BOARD OF EDUCATION
CITY OF CHICAGO
PUBLIC HEARING ON THE FY-17 BUDGET
held on
August 19, 2016

STENOGRAPHIC REPORT OF PROCEEDINGS had in
the above-entitled matter at 42 West Madison
Street, Garden Level Board Room, Chicago, Illinois,
commencing at 10:35 o'clock a.m., MR. FRANK CLARK,
presiding.

BOARD MEMBERS:

MR. FRANK CLARK, President
MR. JAIME GUZMAN, Vice President
MR. MARK F. FURLONG
DR. MAHALIA A. HINES
REV. MICHAEL J. GARANZINI

ABSENT:

MS. DOMINIQUE JORDAN TURNER
MS. GAIL D. WARD

Reported By: Anna M. Morales, CSR, RMR
License No.: 084-002854
ALSO PRESENT:

MR. FORREST CLAYPOOL, Chief Executive Officer

DR. JANICE JACKSON, Chief Education Officer

MR. RONALD L. MARMER, General Counsel

MS. ESTELA G. BELTRAN, Secretary to the Board
(Whereupon, the following proceedings commenced at 10:35 o'clock a.m.)

PRESIDENT CLARK: Good morning, ladies and gentlemen. Welcome. I'm Frank Clark, and on behalf of my Board members, thank you for coming today.

The purpose of this hearing is to comply with the School Code Provisions regarding the 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 Chicago Sun-Times, a newspaper of general circulation in the City of Chicago, on August 11, 2016, and posted on the cpsboe.org web site on August 17, 2016. I will now read into the record the public notice as published.

Notice, Public Hearings FY-17 Budget, 2016-2017, 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 a FY-17 budget for 2016-2017 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 budget on the 19th day of August, 2016.

The first hearing, Chicago Public Schools Loop office, 42 West Madison Street, Garden Level Board Room, Chicago, Illinois, 60602. The hearing time, 10:30 a.m. to 12:30 p.m., and the registration, 9 a.m. to 10 a.m. And the second hearing Chicago Public Schools Loop office, 42 West Madison, Garden Level Board Room, Chicago, Illinois 60602. Hearing time, 1:30 p.m. to 3 p.m. Registration from 12 p.m. to 1 p.m. dated at Chicago, Illinois, August 8, 2016, Chicago Board of Education by Frank M. Clark, President, and attest, Estela G. Beltran.

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: Vice President Guzman?
VICE PRESIDENT GUZMAN: Present.
SECRETARY BELTRAN: Dr. Hines?
DR. HINES: Yes.
SECRETARY BELTRAN: Father Garanzini?
REV. GARANZINI: Present.
SECRETARY BELTRAN: President Clark?
PRESIDENT CLARK: Present. 10:37:07
SECRETARY BELTRAN: We have five members present. There is a quorum. 10:37:07
I would also like to acknowledge 10:37:10
Forrest Claypool, our CEO; Ron Marmer, our General 10:37:13
Counsel; and Dr. Janice Jackson, our Chief 10:37:16
Education Officer. Thank you. 10:37:19
PRESIDENT CLARK: Thank you. Let's begin with 10:37:20
the budget presentation, and it will be Ron Denard, 10:37:21
our Senior Vice President of Finance. Ron. 10:37:24
MR. DENARD: Good morning, Board. Ron Denard, 10:37:46
Senior Vice President of Finance.
The first thing I would like to do is 10:37:54
thank all of the people that were involved in 10:37:56
putting this budget together. That would be the 10:38:01
Finance Department, Janice Jackson and her 10:38:03
education staff, our network chiefs, and our 10:38:06
principals. I also would like to take the 10:38:11
opportunity to thank the Board for all of their 10:38:14
guidance and challenge that they have given us over 10:38:18
the year. That's been financial challenge. That's 10:38:21
been education challenge, strategy challenges, and 10:38:24
I even call it challenges of the heart. 10:38:27

So let's begin. Let's have a recap of 10:38:35
FY-16's budget. So FY-16's budget was balanced 10:38:39
with some one-time items and assumed revenue. So 10:38:43
we had a one-time item of scoop and toss, and we 10:38:47
had $480 million of revenue that we did not get in 10:38:51
2016.

PRESIDENT CLARK: Ron, just for the record and 10:38:57
for the audience and the media, give a very brief 10:38:59
definition of the technical terms "scoop and toss". 10:39:03

MR. DENARD: A scoop and toss is when you 10:39:08
refinance a debt so you have a debt payment that is 10:39:10
due. So there was a debt payment due in February, 10:39:14
say, for instance, of $300 million, and we actually 10:39:17
scoop that and move that out into the future. It's 10:39:20
almost like refinancing your mortgage if you 10:39:25
increase the time of your mortgage. So we had a 10:39:27
payment that was due and we scooped it out and 10:39:30
moved it into the future and thereby lowering how much we had to pay in the current year.

PRESIDENT CLARK: Thank you, Ron.

MR. DENARD: So in order to cover the budget with that unrealized revenue, we had to make a series of cuts and short-term borrowing. We had $45 million that we cut out of the Central Office positions. We had $8 million with nonunion pension and health care reductions; 120 million in SBB reductions; 30 million in nonstructural furloughed days; and $66 million in spending control.

So with those cuts, we were able to carry over $173 million of additional savings into the FY-17 budget that started out with a $1.1 billion deficit. And, fortunately, we were able to get $641 million in state revenue support, and that's what we call part of our shared solution.

So the state restored some general state aid that they were going to take from us. They gave us additional early childhood funds. They increased our equity grants for poor and low-income students, we're very thankful for. They gave us permission to restore a pension levy, so that's the $250 million that the citizens of Chicago are
helping CPS with. That money goes directly to pay 10:41:24
teachers pension. It does not come to CPS. It 10:41:28
goes directly to the pension fund. And then 10:41:32
$215 million, that's the normal pension cost. So 10:41:36
that's a great step towards the pension parity that 10:41:42
we're looking for.
10:41:46
We still are the only school district that 10:41:47
pays all of its pension costs. So they have given 10:41:52
us a partial payment towards that, and we 10:41:55
absolutely appreciate it.
10:41:58
So the operating budget for FY-17 versus 10:42:04
FY-16 will be $232 million less because of the 10:42:07
items that we talked about.
10:42:11
If you look at our spending, about 10:42:16
70 percent of our budget is really associated with 10:42:18
salaries, pensions, benefits. So we are very -- 10:42:23
our financial condition is very sensitive to 10:42:29
increases or decreases in labor costs.
10:42:32
You can see that 97 percent of our staff 10:42:39
provides direct support to the schools. So we're 10:42:42
very school-focused.
10:42:46
Earlier this week, we had a cap -- we had 10:42:51
capital budget hearings where we introduced a 10:42:54
$338 million investment in overcrowding.
programmatic and facility upgrades, facility needs, and also IT support. So these projects will be funded by CPS bonds, TIF funding, and some federal funding.

Yesterday we talked -- we had a Truth in Taxation hearing and our impact to an average taxpayer with a $250 million home would be $14 for the natural increase that we increase our property taxes due to inflation. It would be a $2 increase for our capital improvement tax, the increase due to our capital improvement tax; and it will be $228 million -- excuse me, $228 increase to the homeowners' property taxes for the teacher pension tax. Again, that goes directly to the pension fund. It does not come to CPS.

And there's one other thing that I would like to read into the record. This is in regards to TIFs. Since the start of the TIF program, the city has provided or committed to providing $1.3 billion for CPS school-related projects. More than that $1 billion of TIF funding has already been committed for 104 school-related projects, and this comes from funds from 54 TIF districts city-wide.
This funding provides capital work at schools, for instance, for ADA accessible bathrooms to fixing leaky roofs or work to alleviate overcrowding.

So to clarify something, the 2016 TIF surplus is the following: The cash balance in the TIFs collected is 1.38 billion. 1.25 of that is committed to various projects, public infrastructure projects including schools, including bridges, roads, et cetera. So the remaining balance is 140 million. That is the surplus. Some of that is restricted.

So of that unrestricted surplus is 113 million. To be clear, 113 million unrestricted surplus. Of that, CPS received $60 million in our 2016 budget. The city is finalizing the TIF surplus for the 2017 budget, and we anticipate receiving 32 million. We expect to get a final amount from the city this fall, and the Mayor has continued to commit to us to provide as much TIF surplus financing as possible. For instance, the city froze the downtown TIF projects last year. Finally, I would like to note that the TIF surplus is a one-time revenue source and that
amount changes year to year. I think we all can agree that this is not a true fix to our budget issues and we need to focus on our efforts to make sure that the state is fully funding equitably our education. Thank you.

PRESIDENT CLARK: Does that conclude your remarks. Board Members, questions?

MEMBER FURLONG: I do. Ron, let me also, before I ask the question, thank you and Jenny and your team for multiple rounds and reviews, many in person, some on the phone. Thank you. They were really helpful for me to go through the details and the discussions were intimate.

But my question is, so on the third slide, we have the much talked about $300 million. It's in the press all the time. Just give your sense of where we're at in terms of getting those identified and locked down. That's kind of the first question. I realize they can't all be locked down today, but your sense of progress on getting those locked down and the confidence level that we'll get to 300 before the year is up.

MR. DENARD: So the strategy to get the 300 million is absolutely locked down. I'll give
some for instance. We are looking at vacancy savings. We have a natural vacancy rate that we are going to sweep those savings and use that to reduce our deficit. We're looking at increasing our Medicaid reimbursements. We're looking at things like increase the utilization of our grants in the past. We would spend our operating dollars first efficiently and then spend grant dollars. So we're very being efficient with that.

So there's a whole list of items that we are going to do in order to reduce that $300 million deficit, and, at this point, I am absolutely confident that we will. It will take some -- you know, it's going to take some effort to get the projects done, but we absolutely have identified them, and some of those include labor savings also.

MEMBER FURLONG: Thank you.

REV. GARANZINI: Can I ask a question about that? Ron, when you sweep unspent personnel dollars, do you sweep from the whole system or any one category? Are you talking just about the administration category?

MR. DENARD: So this is, for instance, if you
have an open -- so we budget positions for the full 10:49:00
year. If in July, you didn't hire someone, then at 10:49:06
that point, that month of July, vacant dollars are 10:49:10
now swept. You still have 11/12ths of money 10:49:14
because that's all you're going to spend. 10:49:18

REV. GARANZINI: Just the present unspent. 10:49:20
MR. DENARD: Just the unspent amount. 10:49:23
DR. HINES: Since -- I think you're talking 10:49:26
about positions. What happens if, say, for 10:49:29
instance, the principal in the school has not spent 10:49:31
the money and you sweep it in July and they have 10:49:35
not spent it because they have not been able to 10:49:38
find qualified staff because, in many cases, 10:49:40
special ed, some of the math and science positions 10:49:43
are hard to fill. What happens in September if 10:49:46
they do find staff? What do they have to do since 10:49:49
we --

MR. DENARD: They won't have to do anything 10:49:56
because they'll still have the funds from September 10:49:57
to June. The only thing I'm taking is unspent 10:49:59
parts. They can absolutely hire going forth. 10:50:02
DR. HINES: I see. Thank you. 10:50:07
PRESIDENT CLARK: So Board Members, anybody 10:50:08
else?
A couple of questions. Let's start with your comment on TIF. I thought that was a very good explanation. Understanding the city-wide TIF balance gets to be confusing and complicated.

There are a couple hundred TIF districts in the City of Chicago spread out through the 50 wards; and while some of you have said in meetings where -- very well-meaning people have got up and spoke to us and often, almost without exception, point to the tremendous TIF balance as a way to get out of our issue and generate revenues, as Ron stated, TIF would be -- any TIF dollars tend to be a short-term solution and not a permanent solution and we would be back into the same problem very quickly.

The more important point, however, is that the TIF balance for the most part -- I was doing lightening math, but about 95 percent of it are completely committed dollars. They're committed to other projects, some of which actually go to the schools; and the uncommitted balance, my arithmetic says we get at least half of that, perhaps slightly more.

So it's not that we're not getting support from TIF. We're getting support with available
dollars. And we will keep pushing for that. So those of you who keep saying the solution is TIF and this Board needs to do more to get more TIF dollars, it is a focus of ours, but we have to take a realistic focus on what's available.

Ron, the $225 average tax increase that an average homeowner in the City of Chicago would experience based on property value of $250,000, that $245, again, on a percentage basis, it sounds like about 90 percent -- well, in excess of 90 percent of that is going to pay --

MR. DENARD: It's going to pay the teachers' pensions. It will go directly to the teacher pension fund. It doesn't come into our coffers.

PRESIDENT CLARK: Right. It doesn't come to us as operating dollars. It comes to us to meet a commitment and obligation that we currently -- that we currently have.

Also you may -- I forget what slide it was. It was a slide that addressed the $641 million that we received from the state that will be used that is part of our fiscal 2017 budget. Two things that are noteworthy. That effort was a culmination of tremendous leadership
by Forrest Claypool and other senior people in terms of their visits to Springfield, making the case in Springfield, getting -- help them to get priorities set in Springfield that helped them to pay attention.

We didn't get any money for fiscal year 2016. This is 2017. And as a result of months of effort, leadership by the Mayor, very, very outstanding leadership by Forrest Claypool, our CEO and members, including Board Members that got involved, it didn't just happen. It was a very, very, very tenacious effort because we were pitting our power entities against statewide power entities. And even with that, a little over 200 million of our 215 million of those dollars is still contingent upon action that we hope will take place by January; and, indeed, we're optimistic because I think all the leaders, including the Governor, seem to be focused on reaching an accord on some issues that are important to the Governor. So it's not an accident of where we are today.

Lastly, as succinctly as you can, compare 2016 where we had a budget gap -- a budget that included approximately $500 million in hope that we
would get help from Springfield versus the reality that's in our 2017 budget. You have already done this. I want you to simply do it again.

MR. DENARD: Sure. So there was a lot of risk in the 2016 budget. First of all, the 2016 budget was totally dependent on a long-term bond issuance. So we had to issue the bonds because we needed the scoop and toss to scoop the debt service out and reduce our operating budget, and there were certain reimbursements to the operating budget also.

Then you have the 480 million, and that wasn't a commitment from Springfield versus the commitment that we have this year. So we have more of a commitment that came out of the Senate and the House.

Secondly, we have permission to raise taxes with the citizens of Chicago helping out the teachers' pension fund and the state with the normal cost for the pension fund. Last year, we had to save up all of our dollars and make the $700 million pension fund payment right out of our operating budget. So that's a big difference between last year and this year.

PRESIDENT CLARK: If I think about this as legs
on a stool, you have one leg, Springfield.

Springfield has acted. There's a piece that's still contingent, but Springfield has acted.

MR. DENARD: Yes.

PRESIDENT CLARK: We've asked the City of Chicago taxpayers to act, and we're looking at $250 million tax increase, property tax increase that we're going to levy.

MR. DENARD: Yes.

PRESIDENT CLARK: We've looked internally at our own efficiencies and looked for cost reductions wherever we could, minimizing impacts on classrooms; and, with all that effort, there's still one more piece.

MR. DENARD: Right. So there was a four-prong shared solution that was CPS. So we did -- in this budget, there's $173 million of administrative cuts. There was the state. We were asking for equitable pension funding. There was the city, which we now have a property tax increase; and the last was -- on the shared solution was the labor shared solution, and we're in the process negotiating with the union on a shared solution also.
PRESIDENT CLARK: So finally, Ron, the $300 million that Board Member Mark Furlong asked you about, I know that you specifically identified buckets to cover that $300 million. It's not an illusory number. It's a real number and we have real ways to go at that. But a substantial portion of that has to be handled through our labor negotiations; is that correct?

MR. DENARD: Yes.

PRESIDENT CLARK: So the last piece we need to act is?

MR. DENARD: We'll need to finalize our labor contract because, remember, we're 70 percent labor and benefits. So that's very -- any cost increase or decrease we're very sensitive to -- our financial condition is very, very sensitive to.

PRESIDENT CLARK: I think another way of saying this, we can't complete the last piece without negotiations and a reasonable agreement with the union; is that correct?

MR. DENARD: Yes.

PRESIDENT CLARK: Thank you. Any other questions, Board Members?

VICE PRESIDENT GUZMAN: I have one suggestion.
I'm conscious of the fact that we're going to --
that, one, this is a very complicated budget.
There's a large volume of materials that are
available. Recognize that we're going into the
public participation portion of this meeting. We
have another budget hearing later on this
afternoon. We're going to hear from folks that are
looking in great detail at the budget, often
looking at line items, often looking at specific
departments, et cetera.

I would appreciate if, for the Board
meeting when we have it in a week and a half, that
we can sort of compile those themes so we can
provide some of that context to the general public
about what we heard in some of these hearings and
then provide some additional context so that folks
can understand especially in places where like
diverse learners, where we see, on paper, a cut.
There are good reasons why that might happen. We
want to be able to communicate that to the public
and make sure that they have the context whereby
we're making those decisions or that management is
making those decisions.

MR. DENARD: Absolutely. We'll do that.
VICE PRESIDENT GUZMAN: Great. Thanks. 10:59:22

PRESIDENT CLARK: Thank you, Ron. Let's now 10:59:25
proceed with today's public comments segment. 10:59:28

Madam Secretary, please share the rules 10:59:31
for public comment.

SECRETARY BELTRAN: Thank you, Mr. President. 10:59:35

For the record, I would like to note that 10:59:36
registration for the public hearing was held 10:59:38
between the hours of 9 a.m. and 10 a.m. this 10:59:40
morning. Individuals who registered to speak will 10:59:42
have two minutes to comment, and I will call the 10:59:44
speakers in the order of registration.

Just to note, we do have one elected 10:59:46
official, Mr. President, that registered, but he 10:59:49
did step out and, upon his return, I will call. 10:59:51

That's Alderman Moore from the 17th Ward. 10:59:53

This hearing will conclude after the last 10:59:56
person who has signed in to speak has spoken or at
12:30 p.m., whichever occurs first. When called, 11:00:03
please state your name.

And, Mr. President, I will proceed by 11:00:06
calling the first speaker, Speaker Number 1, 11:00:10
please, Rod Estvan. As Mr. Estvan approaches the 11:00:13
podium, I would ask Speaker Number 2, please,
Janice Hypolite, and then Speaker Number 4,
Chirag Mehta to step over to your left and cue up
for the order of speakers, please. Mr. Estvan.

MR. ESTVAN: Ron Estvan, the education policy
analyst for Access Living of Chicago. I will
provide the Board members next week, I'll provide
Mr. Claypool Tuesday morning a written report which
will be about 30 pages long.

I've met with Mr. Claypool along with our
leadership at Access Living. Yesterday we met
again with the diverse learners office. So we've
been in communication about many of these issues.

I would just like to say that there's a
problem with transparency. Many budget lines were
zeroed, and then that money was transferred to a
larger account to bring it into your general school
funding for the schools. And that creates a very
big accountability problem for me.

So, for instance, the autism line was
zero, but much of that funds went to another line,
but some of those funds went to cluster lines. So
I cannot in my report honestly tell the media or
the public that there's a cut or not a cut because
it's just to obscure and it shouldn't be that way.
Now at the school level, it's different because I can see the money coming into an individual school and the money going out. So I can look at like LaSalle School, which we look at, and I can see where the difference is. It's basic accounting. I mean, I was a risk manager at the Rosenthal College Group for years. So, I mean, anybody who works in accounting will understand that.

So there's a real problem here. So we believe that the original line should be restored again in the next budget. Obviously, it can't be done now.

I think there's a cost analysis problem here in looking at these lines. They're not perfect. They're designed by a governmental accounting board for particular coding systems. It is a problem, but we think that it would be better to re-establish those.

SECRETARY BELTRAN: Thank you, Mr. Estvan.

MR. ESTVAN: I could go on for a long time. I'll give you our written report.

SECRETARY BELTRAN: Thank you for your comments. Our next speaker, please, Ms. Janice
Hypolite.

MS. HYPOLITE: Good morning. My name is Janice M. Hypolite. I was the substitute teacher here at CPS, and I am also a degreed accountant who worked in nonprofit and governmental organizations for more than 20 years.

The budget is confusing because it lacks clarity in the supporting details. For instance, there are three revenue figures reported. Why? The one used in the budget was $5.46 billion. This figure includes the reserve amount of $80.8 million which for the general public may be hard to discern. The budget does show that it is balanced, though.

The CPS narrative shows that in August 2015, the school year began with a $1.14 billion deficit. Some of the state revenue included in the budget is not a certainty because the state has not approved a budget for its next fiscal year. Pension funding for Chicago has not made -- has not been made permanent by the state. Excluding this revenue would result in restoring $215 million of the deficit.

Having reviewed the budget data, I am
afraid that I came away with more questions than answers. Your budget narrative shows that the pension pick-up for -- pick-up is a CPS expense. However, if there's a change in contract negotiations and the pick-up amount is reduced, this could result in a savings to CPS and reduce the deficit.

Assuming there are no more contingencies in the budget, the total unresolved budget -- deficit is about $215 million, more or less. It looks like there may be another round of budget cuts, raising of revenue or borrowing money or a combination of the three.

SECRETARY BELTRAN: Ms. Hypolite.

MS. HYPOLITE: As I see it, the budget is a project --

SECRETARY BELTRAN: Thank you.

MS. HYPOLITE: I just wanted to say the budget is a work in progress. Thank you.

SECRETARY BELTRAN: Thank you, Ms. Hypolite.

Our next speaker, please, Chirag Mehta. As he approaches the microphone, we will then have Speaker Number 5, please, Natasha Carlsen followed by Speaker Number 7, Mary Hughes.
MR. MEHTA: Hi. My name is Chirag Mehta. I'm a CPS parent. I've got two kids enrolled at Agassiz Elementary. But I'm here representing a group called Parents for Teachers.

I just want to start by saying this new school operating budget continues the trend of balancing the budget on the backs of school children and teachers. Rather than seeking progressive city revenue sources, we believe CPS is cutting services, in part, to pressure teachers to accept a contract that slashes pay in spite of the impact that those cuts are going to have on the long-term quality of our schools.

Teacher compensation is simply not responsible for our budget crisis. Parents are going to stand with teachers and their union as they negotiate a fair contract because we know that good working conditions for teachers means good learning conditions for our children.

The call for shared sacrifice in our view is really meant to distract parents from the wealthiest among us who don't truly know the meaning of the word sacrifice. It's particularly unacceptable that families are being asked to
accept these cuts when just earlier this summer the City Council approved $16 million in TIF funds, for example, for a development in Uptown that the community opposes, just one of the many dubious TIF projects that are costing taxpayers tens of millions of dollars. And it's an unconscionable level of cuts considering the city raised $460 million in TIF funds in 2015 up 24 percent from the prior year. Ordinary property taxpayers pay for this form of corporate welfare. This has to stop.

And you say that hundreds of millions of dollars are completely committed. Well, I call the question on that. We would like to see exactly what those projects are that are completely committed. We believe the CPS Board should also call on the city to completely reveal and be transparent about the projects, TIF projects that are completely committed.

Parents for Teachers calls on Mayor Rahm Emanuel to immediately release the hundreds of millions of unspent TIF dollars that are sitting in accounts to prevent the current cuts from ever taking place to our schools.
Additionally, the Mayor and City Council
should enact other sustainable progressive revenue
measures reinstating the corporate head tax.

SECRETARY BELTRAN: Mr. Mehta, thank you for
your comments.

MR. MEHTA: Thank you.

SECRETARY BELTRAN: Our next speaker, please,
Natasha Carlsen.

MS. CARLSEN: Good morning. My name is
Natasha Carlsen, and I have been teaching special
education for the last seven years. I am proud of
the commitment I have given to my students to
ensure their education in the least restrictive
environment and uphold that commitment.

I know, however, that this new budget
fails to honor that commitment to our most
vulnerable. This budget lacks transparency by
lumping SPED funds with the general education funds
and it strategically hides substantial cuts, lacks
rationale or reason of why even now it is switched
to school-based budgeting when last year the
formula used for school-based budgeting piloted for
special education programs was called fundamentally
flawed. And it nears the edge of breaking the law
by threatening federal and state mandated legal
rights.

This student-based budgeting passes the
buck down the line to the school level. But when
budgets are already so tight, there's now this
financial incentive to limit services provided.
Yet, ultimately, it is you, the Board, that is
responsible for ensuring that the funds it receives
from the federal and state government are spent
properly.

However, you refuse to fund positions
fully that were staffed mid year last year, not
providing that money for a full-year position to
the schools or simply haven't funded vacant
positions that were there and vacant because you
have made it nearly impossible with the policies to
attract and maintain special education teachers in
CPS, not because they weren't necessary which one
of the CPS members has been quoted.

Without funds dedicated to special
education, the Board appears to violate federal law
or risk a lawsuit that you will lose. You force
principals and neighborhood schools to be infected
with your toxic behavior pitting general education
and special education parents, teachers, and
students on all levels against each other.

At my own school, my principal had to use
$150,000 of our discretionary funds to fully
provide the special education services that she
knows is legally required to meet their IEPs. That
leaves only 12,000 for almost a thousand students
and supplies. Thank you.

SECRETARY BELTRAN: Thank you, Ms. Carlsen.

Our next speaker, please.

MS. HUGHES: Hi. My name is Mary Hughes from
19th Ward Parents for Special Education and Raise
Your Hand.

Contrary to CPS's talking points, special
ed funding has been cut again. The funding for
this year has little to do with what is legally
mandated in IEPs across the district. The public
has been told the funding is the same as last year
minus 4 percent for an appeals fund; but last year,
if you will recall, after cutting hundreds of
paraprofessionals and teaching positions, you
admitted you used a flawed staffing formula for
special ed, and well into the school year, most of
those positions were restored and, upon appeal,
147 more legally mandated positions were added, though not all those positions were staffed because this reversal occurred well into the school year leaving hundreds of special ed positions unfilled because people found jobs elsewhere.

IEPs are specific and the needs of the students are dictated by the IEP team who devote time, resources, and expertise to determine what appropriate supports are needed for each individual child. Now this year, CPS comes in and says, hey, schools, we'll give you the same dollar amount for special ed as your school had last year when last year's kids were shortchanged on appropriate staffing for months or even the entire school year due to last year's flawed formula fiasco.

So now schools get the same special ed dollar amount as last year minus the 4 percent appeals fund, and principals who do not have adequate funding to meet legally mandated staffing needs for their students, students who may or may not have the same needs as last year's group of students, by the way, are being told that they have to use general education funds to fund special education.
This creates a lose-lose situation for principals who have to meet the needs of students with special needs by taking resources from the larger gen ed population. Neither gen ed or special ed is adequately funded as it is. Throwing the problem of inadequate yet legally mandated special ed funding --

SECRETARY BELTRAN: Ms. Hughes --

MS. HUGHES: -- in the laps of principals under the guise of autonomy is simply the CPS Board and upper level management shirking responsibility.

SECRETARY BELTRAN: Thank you, Ms. Hughes. Our next speakers, Mr. President, will be Speaker Number 7, Jerry Skinner, followed by Speaker Number 8, Kristie Shanley, and then we'll have Speaker Number 9, Keith Kysel.

MR. SKINNER: I'm Jerry Skinner, a teacher and LSC member at Kelvyn Park High School.

Last night at Kelvyn Park with about 100 other community members and members of the Kelvyn Park family, I attended an event, a student led event that was sponsored by Generation All and Shy Students Rising. We were joined by State Representative Will Guzzardi, State Representative
Luis Arroyo, 31st Ward Alderman Milly Santiago; and at this, the students showed us a documentary that they had made about Kelvyn Park. It basically gave a little bit of history and timeline of Kelvyn Park and talked about how Kelvyn Park back in 2005, Kelvyn Park was an overcrowded school that was nationally recognized for its social justice academy.

Today, Kelvyn Park is a struggling school with under 600 students projected this year and a huge budget crisis. The students basically with their documentary film showed it's not the staff's fault. It's not the principal's fault or the administration's fault. It's not the student's fault. It's a broken system that the Board must contribute its part to help fix for our students.

So what I would like to also now address is after that presentation, there's been a lot of disinformation I think about TIFs. And I would recommend, President Clark, you said TIFs are confusing and complicated, it's not an accident where we are today. It is not an accident. The powerful, the rich, wealthy and corporation in Chicago are not contributing their fair share to
our funding problems.
I want to invite President Clark and the rest of the Board members, including CEO Claypool, you'll learn a little bit about TIFs so they're not so complicated this Sunday at Sulzer Library at 1:30 p.m. where Tom Tresser and Dick Simpson will give a tutorial about TIFs. You will learn that --

SECRETARY BELTRAN: Mr. Skinner --

MR. SKINNER: -- they are as not complicated and confusing as you think. Thank you.

SECRETARY BELTRAN: Thank you. Our next speaker, please.

MS. SHANLEY: Good morning. I am Kristie Shanley. I'm an occupational therapist. I just wanted to talk a little bit about contracts because I think that that is really important for budget transparency; and, in a world-class city, Chicago deserves world-class public schools, we need to have accountability here.

So, of course, we still have the $340 million that were spent on Sodexo-Magic and Aramark contracts, and we still have dirty schools. This is a problem and it creates poor learning conditions.
I also wanted to bring up the $30 million spent as of last year on RCM contracts. For those of you who don't know, RCM supplies nurses; and, working with these nurses, they are incredibly unqualified. A lot of them have shown up to schools, said that they were not familiar in how to treat kids with diabetes or kids that have seizures and the parents need to be called and asked to either pick up their child because their child isn't safe at school or experience that risk.

The nurses that RCM have sent that I have worked with, unfortunately have had the experience to work with, are putting kids in danger and, again, this is your tax dollars, Chicago. They're putting kids in danger, and they're taking away from the CPS staff nurses because the CPS staff nurses have to train them for simple things like measuring blood sugar. This is ridiculous. It's an outrage. These are not qualified nurses and this is not a highly qualified situation in which tax dollars are being grossly misspent. Thank you.

SECRETARY BELTRAN: Thank you, Ms. Shanley.

MR. KYSEL: Keith Kysel. I retired, Mr. Claypool. I'm a sub at CPS now.
I'm going to say a couple things. I realize I only got two minutes, but one of the things I've noticed, and Mr. Clark will probably comprehend on this, I noticed that -- I wonder how much money is spent in utilities? And when I say that, when I go into the classrooms mostly every morning when I am subbing, the modems are on. The computers are left on. How much electricity is wasted by not turning off simple things? How much money can be saved if teachers at the schools are required to make sure that everything that could be shut off is shut off? Mr. Clark, you used to run the electricity company. You know how much modems can run up.

Also, I have gone into classrooms burning hot in the summer. How much is being wasted because somebody doesn't turn off the boiler? These are some of the things that I think the CPS -- I'm saying CTA now -- CPS can do to cut -- to save electricity. I look at the lighting in the Back of the Yard School and South Shore, the new buildings, bright lights are burning all night. How much is that in electricity is it running?

These are some of the simple things. It
cannot fix the whole budget, but these are some of the simple things we can start working on as far as budget.

Also, how much extra money is the CPS spending in adding an extra hour to the classrooms? What I see is basically just means recess. In most schools, I don't see any extra classes. I want went to school for six hours. I went to college. I did fine and so did so many other people did. I think perhaps we need to go back to looking at the old six and a half hour classroom as far as saving money. Thank you.

SECRETARY BELTRAN: Thank you, Mr. Kysel. Our next speaker, Mr. President, is Speaker Number 10, John Perryman, and we have one additional speaker, Speaker Number 11, Christine Palmeri, please.

MR. PERRYMAN: Good morning. My name is John Perryman. I'm a music teacher at Andrew Jackson Language Academy.

I'm here today because I want to talk about my position which came out of a TIF program that hired 80 PE teachers and 80 arts teachers. Because of that, Andrew Jackson Language Academy was able to hire me to teach music. Because of
that TIF money, 550 kids get weekly music lessons.  
Our after-school program of choirs has now over  
90 students. We were able to sing at Wrigley Field  
for a Cubs game yesterday, a highly positive  
experience.

So I just want to tell you, we talk a lot  
about buckets and line items. This TIF money has  
real impact on real students. Normally my position  
would probably come out of discretionary money.  
Because of this TIF program, my principal could  
hire me subsidized by that TIF money.

I want you to read what a student wrote  
me. She said, Once you came, music became  
something fun and exciting. And I finally found my  
passion: Singing. Thanks for helping me find it.

TIF money is supposed to go to development  
of our city. There's not a better way to spend  
that money than on our children. They are a  
sleeping giant for development. They are ready.  
They need to find their passion. And I want you to  
think about that as you're going back and talking  
to other city officials. This money matters, and  
it has a real impact on our students. Thank you  
very much.
SECRETARY BELTRAN: Thank you, Mr. Perryman. 11:19:45
Our next speaker, please. 11:19:47

MS. PALMERI: Hi. My name is 11:19:53
Christine Palmeri, and I'm here to speak for most 11:19:57
special education families in Chicago Public 11:20:01
Schools when I say that we do not feel IEP minutes 11:20:04
are being funded in our schools. 11:20:07

IEP minutes are not being correctly 11:20:09
identified. IEP minutes are not be allocated 11:20:12
appropriately. Needed IEP services such as speech, 11:20:16
OT, and social work are insufficient or regularly 11:20:19
delayed and denied. Schools' psychologists are 11:20:22
spread too thin amongst multiple schools. 11:20:25
Paraprofessionals are too expensive. SECA 11:20:28
positions are being slashed; and our special 11:20:32
education teachers are being cut. IEP minutes are 11:20:33
not being met because they are not being properly 11:20:36
funded and have not been for years, unfortunately. 11:20:39

In addition, the underfunded model for 11:20:41
inclusion will pit a child-like mind with autism 11:20:44
against a general education classroom with 30 plus 11:20:46
kids and no aide, no longer making this the least 11:20:50
restrictive environment and plunging a lot of our 11:20:53
kids in this spectrum back into the separate, 11:20:56
secluded special education classroom thus costing schools more money.

So special education families like mine are picking up the tab to cover thousands of dollars in outside therapies. Autism development centers, psychologists and behavioral therapists all over the city are doing triage for CPS kids on the spectrum. Right now, they're just helping them cope with the damage and oppression of an underfunded and unsupported school day.

So continued cuts to special education are causing families like mine to choose between moving out of CPS or taking legal action. I would like to ask that we can release the 4 percent special education budget holdback now for our students. At my school, the 4 percent SPED budget holdback equals the amount to the salary -- a year's salary of one SECA, something that my child desperately needs.

So the commingling of SPED and gen ed budgets immediately caused unrest and cuts in our school. We ask that we reverse the decision to commingle those budgets moving forward and make our diverse learners a priority over cost cutting.
Thank you.

SECRETARY BELTRAN: Thank you, Ms. Palmeri.

Mr. President, this concludes the public segment, and Alderman Moore did not arrive. We've been checking.

PRESIDENT CLARK: You checked to make sure he wasn't out there?

SECRETARY BELTRAN: Yes, sir, we have been checking, but he has not arrived.

PRESIDENT CLARK: Board Members, questions?

REV. GARANZINI: Maybe Janice could talk a little bit about this issue of this special ed and the gen ed budgets being commingled and what the purpose of some of the strategy is that's behind some of this?

CEO CLAYPOOL: Father, I don't know if it's more of a budget issue. I think precisely because we have heard these complaints in the past years, this year, for the first time, we required that principals fund every single IEP fully before they spend a single other dime elsewhere in the school. That's guarantees that every IEP is fully funded. And so that was important to provide that guarantee.
We also required that special education classes be scheduled first before general education classes are scheduled in order to ensure inclusion and mainstreaming in the least restrictive environment. In the past, oftentimes special education scheduling was done secondarily and more of an afterthought and it created scheduling problems which interfered with that goal.

So this year, for the first time, I think because of the way the system is set up, there's a guarantee that everything is fully funded. And to the extent that people -- and if there's a situation where someone thinks an IEP is not being fully funded by a principal and the special ed teacher and the counselor and case managers in that school, then we want to know about that. If there's any instances in which someone feels an IEP is not correct or being fully funded, we would like to know the specific so that we can intervene and review and make sure the experts look at that and make sure it is fully funded.

PRESIDENT CLARK: Thank you, Forrest. Other Board Members? A couple of questions.

With respect to the nursing issue with
RCM, Dr. Jackson, I heard this, and I think the other Board Members, this complaint was raised last year actually and probably at more than one Board meeting. Can you address this concern that they're sending unqualified nurses to some of our schools and whether or not that's a perceived issue or a reality?

CEDO JACKSON: A couple things. Number one, I think we sent the Board an update on the RCM contract after some of those comments. I think -- we administer -- not I think -- we administered a survey to principals and case managers and asked what type of nursing services they had in their school. We asked about quality of nursing services. And the results were mixed, of course. They were mixed for both the RCM nurses as well as the CPS nurses to be quite honest with you. Some of those did focus on quality. I also think for some of the CPS nurses, it could have been an issue of working at a lot of different schools and not being able to give the care that people expect.

    But I do want to make sure that we're clear that it's not an RCM versus CTU issue. It's more of a resource issue that we continue to look
at. We will be looking at the RCM contract as we do all of our contracts as they're up for renewal and looking to communicate to them any kind of changes that need to happen. One in particular that we addressed last year was the substitutes going in and out of schools. I think someone came to the Board meeting and reported that due to a vacancy, they had eight different nurses over the course of a couple of months or so. And so we have worked with them around bringing about more stability so that they don't have subs in a school for longer than a certain period of time. And I know that we saw a reduction in some of those complaints.

So we will look at the contract as we go into the next year. It was the first year where we did it at this heightened level; but I also want to make clear that some of the issues around nursing cut across whether it's the contract nurses or CTU nurses. So I want to make sure people understand that it's not just an RCM issue. It's more of a larger issue that we are continuing to look at.

PRESIDENT CLARK: Thank you. This is an issue that the Board will continue to focus on because,
one, we continue to hear it and it would be inconceivable if we're not providing adequate protection for our students with the quality of nurses that we have in the system.

With respect to these individual improvement plans and the speaker that addressed the issue of the fact that we actually had to do a realignment last year and reinstate some resources that had been eliminated, it's a true statement. We, indeed, had to do that, and that was the appropriate thing to do.

As President of the Board, but I think I'm speaking for each individual Board member, we certainly believe that every student that has and needs an IEP has been fully serviced. From an education perspective, Dr. Jackson, do you have any different perception?

CEO JACKSON: Well, there's one thing that I want to clear up. I think -- I definitely appreciated Mrs. Hughes' comments about special ed and last year; but I do want to make sure we're clear that no one was laid off as a result of the formula that was readjusted last year.

As you may recall, CEO Claypool made the
executive decision not to implement any of those cuts because we were looking closely at the formula. So there was about a month period of time where we froze those layoffs. We went back and looked at schools. So I want to be clear that there wasn't a massive layoff due to that formula.

There were other points that were made. I don't want to go through each one line by line, but I just want to make sure that we were accurate on the record around that.

As far as this school year, obviously we're going into this school year with the funding change. So I can't speak to what those changes will look like at the school level, but I do know the one area that I would count as a valuable area is that any time principals have to look closely at the dollars that they're spending and make a decision, I believe that students are going to benefit for that.

I appreciate the comments around commingling and transparency; and, again, we have to continue to address those, but I do think that the principals have to look at their budgets and that they have to make decisions about staffing,
and because we were able to give them these funds in one lump sum, principals are looking at how they staff and service special needs students closely, and I don't think that that was the case in every school when it was seen as a separate pot of money that was coming from downtown.

PRESIDENT CLARK: Thank you very much. Lastly, with respect to TIF, it's not a lack of understanding on the process around how the TIF dollars are accumulated and spent. The complexity around the couple hundred TIF districts, all of which have competing interests, all of which compete for the TIF dollars, the complexity is simply that it's a massive amount of money.

Many people, including some of you who spoke today, have a very focused view and obviously a very high standard -- or high information level, at least you believe that you do, and I think have a very, very specific focus on how those dollars should be spent.

As I've stated and will continue to state, that decision process on how TIF dollars are allocated and those dollars that become committed is a process of a legislative process with all of
your elected officials. The school board competes very aggressively, I think, led by our CEO to get as much of those TIF funds as we can; and those that are uncommitted we, in fact, get the lion's share and we continue to look for more. We'll continue to do that.

So it's not an unrealistic suggestion. It just has to be dealt with from a perspective of what's really available to go after and what you would like to be able to go after.

If there are no other comments or questions from the Board members, that concludes our public comment section and it concludes our budget hearing. Thank you very much.

(Whereupon, the Public Hearing adjourned at 11:30 a.m.)
STATE OF ILLINOIS  
  )  SS:
COUNTY OF WILL  

ANNA M. MORALES, as an Officer of the Court, says that she is a shorthand reporter doing business in the State of Illinois; 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.

IN TESTIMONY WHEREOF: I have hereunto set my verified digital signature this 22nd day of August, 2016.

[Signature]
Illinois Certified Shorthand Reporter
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