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 1:32 o'clock p.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 1:32 o'clock p.m.)

PRESIDENT CLARK: Good afternoon, ladies and gentlemen. Welcome. I am Frank Clark, and on behalf of my fellow 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 the 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 the 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 to be held at Chicago Public Schools, Loop office, 42 West Madison Street, Garden Level Board Room, Chicago, Illinois, 60602, hearing time, 10:30 to 12:30 p.m., registration, 9 a.m. to 10 a.m.; and the second hearing taking place at Chicago Public Schools Loop office, 42 West Madison Street, Garden Level Board Room, Chicago, Illinois, 60602, hearing time, 1:30 p.m. to 3:30 p.m., and 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, Secretary.

Mr. President, I would like to proceed by noting on the record the Board members that are
present here today. We have Board Member Furlong?

MEMBER FURLONG: Present.

SECRETARY BELTRAN: Vice President Guzman?

VICE PRESIDENT GUZMAN: Present.

SECRETARY BELTRAN: Dr. Hines?

DR. HINES: Present.

SECRETARY BELTRAN: Father Garanzini?

REV. GARANZINI: Present.

SECRETARY BELTRAN: President Clark?

PRESIDENT CLARK: Present.

SECRETARY BELTRAN: We have five members present. There is a quorum.

I would also like to acknowledge Forrest Claypool, our CEO; Ronald Marmer, our General Counsel; and Dr. Janice Jackson, our Chief Education Officer. Thank you.

PRESIDENT CLARK: Thank you, Madam Secretary.

Let's begin with the budget presentation. Matthew, are you doing that? Okay. Our budget director, Matthew Walter, will proceed with the budget presentation.

MR. WALTER: Good afternoon. I'm going to start with a quick recap of FY-16. We appropriated just shy of $5.7 billion as part of the FY-16
budget which was balanced but it was balanced by using one-time items and assumed revenue. Included in this is roughly 255 million of scoop and toss or debt restructuring. This is simply taking debt service payments that would normally be made in FY-16 and moving it to future years. And as I mentioned before, $480 million in unrealized revenue help balanced the $5.7 billion. We covered that unrealized revenue with a mixture of borrowing and cuts. Included in the cuts were $45 million in Central Office reductions we did mid year last year as well as an $8 million savings related to an increase in nonunion pension and health care contributions; $120 million mid year SBB reduction last year; and then nonstructural items including furlough days and spend control.

PRESIDENT CLARK: Would you state for the record what SBB reduction stands for?

MR. WALTER: It's the student-based budgeting. It's how we allocate funds out to the schools. The first three items on those reductions, the Central Office cuts, the nonunion health care and pension contribution increases, and then the
student-based budgeting reductions add up to $173 million in savings that transfer over to '17 and help reduce the $1.14 billion FY-17 beginning deficit.

In addition, we received over $600 million in support from the state in several different forms including flat general state aid versus a decline we had expected; additional early childhood funds; $102 million in equity grant; the pension tax levy which we had a hearing on yesterday of $250 million which goes directly to the CTPF; and then a commitment for partial pension parity of $215 million.

The remaining $300 million of our $1.14 billion deficit was covered by additional operational efficiencies and revenue initiatives such as Medicaid reform -- or Medicaid reimbursement initiative and then operating efficiencies on the expense side such as vacancy sweeping, and then centralized purchasing savings are a few examples. This closed our deficit, and unlike in prior years, we are not reliant on long-term operational borrowing in FY-17. Additionally, unlike FY-16 where we relied
on $480 million in unrealized revenue, we had hearings already on the $250 million property tax, and we have a commitment from the state on the $215 million in normal pension tax -- or normal pension contributions.

The efficiencies that we've implemented beginning in FY-16 and preparing for FY-17 can be reflected in the final appropriation for FY-17 which is $232 million less than it was in FY-16. So just shy of $5.7 billion last year, and we were coming in about $5.46 billion in FY-17.

Now that $5.46 billion is appropriated similarly to prior years where more than two-thirds of our expenses are in salary and benefits. Of that, half of it roughly is teachers' salaries which is about $1.8 billion and then $721 million is related to the teachers pension contribution where CPS is the only district in the state required to pay the unfunded portion of our pension costs.

Of the salary and benefits, the positions that we have in the district are distributed where 97 percent of these positions provide direct support to the schools. So we have just over
37,000 positions. Of these positions, over 20,000 are teachers; just under a thousand are school administrators, principals, and APs; and then roughly 15,000 are other support staff including teachers' assistants, SECAs, security guards, nurses, engineers, custodians, and other school staff members.

In addition to the operating budget, we held hearings this week on the capital budget which we're proposing at $338 million which includes proposed investments in overcrowding relief, programmatic and facility upgrades, facility needs, and IT projects. This $338 million will be funded by a combination of CPS bond proceeds, $54 million in TIF, and then $17 million in federal E-Rate funding.

As I mentioned before, part of the solution to closing of the $1.14 billion budget deficit was through $250 million in the teacher pension tax. We held hearings yesterday on the Truth in Taxation. The average homeowner of a $250,000 house would see an increase to their taxes of $228 related to the teacher pension tax which goes directly to the CTPF; roughly $2 related to
the Capital Improvement Tax which will help fund our capital budget; and then $14 related to property tax inflation. This total increase is roughly $245 per household with an average worth of 250,000.

That concludes my remarks for today.

PRESIDENT CLARK: Board Members, any questions? Questions? Since this is the same presentation we had earlier, I think that we had all the questions asked answered. Thank you for an excellent presentation.

MR. WALTER: Thank you.

REV. GARANZINI: Maybe there's one. Could you talk a little bit about how consistent this will be going forward, like what are the challenges after this year? What remains -- well, first of all, what are the challenges this year? What is really not available yet in terms of hard dollars in terms of real decisions? And then what are the challenges going forward? How much of this is like a one-time fix, a one-time solution? I want to get a sense of really where we are honestly.

MR. WALTER: Yep. On the cost-cutting side, we've had all of those measures identified. So
we're working on those. The $215 million in state pension funding has been committed to but not officially signed yet. So we're not 100 percent there, but we have firm commitments on that.

As far as looking forward, the savings initiatives we've implemented will carry forward to future years. But we do have pressures throughout the budget; namely, pension increases which are statutorily required to get the pension fund up to 90 percent funding. Health care. We have building maintenance needs as our aging infrastructure. And so there are pressures looking forward, but the footing that we've implemented so far puts us on a much better path than we were just a year ago.

PRESIDENT CLARK: Thank you very much.

MR. WALTER: Thank you.

PRESIDENT CLARK: Madam Secretary, now let's proceed with today's public comment section.

SECRETARY BELTRAN: Thank you, Mr. President.

For the record, I would like to note that registration for the public hearing was held between the hours of 12 p.m. and 1 p.m. this afternoon. Individuals who registered to speak will have two 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, Mr. President, I will proceed by calling the first speaker, and the first speaker will be Brenda McMillon followed by Speaker Number 2, please, Wendy Katten.

MS. MCMILLON: Good afternoon. My name is Brenda McMillon. I've been an early childhood educator for 24 years. I live and work in the Auburn-Gresham neighborhood, and I am a part of Bright Futures Chicago.

Throughout the time I've provided care and early learning opportunities in my home, I've seen both positive impacts on child development and the importance of connections made with parents and families. Developing strong community relationship has resulted in my caring for children of children I cared for four years ago. Recently a young man named Eddie who I watched when he was a child graduated from college and he told me that he wanted me to care for his children.
I know the value of early childhood education which is why I believe all children in Chicago need access. Thousands of children in this city do not have it. More than 30,000 three- and four-year-olds do not have access to public preschool; and an astonishing 96,000 infants and toddlers have no access for free early learning programs.

Emanuel's administration continues to commit to provide more slots to more children, yet under his watch, early childhood programs in schools have been losing students; and, according to this budget, there's no recovery in those numbers this year.

In addition, there appear to be no new slots for infants and toddlers in communities and home-based settings despite an increased emphasis on development in the early years. CPS should strengthen the prevention initiative program by providing home visit slots and family childcare settings like mine where providers already have strong relationships with parents and are well-equipped to open their doors to home visit staff.
This CPS budget --

SECRETARY BELTRAN: Ms. McMillon, thank you for your comments.

MS. McMILLON: Thank you.

SECRETARY BELTRAN: Our next speaker, please.

MS. KATTEN: Good afternoon. I'm Wendy Katten with the parent group Raise Your Hand. I'm a mom of an eighth grader in a CPS school.

Despite CPS claiming no cuts to the classroom, district schools have been cut by 179 million this year. Student-based budgeting was decreased by 7 percent. In 2012 when student-based budgeting was piloted, it was for about 80 schools, it was roughly $500 more per student as an FYI.

Our group has been asking the Board to examine tens of millions of dollars in questionable contracts since last summer, but we've received no response. Contract spending is cut by far less than this budget than salaries, 1.5 percent versus 9 percent respectively. And contracts in the assessment department are set to increase by 17 percent; 4.5 million spent last year, 5.4 this year. New central office departments have even been created this year, like Personalized Learning.
CPS also continues to open new schools, putting out charter RFPs, still opening a new selective high school, diluting resources in existing schools for kids who can't test in or do the lottery. Check out the budgets for schools like Fenger, Manley, Harlan, Wells, and you will see what I mean. No arts, no music, no nothing left for these kids.

Yesterday at the Truth in Taxation hearing, President Clark, you said you support the way TIF dollars are used, and every dollar not being sent back is encumbered. That's simply not true, and I hate to say that, but that would mean that no new projects could be added right now. One project that should be cancelled is Obama Prep. This is -- the dollars are not truly encumbered yet. It's an idea, but they're not tied up in contracts. And it's a bad idea especially when our neighborhood high schools are being clobbered.

For years we've been watching Board of Ed, not you, different people, in effect feed a portion of its children well-balanced nutritious meal --

SECRETARY BELTRAN: Thank you for your comments. Appreciate it.
Our next speaker, Mr. President, will then be Speaker Number 3, Pavlyn Jankovc followed by Speaker Number 4, Kimberly Toomey. Please state your name.

MR. JANKOVC: Good afternoon. Pavlyn Jankovc for the Chicago Teachers Union. Despite the claims that the cuts to the classroom have been minimal to the media, district schools have been cut by over 300 million since 2015. It's a cut of almost 10 percent. These cuts include cuts to arts and music, significant cuts that we've had since 2012. Compared to 2015, music is down by 15 percent across district schools. Arts are down by over 12 percent. These are tremendous cuts that schools are not able to cover with the paper thin budgets you've given them.

And despite the claims by the district, if you look at the ratio of Central Office spending to school spending, since 2015, it's actually increased because you have cut school spending dramatically. So take a look at that and rethink the claims about efficiencies that you've made.

Furthermore, the 1,000 layoffs this summer are not routine layoffs. Schools are dealing with
budgets that have been cut year over year, hundreds of positions have been closed and vacancies are far fewer than in prior years.

In fact, the only thing about these layoffs that is routine is they mirror a disturbing and illegal trend, a disproportionate impact on African-American educators. Nearly 40 percent of the tenured teachers impacted by layoffs were African-American, although they make up just a quarter of the tenured teacher work force. This is a trend we saw in prior years, in at least 2014, 2013 as well as in 2011 for which this Board is currently facing a class action lawsuit over.

Another area that the district keeps skirting the law on is special education cuts. The budget you have released is not transparent enough to analyze fully, but based off programmatic spending, cuts to special education number over 9 percent since the 2015 budget because the 2016 budget had a lot of fluctuation with the special education funding. So schools are down significantly. And even if principals are merging their general and special education funding, there's not enough money to service the students.
So there's a big problem there. The cuts number over 100 million since 2015.

SECRETARY BELTRAN: Mr. Jankovc, thank you.

Thank you for your comments.

MR. JANKOVČ: Support the TIF ordinance that's been pushed forward by Garza and Cardenas in the City Council.

SECRETARY BELTRAN: Thank you. Please state your name.

MS. TOOMEY: My name is Kimberly Toomey. Good afternoon, Board Members, colleagues, fellow CPS parents.

Let me tell you a little bit about myself. I'm a proud union teacher. I have the privilege of preparing seventh and eighth graders for high school and life. I am effective. I change students' lives for the better. Over the past four years, my NWEA reading growth percentile averaged 94 percent. That means I have moved students more than 94 percent of teachers at my grade nationally.

More meaningful than that, I get texts like from my former students: Toomey, as soon as I saw Of Mice and Men, I was like thank the Lord for you, a book I actually know and like.
I work at Ravenswood Elementary, Rahm Emanuel's neighborhood school. Here's the reality of the budget we received this year, the one that has been repeatedly touted by Mr. Claypool as fair and protecting the classroom and students. After paying the salaries of current positions, adding no new positions, we were $6,000 in the hole. This is beyond bare bones. We were forced to cut two special education aide positions, raise class sizes to over 30, and raise student fees just so that we have money to pay for recess coverage, a copier contract, substitutes, and minimal supplies like copier paper.

I am insulted for myself, my colleagues, my students, and the families of my students. Cuts in this budget were strategically hidden in the change to All Means All. Ravenswood is not an anomaly. I'm also a CPS parent. I have four children who attend Chicago Public Schools. Cuts were made at each of my children's schools. My students and my own children are being negatively impacted.

I implore you to stop blaming teachers for this state of CPS 's budget. Check your numbers.
Teacher pay and benefits have declined over the last several years.

SECRETARY BELTRAN: Ms. Toomey --

MS. TOOMEY: I'm not your enemy. My compensation is important.

SECRETARY BELTRAN: Our next speaker, please.

MS. TOOMEY: My students' futures depends on it.

SECRETARY BELTRAN: Thank you. Our next speakers, Mr. President, will then be Speaker Number 5, please, Erika Wozniak followed by Speaker Number 6, Martin Ritter, and the last speaker, James Cavallero. Please state your name.

MS. WOZNIAK: My name is Erika Wozniak. I teach fourth grade at Oriole Park School. This will be my 13th year teaching in CPS. In fact, I was just honored with the National Teaching Award. Since 2013, I have been at the forefront of protesting the use of 55 million public tax dollars or TIF dollars for the use of the McCormick Hotel/DePaul Arena Project, my own alumni or alma mater. In my neighborhood, Uptown, we are using over 10 million TIF dollars for a high-rise for a private developer.
I am frustrated as a taxpayer and as a CPS educator that our city continues to use money where it isn't needed and to continue to neglect our public school students. If I can't pay my mortgage, I don't go out and by a Range Rover when my Subaru works just fine. That is what our city is doing, prioritizing our finances in the wrong places.

I am so grateful to Alderwoman Garza and Alderman Cardenas for introducing this TIF ordinance, and I urge this Board to recommend this fiscally and morally responsible solution to help do better for our public school students, parents, and teachers. Thank you.

SECRETARY BELTRAN: Thank you, Ms. Wozniak.

Our next speaker, please.

MR. RITTER: My name is Martin Ritter. I work at the Chicago Teachers Union.

Earlier this summer, the Cook County Clerk announced that the 2015 TIF revenue was up by 24 percent over 2014 increasing from 371 million to 460. That is over 100 million more dollars than the Mayor had projected this year. Why hasn't CPS requested this surplus be used to fund our schools?
before ordering new cuts to our classrooms and demanding sacrifices from educators and students? TIF revenues have gone up and our schools are in desperate need, but despite that, the Mayor plans to decrease TIF support to our schools by over $50 million from last year's levels, and that's in the proposed CPS budget. The City Council ordinance introduced by Aldermen Cardenas and Garza would send the entire TIF surplus to our schools providing hundreds of millions of dollars for our classrooms and taking the decision to declare a surplus out of the Mayor's hands. Why is the Board of Education not supporting this ordinance that could stop the cuts, address this year's budget crisis, and help avoid a strike?

Although district officials claim that the cuts are minimal across district schools, budgets are down over 6 percent year over year or $184 million cut. These cuts are piled on top of years of sacrifice by our students, educators, and schools. Compared to 2015, budgets are down by 300 million, 9.5 percent less than what district schools got two years. Art and music were cut by
6 percent from last year compared to 2014 and 2015. Approximately 80 librarians were cut in this year's last. How are we going to have reading without librarians who have often the largest classroom in the school? Have you been to a library without a librarian? Good luck finding a book. Okay.

This year's layoffs again hit African-American teachers disproportionately. Black teachers make up 37 percent of the tenured teachers laid off, although they represent just 24 percent of tenured teachers district-wide. This is a disturbing pattern we have seen in prior years including the 2011 layoffs in which you are suffering from a class action lawsuit.

Do better. Get the TIF money from the City Council. Do better.

SECRETARY BELTRAN: Thank you, Mr. Ritter. Thank you for your comments. Our next speaker, please, James Cavallero.

MR. CAVALLEO: Good afternoon. My name is James Cavallero. I appreciate that you pronounced my last name correctly. I am a 26-year veteran of CPS. I'm a special ed teacher. I'm on the CTU big bargaining team and I'm also a very proud Chicago
public high school parent.

I'm here today because I would like to speak about, over the last couple of years, I've heard a lot of talk about having some skin in the game and making sacrifices, and I think it's disingenuous to say that to us. People talk about citizens or taxpayers are paying -- having increased taxes, things like that. We are also taxpayers. We pay those same increases on every tax increase, every property tax, every utility tax. We pay those, too.

All the cuts, as another member said, cuts to schools affect our children in those schools. So if you are looking for people who are making sacrifices, we have made a lot of sacrifices. Over the last several years, we've been denied raises that we should have gotten. Our pension is constantly under attack.

And if I can speak about our pension, our pension is not a perk. We do not receive Social Security. Our pensions are going to be our retirement income. To say that the 7 percent is a perk, it is not. It's a part of our salary. That's been part of our salary for years. We don't
get Social Security. Most employers pay about 6.2, almost 7 percent into Social Security. So it's our retirement income. I would like to be able to live a decent life. I'm not looking to, you know, retire to Florida when I retire. I just want to be able to live a decent life, see my daughter grow up, maybe see some grandkids. That's all I want.

And then as far as salaries go, our salaries are not in line with other city employees no matter what anyone says. A police officer starts out at -- I'm sorry, starts out at $47,000, and after 12 months, it increases to $67,000, and after 18 months, it increases to $71,000.

For a CPS teacher, they started out at 55,000. After a year, it goes to 67,000. It would take them another six years to get to 71,000. So our salaries are not in line. Thank you.

SECRETARY BELTRAN: Thank you. Mr. President, that concludes the public segment of this hearing.

PRESIDENT CLARK: Board Members, questions?

DR. HINES: I just have one question, maybe it can't be answered today, but I would like to know later on, where do we rank in salaries with teachers in like cities like ours?
PRESIDENT CLARK: I'm sure the information is that comparative information is available -- and our CEO Claypool has an answer.

CEO CLAYPOOL: Number one. There are studies and reports on that. We can get that to you.

DR. HINES: Thank you. But you say we rank number one?

CEO CLAYPOOL: Ernst & Young did a report last year that's public. There's others as well, but that's one that was recently done.

PRESIDENT CLARK: Any other questions? Thank you very much.

With no other questions, that concludes our budget hearing. Thank you.

(Whereupon, the Public Hearing adjourned at 2 o'clock p.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.

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