CHICAGO PUBLIC SCHOOLS
PUBLIC HEARING
FY2018 AMENDED BUDGET
held on
October 10, 2017

STENOGRAPHIC REPORT OF PROCEEDINGS
had in the above-entitled matter at 42 West
Madison Street, Garden Level, Board Room,
Chicago, Illinois, commencing at 12:12 p.m.
MR. FRANK CLARK, presiding.

BOARD MEMBERS PRESENT:
MR. FRANK CLARK, President
MR. JAIME GUZMAN, Vice President
MR. MARK FURLONG
MR. ARNIE RIVERA
MS. GAIL D. WARD

Reported By: Karen Fatigato, CSR
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Chicago, Illinois (312) 346-4707
ALSO PRESENT:

MR. FORREST CLAYPOOL, Chief Executive Officer

MR. RONALD MARMER, General Counsel

ESTELA BELTRAN, Secretary to the Board
(Whereupon, the following proceedings commenced at 12:12 p.m.)

SECRETARY BELTRAN: Thank you, Mr. President. If everyone could kindly take their seats.

Mr. President, before you begin this hearing, I would like to introduce Jadine Chou, Chief of Safety and Security. She will give a brief safety announcement. Jadine.

MS. CHOU: Hi. Good afternoon, everyone, my name is Jadine Chou, I'm the Chief of Safety and Security for Chicago Public Schools. On behalf of all of us we'd like to welcome you today to today's budget hearing. Before we get started, I'd like to quickly share some safety announcements to ensure the safety of all of our attendees here today.

In order to maintain a safe environment, we ask that everyone keep all of the aisles and exits clear. The primary entrance and exit are to my right, the door that you entered when you came into the room. If you are leaving the room as a matter of course,
please use this exit.

In the event of an emergency and we need to vacate the room, you will hear an alarm, please remain calm and promptly and calmly move to exit the room. In addition to the primary exit on my right, there are two additional exits for your use, one behind me to my left and one behind me to the right.

During the meeting if you should need any special emergency assistance please wave the attention of one our security officers and they will come to your aid. We have CPD and emergency responders who will be available to assist us in the event of an emergency.

At CPS safety is always among our highest priorities, and we thank you again for joining us today.

PRESIDENT CLARK: Thank you, Jadine.
SECRETARY BELTRAN: Thank you, Jadine.
PRESIDENT CLARK: Good afternoon, ladies and gentlemen, welcome. I am Frank Clark, and on behalf of my fellow Board members, I want to thank you all for coming today.

The purpose of this hearing is
compliance by the Board with the School Code
Provisions regarding amending the 2017 budget.

Madam Secretary, please state for the
record the notice procedure for this hearing.

SECRETARY BELTRAN: Thank you,
Mr. President.

Notice of this public hearing was
published in the Chicago Sun-Times, a newspaper
of general circulation in the City of Chicago,
on October 5th, 2017 and posted on the
CPSBOE.ORG and CPS.EDU websites on October 5th,
2017. The amended budget was posted on the
CPS.EDU website on October 5th, 2017 in
accordance with the School Code. I will now
read into the record the public notice as
published.

Notice: Public Hearings FY18 Amended
Budget for the 2017-2018 Fiscal Year, Chicago
Board of Education, commonly known as Chicago
Public Schools.

To Whom It May Concern: Public notice
is hereby given by the Chicago Board of
Education that it has prepared an FY amended
budget for the 2017-2018 Fiscal Year in
tentative form and that five copies thereof, available for public inspection, have been filed and are now on file in the Office of the Board of Education of the City of Chicago, commonly known as Chicago Public Schools, One North Dearborn Street, Suite 950, Chicago, Illinois, 60602 and available at www.cps.edu/budget. And that said Board of Education will hold two public hearings upon said amended budget on the 10th day of October 2017, Chicago Public Schools Loop Office, 42 West Madison Street, Garden Level, Board Room, Chicago, Illinois, 60602. The hearing time 12:00 p.m. to 1:30 p.m., and the registration from 11:00 a.m. to 12:00 p.m.

And the second hearing, Chicago Public Schools Loop Office, 42 West Madison Street, Garden Level, Board Room, Chicago, Illinois, 60602. And the hearing time 2:00 p.m. to 3:30 p.m., and the registration from 1:00 p.m. to 2:00 p.m.


Chicago Board of Education. By: Frank M. Clark, President, and attest, Estela G.
Beltran, Secretary.

Mr. President, I would also like to note the Board members who are present here today.

And we have Member Furlong?

MEMBER FURLONG: Present.

SECRETARY BELTRAN: Member Rivera?

MEMBER RIVERA: Present.

SECRETARY BELTRAN: Vice President Guzman?

VICE PRESIDENT GUZMAN: Present.

SECRETARY BELTRAN: Member Ward?

MEMBER WARD: Present.

SECRETARY BELTRAN: And President Clark?

PRESIDENT CLARK: Present.

SECRETARY BELTRAN: We have five members present, we have a quorum.

And I would also like to recognize Forrest Claypool, our CEO, and Ronald Marmer, our General Counsel. Thank you.

PRESIDENT CLARK: Thank you very much, Madam Secretary.

Let's begin with the amended budget
presentation, and I believe that's going to be Michael Sitkowski.

MR. SITKOWSKI: Good afternoon, President Clark, my name is Mike Sitkowski, I'm here to give you an overview of the FY18 amended budget.

So on August 28th, 2017 the Board approved a $5.75 billion Fiscal Year 18 Budget. This budget included two assumptions for revenue from the State and additional local revenue. We assumed there would be $300 million in new State revenue as part of this budget and 269 million in new local revenue.

This amended budget does two things, it clarifies the $569 million in State and local revenue, which is partly covered by the $450 million in new State funding from Senate Bill 1947, which has since become Public Act 100-465.

The second thing that this amended budget does is it changes the charter school funding based on the new funding formula mandated in the new State law. The original budget included a contingency for this potential change.
The increased State and local revenue on puts CPS on stronger financial ground and ensures stability in the classroom in the coming school year -- in the current school year.

As a part of this district schools were held harmless for $35 million of enrollment-based funding declines during the 10th day budget adjustments.

The first piece of the changes in the amended budget is covering the $569 million in assumed revenue. We had assumed $300 million of new State revenue in the original budget then this came through. On top of that, to cover the additional 269, we received $4 million more from the State than we had anticipated. We also increased our property tax levy for teachers' pensions by $130 million. We're planning to receive $80 million dollars in funding from the City of Chicago for school security and student safety costs. And we are covering the remaining 55 million through debt refunding savings and purchasing savings. This gives us a balanced budget based on the framework we initially put forth.
The second change in the FY18 Amended Budget is for charter school funding. P.A. 100-465 requires CPS to set charter tuition rates between 97 percent and 103 percent of the district's per capita tuition costs. This is a calculation which is how the State views the amount of money that we spend to educate each of our students.

Before this change, State law dictated that we spend 75 to 125 percent of PCT, which allowed us a little bit more flexibility in setting charter tuition rates.

Prior to this change CPS used a student-based budgeting model similar to the way that we fund our district schools. So charters received an SBB rate equivalent to the district school rate. And then on top of that charters received non-SBB rate, which reflected the items that the district provides in-kind for district schools, such as, operations and maintenance, security and central office services.

The changes in this funding formula will increase charter school funding in FY18 by an estimated $37 million.
In conclusion, the FY18 original budget was $5.749 billion. The amended budget, which reflects the changes we discussed, is $5.699 billion.

That concludes my presentation.

PRESIDENT CLARK: Thank you very much. Questions, Board members?

MEMBER RIVERA: Yeah, I have a question.

So previously charter schools have gotten the SBB rates, which have been, you know, publicly documented in the budget book. What's the mechanism in which they're going to start receiving funding with this change? Is it going to be a modified student-based budgeting rate? Is it a lump sum? I mean, when is that going to be public, the mechanism in which they're receiving the funding?

MR. SITKOWSKI: So the mechanism to which they are going to be funded is included in the amended budget book. What we've done basically is take the PCTC formula that's -- that we're mandated to use by the State and use the FY16 per capita tuition costs to come up
with an overall number for the 97 to 103 percent range. And then we are deducting the in-kind services that we're providing to charter schools, such as, the district pension, the unfunded liability, charters that are in CPS facilities and then the principle and interest on our long-term debt service.

PRESIDENT CLARK: Did that answer your question?

MEMBER RIVERA: Yes.

PRESIDENT CLARK: Following up on that question. There will be, I'm sure, representatives from the various charter schools, as well as local community schools that will ask a similar question. The formula should be readily understandable, and it's actually quite complex. So we want to make sure that people who have to live with the budgets have a reasonable understanding of how the calculations were made.

MR. SITKOWSKI: Yeah, and those numbers and those calculations have all been provided in the updated budget book.

VICE PRESIDENT GUZMAN: Just to get to
the question that I know that we hear consistently on the Board is do we feel confident that this is, given the limitations of the PCTC as the base of what we're required to use, that this is as close as we can get to equitable funding for charter schools?

MR. SITKOWSKI: Yes, we believe this is as close as we can get.

PRESIDENT CLARK: Thank you very much.

Madam Secretary, let's proceed with today's public comment segment. Please share the rules for public comment.

SECRETARY BELTRAN: Thank you, Mr. President.

For the record I would like to note that registration for this public hearing was held between the hours of 11:00 a.m. and 12:00 p.m. Individuals who registered to speak will have 2 minutes to comment, and I will call the speakers in the order of registration. This hearing will conclude after the last person who has signed in to speak has spoken or at 1:30 p.m., whichever occurs first. When called, please state your name.
And I will proceed by calling the first speaker. Our first speaker, Mr. President, will be speaker number 1, Mark Mijay (phonetic), followed by speaker number 2, Rosa Nodal, and then speaker number 3, Maria Zavala.

MR. MIJAY: Hello.

PRESIDENT CLARK: Hello.

MR. MIJAY: My name is Mark, I'm an activist, a trader and the husband of a CPS teacher. She teaches at Suder Montessori over on Damen and Washington, runs the best inclusion classroom in the damn city.

So I'm here to argue against this fair funding nonsense, but I want to make it clear that the charter schools are not the enemy here. They're a solution that has been presented, and as misguided as it is, it's a natural consequence of a far larger problem, and that's why no one gives a damn.

The kids are collateral damage in a war of accumulation. And the reason there's no money in seeing public schools -- school education succeed is that certain parties from Betsy DeVos, to your predecessor, to our garbage
mayor scramble to take profit where they can. And I'm here to tell you it won't work.
Introducing the profit motive into education has been proven to fail. And I know we're going to have examples of people getting up and saying how charter schools are working for their kids and all that stuff. But you know what's working, a safe space and teachers who give a damn, that's what's working, not the fact that you introduce profit as a motive.

And, you know, Rahm and fucking yes aldermen don't even try to hide it, like propo Joe who opens 12 charter schools in his district and I go to an LSC meeting and the teachers are in tears because they can't pay for copies for the rest of the year. You know what, the lights don't get dimmed when we take the money out of the schools, they're fixed costs stay the same. And when Rahm proposes a budget with 15 million in Loop tree planting and zero for public summer school, that tells you exactly where he stands.

SECRETARY BELTRAN: Thank you for your comments.

MR. MIJAY: So here's my message, we
see through it and we're coming for you.

PRESIDENT CLARK: As you leave, I
neglected to make a comment I generally make at
the start of these meetings asking for courtesy
and professional behavior. Your message I'm
sure was compelling to you, but your language
was not. And since this is viewed by the very
people you're trying to protect, I think perhaps
you want to think about how you say what you
have to say.

With that, let's proceed.

SECRETARY BELTRAN: Thank you,
Mr. President.

So our next speaker will be number 3,
Maria Zavala, followed by speaker number 4,
Socorro Pudilla, speaker number 5, Araceli
Arreguin, speaker number 6, Myisha Shields.

(Whereupon the following
speaker spoke in Spanish and it
was translated to English.)

THE INTERPRETER: My name is Maria
Zavala. My daughter Valadia is in 5th grade at
Cisneros Elementary. My daughter Maria is a
recent graduate from Soto High School.
As a parent I want what is best for my child, and I appreciate having the choice regarding where I send my children to school. I find Cisneros to be a very good school. I am pleased with the performance, and I find the principal and the teachers to be very dedicated. I also like that Acero Schools encourages and supports parent involvement.

I volunteer at Cisneros, and I'm happy to advocate on behalf of Acero. I know that public charter school students have been deeply underfunded for years, and I have traveled to Springfield in the past to meet with legislators to make the case for a fair and equitable school funding. I am pleased that school funding bill was finally passed. I am excited that it includes improvements in the way charter schools are funded.

I appreciate the work that CPS has done to arrive to this budget, and I look forward to continuing to work with the Board to ensure all students are funded fairly. It is important that CPS continue to support schools that have good track -- a good track record and are
succeeding at providing students with a high-quality education.

My hope is that with sustainable and equitable funding, all our schools and all our students will experience even greater success.

Thank you.

PRESIDENT CLARK: Thank you.

SECRETARY BELTRAN: Thank you.

And our next speaker please, Socorro Pudilla.

MS. PUDILLA: Hi, my name is Socorro Pudilla. My son is Lorenzo Pudilla, he is in 1st grade at Zizumbo, which is part of Acero Schools Veteran Campus. Zizumbo consistently ranks as a Level 1 school throughout your rankings and so does Garcia and Torres, which is a part of the same campus. I'm happy that we have this option in my neighborhood. My son has a speech delay, he has an IEP, and unfortunately our home school or home CPS school was not able to accommodate his special needs. And ever since he started at Zizumbo last year he has succeeded. He has -- he talks nonstop, and for the most part you can understand him. And not
only has the school been able to accommodate him, but they've also been able to support me as a mom dealing with, you know, a child who doesn't -- who is not at the same level as everyone else. And I'm very grateful that we have this option, and I feel that more parents should have this option because every child is different. Not every kid is the same, not every kid will succeed at their home school, and we should be able to have other options that are great options where our children will succeed. And he's been a happier kid ever since then.

And I try and give back to the school by volunteering as much as I can. This is my first time at something like this so I'm a little bit nervous, but I'm really appreciative of the progress that you guys have made to include us in this budget. Thank you.

SECRETARY BELTRAN: Thank you, Ms. Pudilla.

And our next speaker please, Araceli Arregui. Last call for Araceli.

Moving on to the next speaker, Myisha Shields.
MS. SHIELDS: Hello, my name is Myisha Shields, and I am the proud mom to five amazing charter school scholars. One is at Mansueto, where she is a sophomore. The other four, 8th 7th, 6th and 4th graders are students currently at Catalyst Maria charter schools.

I'm here because charter schools have been deeply underfunded for years, but we are excited to learn that there is a budget and that CPS has taken a big step toward treating all public schools fairly. It is my hope that you continue to support our charter schools and that you can see the amazing work not only our teachers and our educators are doing but also our scholars because they are doing some amazing things within all of these charter schools.

And I appreciate the work that CPS has done to get this budget, and I was right alongside with you with the fight for SB 1947 to pass. So I hope CPS continues to work with the charter sector, support our students and do right by all of our CPS kids. Thank you.

PRESIDENT CLARK: Thank you.

SECRETARY BELTRAN: Thank you,
Ms. Shields.

And, Mr. President, if I may we have Karen Lewis, who is in our audience, who wishes to address the Board.

PRESIDENT CLARK: Of course.

SECRETARY BELTRAN: Ms. Lewis.

MS. LEWIS: Thank you so much, Estela.

Good morning. How are you?

I come before you today to say that sadly this proposed new budget falls short in every possible way. It fails to serve our students, to support our dedicated workforce of educators, and it fails to provide our neighborhoods with sustainable community schools.

Section 12.2 or Page 56 of the agreement that we have come to work with is very clear about let's put together, let's get together and make these community schools possible with the money that's involved in them.

What we're concerned about is that the way the funding is set up, the whole purpose of the way the State came up with an equity amount of money was based on evidence, it's called
evidence-based model. We're still stuck in the student-based model, which means that the students that often need the most still don't get what they deserve.

Now, I disagree with the whole notion of the charter schools have been unfairly funded. They came before you years ago saying we can do this work for less money and do it better. That was their whole claim to fame. They said that out loud. And we were like, okay, fine, let's see you do it and then share your best practices, and that's never been done. Never been done.

So I have nothing against charter school teachers. I have nothing against charter school parents or students who choose that for their children. I have nothing against that. You know, I do have something against the charter management companies that make as much as you do and have -- you have, what, 600 schools under your purview? They might have 12 or 14 and they make as much money as Forrest. I have a problem with that.

But I'm concerned that there will be
ongoing layoffs of teachers and support staff who really play critical roles in the lives of our students and the larger community. And with the bulk of those layoffs falling once again and most harshly on the shoulders of black female educators, we have some serious problems. Our union will fight tooth and nail with our community allies to ensure that our students receive better because they deserve it and fairness and equity demands it. So let's look at how we need to re-evaluate.

I understand you all are getting like 76 million in new money. Let's make sure it goes to where we said we want it to go, to the neighborhood schools where people can walk their kids to school, where people can walk their kids to school because we want to have people invest in those neighborhoods so that they have a place to send their children. Those things are extraordinarily important and they're missing.

You know, we still have about 400 million in cuts that we're going to see. We don't have a balanced budget. We don't have a balanced -- I mean, we're still looking at about
$12,000 a kid that we're paying in debt, you know, so let's figure this out better.

And I would like to ask you, Mr. Clark, to have some time to sit down so that we can actually start putting together some selection criteria for the community schools because I never reached out to you and I'm sorry I haven't done that. So I'm doing that publicly now so people know it's on the record because they've asked me have you reached out to Frank, and I said, no, I haven't, and I'm doing it now.

PRESIDENT CLARK: I reached out to you.

MS. LEWIS: You have?

PRESIDENT CLARK: Well, it's been a little while ago.

MS. LEWIS: Yeah, like in 2013?

PRESIDENT CLARK: No.

MS. LEWIS: Since then?

PRESIDENT CLARK: Yes.

MS. LEWIS: Well, we're going to see what I'm concerned about, that predominantly black and Latino schools will see much deeper cuts in their budgets. I'm worried about the special ed money. We need to figure out how to
do this equitably, not equally, not everybody
gets the same amount of money, that's not
equitable. It's those that deserve. And I
thought that was the whole process why Governor
Rauner held us hostage for two-and-a-half years,
you know, because we need to have some equity.
And equity and equality are two different
things, and I hope you all are taking that into
consideration and not just say, okay, we'll go.
But let's figure out how that money gets spent.

PRESIDENT CLARK: Thank you very much,
Karen.

SECRETARY BELTRAN: Thank you. Thank
you, Ms. Lewis.

MS. LEWIS: Thank you, Ms. Beltran.

SECRETARY BELTRAN: Our next speakers,
Mr. President, will be speaker number 7 please,
Debra Hass, followed by the last speaker,
speaker 8, Chris Baehrend.

MS. HASS: Hi, my name is Deb Hass, I'm
a CPS parent and a Board member of Raise Your
Hand. I'm here today because we have a lot of
concerns about this revised budget. The
revision to increase funding for charter schools
is required by the State law you promoted that binds you to pay higher costs without a binding source of revenue to offset them. With legislators like Pritchard quoted in the press saying it will be nearly impossible for the State to make full payments so school districts, you're increasing the budget for charter schools.

CPS is increasing the budget by $37 million this year alone but giving nothing more to district schools without any analysis of real need at the school level. At the same time schools across the district suffer from gross underfunding that you refuse to recognize and address.

This budget does nothing to address the chronic underfunding and the years of baked in cuts you've imposed. Where is the urgency to address the desperate need for an increase in per pupil funding for district schools? Only 25 of 167 CPS high schools have librarians. We lack sufficient counselors, nurses, special ed teachers and aides. The Board fails to provide a high-quality education for all.
Why isn't more money being spent on the students at Kelly High School who lost 25 teachers and staff this year? Or Ellington Elementary, a so-called welcoming school in Austin, that lost seven positions? Or Courtney, another welcoming school, that lost eight positions? The list goes on and on.

In its amended budget the City of Chicago will provide only $80 million of the original $269 million it committed in further local resources that they had promised us in the original budget. It's absurd that the only support for schools will come from the form of police services. The TIF surplus CPS receives in this budget is less than last year. You should be pushing for more, more for all of our students and a more transparent process that puts this meeting on a CPS calendar and gives us a chance to talk to you from our neighborhoods at times when working parents can come and ask for support for their students.

SECRETARY BELTRAN: Thank you.

And our last speaker, Mr. President, Chris Baehrend.
MR. BAEHREN: Good afternoon, my name is Chris Baehrend, and I'm president of Chicago ACTS, Local 4343, the union of charter educators in Chicago. And I come to speak you to today to speak against this revised budget for two reasons. It will harm black and Latino students by targeting their schools for closure. And it continues a policy of expanding charters and closing district schools that benefits no one except for education privatization vultures and other wealthy persons who want to avoid the reform that our schools and students deserve, which is more progressive revenue.

The educators at charter schools will not be bribed with $37 million to be silent while unconscionable cuts to district classrooms filled with children get left unremiedied. Whether we work in a district or charter school, we care about all kids. This Board I know you care about all kids too, and it's time to act that way by providing the funding to the classrooms so that the young people can get the education that they deserve.

Student-based budgeting has been CPS's
method for disguising cuts and applying pressure on principals to favor novice teachers over veterans which drains experience and diminishes the number of black and Latino teachers in our schools. By pursuing this policy which pushes out educators of color the Board is further entrenching systemic racism. Students deserve teachers that look like them, role models, professional role models.

I'd also like to say that this policy of opening and closing schools is not a way of supporting schools, yet this fundamental structural deficit pretty much guarantee that CPS will move to close more schools this year. Every time a school is closed this Board and the mayor who appointed you have failed a community. You need to support the schools -- we need to stop opening and closing schools and support the schools that we have. Charter expansion is causing enrollment declines, budget cuts and layoffs at our charter schools as well as district schools. The cost of expansion --

SECRETARY BELTRAN: Mr. Baehrend.

MR. BAEHREND: -- that should be spent
in the classroom.

I'll just finish with this. It's time for this Board to stop making excuses and start demanding the progressive revenue without which the futures of our schools and our students are --

SECRETARY BELTRAN: Thank you for your comments.

Mr. President, this concludes the public comment segment.

PRESIDENT CLARK: Board members, any questions or comments based on the presentations?

MEMBER WARD: I'll make a comment. I would like to tell our audience that I really appreciate that this State funding resulted in some constraints. And I'd also like to tell you that I really appreciate management's efforts to serve all the stakeholders that we have in the city. I realize we face many challenges still, but I think we are going to come to those challenges with more strength than we have in the past two years anyway. That's my comment.
PRESIDENT CLARK: Thank you very much.
If they're no other comments, this concludes the Amended Budget Hearing. Thank you.

MS. LEWIS: I just want to give you a copy that's a little more detailed. Since I had a short period of time, I left a whole lot of fact and figures out that I'd like to share with the Board.

PRESIDENT CLARK: Thank you, President Lewis.

MS. LEWIS: Thank you, President Clark.

PRESIDENT CLARK: This concludes the Amended Budget Hearing. Thank you very much.

(whereupon, the proceedings concluded at 12:45 p.m.)
STATE OF ILLINOIS  
COUNTY OF COOK  

Karen Fatigato, being first duly sworn, on oath says that she is a court reporter doing business in the City of Chicago; and that she reported in shorthand the proceedings of said public hearing, and that the foregoing is a true and correct transcript of her shorthand notes so taken as aforesaid, and contains the proceedings given at said public hearing.

Karen Fatigato, CSR
LIC. NO. 084-004072
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