

## APPENDIX B SCHOOL FUNDING FORMULAS

This appendix provides the funding formulas used to allocate resources to schools. This presentation is organized in the following sections:

- Student Based Budgeting
- Additional General Education Allocations to Charter/Contract Schools
- General Education Allocations to Specialty and District Options Schools
- Allocations of Special Education Teachers and Aides
- Special Education Funding for Charter/Contract Schools
- Allocations of Supplemental Bilingual Teachers for English Language Learners
- Allocations of Discretionary Funds

### STUDENT BASED BUDGETING (SBB)

Student Based Budgeting is used to determine the base amount of resources that a school receives for core instruction.

SBB is a per-pupil funding allocation, weighted based on grade level and diverse learner category. We assign weights for different grade levels based on student need. In elementary schools, kindergarten to third grade students receive a higher weight than the base SBB rate to reflect the district's goal that class size should be lower in those grades. High school students receive a higher weight than the base SBB rate and elementary students because high schools require more resources, largely driven by the fact that high school teachers get two prep periods while elementary school teachers get one.

The FY18 base per-pupil rate has increased to \$4,290 from the FY17 rate of \$4,087. Further, there is no change to the grade level weights used to determine SBB rates. Students in grades 4-8 receive the base per-pupil rate. Students in kindergarten through third grade receive a weight of 1.07, which means that their per-pupil rate is 7 percent higher than the base rate. High school students receive a weight of 1.24.

Diverse Learners may receive different SBB rates depending on the amount of time spent outside of the general education classroom. Diverse Learners are required to receive instruction in the least restrictive environment ("LRE"), which means that they should remain in the general education classroom whenever practicable. A Diverse Learner's LRE category is based on the amount of school day where the student is receiving instruction outside of the general education classroom:

**Table 1: LRE Categories for Diverse Learners**

LRE Category	Amount of the School Day Spent Outside of the General Education Classroom
LRE 1	Less than 20%
LRE 2	Between 20% and 60%
LRE 3	More than 60%

In elementary schools, LRE 1 and LRE 2 students receive the same per pupil SBB funding as general education students because they occupy a seat in the general education classroom, even though they may

spend a substantial part of the day outside of it and receive additional funding to compensate for that time outside of the classroom. LRE 3 students receive 40 percent of the per-pupil SBB rate for the students' grade level because it is assumed that they receive their instruction in core subject areas from diverse learner teachers, and that they are in the general education classroom only for special periods like art, music, or physical education.

High schools can schedule more efficiently when Diverse Learners are outside of the general education setting. LRE 1 students receive the same funding as general education students because they could be in the general education classroom for every period. LRE 2 students receive 70 percent of the high school per-pupil rate because it is assumed that they will receive instruction from special education teachers for at least two periods in core subject areas. LRE 3 students receive 40 percent of the high school per-pupil rate because it is assumed that they take only elective subjects in the general education setting. More information on additional funding for diverse learners is detailed later in this chapter.

**Table 2: FY18 SBB Rates**

Enrollment Category	SBB Weighting	SBB Rates
K-3 Gen Ed / LRE 1 / LRE 2	1.07	\$4,590.30
4-8 Gen Ed / LRE 1 / LRE 2	1.00	\$4,290.00
9-12 Gen Ed / LRE 1	1.24	\$5,319.60
K-3 LRE 3	40% of 1.07	\$1,836.12
4-8 LRE 3	40% of 1.00	\$1,716.00
9-12 LRE 2	70% of 1.24	\$3,723.72
9-12 LRE 3	40% of 1.24	\$2,127.84

**Total Amount of SBB Allocation**

For FY18, the SBB allocation is \$1,961,103,000, which is a \$91 million increase from the FY17 budget.

**Table 3: Distribution of SBB Allocation for FY17 and FY18**

(All amounts in \$000s)	FY17 (Original budget)	FY18 (Based on projections)
Base SBB Rate for All Schools	\$1,601,962	\$1,629,661
Foundation Positions Equivalent (Charter/Contract)	40,533	42,274
Teacher Salary Adj. Equivalent (Charter/Contract)	4,021	6,925
Multiple Building Adj. Equivalent (Charter/Contract)	308	369
Teacher Salary Adjustment for District Schools	35,066	29,545

(All amounts in \$000s)	FY17 (Original budget)	FY18 (Based on projections)
Multiple Building Adjustment for District Schools	1,350	1,575
Other Adjustments	1,601	996
Program Support	90	13,000
Temporary Adjustments (Adjusted at 10 <sup>th</sup> Day)	2,926	0
Contingency for 10 <sup>th</sup> Day Adjustments	4,984	6,846
<b>Total SBB Dollar Distribution for FY18</b>	<b>\$1,692,842</b>	<b>\$1,731,191</b>
Cost of Foundation Positions for District Schools	177,500	180,344
<b>Total SBB Allocation</b>	<b>\$1,870,342</b>	<b>\$1,911,535</b>

*Note: FY18 SBB rates were calculated with the assumption that charter schools would be funded on the SBB model. The passage of SB 1947 included a provision that severely restricts the district's ability to set charter tuition rates and prevents the district from continuing to fund charter schools on the SBB model. The new system for setting charter tuition rates is outlined in a separate section.*

#### **Calculation of FY18 SBB Base Rate**

The FY18 SBB base rate is \$4,290 which was calculated by taking the amount to be distributed and dividing by the total weighted enrollment of all SBB students, as shown in Table 4.

**Table 4: Calculation of FY18 SBB Base Rate**

Amount to be Distributed through Base Rate*	\$1,629,661
Total Weighted Enrollment*	379,874.33
FY18 SBB Base Rate	4,290

Total weighted enrollment is based on the FY18 enrollment projections. The projections use five years of enrollment data and the "cohort survival ratios" for each school. The cohort survival ratio compares the number of students in a particular grade at a particular school to the number of students in the previous grade in the previous year. Ratios are calculated for each grade progression and are then used to project future enrollment.

**Table 5: FY18 Projected Enrollment, Including SBB Weightings**

Enrollment Category	SBB Weighting	Unweighted Enrollment			Weighted Enrollment		
		District*	Charter**	Total	District	Charter*	Total
K-3 Gen Ed / LRE 1 / LRE 2	1.07	92,145	13,469	105,614	98,595.15	14,411.83	113,006.98
4-8 Gen Ed / LRE 1 / LRE 2	1	115,302	15,133	130,435	115,302.00	15,133.00	130,435.00
6-8 Gen Ed /LRE 1 at the HS rate	1.24	2,543	2,294	4,837	3,153.32	2,844.56	5,997.88
9-12 Gen Ed / LRE 1	1.24	68,736	30,889	99,625	85,232.64	38,302.36	123,535.00
K-3 LRE 3	40% of 1.07	1,899	62	1,961	812.772	26.536	839.31
4-8 LRE 3	40% of 1.00	2,616	69	2,685	1,046.40	27.6	1,074.00
9-12 LRE 2	70% of 1.24	3,666	1,499	5,165	3,182.09	1,301.13	4,483.22
9-12 LRE 3	40% of 1.24	835	179	1,014	414.16	88.78	502.94
<b>Total</b>		<b>287,742</b>	<b>63,594</b>	<b>351,336</b>	<b>307,738.53</b>	<b>72,135.80</b>	<b>379,874.33</b>

\*Does not include students at specialty and alternative schools, who do not receive SBB funding.

\*\*Includes charter schools, contract schools, and ALOP programs.

**SBB Funds Distributed Outside of the Per-Pupil Rate**

The SBB model includes three categories of SBB funds that are distributed to district schools outside of the per-pupil rates. Contract schools receive the per-pupil equivalent of these funds.

**Teacher Salary Adjustment**

Some district schools with a large number of experienced teachers receive a teacher salary adjustment to help pay for their higher-than-average staff costs. The teacher salary adjustment is calculated at a single point in time before school budgets are released. We calculate the district-wide average cost of all staffed teacher positions and then calculate the average cost of staffed teachers at each school. The average cost of staffed teachers is reduced downward for any confirmed future teacher resignations and retirements to take effect before the SY17-18 school year. In the end, if this average teacher cost for a school exceeds the district-wide average, the school will receive a teacher salary adjustment. The exact amount of the adjustment is calculated by multiplying the difference between the school’s average teacher cost and the District’s average teacher cost by the number of staffed teachers at the school. The teacher salary adjustment is recalculated every year to account for changes in staffing at the school- and district- level. It is therefore possible for a school to receive a teacher salary adjustment in one year and not receive an adjustment the next year. In FY18, the total cost for the teacher salary adjustment in district-run schools is \$29,545,178.

### Multiple Building Adjustment

Additional SBB funds are given to 28 schools that have a branch building that is a significant distance from the main school building. Funding is given to help defray the cost of a clerk or other administrative support needed at the second building. No additional funding is given to schools with multiple buildings that are on the same block or on the same campus, where the buildings are within walking distance of each other.

For schools that do qualify for additional funding, the amount given is based on the size of the school. Larger schools are given smaller amounts because they benefit from economies of scale in Student Based Budgeting, and they have more ability to provide administrative support for the branch building than smaller schools.

The following chart shows the formula for the multiple building adjustment:

**Table 6: Formula for Multiple Building Adjustment**

Projected K-12 Enrollment of School	Amount
750 or fewer students	\$75,000
751 to 1,000 students	\$50,000
More than 1,000 students	\$25,000

The total cost of the FY18 multiple building adjustment in district-run schools is \$1,575,000.

### Foundation Positions

Every district-run school receives three foundation positions – one principal, one counselor, and one clerk – in addition to the school’s per-pupil allocation. The foundation positions benefit small schools, which would have a difficult time funding these positions from their per-pupil allocation. District-run schools have no discretion on whether to have these positions; all district-run schools are required under state law and the Chicago Teachers Union contract to have one principal, one counselor, and one clerk. For FY18, the total cost of foundation position in district-run schools is \$180,344,011.

### Calculation of SBB Per-Pupil Equivalents for Contract Schools and ALOP Programs

Contract schools and ALOP programs receive a per-pupil equivalent for the teacher salary and multiple building adjustments that go to some district-run schools, and for the foundation positions that all district-run schools. These per-pupil rates were calculated by taking the amount allocated to district schools for these items and dividing by the total enrollment for district schools, as shown in Table 8.

**Table 7: Calculation of Per-Pupil Equivalents for Contract Schools and ALOP Programs**

	Foundation Positions	Teacher Salary Adjustment	Multiple Building Adj.
Amount Reserved for District-run Schools	\$180,344,011	\$29,545,178	\$1,575,000
Weighted K-12 Enrollment for District-run Schools	307,738.53	307,738.53	307,738.53
<b>Per-Pupil Equivalent for Contract/ALOP</b>	<b>\$586.03</b>	<b>\$96.01</b>	<b>\$5.12</b>

With the per-pupil equivalents added in, the SBB base is nominally higher for contract schools and ALOP programs, as shown in Table 8; however, the funding is equivalent to funding for district-run schools.

**Table 8: Contract/ALOP SBB Base Rate with Per-Pupil Equivalents**

	Amount
SBB Base Rate for All Schools	\$4,290.00
Foundation Positions Equivalent	\$586.03
Teacher Salary Adjustment Equivalent	\$96.01
Multiple Building Adjustment Equivalent	\$5.12
<b>Contract/ALOP SBB Rate with Per-Pupil Equivalents</b>	<b>\$4,977.16</b>

Table 9 shows the SBB rates for contract schools and ALOP programs with the per-pupil equivalents included and adjusted for grade weight and diverse learner category.

**Table 9: FY18 SBB Rates for Contract Schools and ALOP Programs**

Enrollment Category	SBB Weighting	SBB Rates with Equivalents
K-3 Gen Ed / LRE 1 / LRE 2	1.07	\$5,326.56
4-8 Gen Ed / LRE 1 / LRE 2	1.00	\$4,977.16
9-12 Gen Ed / LRE 1	1.24	\$6,171.68
K-3 LRE 3	40% of 1.07	\$2,130.22
4-8 LRE 3	40% of 1.00	\$1,990.86
9-12 LRE 2	70% of 1.24	\$4,320.17
9-12 LRE 3	40% of 1.24	\$2,468.67

Once the contract/ALOP per-pupil equivalents are calculated, the total cost is added to the base rate allocation. The total amount of SBB funds distributed on a per-pupil basis is shown in the following table:

**Table 10: SBB Amount Distributed on Per-Pupil Basis**

(All amounts in \$000s)	FY17 (Original budget)	FY18 (Based on projections)
Base SBB Rate for All Schools	\$1,601,962	\$1,629,661

(All amounts in \$000s)	FY17 (Original budget)	FY18 (Based on projections)
Foundation Positions Equivalent (Charter/Contract)	40,533	42,274
Teacher Salary Adj. Equivalent (Charter/Contract)	4,021	6,926
Multiple Building Adj. Equivalent (Charter/Contract)	308	369
<b>Total Amount Distributed on Per-Pupil Basis</b>	<b>\$1,646,825</b>	<b>\$1,679,230</b>

### Enrollment Counts for SBB Adjustments

SBB funding is adjusted at each school based on actual enrollment counts at the beginning of the school year. Funding for district-run schools is adjusted on the 10<sup>th</sup> day of the school year according to the CPS calendar. Funding for charter/contract schools is adjusted on the 20<sup>th</sup> day of the school year according to the CPS calendar, with a second adjustment on the 10<sup>th</sup> day of the second semester. ALOP and Safe School programs have their funding adjusted based on quarterly enrollment counts. ALOP programs will be funded based on enrollment as verified by attendance.

The following rules apply to the counting of enrollment for funding purposes:

- Enrollment counts are based on a snapshot of enrollment data in the District’s system taken after the close of business on the enrollment count date.
- Students are not included in the enrollment count if they are not scheduled at the school on the enrollment count date, or if they have not been in attendance at the school for at least one full day as of the enrollment count date. Schools are responsible for ensuring that enrollment, scheduling, and attendance information is up-to-date in CPS systems on enrollment count dates.
- If a student is included in an enrollment count, but enrollment and attendance records are subsequently updated to show that the student was not enrolled in the school on the enrollment count date (e.g., due to application of the lost child process), the student shall be retroactively excluded from the enrollment count, and the school’s funding shall be adjusted downward.

### ADDITIONAL GENERAL EDUCATION ALLOCATIONS FOR CONTRACT SCHOOLS

#### Non-SBB Rates

Contract schools, ALOP programs, and Safe School programs (collectively, “contract schools”) receive a per-pupil equivalent for services that are provided in-kind to district schools, including operations & maintenance, security, Board-funded programs (e.g., magnet, selective enrollment), and Central Office management.

*Note: FY18 non-SBB rates were calculated with the assumption that charter schools would be funded on the SBB model. The passage of SB 1947 included a provision that severely restricts the district’s ability to set charter tuition rates and prevents the district from continuing to fund charter schools on the SBB model. The new system for setting charter tuition rates is outlined in a separate section.*

The non-SBB allocation is the entire amount of general funds in the operating budget except for the SBB allocation and a limited set of items that are classified as district-wide shared obligations.

**Table 11: FY18 Non-SBB Allocation**

	<b>FY18 Budget (in \$ thousands)</b>
General Funds (Funds 115, 210, 230)	\$4,065,697
Less SBB	(2,285,065)
Less District-Wide Shared Obligations	(1,057,148)
<b>Amount of Non-SBB to be Distributed on Per-Pupil Basis</b>	<b>\$723,484</b>

Table 12 lists the district-wide shared obligations that are not included in the non-SBB allocation:

**Table 12: District-Wide Shared Obligations**

	<b>FY18 Budget (in \$ thousands)</b>
Unfunded Pension Liability	\$597,680
Facilities Supplement for Charter/Contract/ALOP	36,343
Bond Interest	96,106
Core Instruction for Options, Specialty, Safe Schools	13,687
Real Estate Leases	14,663
Liability Insurance	6,804
Transportation / Drivers Ed	3,839
Early Childhood (funded with General Funds)	3,994
New and Expansion Schools / School Transition	1,000
Offsetting revenue from Charters and JROTC	37,811
Contingency	151,220
Vacancy Savings	94,000
<b>Total District-Wide Shared Obligations</b>	<b>\$1,057,148</b>

After removing the district-wide shared obligations, the non-SBB rate was based on an estimated non-SBB allocation of \$723 million. The non-SBB allocation includes the following categories of funding:



**Table 13: FY18 Non-SBB Allocation, by Category**

<b>Category</b>	<b>Description</b>	<b>FY18 Budget (in \$ thousands)</b>
Operations	Operations and maintenance of school buildings, including cost of engineers, custodians, utilities, repairs, and central office operations management.	\$312,415
Security	Security guards in school buildings, and central office management of security operations.	87,574
IT Phone/Data Network	Telephone and high-speed data wiring and network infrastructure in school buildings.	26,890
Central Office	Central office services funded from local sources, other than operations, security, and IT phone/data.	193,459
School-Based Programs	Funding for magnet, selective enrollment, IB, STEM, JROTC, and other programs that provide supplemental funding to schools from local funds.	69,735
Vacancy Savings	Estimated amount that district-run schools will underspend in SBB or other local funds due to vacancies. In FY18, district-run schools are not allowed to reallocate vacancy savings for other purposes.	(94,000)
Non-SBB Tuition	Charter per-pupil share of the above spending categories.	127,589
<b>Total Non-SBB</b>		<b>\$723,484</b>

The non-SBB base rate is determined by dividing the components of the non-SBB allocation by the total weighted enrollment for district-run schools. For the first three components – operations, security, and IT phone/data networks – the total weighted enrollment includes charter school students who operate in a CPS-owned facility.

Total weighted enrollment for the non-SBB rate is not the same as the total weighted enrollment for the SBB rate. It is higher for three reasons:

- Diverse learner students are counted the same as general education students in the non-SBB rate. Some diverse learners receive a different rate in SBB because so much of their instruction is provided by special education teachers, which are funded outside of SBB. Since the non-SBB rate is based on the administrative and operational support provided to schools, general education and diverse learner students are counted the same way.
- Enrollment for all schools, and not just SBB schools, is included.
- Pre-K students in half-day classrooms are counted as half-day students (with a weight of 0.5) in the total enrollment count.

The following table shows the calculation of the FY18 non-SBB base rate:

**Table 14: Calculation of FY18 Base Non-SBB Rate**

Category	FY 18 Budget	Weighted Enrollment	Per-Pupil Amount
Operations	312,414,808	346,104.54	902.66
Security	87,574,478	346,104.54	253.03
IT Phone/Data Network	26,889,919	346,104.54	77.69
Central Office	193,458,776	327,155.80	591.33
Programs at Schools	69,734,630	327,155.80	213.15
Vacancy Savings	-94,000,000	327,155.80	-287.32
<b>Total</b>	<b>\$596,072,611</b>		<b>\$1,750</b>

The following table shows the FY18 non-SBB rates for all grade levels:

**Table 15: FY18 Non-SBB Rates**

Non-SBB Rates	Elem K-3	Elem 4-8	HS 9-12
Weighting	1.07	1.00	1.24
Per-Pupil Amount for All Schools	1,872.50	1,750.00	2,170.00

An administrative fee is charged against each school's non-SBB allocation to cover the cost to the District of overseeing charter schools.

**Facilities Supplement for Schools in Independent Facilities**

Schools that are in facilities not owned by CPS receive a facility supplement of \$750 per pupil to cover the costs of renting or owning the school facility. The FY18 rate is the same as the FY17 rate. Contract schools that are housed in a CPS-owned building do not receive the facilities supplement, but are allowed to occupy the CPS-owned facility at the nominal rental rate of \$1 per year.

**Facilities Charges for Schools in CPS-Owned Facilities**

Contract schools occupying a CPS-owned facility are responsible for the operating costs of the building. Schools are charged for facilities costs based on per-pupil rates reflecting the average operating costs throughout the district.

Facilities charges are assessed for facilities & maintenance, security, and IT, with the per-pupil rates for each listed in Table 16. The FY18 rate for each charge is the same as the corresponding component in the calculation of the base non-SBB rate (see Table 14, above).

**Table 16: Per-Pupil Rates for Facilities Charges**

<b>Deduction Type</b>	<b>FY17 Rates</b>	<b>FY18 Rates</b>
Facilities & Maintenance	\$855.79	\$902.66
Security	\$221.60	\$253.03
Information Technology	\$72.41	\$77.69
<b>Total Facilities Charge</b>	<b>\$1,149.80</b>	<b>\$1,233.38</b>

Contract schools can opt out of the District’s security and information technology services. Contract schools that are the sole occupant of a CPS facility can also opt out of facilities and maintenance services. Contract schools that are sharing a facility with another school are not allowed to opt out of facilities and maintenance services.

Schools will not be charged for any component of the facilities charges from which they have opted out.

**Employer Pension Contribution Charges**

Under the SBB model, contract schools receive per-pupil funding based on an SBB allocation that includes the amounts spent on employer pension costs of certified teachers. For this reason, each contract school reimburses the District for the employer pension costs for its employees who participate in the Chicago Teachers Pension Fund. Schools are charged 11.16 percent of the salary costs of participating employees, consistent with the pension normal cost estimates for FY18. Pension payments are deducted from quarterly tuition payments. Pension charges will not apply to special education teachers, aides, or clinicians.

**Administrative Fee**

Contract schools are charged a 3 percent administrative fee to cover the District’s costs in overseeing these schools and programs. The following table shows how the administrative fee is assessed for each funding source.

**Table 17: Administrative Fees**

<b>Funding Source</b>	<b>Fee</b>	<b>How Admin Fee Will be Charged</b>
SBB	3%	Total fee for SBB, non-SBB, and SGSA will be deducted from quarterly tuition payments.
Non-SBB	3%	
SGSA	3%	
Facilities Supplement	–	No admin fee.
Special Education	–	No admin fee.
Title I	–	No admin fee. District’s administrative costs are deducted prior to the allocation of Title I funds.
Title II	–	No admin fee. District administrative costs covered in Title I.
Title III	2%	Admin fee is capped at 2% per grant rules. 2% fee deducted from Title III payments.
State Bilingual (TBE/TPI)	3%	Fee deducted from state bilingual payments.

**Alternative Learning Opportunity Programs (ALOP)**

Alternative Learning Options Programs receive SBB, non-SBB, and facility supplement funding like charter schools, and they are charged for facilities, employer pension, and administrative fees like charter schools. However, funding is based on quarterly enrollment counts as verified by attendance, rather than two enrollment counts per year, and payments are made in five installments of 20% each.

**Safe School Programs**

CPS also funds one Safe School program for students who have been expelled from traditional schools due to violence. It is funded like an ALOP program, but is funded for a floor of 100 students, regardless of the actual number of students enrolled, to ensure that spots are available when needed. CPS receives a Regional Safe School grant from the State of Illinois, which helps pay these costs.

**GENERAL EDUCATION ALLOCATIONS TO SPECIALTY AND OPTIONS SCHOOLS**

**Specialty Schools**

Specialty schools serve primarily students with significant diverse learning needs, except for three early childhood centers that have only pre-kindergarten students.

Because of the specialized populations at these schools, core instruction funding is not provided through Student Based Budgeting. Instead, these schools receive positions and a small amount of funding for non-personnel items. Most of the classroom teachers are special education teachers or early childhood teachers, both of which are funded separately and which comprise a much larger portion of the schools’ budgets.

Specialty schools receive the following general education resources:

- 1 principal, 1 counselor, and 1 clerk. This is the same administrative base that all district schools receive in Student Based Budgeting.
- A number of general education teachers to ensure that teachers in self-contained classrooms receive coverage for their preparation periods. The general education teachers are typically used for art, music, or physical education instruction.
- An allocation for non-personnel items, equal to \$35,000 per school, plus \$300 for each elementary student, \$400 for each high school student, and \$150 for each pre-K student.

### **District Alternative Schools**

District options schools provide educational options to students who have dropped out of traditional high schools (over-age students without enough credits to graduate) or students in confinement. District schools include one school located at the Cook County Jail (York), one at the Cook County Juvenile Temporary Detention Center (Jefferson), one school serving pregnant women (Simpson), and one school serving students at risk of dropping out or returning dropouts (Peace & Education Coalition).

The district options schools are not funded through Student Based Budgeting, nor is their funding based on any formula tied to enrollment. Enrollment counts at alternative schools can often be misleading, given the highly transient nature of the students. Rather, the core allocation given to options schools is based on the programs run at the school and the needs of the students served.

### **ALLOCATIONS OF SPECIAL EDUCATION TEACHERS AND PARAPROFESSIONALS**

To determine if a student is eligible to receive special education services, an evaluation is conducted, followed by the development of an Individualized Education Program (IEP). The IEP lists the special education and related services needed to ensure that the student receives a free, appropriate public education in the Least Restrictive Environment (LRE). If a student has a disability but does not qualify for special education services, a “504 plan” may be developed. The 504 plan (so called because it is required under section 504 of the Rehabilitation Act of 1973) lists the accommodations and modifications that the student is to receive.

### **Diverse Learner Allocation**

In FY18, schools received a diverse learner allocation for special education teachers and paraprofessionals needed to serve diverse learners outside of cluster programs. The allocation was based on the number of special education teachers and paraprofessionals needed to meet the IEP needs of students at the school (excluding students in cluster programs), as determined by a school-by-school review by the Office of Diverse Learners Supports and Services. The number of required positions was converted to a dollar allocation using the following rates: \$100,000 per special education teacher; \$50,000 per special education paraprofessional. As in FY 17, the diverse learner allocation was combined with the school’s SBB funds and given as a single allocation.

Over the past several years, CPS has worked with principals to ensure that Diverse Learners are scheduled first. Additionally, CPS will require that all funds designated for special education – including those that come from local sources, instead of state and federal sources – be used for special education supports and services. Principals have been directed to schedule their diverse learners first for more efficient scheduling and to ensure all IEP requirements are met. Schools are expected to open all positions for which they received funding, and any excess funds should be used to serve diverse learners.

In situations in which a school’s special education teachers’ average salaries exceed the allocation, the Teacher Salary Adjustment (discussed above) is intended to cover these costs.

**Cluster Programs**

Schools with cluster programs receive centrally-funded positions that are provided in addition to their dollar allocation for non-cluster students.

The following table shows the number of centrally-funded positions provided for each cluster program:

**Table 18: Cluster Allocations**

Type of Cluster Program	No. of Teachers	No. of Paraprofessionals
Mild/Moderate	1	2
Severe/Profound	1	3
Deaf/Hard of Hearing	1	1
Vision Impairment	1	1
Multisensory	1	1
Early Childhood Instructional	1	1

Additional centrally-funded paraprofessional positions have been allocated for students in cluster programs who require full-time dedicated paraprofessional support.

**Enrollment-Based Funding Adjustments**

The Diverse Learner allocation will be adjusted for enrollment changes on the 10<sup>th</sup> day of the school year for district-run schools and on the 20<sup>th</sup> day of the school year for charter/contract schools and ALOP and Safe School programs. There will not be a second semester Diverse Learner adjustment.

**School Budget Appeals**

Schools can submit a budget appeal if they believe their allocation is inadequate to meet the core instruction needs of their students. In order to be considered for a funding adjustment, schools have to show that they have:

- Scheduled their diverse learners and general education students as efficiently as possible;
- Do not have non-instructional personnel in excess of District’s guidance; and
- Have directed the vast majority of the school’s resources for classroom instruction.

**SPECIAL EDUCATION FUNDING FOR CONTRACT SCHOOLS**

Contract schools are assigned special education teacher and paraprofessional positions using the same staffing formulas as district schools. However, contract schools hire their own special education personnel and are reimbursed for their expenses at the following rates:

**Table 19: Special Education Reimbursements**

<b>Position</b>	<b>Maximum for average position</b>	<b>Maximum for any individual position</b>
Allocated teacher positions (certification required)	\$90,000	\$110,000
Allocated paraprofessional (certification required)	\$40,000	\$53,000
Allocation clinician (certification required)	\$90,000	\$110,000
Case manager stipend (one per school)	To be determined	

**1. Special Education Teacher Reimbursement**

- a. The contract school will hire its own special education teacher(s) based on the school's population of students with disabilities. Chicago Public Schools (CPS) will reimburse the contract school on a quarterly basis. This reimbursement will be based on CPS's determination that each special education teacher possesses the proper certification(s) as required by the State of Illinois and that the number of full-time equivalent teacher positions for reimbursement does not exceed the CPS-approved allocation for the contract school.
- b. The maximum reimbursement rate for any full-time equivalent special education teacher is \$110,000 per year. The maximum reimbursement rate for all full-time equivalent special education teachers for each school is an average per-teacher reimbursement rate of \$90,000 per full-time equivalent special education teacher.
- c. The quarterly reimbursement to the contract school for full-time equivalent special education teachers will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved, full-time equivalent teachers for the percentage of the quarter's instructional days for which the teacher was employed; or (ii) aggregate sum of the actual salaries and benefits paid to CPS-approved, special education teachers employed at the contract school for the percentage of the quarter's instructional days for which the teacher was employed.

**2. Special Education Paraprofessional Reimbursement**

- a. The contract school will hire its own paraprofessionals to provide the necessary supports required by its students' IEPs.
- b. Chicago Public Schools (CPS) will reimburse the contract school on a quarterly basis. This reimbursement will be based on CPS's determination that each special education paraprofessional providing instructional support is highly qualified in accordance with NCLB standards and that the number of full-time equivalent paraprofessional positions for reimbursement does not exceed the CPS-approved allocation for the contract school.
- c. The maximum reimbursement rate for any full-time equivalent special education paraprofessional is \$53,000 per year. The maximum reimbursement rate for all full-time

equivalent special education paraprofessionals for each school is an average per-paraprofessional reimbursement rate of \$40,000 per full-time equivalent paraprofessional.

- d. The quarterly reimbursement to the contract school for full-time equivalent special education paraprofessionals will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved, full-time equivalent paraprofessionals for the percentage of the quarter's instructional days for which the paraprofessional was employed; or (ii) aggregate sum of the actual salaries and benefits paid to the CPS-approved, special education paraprofessionals employed at the contract school for the percentage of the quarter's instructional days for which the paraprofessional was employed.

### 3. Special Education Clinician Reimbursement

- a. If clinicians are required by the students' IEPs, the contract school will hire its own clinicians to provide the necessary supports.
- b. The contract school may have the Board furnish clinicians to serve the contract school's students with disabilities, only if a waiver is given by CPS.
- c. If the contract school hires its own clinicians, then Chicago Public Schools (CPS) will reimburse the contract school on a quarterly basis. This reimbursement will be based on CPS' determination that each clinician possesses the proper certification(s) as required by the State and that the number of full-time equivalent clinicians does not exceed the CPS-approved allocation for the contract school.
- d. The maximum reimbursement rate is \$110,000 per year. The maximum reimbursement rate for all full-time equivalent clinicians for each school is an average per-clinician reimbursement rate of \$90,000 per full-time equivalent clinician.
- e. The quarterly reimbursement to the contract school for full-time equivalent clinicians will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved full-time equivalent clinicians at the contract school for the percentage of the quarter's instructional days for which the clinician was employed; or (ii) aggregate sum of the actual salaries and benefits paid to the CPS-approved clinicians at the contract school for the percentage of the quarter's instructional days for which the clinician was employed.

### 4. Special Education Case Manager Reimbursement

- a. The contract school shall appoint and pay a salary and benefits to its own qualified case manager.
- b. Chicago Public Schools (CPS) will provide the contract school with a stipend per school for such a qualified case manager that is equivalent to the amount given to case managers at district-run schools. The amount of the stipend is to be determined, pending an agreement between the Board and the Chicago Teachers Union.
- c. A case manager shall be deemed qualified if he or she has (1) a Type 10 (special), Type 03 (elementary), or Type 09 (secondary) ISBE certificate endorsed in a special education area, or with a special education teaching approval or supervisory approval, OR (2) a Type 73 (school service personnel) ISBE certificate endorsed as a school social worker, school psychologist, guidance specialist, or speech-language pathologist or have a supervisory endorsement. At least two years' experience in the field of special education is recommended/preferred.



An individual serving as a case manager may receive only one stipend, even if the individual is serving more than one school. Related service providers are allocated using the same staffing formulas as district- run schools. The District will continue to reimburse schools for the actual cost of the related service providers. Contract schools are expected to hire their own related service providers and are reimbursed for their expenses at the following rates:

**Table 20: Special Education Reimbursements**

Position	Maximum for average position	Maximum for any individual position
Related service providers (certification required)	\$90,000	\$110,000
Case manager stipend (one per school)	To be determined	

**ALLOCATIONS OF SUPPLEMENTAL BILINGUAL TEACHERS FOR ENGLISH LANGUAGE LEARNERS**

Supplemental bilingual funding is determined by the Office of Language and Cultural Education (OLCE). In FY18, OLCE continued the allocation of supplemental bilingual teachers based on the allocation model introduced in FY16.

Schools are legally required to provide Transitional Bilingual Education (TBE) and/or Transitional Programs of Instruction (TPI) for their English learner (EL) students, and the expectation is that all schools will comply with these requirements. For this reason, supplemental bilingual resources are being allocated to schools based on student need – their actual count of EL students. In addition, for FY18, schools will receive Title III funding to provide supplemental supports to ELs via after-school tutoring programs and educational technology.

District-run schools received supplemental teacher positions based on EL enrollment in the following tiered system:

**Table 21: Supplemental Bilingual Position Allocations for District-Run Schools**

Tier	EL Enrollment	No. of Schools	Supplemental Teacher Allocation
1	250+ EL students enrolled	74	1.0 FTE teaching position
2	100 to 249 EL students enrolled	112	0.5 FTE teaching position
3	20 to 99 EL students enrolled	108	0.5 FTE teaching position

In addition, 12 schools received 0.5 FTE position allocations to provide supplemental supports to newcomers and refugee students while 24 schools received 0.5 FTE position allocations to support dual language programs. Additionally, OLCE will provide Title III funding to support after-school tutoring programs and educational technology with the goal of providing EL students Bilingual and English as a Second Language (ESL) content support to improve their academic outcomes on the English language

proficiency exam known as ACCESS (Assessing Comprehension and Communication in English State to State).

- 130 elementary schools with enrollment of 100 or more EL students will receive \$0.74 million in Title III funding to launch EL after-school tutoring programs. The initiative will support 11,000 EL students in grades 2-8.
- 245 schools with enrollment of 20 or more EL students will receive \$0.84 million in Title III funding for supplemental educational software. The initiative will support 45,000 EL students in grades K-18.

Charter/contract schools and ALOP and Safe School programs (collectively, “charter schools”) receive supplemental bilingual grant funding based on EL enrollment in the following tiered system:

**Table 22: State TBE/TPI Funding for Charter Schools**

Tier	EL Enrollment	No. of Schools	FY18 Supplemental Funding Allocation
1	100+ EL students enrolled	33	\$45,000
2	20 to 99 EL students enrolled	28	\$353.27 per EL student*

\*TBE/TPI per-pupil rate:  $\$607 \times 60\%$  (state reimbursement rate)  $\times 97\%$  (3% administrative fee) = \$353.27.

**Table 23: Federal Title III Funding for Charter Schools**

Tier	EL Enrollment	No. of Schools	FY18 Supplemental Funding Allocation
1	250+ EL students enrolled	6	\$45,000
2	20 to 249 EL students enrolled	55	\$112.21 per EL student*

\*Title III per-pupil rate:  $\$114.50 \times 98\%$  (2% administrative fee) = \$116.04.

The recent amendment to Illinois Charter School Law now requires all charter schools to provide bilingual instruction to EL students. Charters are on a reimbursement system and must submit requests for reimbursement for expenses related to EL instruction. Charter schools are allocated grant funds in lieu of positions because Charter Management Organizations operate independently of CPS. Therefore, CPS cannot allocate positions but allocates equitable funding based on EL enrollment at charter schools.

## ALLOCATIONS OF DISCRETIONARY FUNDS

### Supplemental General State Aid (SGSA)

Supplemental General State Aid is part of the General State Aid that CPS received from the State, before the new education funding law went into effect. As part of the previous system, the district was required by state statute to distribute \$261 million of funding directly to schools based on their poverty levels. The amount of SGSA funds was based on the concentration level of children

from low-income households. Funds were distributed to the schools in proportion to the number of pupils enrolled who are eligible to receive free or reduced-price meals under the federal Child Nutrition Act of 1966 and the National School Lunch Act as of the 20<sup>th</sup> day of the school year.

Beginning in FY15, all CPS students qualify for free lunch under a Community Eligibility Option program established by the U.S. Department of Education, regardless of an individual student’s household income. However, this result does not mean that all CPS students now qualify for SGSA funding. The SGSA statute looked to federal nutrition acts to set an income threshold that would define which students are low-income students who would qualify for SGSA funding. That low-income threshold is 185% of the federal poverty rate, which is the threshold for qualifying for free or reduced lunch under federal nutrition acts.

Recent legislation eliminated the use of SGSA funds based on school poverty counts. However, to minimize disruption, the district will continue to allocate SGSA funding to schools as it has in the past in FY 18.

All schools received an initial SGSA allocation that is based on a projected number of low-income eligible students. However, the SGSA allocation will be adjusted later based on the number of qualifying students at each school on the 20<sup>th</sup> day of the current school year.

**Initial allocation:** The Budget Office has used prior year data to calculate a low-income percentage for each school, which will be locked in for all of FY18. That percentage has been multiplied by each school’s FY18 projected enrollment to determine the number of low-income eligible students. (Rounding is done to the nearest student, or in the case of preschool students, to the nearest 0.5 student.) Schools receive a per-pupil allocation based on this calculated number of eligible students.

**Final allocation:** The number of eligible students will be recalculated based on 20<sup>th</sup> day enrollment. The low-income percentage used for the initial allocation will not change, but it will be multiplied by each school’s 20<sup>th</sup> day enrollment to determine the number of low-income eligible students. (Rounding, again, is done to the nearest student, or in the case of preschool students, to the nearest 0.5 student.) Each school’s final SGSA allocation will be based on this newly-calculated number of eligible students.

For FY18, the preliminary per-pupil rate is \$846.55, which was calculated by dividing \$259 million by the projected number of free and reduced meal students expected in FY18. The remaining \$2 million will be allocated based on 20<sup>th</sup> day enrollment.

**Table 24: Calculation of FY18 SGSA Base Rate**

Amount to be Distributed	\$259,000,000
FY18 estimated total count of low-income students	305,973
FY18 SGSA Base Rate	\$846.48

Schools receive SGSA funding for each qualifying student. If a school has only one student eligible for SGSA, the school will receive an allocation of \$846.48 for that student.

Contract, ALOP, and Safe schools, like district-run schools, receive SGSA funding. Charter schools do not receive an SGSA allocation because it is included in their new, PCTC tuition rates. The initial SGSA allocation, however, is based on CPS’s enrollment projection for the school, rather than the school’s own projection.

Schools will receive their prior year carryover from FY17. An estimated amount of FY17 SGSA carryover is included in the SGSA budgets for district schools. Once the district has finalized the financials for FY17, the final amount of prior-year SGSA carryover will be calculated for each school, and any additional carryover amounts will be allocated to each school. This final carryover amount will likely be distributed sometime after October 2017.

### **NCLB Title I**

CPS allocates Federal NCLB Title I funds to schools with high concentrations of low-income children to provide supplementary services. The formula used to determine a school's eligibility for these funds is based on the ratio of TANF (Temporary Assistance to Needy Families) and free and reduced-price lunch school data as a percentage of enrollment. CPS uses poverty data generated yearly by the number of students, ages 5-17, who are eligible to receive free or reduced lunch (60 percent weight), and the number of children, ages 5-17, from families that receive financial assistance through TANF (40 percent weight). The data must be collected at a single point in time for the entire school system; the District has used March 21, 2017 as the collection point for FY18. Once data is collected, CPS ranks schools and allocates additional funding to those schools serving a population with greater than 40 percent poverty.

It is important to remember that the poverty rate calculations for Title I are more stringent than for SGSA. SGSA considers only the number of students who qualify for free and reduced meals, and it is not unusual for CPS schools to have poverty rates of 99 or 100 percent by that measure. The Title I poverty measure also looks at the number of students who qualify for TANF, and far fewer CPS students meet this standard.

The per-pupil allocation rate increases as the poverty index for the schools increases. A school with a 40 percent poverty rate receives an allocation of \$802.17 per eligible student. As the poverty rate increases by 1 percent, the per-pupil allocation increases by \$16.04 per pupil. A school with a poverty index of 41 percent receives \$818.21 per pupil. A school with a poverty index of 50 percent receives \$962.57 per pupil. Schools with a poverty index below 40 percent do not receive Title I funds, even if the school has eligible students (except if the school has run a Title I school-wide program in the past and is held harmless from loss of Title I funding). Thus, poorer schools receive significantly more Title I funding, not only because they have more eligible students, but also because they receive more funds per eligible students. This is illustrated in the following table:

**Table 25: Examples of Title I Funding Amounts**

Poverty Index Examples	Allocation Rate	Eligible Students (assume total school enrollment of 1,000)	Total Allocation
35%	\$0 (below threshold)	350	\$0
40%	\$802.17	400	\$320,868
41%	\$818.21	410	\$335,466
55%	\$1,042.77	550	\$573,524
67%*	\$1,235.25	700	\$864,675

\*Highest poverty rate of any CPS school.

In FY18, the Title I poverty index is the weighted average of the number of students who qualify for free or reduced-price lunch (60% weight) and the number of students who qualify for TANF (40% weight), **rounded up** to the nearest whole number.

Schools have received an initial Title I allocation based on their calculated Title I poverty index and their enrollment on March 21, 2017. After the school year begins, the Title I allocation for each school will be updated based on the same Title I poverty index and the school’s FY18 20<sup>th</sup> day enrollment.

Schools can budget SGSA and NCLB Title I funds at their discretion but must remain in compliance with regulations and guidelines.

## **FUNDING FOR CHARTER SCHOOLS**

Included in the new state education funding law is a change that requires schools districts to set tuition rates for charter schools between 97 percent and 103 percent of the district’s per capita tuition charge (“PCTC”). Before this change, the range was between 75 percent and 125 percent of PCTC, giving school district’s more flexibility in setting charter tuition rates.<sup>1</sup>

CPS’ long-standing goal in setting charter school tuition rates is equity; charter schools should receive funding equivalent to the resources given to district-run schools. We believe that the SBB funding model did just that. District-run schools and charter schools received funding for core instruction at the same per-pupil rates. Charter schools also received non-SBB funding, which was based proportionately on the funding given to district-run schools for operations and maintenance, security, and central office services.

CPS has long argued, and continues to maintain, that the PCTC is a poor benchmark to use to determine funding equity, primarily due to the lack of flexibility to allocate resources based on student needs and district priorities, and the reduced ability to target funds to students in poverty. We believe that SBB is a transparent funding model that ensures funding equity.

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<sup>1</sup> The notion of narrowing the PCTC range from 75%-125% to 97%-103% stems from a recommendation in the [2014 Illinois Charter School Funding Task Force’s Final Report](#). Most importantly, the Task Force also recommended exempting school districts, like CPS, that utilize student-based budgeting (SBB) from being held to the narrowed PCTC range. SBB, by definition, ensures every student receives an equal base amount of funding that ‘follows’ the child, regardless of whether the student chooses to enroll in a district or charter school. The exemption language was not included in the new legislation.

Unfortunately, the change in state law effectively ends the SBB model for charter schools. Instead, charter tuition rates must now fall within a narrow range around the district’s most-recently available PCTC, which is based on the FY16 annual financial report. Furthermore, CPS cannot give more or less funding based on grade level, poverty level, or special education needs if it means that a school’s overall funding will fall below 97 percent of the PCTC or exceed 103 percent of the PCTC.

**FY18 Charter Tuition Rates**

Charter schools will receive a new PCTC-based tuition payment that incorporates and replaces the following allocations that charter schools previously received. These categories of funding will be eliminated for charter schools and replaced with the new PCTC tuition payment:

- SBB tuition
- Non-SBB tuition
- Facility supplement, for charter schools in independent facilities
- SGSA
- Reimbursements for special education teacher and paraprofessionals
- Reimbursements for related service providers
- Case manager stipends

Charter tuition rates for elementary schools are set at 97 percent of the most-recently available per capita tuition charge, which is based on the FY16 annual financial report.

FY16 PCTC	\$12,544.38
	<u>x 0.97</u>
FY18 Charter Tuition Rate	\$12,168.05

Why 97 percent of the PCTC and not 100 percent? The PCTC is based on the district’s overall spending on K-12 education that comes from local funding sources and general state aid. This spending amount is then divided by the district’s nine-month average daily attendance to determine the per-pupil amount. Charter tuition, however, is paid based on enrollment, not average daily attendance. The FY16 PCTC was calculated based on an average daily attendance of 351,726.22 students. The K-12 enrollment in FY16 was 369,730 students. If the PCTC had been calculated using enrollment, the per-pupil rate would have been only \$11,933.54.

We believe it is inherently unfair that state law requires school districts to pay tuition to charter schools based on their enrollment, but compares the funding levels to a benchmark that is based on average daily attendance. We try to correct this inequity to maximum extent afforded us by state law – by setting the charter tuition rates for elementary schools at 97 percent of the PCTC.

The same logic should apply to high schools – that tuition rates should be set at 97 percent of PCTC. However, the district has historically had a higher tuition rate for high school students. In the SBB model, for instance, the per-pupil rates for high school students is 24 percent higher than the rates for elementary students in grade 4 through 8. Having the same tuition rates for all charter schools benefits charter elementary schools at the expense of charter high schools. In order to reduce the impact of the new funding model on charter high schools, we have set slightly higher tuition rates for high schools – 100 percent of PCTC for charter high schools in independent facilities, and 103 percent of PCTC for charter high schools in CPS facilities.

**In-Kind Payments**

The PCTC includes several types of expenses that are the shared responsibility of all schools, and which the district covers on behalf of all schools. Since charter schools receive the value of the district’s coverage of

these obligations, we consider these expenses to be in-kind payments to charter schools. These include:

- Unfunded pension liability.** The district is required to make a large contribution each year to the Chicago Teachers Pension Fund (CTPF). A portion of this payment (approx. \$220 million) is for “normal cost,” which is a valuation of the future pension obligations of this year’s teacher salaries. The remaining amount is for “unfunded pension liability,” which is an amount needed to bring the CTPF to a 90% valuation level by 2059. The district charges the normal cost as a benefit cost on every teacher position, including teacher positions at charter schools. However, the unfunded pension liability is covered by the district on behalf of all schools. The amount of unfunded pension liability included in the FY16 PCTC was \$458,521,644, or \$1,303.63 per pupil.
- Interest on short-term debt.** In recent years, the district has had to rely on short-term borrowing to provide sufficient cash flow to meet the district’s obligations. This borrowing has allowed the district, among other things, to make tuition payments to charter schools. The district has incurred interest costs related to short-term borrowing. Interest on short-term debt is a shared obligation of all schools because it is a cost related to keeping the district financially solvent. The amount paid in interest on short-term debt in FY16 was \$26,133,738, or \$74.30 per pupil.
- Facilities.** Some charter schools operate in a district-owned facility, and they pay only a nominal rent of \$1 per year. The use of a CPS-owned facility essentially rent-free has an in-kind value to the charter school, which should be valued at the district’s debt service payments in FY16, which was \$455,285,011, or \$1,294.43 per pupil.<sup>2</sup>

Charter tuition payments will be made as a combination of direct payments and in-kind value, as shown in the following tables:

**Table 26: Tuition Rates for Charter Schools in Independent Facilities**

	Elementary Schools	High Schools
<b>Direct payments</b>		
Instruction and operations	\$8,408.92	\$8,785.25
Special education	\$1,086.77	\$1,086.77
Facility costs	\$1,294.43	\$1,294.43
<b>Total direct payments</b>	<b>\$10,790.12</b>	<b>\$11,166.45</b>
<b>In-kind value</b>		
Unfunded pension liability	\$1,303.63	\$1,303.63
Short-term borrowing costs	\$74.30	\$74.30
<b>Total in-kind value</b>	<b>\$1,377.93</b>	<b>\$1,377.93</b>
<b>Total charter tuition</b>	<b>\$12,168.05</b>	<b>\$12,544.38</b>
<b>Percentage of PCTC</b>	<b>97%</b>	<b>100%</b>

<sup>2</sup> The PCTC does not include the entire debt service payment. Interest on long-term debt is included, but principal payments on long-term debt are excluded. Instead, the PCTC includes depreciation of capital assets. If we based the in-kind value on interest on long-term debt plus depreciation, the value would be \$1,741.18 per pupil. However, the district agrees with the recommendation of the 2014 Illinois Charter School Funding Task Force’s Final Report that depreciation should not be included in the PCTC calculation, and we believe that principal plus interest on long-term debt is a better way to determine the in-kind value of using a CPS-owned facility.

**Table 27: Tuition Rates for Charter Schools in CPS-Owned Facilities**

	Elementary Schools	High Schools
<b>Direct payments</b>		
Instruction and operations	\$8,408.92	\$9,161.58
Special education	\$1,086.77	\$1,086.77
<b>Total direct payments</b>	<b>\$9,495.69</b>	<b>\$10,248.35</b>
<b>In-kind value</b>		
Facility costs	\$1,294.43	\$1,294.43
Unfunded pension liability	\$1,303.63	\$1,303.63
Short-term borrowing costs	\$74.30	\$74.30
<b>Total in-kind value</b>	<b>\$2,672.36</b>	<b>\$2,672.36</b>
<b>Total charter tuition</b>	<b>\$12,168.05</b>	<b>\$12,920.71</b>
<b>Percentage of PCTC</b>	<b>97%</b>	<b>103%</b>

**Supplemental General State Aid (SGSA)**

The new education funding law eliminated Supplemental General State Aid funding, and instead distributes poverty dollars as part of the funding formula. Therefore, charter school will no longer receive SGSA as a separate allocation. This funding has been incorporated in the PCTC tuition.

**Special Education**

Funding for special education is included in the PCTC tuition. By our calculations, as shown in Table 28, charter schools are receiving \$1,086.77 per pupil in special education funding, although that funding is not weighted for students with disabilities.

**Table 28: Calculation of SPED Component of PCTC Tuition**

	Amount in FY16 PCTC
Special Education Programs	\$580,716,310
Attendance & Social Work Services	58,749,213
Health Services	34,008,428
Psychological Services	23,413,938
Speech Pathology & Audiology Services	33,271,996
Special Education Transportation*	89,919,792
Special Education Reimbursements to Charter/Contract Schools and ALOP/Safe Programs*	76,742,932
Chicago Educational Services Block Grant	(387,993,551)
Fed – Spec Education – IDEA – Flow Through	(89,199,602)
Fed – Spec Education – IDEA – Room & Board	(2,578,098)
Medicaid Matching Funds – Administrative Outreach	(8,198,691)
Medicaid Matching Funds – Fee-for-Service Program	(26,607,632)
<b>Total</b>	<b>\$382,246,035</b>
FY16 Average Daily Attendance	351,726.22
<b>Per-Pupil Amount for Special Education</b>	<b>\$1,086.77</b>

\*The amounts for special education transportation and special education reimbursements to charter/contract schools were determined from expenditure reports from the district's Oracle financial system. All other amounts in this table are found in the FY16 Annual Financial Report.



In addition to PCTC tuition, charter schools will also receive a supplemental allocation for special education that represents charter schools' share of the district's federal IDEA funds and state categorical funding for special education. These supplemental funds will be allocated based on the overall special education needs of the school and the amount of local funding received in the PCTC tuition. Some schools may not receive a supplemental allocation because the amount of local funding given in the PCTC tuition is high compared to the special education population at the school.

The district will no longer provide charter schools with an allocation of special education teachers, paraprofessionals, and related service providers, and reimburse for the actual costs of these positions. Instead, charter schools are expected to meet the needs of all students with disabilities with their PCTC tuition funding and their supplemental allocation of federal and state special education funding.

**Facilities Charges for Charter Schools in CPS-Owned Facilities**

Charter schools occupying a CPS-owned facility are responsible for the operating costs of the building. Schools are charged for facilities costs based on per-pupil rates reflecting the average operating costs throughout the district. The facilities charges listed in Table 16 shall apply to charter schools in CPS-owned facilities.

Charter schools can opt out of the District's security and IT services. Charter schools that are the sole occupant of a CPS facility can also opt out of facilities and maintenance services. Charter schools that are sharing a facility with another school are not allowed to opt out of facilities and maintenance services. Schools will not be charged for any component of the facilities charges from which they have opted out.

**Employer Pension Charges**

Although the district's unfunded pension liability to the Chicago Teachers Pension Fund is considered an in-kind payment to charter schools, the direct payments of the PCTC tuition include the normal cost portion of the district's employer pension costs. For this reason, charter schools will continue to be charged 11.16 percent of all employees who participate in the Chicago Teachers Pension Fund. Since special education positions are no longer being reimbursed at actual cost, the employer pension charge of 11.16 percent also applies to special education teachers and clinicians who are members of the Chicago Teacher Pension Fund.

**Administrative Fee**

Charter schools are charged a 3 percent administrative fee to cover the District's costs of managing the district. The following table shows how the administrative fee is assessed for each funding source:

**Table 29: Administrative Fees for Charter Schools**

Funding Source	Fee	How Admin Fee Will be Charged
PCTC Tuition	3%	Fee will be deducted from quarterly tuition payments.
IDEA	–	No admin fee. District's administrative costs are deducted prior to allocation of funds.
State block grant for Special Education	–	No admin fee. District's administrative costs are deducted prior to allocation of funds.
Title I	–	No admin fee. District's administrative costs are deducted prior to allocation of funds.
Title II	–	No admin fee. District's administrative costs are covered in Title I.
Title III	2%	Admin fee is capped at 2% per grant rules. 2% fee deducted from Title III payments.
State Bilingual (TBE/TPI)	3%	Fee is deducted from state bilingual payments.