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 2:08 p.m.
MR. FRANK CLARK, presiding.

BOARD MEMBERS PRESENT:
    MR. FRANK CLARK, President
    MR. MARK FURLONG
    DR. MAHALIA HINES
    MS. GAIL D. WARD

Reported By: Karen Fatigato, CSR
License No.: 084-004072
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 2:08 p.m.)

SECRETARY BELTRAN: Thank you,

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

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

First, in order to maintain a safe environment, we ask that everyone keep all of the aisles and exits clear. The primary entrance and exit that we have is right to my right, the entrance that you used today as you entered 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 move to exit the room. In addition to the primary exit on my right, we also have two additional exits for your use, one in the back behind me to my left and one in the back behind me to my right.

During the meeting if you should need any special emergency assistance, please wave the attention of one of 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. Thank you again for coming today.

SECRETARY BELTRAN: Thank you, Jadine. Mr. President, we are now ready for you to begin the hearing.

PRESIDENT CLARK: Thank you, Jadine. Good afternoon, ladies and gentlemen, welcome. I am Frank Clark, and on behalf of my fellow Board members, I want to thank you 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 website 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 -- FY18 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. Hearing time 12:30
p.m. to 1:30 p.m., registration 11:00 a.m. to
12:00 p.m. And Chicago Public Schools Loop
Office, 42 West Madison Street, Garden Level,
Board Room, Chicago, Illinois, 60602, hearing
time 2:00 p.m. to 3:30 p.m., and the
registration from 1:00 p.m. to 2:00 p.m.

Dated at Chicago, Illinois. October
5th, 2017.

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

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

And we have Member Furlong?

MEMBER FURLONG: Present.

SECRETARY BELTRAN: We have Member Dr. Hines?

DR. HINES: Present.

SECRETARY BELTRAN: We have Member Ward?

MEMBER WARD: Present.

SECRETARY BELTRAN: And President Clark?

PRESIDENT CLARK: Here.

SECRETARY BELTRAN: We have four members present, there is 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.

Let's begin with the Amended Budget Presentation, and that's Michael Sitkowski.

Michael.

MR. SITKOWSKI: Thank you, President Clark. Good afternoon, my name is Mike
Sitkowski, I'm the assistant budget director for Chicago Public Schools, and I'm here to give you an overview of the FY18 amended budget.

To begin, on August 28th, 2017 the Board approved a $5.75 billion FY18 budget. This budget assumed $569 million in new revenue, 300 of which would come from the State, and at the time we had planned for 269 million to come from additional local resources. The amended FY18 budget does two things, it specifies the initial framework provided for the 569 million in new resources, and most of which is coming from Senate Bill 1947, which has now become Public Act 100-465 passed by the State. And then the amended budget also details the changes to the charter school funding formula mandated in the Senate Bill 1947. The original budget included a contingency for this potential change to the charter school funding.

One important thing to note is that the increased State and local revenue in the amended budget provides more stability for classrooms and puts CPS on stronger financial ground. District schools, due to this stability, were
held harmless for $35 million in enrollment-based funding declines during the 10th day budget adjustments.

So the first major change in the FY18 Amended Budget is the detail behind the 569 million in assumed revenues in the original budget. The original budget had assumed that we would receive $300 million from the State, this has come through plus another $4 million through the formula included in the final bill that was passed. To cover the 269 we have this 4 million -- additional 4 million from the State, 130 million in increase to the property tax levy for teacher pensions, $80 million from the City of Chicago for school security and student safety funding, and then $55 million through debt refunding savings and purchasing savings done internally. So this leaves us with a balanced budget and no gap in assumed revenue.

The second major change in the amended budget are the changes to charter school funding. Public act 100-465 requires CPS to set charter tuition rates between 97 percent and 103 percent of the district's per capita tuition.
rate. This is the way that the State calculates the cost of educating each student in the district. Before this change the State mandated funding in the range of 75 to 125 percent of what we call the PCTC charge, which allowed CPS more flexibility in setting tuition rates.

We previously used the student-based budgeting model similar to the way that we budget district schools to set budget for charter schools. So charter schools would receive an SBB rate at the same rate that district schools received, and then they would receive a non-SBB rate for student to account for the in-kind services that CPS provides to district schools like operations, security and central office services. The changes, due to the change in law, will increase charter school funding in FY18 by an estimated $37 million.

In summation the FY18 original budget was $5.749 billion, and with the changes in the amended budget the final budget is $5.699 billion.

That concludes my presentation.

PRESIDENT CLARK: Questions, Board
members?

Thank you very much, Mike.

MR. SITKOWSKI: Thank you.

PRESIDENT CLARK: So let's proceed with today's public comment segment. Madam Secretary, please share the rules for our 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 1:00 p.m. and 2:00 p.m. Individuals who registered to speak will have 2 minutes to comment, and I will call speakers in the order of registration. This hearing will conclude after the last person who has signed in to speak has spoken or at 3:30 p.m., whichever occurs first. When called, please state your name.

And I will proceed by calling the first speaker, Mr. President, and we have Carol Coker, and she will be followed by the last speaker, Debra Hass.

Ms. Coker.
MS. COKER: Hello, my name is Carol Coker, I am here today as a mother to tell you that I am excited there is a budget and that CPS is taking a big step towards treating all public school students fairly.

I have two students that attend Catalyst Maria charter school both with IEPs. I had the support of the teachers that was there to help me to support them and they have succeeded to honor roll students. I have one in college at Graceland University, and I have one in high school at Muchin College Prep.

I appreciate the work that CPS has done to get this budget, and I was alongside you fighting for SB 1947 to pass. I hope CPS continues to work with our charter family to do right by our kids and set the budget to fund charters fairly. Thank you.

PRESIDENT CLARK: You're welcome. Thank you.

SECRETARY BELTRAN: Thank you, Ms. Coker.

Debra Hass, please.

MS. HASS: It's like groundhog's day.
So as you know from my earlier being here that I am with Raise Your Hand, my name is Deb Hass, and we are concerned about this revised budget in part because you're taking on increased expenses with no ongoing revenue source identified. And I want to talk about two things. I want to talk about the transparency of this process.

So think back all of you to the last time you had one of these meetings in a neighborhood. Can you even remember? President Clark, have you ever been at a budget meeting in a neighborhood outside the Loop? So I'm respectfully asking that you think about having opportunities for families to come and fight for their schools when they can, when they're not at work, and at times and in places that work for us.

I'm also asking you to think about the information you make available. A fully revised budget book was not posted on the CPS website. The online interactive reports don't show the changes between the original and amended budget, making comparisons nearly impossible. And just
as one example, the revised budget summary claims $55 million in debt in purchasing changes, but there's no detail.

The second thing I want to talk to you about this round is fighting for our students and for revenue for our students. So the city had put $269 million on the table for us in CPS, and we need every penny of it. I want to know why you aren't out there pushing for a bigger TIF surplus to pushing for other sources of revenue from our mayor. This year CPS in its budget received $65 million less than last year in TIF support. We need it more than ever. You cut our budget not just once a year, twice a year at the school level.

Our schools are suffering and we need your support. The lack of transparency in this process --

SECRETARY BELTRAN: Ms. Hass.

MS. HASS: And your inability to address the needs violates a trust that you have with the parents and the taxpayers of the city.

SECRETARY BELTRAN: Thank you for your comments.
Mr. President, this concludes the public segment.

PRESIDENT CLARK: Board members, questions or comments?

DR. HINES: I just want to ask when will that information be online that she mentioned? Is it online yet?

MR. SITKOWSKI: So the current amended budget -- proposed budget is available online at CPS.EDU/BUDGET.

MS. HASS: Not one that would allow us to compare line by line changes, not the existing budget.

MR. SITKOWSKI: So the existing budget is detailed in the previous version of the budget book, which is online. The interactive reports have been updated to reflect the amended FY18.

PRESIDENT CLARK: Okay. If there are no other questions or comments, this concludes our hearing. Thank you all very much for coming.

(Whereupon, the proceedings concluded at 2:22 p.m.)
STATE OF ILLINOIS )

) SS:

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