standards set forth there are 658 schools in FY14, and we are expecting to have 665 schools in FY15. Table 2 shows schools by school type.

Table 2: Number of CPS Schools by School Type, FY14 and FY15

School Type	Description	FY14	FY15
Traditional district schools ¹	District-run schools funded through Student Based Budgeting	506	504
Charter schools ²	Public schools managed by independent operators and certified under state charter law	126	132
Contract schools ³	Public schools managed by independent operators under a contract with the District	9	11
District specialty schools	District-run schools that primarily serve students with significant diverse learning needs or early childhood students.	12	12
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	1	2
Total schools		658	665
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	8	15

Notes to table:

¹ The FY14 Budget Book stated that there are 507 traditional district schools because it counted Spry Elementary and Spry Community Links High School as two separate schools. These are now counted as one school, and the number of traditional district schools has been revised to 506.

² The FY14 Budget Book also stated that there are 106 charter schools because it treated YCCS as one charter school instead of 20. Also, Frazier Preparatory Academy became a charter school in FY14, but was still counted as a contract school in the FY14 budget book. With these revisions, the number of charter schools in FY14 is 126.

³ The FY14 Budget Book stated that there are ten contract schools instead of nine because it mistakenly counted Frazier Preparatory Academy as a contract school.

SCHOOL BUDGET OVERVIEW

The FY15 budget contains \$3.7 billion budgeted at school units, including almost \$2.1 billion budgeted for core instruction at 665 schools. The following charts show how funds and positions are allocated among the major school types and across the main program areas:

Table 3: FY15 School Budgets, by School Type and Funding Category

FY15 School Budgets (in \$000s)	Core Instruction	Diverse Learners	Bilingual	Early Childhood	Other Programs	Discretionary	Operations	Total
District Elementary	\$1,224,072	\$378,414	\$21,980	\$105,227	\$69,132	\$260,106	\$97,076	\$2,156,007
District High Schools	467,203	125,224	3,073	176	54,518	79,885	38,563	768,642
Charter/Contract	345,277	64,148	657	0	5,716	78,533	171,752	666,083
Specialty	10,937	41,483	322	3,584	343	1,807	1,363	59,839
District Options*	15,377	3,906	0	0	207	895	296	20,681
ALOP/SAFE*	17,321	2,565	5	0	1,172	3,776	1,632	26,472
Non-Public	0	0	0	0	754	0	0	754
Total	\$2,080,188	\$615,741	\$26,037	\$108,988	\$131,842	\$425,001	\$310,682	\$3,698,478

Table 4: FY15 Positions in School Budgets, by School Type and Funding Category

FY15 Positions at Schools (FTEs)	Core Instruction	Diverse Learners	Bilingual	Early Childhood	Other Programs	Discretionary	Operations	Total
District Elementary	11,067.4	4,985.2	178.2	1,364.2	885.0	2,575.4	2,478.8	23,534.1
District High Schools	4,320.7	1,474.6	25.2	2.0	476.7	867.1	877.0	8,043.3
Charter/Contract	0.0	2.0	0.0	0.0	0.0	0.0	103.0	105.0
Specialty	88.6	574.1	3.0	44.0	5.3	7.0	30.0	752.0
District Options	130.2	38.0	0.0	0.0	3.0	1.8	8.0	181.0
ALOP/SAFE	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
Non-Public	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	15,606.9	7,073.9	206.4	1,410.2	1,370.0	3,451.3	3,497.8	32,616.4

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

This section discusses funding for core instruction for each school type: Traditional District Schools, Charter and Contract schools, Specialty Schools, District Options Schools, and ALOP and SAFE programs.

Traditional District Schools

Traditional district schools are the 505 district-run elementary and high schools that are funded through Student Based Budgeting. The only district-run schools that do not fall in this category are the 12 specialty schools and four district options schools, which are discussed in later sections.

Heading into FY15, the number of traditional district schools is decreasing by two as Canter Middle School and the High School of Leadership at South Shore phase-out at the end of FY14.

Enrollment at traditional district schools is projected to decrease by 3,907 students, or 1.24 percent. However, SBB funding for these schools will increase by \$15.9 million, or 1.06 percent. In the aggregate, SBB funding at district schools is about 2.3 percent higher when adjusted for enrollment changes.

Table 5: SBB Funding at Traditional District Schools

Traditional District Schools	FY14 20 th Day	FY15 Projected	Change	% Change
Number of schools	506	504	(2)	
Number of K-12 students	316,135	312,228	(3,907)	(1.24%)
SBB funding, in millions	\$1,493.9	\$1,509.8	\$15.9	1.06%

District schools spend approximately 93.5 percent of their SBB funds on teacher positions (including substitutes and extended day pay), 3.0 percent on educational support personnel, and 3.5 percent on non-personnel items. 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 6: Positions Budgeted by District Schools Using FY15 SBB Funds

Category	Job Title	FY15 No. of FTEs
TEACHERS	Teachers	12,517.6
	Assistant Principals	510.8
	School Counselors / Social Workers / Nurse	164.9
	Coaches / Instructional Leaders / Other Teachers	34.3
EDUCATION SUPPORT PERSONNEL	Teacher Assistants	129.7
	School Clerks	125.2
	School Security Officers	70.6
	School Clerk Assistants	49.1
	Technology Coordinators	44.9
	Guidance Counselor Assistants	32.5
	Other Education Support Personnel	174.0
	TOTAL	13,853.6

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.

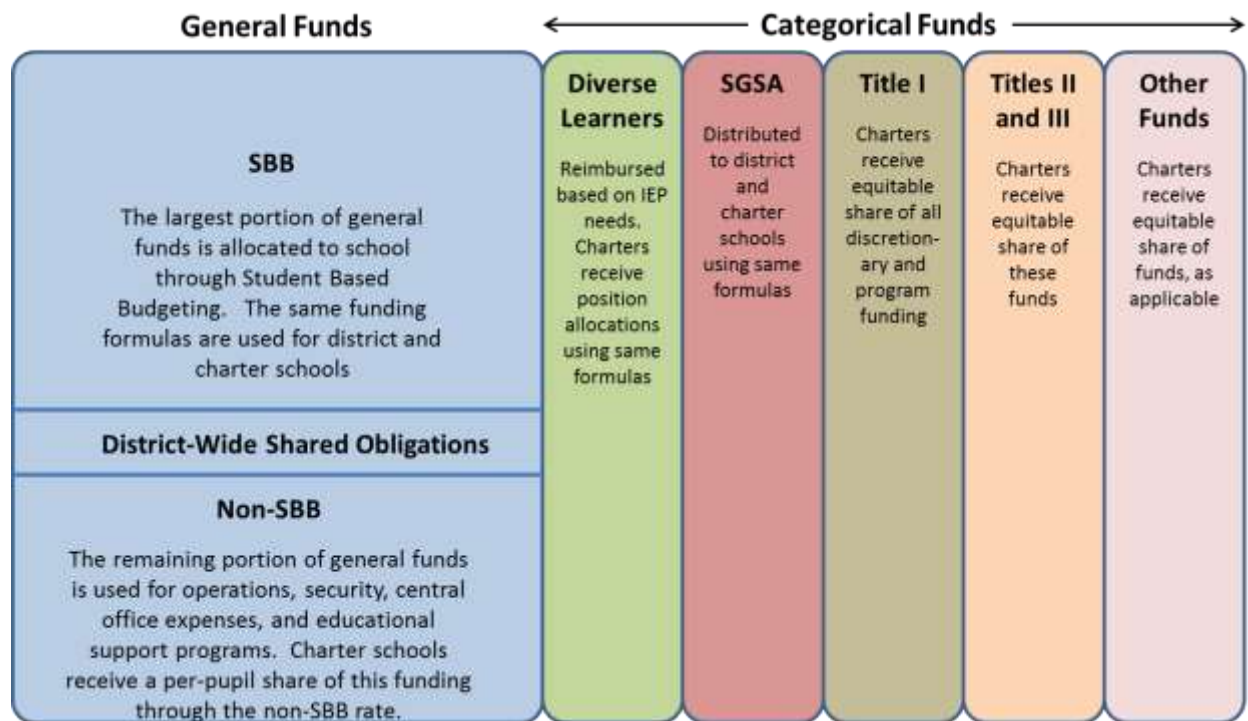
Both charter and contract schools are targeted in areas of the city identified as those in need of high-quality education options.

In FY14, the Illinois General Assembly created by House resolution a State Charter Funding Task Force to study the issue of funding equity for charter schools statewide. The task force included representatives from charter schools, teacher unions, school districts (including CPS), education advocates, the Illinois General Assembly, the Illinois State Board of Education (ISBE), and the Illinois State Charter Commission. At the request of the task force, a subgroup of charter representatives and CPS staff conducted a detailed review of CPS’s funding methodology for charter schools. The task force submitted a report to the General Assembly in February 2014.

The result of the subgroup’s work, which was included in the task force report, was more clarity around the District’s funding model, as outlined below, and after a few changes, a broad acceptance that CPS’s charter school funding model provides equity for operating funds. Further details about the funding methodology and the modifications made are included in Appendix B: School Funding Methodology.

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 Student Based Budgeting model, which uses the same funding formulas for district and charter schools. The general funds budget also includes some discrete 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. The remainder of the general funds budget is the non-SBB category, and it includes funding for operations, security, central office expenses, and education support programs. The non-SBB tuition ensures that charter schools receive an equitable share of this spending. Categorical funds are not included in either SBB or non-SBB tuition, but CPS ensures that charter schools receive an equitable share of each categorical funding source, where applicable.

In FY15, nine new charter and contract schools are expected to open, and one charter school will close at the end of FY14, for a net increase of eight charter and contract schools. Two of the new schools will serve students who have dropped out of school and want to return. Enrollment at charter and contract schools is expected to increase by more than 3,400 students, or 6.0 percent.

Table 7: SBB and Non-SBB Tuition Funding at Charter/Contract Schools

Charter/Contract Schools	FY14 20th Day	FY15 Projected	Change
SBB funding, in millions	\$315.9	\$345.3	\$29.4
Non-SBB funding, in millions	\$106.8	\$137.0	\$30.2
Administrative fees (estimated), in millions	\$0	(\$18.0)	(\$18.0)
Total general education tuition payments	\$422.7	\$464.3	\$41.6

However, general education tuition payments (SBB and non-SBB, less administrative fee) to charter and contract schools will increase by \$41.6 million, or almost 10 percent, in FY15. This is more than can be explained by enrollment growth alone; the per-pupil rates for both SBB and non-SBB are increasing. For SBB, the rate is increasing primarily because of the additional funds added to the SBB allocation for teacher salary increases. For non-SBB, the net rate is increasing because the administrative fee is lower. A new methodology is being implemented in FY 15 (described in Appendix B) — charging 3% of tuition — and this results in a significantly lower administrative fee than the methodology used in FY14.

Specialty Schools

Specialty schools serve primarily students with significant diverse learning needs, except for 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)
- One K-8 school with approximately 50 percent Gen Ed classrooms and 50 percent cluster programs (Christopher)
- 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).

In FY15, specialty schools will receive \$10.9 million in funding for core instruction, which represents approximately 18 percent of their overall budgets of \$59.8 million. Core instruction funding is increasing from \$9.4 million in FY14 to \$10.9 million in FY15, primarily because assistant principals are being funded as a general education position. In previous years, most assistant principals at specialty schools were funded with diverse learner funds.

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 FY15, district options schools will receive \$15.4 million in funding for core instruction to serve an estimated 824 students, an increase from \$14.5 million in FY14. District options schools are significantly more expensive than traditional schools because of the special circumstances of their student populations.

Alternative Learning Opportunity Programs (ALOP) / Safe School Programs

Alternative Learning Opportunity Programs provide different educational options for at-risk youth who are not currently enrolled in school. Expanding educational options to re-engage the tens of thousands of youth who are not currently enrolled in school is a key district priority, aligning with Pillar 2 of the CEO's five-year action plan. 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.

In FY15, seven new ALOP programs will open, for a total of 15 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.

ALOP programs are technically not part of Student Based Budgeting, but we fund these programs using the same rates that charter and contract schools receive.

In FY14, CPS spent \$12.6 million for ALOP. These programs served almost 1,100 students at the beginning of the year, and increased to 1,900 students by the fourth quarter. CPS has budgeted \$15.7 million for ALOP tuition in FY15, plus another \$1.4 million in contingency for expected growth, for a total of \$17.1 million, an increase of more than 35 percent.

CPS is also opening a second Safe school, which provides an educational option to students who have been expelled from another CPS school due to violence. The tuition cost for two Safe schools is \$2.6 million, which is offset by a state Regional Safe Schools grant of approximately \$975,000.

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.

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).

Allocations are determined by the Office of Diverse Learner Supports and Services. In the FY15 budget, a total of \$615.7 million is budgeted for diverse learners in school units, including more than 3,700 special education teachers and 3,300 special education aides.

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. Funding formulas for each program are provided in Appendix B. The Office of Language and Cultural Education (OLCE) tracks ELL students and allocates supplemental bilingual teachers and funds to schools.

The FY15 budget contains \$26.0 million in supplemental funding to schools, including 169 supplemental bilingual education teacher FTE’s and almost \$7.5 million in per-pupil funding. Bilingual education is supported by dedicated state and federal funding.

Early Childhood

The FY15 budget contains \$109.0 million in funding for early childhood programs at 370 elementary schools. Early childhood program serve pre-kindergarten students, usually ages 3 and 4. Early childhood programs are funded from a state grant (Pre-School for All) and federal Head Start funds. This amount also includes \$6.8 million of Title I funding that is used for ten child-parent centers.

The FY15 budget also includes \$4.1 million for tuition-based pre-K programs at 13 schools.

Additional funding is provided to community-based providers for early childhood programs, as described more fully in the Early Childhood department narrative.

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 education fund. Significant programs include:

Table 8: FY15 Board Funded Programs

Board-Funded Program	No. of Teacher Positions	No. of ESP Positions	FY15 Budget (\$ millions)
Magnet Schools	161.8	1	\$17.5
JROTC	153	0	\$16.3
International Baccalaureate	109.5	5	\$11.6
Magnet Cluster Programs	101	0	\$11.1
Selective Enrollment HS	39	3	\$4.7
Regional Gifted Centers	32.6	0	\$3.6

Board-Funded Program	No. of Teacher Positions	No. of ESP Positions	FY15 Budget (\$ millions)
Montessori Programs	21	31	\$3.6
IB/STEM for Welcoming Schools	29.2	0	\$3.1
Critical Language Initiative	32	0	\$3.0
Classical Schools	20	1	\$2.5
Totals	699.1	41	\$77.0

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 designed to supplement regular and basic programs supported by the General Education Fund. 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 the previous year's count of free and reduced lunch students at each school, but the final SGSA amount will be determined by the current year count at the 20th day of the school year.

The FY15 budget includes \$258.1 million of SGSA funds budgeted at schools. The remaining \$2.9 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. Beginning in FY14, we made an initial distribution of carryover funds in July based on end-of-year spending estimates, rather than wait until October as had historically been done. This initial distribution gives schools a substantial portion of their SGSA carryover before the beginning of the school year to plan and spend on academic programs early in the year. A final reconciliation is still done in October, after the books have closed on the prior fiscal year. In FY14, schools received more than 70 percent of their SGSA carryover funds – \$26.5 million of \$36.5 million – in July.

In FY15, we will continue this new practice of releasing an estimated amount of SGSA carryover funds in July.

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 FY15 budget contains \$160.0 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 FY15, district schools allocated their SGSA funds 57.4 percent to teachers, 32.3 percent to other non-teaching positions, and 10.3 percent on non-personnel costs. For Title I, they allocated 72.2 percent to teachers, 15.8 percent to other non-teaching positions, and 12.0 percent to non-personnel costs. The number of teaching positions is detailed below.

Table 9: Teacher FTEs Obtained with School Discretionary Funds

Teacher FTEs Obtained with Discretionary Funds	FY14 Budget	FY15 Budget
SGSA	1,085	1,172.7
Title I	886	899.8
Total	1,971	2,072.5

Non-Education Expenses

Schools receive additional positions, services and funding for operational expenses. In recent years, however, 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. While improving district operations, these shifts make it difficult to compare the non-educational budgets from year to year by simply looking at what funding is budgeted at schools.

- **Security:** School security officers and security aides are assigned to schools by the Office of Safety and Security. Security positions are budgeted in school units.
- **Food Service:** This includes the labor costs of the lunchroom staff; the food costs required to provide lunch, and usually breakfast, are budgeted centrally.
- **Building operations and maintenance:** Since FY13, building engineers have been staffed centrally rather than in school budgets. In FY15, we are taking the same approach with custodians; for the first time, custodians are being budgeted centrally and will not appear in school budgets.

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

Private Schools

Student, teachers and parents of private schools students are eligible for federal support through No Child Left Behind (NCLB) 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 students, teachers and parents, but funds do not go to the private schools. Instead, CPS operates the 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 proportionate shares directed to private schools for each of the federal programs. FY15 amounts are projections; the final amounts will be determined only after the district's FY15 application is approved by the Illinois State Board of Education.

Table 10: FY15 Budget for Private School Programs

Federal Program	FY14 Budget	FY15 Budget
Title I (Improving Academic Achievement of Disadvantaged Students)	\$12,390,090	\$13,594,638
Title IIA (Improving Teacher Quality)	2,134,182	5,097,615
Title IIA (Leadership Grant)	0	0
Title III (English Language Learners)	357,942	314,254
Individual Disabilities Education Act (IDEA)	1,153,621	2,063,309
Total	\$16,035,835	\$21,069,816

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 now 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.

In November 2013, networks were restructured into their current configuration. 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 12 shows the various city planning zones covered by the current networks:

Table 11: Current Network Structure

Network	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	

The network restructuring that occurred in FY14 reduced the number of geographic networks from 18 to 13, and significantly lowered the headcount across all networks. The expected savings of \$4.4 million from reduced personnel costs were achieved. Further reductions in FY15 are expected since the new network structure will be in place for the entire year.

For FY15, the 13 geographic networks will have \$17 million in positions costs and \$3.6 million in non-personnel costs, bringing the total network budget for FY15 to \$20.6 million. All non-personnel cost are funded through general education funds, while positions are funded through general education, Title I and Title II funds.

Table 12: Total Budgets for 13 Networks

Network Budgets (in millions)	FY14	FY15
Personnel costs	\$20.4	\$17.0
Non-personnel expenses	\$4.2	\$3.6
Total	\$24.6	\$20.6

Department Narratives Overview

Departments within Chicago Public Schools (CPS) serve, guide, and provide resources to our parents, teachers, partners, and community. The District's central office units account for the administrative activities performed and utilized district-wide. Citywide units account for teachers, programs, and other resources that are allocated to individual schools and areas but also implemented 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, their budgets have been aggregated.

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

	2013 Actual Expenses	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Fund	5,343,960	6,105,643	5,527,899	49,719,473
NCLB Federal	433,940	623,600	511,670	250,926
Other Grants	0	0	0	114,713
Total Department	5,777,900	6,729,243	6,039,569	50,085,112
Held in Contingency	9,000,000	4,930,000	0	7,000,000
Budgeted at Schools	12,525,000	23,411,750	21,655,869	24,200,250
Grand Total	27,302,900	35,070,993	27,695,438	81,285,362

Addressing the columns from left to right:

2013 Actual Expenses are categorized by funding source (as are all other columns) to inform readers of the amount spent by the department during FY13. Providing information that extends two fiscal years into the past is essential in order to provide 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 original or approved budget. The **2014 Ending Budget** reflects those changes.

In addition to reporting the final department budget, **2014 Expenditures as of 5/30/2014** reflects the amount spent through May 30, 2014. It is important to note these are not final expenditures, only expenditures through part of the fiscal year; actual full-year expenditures will be different.

The **2015 Proposed Budget** represents the amount allocated to the department for the fiscal year starting July 1, 2014 and ending on June 30, 2015.

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 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 schools' budgets.

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

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 across the city.

MAJOR PROGRAMS

- **Strategic Planning & Implementation:** 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). Strategic consultants are also deployed to support specific district initiatives like the *Mentoring the Next Generation* program.
- **Performance Data & Policy:** The Department of Performance Data & Policy establishes 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. Policy and data analysts provide reporting of interpretable results and support leadership in schools, networks, and central office with access to timely and accurate school performance data.
- **Assessment:** The Department of Student Assessment provides high-quality and developmentally-appropriate assessment options for all CPS schools. Assessment specialists support schools by evaluating students’ baseline status, monitoring progress throughout the year and assessing growth. CPS provides both required and optional assessments that schools use at their discretion.
- **Data Quality & Management:** The Department of Data Quality & Management synthesizes and creates a repository for relevant District data in collaboration with Information Technology Systems. As the hub for Accountability that provides comprehensive decision support, data analysts establish common data definitions, quality assurance guidelines, and provide technical specifications along with training on the proper interpretation and use of data.
- **Research & Evaluation:** The Department of Research & Evaluation provides internal and external support for scientific inquiry about how our organization impacts student success. Applied researchers accomplish this through research on continuous improvement and innovation, investigating best practices, and engaging external research partners related to district priorities.
- **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.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	5,470,246	8,101,277	8,338,223	7,276,513	15,556,948
NCLB Federal	5,735,279	5,440,259	5,017,733	3,337,887	0
Other Grants	2,463,271	778,658	658,412	490,329	310,893
School Generated	30,508	154,215	188,976	70,212	0
Total Department	13,699,304	14,474,409	14,203,344	11,174,941	15,867,841

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	18.5	24.5	51
NCLB Federal	15.5	11.5	0
Other Grants	0	1	2
School Generated	0	1	0
Total Department	34	38	53

MAJOR ACCOMPLISHMENTS

- Enhanced the Continuous Improvement Work Plans (CIWP) development process to ensure plans are reviewed regularly and feedback is provided from LSCs, Networks, Governing Boards, and Central Office in a timely fashion.
- Increased critical fall instructional time by reducing the number of district-required assessments for grades 3 through 11.
- Led the creation of over 180 teacher-developed REACH Performance Tasks, whereby students demonstrate learning through performance based activities and writing prompts.
- Collaborated with ITS to develop and enhance the district-wide dashboard for principals and other school leaders to access user-friendly information about their schools.
- Centralized internal and external data requests, facilitated stakeholder access to data, and ensured a single source of truth for all CPS data.
- Led the identification and validation of value-added student growth metrics for use in new comprehensive teacher evaluation system.
- 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.
- 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.

Department of Arts Education

MISSION

The Department of Arts Education champions high-quality arts education by providing arts learning opportunities for students, strengthening teacher capacity, and promoting policies that expand equitable access to the arts for all students.

MAJOR PROGRAMS

- **Student Performance and Exhibitions:** Consists of All-City music, performing arts, visual, and alternative arts, as well as CPS music festivals. These programs offer over 6,000 students from more than 200 schools in grades 3- 12 the opportunity to hone, perform and exhibit their art form.
- **Professional Development, Tools, Supports, and Arts Education Plan:** Guided by the new CPS Arts Education Plan, this work provides for greater coordination and alignment of professional development support to teachers and practitioners who work directly with students, or manage art programs. This encompasses curriculum, instruction, assessment, and strategic planning supports.
- **Advanced Arts Education Program at Gallery 37:** Provides up to 250 students with the opportunity to pursue Honors and Advanced Placement courses in the 12 studio arts offerings for high schools who do not currently have these opportunities at their schools.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	1,364,241	1,007,012	1,067,902	995,342	1,478,621
NCLB Federal	211,877	519,557	622,061	620,043	270,727
School Generated	32,696	37,661	58,921	51,931	7,859
Total Department	1,608,815	1,564,230	1,748,884	1,667,316	1,757,207

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	4	5	5
NCLB Federal	3	3	3
Total Department	7	8	8

MAJOR ACCOMPLISHMENTS

- **Student Performance and Exhibitions:** Provided additional out of school arts opportunities for over 6,000 students across the city through CPS Music Festivals, Regional Dance and Theatre Days, and Regional/All-City Visual, Performing, and Alternative Arts.
 - All-City Visual Art Portfolio scholarship program participants were awarded over \$3.3 million in scholarships during the 2013-2014 school year.
- **Professional Development, Tools, and Supports:**
 - Provided arts professional development for over 1,000 educators at the district and network levels.

- Implemented teacher-developed, REACH assessments in grades 1, 4, 7, HS Beg/Intermediate and HS Advanced for all four art forms district-wide.
- **The Arts Education Plan:** CPS Arts Education Plan accomplishments include:
 - 376 schools completed the Creative Schools Certification for the progress report cards;
 - Identified and trained 556 Arts Liaisons district-wide;
 - Awarded \$250,000 to 376 schools for “Arts Essentials” and an additional \$500,000 to 45 schools through the new external Creative Schools Fund to further arts access and opportunities;
 - Secured \$10.5 million in TIF Surplus funding to be distributed to schools for up to 84 additional arts teachers starting during the 2014-15 school year.
- **Advanced Arts Education Program at Gallery 37:**
 - Provided 250 students from 40 high schools with Honors and Advanced Placement courses through the Advanced Arts Education Program at Gallery 37, creating more than \$2.7 million per year in post-secondary scholarship opportunities, a 98 percent AP exam pass rate, dual credit (for some programs), and numerous awards/contest winners.

KEY BUDGET INITIATIVES

- Allocate \$500,000 of the Mayor’s Office grant for Arts Essentials to schools (\$250,000 in FY14 and in FY15) to continue the Creative Schools Certification on the CPS school scorecard.
- Continue investment in Advanced Arts at Gallery 37 to provide high school students with the opportunity to participate in AP or honors arts courses.
- Increase student participation in All-City visual art, music, dance, and theatre programming and adult participation in arts-focused professional development.
- Work with teachers on an Arts Content Framework upon release of new Core Arts Standards.
- Expand web-supports, tools, and data systems for all stakeholders via our website, www.cpsarts.org.

Audit Services

MISSION

The Department of Audit Services support executive management in its efforts to improve the efficiency and effectiveness of district operations and manage risk.

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, 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

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	833,988	975,858	975,578	727,235	958,782
Total Department	833,988	975,858	975,578	727,235	958,782

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	7	7	7
Total Department	7	7	7

MAJOR ACCOMPLISHMENTS

- Performed review of spending and reimbursement activity using data mining techniques thereby allowing increased coverage and reduced costs.
- Executed against Annual Internal Audit Plan, including Contract audits, Review of Reimbursement activity, and Procurement Controls.
- Executed Annual School Audit Plan which included audits of approximately 150 schools.
- Strengthened internal controls governing payroll.
- Closed outstanding findings related to Technology utilization, budgeting for Sports Administration, Transportation billing, etc.

KEY BUDGET INITIATIVES

- Perform a new Enterprise Wide Risk Assessment of CPS's operations to strengthen internal controls and automate fraud detection with the use of Computer Assisted Auditing Techniques.
- Develop and execute an Internal Audit Plan, consistent with District risks, strategic initiatives, and available resources and close major outstanding audit findings.

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.

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

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	1,020,965	1,154,854	1,153,954	1,077,247	1,147,105
Total Department	1,020,965	1,154,854	1,153,954	1,077,247	1,147,105

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	8	8	8
Total Department	8	8	8

MAJOR ACCOMPLISHMENTS

- After cutting operating costs for the FY13 budget by over \$1.3 million (51 percent) and the FY14 budget by \$85,000 (6.9 percent), maintained service levels and developed departmental efficiencies.
- 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.
- Increased monthly Office Hours as an additional opportunity for stakeholders to connect with Board of Education Members.
- Improved Board Office and report routing operations.

KEY BUDGET INITIATIVES

- Enhance www.cpsboe.org functions.
- Increase stakeholder engagement opportunities.
- Improve internal operations of the Board Office.

Office of Business Diversity

MISSION

The Office of Business Diversity (OBD) administers and monitors 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.

MAJOR PROGRAMS

- **Assign Contract Specific M/WBE Goals:** Review the scope of services for each solicitation that the Procurement Department awards. Conduct market and industry research to ascertain the availability of M/WBE vendors in a particular market place. We look at historical data (performance on previous contracts, if any) to help with our assessment process.
- **Monitor and Report on Compliance:** Monitor approximately 800 active contracts to ensure that M/WBE suppliers are performing as per the contract terms. We also monitor the contracts to ensure dollars paid to the suppliers are reflective of the contract participation goal percentages. We provide an Annual Supplier Diversity Report to the Board that details dollars paid by industry and participation percentages.
- **Address Discriminatory Barriers:** Assist in building the capacity of M/WBE firms to compete in their industry and in the design of procurement solicitations to facilitate participation of M/WBE firms.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	368,443	376,497	418,943	393,897	470,414
Total Department	368,443	376,497	418,943	393,897	470,414

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	3	4	4
Total Department	3	4	4

MAJOR ACCOMPLISHMENTS

- Maintained our W/MBE goals in the construction and goods and services industries. The goals for the program are 30 percent MBE and 7 percent WBE.
- The Board approved the renewal of the Goods and Services Policy which expired at the end of December 2012. The new four-year policy has the same participation goals: 30 percent MBE and 7 percent WBE.
- Implemented software system used by the City of Chicago and other sister agencies to provide timely and accurate compliance data to achieve participation goals and eliminate manual data entry.

KEY BUDGET INITIATIVES

- Continue to produce Annual Supplier Diversity Report on compliance goals for all major industries
- Improve communication and collaboration with vendors by hosting vendor fairs three times a year.

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

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	411,407	531,045	444,001	434,114	361,510
Total Department	411,407	531,045	444,001	434,114	361,510

POSITION SUMMARY	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	3	3	2
Total Department	3	3	2

MAJOR ACCOMPLISHMENTS

- Successfully implemented a new custodial management program that will save nearly \$18 million in annual operating costs while improving school cleanliness.
- Achieved \$8 million in savings from improved centralized management of school engineer work.
- Saved \$4 million from FY13 expenditure levels by consolidating 100 bus routes through routing optimization by the Transportation department - on top of the 200 routes consolidated the previous year.
- Centralized management of school bus aides, saving \$4 million from FY13 expenditure levels through staffing efficiencies and improved management.
- Saved \$12 million in FY14 while increasing the quality of school food offerings through a new single-source food service contract negotiated by the department of Nutrition Support Services.
- Implemented new waste management contract that will save \$1 million annually.
- Entered into lease agreement for a new, smaller Central Office location, estimated to save \$60 million over 15 years.

KEY BUDGET INITIATIVES

- Coordinating shifts with schools in morning and afternoon bell times to achieve \$2 million in savings that will be shared with participating schools.
- Launch of Integrated Facilities Management, a pilot program at 33 schools designed to deliver all facility services in a more efficient, cost-effective model, with total projected FY15 savings of \$1.5 million.
- \$2 million in student transportation savings from further routing optimization and increased use of smaller, more efficient paratransit vehicles.
- \$950,000 in additional savings through bus aide optimization, leveraging route reductions and increasing bus aide utilization on paired routes.
- Development of a new prototype elementary school and high school that will cost an estimated 15 percent less and require less time to construct than past new school buildings.
- Centralization of the cost of the school-facing IT help desk and Microsoft software, restoring funds to school budgets (\$24 per computer device annually, and \$85 per new device).

- **Further streamline the Central Office:** As the district empowers principals and devolves resources to them, support structures at the central office should be leaner and more focused. We are consistently reviewing all departments to continue to identify consolidations, eliminations, and reductions that should take place.
- **Provide enhanced support to principals and staff to help them with school operations:** Our goal is to improve overall operations (facilities, food service, security, transportation) while providing principals more flexibility to focus on instruction and family engagement
- **Eliminate inefficiencies from all processes and procedures:** We are continuing to restructure the district's fundamental approach to procurement, interacting with vendors and approving contracts, enhancing school safety through better training and a more holistic approach, engaging the Pathways organization to link security efforts and social/emotional supports, and improving efficiency through more rational resource allocation.
- **Continuation of Safe Passage:** We will build on the success of the Safe Passage program in the 2014-15 school year, utilizing 22 community-based vendors to hire 1,300 Safe Passage workers. The Safe Passage program has led to a 20 percent decline in criminal incidents around Safe Passage schools, a 27 percent drop in incidents among students, and a 7 percent increase in attendance over the two years prior to SY13-14 in high schools that currently have the program.

Chief Executive Officer

MISSION

The Chief Executive Officer is responsible for developing and driving achievement of the vision of Chicago Public Schools (CPS), which is to ensure that every student in every neighborhood will be engaged in a rigorous, well-rounded instructional program and will graduate prepared for success in college, career and life.

MAJOR PROGRAMS

- **Executive Administration:** Lead the district in developing programs, policies, and procedures that ensure provision of a rigorous, well-rounded instructional program that graduates students who are prepared for success in college, career and life.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	348,887	312,547	312,547	304,457	303,462
Total Department	348,887	312,547	312,547	304,457	303,462

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	1	1	1
Total Department	1	1	1

MAJOR ACCOMPLISHMENTS

- Oversaw expansion of over 100 safe haven spring break locations to serve 1,500 additional youth. This was made possible by a \$1 million investment from the City of Chicago.
- Further strengthening of the Suspension and Expulsion Reduction Plan (SERP) by releasing an outreach plan that engages parents, stakeholders and community partners to build on the 36 percent reduction in suspensions in the past 3 years.
- Announced the inclusion of a new interdisciplinary African and African-American studies program across all core disciplines and in all schools and starting in January 2014
- Launched a new district-wide school volunteer initiative, Mentoring the Next Generation, to form bonds between CPS staff and students, and to further the District's goal to ensure that every child graduates 100 percent college-ready and 100 percent college-bound.

KEY BUDGET INITIATIVES

- Continued expansion of STEM by announcing 46 schools to pilot the District's new computer science curriculum beginning next fall, the most comprehensive K-12 computer science education program of any major school district in the country.
- Planned expansion of four new IB Middle Years Programmes and one new IB Primary Years Programmes for the 2014-2015 school year

Chief Financial Officer

MISSION

The Chief Financial Officer, through budget, treasury, accounting and audit functions, manages CPS' annual and long-term financial budget with the primary objective of assuring effective performance planning and accountability, financial stability and maximum resource support of educational priorities and student achievement.

MAJOR PROGRAMS

- **Overall financial management of the following departments:** Audit Services, Budget Management, Business Diversity, Children and Family Benefits, Controller, Risk Management, and Treasury.
- **Financial policy and pension advisement:** Analyses of financial policies and legislation and their impact on CPS' revenue generation and pension management.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	651,137	533,809	633,379	611,557	583,170
Total Department	651,137	533,809	633,379	611,557	583,170

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	2	2	2
Total Department	2	2	2

MAJOR ACCOMPLISHMENTS

Accomplishments summarized in each Finance Department narrative.

KEY BUDGET INITIATIVES

- Achieve CPS's annual financial operating budget and assure adequate funding to support the CPS vision
- Develop a detailed budget plan by department that supports implementation of district strategic, fiscal, and policy priorities
- Oversee a budget tracking process for all departments, along with analytical support, to assure that expenditures are spent according to plan
- Deliver optimum financing of treasury requirements, including capital needs and cash flow funding
- Manage all control and reporting requirements to assure timeliness, accuracy and closure of any audit compliance findings

Chief of Staff

MISSION

The Chief of Staff is responsible for coordinating the efforts of the District's departments and officers to ensure that their work aligns with and advances the goals of the Chief Executive Officer. It also functions as the primary liaison to the business and philanthropic communities to garner grants, sponsorships and in-kind contributions in support of CPS priorities.

MAJOR PROGRAMS

- **Chief of Staff:** Coordinates the endeavors of senior leadership across departments to ensure strategic harmony in achieving the CPS mission.
- **External Partnerships:** External Partnerships fosters and maintains the district relationship to high-profile funders in order to gain financial support for district priorities.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	2,182,076	3,731,113	3,116,113	2,868,179	1,232,416
School Generated	0	127,469	141,020	118,163	0
Total Department	2,182,076	3,858,582	3,257,133	2,986,342	1,232,416

- The Labor Relations function moved into the Law Department for FY15. This change includes a 3 FTE decrease to the COS Headcount and \$1.2 million decrease in funding for SPED workload reduction, Class Size Committee, and LMCC per CTU contract.
- The Back to School Campaign funding of \$494K has been moved to department of Family and Community Engagement.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	16	16	10
Total Department	16	16	10

- As a result of a departmental reorganization 3 FTE moved to the COO department, 1 FTE moved out to Accountability, 1 FTE moved out to Pathways, and 1 FTE moved out to Network Supports.

MAJOR ACCOMPLISHMENTS

- Introduced Central Office key performance indicators aligned to the district's strategic action plan to measure departmental performance, improving accountability of program management.
- Led the transformation of the Board Report and procurement process, turning a historically reactionary approach into an efficient, forward-looking, fifteen month view of every department's needs through their Board Approval Plan.
- Partnered with major business, philanthropic and government entities in support of district-wide initiatives such as Back-to-School, the CPS Parent Calendar & Directory, Women Everywhere, Walgreens FAST Initiative, and other "school-centric" partnerships.

Office of the Chief Operating Officer

MISSION

The Chief Operating Officer (COO) leads the integration of new business and management strategies for the District's overall operational activities by using managed competition between internal and external providers to provide the most efficient and effective education for students possible.

MAJOR PROGRAMS

- **School Transition Management:** The COO provides direct oversight and management of all transition-related activities pursuant to school actions approved by the Board of Education.
- **District-Wide Project Management:** At the direction of the Chief Executive Officer, the COO manages select projects that require cross-functional teams and have a district-wide impact for the benefit of all students and staff.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Fund	0	0	227,777	232,890	864,071
Total Department	0	0	227,777	232,890	864,071

- FY14 totals reflect mid-year creation of the Office; FY15 budget reflects full year costs.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Fund	0	2	4
Total Department	0	2	4

MAJOR ACCOMPLISHMENTS

- Organized relocation plans of central office to a new building and satellite locations, a move expected to save the District \$60 million over the next 15 years, continuing our mission of right-sizing the District and directing as many dollars as possible into our classrooms to support student learning and achievement.

KEY BUDGET INITIATIVES

- Shift two positions from the FY14 Chief of Staff budget to the Office of the Chief Operating Officer.
- Re-purpose and put to use closed school buildings to help meet the needs of the community, the City of Chicago, or other governmental agencies.
- Lead a collaborative, cross-functional team to develop a strategic plan and pilot program to implement a personalized learning curriculum for individual students with varied learning abilities, interests, and needs.

Children and Family Benefits Unit

MISSION

The Children and Family Benefits Unit (CFBU) increases and maintains the participation rate of students in Medicaid and Supplemental Nutrition Assistance Program (SNAP) and identifies new and enhances existing revenue streams through the Poverty Grant and State Supplemental Funds. CFBU also implements strategies to increase the participation rates of students in Medicaid and SNAP to promote success in the classroom and ensure children and families have access to health care and healthy food purchasing power.

MAJOR WORKSTREAMS

- **Outreach/Education:** CFBU does both targeted and mass marketing to students who are eligible but not enrolled at the local, network and district levels. Annually, CFBU distributes 1.5 million leaflets and automated-calls in English and Spanish. In addition, CFBU sends out 40,000 targeted letters and 65,000 automated-calls throughout the year, depending on the number of students not enrolled in CPS' Poverty Grant programs. CFBU staff present at parent meetings citywide to a minimum of 1500 parents per month. CFBU has a bi-lingual hotline that receives an average of 800 calls on a monthly basis from parents seeking assistance.
- **Application Assistance and Case Management:** To enhance enrollment in Poverty Grant Programs, CFBU has 10 school based liaisons of which six are bi-lingual and bi-cultural. Liaisons assist families with new enrollments as well as renewals to ensure that students maintain their benefits.
- **Intergovernmental Collaborations:** The main drivers of under-enrollment are the systemic barriers to obtaining and maintaining benefits. Thus, CFBU management sits on the highest level of the advisory boards on the two state agencies that oversee SNAP, Medicaid and SCHIP. Additionally, CFBU has developed collaborations at the local and regional levels of the Illinois Department of Human Services. CFBU is able to bring actual evidence of barriers and is informed on national best practice strategies as ways to address barriers.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	0	0	808,715	641,165	914,430
Other Grants	0	0	44,702	44,614	58,703
Total Department	0	0	853,418	685,779	973,133

- The CFBU function moved out of the Corporate Accounting department during FY14.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	0	16	12
Other Grants	0	1	1
Total Department	0	17	13

KEY BUDGET ACCOMPLISHMENTS

- CFBU's initiatives have created a pipeline of applications for 11,000 students resulting in applications being submitted for 8,000 students to DHS and HFS. This initiative generated a total of \$24 million in Poverty Grant Funding. CFBU also assisted in maintaining revenue sources from Medicaid Reimbursement for ODLSS, from the students that received health services.
- Along with generating revenue through the Poverty Count, CFBU was also reimbursed 30 percent of its operating costs by the USDA through the SNAP Administrative Outreach Claim for the outreach and application assistance it provided. CFBU also received full federal funding for one of the 10 Liaisons from the TPP federal grant.
- CFBU management was elected to serve as official members of the highest levels of the Illinois Department of Human Services (IDHS) and Healthcare and Family Services policy committees to advocate for CPS and its 400,000 students, thus impacting revenue enhancement and maintenance through legislative and regulatory change.

KEY BUDGET INITIATIVES

- Reduce headcount by 4 FTE to generate \$221,000 in savings.
- Enhance and maintain CPS's Poverty Grant Revenue through a more aggressive approach of marketing, more on-site enrollment and targeted marketing to CPS students that are not enrolled in Medicaid and SNAP.
- Enhance efforts to increase the return rate of applications CFBU creates. The target for apps to be submitted from what is created is 85 percent, thus impacting the amount of revenue CPS obtains from the Poverty Grant.
- Continue Medicaid Mitigation Program to sustain CPS's current Poverty Grant revenue. CFBU will employ a proactive campaign to mitigate the impact of the Illinois Medicaid Redetermination Project. Because of this state led initiative, CFBU has seen a sharp increase in Medicaid under enrollment, which can lead to a revenue loss for CPS. CFBU will use HFS Medicaid data to specifically target 27,000 students monthly that need to renew their Medicaid benefits, ultimately assisting in the maintenance of Poverty Grant Revenue.
- Continue advocating for the CPS student body to ensure their needs are met regarding student enrollment in the Poverty Grant.

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 five major departments within OCCS:**
 - Student Support and Engagement
 - Social and Emotional Learning
 - School Counseling and Postsecondary Advising
 - Magnet, Gifted and International Baccalaureate (IB) Programs
 - Early College and Career Education
- **K-12 and Citywide STEM Strategic Alignment:** Ensure District’s implementation of elementary Science, Technology, Engineering, and Math (STEM) schools supports best practice and aligns with high school curriculum and feeder patterns. Provide curriculum and teacher and school leader professional development opportunities to ensure student success. Collaborate with citywide partners to develop and implement Citywide STEM strategy.
- **Strategic Citywide and School Specific Partnerships:** Cultivate partnerships with businesses, postsecondary institutions, government agencies, nonprofits/community-based organizations, and existing collaborative initiatives in order to drive and support College and Career Success objectives. Example partnership engagements include Thrive Chicago, the Chicago Collaborative for Undergraduate Success, and the University of Illinois and Chicago Public Schools Joint Task Force for College Success.
- **External and Internal Stakeholder Engagement:** Partner with Office of Family and Community Engagement, Office of Public and External Affairs, and Office of Communications to ensure collaboration with families and communities around all College and Career Success objectives (e.g., developing and sharing a series of Parent University workshops focused on OCCS-related student supports). 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

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	358,633	214,543	422,295	400,640	3,882,761
NCLB Federal	75,225	75,338	51,938	52,460	0
Other Grants	0	0	23,083	23,083	0
School Generated	0	117,863	117,863	0	0
Total Department	433,857	407,744	615,179	476,182	3,882,761
Budgeted at Schools	0	0	0	0	310,424
Grand Total	433,857	407,744	615,179	476,182	4,193,185

- Increase in FY15 budget due to STEM programs moving from Magnet, Gifted, and IB Programs department budget.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	1	4	6
NCLB Federal	1	0	0
Total Department	2	4	6
School Based	0	0	3
Grand Total	2	4	9

MAJOR ACCOMPLISHMENTS

- Established the Office of College and Career Success (formerly a part of the Chief Office of Teaching and Learning) to articulate a new core mission toward the CPS Five-Year Vision and Action Plan.
- Launched Chicago Public Schools and University of Illinois Joint Committee on College and Career Success: Under the direction of Illinois President Robert Easter and CPS CEO Barbara Byrd-Bennett, launched task force and established key goals and strategies for strengthening the pipeline between CPS and the three Illinois campuses in Urbana, Springfield, and Chicago.
- Implemented STEM at 11 Elementary Welcoming Schools: Schools will serve as feeders to like high schools to support a continuum of quality options and choice for students and family.
- Developed the Early College and Career Credentials (ECCC) Toolkit to provide every high school and every network with the guidance to plan course offerings to drive toward the long-term goal that every student has access to Early College and Career Credentials (Advanced Placement credit, International Baccalaureate credit, Dual Credit, or Career and Technical Education certifications) while in high school. This toolkit was a collaborative effort across OCCS teams and supports high schools in improving performance on this new School Quality Rating Policy (SQRP) metric that correlates with higher college enrollment rates, college persistence rates, and earnings potential.
- Initiated development of 5-year equity plan in alignment with district capital planning efforts, with a goal of maximizing equity of student access to high-quality educational programs in every part of the city (International Baccalaureate, STEM, Career and Technical Education, Advanced Placement, Selective/Gifted, Dual Enrollment/Dual Credit).

KEY BUDGET INITIATIVES

- **University of Illinois Joint Committee:** Execute year one action steps to drive improved CPS student enrollment, retention, and graduation at each University of Illinois campus.
- **Citywide and School Specific Partnerships:** Expand and enhance current citywide and school specific partnerships that drive and support objectives to increase the number of identified high quality partners and service providers to support schools in college and career awareness, readiness, access, and success work. Also includes heightened focus on cultivating STEM-related partnerships.
- **Continue to incubate 12 new STEM Elementary Schools:** Schools will serve as feeders to like high schools to support a continuum of quality options and choice for students and family.
- **AVID Program:** Provide administrative and project management support to at least 17 high schools and 4 elementary schools in their implementation of the Advancement Via Individual Determination (“AVID”) Program, and ensure alignment with larger college and career awareness, readiness, and access programs and strategies across schools and CPS.
- **Performance Management Systems:** Establish and lead performance management practices to drive sound planning, implementation with fidelity, outcomes that meet/exceed targets, and continuous improvement (partnering with Accountability and Information Technology to deliver data tools necessary to support College and Career Success work).

Office of Communications

MISSION

The Office of Communications promotes the District’s vision, priorities, and policies through a full range of tools and strategic plans designed to engage the public and key internal and external stakeholders to help prepare every child for college and career success.

MAJOR PROGRAMS

- **Communications Administration:** The Office manages, plans, and executes the District’s communications to inform the public and all stakeholders of visions, priorities, and activities. We provide a one-stop shop of proactive and reactive communications support to all departments, networks, and schools for media, external, internal, and digital communications including news affairs, website content, and social media updates.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	1,960,116	1,849,690	1,849,690	1,331,399	1,800,955
School Generated	5,000	0	0	0	0
Total Department	1,965,116	1,849,690	1,849,690	1,331,399	1,800,955

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	18	17	17
Total Department	18	17	17

MAJOR ACCOMPLISHMENTS

- Restructured overall department, creating three key areas of focus: News Affairs, Strategic Communications, and Stakeholder Communications.
- Created new user friendly online tools to help parents and the public access key information about major policy announcements and activities
- Significantly increased the ability to engage parents and communities in a two way dialogue through CPS’s Facebook, Twitter and YouTube accounts. We boosted the District’s social media presence by 400% on Facebook and 300% on Twitter, and reached more than 60,000 users on Facebook during the weather-related school closings.
- Drove vast communications support during school transitions, reaching thousands of families and providing them with the information they needed to manage the change of school through video, automated-calls, letters, and tele-town halls.

KEY BUDGET INITIATIVES

- Restructure the Office organization to better serve the needs of internal and external stakeholders.
- Reduce staff by 1 FTE to generate \$60,000 in savings.

Corporate Accounting

MISSION

The Department of Corporate Accounting supports the administrative and instructional needs of the Chicago Public Schools by utilizing state-of-the-art technologies and proven financial systems to implement accurate financial reporting and cost-effective operating processes.

MAJOR PROGRAMS

- **General Accounting:** Responsible for the integrity of CPS financial records and systems, and ensuring the District's compliance with Generally Accepted Accounting Principles (GAAP).
- **Revenue:** Properly record and deposit all payments made to CPS and manage the collection of funds from various federal, state and local agencies.
- **Grants Claims:** Conduct accounting and financial reporting for all grants and submission of claims, participate in at least 5 full-scale audits per year, and collaborate with schools and various departments to ensure compliance with grant regulations.
- **Accounts Payable/PCard:** Process payments to CPS vendors in a timely and accurate manner, assist vendors in transitioning to electronic invoicing, and respond to Freedom of Information Act (FOIA) requests alongside the Law Department.
- **School Financial Services:** Serve as liaison between Finance, ITS, and other Departments on new policies and procedures to maintain financial integrity of CPS management reporting systems.
- **Compliance and Student Records:** Ensure the integrity of attendance data and maximize CPS' General State Aid Claim, which is based on average daily attendance, by monitoring the attendance process to assure compliance with policies of the Board, ISBE, and the Illinois School Code.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	5,566,653	7,922,148	7,731,168	6,577,388	6,636,009
NCLB Federal	338,356	250,926	290,071	295,074	322,389
Other Grants	0	114,713	15,210	15,210	0
School Generated	22,000	41,797,325	20,167,700	48,273	28,957,627
Total Department	5,927,009	50,085,112	28,204,148	6,935,945	35,916,025

- The Corporate Accounting budget holds \$28.9 million of school special income account allocation.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	59.5	42.5	40.5
NCLB Federal	3	3	3.5
Other Grants	2	0	0
School Generated	0.5	0.5	0
Total Department	65	46	44

- Children and Family Benefits moved out of Corporate Accounting resulting in a reduction of 17 FTE.

MAJOR ACCOMPLISHMENTS

- Awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting every year since fiscal year 1995.
- Received the Association of School Business Officials International's Certificate of Excellence in Financial Reporting award every year since fiscal year 1998.
- Added three new P-Card vendors and increased P-Card spend volume 13 percent to \$49.6 million which generated a total of \$662,000 in rebate revenue for the district.
- Responded to and satisfied approximately 43,000 record requests and maximized daily attendance data to obtain \$1.2 billion on the general state aid claim.
- Began implementation of Illinois E-Pay program at the central office and piloting the program at schools to enable the acceptance of payments electronically or over the telephone.
- Adopted GASB 63 and GASB 65 to improve financial reporting standards.

KEY BUDGET INITIATIVES

- Change in revenue recognition period from thirty days to sixty days.
- Review future GASB accounting standards that have potential impact and implementation.
- Establish out-of-district student and home hospital services billing.
- Increase targeted enrollment in Poverty Grant Programs and stabilize Poverty Grant revenue by ensuring families maintain Medicaid and SNAP enrollment.
- Targeting adding four additional vendors to P-Card program in FY15 to increase the spend volume. Vendors will benefit from the added convenience of paperless electronic invoicing to swiftly obtain payment.

Office of Diverse Learner Supports and Services

MISSION

The Office of Diverse Learner Supports and Services (ODLSS) strives to provide high quality and specially-designed instructional supports and services for all diverse learners within their least restrictive environment with the goal of improving the academic achievement of all diverse learners in the Chicago Public Schools. ODLSS works collaboratively with schools, networks, students, families and other external stakeholders to provide 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, thereby preparing them for a successful transition to college and career.

MAJOR PROGRAMS

- **Specially-Designed Instruction:** The Specially-Designed Instruction department provides direct services for students who present with visual or hearing disabilities and students who are homebound or in hospital settings. SDI also provides consultative and coaching supports to Learning Behavior Specialists (Special Education Teachers) and professional development around key CPS and ODLSS initiatives.
- **Pupil Personnel Services:** Pupil Personnel Services manages a team of over 1,400 related-service professionals providing services for special education and limited general health requirements (including medical compliance and Response to Intervention). Services are offered in seven clinical disciplines: Nursing, Psychology, Social Work, Speech-Language Pathology, Occupational Therapy, Audiology, and Physical Therapy.
- **Access and Opportunities:** Access and Opportunities oversees a variety of services for diverse learners including: (1) delivering effective and compliant secondary-transition supports, services, and experiences; (2) managing Extended School Year services for students with Individualized Education Plans (“IEP”s) and supports for diverse learners in other summer programming; (3) efficiently identifying school locations to meet the needs of diverse learners; (4) supporting students who require assistive technology tools that mitigate visual-, physical- and curricular-access barriers; and (5) ensuring compliance with proportionate share, whereby equitable services are provided for parentally-placed private school children with disabilities.
- **Network Supports:** This department ensures services are provided to children who cannot have their full needs met within a regular school setting. Children who require drug treatment, services in a residential program or services in a private therapeutic school are assessed and appropriate placements are found. Diverse Learner Support Leaders on the ODLSS Network Supports team work with principals and case managers to determine the appropriate learning environment for each student.
- **Early Childhood Special Education:** This unit oversees early childhood special education programs and services including, but not limited to: (1) assignment and management of all citywide ECSE itinerant teachers; (2) transition, enrollment, and support for all students with disabilities moving from Early Intervention, community-based Head Start programs into a CPS program; (3) developmental screening for children birth to five-years old throughout the City; (4) support and technical assistance for schools and teachers that provide early childhood special education services; and (5) compliance monitoring for ISBE SPP indicators.
- **Charter/Contract School Special Education Services:** As the Local Educational Agency for charter and contract schools, Chicago Public Schools provides a variety of supports to students, schools, and staff to support the growth and development of all students. Services include instructional guidance

and professional development to Case Managers and Learning Behavior Specialists, and ensuring compliance with IEPs, 504 Plans and other legal mandates.

- **Procedural Safeguards and Parental Supports:** This department 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:** The RMSS department provides overall operations support to schools, networks and central office departments including allocation of Learning Behavior Specialist and Paraprofessional positions to schools.
- **Compliance Monitoring and Management:** The Compliance Monitoring and Management department develops and maintains the data system infrastructure used to collect and report academic, behavioral, health-related, and other federal- and state-required data. Compliance Monitoring and Management also provides training on systems and programmatic guidelines for central office, network and school personnel and delivers comprehensive reporting and data analysis to the Illinois State Board of Education (ISBE), Office of Special Education Programs (OSEP), networks, principals, teachers, parents, and communities. This information informs staff scheduling and allocations, student services rendered, Medicaid reimbursements for student services, due process cases and other legal complaints.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	206,238,156	231,869,620	230,351,552	204,079,581	217,915,755
Other Grants	13,118,681	17,307,677	19,576,146	15,689,442	23,550,215
School Generated	13,564	16,195	20,296	0	0
Total Department	219,370,401	249,193,492	249,947,994	219,769,023	241,465,970
Budgeted at Schools	539,023,528	530,658,800	552,920,305	520,517,275	615,740,808
Grand Total	758,393,929	779,852,292	802,868,299	740,286,298	857,206,778

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	1564.5	1571.5	1491.5
Other Grants	120.5	127.5	196
Total Department	1685	1699	1687.5
School Based	6285.2	7191.5	7072.7
Grand Total	7970.2	8890.5	8760.2

MAJOR ACCOMPLISHMENTS

- Reduced central office administration and staffing expenses to realize \$7 million in central office and citywide savings.

- Decentralized citywide staff in order to support schools more directly. This decentralization initiative includes the creation of new ODLSS Network Executive Director and Diverse Learner Support Leader positions to focus on instructional practices and further empower networks and schools to effectively serve diverse learners.
- Implemented significant changes to improve clinical support across the District. Additional coordinators and better alignment with operational resources will greatly assist the District in allocating, evaluating and supporting its clinical staff.
- Created and shared the CPS Disability Awareness Video <<http://vimeo.com/81005487>> with all teachers, staff, and students to highlight that individuals with disabilities are as capable and successful as anyone else, should be treated with respect, and should be integrated into everyday work/social events for success in the classroom, community, and life.
- Hosted the Parent Empowerment Expo, a special education and disability resource fair for parents, family members and caregivers of CPS students receiving special education supports and services. Workshops were held with local service providers and community groups covering information about transitioning to adult services, transferring from Early Intervention, special education rights, and strengthening parent involvement.
- Held three Family & School Partnership forums across the City to help develop a shared community vision and commitment to providing quality instruction and supports to diverse learners and strengthening our system of support for parents of diverse learners.

KEY BUDGET INITIATIVES

- **All Means All Funding Pilot:** Aimed at accelerating academic achievement of students with diverse learning needs, the pilot will provide principals with one-on-one coaching and budgeting flexibility to design innovative programs to better meet individual student needs. The objectives of the pilot 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.
 - Encouraging schools to provide necessary transition support to students who exit special education.
- **Autism-Behavioral Health Team:** ODLSS is creating a team specifically centered on providing behavioral support to children. The team's objective is to decrease the number of students that require a change in LRE or placement in therapeutic settings by teaching appropriate behavioral strategies to school-based staff, increasing their ability to remediate disruptive behaviors in the classroom.
- Continue equitable distribution and allocation of specialized resources (i.e. clinicians, teachers, paraprofessionals) required to meet the needs of all diverse learners.
- Analyze and develop a comprehensive system of procedures, protocols and practices for monitoring, managing and delivering compliant and timely academic, behavioral and social emotional support services for qualifying preschool students with diverse needs.

Office of Early Childhood Education

MISSION

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

MAJOR PROGRAMS

- **School-based Early Childhood Program – Preschool for All (“PFA”):** Provides high-quality preschool for children ages 3-5 in Chicago Public School (“CPS”) buildings. Children are taught by CPS teachers, with support for this program coming primarily from the State Early Childhood Block grant.
- **School-based Early Childhood Program – 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.
- **School-based Early Childhood Program – Child-Parent Centers (“CPC”):** The CPC program is the oldest successful model of early childhood education. Chicago Public Schools’ Child-Parent Centers provide a full array of child and family support services in 16 locations. The CPC programs are funded through multiple sources including Title I and an i3 Grant.
- **School-based Early Childhood Program – 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.
- **Community Partnership Program – 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.
- **Community Partnership Program – Based 0-3 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.
- **Community Partnership Program – 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

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Fund	1,390,797	6,322	608,355	584,095	505,791
NCLB	827,029	756,826	839,326	529,076	307,599
Other Grants	68,612,684	69,716,709	67,690,974	60,983,570	69,467,474
School Generated	204,178	144,099	442,532	199,108	261,498
Total Department	71,034,688	70,623,956	69,581,188	62,295,848	70,542,362
Budgeted at Schools	130,885,114	106,120,140	111,217,048	104,240,691	107,056,717
Grand Total	201,919,802	176,744,096	180,798,236	166,536,539	177,599,079

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
NCLB	3	3	2
Other Grants	126	117	108
School Generated	1	1	1
Total Department	130	121	111
School Based	1,433.7	1,464.7	1,410.2
Grand Total	1,563.7	1,585.7	1,521.2

MAJOR ACCOMPLISHMENTS

- In FY14, the Office of Early Childhood Education launched the *Chicago: Ready to Learn!* initiative across all OECE funded programs. *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. The goal is to have quality early childhood programs available across the city to meet the unique needs of all communities and meet the Gold Award of Excellence rating for ExceleRate™ Illinois. Over the course of the year OECE developed a common language for curriculum and instruction in preschool classrooms.
- Over the past year OECE supported the implementation of full day kindergarten in all CPS schools. This was the first time all kindergarten age children were offered a full day education experience.
- Expanded full day preschool opportunities in school-based programs to serve high need areas in the city.
- Introduced the “Walking Preschool Bus” program to support improved attendance in schools, whereby adults accompany pre-school-aged children from home to school and back.
- Transitioned to a co-pay system for funding school-based early learning programs to expand opportunities for families who did not qualify for other funded programs.
- Implemented a set of universal assessments and screening tools used in all CPS funded community-based organizations and schools that are aligned with K-3rd Grade to support the use of data to improve instruction in preschool.
- Developed a system for monitoring and assessing programs for ExceleRate™ Illinois to support implementation and continuity of high-quality preschool programs across the city.
- Supported implementation of the Network Professional Development for teachers PreK-2nd Grade to create high quality instruction aligned to the Common Core State Standards.

KEY BUDGET INITIATIVES

- Through the *Chicago: Ready to Learn!* program, continue to expand quality early childhood programs in high demand areas with limited space availability.
- Develop and implement an effective quality monitoring system that aligns with state and federal regulations for all early childhood programs.
- Develop a comprehensive system for grades PreK-2nd Grade Common Core State Standards framework for teaching.

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.
- **Small Learning Communities (SLCs)** support whole school transformation in which small groups of students are aligned with the same small group of teachers throughout the four years of high school. SLCs are characterized by the personalized instruction and planning that occurs as a result of the modified school structure. The supportive and deep relationships between students and teachers created through this model serve as a catalyst to increase student achievement and growth.
- **Computer Science for All** is a groundbreaking district initiative that will expand Computer Science K-12. The district has developed a five-year strategy to support this expansion that will result in computer science being a core subject and a graduation requirement.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	1,934,281	1,863,231	1,757,280	1,453,656	2,432,468
NCLB Federal	669,959	1,796,925	1,142,464	398,153	492,567
Other Grants	5,423,691	14,723,911	9,356,398	5,275,232	12,156,698
School Generated	637,597	248,050	646,340	199,779	321,219
Total Department	8,665,528	18,632,117	12,902,482	7,326,820	15,402,952
Budgeted at Schools	13,629,713	4,457,050	8,724,503	6,760,439	924,124
Grand Total	22,295,241	23,089,167	21,626,985	14,087,259	16,327,076

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

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	5.25	4.25	8
NCLB Federal	2.5	1.5	1.5
Other Grants	26.25	27.25	29.5
Total Department	34	33	39
School Based	33.2	51.8	48.7
Grand Total	67.2	84.8	87.7

MAJOR ACCOMPLISHMENTS

- Expanded our CTE program offerings by adding 13 programs in 8 schools, bringing our total enrollment to 16,000 students in 200+ programs and 56 high schools.
- Received 10 applications from high schools to add 12 new CTE programs in SY15. Became the first district in the state to open its CTE application process to charter schools to receive supports for equipment and supplies for students in SY15.
- 500+ students participated in the CTE Job Shadow day where they spent the day at a business in the Chicago area observing their daily operations.
- Anticipate more than 1,000 students to participate in summer internship opportunities at businesses that align with their CTE career focus.
- Implemented the first summer technology camp for 60 middle school students and 100 high school students for four weeks where students participated in project-based activities that exposed and engaged students in the field of technology.
- Approximately 2,500 students enrolled in our dual enrollment and dual credit program with City Colleges of Chicago, whereby students have the opportunity to receive college credit by taking a course at City Colleges of Chicago or by having teachers provide a college level class at their high school, respectively. The number of students served has increased by 8 times since 2010-11 when 300 students were served. In FY15, 15 additional high schools will be approved to offer dual credit, bringing the total number of high schools offering dual credit to 45.
- Early College STEM Schools' success includes: the first cohort of students to begin college-level English and Math classes, increasing instructional capacity by adding instructional coaches, and expansion of STEM enrichment and acceleration opportunities.
- Launched the Computer Science for All initiative and selected 25 elementary and 21 high schools to provide K-12 computer science curriculum for their students in SY14-15, which will significantly increase the number of CPS students learning computer science with the school district.

KEY BUDGET INITIATIVES

- Add another grade level (cohort) to each of the five Early College STEM Schools, adding 850 students. Schools will receive STEM-focused professional development to strengthen school culture and deepen instructional practice across all disciplines; additional academic supports to ensure that students are on-track; the development of wrap-around supports for those students taking college level classes; and community outreach to increase the number of industry partnerships and work-based learning opportunities.
- Expand dual credit and dual enrollment programs to reach goal of 4,700 enrollments in SY 2014-2015.

- Initiate a portfolio of CTE programming for up to 100 students who are overage for their grade and lacking high school credits, that includes a “senior-year bridge” program with post-secondary and pathways to receive career-focused, certification-bearing opportunities.
- Initiate the first year of the Computer Science for All initiative which will require professional development for high school and elementary teachers, support for technology infrastructure for these schools and additional technology programs for more advanced 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 learning climate for students.

MAJOR PROGRAMS

- **Capital - New Construction and Renovation:** Develops building projects and budgets for consideration in the District's capital plans and ensures standards are implemented and project scopes meet the priorities of the District. 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 is transitioning to a new service model, with schools staffed by one custodian during the day and deep cleaning done during non-school hours, resulting in cleaner schools at a lower cost to the district.
- **Waste Removal:** Schools are provided with uninterrupted trash and recycling service including collection, disposal, and equipment necessary for collection. Each school has waste and recycling dumpsters appropriate for building size and capacity.
- **Contractual Services – Landscaping, Pest, and Elevator Maintenance:** The district contracts for Landscaping, Pest Control and Elevator Maintenance services. The District's landscaping contract applies to schools with maintainable green space over 20,000 square feet. This includes spring cleanup work (mulching, weed control, fertilizing, pruning, seeding), lawn mowing, and fall cleanup work (weed control, fertilizing, pruning).
- **Integrated Facilities Management (IFM):** In FY15, CPS will initiate a pilot asset management program at 33 schools, in which one vendor - SodexoMagic LLC - will provide 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. IFM will streamline costs and give schools one point of contact for all facility needs, a model which, if successful, CPS hopes to replicate across the district.
- **Energy/Utilities:** All utility accounts (Electric and Gas) that supply the energy required to operate all CPS facilities are managed in this department. This includes purchasing, bill payment/invoice review, utility disruption response, new service coordination, and utility data monitoring. Energy programs are also administered across the district to continuously improve efficiencies and reduce cost.
- **Central Office Administration:** These are the members of Facilities working to manage programs and respond to the needs of schools centrally by working across a variety of functions.
- **Real Estate:** The Real Estate department manages various contracts throughout the District, including School License Agreements, Telecom License Agreements, Intergovernmental Agreements, Right of Entry Agreements, Event Agreements, and Leases for Schools and Satellite Offices. Real Estate ensures that CPS property is utilized such that it: (1) generates discretionary income for the district; (2) creates strategic partnerships that benefit CPS; and (3) minimizes leasing costs.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Fund	273,374,956	276,465,377	263,915,848	262,975,040	322,110,929
Other Grants	0	0	0	0	994,409
School Generated	224,944	391,919	506,247	134,205	40,580
Total Department	273,599,901	276,857,296	264,422,095	263,109,246	323,145,918
Budgeted at Schools	69,142,539	43,094,259	66,537,949	57,727,789	279,308
Grand Total	342,742,439	319,951,555	330,960,044	320,837,034	323,425,226

- In FY15, board custodians were moved into Facilities' department budget. Prior to FY15, board custodians were budgeted at schools.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Fund	741	665	1484
Total Department	741	665	1484
School Based	833	823	6
Grand Total	1574	1488	1490

- The FY15 increase in Total Department positions reflects the centralization of board custodians, previously included in school budgets.

MAJOR ACCOMPLISHMENTS

- Decreased capital construction change order rate from 6.4 percent in FY12 to 3.1 percent in FY13, which resulted in a saving of nearly \$37 million in one year. Change orders continued to be reviewed by an independent cost estimator.
- Facilities continues to manage projects to ensure completion dates are achieved. Over 90 percent of our projects in the last calendar year have completed on schedule.
- Entered into lease agreement for a new Central Office location at 42 W. Madison, a move projected to save the District \$60 million over 15 years.
- Successfully implemented new centralized custodial management program, which will result in \$18 million in annual savings while improving custodial service levels and enhancing school cleanliness.
- Began implementation of the Integrated Facility Management program, a pilot program at 33 schools to combine asset management functions – custodial services, engineer services, repair work, landscaping, pest control – in a more efficient service delivery model that can potentially drive long-term savings on a district-wide basis.
- Achieved \$8 million in savings from improved centralized management of school engineer work to provide services at a lower cost across the District.
- Continued the Energy Shared Savings Program, an initiative to share savings with schools that reduce schools energy usage; the initiative provided more than \$330,000 in energy savings for the district with half of the savings being reinvested directly back to the schools
- Fully implemented new waste management contract that will save over \$1 million annually.
- Achieved nearly \$60 million in budget reductions from FY12.

KEY BUDGET INITIATIVES

- Implementation of Sodexo Comprehensive Service Solution to identify opportunities for savings in asset management costs through resource optimization and a district-wide energy audit.
- Reducing overall cost for custodial services through Aramark's more efficient personnel deployment and centralized purchasing and delivery of custodial supplies.
- Continue launch of Integrated Facilities Management, a pilot asset management program at 33 schools that will deliver facility services in a more efficient and cost-effective model. We expect to save over \$1.5 million under the new model at these 33 schools, nearly \$50,000 per school.
- The Capital Improvement Program was challenged to develop a new prototype elementary school and high school that is more efficient in terms of time to construct and cost. We anticipate a savings of nearly 15 percent in comparison to past prototype buildings.

Office of Family and Community Engagement

MISSION

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

MAJOR PROGRAMS

- **Network Family and Community Engagement (FACE) Managers:** Provide support to 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 that help parents to better support their students from the cradle to college. Services may include early childhood guidance, special needs support, and help with the college application process.
- **Faith-Based Initiatives:** Partner with faith-based community to provide education advocacy and crisis support services to CPS families. The flagship program, Safe Haven, provides leadership and socio-emotional programming in communities with high violence, truancy, and concentrated low academic performance. This program is provided to students at no-cost during after school hours and over the winter, spring and summer breaks.
- **Parent Support Centers:** Maintain open lines of communication, conduct outreach support and help parents resolve issues such as staff complaints, enrollment and transfer issues, suspension appeals, bullying, grade changes and student promotion/non-promotion.
- **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 good attendance to help students stay on track for graduation and success.
- **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

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	4,058,185	7,276,139	7,687,996	6,524,652	9,468,718
NCLB Federal	1,171,938	1,565,436	1,565,436	1,540,289	487,546
Other Grants	131,808	0	0	0	0
School Generated	0	20,000	28,000	28,000	0
Total Department	5,361,931	8,861,575	9,281,432	8,092,941	9,956,264

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	56.4	53.4	55.4
NCLB Federal	3.6	3.6	3.6
Total Department	60	57	59

- The General Budget is increasing by almost \$2.2 million in FY15, but only part of this amount represents a new investment for the District.
- An additional \$1 million is budgeted for the Back-to-School Campaign, which FACE will manage in FY15. In FY14, \$500,000 was budgeted in the Chief of Staff's Office for the Back-to-School Campaign.
- \$750,000 will be invested in an expansion of Parent Universities to two pilot sites. This amount is a true increase in spending for a key district priority, rather than a shift in funding from another part of the budget.
- \$1.07 million is simply a shift in the funding source for the Safe Haven program. In FY14, the same amount was budgeted for Safe Haven using NCLB Federal funds. General Funds are being used for Safe Haven in FY15, and there is a corresponding decrease in the NCLB Federal funds budget.
- The budget for Local School Council has decreased by \$500,000 because election expenses will not occur during FY15, a non-election year.

MAJOR ACCOMPLISHMENTS

- Invested \$1.07 million to expand Safe Haven Program to 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.
- Secured \$467,500 from the City of Chicago to expand the Safe Haven spring break and after school programs.
- Initiated a Coat Drive campaign which provided winter coats to over 3,000 students.
- Conducted bi-annual LSC Election for 516 schools, and trained 6,450 LSC members on roles and responsibilities, conducting effective meetings, school improvement plans, budgeting, principal evaluations, retention, and principal selection.

KEY BUDGET INITIATIVES

- Investing \$750,000 to launch two Parent University pilot sites for fall 2014.
- 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 stakeholder awareness and active engagement in education advocacy.
- Secured \$532,500 from the City of Chicago to increase the amount invested in the Safe Haven summer and fall programs, allowing the program to expand to 100 churches, and impacting approximately 10,000 students.
- Expand Parent Support Center outreach through 311 call center integration.

Office of Grant Funded Programs

MISSION

The Office of Grant Funded Programs ensures strategic utilization of grant funds aligned to the District’s 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 the District’s Pillars and 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 the District's internal controls are adhered to by monitoring the use of grant funds at the school, department and network level.
- **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:** Establish systems and structures necessary to support Charter, Contract and Alternative Learning Opportunities Program (ALOP) schools’ allowable and impactful use of federal and state categorical funds.
- **Statewide Systems of Support (SSOS):** Manage 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

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	0	5,783	5,783	1,869	9,834
NCLB Federal	2,357,742	23,402,797	4,336,141	2,978,289	24,910,289
Other Grants	4,974	1,153,621	103,719	4,817	2,352,798
Total Department	2,362,716	24,562,201	4,445,643	2,984,976	27,272,921

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
NCLB Federal	20	22	28
Other Grants	0	0	1
Total Department	20	22	29

MAJOR ACCOMPLISHMENTS

- Aligned major grant applications to the CPS Action Plan to ensure resources are being used in support of district priorities and in accordance with funder requirements.
- Increased reach by monitoring additional schools to provide an in-depth programmatic review and check on fiscal spending, as well as any needed on-site technical assistance.
- Responsible for timely implementation of key programs providing essential supplemental supports and services to targeted students earlier in the year for maximum impact.

KEY BUDGET INITIATIVES

- Shift Grant Funded Programs Office from the FY14 Chief Administrative Office budget to the Chief Teaching and Learning Office: This allows grants analysts and managers to work directly with the education departments and develop strategic use of grant funding at schools across the District to maximize effectiveness.
- Coordination of supplemental supports to schools: Through the efforts of the Title I Statewide System of Supports and the NCLB Title I grant, ensure resources are utilized to support identified schools to increase the academic achievement of students.
- Creation of Charter School Funded Programs Team: The focus of this team will be to increase Charter school and in-district knowledge related to categorical funding, decrease risk of audit findings that result in loss of federal funds, increase and formalize collaboration among key internal stakeholders involved with this work, and improve customer service to Charter schools to support timely and appropriate use of funds in support of students.
- Proactive approach to sound fiscal practices: As much as possible, emphasize up-front internal controls, ongoing monitoring, consistent guidance, and comprehensive training in an effort to minimize back-end compliance issues.

Information & Technology Services (ITS)

MISSION

The Department of Information & Technology Services 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

- **Core District Systems:** Provides application support and administration of CPS’s core systems, such as Student Records (IMPACT), Finance, HR/Payroll, Dashboard and Data Warehouse and CPS.EDU
- **District PC and Tablet Technology:** Provides support for the District’s fleet of computers, tablets, and associated support services, including the Help Desk.
- **Operations and Infrastructure:** Provides support and administration of the District’s core infrastructure including the District’s Data Center, telecommunications equipment, Network services, and bandwidth to all schools.
- **ITS Supporting Functions:** Provides departmental administrative and strategic supports, such as Project Management, Training, Communications & Change, Enterprise Architecture and Strategy and Process Design.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	22,112,846	41,569,012	44,440,914	41,971,441	76,849,422
Lunchroom	24,999	0	1,267	0	0
NCLB Federal	0	0	8,733	8,733	0
Other Grants	552,473	575,000	620,469	611,406	104,214
School Generated	315,564	204,624	132,663	57,286	42,458
Total Department	23,005,883	42,348,636	45,204,048	42,648,866	76,996,094

- 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, due to a shift in focus of the Federal E-Rate subsidy program, the ITS department is no longer expecting to receive subsidies for the cost of priority two E-Rate projects. This results in CPS being responsible for the full cost of telecom and maintenance services for FY15. We have added \$28.3 million to the ITS budget to replace this lost Federal subsidy.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Fund	174	175	169
Total Department	174	175	169

MAJOR ACCOMPLISHMENTS

- Upgraded wireless networks in 120 schools to support 1:1 devices.
- Installed fiber-optic broadband connections in 130 schools to support technology use by students along with improving readiness for PARCC and NWEA assessments.
- Replaced computer patching servers in 560 schools to simplify PC upgrades and security patching and sunset the Windows XP operating system across the District.
- Launched a mobile-friendly version of CPS's main website (www.cps.edu), allowing parents to view critical CPS information on their Smartphones and tablets.
- Successfully redesigned the School Locator and School Profile pages on the main website, providing timely and clear school data for parents and the community.
- Launched the Next Generation Mentoring website in support of CPS's new program that gives employees an opportunity to engage with students in every neighborhood, providing additional literacy support.
- Launched Blackboard Connect enabling all schools to text, email, and auto-call parents at their discretion with no charge to the school.
- Deployed over 70,000 Ventra reduced fare cards to CPS students, along with supporting registration processes and help documentation.
- Completed migration of all administrative offices to a consumption-based managed print services model, reducing costs and improving service levels.

KEY BUDGET INITIATIVES

- Centralize the cost of the school-facing IT help desk within the ITS budget, restoring \$24 per computer device of funding to school budgets.
- Centralize the cost of all computer Microsoft software within the ITS budget, reducing the cost of new computers to schools by up to \$85 per device.
- Complete the installation of a fiber-optic network connection to every non-charter District school and location, and increase bandwidth to a minimum of 50 Mbps in all facilities.
- Complete wireless network upgrades in 105 schools that are most in need, enabling 1:1 device allocation for students.
- Continue to drive down internal position costs and external consulting costs through position eliminations, insourcing some roles and investing in the District IT talent pipeline.

Office of Innovation and Incubation

MISSION

The Office of Innovation and Incubation (I&I) seeks educational experts familiar with the complexities of urban school districts to open, expand, incubate, support and replicate the most promising programmatic designs that are intently focused on the achievement outcomes of all children. To be successful in achieving this mission, I&I will engage and connect with stakeholders including school leaders, elected officials, community and faith based leaders, parents and students regarding I&I's key initiatives.

In FY14, organizational changes were introduced to enhance the department's operations and align comparable projects and programs. In addition to receiving the Office of Education Options (formerly the Alternative Network), I&I became home to the Offices of Innovative Models, while creating an Office of Community & Public Affairs.

MAJOR PROGRAMS

- **Office of New Schools (Charter and Contract Schools):** Responsible for overseeing Chicago's 103 public charter and four contract schools. The Office of New Schools staff is accountable for the development and execution of the New Schools Request for Proposal (RFP) process; authorization of high-quality district, contract, and charter schools; management of incubation for all new schools; evaluation of all charter and contract school academic performance plans, financial health, business operations, and governance of and compliance to applicable federal and state requirements; implementation of national best practices of high quality authorizing; and resolution of student, parent, and community complaints.
- **Office of Education Options:** Responsible for overseeing Chicago's growing portfolio of 54 alternative education options sites serving re-enrolled dropouts and youth who are currently in school but significantly off-track for graduation, students who have been expelled or in need of alternative placement for discipline reasons, and students involved in the criminal justice system. These schools and programs include all governance models: district-run schools, charter schools, contract schools, Alternative Learning Opportunities Programs and SAFE Schools. The Office of Education Options aligns its work to that of the Office of New Schools (e.g., RFP, authorization, evaluation, etc.).
- **Office of Innovative Models:** Responsible for identifying, attracting, and onboarding innovative designs that promote new ideas and approaches that assist in accelerating academic outcomes. The Office of Innovative Models (OIM) will offer administrators, principals, and teachers with a unique opportunity to explore and incubate ambitious yet bold ideas. In order to do so, the OIM will design a mechanism for and encourage school leaders to conceptualize, design, incubate, and execute novel ideas.
- **Office of Community & Public Affairs:** Responsible for informing, enlightening, engaging and mobilizing parents, students, and communities regarding all I&I's key initiatives for all of the district's charter and contract schools and programs. The Office of Community & Public Affairs is responsible for incorporating government outreach to local, state and federal elected officials, as well as interaction with local agencies.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	21,081,026	44,211,868	27,576,515	7,293,004	27,034,148
NCLB Federal	5,476,254	4,996,133	3,093,166	2,464,397	749,242
Other Grants	71,965	58,697	2,701,571	683,002	2,102,303
School Generated	742,195	526,590	453,773	450,738	0
Total Department	27,371,440	49,793,288	33,825,026	10,891,141	29,885,693
Budgeted at Schools	14,584,931	15,695,918	727,911	526,096	614,314
Grand Total	41,956,371	65,489,206	34,552,937	11,417,237	30,500,007

- Significant part of department budget held centrally and transferred to schools/programs where spending occurs.
- The variance in General Funds between FY14 and FY15 is a result of the reorganization that occurred during FY14. Access and Enrollment (\$3.8M), which had previously been included in I&I's budget, has moved to the Accountability Department. Additionally, Service Leadership Academies (\$2.1M) and the funding for AUSL (\$13.2M) – other than the start-up funding – moved to the Office of Networks Support. On the other hand, the Office of Education Options (formerly The Alternative Network) moved into the I&I Department.
- The amount of NCLB Federal Funding budgeted for FY15 will be significantly lower given the move of AUSL (\$4.3M) expenses to the Office of Network Support from I&I.
- The Other Grants portion of the budget has increased significantly because the Office of Education Options is now managing the Pathways to Accelerated Students Success (PASS) grant. In FY14, the PASS grant was budgeted in the Department of Multiple Pathways.
- The majority of the funding budgeted at schools in FY14 was part of the JROTC programs, which moved to the Office of Network Support in FY15.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	42	41	27
NCLB Federal	13.15	31.35	8.35
Other Grants	0.65	19.65	19.65
School Generated	3	2	0
Total Department	58.8	94	55
School Based	165	7	7
Grand Total	223.8	101	62

- School based positions initially included JROTC positions in FY14.
- The position variance from FY14 to FY15 is due the move of Access and Enrollment and the Service Leadership Academies out of the I&I department.

MAJOR ACCOMPLISHMENTS

- **New Schools Request for Proposal:** In the 2014 annual request to increase the number of quality educational options we encouraged independent operators to propose the opening of new schools across the city of Chicago in targeted Priority Communities. In addition, the RFP sought applicants that proposed innovative models such as Next Generation, Arts-Integration, Diverse Learners, Dual

Language, and Humanities/Liberal Arts. CPS approved seven campuses to open in the Fall of 2014 and 2015 that will provide 5,600 high quality seats.

- **Neighborhood Advisory Councils (NAC):** In partnership with New Schools for Chicago (NSC), CPS facilitated NACs in three priority communities (Northwest Side, Chicago Lawn, and McKinley Park) to secure community input on the six applications that were proposed in these communities.
- **Charter Renewal:** CPS approved the renewal applications from eight charter and contract schools (representing 21 campuses with approximately 11,000 students) whose charter/contract agreements expired on June 30, 2014. In particular, the renewal of the contract with ChiTech will bring to Chicago a high quality Tech and STEM focused educational program spearheaded by High Tech High.
- **Charter Warning List:** CPS announced an Academic Warning List in Fall 2013 identifying those campuses that have failed to meet contractual academic standards over the course of a two-year period. I&I has initiated a charter revocation process with five schools, requesting that they submit a remediation plan and track progress against that plan. Schools that fail to make adequate progress will be brought to the Board for an appropriate School Action in October 2014.
- **Contract Material Modifications:** CPS approved 16 of 24 applications to modify existing charter school contracts. These modifications will add approximately 326 high quality seats in SY15, defer the opening of four schools (and 1,710 seats) to ensure that these schools open successfully, and modify the names of four schools to honor positive community role models that have been generous supporters of the respective schools.
- **New School Incubation:** I&I has launched a two-year incubation program for all new schools. Beginning with the 17 new schools and programs, including Options schools and programs, slated to open Fall 2014, I&I has developed a comprehensive training schedule focused on compliance, accountability and program support.
- **Options Contract Material Modifications:** CPS approved 12 of 34 applications to modify existing Options schools and program contracts. These modifications will result in the addition of seven new sites and approximately 1,875 new seats in Options schools and programs to meet the needs of underserved communities.
- **Options School Quality Rating Policy:** CPS approved its first School Quality Rating Performance Policy for Options schools and programs. This policy sets a common bar for assessing the quality of Options school and programs across the District and will inform future decisions about authorization, renewal and growth. It will also provide students, parents and community with information they need about school choice.

KEY BUDGET INITIATIVES

- **New Schools and Options Schools Request for Proposals (RFP):** The 2015 annual requests for quality educational options will further increase the level of innovation and academic quality available to students and families in the district by encouraging applicants to fully understand the communities that they propose to serve through increased levels of community engagement required via the RFP and participation in NACs.
- **Charter Renewal:** For the 2014-2015 school year, 17 charter and contract agreements, including Options charters and contracts (approximately 14,788 seats) will be up for evaluation because their agreements will expire on June 30, 2015. Thorough analysis will result in renewal recommendations being submitted to the Board of Education for approval.
- **Charter and Contract Academic Accountability:** In SY14-15, all charter and contract schools and Options schools will have fully transitioned to the School Quality Rating Policy (SQRP), the District's policy for measuring annual school performance, and be measured based on SY13-14 student achievement data. As such, all schools will be under one, District-wide performance policy.

- **Charter Warning List:** In Fall 2014 CPS will release an updated Academic Warning List identifying any new campuses that have failed to meet contractual academic standards over the course of the past three years. I&I will continue to monitor the progress of the campuses undergoing the revocation process and track progress against the plan via student achievement metrics and on-site visits.
- **School Start-Ups and Expansions:** The FY2015 I&I budget includes \$16.5M in funding for the opening of 17 new schools and programs, a total of 5,470 new quality seats, and the addition of expansion grades to 11 district schools and 21 charter schools (3,854 additional seats).
- **New School Incubation:** I&I will be running a dual process by completing the second year of incubation for 17 schools and programs that opened in the Fall of 2014 and the first year of incubation for newly approved schools and programs slated to open in Fall of 2015.

Office of the Inspector General

MISSION

The mission of the Office of the Inspector General (OIG) is 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

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	1,686,062	1,801,854	1,777,941	1,651,948	1,772,543
Total Department	1,686,062	1,801,854	1,777,941	1,651,948	1,772,543

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	17	17	17
Total Department	17	17	17

MAJOR ACCOMPLISHMENTS

- Conducted numerous investigations of school personnel misappropriating school funds.
- Investigated school based employees for creating fraudulent time records.
- Identified multiple CPS employees who manipulated the Tier system when submitting their children's application for admission to selective enrollment high schools.
- Conducted numerous investigations of non-residents attending CPS, including the children of CPS employees, and identified more than \$500,000 of non-resident tuition owed to CPS.
- Investigated vendors for fraudulent conduct involving purchasing schemes and the submission of fraudulent documents.
- Reported on two high schools fraudulently altering student data affecting dropout rates and attendance.
- Identified a CPS employee who received kickbacks from a vendor under his managerial control.
- Conducted a joint investigation with federal law enforcement authorities that exposed a vendor's fraudulent billing scheme which defrauded CPS of \$7 million and identified employee misconduct related to services provided by the vendor.

KEY BUDGET INITIATIVES

In FY15, the OIG will continue to perform its mandated function to ensure that CPS employs honest employees, managing its programs with limited risk of fraud.

Department of Instructional Supports

MISSION

The Department of Instructional Supports provides systems of targeted resources and academic programs, which expand learning opportunities for student success in college, career, and life.

MAJOR PROGRAMS

- **Recovery, Intervention, and Acceleration Programs:** Provides academic supports through Summer School (Summer Bridge for 3rd, 6th and 8th grades), Summer Acceleration (Age Cycle 15), and HS Credit Recovery and Virtual Learning (7th and 8th grades)
 - **Summer Bridge:** Provides 3rd, 6th and 8th grade students who do not meet the minimum promotion criteria the opportunity to engage in academic interventions focused on individualized learning paths.
 - **Summer Transition Acceleration:** Provides students who are 15 years old or will be 15 years old by September 1st and who have not successfully met the 8th grade promotion criteria, with reading and math academic support focused on developing the necessary skills to successfully transition to high school.
 - **Summer “Cool”:** Provides students in 2nd-8th grade who have met the promotion criteria an opportunity to engage in a theme-based program to prevent summer learning loss in literacy, math and writing. This pilot program is hosted in three classrooms of 25 students per grade band at Bridge sites in the first year.
 - **Credit Recovery (Summer/Yearly):** Provides active and inactive high school students who previously failed academic courses the opportunity to take courses needed to graduate.
 - **Virtual Learning:** Provides incoming 8th grade through high school students the opportunity to take off-site courses for enrichment and advancement. Students taking virtual learning courses for credit recovery have the opportunity to take the courses in a high school computer lab for completing graduation requirements.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	0	0	909,927	71,168	2,308,351
NCLB Federal	0	0	6,728,744	1,387,761	17,676,983
Other Grants	0	0	368,368	250,097	0
Total Department	0	0	8,007,040	1,709,027	19,985,334

- The Department of Instructional Supports budget split from the FY14 *Department of Academic Learning and Support* within the Chief Office of Teaching and Learning.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	0	3	1
NCLB Federal	0	2	4
Total Department	0	5	5

MAJOR ACCOMPLISHMENTS

- Implemented a computer-based literacy and math curricula in Summer Bridge that provided students with customized, individual learning paths informed by the standardized growth assessment.
- Developed the themed concept for Summer “Cool”, a pilot program for students meeting the promotion criteria to engage in project-based literacy and math program with field experiences.
- Implemented a computer-based program in literacy and math with a social emotional learning component for the Transition Acceleration students to prepare for high school
- Improved the quality of high school Summer Credit Recovery courses (English, Algebra 1, Biology and World Studies) through standardized curricula with pre- and post-assessments to measure student growth.
- Developed streamlined reporting systems for course and student data for Credit Recovery and Summer Transition Acceleration students to distribute to Networks and principals.

KEY BUDGET INITIATIVES

- Ensure that every CPS student who struggles academically has the programs needed for instructional supports during the summer and throughout the school year.
- Provide Summer Bridge to over 16,000 students, a projected increase of 2,000 from prior year.
- Identify Summer Transition Acceleration students earlier in order to best provide them with the transitional supports needed for successful entrance to high school.
- Use the pilot Summer “Cool” program as a means to leverage options for extended learning for students who meet promotion criteria and would benefit from engaging in activities to move them to the next performance level. If deemed successful, the goal is to expand this opportunity for all students in the district who meet this criteria.

Office of Language & Cultural Education

MISSION

The Office of Language & Cultural Education (“OLCE”) seeks to support all English Learners (“ELs”) in the district through guidance of quality programs and instruction, building capacity of teachers, and empowering parents to be active participants to advance bilingual and biliteracy skills. OLCE also guides and supports the development and implementation of high quality and rigorous World Language Programs that engage and advance students’ language and cultural competencies.

MAJOR PROGRAMS

- **School-based Transitional Bilingual Education (“TBE”), Dual Language Education & Transitional Program of Instruction (“TPI”) are core programs for ELs:** Provide school-based allocation of supplemental funds in the form of positions and per-pupil funds to enhance the core services ELs receive through TBE and TPI programs, supporting and expanding the services for ELs that align to district priorities and comply with state and federal requirements of bilingual education.
- **Compliant systems, structures and processes:** Monitor, guide and enforce state and federal regulations that are specifically tied to supplemental funding and align to district priorities; ensure that the identification of ELs is accurate and timely; work to make certain ELs receive the highest quality of instruction by appropriately certified and endorsed teachers; and that such procedures are properly documented and reported to the Illinois State Board of Education.
- **Bilingual/Biliteracy & ESL Curriculum and Instruction:** Establish language policies and models of instruction that are of high quality and standards-based; develop resources and tools that address the unique needs of the diverse EL population of the district; enhance the population of bilingual/biliterate CPS students; and promote the English proficiency and academic achievement of ELs and build on their linguistic and cultural competencies.
- **Capacity Building:** Support Network, Central Office and school leaders to build capacity of general education and bilingual/ESL teachers through strategic partnerships and comprehensive professional learning supports that align to District pillars and objectives.
- **Parent & Community Involvement:** Engage and support EL parents with training, theme-based workshops, GED and ESL courses, and ensure their involvement in the school-based Bilingual Advisory Council as well as the city-wide Chicago Multilingual Council.
- **World Language Instructional Support:** Expand and enhance quality models of world language programs that align to district priorities, engage students in learning and navigating a multilingual and multicultural community, and accelerate their success in college and career.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	715,584	323,292	300,976	329,549	750,869
NCLB Federal	2,660,220	7,250,935	6,428,166	3,603,284	5,653,881
Other Grants	587,395	542,026	625,252	474,645	428,623
School Generated	108,747	882,541	877,092	94,026	4,393
Total Department	4,071,946	8,998,794	8,231,486	4,501,504	6,837,766
Budgeted at Schools	30,323,451	24,252,474	26,671,094	21,720,639	26,037,235
Grand Total	34,395,397	33,251,268	34,902,580	26,222,144	32,875,001

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	2	3	3
NCLB Federal	27.2	26.2	26.2
Other Grants	1.8	1.8	1.8
Total Department	31	31	31
School Based	162.5	191.7	206.4
Grand Total	193.5	222.7	237.4

MAJOR ACCOMPLISHMENTS

- Modified the CPS Bilingual Handbook by refining the guiding principles for effective implementation of EL education programs and supports district-wide, and assisting schools with the intake, screening and program placement of these students.
- Provided quarterly professional development sessions for school administrators to build and expand their understanding of core programs for ELs, school-based funding allocation, allowable use of supplemental funds, and staffing needs and requirements
- Provided quarterly professional development sessions to EL Liaisons, which continued to build on their application of the Common Core State Standards (CCSS), English Language Development Standards and Spanish Language Development Standards (WIDA), and began alignment between the Literacy Content Framework and programs for ELs.
- Conducted Quarterly Grade-band Collaboration Days for teachers in schools implementing dual language programs. Approximately 150 dual language teachers attended these sessions each quarter.
- Implemented Summer Support Programs for ELs in grades 2-7, refugee students in grades 2-11, and high school credit attainment courses for ELs in grades 9-11.
- Implemented STARTALK World Language Program in which 60 high schools students participated in intensive Arabic and Chinese language programs at the University of Chicago, and executed a plan to have 25 high school students studying Chinese to travel to China for a 5-week language and cultural immersion program.

KEY BUDGET INITIATIVES

- Invest in professional development for school administrators, general education and bilingual/ESL teachers, and other relevant CPS staff to build capacity of effective practices for teaching ELs and augment understanding and application of Common Core for ELs as well as WIDA-English Language Development Standards.
- Provide additional substantive summer school opportunities for English language learners and newcomer Refugee students.
- Expand instructional resource pool by enabling qualifying teachers to obtain a bilingual or ESL teaching endorsement.

Office of Law

MISSION

The Law Department has charge and control of all litigation, legal questions, and other legal matters related to the District’s affairs. The Law Department supports the District’s mission by providing legal services and counsel.

MAJOR PROGRAMS

- **School Law:** Counsels on federal and state education laws, policies and procedures; administers student expulsions and oversees all legal aspects of the school closing, phase out, turnaround, and consolidation process; and provides guidance to the Board and senior leadership regarding the development or revision of internal policies.
- **Transactions:** Negotiates and drafts contracts including general procurement, professional services, technology, real estate, and charter and contract schools; counsels on compliance with internal CPS procurement policies and the risks and obligations inherent to contracts; and supports the Department of Procurement and Contracts in the preparation of bids, requests for proposals and qualifications.
- **Employment and Civil Rights Litigation:** Represents the Board, senior management and school personnel in discrimination and civil rights cases in federal or state court.
- **Commercial Litigation:** Defends the Board in commercial disputes; preserves the Board's property tax revenues through litigation before the Illinois Property Tax Appeal Board; prosecutes debarment and breach of contract actions; and counsels on commercial liability issues. Also, represents the Board in personal injury and property damage litigation and at the Illinois Workers’ Compensation Commission.
- **Labor:** Represents the Board in collective bargaining and assists in the implementation of new agreements; provides client representation in grievances, arbitrations, and unfair labor practice cases; and prosecutes cases against employees charged with violations of law or Board policy.
- **Labor Relations Office:** Acts as the CEO's representative in collective bargaining. Bargains with labor organizations for conditions that enable / facilitate district educational and budget goals and initiatives, and assists internal stakeholders with implementation of collective bargaining agreements.
- **Investigations:** Conducts investigations including allegations involving issues such as ethics violations, enrollment and transfer issues; negligent supervision of students; corporal punishment and sexual abuse; and issues related to student records and testing.
- **Records:** Manages system-wide compliance with local, state, and federal regulations and Board policies regarding the proper maintenance, retention, and disposal of records.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	8,028,386	11,727,220	12,917,436	11,209,594	16,344,771
School Generated	350	9,047	10,672	247	0
Total Department	8,028,736	11,736,267	12,928,108	11,209,841	16,344,771

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	72	72	75
Total Department	72	72	75

- The Labor relations function moved into the Law Department for FY15. This change includes a 3 FTE increase and \$1.2 million funding for special education work-load reduction, Class Size Committee, and LMCC per CTU contract.

MAJOR ACCOMPLISHMENTS

- Secured verdict in Board's favor for \$10.5 million in pension litigation against the Chicago Teachers Pension Fund - This case involved an issue of whether the Board was entitled to a credit of \$10.5 million (against Board's required payments) for contributions made by the State of Illinois to the Chicago Teachers Pension Fund (CTPF). CTPF has challenged the court's ruling, and its appeal is currently pending before the Illinois Appellate Court.
- Successfully defeated three class actions and injunctive relief cases challenging Board's decision to close 49 schools because of underutilization.
- Advised on school structural changes, including, but not limited to, co-locations, turnarounds, boundary changes, and other school matters.
- Successfully exited *Corey H.*, a class action filed in May 1992 against the Board and the Illinois State Board of Education alleging students with disabilities were being denied a free appropriate public education in the least restrictive environment as required by the individuals with Disabilities Education Act.
- Settled *Jacobsen v. Board*, No. 94 L 5360 which involved a class of former CPS principals who lost tenure in 1991. After losing a motion for summary judgment on the issue of damages, the case settled for \$2 million inclusive of attorneys' fees, costs and expenses.
- The Illinois Appellate Court in *Jennifer Crowley and Darlyn Pruitt v. Chicago Board of Education*, held that the Board was justified in dismissing tenured teachers for violating the Board's residency policy. Significantly, the Court held that (a) the Board has the absolute right to enforce its residency policy; (b) the Board's enforcement of its residency policy was not stale since it clearly published its recent enforcement of this policy; and (c) the Board acted appropriately in its enforcement of the residency policy despite other waivers.
- Updated district-wide blood borne pathogen program and exposure control plan. The new program and plan, with training for covered employees, will roll out this year.
- Property tax matters: Preserved nearly \$13 million in tax revenues through property tax intervention and litigation which includes savings of about \$5 million in revenue through settlement of property tax interventions, and about \$8 million by filing undervaluation cases.

KEY BUDGET INITIATIVES

- Records storage, retention, and disposal program enhancements for district that include, to the extent allowed by federal, state and local law, the development of an electronic storage program that provides efficient maintenance and retrieval of business, administrative and student records.
- Exploring new favorable rate structures for external counsel fees related to Property Tax Appeal Board, Board of Review, and Circuit Court of Cook County property tax matters. Law is working on a fee structure to minimize out of pocket expenses while maximizing tax revenues saved.

Department of Literacy

MISSION

The Department of Literacy builds district capacity of key stakeholders around rigorous standards-aligned curriculum and instruction so every student graduates with the language, literacy, and civic knowledge to succeed in college, career, and life.

MAJOR PROGRAMS

- **Literacy Common Core Professional Development:** Support high-quality literacy teaching and learning as defined by the Common Core State Standards (“CCSS”) through targeted professional development.
- **Literacy Curriculum Supports:** Maintain the CPS Literacy Content Framework (2.0).
- **Social Sciences Supports:** Provide content and coaching to support quality social science teaching in schools.
- **Service Learning:** Support high schools to engage students in service learning project experiences, student voice, civic education and financial literacy.
- **Library Media:** Assist school librarians through the centralized management of Seeking Online Access to Resources (“SOAR”), the CPS Virtual Library, and materials support and recommendations.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	824,173	801,567	723,494	532,131	3,866,188
NCLB Federal	1,726,578	2,036,042	2,133,544	1,652,116	590,482
Other Grants	207,309	126,094	399,407	233,060	463,525
School Generated	73,582	139,289	276,798	137,985	136,926
Total Department	2,831,643	3,102,992	3,533,243	2,555,292	5,057,121

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	2	4	15
NCLB Federal	11	13	2
Other Grants	1	2	2
School Generated	2	1	1
Total Department	16	20	20

MAJOR ACCOMPLISHMENTS

Literacy

- Hosted Quarterly CCSS Network Partnership PD sessions for 17 Networks that reached 1,372 Teacher Leaders, each school receiving CCSS professional development and a 3-part principal series for 300 principals.

- Created Quarterly Literacy assessments for K-12 aligned to the CCSS.

Social Science

- Facilitated Social Science Academy quarterly sessions for 100 teachers across 13 networks, providing content and curriculum development support through collaboration with community and national organizations.

Service Learning

- Implemented a Global Citizenship Initiative in 28 schools, comprised of courses in Civics and Personal Finance, and the formation of Student Voice Committees.
- CPS hosted the Harris Fellows Student Leadership Conference for 300 students and a Principal/Student Summit for 150 students and 10 principals.
- Provided professional development for 500 teachers and facilitated project opportunities for over 5,000 students.
- Organized science learning/eco-restoration projects at 12 natural sites, and hosted 7 leadership events attended by 700 students.

Libraries

- Provided SOAR support to 370 schools that circulated 1,383,372 items. Students received access from school and home to 10,000 eBooks and reference and research artifacts in the CPS Virtual Library.
- Provided 2 professional development events (200+ librarians); 5 REVITAL events (20 librarians); and an online professional development program (80+ librarians).
- Managed the “Battle of the Books” program impacting students at 103 schools.

KEY BUDGET INITIATIVES

- Increase the percentage of 8th grade students ready for high school and the percentage of 3rd grade students reading at or above grade level.
- Expand library automation and virtual student libraries with the use of newly-awarded grant funds, and increase investment in civics and financial literacy-focused education.

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:* 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 focused 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 emphasizes 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, 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

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	1,853,674	10,657,480	6,165,373	2,846,278	4,601,653
NCLB Federal	359,971	72,539	93,953	65,438	0
Other Grants	1,106,792	212,000	248,503	248,423	265,000
School Generated	0	10,000	10,000	0	0
Total Department	3,320,437	10,952,019	6,517,829	3,160,139	4,866,653
Budgeted at Schools	58,037,425	56,294,381	53,260,843	46,752,594	56,266,973
Grand Total	61,357,862	67,246,400	59,778,672	49,912,733	61,133,626

- FY14 Ending Budget reduction due to STEM funds transfers out to schools. In FY15, STEM funds budgeted in College and Career Success unit.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	7	6	8
NCLB Federal	0	1	0
Total Department	7	7	8
School Based	563	530.4	540.9
Grand Total	570	537.4	548.9

MAJOR ACCOMPLISHMENTS

- Expanded access to IB programs by adding Middle Years Programmes at six elementary welcoming schools and STEM programs at 11 elementary welcoming schools.
- Developed and launched a three-year incubation plan for STEM elementary schools.
- Launched Advanced Placement Enhancement Program at 19 high schools aimed at encouraging schools to add new AP courses where appropriate while also improving the quality of instruction in existing courses.
- Provided program and curriculum guidance for the initial implementation of IB Middle Years Programme at four of the “wall-to-wall” IB high schools and at five new IB programs within existing CPS high schools (“wall-to-wall” refers to neighborhood high schools delivering IB Diploma Programme to all enrolled students).
- Provided technical and curriculum development support for seven new IB high schools applying to become authorized IB Diploma Programmes.
- Provided technical support and curriculum development support in collaboration with the Office of Early College and Career Education for six schools seeking authorization to offer IB Career Related Certificate program.
- Developed 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 and to support priority areas of improvement as well as best practices to be shared district-wide.
- Provided professional development for over 1,100 MGIB program teachers.

KEY BUDGET INITIATIVES

- Continue to invest in high-quality, theme-based programs, at “welcoming schools” including 12 elementary STEM, 6 new IB, and 1 Fine Arts programs.
- Invest in five new elementary IB feeder programs for “wall-to-wall” IB high schools.
- Continue to achieve efficiencies in program development and delivery while investing in expansion and development of priority programs such as elementary STEM, IB, Advanced Placement and Selective Enrollment.
- Strengthen and increase access to Advanced Placement programs.
- Convene 400+ teachers and staff from across the district to provide training and support for school-wide STEM integration.
- Conduct IB professional development for 600+ IB teachers to ensure teachers have current resources and up-to-date training in delivering IB Programme curriculum.

Office of Management and Budget

MISSION

The Office of Management and Budget (OMB) provides fiscal support for the District by ensuring that the budget is balanced, expenditures remain within budget, budget decisions are based on solid analytic 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.

MAJOR PROGRAMS

- **Budget Development, Management and Monitoring:** Develop annual budget, provide financial analytic support, monitor overall district finances to ensure balanced budgets in short and long term, develop grant applications, provide financial reporting, and serve as an interface with the Illinois State Board of Education (ISBE) and the federal government on formula grants.
- **Charter School Payment and Network Support:** Responsible for processing payments, overseeing programs, and approving designs for federal and state formula grant submission to ensure grants are spent with budget application guidelines.
- **Fiscal Reporting:** Responsible for all mandatory reporting to the federal and state governments, including Title I Comparability, district surveys, and performance reports for grant programs.
- **Technology:** Responsible in the development of enhancements on business service systems in Oracle during the budget process and fiscal year. Serve as liaisons between OMB, central office departments, and ITS on all special projects and systems.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	2,326,984	2,756,236	2,734,800	2,169,250	2,977,522
NCLB Federal	0	0	0	0	94,432
Total Department	2,326,984	2,756,236	2,734,800	2,169,250	3,071,954

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Fund	25	28	26
NCLB Federal	0	1	1
Total Department	25	29	27

MAJOR ACCOMPLISHMENTS

- Developed and implemented the next phase of Student Based Budgeting, a per-student school funding model. Through continuous efforts, we have made the District's budget a more transparent model while managing other funding areas to incorporate in the FY15 budget.

- Provided greater transparency by adding more interactive budget content and information on the District's website, www.cps.edu/budget
- Completed the implementation of the new Oracle Hyperion budgeting system to make the budget process more efficient and flexible. While Hyperion is in use for many parts of the budget process, we will seek to expand it to all areas for FY16 budget development.
- In mid-FY14, due to reorganization, the Office of Budget & Grants Management separated into two departments: Office of Grant Funded Programs and Office of Management and Budget.

KEY BUDGET INITIATIVES

- Instill greater discipline in monthly financial reporting through the use of Hyperion. Using the new Hyperion reporting tools, we will make monthly financial reports of budgeted versus actual expenditure totals more consistent and less rigorous.
- Continue management plan and budget review meetings to analyze financial reports and discuss progress with key district leaders and stakeholders.

Department of Mathematics

MISSION

The Department of Mathematics provides leadership and resources that support high quality mathematics curriculum and instruction, focused on the effective implementation of the Common Core State Standards (CCSS) to prepare students for success in college, career and life.

MAJOR PROGRAMS

- **Math Common Core Professional Development:** Provide opportunities to build capacity around strategies and resources that foster high-quality mathematics teaching and learning as defined by the CCSS. Engage stakeholders throughout the district in understanding and implementing the instructional shifts that will support student achievement in mathematics.
- **Math Curriculum Supports:** Develop and refine the CPS Mathematics Content Framework, Mathematics Instructional Units, and Benchmark Assessments to support instruction aligned to the CCSS.
- **Middle Grades Algebra Initiative:** Support teachers in earning certifications to teach high school-level algebra to qualified middle grade students.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	151,898	157,706	247,579	231,765	1,122,274
NCLB Federal	1,352,278	1,227,222	1,252,464	892,107	219,000
Other Grants	263,077	74,703	0	0	112,944
School Generated	0	0	104,732	16,498	0
Total Department	1,767,253	1,459,632	1,604,774	1,140,371	1,454,218

- For FY15, the Department of Mathematics split from the FY14 *Department of Math and Science*.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	1	1	7
NCLB Federal	6	6	0
Other Grants	1	0	1
Total Department	8	7	8

MAJOR ACCOMPLISHMENTS

- Developed Mathematics Content Framework 3.0 with support from 30 CPS teachers, which provides instructors with updated planning guides for grades K-11, math instructional units, sample exemplar videos, and high-quality teaching resources.
- Improved student passage rate for High School Algebra by Middle Grades Students Program from 29% in the school year '06-07 to 56% during the school year '12-13, increasing the number of schools offering such programs from 49 to 208 during that same time period.

- Partnered with the Erikson Institute to provide quarterly CCSS Math Network professional development for 721 Teacher Leaders in grades PreK-5. For grades 6-12, partnered with DePaul University to provide quarterly CCSS Math Network professional development for 583 Teacher Leaders.
- Developed key benchmark assessments aligned to CCSS for grades 2 through Algebra II, and developed beginning and end-of-year REACH performance tasks for grades K-12.

KEY BUDGET INITIATIVES

- Continue supporting network staff and teachers in grades PreK-12 with professional development focused on high quality mathematics instruction aligned with the expectations of the CCSS.
- Provide CCSS-aligned resources and assessments to aid teachers in implementing the standards and preparing students to be successful on the upcoming Partnership for Assessment of Readiness for College and Careers (PARCC) assessments.
- Allocate funds to middle school math teachers in order to obtain a CPS Algebra Qualification, certifying them to teach CCSS-aligned high school algebra to qualified middle grade students.

Office of Network Support

MISSION

To ensure that every child – in every school, in every neighborhood – has access to a world-class learning experience resulting in graduation from high school college and career ready by leveraging strong leadership and high-quality teaching in every classroom.

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 Academy for Urban School Leadership (AUSL), 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 159 instructors on staff who are retired military veterans and are cost-shared with the 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 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 the academic performance of schools in their charge. The District contracts with AUSL to provide turnaround services, and to support professional development for teacher residents at AUSL training sites.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
<u>NETWORK SUPPORT</u>					
General Budget	1,371,077	1,084,025	1,163,529	1,152,277	2,574,347
NCLB Federal	784,711	0	516,299	97,404	0
School Generated	0	0	1,216	26,469	0
Total Department	2,155,788	1,084,025	1,681,043	1,276,150	2,574,347

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
<u>SERVICE LEADERSHIP ACADEMIES</u>					
General Budget	1,601,841	2,113,741	1,848,943	1,551,495	1,864,285
Other Grants	0	0	2,272	2,272	0
School Generated	224,917	22,836	227,779	191,780	86,259
Total Department	1,826,757	2,136,577	2,078,995	1,745,547	1,950,544
Budgeted at Schools	14,623,139	16,213,007	16,213,007	15,878,451	16,970,537
Grand Total	16,449,896	18,349,584	18,292,002	17,623,998	18,921,081

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
<u>AUSL</u>					
General Budget	0	0	11,289,673	4,307,443	9,240,365
NCLB Federal	0	0	1,796,213	1,789,743	5,424,277
School Generated	0	0	152,685	91,273	528,531
Total Department	0	0	13,238,570	6,188,460	15,193,173
Budgeted at Schools	0	0	1,962,235	1,761,558	0
Grand Total	0	0	15,200,805	7,950,018	15,193,173

- In FY15, the budget for AUSL has been moved from the Office of Innovation and Incubation to Network Support. This does not represent an increase of funding to the District. The management fee has increased by a net of \$14,000 for the three new turnaround schools.
- The budget for Service Leadership Academies was previously included in the budget for the Office of Innovation and Incubation in FY14.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
<u>NETWORK SUPPORT</u>			
General Budget	6	9	11
NCLB Federal	0	2	0
Total Department	6	11	11

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
<u>SERVICE LEADERSHIP ACADEMIES</u>			
General Budget	15	14	13
Total Department	15	14	13
School Based	158	158	153
Grand Total	173	172	166

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
AUSL			
General Budget	0	2	7.5
NCLB Federal	0	0	29
School Generated	0	3	3
Total Department	0	5	39.5
School Based	36.7	36.7	0
Grand Total	36.7	41.7	39.5

- The headcount for the Office of Network Support has increased as part of network restructuring that saw an overall reduction of more than 70 positions.

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 including.
- Maintain focus on initiatives to improve student attendance and reduce suspensions.
- Improve student transitions between elementary and high school.

MAJOR ACCOMPLISHMENTS

- Reorganized the network structure from 19 elementary and high school networks to 13 K-12 networks to improve student transitions from elementary to high school, which resulted in significant cost savings to the district.
- Created 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.
- Established 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 LSC 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 dollars, and served 184 schools.

- Oversaw successful implementation of the transition plans for welcoming schools to ensure a smooth transition into the school year for students impacted by school actions
- Created 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 11,000 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 69 million meals to 365,000 students through our 600 food campuses.

MAJOR WORKSTREAMS

- **Breakfast and Lunch Programs:** CPS provides nutritionally balanced, low cost or free meals to all students to encourage the consumption of nutritious 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 a breakfast and/or lunch meal.
 - 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

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	-14,623,689	0	0	0	0
Lunchroom	120,754,073	136,353,678	140,242,254	99,268,213	146,985,207
NCLB Federal	6,856	0	0	0	0
Other Grants	50,245	57,000	929,345	900,000	2,150,872
School Generated	117,425	303,793	99,453	0	0
Total Department	106,304,910	136,714,471	141,271,051	100,168,213	149,136,079
Budgeted at Schools	94,795,125	86,638,137	78,003,656	77,332,263	86,282,302
Grand Total	201,100,035	223,352,608	219,274,707	177,500,476	235,418,381

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
Lunchroom	344	263	262
Total Department	344	263	262
School Based	2587	2606	2490
Grand Total	2931	2869	2752

MAJOR ACCOMPLISHMENTS

- Selected a new food service contract with Aramark resulting in \$12 million savings in food cost expense while increasing quality opportunities through farm to school purchases of fruit, vegetables and anti-biotic free chicken. This contract consolidated multiple vendors into one single source vendor procuring food at \$92 Million versus \$104 million in FY13.

- Reduced labor costs from 2013 to 2014 by \$8 million.
- Released over \$10 million in general funds used to supplement the cost of the CPS food program back to the District in 2014. Total revenue received from reimbursable meals will now fully support the entire operations of Nutrition Support Services and there will be a surplus for the first time in over 10 years that will allow for reinvestment back into the food program.
- Increased the number of students that can eat for free regardless of their income level in 252 additional schools from 2013 bringing total sites participating to 415.
- Purchased 36,000 pounds of locally grown carrots that were used to prepare healthy meals for students.
- Expanded Fresh Fruit and Vegetable Program to 37 schools versus 6 schools in FY13.
- Developed and implemented District's first coordinated effort to support maintenance and integration of school gardens into core curriculum and cafeteria service with the new "Eat What You Grow" program.
- Assisted 52 schools in achieving certification for the USDA Healthier U.S. School Challenge
- Adapted Grab and Go breakfast model at twelve pilot high schools and increased breakfast participation by an average of 212 percent.
- Increased the frequency of Parent and Community Advisory Groups to quarterly meetings focused on mapping the amount of processed foods in the District, and supporting targeted training for food employees to continue progress on quality implementation.
- Implemented a Point of Sales system to increase accountability for federal audit purposes and track cash handling at all schools.
- Secured over \$180,000 from various foundations to support pilot programs and outcomes driving participation at breakfast and school gardens.

KEY BUDGET INITIATIVES

- Grow student participation in all programs. Increase breakfast participation by 5 percent and lunch participation by 2 percent for an overall District increase of 3 percent to achieve 71 million meals served for FY15.
- Increase participation in the breakfast, lunch, snack and summer meal programs through the creation of more appetizing and healthier menus.
 - Pilot "bulk style" serving for 25 additional pre-packaged meal locations.
 - Grow high school breakfast participation by increasing the number of sites implementing grab-n-go breakfast at security locations and piloting breakfast vending machines at 4 high schools.
 - Re-train and target 85 percent free/reduced qualified schools with lower than District average breakfast participation for breakfast in classroom/grab and go breakfast.
- Expand the option for all students to each for free regardless of income level to the entire District.
- Continue to implement Meal Management Point of Sale System for the District, increasing meal accountability and cash collection at all District sites. Implement back of the house modules including inventory, production records and logistics.
- Expansion of Lunch Stop program that allows anyone in the community up to the age of 18 to eat throughout the summer from eight sites in FY13 to 34 sites in FY14.

Payroll Services

MISSION

The Department of Payroll Services provides accurate and timely compensation for all employees. Our goal is to fulfill those duties with industry leading customer service and expert consultation to all school-based, network and administrative staffing units.

MAJOR PROGRAMS

- **Compliance:** The Compliance team handles voluntary and non-voluntary payroll deductions, administers manual checks and debit cards, and ensures proper withholding and remittance of employer/employee payroll taxes.
- **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.
- **Customer Service:** The Customer Service team answers all payroll related inquiries from CPS employees, including those that visit central office for in-person consultation.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Fund	3,163,670	3,078,906	2,878,886	2,685,665	3,140,494
Total Department	3,163,670	3,078,906	2,878,886	2,685,665	3,140,494

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Fund	32	32	32
Total Department	32	32	32

MAJOR ACCOMPLISHMENTS

- **Chicago Teacher's Pension Fund (CTPF Support):** Eliminated backlog of open inquiries by 50 percent.
- **Substitute Teacher Payments:** The Payroll team helped to ensure the successful deployment of the new AESOP system by coordinating with over 170 school clerks to ensure that substitute teachers were paid on time through the transition.
- **Enhanced Administrative Efficiency:** Teacher Increment Automation - Moved from manual entry to a fully automated model for teacher increment payments.
- **Processing Improvements:** Through increased automation, the Payroll team reduced time and labor processing from over 4 hours to less than 1 hour. In addition, Payroll also reduced Retro Payment processing from 1 week to 1 day.

KEY BUDGET INITIATIVES

- **Customer Service Improvement:** Reduce call hold times, increase first call resolution and build easily accessible, online support materials for all current and former employees. Increase flexible training options for school based payroll clerks.
- **HCM Platform Upgrade:** Payroll Services will play a crucial role in implementing the new human capital system, all payroll data will be migrated to the new system and Payroll Services will conduct business process reengineering during the implementation to automate all manual processes. The goal will be to enhance the user experience through repeatable, scalable, and reliable technology.

Procurement

MISSION

The Department of Procurement proactively and collaboratively procures high-quality goods and services on-time and at the best value from high-performing, innovative, and ethical suppliers by leveraging best practices of cutting-edge private and public organizations in order to ensure that every CPS school and department has the materials and services necessary for each CPS student to be successful. Furthermore, the Department commits to attain the goals of the Board’s Minority and Women Business Enterprise (M/WBE) policy, which are currently set at 7 percent and 30 percent, respectively, for women and minority-owned businesses.

MAJOR PROGRAMS

- **Source:** Perform the administrative tasks that 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:** Go beyond minimum requirements to drive year over year savings with a commitment to \$100 million in savings over 3 years (FY13-FY15) by developing category strategies and by structuring the best partnership with suppliers for each addressable spend category.
- **Optimize:** Build sustainable procurement excellence by working on streamlining internal processes and creating the framework to pro-actively engage our schools and our key suppliers on a year-over-year continuous improvement program.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	2,468,543	2,686,666	2,845,206	2,424,219	2,475,979
Total Department	2,468,543	2,686,666	2,845,206	2,424,219	2,475,979

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	23	24	21
Total Department	23	24	21

MAJOR ACCOMPLISHMENTS

- Achieved goal of over \$30 million in savings across the District in addition to the savings already achieved in FY13 in the following categories: Facilities Management, Waste Management, and a variety of ITS projects.
- 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 27 key suppliers.
- Trained and certified 528 Principals and 1274 school-based clerks on procurement process and best practices.

- Developed, formalized, and started the implementation of wave two of category strategy (Education materials and IT spend).
- Second year of the new and improved Board Approval Process demonstrated its value and great progress in optimizing the sourcing process.

KEY BUDGET INITIATIVES

- Restructure Buyer and Analyst team salaries to generate savings of \$200,000.
- Complete \$100 million of three year district saving plan.
- Develop category strategy for professional services.
- Implement category strategy for IT and education materials.
- Continue to expand the culture of performance management by expanding our program to non-strategic 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

The Office of Professional Learning defines and manages high-quality professional learning and drive improved performance in alignment with the district pillars to prepare students for success in college, career, and life.

MAJOR PROGRAMS

- **Professional Learning Systems and Structures:** Develop processes and protocols that drive quality in teaching and learning.
- **Induction and Mentoring:** Manage the District’s induction and mentoring program for all new first-year and second-year CPS teachers.
- **CPS University and the Knowledge Center:** Maintain an Intranet site that houses tools and resources for CPS staff training and development.
- **CPS Weekly Updates:** Assists in the creation/distribution of the *CPS Weekly Updates* newsletter.
- **Learning Object Repository (“LOR”):** Manage LOR database comprised of various webinar systems which support digital media management.
- **CPS Framework Specialists:** Provide 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

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	553,671	385,550	599,408	467,443	1,240,463
NCLB Federal	1,181,951	2,166,679	2,264,668	1,995,314	2,449,895
Other Grants	359,106	811,835	1,002,518	580,558	1,465,541
School Generated	0	0	40,000	36,503	0
Total Department	2,094,729	3,364,064	3,906,593	3,079,818	5,155,899

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	3	5	5
NCLB Federal	8	11	11
Other Grants	1	2	2
Total Department	12	18	18

MAJOR ACCOMPLISHMENTS

- Provided induction and mentoring professional development sessions, services, and support to 2,200 new CPS teachers.
- Implemented new standards of qualifications for the external professional development vendors.

- Held three integration summits for Central Office departments to collaborate on how to deliver impactful professional development.
- Implemented a professional development evaluation instrument for Lane Credit PD audits.
- Identified 19 professional development providers in the targeted areas of Common Core, English Language, Special Education, Data Analysis, and Web-based Design.
- Developed and coordinated the Multi-Tier System of Supports (MTSS) professional development plan and cohort I implementation.
- Formed Framework Specialist cohort II, where currently there are 77 teachers spanning all grade levels, subjects and content areas, and Networks.
- Developed an addendum to the CPS Framework for Teaching companion guide addendum focused on preschool, physical education, English learners, Arts, and diverse learners.
- Designed and delivered a 2.5 hour professional development introduction to the CPS Clinician Frameworks for school administrators.

KEY BUDGET INITIATIVES

- Realize central office efficiencies by shifting Educational Technology programs to the Office of Professional Learning, which will coordinate staff and technical resources to reach more teachers and students via new web-based platforms.
- Continue the development of Framework for Teaching courses, modules, tools, and resources that support the improvement of teacher practice.
- Support new teachers through a two year induction/mentoring program and continue to manage and expand an external professional development provider group from which schools can partner and purchase services.
- Streamline the process and develop ease of use of the Knowledge Center and CPS University.

Office of Public and External Affairs

MISSION

The Office of Public and External Affairs advocates for the 400,000+ students of CPS before every level of government to shape educational policy and secure external resources. This includes advancing CPS' agenda in Springfield, before City Council, and in Washington DC, as well as before entities that offer grant opportunities. This also includes building support for and understanding of CPS policy and initiatives to help build strong relationships with key decision shapers.

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.
 - Work 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.
 - As a legally independent entity, CFF functions within its own by-laws and is governed by an external Board of Directors composed of Chicago philanthropic leaders.
 - CPS supports the organization by funding two staff members as an in-kind contribution.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Fund	1,771,259	2,756,620	2,755,520	2,039,316	2,584,249
School Generated	1,800	31,780	45,650	20,000	25,650
Total Department	1,773,059	2,788,400	2,801,170	2,059,316	2,609,899

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Fund	22	22	20
Total Department	22	22	20

MAJOR ACCOMPLISHMENTS

- Successfully lobbied for the restoration of proposed education cuts to state funding.
- Worked on securing \$110 million in capital funds from Springfield through the Advance Deposit Wagering bill.
- Worked with various CPS departments and Chicago's City Council to secure TIF funds for projects at neighborhood schools.
- Produced/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. Secured Peoples Gas as corporate sponsor for fourth consecutive year.
- Secured record support for 2013-14 Back-To-School Campaign, netting over 16 corporate sponsors including four presenting sponsors each with contributions over \$100,000.
- Managed the expansion of Comcast's Internet Essentials Program within the district and city. Chicago is the leading city for the expansion of this low-cost internet service.
- Due to the generosity of The Kitchen Community and the Mayor, we built 100 new Learning Gardens at schools over the past 18 months.
- Secured over \$20 million in competitive government grants this year.

KEY BUDGET INITIATIVES

- Secured additional funding for large scale printing operations that will increase the effectiveness of our lobbyists.
- Streamlined our workforce by closing two vacant positions.
- Maintained existing lobbying budget in order to protect state and federal funding.
- Successfully transitioned External Partnerships from the Chief of Staff office into Public and External Affairs. This reorganization increases our efficiencies by having these revenue seeking programs within one department.
- The acquisition of External Partnerships in FY14 resulted in a budget increase of approximately \$600,000 from the FY13 Ending Budget.

Risk Management

MISSION

The Department of Risk Management (RM) is dedicated to protecting the assets of the Chicago Board of Education through the analysis of risk exposures. RM maintains an insurance program to manage the liability exposure of the Board, and any retained losses are managed through a variety of risk transfer and management programs including transfer of risk via contractual obligations.

MAJOR PROGRAMS

Board's Property & Casualty Insurance Programs

- **Placement of Insurance:** RM works with other CPS departments to obtain all data required to complete applications for the following insurance coverage: General and Excess Liability, Property, Crime, Environmental, Special Events, Mechanical & Boiler, Fiduciary Liability, and Catastrophic Student Accident Insurance.

Verify Incident Reporting System

- **Incident Management:** All incidents occurring on Board property including losses or damages to Board owned or leased property are reported through the Verify Incident System. Additionally RM tracks all power outages to assist with the emergency outage notifications.
- **Asset Management/Tracking and Recovery:** CPS devices that are stolen or missing are tracked by RM through the Verify system. RM also collaborates with Safety & Security, ITS, and its vendors to assist schools with the reporting and recovery process for computer equipment.
- **Claims Management:** RM facilitates the investigation, handling, and processing of claims and is the liaison between the Board, insurance carriers, and third-party claims administrators.

Insurance Analysis & Certificates of Insurance

- **Special Events:** Certificate of Insurance requests for school graduations, field trips, and proms are processed by Risk Management through its insurance broker.
- **RFP/RFQ Insurance Analysis:** RFP and RFQ scopes of services are reviewed to analyze insurance requirements and assess risks and deficiencies. Certificates of Insurance, including those submitted by charter school operators, are reviewed to ensure that they meet the Board's standards.
- **Bus Vendor Monitoring:** All approved transportation vendors are monitored to ensure that the Board's student transportation insurance requirements are met.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	0	9,518,169	9,518,169	6,439,204	9,495,926
Total Department	0	9,518,169	9,518,169	6,439,204	9,495,926

- Risk Management maintains a \$3.6 million retention in its budget to protect the district against major settlements, Phys Ed & sports claims, and Property damage & loss claims.
- Effective 7/1/13, Risk Management was transferred from the Department of Law to the Department of Finance.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	5	5	5
Total Department	5	5	5

MAJOR ACCOMPLISHMENTS

- Reduced the cost of CPS' insurance premiums from \$4.9 million in FY13 to \$4.6 million in FY14, through the detailed review of claims leading to an increase in certain deductibles and the elimination of terrorism coverage.
- Improved the District's Interscholastic Sports Injury Medical Benefits Program to comply with Rocky's Law which took effect July 1, 2013. This provides catastrophic accident coverage for medical expenses in excess of \$25,000 to students in grades 9-12 who participate in sanctioned athletic events.

KEY BUDGET INITIATIVES

- Renegotiated insurance contracts to create a \$200,000 reduction in self-insured retention on athletic claims
- Examine the risks associated with the operation of the Chicago Public Schools, recommending solutions to prevent additional liability to the Board.
- RM ensures that risks with significant fiscal impact are identified and effectively mitigated; manages the general, auto, property liability and extracurricular activity claims program.

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. 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 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 school safety plans
 - School-based security staff support and training
 - Ensuring the performance optimization of school-based security staff
 - Conducting safety audits
 - Partnering with Chicago Police Department and Community Stakeholders to support school safety plans
- **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, metal detectors and Safe Passage, including the use of technology through the CPS Student Safety Center.
- **The Central Office Resources Team** manages the resources that are responsible for safeguarding administrative offices such as the Central Office Headquarters, warehouses, and other CPS-run offices.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	33,557,015	39,648,097	38,181,078	21,727,160	44,960,968
NCLB Federal	6,466,179	8,000,000	8,049,792	8,027,940	0
Other Grants	1,284,320	0	208,379	52,186	86,811
School Generated	14,148	4,066	4,406	0	0
Total Department	41,321,661	47,652,163	46,443,654	29,807,285	45,047,779
Budgeted at Schools	52,953,250	51,066,430	51,243,087	45,083,889	54,439,709
Grand Total	94,274,911	98,718,593	97,686,741	74,891,174	99,487,488

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	194	201	196
NCLB Federal	0	0	0
Other Grants	0	2	2
Total Department	194	203	198
School Based	1000	997	990
Grand Total	1194	1200	1188

MAJOR ACCOMPLISHMENTS

- Expanded Safe Passage Program: Added an additional 600 Community Watchers to support the SY13 and SY14 school consolidation transitions. Enhanced the program by coordinating the efforts of all city agencies across the City of Chicago.
- School Safety Protocols: Partnered with Principals to create school safety plans with enhanced security protocols designed specifically for their school.
- School Safety Protocols: Designed and implemented specific school consolidation safety plans to ensure the smooth transition of students moving into their new welcoming school.
- Improved School Officer Performance: Continued to deliver ongoing mandatory security officer training for over 1,000 security officers to promote more restorative approaches involving building relationships and promoting de-escalation.
- Enhanced School Safety Technology: Completed over 50 major safety technology projects at all schools undergoing school transitions and co-locations. Projects included camera and Ai-phone systems.
- 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.

KEY INITIATIVES

- Continuation of city-wide Safe Passage program a total of 22 community-based vendors that will hire 1,300 safe passage workers for the 2014-2015 school year
- Implementation of safety plans involving SY14 and SY15 School Actions
 - Additional Safe Passage
 - Additional Safety Technology
 - Revised school Safety Plans
- 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 prevention and de-escalation of serious issues. In addition, additional emphasis will be placed on access control to protect students and staff from unwanted intruders.
- Expand and Improve Safety Technology: CPS will continue to seek grants to expand the availability of cameras and other safety technology at schools.
 - SOS grant = \$330,000
- Implement "Re-entry Pilot" in partnership with Department of Justice to support students who are returning to school from the Juvenile Justice System
 - Project Safe Neighborhoods grant = \$239,000 (CPS portion)

Office of School Counseling and Postsecondary Advising

MISSION

The Office of School Counseling and Postsecondary Advising (“SCPA”) is a part of the Office of College and Career Success (OCCS) and ensures that school counselors and college & career coaches are prepared to promote student success, provide preventive interventions, and respond to student needs by implementing a comprehensive school counseling program that advances the academic, personal/social, and career development of all students.

MAJOR PROGRAMS

- **Elementary and High School Counseling Specialists:** Responsible for the integration of the School Counselor Framework tool 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, personal/social, and postsecondary needs of all students. Specialists also 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:**
 - GEAR UP Federal program operates in 55 elementary schools and 28 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.
 - College and Career Specialists are responsible for implementing targeted strategies and activities such as organizing college fairs, facilitating college-school partnerships and dual enrollment coursework that support schools in their efforts to prepare all Chicago Public School students for postsecondary opportunities. Direct services to high schools in designated Network promote a college-going culture and drive CPS students’ college access and persistence.
- **Scholarship and Student Portal Support:**
 - Publish a scholarship guide to inform students, families, and schools of such opportunities. Partner with strategic scholarship providers; manage, track, and report scholarship dollars; coordinate scholarship events; and review applications where applicable.
 - The Student Portal in What’s Next Illinois is an online tool offering a comprehensive set of college and career exploration activities for students and includes an Individual Learning Plan (ILP), a college and career planning document that should be developed collaboratively between schools staff and a student. SCPA provides school teams with training to promote adult and student use of the Student Portal in order to advance students’ awareness of and preparation for postsecondary opportunities, starting in the middle grades and continuing through high school graduation.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	653,773	296,384	1,575,290	704,763	2,710,202
NCLB Federal	56,767	354,235	354,235	328,459	0
Other Grants	1,329,347	1,393,341	1,981,142	1,579,573	1,937,290
School Generated	15,983	27,404	33,370	11,624	0
Total Department	2,055,870	2,071,364	3,944,036	2,624,419	4,647,492

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	2	9	13
NCLB Federal	5	3	0
Other Grants	19	22	21
Total Department	26	34	34

MAJOR ACCOMPLISHMENTS

- Completed the Companion guide for the REACH school counselor framework which together with the CPS Framework for School Counselors respond to the *CPS Vision* and the “need for systems of support” by outlining good school counseling practices that help school counselors develop a comprehensive counseling program that supports a safe learning environment, addresses the needs of all students through culturally relevant prevention and intervention programs, and promotes equity and access to rigorous educational experiences.
- Expanded professional development sessions and created toolkits for school counselors targeting K-8 counselors, DREAMers (undocumented students), and Parent Session Professional Development as part of the Bilingual Advisory Committee.
- 3 schools (Amundsen, Chicago Academy, and Von Steuben) achieved RAMP status, a national recognition for schools demonstrating data-driven counseling programs.
- Launched the ES Counselor Portal, where counselors track their 8th grade students’ actions in the high school application process, and guide students to the best options.
- Realized an increase in scholarship offers from Historically Black Colleges and Universities (HBCU) to eligible seniors from high schools across the District of \$14 million, to \$52 million in total.
- Supported schools and students to win the most Gates Millennium Scholarships (44) of any district nationwide, and increased the number of Gates Millennium Scholars from 2012-13 (35). Gates scholarships provide students a full-ride “good through graduation” scholarship that can be used to pursue an undergraduate degree at the college or university of a student’s choosing.
- Launched the first Empowering Young Men of Color Summit for 400+ students citywide – a focused all-day conference to encourage and support male African American students with their college and career planning.
- Coordinated the 11th Annual “Escape to Mecca” College Immersion Tour to Howard University. 37 juniors and seniors representing 18 schools participated. For the first time, 23 seniors already accepted to Howard for the fall comprised the majority of attendees. Two (2) additional seniors were accepted on-site during the visit. Thirteen (13) of the 25 seniors were tuition and higher recipients, and 19 committed to enroll in the fall. Since returning from the trip several more seniors have received award offers of \$12,000 or more additional funds.

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 is reviewed biannually by school counselors, and culminates in a concrete post-secondary plan.
- Develop a system of strategies to improve school-level and district-wide college persistence (i.e., to ensure that students who enroll in college persist to completion).
- Implement plan for College and Career Counseling Suites to be built in 20 high schools in order to ensure schools have the infrastructure to promote and ensure career exploration and college awareness, access, and success.

- Conduct quarterly Parent University sessions throughout the city to engage and connect families and communities to postsecondary access resources and recommended activities.
- Design a college advising credential and associated professional development for school postsecondary advising staff that will ensure more school staff are getting the training and support they need to be effective in increasing and sustaining student postsecondary success.
- Organize 3 citywide college fairs that focus on specific sectors (e.g., STEM), selective colleges and universities, and a “Last Chance” Spring Fair for seniors.
- Re-establish Higher Education Advisory Task Force (HEAT) to facilitate stronger postsecondary opportunities for Chicago Public School students.

School Support Center

MISSION

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. We represent the school customer through advocacy and, in partnership with Central Office departments, work to create efficiency so that principals can focus on instruction.

MAJOR PROGRAMS

- **Support Center:** This team provides problem solving, consultation, and instructor-led training support to school principals and their support staff across the district. The School Support Center serves as a single-point of contact for support in the functional areas of budget, finance, procurement, human resources, and emergency management planning.
- **Quality Assurance, Training & Compliance:** The School Support Center develops training content and provides training courses on budget, finance procurement, safety & security, human resources, and new principal training. The SSC also spearheads three seasonal campaigns (public sector budgeting, internal account survey for fixed assets, and free/reduce meal applications) and organizes Network principal budget training and working sessions. In addition, the SSC analyzes school-level trends/system issues, and works with Central Office departments to improve district-wide policies and procedures and to increase effective communication between central office departments and schools.
- **Premium Services:** The School Support Center Premium Services option offers a shared service alternative for school principals to receive on-site consultation, training, and support in all areas of school financial operations. This includes budget monitoring and preparation, oversight and advisory support on financial compliance and reconciliation, and on-site training for principal and administrative team. Premium Services are offered at no cost to the District because schools pay for the services using their discretionary funds. The table below shows the amount of revenue earned from offering Premium Services over the last few years:

Year	Revenue Earned	Number of Schools Served
FY2012	\$1,235,986	135
FY2013	\$1,571,750	162
FY2014	\$1,449,718	150
FY2015 (estimated)	\$1,413,375	150+

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	2,880,977	2,243,447	2,898,116	2,484,247	2,121,874
NCLB Federal	90,543	0	0	0	0
School Generated	848,640	250	772,489	698,917	0
Total Department	3,820,160	2,243,697	3,670,605	3,183,164	2,121,874

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	29	30	29
NCLB Federal	0	0	0
School Generated	9	8	8
Total Department	38	38	37

MAJOR ACCOMPLISHMENTS

- Organized district-wide the release of Student Based Budgeting for Network Principals' Budget meetings in collaboration with the Office of Network Support, Budget 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 1,500 school-based iProcurement users on policy and ensured that 100 percent of users are certified in the Oracle tool.
- Increased customer participation with Premium Service option, which provides an alternative to school principals to receive site-based support, consultation and training in all areas of school finance and budget for a shared fee; on-boarded 35 new schools joining the program in FY14.

KEY BUDGET INITIATIVES

- Continue expansion of SSC model 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.
- Design and implement a comprehensive tool coordinated across all departments to provide principals and Network chiefs with a streamlined list of district priorities/deliverables for FY15.
- Collaborate with Talent, Procurement, Budget, Finance, and Safety & Security to support the design and implementation of professional development training for new and experienced principals and assistant principals across the district.
- In collaboration with the Budget office, develop and manage the implementation and support strategy for the multi-year roll-out of Student Based Budgeting across the district.

Department of Science

MISSION

The Department of Science provides leadership and resources that support a high quality science curriculum and instruction to prepare students for success in college, career, and life. The work of the department focuses on the effective implementation of the Next Generation Science Standards (NGSS) which articulate the performance expectations that depict what K-12 students must do to show proficiency in science, engineering practices, and cross-cutting concepts.

MAJOR PROGRAMS

- **Science Professional Development:** Support high-quality science teaching and learning as defined by the NGSS by building capacity through professional development at the classroom and Network levels.
- **Science Curriculum Supports:** Develop and refine the CPS Science Content Framework; provide guidance to schools around selecting high quality science curriculum and instructional best practices; partner with the Office of Accountability to develop high-quality, developmentally appropriate assessment options for science and collaborate with the Office of College and Career Success to execute the Districts' STEM strategy.
- **Science Resource Center:** Provide all CPS schools with access to research-based K-5 science curriculum units aligned to the NGSS and provide science professional development for K-5 teachers implementing these units.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	78,250	81,242	127,541	119,394	744,513
NCLB Federal	696,628	632,206	645,208	459,571	0
Other Grants	135,525	38,484	0	0	0
School Generated	0	0	53,953	8,499	0
Total Department	910,403	751,931	826,702	587,464	744,513

- For FY15, the Department of Science split from the FY14 *Department of Math and Science*.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	0	1	5
NCLB Federal	4	4	0
Other Grants	0	0	0
Total Department	4	5	5

MAJOR ACCOMPLISHMENTS

- Developed the Science Content Framework 2.0 with the collaboration of 29 CPS science teachers, which provides support through planning guides, science instructional units, sample exemplars and inquiry-based kits for K-12 science.
- Partnered with DePaul, Loyola, University of Chicago, and Northwestern on teacher professional development to build awareness of and transition to the NGSS focusing on the science and engineering practices in Networks 2, 3, 9 and 11 for approximately 210 teachers.
- Organized and facilitated two city-wide PreK-12 teacher professional development for over 250 teachers to enhance their science content knowledge and build awareness of the NGSS.
- Loaned over 400 Pre-K-5 science kits from the Science Resource Center to schools.
- Developed beginning and end-of-year REACH science performance tasks for grades 6-12.
- Created key course-specific benchmark assessments for high school biology, chemistry, and physics.

KEY BUDGET INITIATIVES

- Upgrade science curriculum units in the Science Resource Center (SRC) to align with the Next Generation Science Standards (NGSS). The SRC provides all CPS schools with access to borrow and implement research-based K-5 science curriculum units.
- Establish a NGSS Leadership Academy, to develop and build the capacity of a cadre of teachers to serve as professional development leaders to support subsequent district-wide NGSS implementation and professional development.

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 learning, and tailored behavioral interventions.

MAJOR PROGRAMS

- **Social Emotional Learning, School Culture and Climate:** Provide guidance on programs and positive behavior 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.
- **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 suspensions and adjudicate expulsions.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	18,501,665	1,459,908	1,616,030	1,250,190	7,322,049
NCLB Federal	2,363,362	4,059,928	4,324,719	2,494,645	0
Other Grants	3,688,340	1,843,405	5,014,756	3,963,711	4,246,292
School Generated	615,401	237,379	476,209	110,632	250,000
Total Department	25,168,768	7,600,620	11,431,715	7,819,178	11,818,341

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	11	11	26
NCLB Federal	1	1	0
Other Grants	9	10	9
Total Department	21	22	35

MAJOR ACCOMPLISHMENTS

- Synthesized current research and perspectives from stakeholders throughout the District to develop the CPS School Climate Standards, created an aligned self-assessment tool, and delivered professional development to staff in all CPS networks, in accordance with the directive in Pillar 2 of the 2013-14 Chicago Public Schools Action Plan, which states that the District will: “Establish a universal standard for a positive learning climate in every school that makes students feel valued, challenged, and supported.”
- Expanded implementation of universal (Tier 1) strategies to 282 schools from 242. These include programs and practices that have strong evidence of effectiveness for improving school climate,

classroom behavior, or SEL skills, including Positive Behavior Interventions and Supports (“PBIS”), Foundations, CHAMPS, and Second Step.

- Introduced small group interventions that have demonstrated increases in self-esteem and peer liking (and decreases in aggression) to build basic cognitive and behavioral social skills and coping strategies in students in grades Pre-K through second for 30 schools.
- Increased the documented implementation of group interventions that have been found to decrease aggressive behaviors and improve depression, anxiety and post-traumatic stress symptomatology in students with reactive aggression or histories of traumatic exposure by 10 percent (groups documented in 192 schools). 96 percent of CPS clinicians were trained on one or more intervention techniques.
- Began pilot of alternatives to expulsion interventions in four networks to shift the District toward a more supportive and corrective process to address severe misbehavior and to reduce the number of expulsion referrals.
- Initiated district-wide Suspensions and Expulsions Reduction Plan involving enhancements to professional development, data systems, resource development, and policy to focus on more restorative, corrective, and instructive discipline practices.
- Increased the percentage of behavior incidents resulting in documented instructive, corrective and restorative practices, from 3.4 percent in SY12-13 to 14.8 percent in SY13-14 (as of April 2014), and decreased the number of out of school suspensions per 100 students, from 8.98 in Semester 1 of SY12-13 to 7.48 in Semester 1 of SY2013-2014 (excludes Charter and Contract schools).
- Continued implementation of the \$19.7 million CPS Teen Pregnancy Prevention Initiative (TPPI) at 38 CPS High Schools utilizing Wyman’s Teen Outreach Program (“TOP”), which is being evaluated using a randomized treatment/control study. TOP implementation was expanded as part of the re-engagement curriculum for Chicago’s SOAR centers, and 6,100 9th graders are participating.
- 220 youth participated in the CPS Teen Pregnancy Prevention Initiatives (TPPI) Peer Health Ambassadors (PHA) program across 10 CPS sites. PHA is a year round program that focuses on increasing students’ awareness of adolescent health issues as well as cultivating their leadership skills in efforts to increase youth advocacy. Student participants received leadership development training as well as adolescent health education.

KEY BUDGET INITIATIVES

- Hire a full time SEL Specialist for each network to lead in strategies for a coordinated and effective school climate, classroom management, social-emotional learning, restorative practices, and behavioral interventions process at schools as part of Multi-Tiered Support Systems.
- Fund expansion of professional development, resource creation, and direct services for suspension and expulsion alternatives to meet specific social, emotional, and behavioral needs of referred students as well as Tier II and Tier III behavioral interventions.
- Continue CPS Teen Pregnancy Prevention Initiative activities which 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 devolving on-going support costs to schools, building internal capacity to provide training and coaching, and ensuring a focus on preventative strategies through the suspensions and expulsions reduction work.

Sports Administration & Drivers Education

MISSION

The Department of Sports Administration develops interscholastic athletic opportunities that enrich students' educational experience and provide life lessons.

MAJOR PROGRAMS

- **Sports Administration:** Manage the operational logistics for 52 citywide High School and Elementary School Interscholastic competitions across three seasons and for the citywide summer sports camp sessions. Facilitate the comprehensive professional development of all High School and Elementary School Athletic Directors and coaches, which includes recognition of rules, regulations and conduct of all who are associated with the Sports Administration mission as teaching instruments, each of which must be designed to influence participants toward desirable character, health and physical development.
- **Student Drivers Education:** Oversee classroom instruction and behind-the-wheel activities for students at 20 city-wide locations, along with the continuous monitoring of the Driver's Education fleet of 192 vehicles.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	15,852,837	10,212,052	9,963,942	11,643,102	17,017,964
School Generated	487,385	1,065,199	1,707,810	1,229,824	5,760
Total Department	16,340,222	11,277,251	11,671,753	12,872,928	17,023,724

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	9	9	9
Total Department	9	9	9

MAJOR ACCOMPLISHMENTS

- Hired a Title IX Professional as Compliance Coordinator to oversee the gender equity obligations of the District.
- Redefined the role of Sports Coordinators as Regional Athletic Directors, with expanded responsibilities to more efficiently manage sports operations, improve communications with schools and adhere to District policies and procedures.
- Launched guidelines requiring earlier start times for athletic competitions in order to address safety concerns.
- Established a partnership with the Office of Student Safety and Security to better ensure student safety at CPS sports events.
- Created a new hiring process map for hiring non-board coaches.

- Established a “Principal Attestation Letter” which verifies that coaches have been: cleared through the CPS Talent Office, received concussion training, and have completed coaching certification training.
- Upgraded the fleet with the purchase of 40 new cars to better serve the needs of the students in the Drivers Education program.

KEY BUDGET INITIATIVES

- Implement a system to track sports activities per school and monitor coaching activities, and assign new sports teams to schools when aligned with the District budget.
- Engage in strategic planning that ensures the budget for Sports Administration is thorough, efficient and aligned to the District’s core tenants, and develop key performance indicators to track progress to new goals.

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” that are generally elementary schools which 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.
- **School Diagnostic Reviews:** During FY15, a school diagnostic review (“SDR”) will be conducted for each OS4 school in the fall and spring. An SDR is a comprehensive process for measuring a school’s performance compared to uniform quality standards defining a high performing school. After the SDR, the school’s leadership, faculty and community receive an evidence-based report identifying the school’s strengths and challenges and recommended strategies for improvement. When SDRs began during FY14, an external provider supported the development and implementation of the process, including training CPS staff to lead reviews. The goal for FY15 is to increase the number of CPS staff who are trained to lead SDRs, which will build capacity to conduct them without external support.
- **Blended Model of Professional Learning:** School leaders, instructional leadership teams and teachers in OS4 schools will participate in a professional learning model that is designed to support continuous improvement; is contextually specific; includes opportunities for collaborative practice, peer observation, research and reflection; and provides differentiated support via in-person and virtual coaching. Local School Council members and parents will be afforded opportunities to engage in professional learning and training sessions that will support them in further developing the knowledge and skills required to engage in a successful whole school transformation effort.
- **Common Core Academy:** OS4 elementary students have the opportunity to attend a Common Core Academy on Saturdays at various points throughout the school year. The Common Core Academy consists of targeted instruction in literacy and mathematics aligned to the Common Core State Standards and provides teachers with additional professional learning opportunities outside of the regular school day.
- **Extended Day Program:** During FY15, OS4 will collaborate with its elementary schools to implement an after-school academic intervention program focused on literacy for students in Grades 2-8, which will incorporate a blended learning approach aligned to the Common Core State Standards for English Language Arts. While an external provider will support the design and implementation of the program, all instruction will be provided by CPS teachers, which will build internal capacity to sustain the program without external support.
- **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

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Fund	1,024,742	908,899	641,664	426,986	231,636
NCLB Federal	0	16,223,829	16,431,735	9,847,729	15,340,429
Other Grants	4,232,829	2,050,545	2,135,149	595,448	3,311,558
Total Department	5,257,571	19,183,273	19,208,548	10,870,145	18,883,623
Budgeted at Schools	27,181,436	9,820,071	26,058,993	15,713,407	15,088,476
Grand Total	32,702,561	29,003,344	45,281,292	21,687,351	33,972,099

- FY14 Amended and FY15 Proposed Budgets do not reflect total grant appropriations, which are loaded in the first quarter.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Fund	9	2	2
NCLB Federal	18	19.5	17
Other Grants	9	5.5	3
Total Department	36	27	22
School Based	123.25	144.75	137
Grand Total	159.25	171.75	159

ADDITIONAL BUDGET INFORMATION

- The amount budgeted at schools is currently understated because we do not know how many of our applications for new SIG grants will be awarded, and we do not know how much carryover funds we will have for our existing SIG schools. The FY14 budget increased approximately \$16 million due to SIG grants. OS4 is expecting an increase of \$11 million from SIG grants in FY15.
- While FY14 Expenditures appear lower than the ending budget, a large portion of this amount is currently in obligations. However, OS4 does not anticipate spending the full ending budget in the categories listed above.

MAJOR ACCOMPLISHMENTS

- **Measured Improvement:** The average 3-8th grade on-track rate at OS4 schools rose by 4 percent in just one year, up to 54.1 percent. In addition, the NWEA Reading scores increased this year in every single OS4 elementary school. NWEA Math scores increased in 18 OS4 elementary schools.
- **FY2015 SIG Grant Awards:** OS4 submitted SIG grant applications on behalf of 13 elementary schools to implement the transformation intervention reform model. Grant awards are expected to be announced in July 2014.
- **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.

- **School Diagnostic Reviews:** OS4, in partnership with a vendor, completed two-day qualitative school diagnostic reviews at all 38 OS4 schools in the fall and 25 again in the spring. Through this process, our schools were able to better understand their strengths and challenges, including ways to better combat weaknesses. The feedback from the review is critical in developing and frequently revisiting schools' plans for improvements.
- **Professional Development:** During the 2013-2014 school year, OS4 launched its professional development offerings for leaders and teachers in the Reinvestment schools. School leaders participated in monthly Chicago Educational Leadership Academy sessions aimed at broadening their leadership and instructional expertise through customized sessions focused on research, theory, and practical application. Teacher sessions were scheduled by grade level which resulted in a series of over 30 full two-day sessions grounded by two overarching themes: 1) ELA Common Core Shifts, and 2) Gradual Release of Responsibility Instructional Framework. The average teacher session included approximately 25 participants in each session, resulting in over 180 hours of face-to-face professional development for teachers across OS4.

KEY BUDGET INITIATIVES

- **Leverage External Funding Sources to Support OS4 Initiatives:** OS4 will identify alternative and creative partners to support school transformation efforts, which includes applying for grants and developing public-private or school-university partnerships.
- **Create Sustainability for SIG Schools with Grants Ending FY15:** OS4 will collaborate with lead partners to monitor how schools in the last year of SIG are building internal capacity and minimizing the impact of grant expiration.
- **Increases in Professional Development:** An increase of approximately \$1.3 million will be spent on OS4's professional development, including: funding for structured Extended Day program for Reinvestment schools; Saturday Common Core Academy; summer transitional program for 8th graders for the summer of 2015; pilot enrichment in foreign language at two to three schools; additional instructional materials; parent and community engagement; and SEL interventions funding.
- **Budget Reductions:** Due to underspending in certain areas in FY14, OS4 adjusted its FY15 budget to better accommodate its needs.
 - FY15 is the first of a two-year ramp-down of vendor services for SDRs currently obtained from Cambridge Education. This reduction will save \$525,000 in FY15 as OS4 builds capacity to perform all of the work internally.
 - Vendor contracts have been reworked to provide the same high-quality level of service at a reduced cost, saving \$1.84 million in FY15. Further, a literary specialist and a math specialist position will be closed, resulting in savings of approximately \$250,000.
 - Four central office positions will save approximately \$285,000 in FY15.
 - Reductions in consulting assistance on high-school and middle grades redesign and transitioning off School Improvement Grants will save approximately \$165,000.
 - A decrease in IT services for schools will save \$30,000.

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

- **Strategic Planning & Initiative Management:** This function was created to ensure development and delivery/execution of District strategic priorities and initiatives in a well-coordinated, timely, and cost-effective manner, by partnering with all other offices to establish robust targets, develop sound implementation plans tied to those targets, and implement a series management routines to monitor progress, including a series of cascading reports, timely and complete performance updates, and action-oriented performance dialogues to ensure progress.
- **Capital planning:** In partnership with other offices, develop and update the Educational Facilities Master Plan and identify investment priorities over 1, 5 and 10 year time horizons, to utilize limited CPS resources in a sound and effective manner tied to our aspiration of providing all students access to a superior learning environment, with equitable access to superior educational opportunities.
- **Demographics:** Support CPS leadership through data-driven demographic analysis and support to deliver accelerated progress on vision, pillars, and priority initiatives. Critical work includes geo-coding and demographic analysis of 20th day enrollment student file (total attending, total residing, residing and attending, etc.), space utilization calculation and publishing, enrollment projections by school and grade for budgeting and maintaining the neighborhood school boundary locations and data file.
- **School actions:** Manage and implement school actions in a manner compliant with SB630, as amended. The FY14 budget for the Office of Strategy Management included \$17,538,674 related to the large number of school transitions completed in the summer of 2013. The FY15 budget is reduced to reflect a more normalized spending level associated with school transitions.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Fund	6,043,168	19,083,028	24,627,280	24,347,826	1,640,779
NCLB Federal	0	250,000	0	0	0
Total Department	6,043,168	19,333,028	24,627,280	24,347,826	1,640,779

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Fund	10	10	10
Total Department	10	10	10

MAJOR ACCOMPLISHMENTS

- Successfully managed the consolidation of 50 underutilized schools and programs into Welcoming Schools starting in the 2013 school year, redirecting limited resources into higher performing schools that will provide the investments needed to create a quality, 21st Century education for every child.
- Released CPS draft Educational Facilities Master Plan, providing community area level plans and individual school master plans with options for addressing the needs of each facility operated by the District over a 10-year period.

KEY BUDGET INITIATIVES

- Organize team to include demographics and portfolio planning staff formerly of Innovation & Incubation—a total investment of \$891,000—but at a net new cost of zero to the district.

Office of Student Health and Wellness

MISSION

The Office of Student Health and Wellness (“OSHW”) aims to remove health-related barriers to learning such 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

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	4,271,859	4,216,051	4,200,067	4,107,910	4,629,062
Lunchroom	57,294	53,185	53,186	53,186	140,592
NCLB Federal	0	0	594,598	28,297	1,000,000
Other Grants	991,358	2,980,178	4,365,339	3,245,089	2,070,660
School Generated	374,335	375,890	563,167	370,948	301,836
Total Department	5,694,847	7,625,304	9,776,357	7,805,429	8,142,150

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	54	55	55
Lunchroom	0.5	0.5	1.5
NCLB Federal	0	1	1
Other Grants	10	8.9	8
School Generated	2.5	3.6	2.5
Total Department	67	69	68

MAJOR ACCOMPLISHMENTS

- Disseminated and analyzed Healthy CPS Survey for over 270 schools to assess alignment to health and wellness policies and determine relevant action steps.
- 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 glasses and over 20,000 pairs of glasses to students. Conducted over 190,000 vision screenings. Provided over 100,000 comprehensive dental exams.
- Launched the HIV/STI Prevention Initiative aimed to reduce STI infection, address health disparities, and reinforce efforts to reduce teen pregnancy rates.
- Engaged over 500 stakeholders in The *Movement* Movement, formerly called Minds in Motion, to develop a strategic plan for strengthening physical education at the Chicago Public Schools.

- Received over \$5 million in federal and private grant funds to support student health and wellness programs.

Student Health

- Created Diabetes, Food Allergies, Asthma, ADD/ADHD and Sexual Health Education training webinars, promoted to school staff and monitored policy alignment
- Implemented a new Sexual Health Education Policy and trained over 500 sexual health instructors
- Developed School-Based Health Center (SBHC) Board Rule and Protocol to codify the relationship between schools and SBHCs, outline the procedures for developing a new SBHC, and align with local, state and national initiatives
- Supported the transition of 2 new SBHC providers
- Provided over X comprehensive dental exams.
- Seven Mobile Health Care Providers made 500 school visits and provided services to nearly 6,500 students.

Student Wellness

- Was awarded over \$3 million in public and private grants to expand student wellness initiatives.
- Developed and disseminated LearnWELL toolkit to assist schools in meeting the new wellness policies.
- Launched StartWELL to support student wellness initiatives in CPS early childhood settings.
- Finalized The *Movement* Movement (formerly *Minds in Motion*), a five-year strategic plan to develop and galvanize support to strengthen the physical education program for all Chicago Public Schools students.
- Developed new Physical Education Policy, adopted by the Chicago Board of Education, that increases elementary school physical education from an average of one day a week to five and from two years in high school to four.
- Launched 30+20+10, an initiative to provide students with 60 minutes of physical activity at school every day through 30 minutes of physical education, 20 minutes of recess and 10 minutes of classroom-based physical activity, at 25 schools.
- Launched Nutrition Education pilot in 25 schools to link the classroom, dining center, and school garden.

KEY BUDGET INITIATIVES

Student Health

- Implement the HIV/STI Prevention Initiative at 20 priority schools to build school capacity and supports to implement exemplary sexual health education, provide access to sexual health related services, create safe and supportive environments, and promote the Sexual Health Education Policy.
- Finalize and implement strategy to build a Chicago Optical Lab.

Student Wellness

- Assist 100 additional schools in becoming certified for LearnWELL.
- Support expansion of physical education from two to four years at 90 high schools. High school students will have to take four years of PE instead of two.
Identify 550 Wellness Champions to serve as school-based advocates for student wellness. Wellness Champions are charged with convening a school wellness team that is responsible for implementing the district's Local School Wellness and Healthy Snack and Beverage policies.

Office of Student Support and Engagement

UPDATE (7/3/14): This narrative was inadvertently left out of the original budget document posted on July 2, 2014.

MISSION

The Office of Student Support and Engagement (“OSSE”) is a part of the Office of College and Career Success (OCCS) and provides a set of supports targeting basic, academic, and enrichment needs to make academic learning more accessible to students and to remove barriers and challenges students face in attempting to obtain an education. OSSE helps students get engaged in school, stay engaged in school, and – when they drop out or become chronically truant – re-engage in school.

MAJOR PROGRAMS

- **Attendance & Truancy:** Lead and coordinate the district-wide effort to develop systems and structures that promote consistent student attendance 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:** Assist in removing barriers to the educational opportunities for 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 outreach to chronically truant and out of school youth to get them re-engaged, re-enrolled, and persisting in a best fit educational setting.
- **Academic Competitions:** Manage and oversee the participation in: Science Fair, Math League, Academic Decathlon, Debate and Spelling Bee, hosting over 40,000 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 and After School Matters programs, Science Olympiad and You Be the Chemist, offering 45,000 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:** Support 102 schools in Chicago identified as Community Schools. These schools partner with community based organizations to provide a comprehensive set of wrap-around supports to students. Central office guides implementation and provides technical assistance.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	12,074,070	20,450,712	15,018,162	14,069,349	16,194,889
NCLB Federal	82,527,927	69,825,603	66,516,067	62,118,658	3,706,518
Other Grants	9,670,291	18,159,876	13,053,539	11,592,873	8,705,337
School Generated	275,042	3,916	1,272,946	279,982	0
Total Department	104,547,329	108,440,107	95,860,714	88,060,862	28,606,744
Budgeted at Schools	3,488,918	888,695	4,214,432	2,604,222	0
Grand Total	108,036,247	109,328,802	100,075,146	90,665,084	28,606,744

- FY13 and 14 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) is currently budgeted in contingency in FY15.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	13	8	9
NCLB Federal	11	6	5
Other Grants	47	33	32
Total Department	71	47	46

- A number of positions moved to departments within Teaching and Learning during the course of FY14.

MAJOR ACCOMPLISHMENTS

- Launched strategies to improve attendance district-wide with a particular focus on reducing chronic absenteeism and chronic truancy, including the development of data monitoring tools, pilot of attendance audit process, targeted investments to support training on climate, culture and social emotional skill development, and incentives.
- Organized a variety of academic competitions such as Academic Decathlon, Science Fair, and Spelling Bee, with over 40,000 students engaged and select teams moving on to win state and compete on the national level.
- Engaged approximately 45,000 students in out of school time programming such as After School Matters and After School All Stars that has instituted new programs such as Passport to Success and the Chicago Youth Service Day.
- Completed the first year of operating three re-engagement centers through which we provided outreach to over 900 out of school youth with approximately 78% continuing on to re-enrollment in school.
- Provided transportation and other basic needs such as hygiene kits and clothing to thousands of STLS students in CPS.
- The Community Schools Initiative supported over 100 schools in creating integrated support services for students by aligning needs with community partners and service providers.

KEY BUDGET INITIATIVES

- Investing roughly \$3 million in funding for an Attendance and Truancy initiative aimed at driving District-wide attendance with an awareness campaign, incentives, and team training with a goal of keeping students in school.
- Adding an additional \$1.3 million to continue to support the growing number of our students living in transitional situations, ensuring their access to all educational opportunities.

Talent Office

MISSION

The Talent Office strives to attract and retain high-quality talent through comprehensive talent acquisition, onboarding, engagement, evaluation, development, rewards, and recognition strategies.

MAJOR PROGRAMS

- **Talent Acquisition:** Lead and support the recruitment of high-needs teachers by managing all teacher pipelines and all student teaching partnerships; lead the recruitment of high-quality principals through the Chicago Leadership Collaborative and other principal pipelines; implement the “Day-in-the-Life” assessment to maintain the rigor of the Principal Eligibility Process; create candidate slates for critical District roles.
- **Educator Effectiveness:** Management the principal and teacher REACH evaluations; support teachers in becoming Nationally Board Certified in partnership with the Chicago Teacher’s Union; facilitate Broad Foundation and Education Pioneer talent pipeline programs.
- **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.
- **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.
- **Leadership Development:** Provide development to aspiring principal candidates through the Chicago Leadership Collaborative (CLC) and the Aspiring Principals Program; enhance leadership skills of current principals, deputies, and chiefs of schools through the Chicago Executive Leadership Academy (CELA).
- **Employee Engagement:** Respond to and arbitrate grievance and disciplinary issues ensuring timely and objective resolution; manage the teacher remediation process; ensure all employees are being supported in a fair, unbiased, and non-discriminatory manner.
- **Total Rewards:** 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

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	19,057,546	45,643,694	25,268,003	22,437,999	36,740,297
NCLB Federal	14,420,502	22,446,217	22,484,060	17,572,094	14,850,956
Other Grants	31,283	17,857	17,857	1,202	0
School Generated	522,033	452,978	1,119,678	600,376	318,145
Total Department	34,031,364	68,560,746	48,889,598	40,611,671	51,909,398

- The FY14 budget included \$21.5 million of one-time funds related to school transitions completed in the summer of 2013.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	126.01	130.22	230.02
NCLB Federal	91	74	11
Other Grants	0	0	0
School Generated	0.99	1.98	1.98
Total Department	218	206.2	243

- The Talent Office headcount comprises of 139 operational staff employees. Also included in the headcount are employees that are part of the District’s Talent Pipeline which includes 65 twelve-month resident principals, 29 two-month Resident Principals, 6 Broad residents, and 4 Education Pioneer fellows.
- 58 resident principals and 5 operations staff shifted from NCLB Federal funded positions into General Budget funded positions.

MAJOR ACCOMPLISHMENTS

- Continued successful implementation of the Principal Quality Initiative (PQI), a strategy to ensure a high-performing leader at every CPS school, through the five key levers:
 - Recruited and trained 70 high-potential future school leaders in the second cohort of the CLC, partnering with principal preparation experts to expand the pipeline of quality school leadership.
 - Conducted approximately 270 “Day-in-the-Life” Principal Eligibility Assessments which is a rigorous process that ensures only the most qualified, and transformational leaders are considered for principal positions.
 - Delivered targeted, and comprehensive professional development to approximately 450 Principals and 30 Network Chiefs and Deputies through CELA.
 - Provided detailed, and outcome-based feedback to 530 principals based on the new Principal Evaluation system, and continued the second year of observations and evaluation under the new process.
 - Recognized 134 principals who lead significant student growth with the second-annual Principal Achievement Awards – thanks to the donations of generous philanthropists.
- Implemented second year expansion of Recognizing Educators Advancing Chicago Students (REACH), the comprehensive evaluation system to better support and evaluate all teachers.
- Partnered with the Chicago Teacher’s Union to prepare over 130 teachers to successfully achieve National Board Certification in the future.
- Implemented a dynamic online and IVR-based substitute teacher placement system, streamlining support to ensure better deployment of substitutes against daily demand.
- 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

- Drive the continued success of the Principal Quality initiative by recruiting, selecting, developing, evaluating, and rewarding the highest-quality leaders for our schools.
- Launch the Principal Fellows program, creating a core professional development network for the District’s most accomplished and innovative principals.

- Invest over \$2.7 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.
- Implement the first-ever, district-wide CPS Employee Engagement Survey.

Office of Teaching & Learning

MISSION

The Office of Teaching and Learning provides all stakeholders with educational resources that result in high-quality curriculum and instruction that engages and empowers students.

MAJOR PROGRAMS

- **Core Curriculum:** The department of Core Curriculum focuses 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. The Core Curriculum department ensures that school instructors have the training, tools, and resources to support meaningful and effective teaching and learning.
- **Core Academic Supports:** The department of Core Academic Supports ensures effective and efficient scheduling and programming for Elementary and High School students. The Core Supports team provides year-round guidance and training to school schedulers, teachers and administrators to evaluate and assess programs and work streams to determine effectiveness for those schools, students, and departments.
- **Education Policy and Procedures:** The department of Education Policy and Procedures effectively communicates and facilitates the strategic implementation of Board policies and procedures to ensure equity and fair standards for all CPS students to drive student achievement.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	616,487	2,194,081	1,984,337	1,621,415	2,452,434
NCLB Federal	24,323	179,119	227,230	254,906	179,428
Total Department	640,810	2,373,200	2,211,567	1,876,321	2,631,862

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	13	13	13
NCLB Federal	2	2	2
Total Department	15	15	15

MAJOR ACCOMPLISHMENTS

- Trained Central Office Leadership, Network Leadership and Cohort 1 Schools on Multi-Tiered Systems of Support in preparation for next year's district-wide rollout.
- Launched a Core Curriculum and Core Supports RFP which yielded a list of approved vendors from which schools can order instructional materials.
- Provided district-wide training via guidance tools and webinars on master scheduling.
- Revised the District's Promotion Policy in order to realign promotion criteria based on changes to State testing.

- Developed a K-10 Interdisciplinary African and African American Curriculum and Latin and Latin American Studies Curriculum for the District.

KEY BUDGET INITIATIVES

- Build capacity of Network Chiefs, principals and teachers using Multi-Tiered Systems of Support to create a strong learning community for all schools and students.
- Apply 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.
- Establish a respectful and positive district culture to close achievement gaps, continue the upward trend graduation rates, and ensure all students are college and career-ready.

Student Transportation Services

MISSION

The Department of Student Transportation Services' mission is to improve student achievement by providing safe, timely, and cost-effective transportation for all eligible students.

MAJOR PROGRAMS

- **Diverse Learning Transportation:** Provide transportation from home to school for over 9,500 students with special needs and over 500 temporarily disabled students via approximately 1,025 routes provided by 21 vendors. Additional services based on individual needs of students may include: a bus aide, a nurse, a lift-equipped vehicle for wheelchairs, an air-conditioned vehicle, car seat, and harness/restraint systems.
- **Options Transportation:** CPS provides access to a variety of programs for over 10,000 K-8th grade students. The programs include magnet, academic centers, 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. This change accounts for the increase to the "General Fund" line in the table below, which is offset by the decrease in the "Budgeted at Schools" line as the Bus Aide positions are now located in the Citywide Transportation department rather than specific school units.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Fund	93,249,320	118,810,027	117,901,641	94,451,183	113,684,541
NCLB Federal	3,266,999	3,800,000	1,175,630	445,571	1,000,000
Other Grants	-107	0	0	0	0
Total Department	96,516,212	122,610,027	119,077,271	94,896,754	114,684,541
Budgeted at Schools	19,802,136	0	0	0	0
Grand Total	116,318,348	122,610,027	119,077,271	94,896,754	114,684,541

- Bus Aide expenses were shifted from Budgeted at Schools to the General Fund in the Transportation Department for FY14.

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Fund	962	841	849
Total Department	962	841	849

MAJOR ACCOMPLISHMENTS

- Improved route optimization skills and resources. After consolidating approximately 200 routes in FY13, the Transportation department successfully consolidated 100 routes in FY14 through improved sharing and pairing of routes, resulting in approximately \$4 million in additional FY14 savings.
- Improved bus aide management. The department achieved \$4 million in savings from FY13 expenditures by centralizing management of approximately 800 bus aides, resulting in improved service levels and more efficient personnel deployment.
- FY14 expenditures came in over \$8 million under budget due to route optimization and enhanced department efficiencies.

KEY BUDGET INITIATIVES

- \$1.6 million in projected annual cost-savings through routing efficiencies and consolidations achieved by additional resources including adding four new routing positions in FY15.
- \$950,000 in annual savings through bus aide optimization, leveraging route reductions and increasing bus aide utilization on paired routes.
- Coordinating shifts with schools in morning and afternoon bell times to achieve \$2 million in cost-savings – to be shared with schools – and increase operational efficiency.
- \$400,000 in annual savings through increased use of paratransit vehicles for routes transporting low ridership of students.
- Improved management and purchase of CPS fleet vehicles currently under lease, with projected savings of over \$1 million in five years.
- Addition of four new customer service representatives to handle increased call volume associated with insourcing of department functions, improving customer service for parents, schools, and vendors and freeing managerial staff time to focus on cost-savings initiatives and operational efficiencies.

Treasury

MISSION

The Treasury Department 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.

MAJOR PROGRAMS

- Managing the Board's \$6.2 billion debt portfolio; raising new capital when needed and managing existing debt within acceptable risk metrics.
- Monitoring financial market opportunities that generate value for the District.
- Managing and forecasting daily cash flow.
- Investing the Board's \$1-2 billion investment portfolio.
- Ensuring adequate liquidity and maximizing yield as appropriate.
- Providing services relating to school banking needs and checking accounts.

BUDGET SUMMARY

	2013 Actual Expenses	2014 Approved Budget	2014 Ending Budget	2014 Expenditures as of 5/30/2014	2015 Proposed Budget
General Budget	2,032,317	2,256,369	2,256,369	1,932,799	1,892,928
Total Department	2,032,317	2,256,369	2,256,369	1,932,799	1,892,928

POSITION SUMMARY

	2014 Budgeted Positions	2014 Ending Positions	2015 Proposed Positions
General Budget	7	7	7
Total Department	7	7	7

MAJOR ACCOMPLISHMENTS

- **Line of Credit:** Successfully issued \$300 million line of credit to fund interim capital expenditures. This line of credit reduced budgeted debt service by \$30 million in FY15 as a result of delaying the bond financing for capital projects by a year and reducing debt service. Rather than borrowing in anticipation of capital expenditures, the line of credit will allow CPS to borrow as needed.
- **Renegotiated Commercial Banking Contracts:** Renegotiated various commercial banking contracts which generated \$2 million of reduced banking fees over the contract term. More importantly, improved several internal processes which creates efficiencies, reduces risk, and increases investment earnings.
- **Revenue Recognition:** Implemented the change in the District's revenue recognition policy from 30 days to 60 days. This change in policy allows more accurate forecasting of revenues in a fiscal year, thus providing more meaningful financial statements, as well as better matching of revenues to expenditures. Many large school districts nationally, Illinois school districts and other Chicago agencies use a 60 day revenue recognition period.

- **Investments:** Reallocated liquid cash balances from money market funds (MMFs) to bank depository balances. These depository balances are safer for the District since they are collateralized, largely with US Treasuries and agencies. Depository balances earn 10-50 bps more than MMFs. Treasury also amended the investment policy to allow for more diverse investments commercial paper as well as municipal securities and established a formal process for evaluating credits for investment purchase. All of these changes generated an incremental \$50,000 in investment earnings in FY14.
- **Consolidated Banking:** The Treasury Consolidated Banking program manages the bank accounts of all the schools. Treasury has made progress in incorporating investment accounts into Consolidated Banking in order to provide greater internal controls over the management of these accounts as well as leverage the District's banking relationships to provide competitive investment rates to the schools. Treasury successfully closed all of the accounts of the closing schools and worked with the Accounting Department to transfer balances to the welcoming schools.
- **Bank at Work Program:** With the end of deferred pay, Treasury implemented a Bank at Work program for 9 month employees. Various banking partners provide automatic savings programs which assist employees in managing their finances across the year and provide additional incentives for opening an account. The end of the deferred pay program also allows 9 month employees to earn interest on their income since they are paid earlier in the fiscal year.
- **Liquidity Forecasting:** Expanded the liquidity forecast include a 2-year look forward as well as a more in-depth communications with the various user groups internally to create more precision in the forecasting.
- **Debt Service Reserve:** Actively use debt service reserve to reduce operating funds needed for debt service, releasing \$54 million in FY14 operating budgetary savings. The Debt service reserve is an internal non-indentured fund set aside for unexpected debt service or other cash flow needs.
- **Financial Advisor Pool Reselection:** Reselected Financial Advisors and amended the debt policy to ensure compliance with Dodd Frank Protocol on swaps as well as the SEC Municipal Advisor Rules.

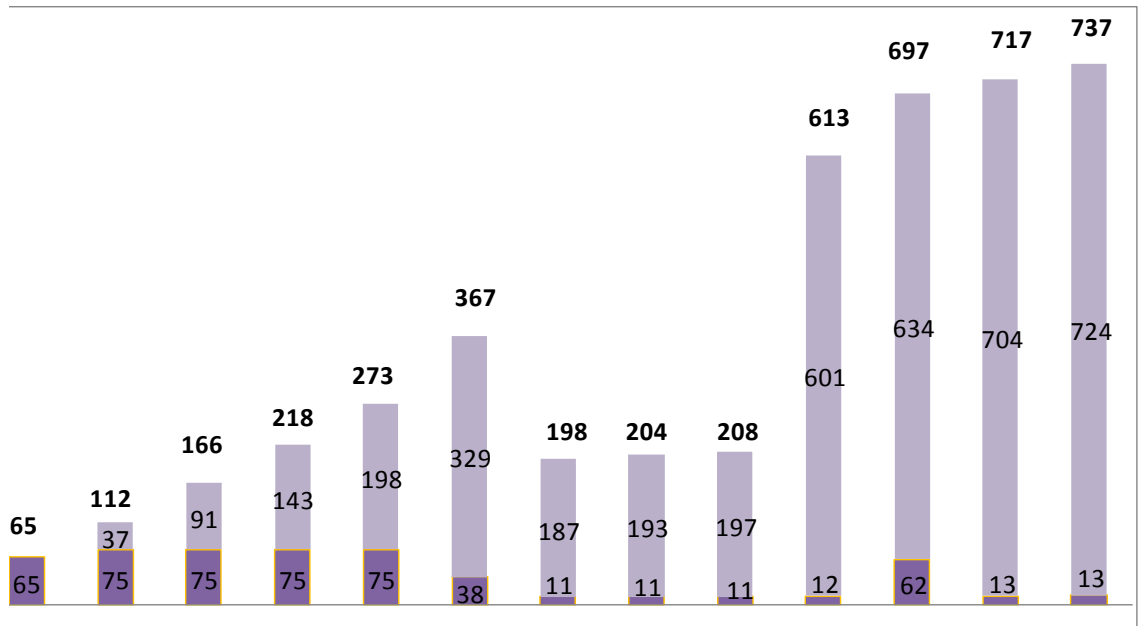
KEY BUDGET INITIATIVES

- Sell permanent financing to fund capital program.
- Monitor and execute on bond refinancing opportunities that generates budgetary savings.
- Refund \$180 million of variable rate debt for which the facilities/direct placement expires December 2014.
- Execute a working capital line of credit.
- Manage risk profile of swap and variable rate portfolio.
- Improve internal processes and systems to create efficiencies in managing various functions, including cash flow forecasting and investment tracking.
- Successful and expedient implementation of new vendors selected under commercial banking RFP.
- Spend down bond proceeds from older bond issues.

Pensions

Pensions continue to be the single largest driver of CPS’s structural deficit. The CPS contribution to the Chicago Teachers Pension Fund (CTPF) jumps another \$84 million in FY15, to \$697 million. Fortunately, the recently-passed state budget includes a \$50 million state contribution to CTPF, decreasing the amount that CPS will have to pay by \$50 million. Still, at \$647 million, CPS’s contribution is the equivalent to over \$1,600 per student, or 11 percent of our operating budget.

Chart 1: CPS’ Required Employer Contributions to CTPF grows dramatically¹
(\$ in millions)



CPS’s Contribution Requirements

Teachers and others with teaching certificates (such as principals) who work at CPS or at charter schools participate in the Chicago Teachers Pension Fund (CTPF). 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.

New Actuarial Assumptions/Decline in Funded Ratio Lead 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 the 90 percent statutory threshold, and therefore CPS was statutorily required, beginning in FY06, to make employer contributions. Since then, the annual pension contribution has

¹ Chart reflects total employer contributions to CTPF. From 2011 on, it reflects CPS’s contribution after the statutorily authorized offset for state contributions.

skyrocketed. Each year the Fund’s actuaries conduct a valuation and certify the contribution for the following fiscal year.

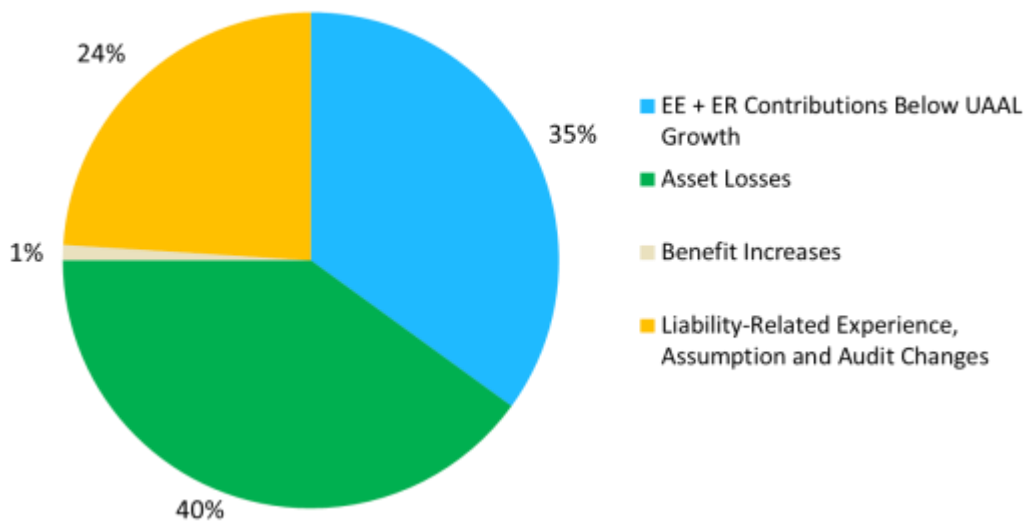
Prior to conducting the 2013 valuation, the CTPF actuaries conducted an actuarial experience review, which is typically done every five years. A number of the actuarial assumptions changed,² most notably the investment return assumption, from 8 percent to 7.75 percent, and the mortality assumption. These new assumptions were the largest driver of the additional \$84 million contribution for FY15.

Causes of Decline in Funded Ratio

The funded ratio decreased from 100 percent in 2001 to 49.7 percent in 2013. As shown below, investment returns below the assumed rates accounted for 40 percent of the decrease. Contributions statutorily set below what is required to cover the unfunded actuarial liability (UAAL) accounted for another 35 percent, and the combination of plan experience, assumption changes, and other smaller items accounted for the other 25 percent.

Of note, the decline caused by the liability-related experience and assumption changes was only 12 percent last year, while this year it is 24 percent. This shows the impact of the assumption changes made as a result of the actuarial experience review.

Chart 2: Causes of Decrease Funded Ratio 6/30/01 to 6/30/13



The bottom line is that, regardless of the reason for the decline, CPS must make up the shortfall through increased contributions.

Only CPS Faces a Crushing Pension Burden

No Illinois school district other than CPS is required to support its pension system. Teachers outside of Chicago are part of the Teachers’ Retirement System. Even though both systems are governed by state statute, the state of Illinois makes nearly all the employer contributions for TRS, while CPS must make virtually all employer contributions for CTPF. The state will make a \$3.4 billion contribution to TRS in

² After approval by the Board of Trustees.

FY15. For the first time since FY10, the state will contribute more than its \$12.1 million statutory contribution, adding \$50 million to help offset CPS’s contribution. However, the disparity between what the state funds on behalf of teachers outside of Chicago and for CPS teachers remains stark.

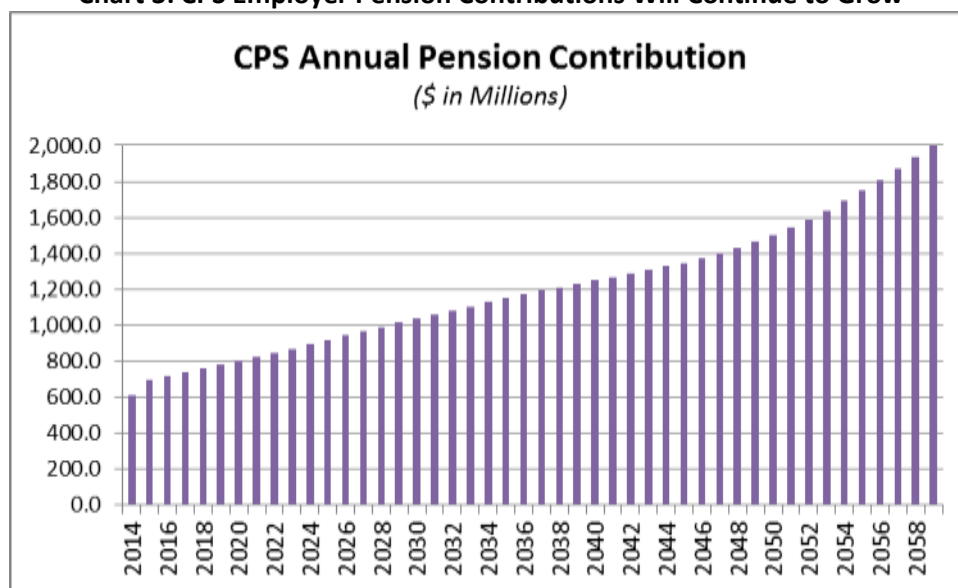
In addition to providing the employer contribution for TRS, the state also funds the retiree health care plan for teachers outside of Chicago. The state will provide an additional \$101 million to support retiree health care for the 95,000 TRS retirees, while CPS will pay \$65 million to CTPF³ for health care for 22,000 retirees.

Employees also are required by statute to contribute 9 percent of their salary to pensions (called the “employee contribution”). However, CPS pays 7 percent of the 9 percent for a total of \$134 million budgeted in FY15 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 FY15.

CPS Pension Contributions Continue to Grow

The financial pressure from pensions will not go away and will continue to draw resources that could be spent in the classroom. Even after a \$405 million jump in payment in FY14 and an additional \$84M increase in FY15, the contribution continues to grow every year until 2059. Yet, the stability of the pension fund is measured by the funded ratio, which will not reach 70 percent until 2049 when CPS is projected to owe nearly \$1.5 billion per year in contributions.

Chart 3: CPS Employer Pension Contributions Will Continue to Grow



Pensions Crowd Out Classroom Spending

Two facts demonstrate the precarious financial circumstances the pension contributions force upon CPS. In FY14, CPS will make a \$613 million contribution to the pension fund. At the same time, the FY14 budget was balanced using \$562.5 million of one-time resources (fund balance). That means, effectively, that CPS had to use one-time resources to pay the recurring pension payment.

This pattern continues in FY15. With a \$647 million pension contribution (net of the state contribution) and no other ways to balance our budget without impacting the classroom, CPS will again turn to one-

³ The \$65 million is included in the overall \$697 million contribution.

time strategies. As described elsewhere in the budget document, CPS will make an accounting change to count revenues in August in the current year rather than the next budget year. We recognize that this change does not create new revenue but simply changes the accounting period in which the revenues are recorded. We know this does not address the underlying structural budget issues, but we also know that it is a bridge to help us get to a structurally balanced budget when we achieve pension reform.

Importance of Reform

The state has made promising progress toward addressing the statewide pension issues. Reforms to many of the state-funded systems, including TRS, were passed and signed into law. With litigation pending, the final outcome is not known. Similarly, legislation to reform two City of Chicago pension funds passed the General Assembly this spring, but at the time of this writing it is unknown what action the Governor will take on the legislation.

For CPS, we cannot overstate the importance of pension reform. It is necessary to ensure the stability of the pension fund for the thousands of retirees that depend or will depend on it. Reform is necessary to address the structural deficit and ensure that our limited resources can be directed to the classroom. We have worked and will continue to work with members of the General Assembly, the union, and others until we achieve meaningful pension reform.

Capital

The FY15 budget continues CPS's investments to modernize classrooms across the city to provide a high quality education that will prepare students to be 100 percent college ready and 100 percent college bound.

Since Fiscal Year 2012 (FY12), under the Mayor's leadership, the Board and CEO have provided over \$1.1 billion 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 is all done to ensure students have a high quality learning environment to support a high quality education.

Today, there are over \$500 million in capital projects underway at 65 schools, each supporting this vision of expanding high quality academic options to parents and students across the city.

The FY15 budget provides an additional \$510 million in capital projects to provide access to quality education programs, repair and modernize buildings, and relieve overcrowding. Highlights of the plan are included here; full details are available at the Capital Plan website, www.cps.edu/capitalplan.

Since May 1, when CPS released the FY15 One-Year and Five-Year Capital Plans, CPS has received \$80 million in additional outside funding including \$44M in additional appropriation from state gaming revenue, a new \$35 million state school construction appropriation,¹ and a \$1 million school security equipment grant funded through the Illinois Emergency Management Agency. In addition, CPS shifted \$7 million from operating funds to capital funds to correctly reflect the funding source supporting the appropriation.

Access to Quality Education Programs

One of the main goals of this capital budget is to increase access to high quality education programs.

- **Strengthening neighborhood schools by building new IB campuses:** The FY15 Capital Budget provides \$11.7 million in investments in science labs, art labs, and ADA improvements to ensure that the five newly-approved IB campuses – Seward, Agassiz, Ebinger, Moos, and Peirce Elementary Schools – have the infrastructure to meet the rigorous academic requirements and that students are prepared to continue their IB education at Back of the Yards, Clemente, Hyde Park, Morgan Park, Lincoln Park, Senn, and Taft High Schools.
- **Providing career-focused education:** CPS proposes a \$22 million investment to make needed structural repairs and building modernization upgrades at the national Blue Ribbon Award-winning Lane Tech High School, which had the District's highest enrollment (4,120 students) this school year. Another \$7 million will be spent on modernization efforts at Dunne Technology Academy, a K-8 Level 2 school on the Far South Side.
- **Meeting the demand for selective enrollment seats:** With \$60 million in TIF funds announced by the Mayor, CPS will build Barack Obama College Preparatory High School. Currently, more than

¹ At the time of this writing, the Governor has not acted on the appropriation bill that has passed the General Assembly.

2,400 students who qualify to attend selective enrollment schools are not able to attend because CPS lacks the space to meet demand. The Mayor has also designated over \$16 million in TIF funds for an expansion of the highly successful Walter Payton College Preparatory High School.

- **Career and Technical Education (CTE):** Building on more than \$4 million in investments at five schools in FY14, CPS is again setting aside funds to support CTE programs. For FY15, \$1.9 million will be used to build a new manufacturing and welding lab at Bowen High School to meet the growing demand for graduates with these skills.
- **College and Career Suites:** 20 high schools across the city will have dedicated space to serve as a hub for students to engage in career exploration, build college awareness, apply to and select colleges, and to identify and seek scholarship and financial aid opportunities. With this \$1.7 million investment CPS will further the ultimate goal of raising college acceptance and matriculation rates of students throughout the District.
- **Modernizing labs:** CPS will be investing \$2.1 million for new art, computer, and science labs at 10 schools in FY15 to ensure that students have the opportunity to learn in state-of-the-art academic facilities.

Repair and Modernization of Our Buildings

The second major goal of the FY15 Capital Budget is to continue to invest in repair and modernization of our buildings.

- **Air-conditioned classrooms to aid learning:** The Mayor has announced a \$100 million initiative to install air conditioning in every CPS classroom within five years. Over 200 schools do not have air conditioning in every classroom, and in FY15 CPS will invest \$20 million to provide air conditioning to 57 schools. Since 2013, the Mayor and CPS have invested in air conditioning at 124 schools.
- **Increasing access to modern learning technology:** District-wide, CPS will be investing \$26 million in IT to support growing demands and 21st century learning and testing requirements.
- **Modernizing playgrounds and fields and making other site improvements:** CPS will be investing \$29.5 million as part of our Healthy Schools, Physical Education, and Recess initiatives to provide greater access to modern playgrounds, turf fields, and campus parks. We will continue our five-year plan to ensure every school has access to a playground by adding playlots at 18 schools. This year, three schools will receive turf fields.
- **Protecting the health and safety of students, teachers, and adults in the school community:** We will be investing in safety technology and building repairs for the health and safety of adults and children in our buildings. We are also continuing our annual investment in security at schools, providing \$4.8 million for security equipment and cameras at 20 schools; this is on top of \$13 million invested in security cameras at over 80 schools since FY12.

In FY15, we are setting aside \$68.2 million for building repairs, including masonry that is cracked and at risk of crumbling; chimneys that are in danger of collapse; and roofs that are leaking and causing interior damage.

- **Improving ADA accessibility:** We are continually working to improve the accessibility of our facilities. Most of our investment is reflected in the budget for other projects, as we use the opportunity to improve accessibility at the same time we are making other repairs or upgrades. In addition, we set aside approximately \$500,000 each year for other projects that may arise.

Relieving Overcrowding

When faced with overcrowding in schools, we evaluate all options to relieve overcrowding, such as boundary changes, changes to our enrollment policies and practices, and relocation of programs. Still, there are many growing school communities where capacity expansion is the only option.

- **Construction of new schools with outside funding support:** With the support of the Mayor and legislative leaders, CPS allocated \$110 million of funding received in FY14 to construct new schools that will address severe overcrowding, including an elementary school on the Southeast side and an elementary school on the Southwest side.
- **Building annexes at three schools:** Since 2012, CPS has addressed overcrowding at 33 schools across the city. In the FY15 budget, CPS will provide overcrowding relief at eight neighborhood schools, including annexes at three schools – Edwards, Jamieson, and Canty.

SOURCES AND USES

The FY15 Capital Budget totals \$510 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 \$261 million comes from CPS resources, and the balance of the \$510 million comes from outside support. Below is a summary of the sources and uses of the FY15 Capital Budget by project type.

Sources (\$ in thousands)

Debt Proceeds	\$261,229
Federal Grants	8,860
State Funding	103,100
TIF Funding	91,350
Other Local Public and Private Funding	10,712
Self-Funded Projects	34,650
Total FY15 Capital Budget Sources	\$509,902

Uses (\$ in thousands)

Access to Quality Education Programs

Programmatic	\$137,655
Selective Enrollment Expansion	76,250
Lane Tech Upgrade	22,050
School Restructuring	18,402
IB Feeders	8,070
Dunne Tech Upgrade	7,000
New Labs	2,100
Other Programmatic Investments	3,783

<u>Repair and Modernization of Our Buildings</u>	
Facility Needs	\$46,150
Facility Upgrades	\$28,150
Air Conditioning	20,000
Building Interior	2,500
Lockers	850
Security Equipment	4,800
Site Improvements	\$29,463
Turf Fields	5,170
Playlots	4,892
Other Facility Site Improvements	19,401
IT & Other Projects	\$26,750
Contingency	\$11,000
<u>Relieving Overcrowding</u>	\$86,200
<u>Other</u>	
Capital Project Support Services	7,985
Legal/Regulatory Requirements	2,400
Other Potential Outside Funded Projects	99,500
Self-Funded Projects	\$34,650
<hr/>	
Total FY15 Capital Budget Uses	\$509,902

IMPACT OF FY15 CAPITAL PROJECTS ON OPERATING BUDGET

All projects considered for inclusion in the annual capital budget are analyzed for projected impact on the District's operating budget. For many 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. Overall the FY15 Capital Budget is estimated to generate operating savings of approximately \$320,000. 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.

OVERCROWDING RELIEF

Annexes and Modulares

Operating Increase

The addition of new or expanded buildings brings the need for facilities support personnel, such as custodians and engineers, and increases overall district utility costs. We cannot generate an estimate of the increase in operating costs related to new annexes or modulares until details such as number of classrooms and square footage are finalized.

FACILITY NEEDS

Building Envelope 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. 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 are now funded on an as needed basis from contingency so the number of projects we will complete as part of the FY15 Capital Budget is unknown. However, any new FY15 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

Air Conditioning

\$1.23 Million

The installation of air conditioning throughout the District creates an increased demand for electricity. The cost of the additional electricity varies with weather conditions as well as other factors, but we estimate the increase in annual utility costs during typical usage to be \$1.23 million.

Building Interior and Lockers

No Impact

The Building Interior category consists of ADA and furniture projects. ADA improvements and furniture purchases require virtually no maintenance and do not impact the operating budget.

Security Equipment

No Impact

Any maintenance or repairs needed on new security equipment will be covered under equipment warranty. Any monitoring or other required services are nominal and often covered by current staff.

FACILITY SITE IMPROVEMENTS

Playgrounds, Turf Fields, and Site Improvements

No Impact

New playground 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 in conjunction with the district's recess initiative easily outweigh the small personnel commitment.

IT & OTHER PROJECTS

Information Technology and Other Projects

\$2.32 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. However, the projects listed below require ongoing support. The sponsoring department, in conjunction with the IT department, will absorb any other ongoing operating cost increases with current available staff, resulting in no increase to the District's operating budget.

Hyperion – Phase II	\$250,000
2015 Dashboard/Datawarehouse Buildout & Improvements	\$500,000
2015 Load Testing Software and Testing Lab	\$20,000
Contact Information Verification/Cleansing Tool	\$50,000
PeopleSoft Upgrade - Phase II	\$1,500,000

PROGRAMMATIC

Selective Enrollment Expansion

\$1.35 Million

The addition of new buildings in the district brings the need for facilities support personnel, such as custodians and engineers, and increases overall district utility costs. We cannot be sure of the actual increase in operating costs related to the new school construction until details are finalized, but we estimate approximately \$700,000 in facility operating costs associated with new schools and another \$650,000 associated with principals, clerks and counselors allocated on a per school basis. Additional teaching supports cannot be estimated until the expansions are closer to complete and potential enrollment is better understood.

School Restructuring

\$2.73 Million

School restructuring projects consist of turnaround schools, relocations, and grade expansions. We have created an FY15 operating budget of \$2.73 million to provide the resources necessary to ensure successful school transitions.

IB Feeders

\$1.68 Million

The IB Feeder program requires \$85,000 in startup resources, such as world language textbooks and software licenses, and \$250,000 in annual ongoing operating supports per school. The five schools receiving FY15 investments will have an FY15 operating impact of \$1.675 million and an ongoing operating impact of \$1.25 million. These costs are reflected in the FY15 operating budget .

New Labs

No Impact

Principals staff new labs using existing personnel or reallocating per-pupil funding to hire additional staff. There is no increase in operating cost to the District for these investments.

Other Programmatic Investments

\$0.75 Million

College and Career Suites, Parent Universities, and the Bowen Manufacturing Lab are all included in the Other Programmatic Investments category. These capital investments consist primarily of interior and/or exterior upgrades to support the programmatic initiatives. A total of \$750,000 is budgeted in the FY15 operating budget for Parent Universities, while College and Career Suites will not have an FY15 operating impact.

OTHER

Capital Project Support Services/Legal Requirements

(\$10.38 Million) Savings

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 \$10 million in operating expenses in FY15.

CAPITAL PROJECTS FUNDS

The Summary of Capital Projects Funds table shows capital revenues and capital outlays (expenses) to be incurred in FY15 regardless of the year the project was appropriated. The Fund Balance (unspent revenues received in prior years) accounts for the difference in expected FY15 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.

Debt Management

Chicago Public Schools' (CPS) Capital Improvement Program each year funds a variety of investments such as new schools, playgrounds, air conditioning, expanded bandwidth and new computers for improved access to technology, academic programs (career and technical education programs, for example), and core investments in our facilities to repair roofs, fix chimneys, replace or repair boilers and other mechanical systems. This is all done to ensure students have a high quality learning environment to support a high quality education.

CPS funds the Capital Improvement Plan, described in the Capital chapter, in part 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. Since General State Aid is also a major revenue source for core academic priorities, we face a continuing challenge to balance the day-to-day classroom needs with the need for quality educational facilities.

Debt Overview

The Board of Education currently has \$6.4 billion of outstanding debt. FY15 includes appropriations of \$525.7 million for existing alternate bonds and PBC payments and \$78.1 million from the assigned fund balance for a total of \$603.8 million in debt service fund appropriations.

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 cost, CPS funds capital expenditures on an interim basis by utilizing available fund balance to the greatest extent possible, and then draws on a \$300 million line of credit financing authorized in FY14. Once capital expenditures reach this threshold, CPS plans to sell fixed rate bonds to take out the line of credit. The timing of the fixed rate bonds depends on the timing of capital expenditures and market conditions.

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 strong credit ratings, which keeps interest rates lower
- 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. General Obligation bonds are a type of financing tool frequently used by local governments and school districts, which are typically repaid from a property tax levied specifically to repay those obligations. In addition to this property tax levy available to pay debt service, CPS uses non-property tax revenues to repay its bonds (e.g. General State Aid). With these revenues available to pay debt service, the property tax can be and is abated every year, which keeps the property tax burden low. As a result, CPS bonds have two dedicated revenue sources – property taxes and specific “Alternative Revenue,” which provide an additional layer of security for bondholders. In addition to the two revenue sources available to pay debt service, the bonds are supported by a general obligation pledge of the Board to repay debt service. The Board is authorized to issue Alternate Revenue General

Obligation 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 non-property tax revenues supporting CPS bonds are General State Aid, Personal Property Replacement Taxes, and revenues derived from intergovernmental agreements with the City of Chicago. The majority of CPS bonds are backed by General State Aid. No property taxes have been used to pay CPS-issued bonds, although the Public Building Commission (PBC), a local government entity which constructs schools, has in the past sold bonds which do rely on property tax levies. These PBC bonds are CPS's responsibility and represent the only CPS obligations that rely solely on property tax levies. The FY15 budget includes \$52 million in payments for principal, interest, and fees on these PBC bonds.

CPS has benefitted from issuing certain types of bonds in which much of the interest costs are paid by the U.S. Government, resulting in a very low cost of borrowing for CPS. These include Qualified Zone Academy Bonds (QZABs), which provide capital funding for schools in high-poverty areas at reduced interest rates; Qualified School Construction Bonds (QSCBs); and Build America Bonds (BABs). The American Recovery and Reinvestment Act of 2009 created two types of bonds that CPS was able to take advantage of: QSCBs, bonds that only school districts could sell and provided some of the lowest interest cost financing CPS has ever achieved; and BABs, bonds available to school districts and other governments that provide a substantial subsidy. The FY15 budget includes \$25 million of federal subsidies for debt service.

Finally, when available, CPS uses state revenues to pay its bonds. CPS receives state revenue for school construction through the state's Capital Development Board (CDB). In the current FY15 budget, CPS projects it will receive approximately \$59.2 million in CDB funds which will be used to fund debt service costs.

Additionally, as a result of the passage of recent legislation,¹ CPS received approximately \$31.7 million in FY14 from the State School Infrastructure Fund, funded from gaming revenues. CPS anticipates it will continue to receive approximately \$13.3 million annually. All revenues will be applied toward the funding of new school construction, mostly through a bond financing.

FY15 Debt Service Costs for All Obligations

As shown in the table below, FY15 includes appropriations of \$525.7 million for existing alternate bonds and PBC payments and \$78.1 million from the assigned fund balance (Debt Service Stabilization Fund, described below) for a total of \$603.8 million in debt service fund appropriations.

CPS is required to set aside debt service nine months to one year and a half prior to the actual date that payments are due to bondholders. The deposit occurs in February for the payment of debt service starting April of that year through March of the following year. These payments are held in trust with an outside trustee, as required by the bond indentures. Therefore, the FY15 revenues going into the Debt Service Funds represent the amount that is to be set aside for these future debt payments.

In contrast, the majority of the appropriations for FY15 represent the amount to be paid during FY15 from revenues set aside in the prior year. Therefore, CPS has varied from a more traditional presentation of Revenues, Appropriations, and Net Change in order to illustrate current year revenues supporting future year spending. The more relevant presentation is the flow of funds into and out of the Debt Service Funds in FY15, as detailed in Table 1 (below).

¹ PA 98-0018

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 largely to fund the debt service requirements for the following fiscal year.

**Table 1: FY13 - FY15 Summary of Revenues Set Aside and Appropriations for Debt Service Funds
(In Millions)**

	FY13 Actual	FY14 Estimated	FY15 Budget
Beginning Restricted Fund Balance	338.2	466.9	485.1
Fund Outflows:			
Appropriations			
Existing Bond Principal payment	73.4	148.3	154.7
Existing Bond Interest payment	304.8	332.1	367.9
Total Existing Bond Debt Service	378.2	480.4	522.6
Fees	12.2	3.7	3.1
Total Appropriation for Debt Service Funds	390.4	484.1	525.7
Total Transfers In/(Out)	(14.2)	49.8	73.6
Fund Inflows:			
Revenues			
Property Taxes	53.8	52.0	55.2
PPRT	57.7	57.0	56.2
General State Aid	149.5	120.1	191.3
State Capital Reimbursement	60.0	54.1	59.2
Other Local (City IGA and Interest Earnings)	104.5	97.1	97.0
Federal Interest Subsidy	26.2	24.5	24.7
Total Revenue	451.7	404.8	483.6
Other Financing Sources (capitalized interest, bond premium):	81.6	47.7	22.5
Revenue Recognition			42.6
Ending Restricted Fund Balance	466.9	485.1	581.7

As a part of the FY15 budget, a change in the Board's revenue recognition period from 30 days to 60 days is being proposed. This change would mean approximately \$43 million of revenues property tax revenues as well as IGA revenues from the City will be added to fund balance. The full impact of revenue recognition is more fully described in the Fund Balance Statement as well as Appendix D (Financial Policies).

Debt Service Stabilization Fund

In addition to the presentation on Debt Service Funds, we are also presenting a separate table showing the use of the Debt Service Stabilization Fund (DSSF). The DSSF is used for multiple purposes, including acting as a reserve for unexpected debt payments and a revolving fund to provide liquidity for debt

financing activities. For example, the DSSF provides a cushion for an unexpected rise in interest rates on variable rate bonds. It will also be used in FY15 to help support the line of credit established in FY14 as described above. When the line of credit has been repaid from fixed rate bonds, the amount set aside for the line of credit will be returned to the DSSF. Because of this, we have labeled some of the appropriations from this fund as “Revolving.”

In addition, there are appropriations that represent actual expenditures and will be a permanent draw down of the funds. These are shown separately as “Expended.” This includes \$54 million that will be used for debt service payments that otherwise would have be paid from General State Aid. This increases the amount of GSA that is available in FY15 for the Operating Budget.

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

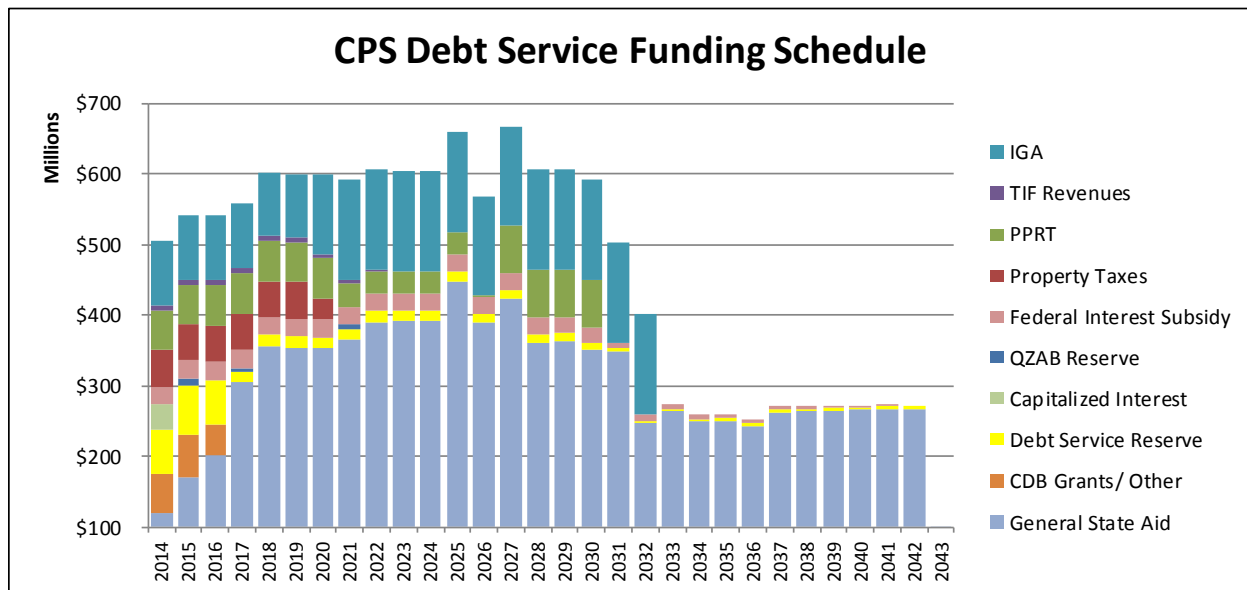
**Table 2: Debt Service Stabilization Fund (DSSF) Presentation
(In Millions)**

	FY13 Actual	FY14 Estimated	FY15 Budget
Beginning Fund Balance	255.0	269.2	219.4
Revenues	21.8	19.0	13.9
Appropriations			
Revolving	2.6	9.7	22.1
Expended	5.0	59.1	65.4
Total Appropriations	7.6	68.8	78.1
Transfer Out			9.4
Ending Fund Balance	269.2	219.4	145.8

Long-Term Fiscal Challenges

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 \$247 million in FY15 to \$434 million by FY17, and it stays at approximately that level through 2030.

The graph below shows the debt service payments for **currently outstanding bonds only**; this graph does not show the impact of any future bonds required to support future capital budgets.



*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 was extremely low, less than 1 percent of the legal debt limit.

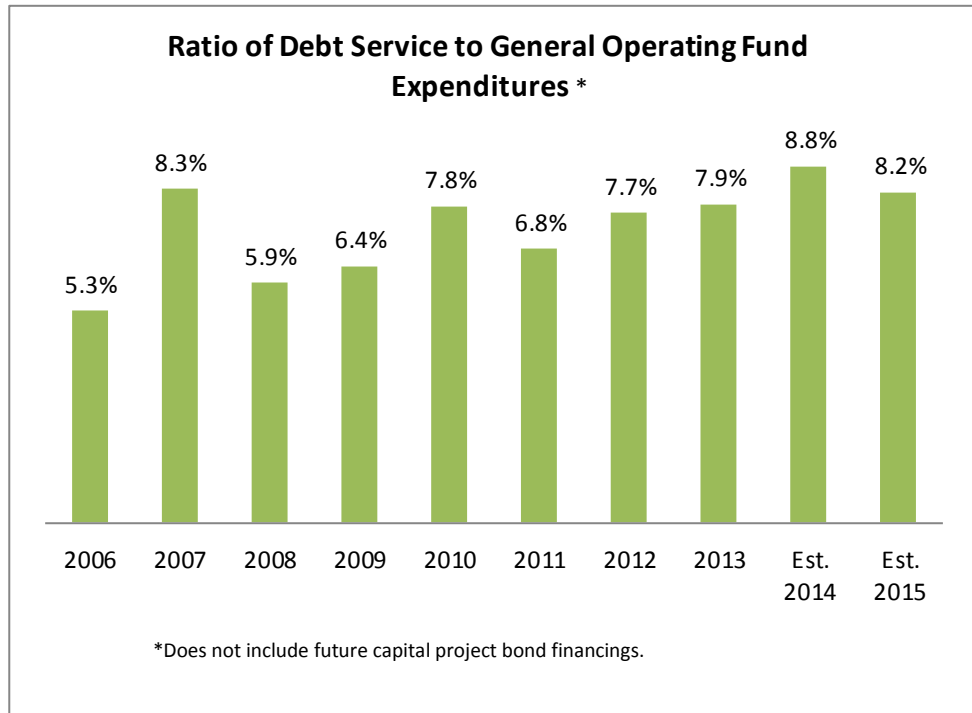
Debt Per Capita

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 FY13 Comprehensive Annual Financial Report, debt per capita reached \$2,248. This is 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 FY14 and FY15 are estimated at

8.8 and 8.2 percent of total operating expenditures respectively, reflecting the increased debt burden as a result of recent bond issues.



Debt Management Policy and 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 from the three 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 AA or A, 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 and Moody’s Investor Service are A+, A-, and Baa1 respectively. Since the FY14 Budget, Moody’s Investor Service and Fitch Ratings have both downgraded CPS’s ratings and both hold a negative outlook. The rating agencies have commented on CPS’s weakened financial profile, highlighted by a sizeable budget gap for FY15, overlapping debt burden and leverage of property tax base, reduced fund balances, and an impending spike in pension payments. Just as a high credit rating can mean lower borrowing costs, deterioration in credit rating will increase interest expenses.

Tools to Manage Debt Portfolio.

As part of the Debt Management Policy, CPS is authorized to use a number of tools to manage its debt portfolio. Some of the tools and techniques employed are refunding of existing debt, using derivative instruments, issuing fixed or variable-rate bonds, and issuing short-term or long-term debt. These tools are used to manage various types of risks, generate cost savings, and assist with 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 20 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.

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. CPS only enters into transactions with a highly rated, credible, and diverse group of counterparties.

The average rate on the CPS swap portfolio is approximately 4.60 percent. This cost of capital is attractive as compared to the fixed rates that were available at the time the swaps were executed. The swaps have served as an effective financial tool to lower CPS' debt costs as well as mitigate interest rate risk.

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

**OUTSTANDING DEBT
as of June 30, 2014**

Debt Outstanding 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	146,025,000	Property Tax
PBC Series B of 1999	3/1/1999	12/1/2018	86,915,000	Property Tax
Unlimited Tax G.O. Series 1997A*	12/3/1997	12/1/2030	17,244,992	IGA / PPRT
Unlimited Tax G.O. Series 1998B-1*	10/28/1998	12/1/2031	266,258,750	IGA / PPRT
Unlimited Tax G.O. Series 1999A*	2/25/1999	12/1/2031	436,839,119	IGA / PPRT
Unlimited Tax G.O. Series 2000BC D	9/7/2000	3/1/2032	91,400,000	State Aid
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	34,820,000	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	186,580,000	PPRT / State Aid
Unlimited Tax G.O. Series 2004G	12/1/2004	12/1/2022	11,195,000	IGA
Unlimited Tax G.O. Series 2005AB	6/27/2005	12/1/2032	186,490,000	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	4,915,000	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	183,750,000	State Aid
Taxable Unlimited Tax G.O. Refunding Series 2010G	11/2/2010	12/1/2017	64,575,000	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	49,200,000	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. Refunding Series 2011D	12/16/2011	3/1/2032	91,200,000	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	114,920,000	State Aid
Unlimited Tax G.O. Series 2013A-2	5/22/2013	3/1/2035	124,320,000	State Aid

Debt Outstanding Chicago Public Schools	Closing Date	Maturity Date	Principal Outstanding	Pledged Funding Source for Debt Service
Unlimited Tax G.O. Series 2013A-3	5/22/2013	3/1/2036	157,055,000	State Aid
Unlimited Tax G.O. Series 2013BC	12/20/13	n/a	300,000,000	State Aid
Total Principal Outstanding			6,435,425,661	

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

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY*
as of June 30, 2014
(\$ in Thousands)

Fiscal Year Ending June 30	Total General Obligation Bond Principal	Existing Bond Interest	Total General Obligation Bond Interest	Total Existing G.O. Debt Service	Existing Bond	PBC Leases	TOTAL
2015	118,237	300,348		418,585	52,029		470,614
2016	161,191	297,765		458,956	51,997		510,953
2017	157,518	294,127		451,645	52,020		503,664
2018	172,767	279,310		452,077	52,069		504,147
2019	178,875	273,291		452,166	52,099		504,265
2020	191,621	280,994		472,615	30,636		503,250
2021	216,950	289,422		506,372			506,372
2022	203,398	282,868		486,266			486,266
2023	212,098	276,091		488,189			488,189
2024	216,997	265,097		482,094			482,094
2025	225,483	256,984		482,467			482,467
2026	502,773	245,462		748,235			748,235
2027	258,915	232,581		491,496			491,496
2028	268,245	221,440		489,685			489,685
2029	227,667	264,017		491,684			491,684
2030	491,232	247,862		739,094			739,094
2031	270,124	230,538		500,662			500,662
2032	235,915	264,323		500,238			500,238
2033	106,205	84,182		190,387			190,387
2034	127,605	78,225		205,830			205,830
2035	118,675	71,815		190,490			190,490
2036	126,070	65,560		191,630			191,630
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
	\$5,944,516	\$5,332,317		\$11,276,833	\$290,849		\$11,567,682

*Excludes 2013BC line of credit bonds anticipated to be refinanced with fixed rate bonds in FY2015 as described in Debt Overview section.

Organizational Overview

The organization of Chicago Public Schools (CPS) has been refined during the past year to reflect the Chief Executive Officer's ("CEO") approach to reform and reflect the five pillars contained in the Action Plan, "The Next Generation." The core principles of the organizational design remain, with each organizational unit reporting up through a clear hierarchy to a chief officer that reports to the CEO and each chief officer clear part of achieving one of the five pillars. In this way, accountability and responsibility are clear, communication is direct and the organization reinforces the goals of reform.

District Goals for FY15 and Beyond

The CEO's action plan – *The Next Generation: Chicago's Children* – will continue to be implemented in FY15. This action plan was developed after listening carefully to the concerns of thousands of citizens and civic leaders across the City of Chicago, including parents and community members, principals and teachers, religious and business leaders, elected officials, and philanthropists.

This vision builds on the goal that Mayor Rahm Emanuel has established for the City: a high-quality education for every child in every neighborhood. This means high-quality early learning opportunities, full-day kindergarten for all, expanded and enhanced arts education, and a full school day. The District will continue to add new high-quality schools to neighborhoods across the city – such as International Baccalaureate (IB), Early College Science, Technology, Engineering and Math (STEM), and innovative charter and contract models – to ensure that all children have access to high-quality options that support their aspirations for college and career. Principals and teachers must be supported, empowered, and held accountable to ensure world-class learning experiences for every child. Parents must in turn be armed with the information to help them choose the best options for their children and support their children's ongoing development.

The following five pillars describe our framework for success:

- **First: High standards, rigorous curriculum, and powerful instruction** for all students regardless of their neighborhood, diverse learning needs, or level of English language proficiency. This means going beyond the basics to ensure that children become critical thinkers, effective communicators, and responsible global citizens. The definition of core instruction must be expanded to include the arts, health, physical education, and extracurricular activities.
- **Second: Systems of supports that meet all of our students' needs** because every student is unique. High expectations for all students must be coupled with a holistic approach that supports the individual needs of each. We must also remove barriers to learning with practices that promote children's health and safety, social and emotional development, school attendance, and college and career preparation.
- **Third: Engaged and empowered families and communities.** Parents must be empowered as leaders who can advocate for their children and for all the community's children. Meanwhile, school and district leaders must be resourceful in identifying community partners who can support children's growth and learning.
- **Fourth: Ensure committed and effective teachers, leaders, and staff.** Teachers, principals and administrators will be valued and developed, will hold themselves accountable, and will be rewarded for success. We must ensure that we are the place where the best talent comes to work.

- **Fifth: Provide sound fiscal, operational, and accountability systems.** Priorities that lead to student success must drive planning, spending, and accountability at the school and district level. Every employee needs to be held accountable for student outcomes and provided with useful data and guidance in working toward those goals.

Organizational Structure Aligned to Achieve Five Pillars

The Board of Education remains the overarching entity, with the Inspector General, Office of Law, and the CEO reporting directly to the Board. All other offices report to the CEO.

Board of Education

The Chicago Board of Education is responsible for the governance of CPS and provides organizational and financial oversight. It establishes policies, standards, goals, and initiatives to ensure accountability and to provide students in every community with a world-class education that prepares them for success in college and career. The Office of Law and the Inspector General are autonomous units that report directly to the Board.

Inspector General

The mission of the Office of the Inspector General (“OIG”) is 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. OIG is an independent unit that reports directly to the Board of Education.

Office of Law

The Law Department has charge and control of all litigation, legal questions and other legal matters related to the District’s affairs. The Law Department supports the District’s goal of providing a quality education to Chicago Public Schools students that adequately prepares them for college and/or a career by providing premier legal services and counsel.

Chief Executive Officer

The CEO drives the District’s mission by acting on behalf of the Board to craft strategies, practices, and policies that maximize student performance. All offices listed below report directly to the CEO.

Office of the Chief of Staff

The Chief of Staff is responsible for coordinating the efforts of the District’s departments and officers to ensure that their work aligns with and advances the goals of the Chief Executive Officer.

Office of the Chief Operating Officer (NEW)

At the direction of the CEO, the Office of the COO leads the integration of new business and management strategies for the overall operational activities for the District to provide the most efficient and effective education for students possible using managed competition between internal and external providers. The office was created by bringing existing staff together to provide this focused attention.

Pillar 1: High standards, rigorous curriculum, and powerful instruction

Office of Teaching & Learning

Under the guidance of the Chief Teaching & Learning Officer, the Office of Teaching & Learning provides the direction, resources, and supports that enable educators to effectively plan and deliver instruction that prepares students with the knowledge and skills to be successful in college, career, and life. Departments that report to the Chief Teaching & Learning Officer include: Early Childhood Education,

Core Curriculum, Arts, Literacy, Math and Science, Professional Learning, Sports Administration & Drivers' Education, Student Health and Wellness, Grant Funded Programs, Core Academic Supports, and Education Policy and Procedure.

Office of Language and Cultural Education

The Office of Language & Cultural Education ("OLCE") supports all English Learners ("ELs") in the district through guidance of quality programs and instruction, building capacity of teachers, and empowering parents to be active participants to advance bilingual and bi-literacy skills. OLCE also directs the development and implementation of high quality and rigorous World Language Programs that engage and advance students' language and cultural competencies.

Office of Diverse Learner Supports and Services

The Office of Diverse Learner Supports and Services ("ODLSS") strives to provide high quality and specially designed instructional supports and services for all diverse learners within the least restrictive environment with the goal of improving the academic achievement of all diverse learners in the Chicago Public Schools. ODLSS works collaboratively with schools, networks, students, families, and other external stakeholders to provide 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, thereby preparing them for a successful transition to college and career.

Office of Network Support

The Office of Network Support oversees 13 networks, which were reorganized during FY14 to include elementary and high schools. There are also networks that oversee schools managed by the Academy for Urban School Leadership (AUSL) and Military schools. The Network Chiefs are responsible for ensuring that they are building effective schools with effective leaders by 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.

Office of Strategic School Support Services

The Office of Strategic School Support Services ("OS4") was created by the Chief Executive Officer to provide high-need elementary and secondary neighborhood schools with the comprehensive and coherent services and supports required to increase student achievement and sustain school improvement.

Office of Innovation and Incubation

The Office of Innovation and Incubation ("I&I") seeks to identify and bring to Chicago the most promising innovative approaches to education, and to broaden the reach of innovative ideas proven to be effective within our District. I&I will provide a robust incubation process, effectively position CPS as the leader in urban education for high standards and operator accountability, and empower families to identify and access the best options for their children. Departments under Innovation and Incubation include: New Schools and Programs, Access and Enrollment, Innovative Models, and the Department of JROTC/Office of Service Leadership Programs. The Office of Innovation and Incubation is the former the Office of Portfolio.

Pillar 2: Systems of support that meet all of our students' needs

Office of College and Career Success (NEW)

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. Departments

that report to OCCS include Student Support and Engagement; Social and Emotional Learning; School Counseling and Post-Secondary Advising; Magnet, Gifted and International Baccalaureate (IB) Programs; and Early College and Career Education. This department was created through re-organization of existing units to provide focused support on college and career success.

Pillar 3: Engaged and empowered families and communities

Office of Family and Community Engagement

The mission of the Office of Family and Community Engagement (“FACE”) is to empower and engage CPS families and communities in order to nurture strong support structures leading to improved student outcomes. Major programs under the Office of Family and Community Engagement include: Network FACE Managers, Faith-Based Initiatives, Parent Support Centers, Community Relations, Strategic Initiatives, Local School Council (LSC) Relations, and LSC Election Support.

Office of Public & External Affairs

The Office of Public & External Affairs advocates for the students of CPS before every level of government to shape educational policy and secure external resources. This includes advancing CPS’s agenda in Springfield, before City Council, and in Washington, DC, as well as with entities that offer grant opportunities. The Office of External Partnerships within the Office of Public & External Affairs develops strategies and writes competitive grant applications in order to gain financial support for district priorities.

Office of Communications

The Office of Communications seeks to promote the District’s vision, key priorities, and policies through a full range of communications tools and strategic plans to engage the public and key internal and external stakeholders around our goal to prepare every child for college, career, and life. The Office also provides system-wide communications support to CPS departments, networks, and schools through a one-stop shop for media, external, internal, stakeholder and digital communications.

Pillar 4: Ensure committed and effective teachers, leaders, and staff

Office of Talent

The Office of Talent supports the pursuit of college and career readiness for all students by ensuring that they are taught by a highly-effective teacher workforce, that teachers are led by high-performing school leaders, and that our schools are supported by a well-functioning district staff that facilitates solutions.

Pillar 5: Provide sound fiscal, operational, and accountability systems

Chief Administrative Officer

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-range and long-range financial planning. Departments that report to the Chief Administrative Officer include the School Support Centers, Chief Financial Officer, Facility Operations and Management, Strategy Management, Transportation, Nutrition Support Services, Information Technology Services, Safety and Security, Procurement, and Payroll.







Office of Accountability

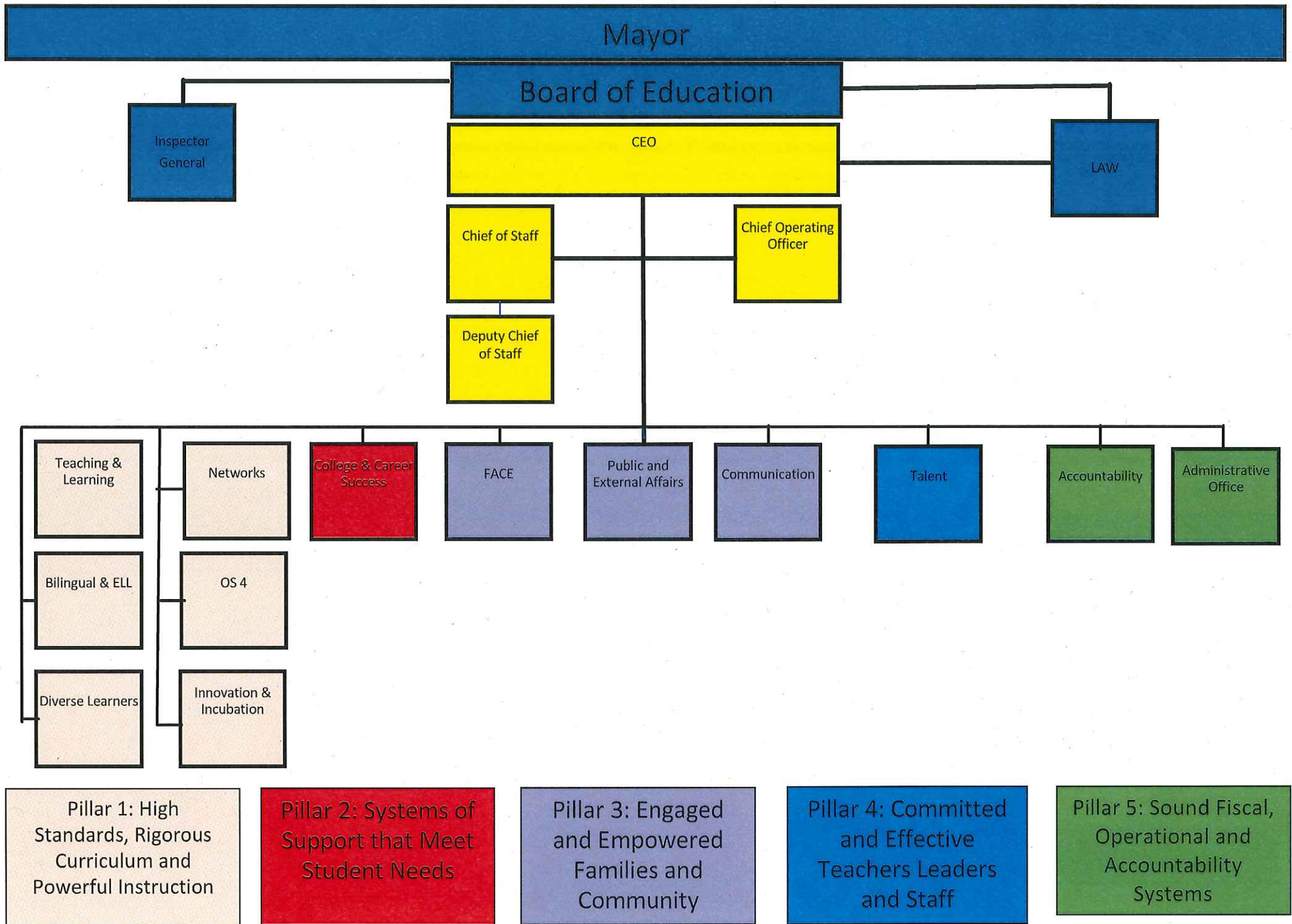
The mission of the Office of Accountability is to provide timely, accurate, and comprehensive data-driven decision support to school-level, network, central office, and cabinet stakeholders to improve the lives of the students we serve across the city.

Achieving excellence district-wide also requires that we hold ourselves accountable for meeting standards, and that we organize a system for making quick course corrections when we fall short. Annual progress on each of the five pillars and the overall district vision is monitored using the CPS DISTRICT SCORECARD, which will include metrics such as student attendance and academic growth, evaluations of school climate, the percentage of high performing employees retained in the district, and student college enrollment and success.

We continue to work to establish baselines on all of these measures so that we may set ambitious, achievable goals for progress in the months and years to come.

THE CPS VISION is that every student in every neighborhood will be engaged in a rigorous, well-rounded instructional program and will graduate prepared for success in college, career and life. Five pillars outline the work we do to ensure our students' future success. The CPS District Scorecard tracks annual progress toward the key performance indicators that holistically capture the results of our district's efforts to achieve our vision.

CPS DISTRICT SCORECARD					
ULTIMATE OUTCOMES					
	<table border="1"> <thead> <tr> <th>Student Readiness</th> <th>Student Success</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> • % of students who graduate from high school within 5 years • % of graduates who are academically ready for college and career </td> <td> <ul style="list-style-type: none"> • % of students enrolled in college, enlisted in the military or employed 6 months after high school graduation • % of graduates persisting and succeeding in college or employment beyond the 1st year after high school <ul style="list-style-type: none"> ▸ % of college enrollees persisting into their 2nd year ▸ % of college enrollees earning a degree within 5 years after graduation ▸ % of graduates in labor force earning a family-supporting wage </td> </tr> </tbody> </table>	Student Readiness	Student Success	<ul style="list-style-type: none"> • % of students who graduate from high school within 5 years • % of graduates who are academically ready for college and career 	<ul style="list-style-type: none"> • % of students enrolled in college, enlisted in the military or employed 6 months after high school graduation • % of graduates persisting and succeeding in college or employment beyond the 1st year after high school <ul style="list-style-type: none"> ▸ % of college enrollees persisting into their 2nd year ▸ % of college enrollees earning a degree within 5 years after graduation ▸ % of graduates in labor force earning a family-supporting wage
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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) needs 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.

CPS adopted the 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. As a practical measure 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 as 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. Accordingly, as described below, CPS will continue to draw on reserves and will not maintain the stabilization fund balance at the target levels.

Change in Revenue Recognition Period for FY15 Leads to Change in Beginning-Year Fund Balance

For decades, until 2012, second installment property taxes in Cook County were due in November or December. In 2012, however, the County met the statutory August 1 due date, which shifted hundreds of millions of dollars in property tax receipts to the July/August period, as most property taxes are paid right before or after the due date. Under CPS's current revenue recognition period, property tax revenues are recognized as current revenues as long as they are available within 30 days after a fiscal year ends, or through July 30. That makes the period right around the end of the revenue recognition period particularly volatile, as it coincides with the property tax due date. As reported in recent budgets and Consolidated Annual Financial Reports, this has had the effect of shifting hundreds of millions of dollars in property tax receipts across fiscal years simply because of a shift of a day or two in receipt. Budgeting revenues in the fiscal year becomes extremely difficult because of this volatility and therefore meeting balanced budget and fund balance requirements becomes more challenging.

¹ Board Report 08-0827-PO8

Similarly, federal, state, and local grants have been recognized as revenues when eligible requirements imposed by grantors have been met and as long as they are collected within 30 days of the end of the fiscal year. However, in FY12 the state changed the requirements so that rather than receiving funds up front, CPS would submit claims for federal and state funds and receive reimbursement based on the expenditures claimed. Additionally, in FY13 CPS implemented the new cash basis expenditure reporting required by the state. This means that CPS cannot submit claims until the actual bill is paid, not just when the expenses are incurred. Because of a natural lag between the time when the expenditure is incurred, when the claim can be processed, and when funds are received, millions of dollars in state and federal grant reimbursement were received by CPS after the 30 day revenue recognition period and therefore were not recorded in the same fiscal year as the expenditure.

To correct these two issues—volatility in revenue collections and matching of revenues and expenditures within fiscal years—CPS has changed the revenue recognition period to 60 days, through August 29, for the FY15 budget.

As an accounting matter, this means the fund balance available for FY15 will increase to show the anticipated additional August collections.

Table 1: Change in Revenue Recognition Policy Increases FY15 Beginning Fund Balance

Fund Balance by Fund Type	FY14 Estimated End of Year Balance	FY15 Beginning of Year Balance <u>After Revenue Recognition</u>
<i>Revenue Recognition</i>		648.0
General Fund	308.9	308.9
Workers' Comp/Tort Fund (<i>adjusted for Revenue Recognition</i>)	27.4	33.4 ²
Supplemental General State Aid (SGSA)	47.7	47.7
Other Special Revenue Funds	28.2	28.2
Not Available for Appropriation³	107.4	107.4
Total Operating Fund	519.6	1,173.6
Debt Service Funds	219.4	219.4

² Includes \$6 million of increased fund balance due to revenue recognition.

³ This includes funds set aside to pay for open purchase orders, services/goods received but not yet paid, and restricted grants/funds received but not spent.

FY15 Use of Fund Balance

At the time the FY14 budget was adopted, CPS anticipated using all available fund balance in the General Fund in order to balance the budget. However, with the new revenue recognition period, better than estimated results in FY13, and FY14 projected to finish better than budget (but still in a deficit requiring draw down of fund balance), CPS will begin FY15 with a positive fund balance.

Unfortunately, in order to balance the budget in FY15, and largely due to a growing pension contribution and flat or declining revenues, CPS must turn once again to fund balance. The FY15 budget relies on \$797.7 million in unrestricted fund balance, including the amount available from the new revenue recognition period. This leaves \$159.2 million available to meet the General Fund Stabilization target.

Table 2: Estimated Use of Fund Balance

Fund Balance by Type	FY14 Beginning of Year Balance	FY14 Estimated Use	FY14 Estimated End of Year Balance	FY15 Budgeted Use	FY15 End of Year Balance
<i>Revenue Recognition</i>				648.0	
General Fund-for Appropriation	713.2	404.3	308.9	797.7	0.0
General Fund-for Stabilization				159.2	159.2
Workers' Comp/Tort Fund (adjusted for revenue recognition)	65.0	37.6	33.4	0.0	33.4
Supp'l General State Aid (SGSA)⁴	49.1	1.4	47.7	40.6	0.0
Other Special Revenue Funds	14.4	(13.8)	28.2	24.0	4.2
Not Available for Appropriation⁵	107.4	0.0	107.4	0.0	107.4
Total Operating Fund	949.1	429.5	519.6	1,021.5	304.2
Debt Service Funds	269.2	53.8	219.4	54.0	145.8

⁴ This fund balance must by statute be re-appropriated to the schools in the budget year where it was unspent in the current year.

⁵ 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.

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 3 below summarizes the fund balance status compared to targets for the relevant funds for FY15.

Table 3: Status of Fund Balance Compared to Targets

Fund Type	Estimated Balance at 6/30/2014	FY15 Fund Balance Target	Estimated Balance at 6/30/2015
General Fund	\$956.9	\$318.0 (5%)	\$159.2
Workers' Comp/Tort Fund	\$33.4	\$6.6 (1%)	\$33.4
Supplemental General State Aid Fund	\$40.6 ⁶	\$40.6	\$0
Debt Service Funds	\$219.4	Enough to cover risks	\$145.8

Once again, the General Fund and the Workers' Comp/Tort Fund will not meet the fund balance targets at the end of FY15. CPS will ask the Board to extend the deadline to replenish the fund balance for FY15 and FY16 while it continues to seek a solution to the pension challenges and restore financial stability to the District.

State Payment Delay No Longer a Drain on Fund Balance

For a number of years beginning in FY09, the state delayed certain payments to CPS (block grants) beyond the 30 day revenue recognition period, which meant millions of dollars in revenue were anticipated in one fiscal year but not received until the next. However, by FY13 the state had largely caught up on the back payments owed, and by FY14 was completely current. Therefore, the state payment delay summary table below is presented simply as a matter of historical record and not because it is a factor in fund balance estimates for FY15.

⁶ Fund balance is estimated to be \$47.7 million, but \$7.1 million is expected to be held in obligations

History of State Year-End Obligation to CPS

(in millions)	2005	2006	2007	2008	2009	2010	2011	2012	2013
Amount Owed on 6/30	21.5	7.0	19.0	23.3	173.0	369.4	327.5	164.9	51.4
Amount Owed on 7/30	5.2	6.9	3.7	1.2	173.0	236.2	176.1	111.7	1.89
Amount Owed on 8/31	0.0	0.0	0.0	0.0	0.0	102.2	70.0	51.2	0

FY15 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 FY15:

- Work with the Chicago Teachers Union, the Governor, and the General Assembly to develop and implement pension reform to reduce current and prospective pension obligations of CPS.
- Encourage the state to maintain a regular payment schedule and to increase funding for education.
- Provide moderate capital investment, consistent with the proposed FY15-19 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.

Fund Descriptions

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. 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.

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. Funds are the control structures that ensure that public monies are spent only for those purposes authorized and within the amounts appropriated. 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, and account.

CPS Fund Structure

Fund Type	Fund Name	Fund Number
Operating Fund	General Fund	
	Education Fund	114, 115, 117, 124
	Building Operations and Maintenance Fund	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. 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 elsewhere accounted for.
 - 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 3 and 4 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 Management Fund supports repair and maintenance of buildings at CPS. 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. CPS for financial reporting purposes 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 FY1990, 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 FY1995, eliminating at the same time any funding for basic programs. Under the 1995 Chicago School Reform legislation, SGSA funding is mandated at a minimum of \$261.0 million per year, effective FY1996.

Each school receives its share of the SGSA funds based on the number of students who receive free and reduced-price lunch. School principals develop programs in accordance with their school improvement plans as required by the Act. Recommended programs are early childhood programs, class-size reduction, education enrichment programs, 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 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 supper 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. Children must meet the federal income guidelines for free or reduced-price meals or be determined as categorically eligible for free meals as members of the Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance to Needy Families (TANF) households. The federal government provides a minimum level of reimbursement for all lunches and breakfasts, while the Illinois Free Breakfast and Lunch Program also provides limited funding. In addition to the reimbursement, the federal government provides commodities in lieu of cash based on the number of lunches served.

Since FY1998, CPS has also been providing after school supper 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 accounting practice. 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.

Fund 602 is a debt service reserve that 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.

- **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.

- **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

Many factors influence and inform our services to students and the entire school community of parents, partners, and constituents of the City of Chicago. The following section provides detailed information about these factors, including the makeup of the district, school population, and employees, as well as a snapshot of the larger community in which our students and their families reside.

STUDENT ENROLLMENT

Chicago Public Schools is the nation's third largest school district, having served 400,545 students in the 2013-2014 school year. Enrollment is projected to be 400,445 students in the 2014-2015 school year. The budget for grades K-12 is based on the enrollment projections in Table 1. Early childhood enrollment projections are also shown; however, the funding for early childhood programs is based on a number of factors beyond enrollment, as described below.

The official enrollment snapshot is taken on the 20th day of each school year.

Table 1: CPS Student Enrollment (FY06 to FY15)

School Type	Actual Enrollment on 20 th Day									Projected Fall 2014 (FY15)
	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)	
Preschool	21,363	21,388	23,325	24,370	24,247	23,705	24,232	24,507	23,671	23,339
Elementary K - 8	280,767	274,672	271,464	269,139	269,010	265,336	266,046	266,555	264,845	264,994
High School	111,564	112,541	113,166	115,770	115,314	113,640	113,873	112,399	112,029	112,112
Total	413,694	408,601	407,955	409,279	408,571	402,681	404,151	403,461	400,545	400,445

Factors that have historically contributed to the changes in enrollment trends include:

- Transfers between public and non-public schools
- Changes in Hispanic, Asian and European migration rates
- Changes in birth rates
- Changes in administrative and educational policies that affect grade progression, retention, and graduation rates
- Public perception of school reform initiatives

Preschool Students

While the enrollment numbers outlined above reflect the official 20th day enrollment count and the projection for FY15, enrollment is not the only factor that determines early childhood funding. CPS receives state Preschool for All (PFA) funding and federal Head Start funding, which provide for a number of preschool seats that exceed 20th day enrollment projections. The need for these seats is much greater than the number of students currently served, and extensive outreach to reach at-risk families takes place throughout the year. Moreover, a number of preschool seats are initially left

available at 20th day to guarantee spaces for children who must be placed throughout the school year as they transition from Early Intervention (EI) and are determined eligible for early childhood special education supports and services. The district is obligated to provide a seat for any student with an IEP once they turn three years of age. Entry of preschool students eligible for special education services occurs on a rolling basis throughout the school year.

Student Racial and Ethnic Diversity

CPS serves a student population that is diverse and reflects the geographic concentration of various ethnic and racial groups in the city's neighborhoods. CPS recognizes the rich contributions of all students from varying racial, ethnic, and socioeconomic backgrounds. A breakout of the racial composition of the District's students is displayed below.

Chart 1: Student Racial Breakdown (School Year 2013-14)

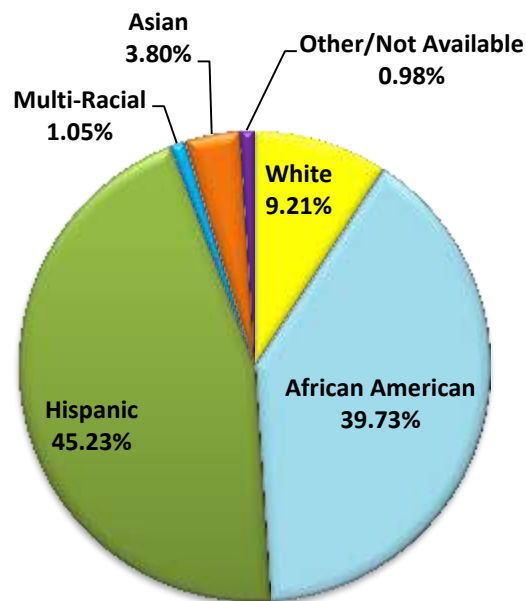
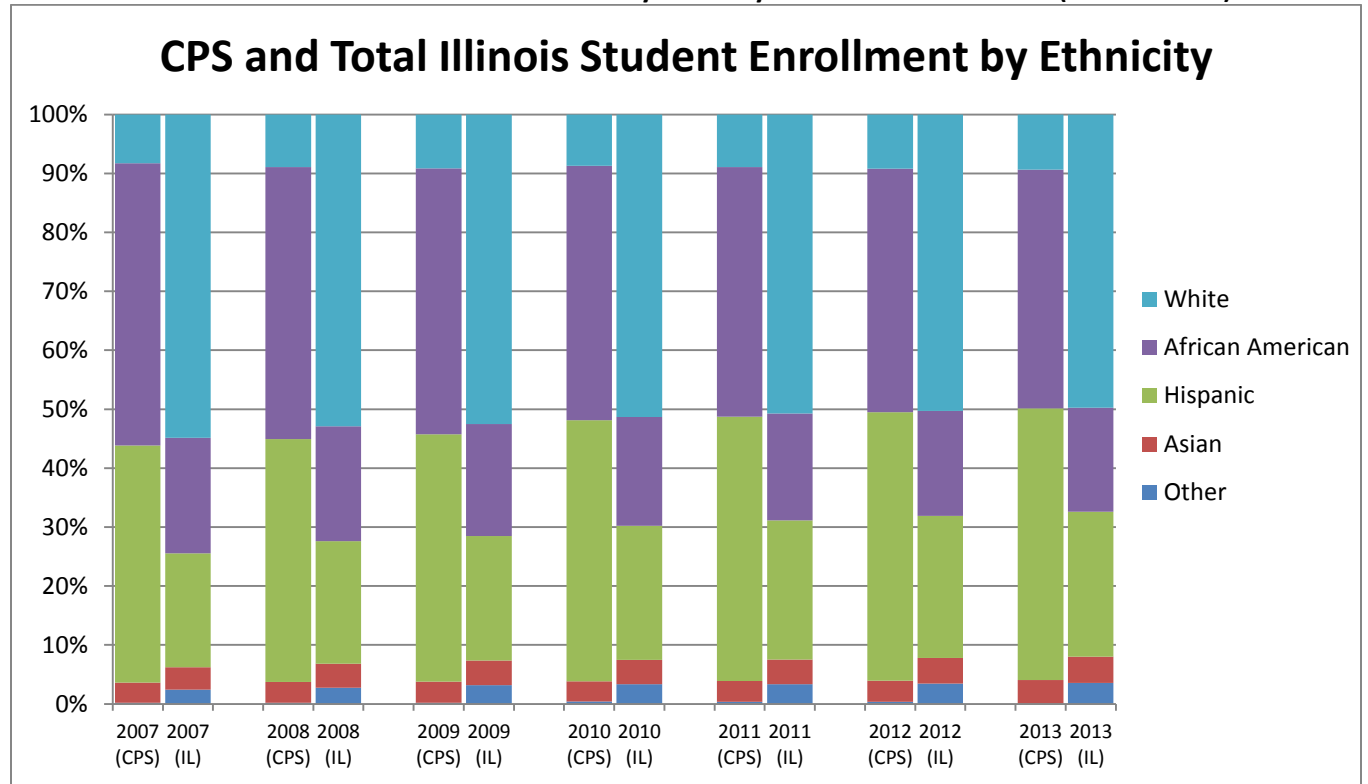


Chart 2 shows the total CPS student enrollment for Chicago compared to Illinois by ethnicity from 2007 to 2013. The trends show that while African-American enrollment is declining, Hispanic enrollment is on the rise in both Chicago and Illinois.

Chart 2: CPS and Total Illinois Student Enrollment by Ethnicity – Fall 2007 to Fall 2013 (FY08 to FY14)



Characteristics

Other characteristics distinguish CPS students from students in the rest of the state. CPS students are disproportionately low income and English Language Learners, and have a higher mobility rate, lower graduation rate, higher dropout rate, and higher chronic truancy rate.

Table 2: Student Population Characteristics (School Year 2013-14)

	CPS	Illinois
Low-Income Students	84.9%	49.9%
English Language Learner Students	17.0%	9.5%
Student Mobility Rate	19.0%	12.8%
High School Graduation Rate*	83.8%	87.0%
Dropout Rate	4.7%	2.4%
Chronic Truancy Rate	31.9%	9.8%

*High school graduation rate for Chicago as reported by ISBE is historically higher than CPS’s rate. CPS does not count students who transferred in from another school or entered high school earlier and are not part of the original five-year cohort.

Low-income students

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

85 percent of CPS students came from low-income families in 2013, as compared to about 50 percent of students across Illinois.

English Language Learners

In the 2013-14 school year, approximately 68,000 CPS students, or 17.0 percent, were English Language Learners (ELL). In the state of Illinois, 9.5 percent of the students were identified as ELL students in 2013. ELL students are those eligible for transitional bilingual education, and for whom English is not considered their native language. 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.

Student mobility rate

The student mobility rate is based on the number of times students enroll in or leave a school during the school year. In 2013, the mobility rate of students in CPS was 19.0 percent and the rate was 12.8 percent across Illinois. Students who left more than once were counted multiple times.

Graduation rate (five-year cohort)

Using statewide data, the CPS graduation rate was 83.8 percent, which represents an 8.2 percent increase over the prior year rate of 75.6 percent, while the statewide rate was 87 percent. While CPS compares slightly below the rest of the state using the Illinois State Board of Education calculation, CPS uses an even more conservative measure when evaluating graduation rates.

Using the CPS measure, the 2013-14 CPS graduation rate was 65.4 percent, which represents a 4.2 percent increase over the prior year rate of 61.2 percent. The five-year cohort graduation rate follows a group of students who enter CPS as freshmen and calculates the percent of these students who graduate within five years of their freshman year. For example, the 2012 rate tracks ninth-grade students who started in CPS in the 2007-08 school year and graduated from CPS by August of the 2012-13 school year. CPS has been implementing various programs to promote graduation among its students and increase the high school graduation rate.

Dropout rate (one year)

Dropouts include students in grades 9-12 whose names have been removed from the district roster for any reason other than death, extended illness, graduation/completion of a program of study, transfer to another public/private school, or expulsion. The dropout rate for CPS was 4.7 percent for 2013, which represents a 0.6 percent increase compared to 2012. The state dropout rate decreased to 2.4 percent in 2013 from 2.5 percent in 2012.

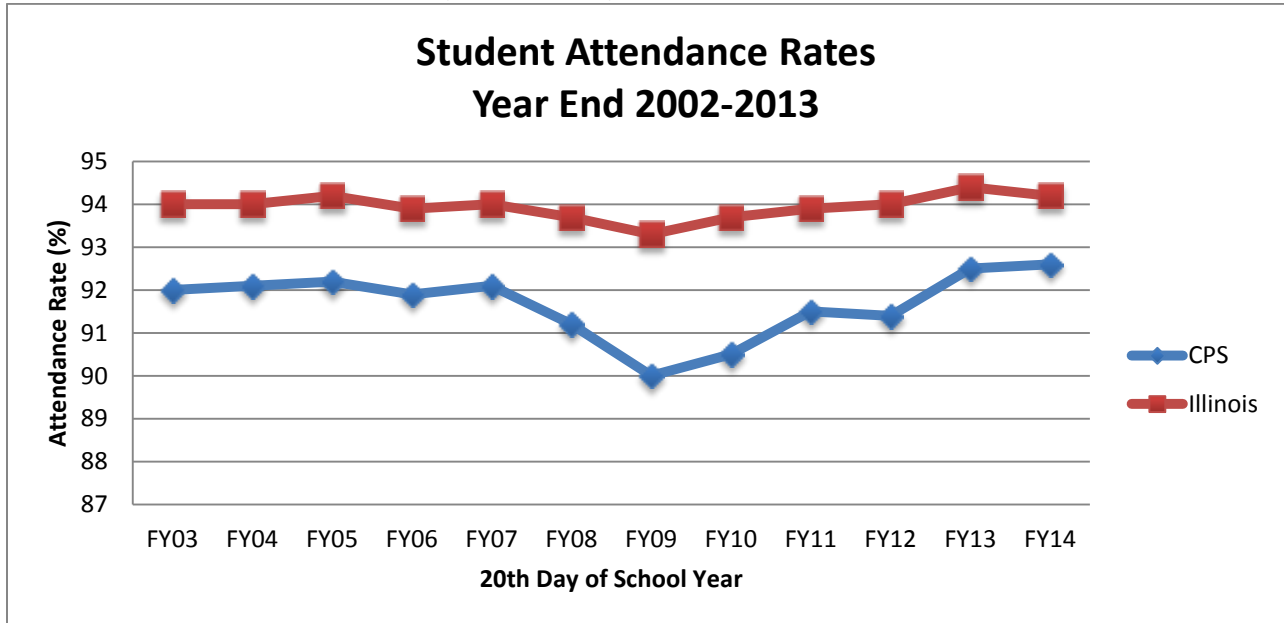
Chronic truancy rate

Chronically truant students are students with low attendance over extended periods of time. The chronic truancy rate for CPS was 31.9 percent in 2013, compared to 29.5 percent in 2012. Both of these numbers are substantially higher than the chronic truancy rate of 7.4 percent in 2011. The increase in the truancy rate is related to a new state law that redefines the definition of chronic truancy. Under the new definition, a chronically truant student is one who misses 5 percent of school days within an academic year without a valid excuse. This percentage amounts to nine days of an average 180-day school year. In the past, the threshold was 10 percent of school days – or 18 days. The state chronic truant rate was 9.8 percent in 2013, compared to 8.6 percent in 2012.

Student attendance trends

The graph below shows attendance rates from 2002 to 2013 (FY03 to FY14), not including preschools or specialty schools. The District’s student attendance rate increased to 92.6 percent from 92.5 percent for the 2013-2014 school year, slightly below the state’s attendance rate of 94.2 percent.

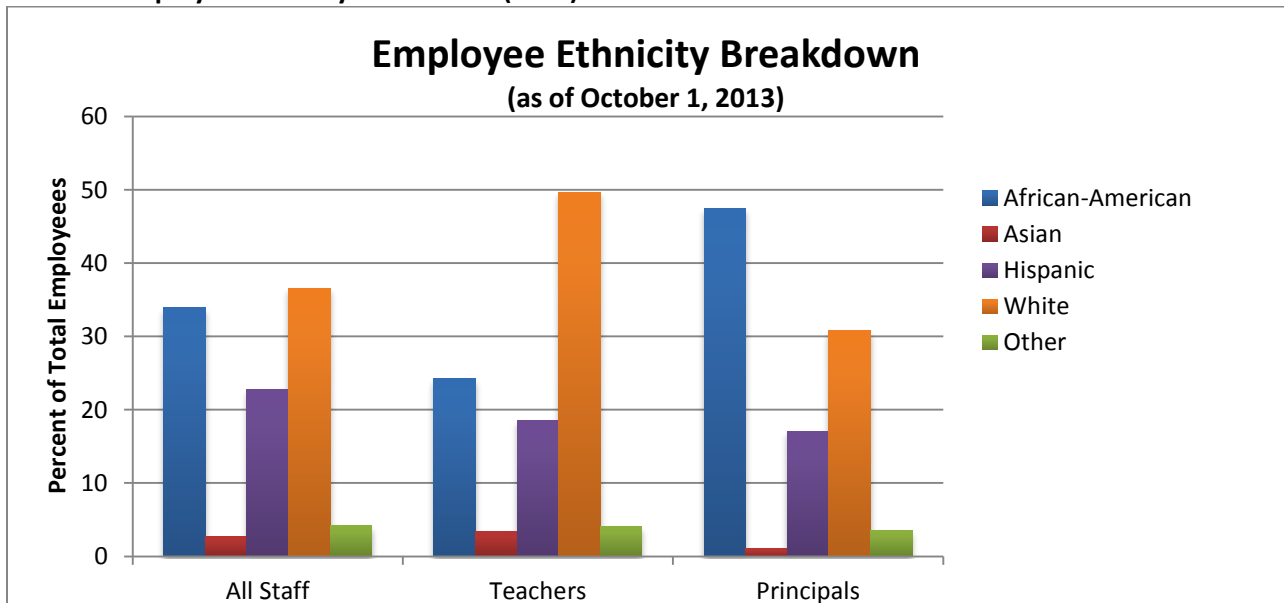
Chart 3: Student Attendance Rates (FY03 to FY14)



District employees

As of October 1, 2013, CPS had 41,579 staff on board, including 22,519 teachers and 545 principals. The District is one of the largest employers in the City of Chicago. The table below shows a breakdown of CPS employees by ethnicity.

Chart 4: Employee Ethnicity Breakdown (FY14)



COMMUNITY CHARACTERISTICS

Chicago is a leader in reforming public schools, enhancing public safety and security initiatives, providing affordable housing in attractive and economically sound communities, ensuring accessibility for all, and fostering social, economic, and environmental sustainability.

The City of Chicago sits 176 meters (578 feet) above sea level on the southwestern shore of Lake Michigan, with 26 miles of lakefront. At 190 km wide and 495 km long, Lake Michigan is the fifth largest body of fresh water in the world. The city lies across the Chicago and Calumet rivers. Chicago is home to dozens of cultural institutions, numerous historical sites and museums, over 200 theaters, nearly 200 art galleries, over 7,300 restaurants, 552 parks, 19 miles of lakefront bicycle paths, and 36 annual parades.

Chicago is the third largest city in the United States. Located in Cook County, Illinois, the city is home to more than 2.7 million people living in a 237-square mile area with 77 ethnically diverse communities containing more than 100 neighborhoods. Below are 2012 statistics from the Census Bureau.

Table 3: Chicago Census Data (2012)

2012 Statistics	
Total Population by Race	2,714,598
White	45.0%
Black or African American	32.9%
Asian	5.5%
Two or more races	2.7%
American Indian or Alaska Native	0.5%
Native Hawaiian or Other Pacific Islander	0.03%
Other	13.3%
Population by Hispanic or Latino Origin	
Not Hispanic or Latino	71.1%
Hispanic or Latino	28.9%
Income*	
Median Household Income	\$47,371
Persons below Poverty Level	21.4%
Gender	
Female	51.5%
Male	48.5%
Age	
Children under Age 5	6.9%
Adults 65 and over	10.3%
Median Age	32.9
Education	
High school graduate or higher (age 25+)	80.5%
Bachelor's degree or higher (age 25+)	33.6%

Data Source: U.S. Census Bureau

ECONOMY

Chicago is a national center for manufacturing, transportation and tourism. In 2013, domestic visitation to Chicago reached an all-time record of 46.96 million visitors, an increase of 4.4 percent over 2012. Travel expenditures reached a record \$12.76 billion in 2012, up 6.7 percent from the previous year. Spending by domestic visitors grew to a record \$11 billion in 2012. However, the overall economic status of the nation has impacted Chicago locally in terms of both revenue and expenditures.

Chicago's gross domestic product (GDP) of \$524.6 billion in 2012 was the eighth highest among cities worldwide. Chicago's economy makes up approximately 3.34 percent of the United States' GDP of \$15.68 trillion and 75.46 percent of Illinois' GDP of \$695.23 billion. The Chicago metropolitan area's GDP was \$571.01 billion in 2012. Chicago is home to 11 Fortune 500 companies, while the rest of the metropolitan area hosts an additional 21 Fortune 500 companies. Chicago was ranked as the tenth best city in the world for starting a business in 2012. Chicago Public Schools is the second largest employer in Chicago, behind only the U.S. Government.

In 2012, the City of Chicago's composite tax rate increased 17 percent and its equalized assessed value (EAV) fell 13 percent. The EAV in Chicago's downtown commercial district fell 7.5 percent, while values in residential neighborhoods dropped between 14 and 20 percent. This decline was the result of a reassessment and the equalization factor decreasing by 5.5 percent. From 2015-2017, Chicago will use TIF Districts to fund approximately \$1.5 billion of projects throughout Chicago's neighborhoods. Chicago Public Schools will receive approximately \$354 million of TIF funds during this period.

The economic downturn has been reflected in Chicago's job market over the past few years. However, Chicago's unemployment rate experienced its largest decrease since 2011 and is now lower than the unemployment rate in Illinois. The unemployment rate of Chicago, as tracked by the U.S. Bureau of Labor Statistics, was 8.1 percent in March 2014, compared to 9.3 percent in May 2013. The unemployment rate for Illinois in March 2014 was down seven tenths percentage points to 8.4 percent from 9.1 percent in May 2013. The national unemployment is also decreasing, down to 6.7 percent in March 2014 from 7.6 percent in May 2013.

Table 4: Historical Unemployment Rates

Year	Chicago	Illinois	U.S.
2002	8.3%	6.5%	5.8%
2003	8.1%	6.7%	6.0%
2004	7.5%	6.2%	5.5%
2005	7.1%	5.8%	5.1%
2006	5.3%	4.6%	4.6%
2007	5.8%	5.1%	4.6%
2008	7.0%	6.4%	5.8%
2009	10.9%	10.1%	9.3%
2010	11.0%	10.3%	9.6%
2011	9.5%	8.7%	9.0%
2012	8.8%	8.9%	8.2%
2013	9.3%	9.1%	7.6%
2014 (March)	8.1%	8.4%	6.7%

Data Source: U.S. Bureau of Labor Statistics

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 FY15 budget is the second year using the SBB model.

SBB is a per-pupil funding allocation, weighted based on grade level and diverse learner category.

The grade level weights used to determine SBB rates are unchanged from FY14. 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%

LRE 3 students receive 40 percent of the per-pupil rate for the students’ grade level. High school LRE 2 students receive 70 percent of the high school per-pupil rate.

Table 2: FY15 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 FY15, the SBB allocation is \$2,054,130,000. The allocation was determined by taking the FY14 SBB allocation and increasing it by \$69.32 million, which includes teacher salary increases for FY15 and cell tower revenue.

Table 3: Distribution of SBB Allocation for FY14 and FY15

(All amounts in \$000s)	FY14 (After 20 th day adjustments)	FY15 (Based on projections)
Base SBB Rate for All Schools	\$1,670,548	\$1,770,792
Foundation Positions Equivalent (Charter/Contract)	32,738	36,002
Teacher Salary Adj. Equivalent (Charter/Contract)	5,931	6,849
Multiple Building Adj. Equivalent (Charter/Contract)	0	288
Teacher Salary Adjustment for District Schools	30,253	33,293
Multiple Building Adjustment for District Schools	1,400	1,400
Other Adjustments	5,001	7,204
FY14 Transition Adjustments for District Schools	8,900	0
FY14 Hold Harmless	54,492	0
Post-20 th Day Adjustments	546	0
Temporary Adjustments (Adjusted at 10 th Day)	0	1,154
Contingency for 10 th Day Adjustments	0	22,148
Total SBB Dollar Distribution	1,809,808	1,879,130
Cost of Foundation Positions for District Schools	175,000	175,000
Total SBB Allocation	\$1,984,808	\$2,054,130

Calculation of FY15 SBB Base Rate

The FY15 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. This is an increase of \$250 from the FY14 base rate of \$4,140.

Table 4: Calculation of FY15 SBB Base Rate

Amount to be Distributed through Base Rate	\$1,770,791,833
Total Weighted Enrollment	403,369.438
FY15 SBB Base Rate	4,390.00

Total weighted enrollment is based on the FY15 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: FY15 Projected Enrollment, Including SBB Weightings

Enrollment Category	SBB Weighting	Unweighted Enrollment			Weighted Enrollment		
		District	Charter	Total	District	Charter	Total
K-3 Gen Ed / LRE 1 / LRE 2	1.07	107,491	13,744	121,235	115,017.37	14,706.08	129,721.45
4-8 Gen Ed / LRE 1 / LRE 2	1.00	118,090	14,409	132,499	118,090.00	14,409.00	132,499.00
6-8 Gen Ed /LRE 1 at the HS rate	1.24	2,469	3,214	5,683	3,061.56	3,985.36	7,046.92
9-12 Gen Ed / LRE 1	1.24	74,675	27,980	102,655	92,597.00	34,695.20	127,292.20
K-3 LRE 3	40% of 1.07	1,799	54	1,853	769.97	23.11	793.08
4-8 LRE 3	40% of 1.00	2,916	62	2,978	1,166.40	24.80	1,191.20
9-12 LRE 2	70% of 1.24	3,952	1,040	4,992	3,430.34	902.72	4,333.06
9-12 LRE 3	40% of 1.24	836	157	993	414.66	77.87	492.53
Total		312,228	60,660	372,888	334,545.29	68,824.14	403,369.44

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 the average teacher 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 for the year. The amount is not adjusted for staffing changes that may occur during the school year.

The teacher salary adjustment, however, will change from year to year due to changes in staffing at the school and district-wide. It is not uncommon for a school to receive a teacher salary adjustment in one year and not receive an adjustment the next year.

The total cost for the teacher salary adjustment is \$33,292,733.

2. Multiple Building Adjustment

Additional SBB funds are given to 26 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 6: 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 multiple building adjustment is \$1,400,000.

3. Foundation Positions

Every district 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 schools have no discretion on whether to have these positions; all district schools are required under state law and the Chicago Teachers Union contract to have one principal, one counselor, and one clerk.

Calculation of SBB Per-Pupil Equivalents for Charter Schools

Charter schools receive a per-pupil equivalent for the foundation positions that all district schools receive and for the teacher salary and multiple building adjustments that go to some district 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 7.

Table 7: Calculation of Per-Pupil Equivalents for Charter/Contract Schools

	Foundation Positions	Teacher Salary Adjustment	Multiple Building Adj.
Amount Reserved for District Schools	\$175,000,000	\$33,292,733	\$1,400,000
Weighted Enrollment for District Schools*	334,545.29	334,545.29	334,545.29
Per-Pupil Equivalent for Charter/Contract	\$523.10	\$99.52	\$4.18

*See Table 5 for calculation of weighted enrollment for district schools.

With the per-pupil equivalents added in, the SBB base is higher for charter and contract schools, as shown in Table 8. However, the funding is equivalent to funding for district schools.

Table 8: Charter/Contract SBB Base with Per-Pupil Equivalents

	Amount
SBB Base Rate for All Schools	\$4,390.00
Foundation Positions Equivalent	\$523.10
Teacher Salary Adjustment Equivalent	\$99.52
Multiple Building Adjustment Equivalent	\$4.18
Charter/Contract SBB Rate with Per-Pupil Equivalents	\$5,016.80

Table 9 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 9: 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	\$5,367.98
4-8 Gen Ed / LRE 1 / LRE 2	1.00	\$5,016.80
9-12 Gen Ed / LRE 1	1.24	\$6,220.83
K-3 LRE 3	40% of 1.07	\$2,147.19
4-8 LRE 3	40% of 1.00	\$2,006.72
9-12 LRE 2	70% of 1.24	\$4,354.58
9-12 LRE 3	40% of 1.24	\$2,488.33

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 10.

Table 10: SBB Amount Distributed on Per-Pupil Basis

(All amounts given in \$000s)	FY14 (After 20 th day adjustments)	FY15 (Based on projections)
SBB Base Rate for All Schools	\$1,670,548	\$1,770,792
Foundation Positions Equivalent (Charter/Contract)	32,738	36,002
Teacher Salary Adj. Equivalent (Charter/Contract)	5,931	6,849
Multiple Building Adj. Equivalent (Charter/Contract)	0	288
Total Amount Distributed on Per-Pupil Basis	\$1,709,217	\$1,813,931

Temporary Adjustments

Four 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 \$22.1 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 AND CONTRACT SCHOOLS

Non-SBB Rates for Charter/Contract Schools

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 11 shows the district-wide shared obligations removed from the FY15 non-SBB calculation:

Table 11: District-Wide Shared Obligations

	Estimated Amount
Unfunded Pension Liability ¹	\$498,319,000
Core Instruction for Options, Specialty Schools	42,200,000
Facilities Supplement for Charter/Contract Schools	30,000,000
New and Expansion Schools Funding	19,753,058
Funding for School Transitions	13,485,726
Early Childhood (funded with General Funds)	13,518,000
Transportation	6,378,847
Total District-Wide Shared Obligations	\$623,654,631

After removing the district-wide shared obligations, the non-SBB rate was based on an estimated non-SBB allocation of \$840.2 million. The non-SBB rate was set before the completion of the FY15 budget, and the Budget Office used all the information available at the time to correctly estimate the size of the non-SBB allocation.

The FY15 non-SBB base rate is \$1,973.81, which was calculated by taking the total amount of non-SBB spending and dividing by the weighted total enrollment of all students.

Table 12: Calculation of FY15 Non-SBB Base Rate

Amount to be Distributed on Per-Pupil Basis	\$840,234,129
Total Weighted Enrollment (Non-SBB)	425,691.76
FY14 Non-SBB Base Rate	\$1,973.81

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:

¹ In the final stages of preparing the FY15 budget, this amount was reduced because the General Assembly appropriated \$50 million to offset CPS's pension contribution. However, we removed this amount from the spending plan and did not shift it to cover other costs. Thus, although the number is changed, the net impact is still the same.

- 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 are counted as half-day students (with a weight of 0.5) in the total enrollment count. This is consistent with the methodology used to set charter/contract tuition rates in prior years: pre-K students were counted only for the non-instructional components of the rates.

The following chart shows the FY15 non-SBB rates:

Table 13: FY15 Non-SBB Rates

Non-SBB Rates (Gen Ed and SPED)	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

The FY15 base non-SBB rate appears to have increased significantly from FY14 – from \$1,643.01 to \$1,973.81. However, this is not an apples-to-apples comparison. In FY14, the non-SBB rate was shown net of administrative costs. The District used a complicated, opaque formula to estimate the cost to the District of overseeing charter and contract schools, and we assessed this administrative cost against the non-SBB rate and published the net non-SBB rate.

In FY15, the non-SBB rate is presented as the gross rate, without any reduction for administrative charges. Instead, a separate administrative fee will be charged using a simple, transparent formula. (See below.)

Facilities Supplement for Charter/Contract Schools in Independent Facilities

Charter and contract schools who are in independent facilities receive a facility supplement of \$750 per pupil to cover the costs of renting or owning the school facility. The FY15 rate is the same as the FY14 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. In prior years, each school was charged for the actual operating costs of the building used. Beginning in FY15, schools will be charged for facilities costs based on per-pupil rates reflecting the average operating costs throughout the district.

Facilities deductions will be assessed in three separate components, each with a separate rate:

Table 14: Per-Pupil Rates for Facilities Charges

Deduction Type	FY15 Rates
Facilities & Maintenance	\$767
Security	\$137
Information Technology	\$96
Total Facilities Charge	\$1,000

Charter and contract schools will have the option to opt out of the District’s security and information technology services. Charter/contract schools that are the sole occupant of a CPS facility will have the choice to opt out of facilities and maintenance services. Charter/contract schools that are sharing a facility with another school will not be 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, charter/contract schools are expected to reimburse the District for the employer pension costs for charter/contract school employees who participate in the Chicago Teachers Pension Fund. Schools will be charged 11.16 percent of the salary costs of participating employees, consistent with the pension normal cost estimates for FY15. Pension payments will be deducted from quarterly tuition payments. Pension charges will not apply to special education teachers, aides, or clinicians.

Administrative Fee

Beginning in FY15, charter and contract schools will be charged a 3 percent administrative fee to cover the District’s costs in overseeing charter and contract schools. The following table shows how the administrative fee will be assessed for each funding source.

Table 15: 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. Early childhood centers may not receive the counselor position because they serve only pre-K students.
- 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. Although ALOPs are legally structured as programs and not schools, they operate like any charter or contract school serving the same population of students. For this reason, these programs are funded at the same rates as charter and contract schools, even though they are technically not included in Student Based Budgeting.

Safe School Programs

CPS also funds two Safe School programs for students who have been expelled from traditional schools due to violence. Like ALOPs, 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.

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 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 the disability (or disabilities) of individual students; the required instructional minutes, LRE classification, and ages of the students (see formulas below); the settings where minutes are delivered (i.e. general education classroom or separate classroom); and the total number of students by disability to be served. 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 based on the formula below:

- **Amount of Required Services (ARS)** - based on the total minutes per week (“mpw”) of instructional time
 - 1 = Less than 20 percent of time receiving special education services
 - 2 = 21-60 percent of time receiving special education services
 - 3 = More than 60 percent of time receiving special education services

Table 16: FY15 Special Education Staffing Formulas

Amount of time receiving services (ARS)	Category	Maximum number of students per classroom	
		Teacher only	Teacher + aide
1	0 to 20% ARS	15	17
2	21% to 60% ARS	10	15
3	61% to 100% ARS K-12 Programs	8	13
3	61% to 100% ARS Early Childhood Programs	5	10
3	Early Childhood Inclusive Head Start Program	30% of total classroom	30% of total classroom
3	Early Childhood Inclusive Pre-School For All Program	30% of total classroom	30% of total classroom

* Class size for separate special education classrooms is determined by the students with the highest ARS.

** At the elementary level classrooms can have no more than a 4 year age span; at high school 6 year age span.

Additionally, CPS may allocate clinicians (e.g., nurses, social workers, psychologists, etc.) to a school based on services required by students’ IEPs.

Improving Academic Outcomes for Diverse Learners Pilot

In FY15, the Office of Diverse Learner Supports and Services launched a pilot program at 20 district schools and three charter schools to accelerate academic achievement of students with diverse learning needs. The pilot provides principals with one-on-one coaching and budgeting flexibility to design innovative programs to better meet individual student needs. Schools in the pilot:

- Receive ongoing direct support to help them design instruction and supports to improve academic outcomes for their students.

- Gain flexibility to develop innovative programming at their schools, rather than being dependent on position allocations from Central Office.
- Get a faster response to enrollment and IEP changes.
- Will remain in compliance with all local, state, and federal requirements.

In the pilot, we are modeling a new system to update a school’s resources more quickly, transparently, and fairly in response to the school’s diverse learner enrollment or IEP need. This new system will replace for the pilot schools the existing Position Allocation Request Form (PARF) process, which has been criticized for being burdensome.

Schools in the pilot will receive dollars based on school and student need:

- **Base Per-School:** In order to address minimum staffing requirements, each school will start with a “foundation.”
- **Cluster Program Funding:** During budgeting, approved cluster programs will see their additional staff allocations as dollars.
- **Per IEP:** Each student with an IEP will receive a dollar amount based on LRE category.
- **Per-Minute Funding:** CPS will provide a per-minute amount based on the minutes required in a student’s IEP to account for the different in need within LRE category.

The pilot will also experiment with providing performance incentives to reward schools for diverse learner student performance gains and for allowing students to appropriately exit special education.

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 17: 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)	\$1,477.23 per semester	

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 2014-2015 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 2014-2015 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 2014-2015 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 of \$1,477.23 per semester, per school for such a qualified case manager for the 2014-2015 school year. The amount of the stipend is subject to the terms of the 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

Allocation of supplemental bilingual education program teacher(s) is formula-based. The formula takes into account the actual number and/or the adjusted number of English Language Learners (ELLs) in each school.

The adjusted number of ELLs is based on the level of bilingual education program services an ELL student receives as reported by the school. The following chart show how ELL students are counted in the adjusted count:

Table 18: Counting ELL Students for Supplemental Bilingual Funding

Number of periods per week of bilingual or English as a Second Language (ESL) instruction	Adjusted ELL count for KG students	Adjusted ELL count for grades 1-12
Less than 5	Not counted	Not counted
5 to 9	1.0	0.5
10 or more	1.0	1.0

The adjustment number of ELLs is used to determine the allocation of supplemental bilingual teachers based on the following tables:

Table 19: Supplemental Allocations for Transitional Bilingual Education (TBE)

Transitional Bilingual Education (TBE)*	Adjusted Number of ELLs (Same Language Background)	Supplemental Teacher Allocation
Elementary School TBE Program	1- 44.5	0.0
	45-249.5 (adjusted number)	0.5
	250 or more (adjusted number)	1.0
High School TBE Program	1- 44.5	0.0
	45 or more	1.0

* = 20 or more ELLs of the same language background

Table 20: Supplemental Allocations for Transitional Program of Instruction (TPI)

Transitional Program of Instruction (TPI) **	Adjusted Number of ELLs	Supplemental Teacher Allocation
Elementary School TPI Program	0 – 29.5	0.0
	30- 249.5	0.5
	250 or more	1.0
High School TPI Program	0 – 29.5	0.0
	30 or more	1.0

** = Fewer than 20 ELLs of the same language background

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.

Once data is collected, CPS establishes a flat rate per-pupil amount and calculates the SGSA allocation based on the number of eligible students for each qualifying school.

All schools received a preliminary SGSA allocation based on the number of students qualifying for free and reduced meals in FY14. However, the final allocation will be determined based on the number of qualifying students at each school on the 20th day of the current school year.

For FY15, the preliminary per-pupil rate is \$783.00, which was calculated by dividing \$261 million by the projected number of free and reduced meal students expected in FY15:

Table 21: Calculation of FY15 SGSA Base Rate

Amount to be Distributed	\$261,000,000
FY14 Total Count of Free/Reduced Meal Students	333,336
FY15 SGSA Base Rate	\$783.00

Schools receive SGSA funding for each qualifying student. If a school has only one student eligible for free or reduced meals, the school will receive an allocation of \$783.00 for that student.

Charter and contract schools, like district-run schools, receive SGSA funding.

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 FY14 SGSA carryover will be allocated to schools in July 2014. Once the district has finalized the financials for FY14, the final amount of FY14 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 2014.

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 typically uses 20th day data. 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 \$430 per eligible student. As the poverty rate increases by 1 percent, the per-pupil allocation increases by \$21.60 per pupil. A school with a poverty index of 41 percent receives \$451.60 per pupil. A school with a poverty index of 50 percent receives \$646 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 22: 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%	\$430.00	400	\$172,000
41%	\$451.60	410	\$185,156
55%	\$754.00	550	\$414,700
69%*	\$1,056.40	690	\$728,916

*Highest poverty rate of any CPS school.

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 June 30.

The budget process and calendar for CPS is prepared consistent with legal requirements in the Illinois School Code:

- 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 and on the CPS website at www.cps.edu/budget.

Budget Calendar and Process

The budget development process begins in the fall and contains several components:

- **Financial projections:** The Office of Management and Budget begins to review revenue estimates and to compile known expenditure pressures to compile preliminary financial projections. Overall goals for the budget process are developed.
- **Department budget development:** Based on the goals established for the budget process, guidance is provided to central office departments and networks for developing a budget presentation. Focus can include target investment areas, opportunities for savings and efficiencies, and changes in programmatic direction. Specific formats and timelines are provided to departments.
- **Capital budget development/release:** The guidelines provided to department and networks include both Operating and Capital requirements. This is especially important to ensure that the any impact of capital requests on the operating budget (or vice versa) are identified, assessed, and incorporated into both request documents. The capital requests include both a one-year and a five-year plan. Each request undergoes a detailed review by the Capital Review Committee, composed of key central office stakeholders, before recommendations are made to the Cabinet and CEO.
- **School budget development/release:** Beginning in FY14, CPS shifted to a per-pupil funding model, called "Student Based Budgeting." Each year, the total funding available for schools is determined and a per-pupil rate is calculated. Enrollment projections are prepared, which become the basis for each school's SBB allocation. Other supplemental funding allocations are determined. School budgets are released to principals as part of a series of network meetings, where opportunities for review and discussion take place. Principals then prepare their budgets in conjunction with their Local School Councils. After approval, the budgets are submitted to the Office of Management and Budget.

- **Compilation and budget release:** All budget data is compiled, reviewed, and final decisions made to ensure that the budget is balanced. The budget materials, including this budget presentation, are prepared for public release.
- **Public hearings:** Public hearings are held in the weeks following the budget release, consistent with the timelines specified in statute.
- **Board approval:** After the public hearings are held, transcripts are posted on the website and made available to members of the Board for review prior to Board action on the budget.

For FY15, these steps took place between October and June:

October – December

- Financial projections

January – February:

- School enrollment projections provided to principals and network chiefs for review and discussion.
- Budget guidelines released to departments, incorporating both operating budget and capital budget requests. This year, departments were asked to submit Five-Year Capital Plans, consistent with the District’s requirement to release a One-Year and Five-Year Capital Plan each year.
- Department budget requests submitted.
- Review of department budget requests:
 - Capital Review Committee reviewed all capital budget requests and evaluated implications for debt service.
 - Senior Leadership Team reviews all operating budget requests.

March – April

- Finalize department budgets.
- Prepare and release school budgets.

May

- Release Draft One-Year and Five-Year Capital Plan (May 1).
- School budgets completed and submitted to Office of Management and Budget.
- Overall budget balancing complete.

June

- Budget released
- Public hearings
- Board Action anticipated at June meeting

July

- Fiscal Year Begins (July 1)

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 power to levy property taxes. The fiscal year starts July 1 and ends June 30. The Board 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 the 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. 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 ILCS 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 generally accepted accounting principles. The Governmental Accounting Standards Board is the standards-setting body for establishing 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. Beginning in FY15, CPS is changing its revenue recognition availability period from 30 days to 60 days.

Rationale for Change in Revenue Recognition Timeframe

For decades, until 2012, second installment property taxes in Cook County were due in November or December. In 2012, however, the County met the statutory due date of August 1, which shifted hundreds of millions of dollars in property tax receipts to the July/August period, as most property taxes are received right before or after the due date. Under CPS's current revenue recognition period, property tax revenues are recognized as current revenues as long as they are available within 30 days after a fiscal year ends, or through July 30. That makes the timeframe right around the end of the revenue recognition period particularly volatile, as it coincides with the property tax due date. As reported in recent budgets and Consolidated Annual Financial Reports, this has had the effect of shifting hundreds of millions of dollars in property tax receipts across fiscal years simply because of a shift of a day or two in receipt. Budgeting revenues in the fiscal year becomes extremely difficult because of this volatility and therefore meeting balanced budget and fund balance requirements becomes more challenging.

Similarly, federal, state, and local grants have been recognized as revenues when eligible requirements imposed by grantors have been met and as long as they are collected within 30 days of the end of the fiscal year. However, in FY12 the state changed the requirements so that rather than receiving funds up front, CPS would submit claims for federal and state funds and receive reimbursement based on the expenditures claimed. Additionally, in FY13, CPS implemented the new cash basis expenditure reporting required by the state. This means that CPS cannot submit claims until the actual bill is paid, not just when the expenses are incurred. Because of a natural lag between the time when the expenditure is incurred, when the claim can be processed, and when funds are received, millions of dollars in state and federal grant reimbursement were received by CPS after the 30 day revenue recognition period and therefore were not recorded in the same fiscal year as the expenditure.

To correct these two issues—volatility in revenue collections and matching of revenues and expenditures within fiscal years—CPS has changed the revenue recognition period to 60 days, through August 29, for the FY15 budget.

With the new revenue recognition policy, 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, or 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.

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 will be fully implemented by 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).

Debt Service: The school system's obligation 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 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.

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: Resources set aside 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: Requires that "on-behalf" payments made by other governments should 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: To improve consistency and clarity in reporting the components of fund balance, governments are required to adopt new fund balance reporting requirements under GASB #54, effective June 30, 2011. A hierarchy of fund balance classification has been created based primarily on the extent to which governments are bound by constraints on resources reported in the funds. The hierarchy of five classifications of fund balance is:

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 a specific purpose by a government using its highest level of decision-making authority. It would require action 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.

Generally Accepted Accounting Principles (GAAP): The uniform minimum standard of, and guidelines to, financial accounting and reporting. They govern 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 by a governmental or other type of organization to support a particular function. Typically, these contributions are made to the system from the state and federal governments and from private foundations.

Homeroom Classrooms: Identified for elementary schools only. Refers to the number of allotted classroom spaces required for homeroom use. The number allotted for homeroom use is the total number of classrooms multiplied by 0.769, rounded 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 (IDPA) submitted a Medicaid State Plan Amendment, which expanded the range of existing covered services, expanded the scope of covered services and increased reimbursement rates. The new program is based on 42 CFR 440.13D(d) of the Social Security Act. This program allows the district to receive reimbursements through Medicaid for certain services we provide 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.

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. The city will impose property tax levies when the current debt issued by the School Finance Authority and PBC expires. Property owners, therefore, will not see any net increase in their future property tax bills resulting from the 1997 IGA debt.

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 and the SFA, 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: The accrual basis of accounting adapted to the governmental fund type spending measurement focus. Under this basis, revenues are recognized when they become both “measurable” and “available” to finance expenditures of the current 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 will be 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.

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 a fiscal year).

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.

Penalty Date: Date by which property tax bills are 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 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.

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: Portions of open meetings held to present evidence and provide information on an 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: Bonds whose principal and interest are payable exclusively from a revenue source pledged as the payment source before issuance.

School Actions: Significant changes to schools that require Board approval. Examples of school actions include consolidations, school moves and turnaround implementation.

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: 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 (formerly State Chapter I): Fund for the receipt and disbursement of Supplemental General State Aid.

Supplemental General State Aid Revenue (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).

Tax Increment Financing (TIF): A method of providing local property tax funding for economic development projects within a 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 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.

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: A reformation model for underperforming schools 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.