

CHICAGO PUBLIC SCHOOLS

Approved BUDGET

2017 - 2018



**Board of Education of
the City of Chicago**

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Official FY2018 Budget Documentation including integral data tables, as well as interactive features that make additional information more easily accessible, can be found on the Chicago Public Schools website at www.cps.edu/budget. This PDF Budget Guide and the Budget website should be read together to provide complete information on the proposed budget plan.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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**Chicago Public Schools
Illinois**

For the Fiscal Year Beginning

July 1, 2016

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Executive Director



August 11, 2017

Dear Friends and Colleagues:

Today, every district in the State of Illinois is facing unnecessary – and unconscionable – uncertainty about how much funding they will receive from the State, thanks to Governor Rauner’s failure to sign a historical education funding reform bill.

Despite this uncertainty, CPS schools will open on time and stay open – a statement that, unfortunately, many other districts cannot make.

Indeed, 855 districts’ budgets are in limbo and many districts are in jeopardy because Governor Rauner refuses to acknowledge that his politically motivated claims about a CPS bailout are categorically false, as proven time and again by independent fact checkers.

However, Governor Rauner’s political games do not change the legal requirement for school districts to publish their budgets, even if Springfield hasn’t enacted education funding for anyone.

As a result, today we share a budget that is the framework for the district’s eventual FY18 budget. When the dust has cleared in Springfield, like many other districts, we will have a more detailed and specific budget that incorporates any changes or revisions required.

This budget framework outlines how the district will move forward to ensure that Chicago’s children can continue their blazing academic progress – including the landmark finding from UIC that every demographic group in Chicago is outperforming their peers around the state.

This budget assumes that the State will enact education funding reform along the lines of Senate Bill 1, which is the only evidence-based funding model that has won approval from the General Assembly. Under this model, 268 districts would receive more money per pupil than Chicago. CPS would receive \$300 million in additional funding in FY18, despite the fact that independent fact checkers say that if Chicago students were treated equally, CPS should receive \$500 million.

This budget also assumes that CPS will receive additional local resources to address its remaining budget gap. CPS is in discussions with the City of Chicago on the balance of local resources.

This budget will build on management reforms and efficiencies that have saved hundreds of millions of dollars and allowed more resources to be directed to classrooms, where they matter most. Over the past two years, this administration has reduced Central Office positions by 400, or nearly a quarter of the staff; put in place modern financial and auditing systems; and slashed the structural deficit to reduce the financial risks facing the district.

Let no one forget the single most important part of this debate: ensuring that all students have the resources to get the education they deserve. That is at the heart of this debate. And it is at the heart of all our work.

Sincerely,

A handwritten signature in black ink, appearing to read "Forrest Claypool", with a long, sweeping underline that extends to the right.

Forrest Claypool
Chief Executive Officer
Chicago Public Schools



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Letter from CPS Leadership

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Reader's Guide

The Chicago Public Schools' FY18 Proposed Budget is the financial and policy plan proposed to the Chicago Board of Education for the fiscal year beginning July 1, 2017 and ending June 30, 2018. The District makes the proposed budget available to the public at www.cps.edu/budget, which contains the official budget document as well as interactive features that make additional information more easily accessible.

Budget Book Chapters

The FY18 Proposed Budget includes narrative overviews of CPS programs, goals, financial policies and procedures, a budget summary and detailed financial tables. These chapters are accessible from the list of links on the left side of the screen on the home page of the budget website.

The following chapters are included:

Budget Overview:

This chapter summarizes the District's financial position, outlining the goals and objectives that CPS seeks to achieve in the current fiscal year and in the future. Summary tables provide additional details of the financial picture.

Revenue:

Included in this chapter is a description of each of the District's revenue sources, the assumptions and factors that influence our revenue projections and year-to-year comparisons.

Schools and Networks:

This chapter provides an overview of school budgets and the resources given to schools, as well as a year over year comparison of total school funding. It defines the various types of schools in Chicago, the demographics and the programs provided to students. District-run schools are organized into Networks, which provide administrative support and leadership development.

Departments:

Profiles of each Central Office department, including its mission and major programs, FY18 budget summary, major accomplishments and key budget initiatives are included in this chapter.

Pensions:

This chapter provides a basic overview of the District's pension obligations and challenges.

Capital Budget:

The Capital Budget chapter describes CPS' plan for major infrastructure investments. Because capital projects often take longer than one year to complete, a separate capital budget is prepared. This chapter outlines the projected expenditures for multi-year projects and explains the impact of the capital budget on operating expenses. A separate capital budget website with more detailed information on all of the projects can be found on the CPS website.

Debt Management:

This chapter provides detail on the Board’s debt management practices. It presents a complete picture of the District’s use and management of debt. It includes a list of the current outstanding debt, proposed debt issuances and all debt service requirements.

Organization Chart:

This reflects the leadership and organizational structure for CPS.

Fund Balance Statement:

This chapter explains CPS’ goals for maintaining a minimum fund balance (cash reserve) and how it is calculated.

Fund Descriptions:

Funds are separate accounting entities that ensure taxpayer dollars are spent as authorized. This chapter describes the four governmental fund types used by CPS: General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds. CPS will continue to distinguish how funds are received and spent by using the following categories: General Budgeted Funds, School Generated Funds, State and Federal Grant Funds, Capital Projects Funds and Debt Service Funds.

Cash Management:

This chapter provides detail about CPS’ projected cash flow throughout the fiscal year, and explains its cash management strategies.

FAQs:

In this section we have included answers to some typical questions about the Budget Book.

More Information:

This section includes information on demographics, school funding formulas, historical revenue/expenditure tables, the budget process, financial policies, the budget resolution and a glossary.

- **Appendix A – Demographics:** Provides detailed information about the District structure, school population and employees, and a view of the larger community in which our students and their families reside.
- **Appendix B – School Funding Formulas:** Outlines the funding formulas used to allocate resources to schools.
- **Appendix C – Budget Process:** As required by law, CPS follows a detailed budget calendar and process, which is provided in this section.
- **Appendix D – Financial Policies:** Explains the policies and procedures followed during the budget process.
- **Appendix E – Glossary:** Provides an alphabetical listing of specialized terms found throughout the budget book.

Interactive Budget Reports

In addition to the budget book, CPS provides enhanced interactive budget reports that allow members of the public to view the entire operating budget and get more detail on any component of the budget.

The interactive reports include:

- Budget by Unit, including schools and Central Office departments
- Budget by Fund, such as general fund or federal and state grants
- Budget by Account, such as salary, benefits, commodities and contracts
- Budget by Program, such as instruction, support services and community services
- Revenues & Expenditures report, providing information on debt service and capital funds, as well as general operating funds
- School List, which lists all schools by network

The reports are designed to provide more detail as you scroll down the page. For example, if you search under “Budget by Unit”, the parent unit – that is, top-level departmental unit – three-year budget and expenditure detail is displayed first, followed by a three-year view of budgeted and ending full-time equivalent positions. The individual department units that roll up to the parent unit are then shown, with budgets and positions listed by Fund-Grant. For tracking purposes, grants that are subject to rollover each year are assigned a new 6-digit identifying number, and some grant periods cross fiscal years.

Expenses are identified by program numbers, which correlate to State function codes. Code 1000, for example, pertains to all instruction-based expenditures. Select State Function Description to get a complete list of program names and numbers.

The School List report is the quickest way to get budget information about a particular school. The top of the report contains a search box where you can type in a school name and go directly to that school’s budget.

School budget reports provide information about:

- Student and teacher counts
- A school’s budget by account
- A school’s budget by fund source
- The number of teacher and support personnel positions staffed at the school

The school budget reports also allow you to drill down for more detailed information.

Fiscal Year 2018 – Budget Overview

Introduction

Unprecedented Financial Crisis Triggers 2-Year Focus on Efficiency and Financial Controls

The 2018 Chicago Public Schools budget reflects progress in the face of a State-driven fiscal crisis. Despite unequal state funding shortchanging CPS by \$500 million a year, this budget protects the academic investments driving record student gains.

Since taking the helm 24 months ago, this administration and the Board of Education have delved deeply into CPS finances and operations. This relentless focus was driven by urgent necessity: the district faced a \$1.1 billion operating deficit; had exhausted its cash reserves; was approaching its limit under lines of credit; and was paying high interest rates on bonds rated junk by financial markets. The district needed more aggressive and detailed cash monitoring; more accurate tracking of budgeted spending against actual spending; and additional extensive financial controls, both centrally and in schools.

At the same time, although general education students were rapidly advancing, special education student performance was flat, because of the absence of critical data necessary to hold schools accountable for helping them succeed.

With the help of talented staff in partnership with preeminent national accounting, financial and municipal turnaround specialists, we created detailed and sophisticated cash flow systems; comprehensively audited the District's vast finances and operations; established broader financial controls to ensure the integrity of District finances; and identified ways to save in excess of \$145 million annually — millions that would otherwise have come from classrooms.

The FY18 budget saves millions more by incorporating the results of new reforms — changes yielding either additional revenue or cost savings that allow schools to re-direct resources to the classroom. Examples include greater centralized management of school finances and new data collection and documentation systems for reimbursable Medicaid expenses.

Other reforms will create better service delivery to students, especially diverse learners. For the first time, the district has objective, evidence-based standards to ensure equity and accuracy in Individualized Education Plans (IEPs). Services required by IEPs can now be tracked effectively and outcomes measured; training and documentation of best-practice student supports is in place for the new school year; and data-based interventions will allow early corrections if student supports are inadequate or ineffective.

These painstaking system-wide changes, necessitated not only by the financial crisis but also a drive to keep improving student outcomes, have helped pull the district back from the financial cliff; we are in a much stronger position to monitor cash, spending and data critical to measuring and managing both vendor and school performance.

But much more work needs to be done—not just to continue making the district more efficient, but to secure more revenue for CPS students shortchanged by a decade of state discrimination.

Historic Opportunity for Funding Fairness

Along with hundreds of districts throughout Illinois — rural, suburban and urban — we have fought for fair state funding for all schools, especially those serving low-income students. With Senate Bill 1, currently pending in Springfield, Illinois has a historic opportunity to help all its schools and end the state’s shameful legacy of denying low-income students the same opportunities as their wealthier peers.

Governor Rauner injected considerable uncertainty for every school district in Illinois by falsely claiming that SB1 is a bailout for Chicago. His actions have jeopardized funding for every district in the state, are filled with internal contradictions, and rely on ideas repeatedly debunked by independent fact-checking organizations. Still, his actions have forced many districts to issue budgets with assumptions about state funding, and CPS is no different. CPS incorporates SB1 funding in its State revenue assumptions for this budget because the measure has passed the General Assembly and no other legislation has advanced. CPS will make any revisions necessary after the State reaches an agreement for funding schools.

Senate Bill 1 will not solve all our financial problems, and it does not provide equal funding for Chicago. But it takes a big step in that direction. CPS continues to face formidable financial challenges, from reduced federal funding to exploding pension costs. But a continued disciplined effort of cost control and new revenues will allow the District to preserve what matters most: the continued progress of CPS students.

Key FY18 Budget Components, Investments and Updates

The FY18 budget will enable Chicago Public Schools to preserve and build on students’ record educational gains. The budget provides additional funds to schools to cover increased personnel costs, continues the substantial administrative efficiencies and management reforms that have already been implemented, and ensures the needs of the district’s diverse learners will be met. It also funds proven education initiatives, including an increased number of International Baccalaureate programs in neighborhood schools and an expanded computer science program that will support the district’s first-in-the-nation computer science graduation requirement.

The majority of funding received by schools is based on the Student Based Budgeting model, which directs a per-pupil dollar amount to each school (with weights assigned for different grade levels). For

FY18, the base SBB rate is increased from last year's rate of \$4,087 per student to \$4,290, or 5 percent. The increase is intended to cover cost of living salary adjustments for teachers in 2018 and also to continue funding for seniority and educational attainment increases that teachers received last year.

State funding for education remains a question, as of this publication, with the Governor's veto of the only funding reform that has passed the General Assembly. This legislation came about after years of debate over how to fix Illinois' worst-in-the-nation education funding, and is landmark school funding reform that gives 268 districts more money per pupil than Chicago. SB1 employs an evidence-based model for allocating general state aid to schools, channeling additional resources to schools serving low-income children. It also moves Chicago Public Schools one step closer to pension parity with the rest of the state, by funding the normal costs of Chicago teachers' pensions. (The State pays for the full costs of other districts' teachers' pensions, including both normal and the larger legacy costs.)

SB1, together with the state budget that passed last month, will increase funding to CPS and also cover the normal cost of pensions for Chicago teachers. In total, CPS stands to receive \$221 million for teacher pension normal cost and \$71M in new formula funding from the state this year. This only begins to move Chicago students toward equity with their peers around the state, as independent groups have also confirmed. CPS would require a \$500 million increase from the state for Chicago children to be treated equally, since CPS is the only school district in the State that makes its own pension payment.

While the evidence-based funding formula will provide additional state money to CPS (and hundreds of other school districts across Illinois), federal funds to CPS are declining. Federal title grant dollars will decline by \$60 million due to a combination of factors, including reduced federal funds from the Trump administration, a decline in CPS enrollment, and a reduction in the concentration of poverty in Chicago, according to federal data.

Despite these State funding challenges, CPS continues to drive administrative and management efficiencies. Additionally, while many of these efficiencies help address financial challenges, some efficiencies redirect resources from administration to classrooms. These efficiencies are detailed at length later in this document.

For the FY18 budget, CPS is also making changes to special education funding at the request of school principals. Over the course of recent months, the Office of Diverse Learners Supports and Services has worked with principals and network chiefs to determine the number of special education teachers and paraprofessionals necessary to meet the needs of diverse learners as defined by IEPs. CPS is adding more funds for additional teachers and paraprofessionals in cluster programs, which serve students with the most severe and profound disabilities. CPS will also ensure that students continue to be placed in the least restrictive environment possible, which is required by law and best practice. To support the district's highest need students, CPS will fund 34 new teaching positions and 68 paraprofessionals across the city for cluster classrooms, which serve the district's most severely disabled children. The FY18 budget provides the resources from the central budget to cover these school-based positions.

In FY17, CPS faced substantial fiscal challenges due to the state’s unfair school spending formula and the Governor’s admittedly “emotional” midyear decision to veto legislation that would have provided \$215 million to cover CPS’ normal pension costs (as the state does for every other school district in the state, in addition to their larger legacy costs). In the wake of state funding reform, and the many actions the District has taken recently to improve operations, the FY18 budget will continue to gradually improve the district’s financial position, allowing Chicago students to continue their extraordinary educational progress. Should it require material changes, CPS will make them.

Investing in Students’ Futures

Building on the successes of the past six years and preparing for the challenges ahead, CPS continues to invest in areas that drive student achievement and reflect the values and priorities of the administration. These investments include:

- Release of a strategic three year vision, “[CPS: Success Starts Here.](#)” This marks an important benchmark for the District, as we manage for the future and build on student academic success. The strategic vision details the District’s commitment to academic progress, financial stability and integrity.
- CPS has the nation’s largest International Baccalaureate network with 43 schools (22 high schools and 21 elementary) currently serving 15,000 students. This budget invests in further expansion of the nation’s largest International Baccalaureate network by transforming three elementary schools (Byrne, Kinzie, and Lavizzo) to become IB feeder schools and expanding the program at four high schools (Amundsen, Curie, Kennedy and South Shore International). The high school programs will provide students with more opportunities to earn college-level credits before graduation. The new elementary feeder schools will prepare students for IB coursework in high school. Additionally, Agassiz Elementary School will expand its existing IB program to serve pre-K through 5th grade students.
- Expansion of the Dual Language program to include seven additional schools for a total of 27 schools, including the first two high schools in the program. The Dual Language program provides students with comprehensive programming to develop language and cultural literacy skills, fluency in both English and Spanish, and the tools to build the needed skills to pursue their dreams.
- Expansion of a tutoring program for English learners that increases English proficiency. The expansion increases the number of participating schools from 73 to 124, delivering academic supports to approximately 4,200 English learners in grades 2-8.
- The newly formed Department of Personalized Learning supports the adoption of personalized learning throughout CPS schools. In the 2016-17 school year, 30 new schools began implementing the Personalized Learning model through three new programs launched by the district, including nine schools participating in the first cohort of *CPS Elevate*, the district whole-school redesign program. CPS also developed district resources to support schools implementing a Personalized Learning model, including coaching tools, observation forms, and standards-aligned curriculum resources for core-content areas and social-emotional learning.

- Expansion of the Parent Universities program that builds on 46 Parent Engagement Centers, and more than doubles the number of locations and resources for families and communities, from five to 13 Parent University sites. This program also launches five new Parent University Training Centers. Parent University is an innovative neighborhood-based program that uses a combination of in-person and online learning to help parents access more information about educational opportunities that can drive success for parents and their children.
- Transition to the “GoCPS” common application for high school, a single streamlined application process for eighth grade students to evaluate available high school options and to be matched to the highest ranked school on their application for which they qualify and for which there are available seats.
- Launch of a new groundbreaking graduation initiative called “Learn. Plan. Succeed.” designed to guide postsecondary success for students of all levels by requiring them to develop plans for life after graduation. CPS will become the first large urban school district to ensure that all students meet with counselors and other school staff to develop and finalize a concrete post-secondary plan before graduation.
- Expansion of the Seal of Biliteracy, with a record 2,308 high school seniors receiving the State Seal of Biliteracy or the State Commendation with 75 high schools participating. Also launched CPS Pathways to the Seal of Biliteracy program: Over 1,285 5th graders and 8th graders in 58 elementary and middle schools were recognized for being on the path to earning the State Seal of Biliteracy by their senior year of high school.
- Launch of an innovative competency based learning pilot in conjunction with the Illinois State Board of Education. CPS is one of only 10 school districts selected in the state to participate in the program, which will provide students with a customized learning and evaluation structure that emphasizes mastery of skills as opposed to time in the classroom to improve preparation for college, career and life.
- Expansion of Safe Passage routes to continue the District’s efforts to ensure that students travel safely to and from school. The additional routes at Dyett and Al Raby High School will increase the participating schools from 140 to 142, deploying more than 1,300 Safe Passage personnel from 22 community-based organizations to support more than 75,000 students on a daily basis.
- The District’s comprehensive air conditioning plan was largely implemented one year ahead of scheduled completion, making \$135 million in investments to provide air conditioning to 222 schools. Nearly all of the remaining 61 schools were completed in the spring of 2017, with five schools where air-conditioning is currently being installed as part of a larger ongoing capital project.

Investments are Producing Results

These investments are integral to the academic gains CPS’ students have made in a short period of time. CPS is now recognized nationally as a leader in urban education, with these results in FY17:

- In a landmark study of statewide educational outcomes, the University of Illinois – Chicago found that CPS students are outperforming their peers in every major racial and ethnic group throughout the state. UIC analyzed 15 years of Illinois test score data to make comparisons between subgroups.

- In its academic progress report, CPS reported dramatic improvements since 2011 on key metrics including participation in the arts, math and reading growth, graduation rates, freshman on-track to graduate, attendance, and dropout rates. For the SY15-16, the freshman on-track rate hit an all-time high of 87.4 percent, the dropout rate was cut in half to 6.8 percent and the attendance rate was 93.4 percent.
- CPS students have achieved a record high graduation rate, with 73.5 percent of students earning a diploma. The graduation rate has steadily risen over the past six years, growing more than 16 percentage points since 2011 when just over half of CPS students earned a high school diploma.
- CPS students outpace nationwide peers in graduation rate growth. While students nationally achieved a record high graduation rate of 83.2 percent for the 2014-15 school year, CPS students are outpacing their peers with a graduation rate that is growing more than three times faster than the national rate. The national graduation rate for African American students grew 7.6 points, while CPS' rate went up 12.6 points. The national rate for Hispanic students went up 6.6 points while CPS' rate went up 14.3 points.
- According to a University of Chicago study, roughly 42 percent of CPS graduates enroll in a four-year college or university – quickly approaching the national average of a 44 percent college enrollment rate.
- U.S. News and World Report heralded seven CPS high schools among the top ten schools in Illinois. Five of those schools were also ranked nationally.
- The School Quality Rating Policy (SQRP) measures how well schools perform and results for SY 16-17 show that the number of schools receiving the three highest quality ratings in the District has grown from 451 in the 2015-16 school year to 539 in the 2016-17 school year.
- CPS students achieved a record high average score of 18.4 on the 2015-2016 ACT exam, which represents the highest composite score on record for the District. Scores for this college entrance exam have grown steadily in recent years, increasing by 1.2 points since 2011.
- CPS students have attained record high levels of college and career readiness, as more than 9,200 graduating seniors in the 2015-16 school year earned early college and career credentials. Student participation in programs that award college and career credentials has increased by 1,200 students over the last year, which represents a 9.4 percent increase since 2014.
- The CPS 2016 graduating class received a record high \$1.16 billion in scholarship offers, an increase of more than \$206 million or 20 percent in scholarship dollars over the previous class year. Scholarship money for CPS students has increased eight-fold since 2011.
- Record rates of student participation and proficiency in Advanced Placement (AP) coursework has increased by over 40 percent since the 2010-11 school year. In the 2015-16 school year, 22,462 students took at least one AP exam and earned a passing score. In recognition of the District's continued success in expanding access to AP, the College Board named CPS to its District Honor Roll for the fourth consecutive year. No other large urban district has received this honor in more than two consecutive years.
- CPS students achieved record scores on the 2015-2016 Northwest Evaluation Association Measures of Academic Progress (NWEA MAP) exam, which measures academic achievement in grades 2-8. CPS students achieved record attainment levels on math and reading and exceeded national averages of student growth, continuing the exceptional progress our students have

made in recent years. Nearly 60 percent of CPS students are reading at or above the national average and more than half are beating the national average in math.

- CPS suspension and expulsion rates have reached record lows for the District. By transitioning from exclusionary disciplinary practices to research based preventative approaches, the District has decreased out of school suspension rates by 67 percent and the expulsion rate has decreased by 74 percent since 2012.
- The Chicago Police Department announced that crime along Safe Passage routes has fallen by nearly one third since the 2012-13 school year. The program provides students with the confidence that they can travel to and from school safely and has improved attendance at the schools served. Crime along Safe Passage routes has declined by 32 percent since 2012, according to CPS crime statistics.

Investments for FY18

In FY18, we will take these additional steps forward to invest in students:

- Expand dual credit and dual enrollment programs to reach a goal of 8,750 enrollments in the 2017-18 school year. In FY18, 17 additional high schools will be approved to offer dual credit, bringing the total number of high schools offering dual credit to nearly 80.
- Continue expansion of Dual Language program from 20 to 27 schools, serving over 6,000 English Learners.
- Continue investment in STEM program with specialists to provide targeted, job-embedded professional development in STEM-focused instructional practices, expansion of opportunities for the Early College STEM model in high-demand industries, and the launch of STEM certification for STEM Initiative schools.
- Continue to support the new Computer Science graduation requirement. The program will be enhanced with teacher supports such as teaching assistants and a teacher credentialing program. Additionally, the program will increase the number of elementary schools participating in the program, which will provide a pipeline of better-prepared students for high school success.
- Launch of the second cohort for “Chicago Builds,” a citywide CTE program focused on the trades: Electricity, Advanced Carpentry, HVAC, Welding, and General Construction. Students will participate in a 2-year program geared towards exposing them to various trades, preparing them for apprenticeship opportunities and engaging in certification and work-based learning opportunities.
- Continue the city-wide Safe Passage program through 21 community-based vendors that will hire up to 1,300 safe passage workers for the 2017-2018 school year.

Reducing Bureaucracy, Achieving Administrative Efficiencies and Strengthening Financial Auditing and Controls in FY17

In FY17, CPS built upon previous efforts to reduce costs while improving organizational effectiveness. These actions included the following substantial cost saving actions, which created annual savings of \$145 million, along with a nearly 25 percent reduction in administrative and central office positions.

- Further Streamlining of Management: Continued to trim administrative costs following reduction of 400 positions in FY16. More than 97 percent of the District's personnel work in direct support of the District's schools.
- Centralization of Administrative Functions: The District expanded the School Support Center, which provides schools with administrative services previously performed by principals and their school-based staff. New services include payroll and timekeeping support, employee expense reimbursements, and performing various budget transactions. Centralization of these functions allows schools to operate more efficiently and enables principals to focus on their core educational mission. More than \$5 million was saved in schools' budgets in FY18, a down payment toward an expected total savings of \$20 million over several years.
- Procurement Reforms: CPS achieved more than \$17 million of savings in FY17 and will save an additional \$4 million in FY18 by implementing a series of new purchasing strategies. Among the changes, the District identified and executed para-transit agreements to reduce student busing expenses; reduced vendors and bundled instructional materials, computers and services to leverage citywide buying power and lower costs. This allows \$21 million more to be directed into classrooms.
- Grant reallocation: Instead of Title I and II grant funds being held centrally for programmatic purposes, CPS reprogrammed and directed those funds to schools, which helped those with the highest proportion of low-income students. This saved approximately \$60 million, primarily through a complex grant reallocation strategy requiring navigation of federal and state rules. These additional classroom resources prevented a devastating mid-year effect on classrooms and teachers, and will continue to be deployed in classrooms in FY18.
- Efficient scheduling initiative: By developing new scheduling tools and refining older models, the district helped many principals save dollars and time through more effective and efficient classroom scheduling. Network chiefs were trained to assist principals where needed, ensuring that often complex school schedules met curricular needs while efficiently planning class times and personnel matches to maximize school resources.
- Lowered Debt Service. Saved \$11 million by lowering debt service costs, among other treasury initiatives.
- Attendance Audits. The District saved \$2 million through attendance audits of ALOP programs by ensuring that funding is based on the students who are actually served by the programs. Attendance audits showed that average attendance rates were lower than self-reported rates. These audits will continue in FY18.
- Capital construction costs were reduced by \$1.6 million through consolidation of overlapping construction consultant services.
- The district created new internal controls providing transparency and increased oversight into \$200 million in school-based spending. Audits determined serious controls gaps, including non-compliance with procurement rules, incorrect rates of pay, and lack of clear purpose for accounts and outcomes.
- Accountability audits led to disciplinary actions, including terminations, for a wide variety of abuses ranging from time falsification, theft, inappropriate data access, and contracting irregularities.

- Audits of vendor payment and employee reimbursements documented high numbers of transactional errors and weak internal controls, resulting in improved monitoring and tracking systems.
- A Comprehensive Annual Financial Report (CAFR) is produced annually and audited by an external firm to ensure that CPS' financial statements are fairly presented. Due to better internal controls and improved financial processes, material weaknesses from past year's external audits were remedied; in addition, the district had zero material weaknesses and received a clean audit opinion for its latest audit.
- Data and process analysis identified key issues affecting diverse learner outcomes. New systems, data collection, training and technology were constructed to promote evidence-based best practices, objective standards, and performance management tracking to be deployed in the 2017-18 school year.

Building the FY18 Budget

As a result of continuing management efficiency efforts, the progress to reform the state's school funding formula, and additional local resources, CPS projects FY18 expenditures totaling \$5.75 billion backed by revenue totaling \$5.75 billion. If material changes to this budget are required, CPS will make them at the appropriate time.

This budget incorporates the following major increases in expenses:

- \$124M in one-time spending reductions that occurred last year now reinstated in FY18
- \$99M in teacher salary and benefit increases over FY17
- \$81M in accounting reserves used to balance the FY17 Budget
- \$52M increase in pension contributions over FY17 Budget
- \$40M from inflation in healthcare, transportation and non-CTU salary increases

Increased state revenue related to SB1, local resources, including \$71 million from property taxes, and expenditure reductions, including projected lower enrollment, will partially offset these higher expenses.

Management Reforms and Efficiencies Projected in the FY18 Budget

CPS continues to streamline its administrative functions and operations to reduce its costs and ensure that as many resources as possible go to classrooms. The District will launch several initiatives aimed at improving educational outcomes and lowering the overall cost structure. In some instances, these reforms will result in direct deficit reduction; in others, the changes will allow schools to reprogram funds from administration and inefficient practices directly into their classrooms.

To continue to stabilize the District's finances, in FY18 the District intends to pursue the following initiatives to build on the structural savings that the District has achieved in the past two years.

- Execute new management improvements of Medicaid for special education services and program enrollment. Through a combination of technology, improved processes, management and training, CPS has created sustainable processes and tools that will ensure eligible students have access to Medicaid and that reimbursable costs incurred by CPS are being documented and claimed. The district expects these changes to add millions in new reimbursements in the coming school year.
- Continue efficiency in use and reimbursement of federal and state grants, primarily through grant reallocation strategies developed last year, as well as an improved process and strategy around reimbursement of eligible expenses.
- Reduce transportation spending by increasing usage of cost effective para-transit vehicles and increasing the percentage of shared routes between schools.
- Continue to implement procurement strategies for professional services, construction and educational services that leverage the District's purchasing power and drive savings.
- Continue to generate efficiencies from personnel management, including methods of filling vacancies and allocating resources between departments to fill seasonal requirements.
- Continue efficiencies with the management and auditing of ALOP programs.

Pensions: CPS Remains the Only Illinois District That Pays Its Own Teacher Pensions without SB1

For many years, pensions have been the dominant driver of CPS' structural deficit. Unlike other school districts in the state, CPS is required to fund its own teacher pension system with virtually no state support. All other Illinois school districts' pension costs are funded entirely by the state, which includes state taxes paid by Chicago taxpayers. In FY17, CPS contributed \$733 million for Chicago pensions out of its own resources, while the State contributed only \$12 million to CPS. In contrast, the State contributed \$4 billion for all other school districts out of statewide taxes in FY17. This amounts to an FY17 pension contribution for downstate and suburban school districts of \$2,447 per student versus \$32 per student for CPS.

This is in direct contrast to the State's funding goal – outlined in statute – of providing the Chicago Teachers Pension Fund with 20 to 30 percent of its contribution to all other Illinois school districts (the state Teachers Retirement System). If the State met the statutory funding goal in FY17, it would have contributed \$797 million to CTPF instead of only \$12 million.

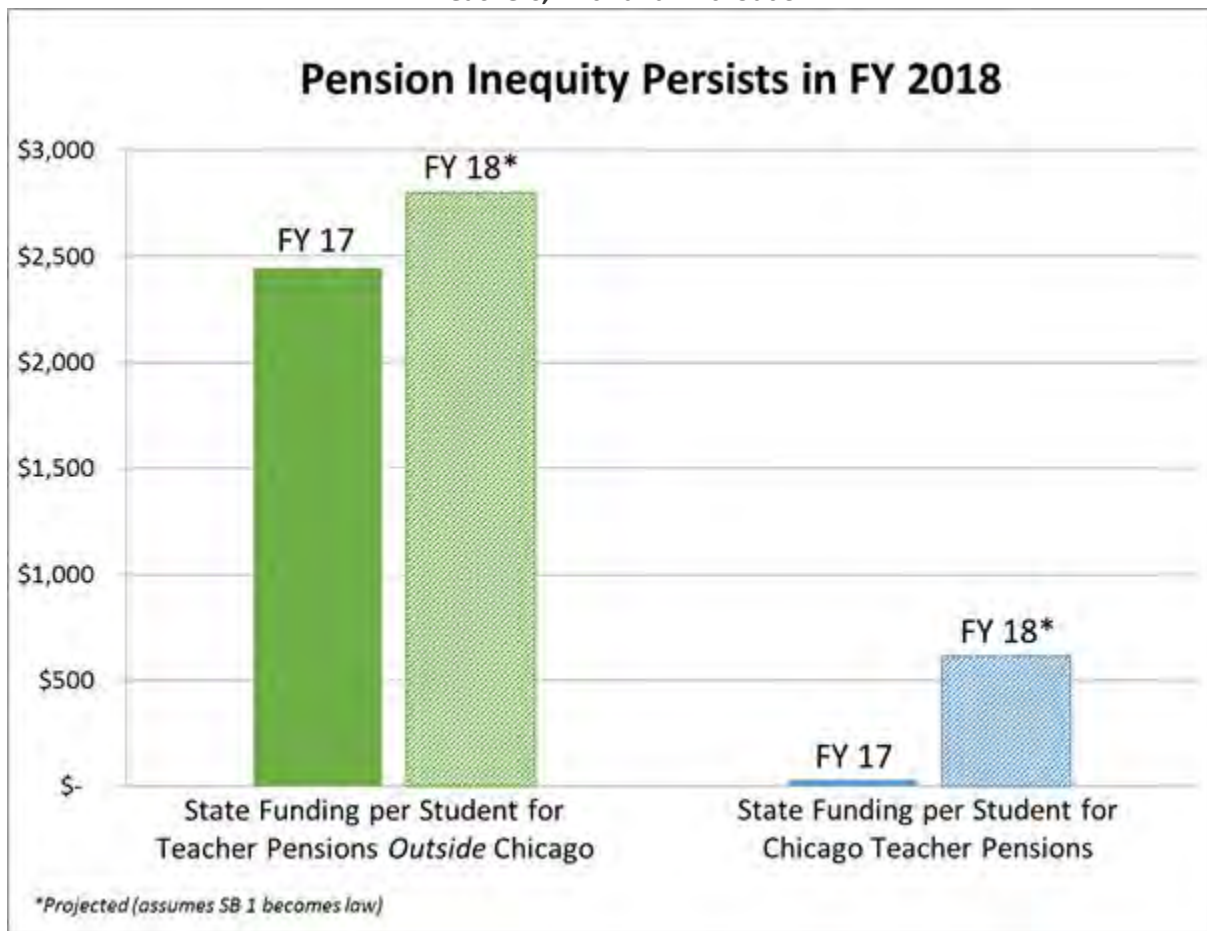
Meanwhile, the State will continue to raise its contributions to TRS significantly. The latest TRS actuarial valuation indicates the state will make a \$4.6 billion contribution to downstate and suburban teachers' pensions in FY18.

At the same time, in FY18, CPS' contribution to the CTPF will continue to rise, reaching \$773 million. This payment represents an increase of \$52 million compared to FY17 and will consume 13 percent of the District's operating budget. The District's required pension contributions increase even more in the coming years – a total cost of \$849 million in 2021 and more than \$1.7 billion in 2059 – highlighting the need for a long-term solution on pension parity between CPS and other districts in the state.

In addition to providing most of the employer contribution for TRS, the State also funds the retiree healthcare plan for teachers outside Chicago. In FY17, the State provided an additional \$110 million to support retiree healthcare for TRS retirees. At the same time, CPS contributed \$65 million to CTPF for retiree healthcare but received nothing from the state.

Without meaningful and consistent increases in funding for education, increasing pension payments will continue to draw CPS resources that could otherwise be spent in the classroom. CPS' required employer pension obligation will rise every year until 2059. In FY18 however, CPS will be able to decrease its payment by \$181 million compared to FY17, because of an additional \$221 million from the state that is partially offset by a \$52 million increase in the total FY18 required contribution.

Chart 1: Difference Between State Payments to Downstate/Suburban Teacher Pensions Vs. Chicago Teachers, With and Without SB1



FY18 Detailed Budget Summary

The FY18 budget of \$5,749 million is \$338 million higher than the FY17 amended budget of \$5,411 million. This increase reflects the removal of one-time actions used to balance the FY17 budget after the Governor’s veto of \$215 million in pension support; higher cost of pensions, short-term debt service and teacher salaries; and inflation in healthcare, transportation and non-teacher labor costs. The FY18 Budget plans to cover these cost increases and continue investments in classrooms with continued economies and new state revenue in SB1 and additional local support.

FY18 Budget Provides Framework for Sustainable Long-Term Funding

Table I shows the major changes between the FY17 and FY18 budget.

Table 1: FY18 Proposed Operating Budget

(\$ in millions) Changes: Favorable/(Unfavorable)	FY 17 Amended Budget	FY 18 Budget	FY 18 v. FY 17 Budget
Revenue			
Property Tax	2,607.8	2,678.7	70.9
Replacement Tax	188.8	148.7	(40.1)
Replacement Tax for Debt Service	(58.3)	(58.3)	-
TIF surplus	87.5	22.3	(65.2)
All Other Local	175.7	461.1	285.4
Total Local	3,001.5	3,252.5	251.0
GSA*	1,059.9	1,746.8	686.9
All Other State Grants*	701.0	315.3	(385.7)
GSA for Debt Service	(373.4)	(396.1)	(22.7)

Unrealized State Pension Funding Equity	111.4	-	(111.4)
Total State	1,498.8	1,666.0	167.2
Federal	829.8	773.0	(56.8)
Investment Income	-	1.1	1.1
Reserves	80.8	57.3	23.5
Total Resources	5,411.0	5,749.9	338.9
<u>Expenditures</u>	5,411.0	5,749.9	338.9

* GSA and All Other State Grants reflect new funding structure in SB1 that generates just over \$300 million in new revenue in FY18.

Local Revenues

This budget also assumes that CPS will receive an additional \$269 million in local resources to address its remaining budget gap, and is working with the City of Chicago to identify an appropriate source.

CPS' FY18 projection for property tax revenue is \$2,779 million, of which \$96 million is dedicated for debt service, resulting in a total of \$2,679 million available for operating purposes. This is an increase in operating revenue of \$71 million over FY17 Budget. The increase is due primarily to taxing to the cap, or rate of inflation, on existing and new property and property value growth captured by the CPS Pension Levy.

Personal Property Replacement tax (PPRT) revenue is budgeted to decrease from \$189 million in FY17 to \$149 million in FY18. This includes \$58 million set aside for debt service and leaves \$90 million for operating purposes. The state collects and distributes PPRT to local taxing districts. CPS receives 27.1 percent of the total Cook County share, which is equivalent to 14.0 percent of the statewide total.

CPS has received more than \$1.3 billion in TIF funds for capital investments in schools throughout the city over the past decade. In addition to capital expenditures, Mayor Emanuel is also committed to declaring a surplus of TIF funds each year. In July 2015, the Mayor announced a freeze on new spending in downtown TIF districts, which created an estimated \$250 million in additional TIF surplus over five years. In the original FY17 Budget, the TIF surplus funds for CPS were returned to the more normal level of \$32.5

million. In FY17, the City declared a TIF surplus that was larger than budgeted. The FY18 budget assumes is that TIF surplus revenues will return to a more normal level of \$22 million.

“Other local revenues” also includes the pension payment made by the City of Chicago on behalf of CPS employees to the Municipal Employees pension fund (discussed in the Pension chapter) and is estimated to be \$51 million in FY18. It is recorded as revenue as required by the Governmental Accounting Standards Board (GASB).

State Revenues

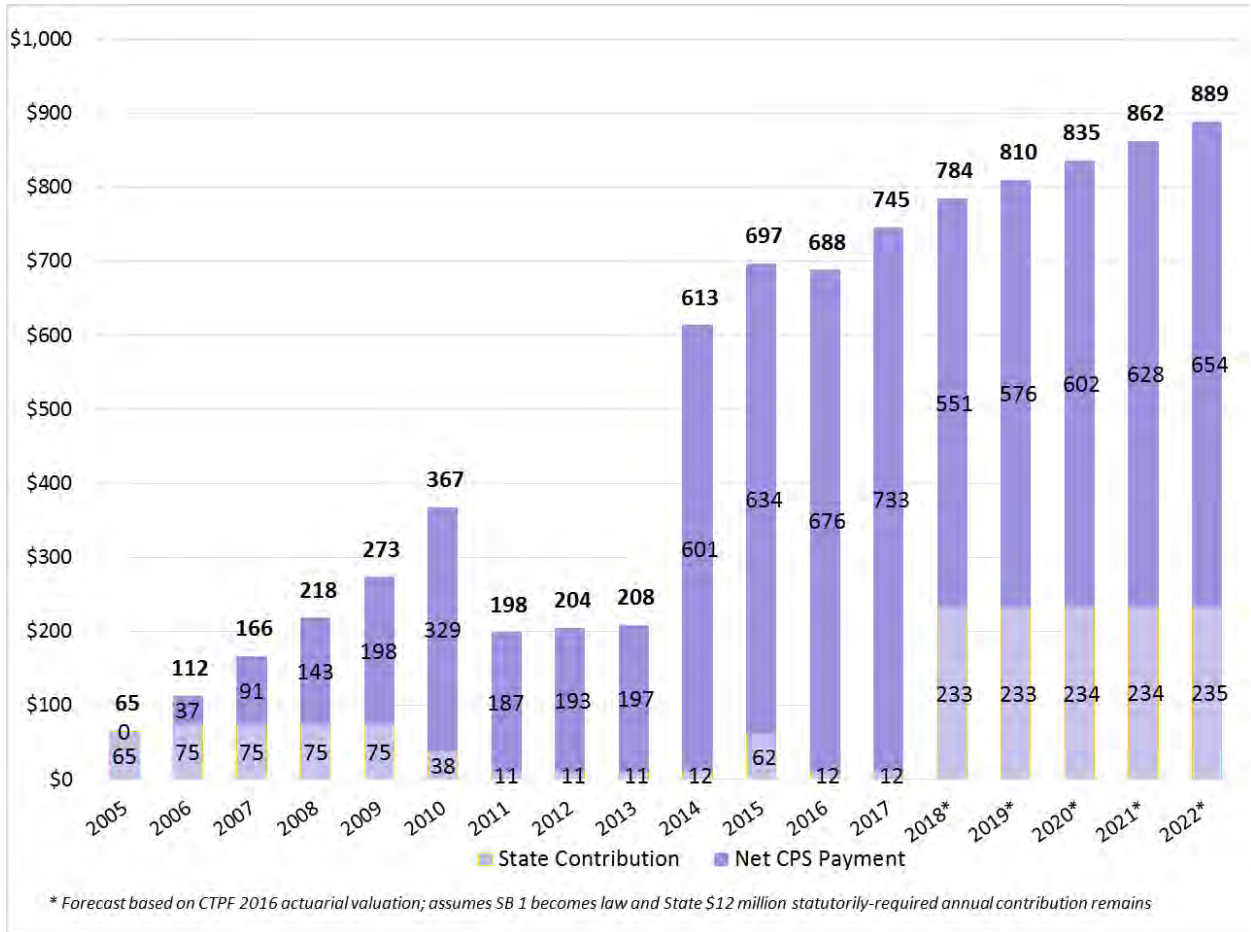
CPS’ main source of state operating revenue, General State Aid (GSA), had been reduced each year since FY09, a major driver of the structural deficit. With the action taken by Springfield in FY17, CPS saw its first increase in state funding since FY09, due to GSA being held harmless, a \$29 million increase in early childhood funding, and the inclusion of a new equity grant which provided CPS with an additional \$102 million.

In May 2017, the General Assembly reached a long-awaited and debated agreement on much-needed education funding reform by passing Senate Bill 1, which rewrites the current General State Aid (GSA) school funding formula, which was woefully inept at ensuring children in poverty receive at least as much funding for their education as their wealthy counterparts. This new formula is known as the Evidence Based Model and drives additional resources to districts in need while avoiding a “winners and losers” scenario by holding each district harmless. In addition, the formula begins to address the pension inequity by picking up CPS teacher pension normal cost (which is approximately two-sevenths of the total required CPS teacher pension contribution). The formula also sunsets the CPS block grant, and recognizes that the remaining five-sevenths of the required CPS pension contribution is not available to be spent on the classroom. In doing so, once the formula is fully funded years into the future, CPS will finally be treated the same as other districts in the state. In the meantime, CPS receives partial parity and will continue to push for additional state dollars into the evidence based model formula to one day reach full parity. SB1 is projected to provide approximately an additional \$300 million for CPS in FY18.

Federal Revenues

Federal funding is set by formula and is mostly restricted for supplemental services, such as for low income students, or for specific services, such as food for children. Federal revenues have been relatively flat, but are projected to decline in FY18. A \$57 million decline is due primarily to federal Title dollars, which are impacted by reduced federal spending, a decline in CPS enrollment, and a reduction in the concentration of poverty in Chicago, per federal data.

Chart 2: SB 1 Funding Formula Needs Annual Funding Increases to Shrink Remaining Pension Equity Gap
 (\$ in millions)



Capital Budget Overview

Under the leadership of Mayor Rahm Emanuel, CPS and the Board of Education have provided over \$3.2 billion since FY12 to build new schools, provide playgrounds and air conditioning, improve access to technology with new computers and expanded bandwidth, expand academic programs (career and technical education programs, for example), and make core investments in our facilities to maintain roofs, fix chimneys, and replace or fix boilers and other mechanical systems. This has been done to ensure students have a high quality learning environment to support their education.

The FY18 budget for Chicago Public Schools includes a capital plan totaling \$136 million for urgent facility renovation and maintenance projects, IT investments, and school security equipment:

- \$109 million will address the district’s most urgent facility needs. This amount includes \$73 million for priority roof, envelope, and mechanical renovation and replacement. Another \$36 million provides the ability to address any unplanned major renovation and maintenance needs.
- \$7 million will address critical IT infrastructure and security investments.
- \$13 million will provide for management, architectural design, and other fees associated with the capital program.
- \$7 million has also been appropriated for outside funding that may materialize throughout the year, such as TIF, private grant funds, or other funding from outside sources.

This plan builds off of the nearly \$1 billion investment included in CPS’ FY17 capital plan, which was funded primarily by the Capital Improvement Tax – a property tax levy introduced in 2016 that provides specifically for school construction, equipment, and maintenance. CPS issued bonds against this levy in December 2016 to fund critical investments in new schools, major renovations to existing schools, IT upgrades, and programmatic investments to provide excellent educational facilities for CPS students.

The new investments included in the FY18 capital plan will be funded by proceeds from the sale of real estate, remaining prior year bond proceeds, and other capital funds and bond proceeds as they become available. The board intends to borrow to reimburse for projects as necessary depending on future market access.

Debt Budget Overview

CPS funds its Capital Improvement Program largely through the issuance of bonds. Most of these bonds are repaid from General State Aid (GSA) revenues. Since GSA is also a major revenue source for core academic priorities, CPS faces a continuing challenge in balancing day-to-day classroom needs with the need for quality educational facilities.

In an effort to continue to improve school facilities and lessen the impact of future debt service repaid from the District’s operating budget, in FY16, the CPS Board approved for the first time a statutorily authorized annual Capital Improvement Tax (CIT) levy to aid in funding its ongoing Capital Improvement Program. In FY17, the Board issued its first series of Capital Improvement Tax bonds (CIT Bonds) to finance a significant portion of the \$938 million FY17 capital plan. This credit secured a single-A rating from Fitch which is five notches above Fitch’s rating for the Board’s General Obligation Bonds, thus lowering its cost of capital.

As of June 30, 2017, the Board of Education has \$7.7 billion of outstanding long-term debt and \$1.3 billion of outstanding short-term debt. FY18 includes appropriations of \$594 million for alternate bonds, capital improvement tax bonds and PBC payments.

Conclusion

The decades-long fight for equitable funding is drawing closer to a final agreement, as school districts around the state advocate for the General Assembly to override Governor Rauner's veto of Senate Bill 1. As a major step toward equitable state funding, this provides a framework for structural revenue solutions for low income districts around the state, including CPS. It also means that CPS can continue to build on students' remarkable academic gains as the district continues its efforts to maximize operational efficiencies and ensure every available dollar is put into the classroom. The Proposed FY18 Budget outlined in this document includes the resources to ensure every child receives a high-quality education while providing a framework to put the District on surer fiscal footing.

Appendix I: FY17 Operating Budget Financial Performance

FY17 Projected Results: Delay in State Block Grants, Governor's Veto of Pension Funding Drive Year-End Deficit

CPS projects that it will end FY17 with expenditures of \$5,330 million and revenues of \$4,870 million.

Appendix I Table 1: FY17 End-of-Year Estimates

(\$ in millions) Changes: Favorable/(Unfavorable)	FY 17 Amended Budget	FY 17 Estimated Spend	Variance
Revenue			
Property Tax	2,607.8	2,582.5	(25.3)
Replacement Tax (PPRT)	130.5	140.6	10.1
State Aid	1,498.9	1,154.0	(344.9)
Federal Aid	829.8	757.9	(71.9)
Interest and Investment Income	0	1.8	1.8
Other	263.1	233.2	(29.9)
Total Revenue	5,330.2	4,870.0	(460.2)
Expenditures			
Salaries	2,349.9	2,398.5	48.7
Benefits	1,361.2	1,367.4	6.2
Contracts	1,129.3	1,123.8	(5.5)
Commodities	248.9	273.6	24.8
Equipment	24.5	30.5	6.1
Transportation	98.4	98.8	0.4

Contingencies	198.8	37.6	(161.2)
Other	1	104	103
Total Expenditures	5,411.1	5,330.5	(80.6)
Revenue (less than) Expenditure	(80.9)	(460.5)	(379.6)

Revenues

Actual FY17 revenues are \$460 million below budget. This is driven by two major factors: \$215M of state pension revenue vetoed by the governor and \$330 million of delayed state block grants as of June 30, 2017. The FY17 Amended Budget included only \$111M of pension revenue as the district offset \$104M of the lost revenue through one-time offsetting expense cuts.

Local Revenue

The board's final EAV for Tax Year 2016 was lower than budgeted and resulted in a \$25 million reduction in property taxes versus budget. The Replacement Tax (PPRT), based on state Corporate Income Taxes, came in \$10 million above budget due to a new state accounting system that increased incremental revenues delivered to the Board in FY17.

State Revenue

The Board implemented mid-year cuts to address the Governor's veto of legislation providing for additional state pension funding, which reduced anticipated state revenues by \$215 million versus the original budget and \$111 million versus the amended budget. Additionally, the State delayed \$330 million of block grant payments as of June 30, 2017, which was partially offset by \$101 million of FY16 revenues received in FY17.

Federal Revenue

Federal revenues were lower than budget by \$72 million, due to a \$23 million shortfall in Medicaid claims as compared to budget due to lower than expected enrollment and lower than projected reimbursements. The remaining \$49 million of reduced federal revenues was offset by a corresponding \$49 million reduction in expenditures typically reimbursed with federal funds.

Expenditures

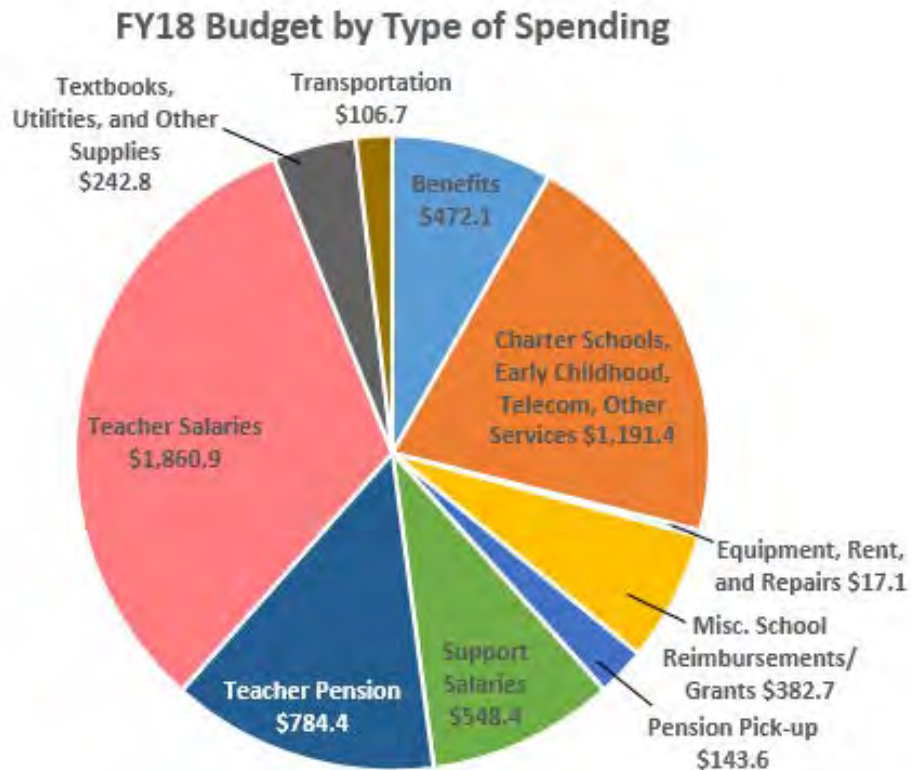
Estimated expenditures are \$81 million lower than the FY17 Amended Budget. This reduction in expenditures is offset by \$49 million in reduced federal reimbursements and \$30 million in reduced independent and other privately sourced funding. The remaining \$2 million of reduced expenditures includes \$19 million of reduced insurance costs and a \$30 million reduction in non-personnel spending above the mid-year freeze estimates,

offsetting a partial rollback of the mid-year budget freeze and a shortfall in budgeted expenditure reductions at schools.

Appendix II: FY17 Summary Charts

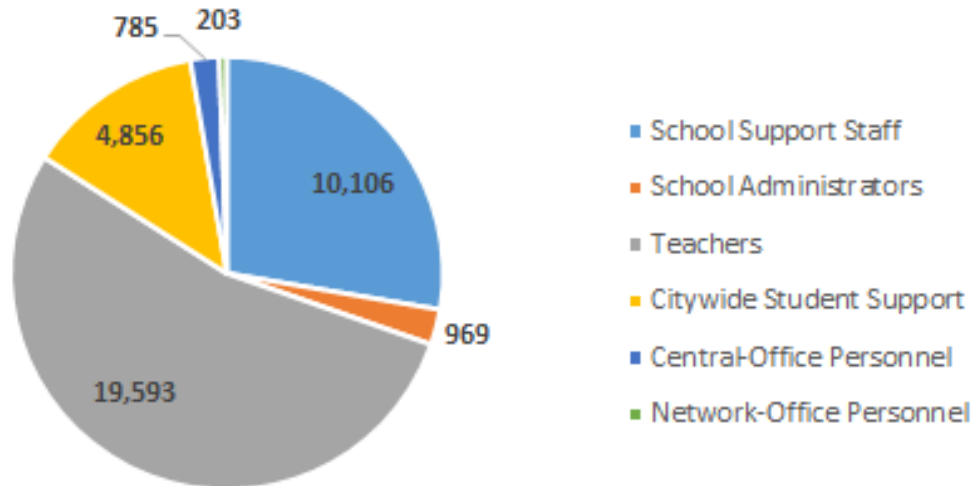
Salaries and benefits (including pension costs) to support the positions make up nearly 67 percent of the budget (with more in practice, when charter, early childhood and other program spending is taken into account).

Appendix II Chart 1: Salaries and Benefits Make Up 67% of the Budget



Appendix II Chart 2: Of the 36,511 Positions, over 97% Directly Support Schools

**97% of Staff Provide Direct Support To Schools
36,511 Total Positions**



Appendix III: Major Changes from FY17 Projected Expenditures to FY18 Budget

Account	FY2016 Expenditures	FY2017 Projected Expenditures	FY2018 Proposed Budget
Salary	\$2,572,274,223	\$2,485,338,886	\$2,409,267,195
Benefits	1,340,468,588	1,277,287,826	1,399,988,597
Contracts	1,152,962,765	1,158,755,710	1,191,362,689
Commodities	262,811,782	238,197,678	242,822,728
Equipment	36,567,828	30,403,698	17,060,566
Transportation	95,082,733	98,096,067	106,680,864
Contingencies	26,015,544	5,800.926	382,710,546
Others	10,135	-	2,200

Grand Total	\$5,486,193,598	\$5,288,085,666	\$5,749,895,386
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Salaries and Benefits. 67 percent of the CPS budget is spent on salaries and benefits. Charter schools, which also spend the majority of their budget on salaries and benefits, are funded through the “Contracts” accounts in the CPS budget. Taking all spending into account, salaries and benefit costs drive the CPS budget. The reduction to the FY18 salary budget reflects anticipated savings driven by the district’s commitment to reduce administrative and operational staffing levels. The transition to an outsourced facilities management model also shifts over \$20 million from salary spend to contract spend as employees transition to vendor management. Additional benefit spending in FY18 reflects increased pension contributions and healthcare costs.

Contracts. This category includes tuition for charter schools and private therapeutic schools and payments for clinicians - such as physical therapists and nurses - that are not CPS staff. This category also includes early childhood education programs provided by community partners. In addition, this category includes repair contracts, legal services, waste removal janitorial services, and other services. The increase to the FY18 Budget is due to the shift to outsourced facilities management services.

Commodities. Commodities include spending on items such as food and utilities, with these two categories making up the largest share, as well as instructional supplies such as textbooks and software, and other supplies, such as postage, paper, and the like. The FY18 Budget includes an increase from FY17 spend due to schools allocating additional funding to these categories of spending.

Equipment. Equipment pays for the cost of furniture, computers, and similar other non-consumable items. The equipment budget is down from FY17 spending as schools transfer funds into the equipment account for purchases throughout the school year.

Transportation. The cost of bus service is the vast majority of the Transportation budget, but it also includes costs for CTA passes and reimbursement that the district is legally required to provide. Transportation costs are up slightly from FY17 expenditures due to the increased cost of the district’s bus contracts.

Contingencies. This account includes three categories of items. The first represents funding that has been budgeted but not yet allocated to the account or unit where it will be spent. Under the SBB system, schools are not required to allocate all of their funds, but can hold some in contingency while they determine how they want to spend it. Similarly, we centrally hold grant funds in contingency, particularly if the grant is not yet confirmed. Spending should rarely take place from contingency accounts, which is why the budget is significantly higher than the actual expenditures. If these funds are spent at all, they are transferred to other budget lines first. Lastly, interest expense related to our operating line of credit is included in this category, and expected to grow by \$62 million in FY17.

Revenue

REVENUE OVERVIEW

For CPS's FY18 budget, the Illinois General Assembly has taken major steps forward to provide Chicago Public Schools with additional revenue.

CPS is expecting to receive additional revenue streams this year from several sources:

- A \$221 million State contribution to CPS in the new SB 1 funding formula for the annual cost of Chicago teachers' pensions, a step toward recognition that Illinois' teacher pensions must be treated equally;
- \$71 million additional through the new SB 1 funding formula that is assumed to replace General State Aid;
- State funding for early childhood education that will provide CPS with an additional \$19 million;
- State funding for bilingual education that will provide CPS with an additional \$13 million.

This budget also assumes that CPS will receive at least \$269 million in additional local resources to address its remaining budget gap, and is working with the City of Chicago to identify an appropriate source.

However, revenue generation remains a primary financial challenge for CPS because the district has little control over its primary revenue sources.

- State funding is set by formula defined in statute, and had been declining year over year until Springfield took action for additional P-12 education funding in FY17. For FY18, the Illinois General Assembly passed additional state revenue that would be distributed through a new funding formula, known as Senate Bill 1. Governor Rauner has vetoed Senate Bill 1, and a resolution for all schools is pending at the time of this publication.
- Federal funding is also set by formula and is mostly restricted for supplemental services, such as for low income students, or for specific services, such as food for children. Other than American Recovery and Reinvestment Act stimulus funds in FY09-11, federal revenues have been relatively flat, and declining in FY18 due largely to lower absolute funding levels from the Trump Administration, as well as changing demographics of the District.
- Property taxes are the main source of local resources (and the District's largest single source of revenue overall) and for the most part, are capped at the rate of inflation.[1] While last year's reinstatement of the property tax levy for teacher pensions provided a sizeable increase in the District's property tax revenue, property taxes are otherwise capped by inflation or 5 percent, whichever is lower.

Table 1: All Funds by Revenue Source (in Millions)

	FY17 Budget	FY17 End Of Year	FY18 Budget	FY18 vs. FY17 Budget
Local Revenues				
Property Tax	2,659.8	2,634.5	2,779.4	119.6
Replacement Tax	188.8	198.8	148.7	(40.1)
Other Local	358.6	328.7	628.6	270.0
Total Local	3,207.3	3,162.0	3,556.7	349.4
State Revenues				
GSA	1,059.9	1,057.6	1,746.8	686.9
Capital	14.8	14.8	14.0	(0.8)
Other State	811.3	454.6	315.3	(496.0)
Total State	1,886.0	1,527.0	2,076.1	190.1
Federal	854.7	782.7	813.4	(41.3)
Investment Income	0.0	1.8	1.1	1.1
Total Revenue	5,948.0	5,473.5	6,447.4	499.4

Table 2 illustrates how revenues are used, including for debt service and capital. It also shows the remainder of revenues available for day-to-day operations. While FY18 total revenues are approximately \$6.4 billion, only \$5.7 billion are available for operations.

Table 2: FY18 Revenue Sources Allocated for Debt, Capital, and Operating Funds

<i>\$ in millions</i>	Total	Amount for Debt Service	Amount for Capital	Balance for Operating Budget
Local Revenues				
Property Tax	2,779.3	95.6	5.1	2,678.7
Replacement Tax	148.7	58.3	0.0	90.4
Other Local	628.6	95.5	49.7	483.4
Total Local	3,556.7	249.4	54.8	3,252.5
State Revenues				
GSA	1,746.8	396.1	0.0	1,350.7
Capital	14.0	0.0	14.0	0.0
Other State	315.3	0.0	0.0	315.3
Total State	2,076.1	396.1	14.0	1,666.0
Federal	813.4	24.7	15.7	773.0
Investment Income	1.1	0.0	0.0	1.1
Total Revenue	6,447.4	670.2	84.5	5,692.6

REVENUE PROJECTIONS

This section summarizes the District’s major revenue sources and our projected FY18 revenue from each. Additional details about each revenue sources is provided in the Interactive Budget on the CPS budget website: www.cps.edu/budget.

FY18 operating revenues are budgeted at \$5.7 billion, an increase of \$362 million from our FY17 budget and \$823 million more than our FY17 estimated end of year operating revenues.

Table 3: FY18 Operating Revenues

<i>\$ in millions</i>	FY17 Budget	FY17 Estimated End of Year	Variance Estimated vs. Budget	FY18 Budget	FY18 Vs. FY17 Budget
Property Tax	2,607.8	2,582.5	(25.3)	2,678.7	70.9
Replacement Tax	130.5	140.6	10.0	90.4	(40.1)
TIF Surplus	87.5	87.9	0.4	22.3	(65.2)
All Other Local	175.6	145.3	(30.3)	461.1	285.5
Total Local	3,001.4	2,956.3	(45.1)	3,252.5	251.1
State	1,375.3	1,141.9	(233.4)	1,654.3	279.0
State Pension Support	123.6	12.1	(111.5)	11.7	(111.9)
Federal	829.8	757.9	(71.9)	773.0	(56.8)
Investment Income	0.0	1.8	1.8	1.1	1.1
Total Revenue	5,330.2	4,870.0	(460.2)	5,692.6	362.4

Local Revenues

Property Taxes

Our FY18 projection for property tax revenue is \$2,779 million, of which \$96 million is dedicated for debt service and \$5 million for capital, resulting in a total of \$2,679 million available for operating purposes. This is an increase in operating revenue of \$71 million over FY17 Budget. This increase includes \$45 million from taxing to the cap, or rate of inflation, on existing and new property. Another \$16 million in increase over FY17 Budget is due to property value growth captured by the CPS Pension Levy. Finally, the creation of the new Transit TIF will contribute \$10 million in FY18.

Chicago Public Schools is one of a number of school districts whose ability to levy local property taxes is limited by the Property Tax Extension Limitation Law (PTELL). This law stipulates that the increases in

property tax extensions within a district are limited to the lesser of 5 percent or the increase in the national CPI for the year preceding the levy year. New construction falls outside this extension limit and is taxed at the same tax rate as is permitted by the allowable extension increase under PTELL on existing property.

The CPI increase for 2018 property tax extensions (levied in 2017) is 2.1 percent, which is the highest CPI increase since 2011, and is in line with the average annual CPI growth over the last two decades.[2] As a result, the increase in extensions on existing property for FY18 will be modest, though greater than it has been for the past several years. This recent low growth in property tax revenues has placed even greater pressure on our other major revenue sources in recent years, which make up less than half of total revenue. The reinstated pension levy and its resulting increase in collections helps to alleviate this pressure.

Like other government bodies, CPS has a 60-day revenue recognition period. This generally allows us to recognize revenues received prior to August 29, 2017 as FY18 revenues, and shifts our fiscal year revenues more in line with the year in which property taxes are collected.

Personal Property Replacement Taxes (PPRT)

PPRT revenue is budgeted to decrease from \$189 million in FY17 to \$149 million in FY18. This includes \$58 million set aside for debt service and leaves \$90 million for operating purposes. PPRT money being diverted to pay debt service is another example of CPS' operating budget being negatively impacted by debt costs.

Replacement taxes "replace" money that was lost by local governments when their powers to impose personal property taxes on corporations, partnerships, and other business entities were taken away by state legislation in the 1970's.

The state collects and distributes PPRT to local taxing districts. Taxing districts in Cook County receive 51.7 percent of collections, which is divided among the County's taxing bodies based on each district's share of personal property collections in 1976. CPS receives 27.1 percent of the total Cook County share, which is equivalent to 14.0 percent of the statewide total.

The PPRT includes an additional state income tax on corporations and partnerships, a tax on businesses that sell gas or water, a 0.5 percent fee on all gross charges for telecommunications services excluding wireless services, and a per-kilowatt tax on electricity distributors. The primary driver of PPRT is corporate income tax receipts, which are closely tied to corporate profits.

The decrease in budgeted PPRT revenues is the result of a number of moving pieces. In FY 16, CPS was informed of an error found in the Illinois Department of Revenue's (IDOR) calculation of the PPRT distribution rate that resulted in the PPRT Fund, and therefore the PPRT recipients (e.g. local governments), being over-allocated corporate income tax revenues in recent years. As a result, local governments were informed their PPRT revenues would be considerably lower going forward, due to the correction of this error. Given this information, CPS budgeted FY 17 revenues \$19 million lower than FY 16 Budget, at \$189 million. However, IDOR has since implemented a new accounting system which allows for more accurate, and thereby expeditious, allocations of income tax collections to the PPRT Fund. This

resulted in actual FY 17 PPRT revenues for CPS being \$10 million higher than budgeted, coming in at \$199 million at fiscal year-end. This bump in revenue is assumed to be a one-time phenomenon due to the accounting system change. The FY18 Budget reflects an anticipated \$50M decrease in PPRT revenues over FY17 actuals, as the bump in FY17 revenues is assumed. This decrease is driven by an anticipated increase in refund rate to clear a backlog of refunds at IDOR, a decline in corporate income tax receipts, and the expiration of the one-time increase due to IDOR accounting system changes in FY 17.

TIF Surplus and Other Local Resources

CPS has received more than \$1.3 billion in TIF funds for capital investments in schools throughout the city over the past decade. On top of capital expenditures, Mayor Emanuel is also committed to declaring a surplus of TIF funds each year. In July 2015, the Mayor announced a freeze on new spending in downtown TIF districts, which created an estimated \$250 million in additional TIF surplus over five years. In FY16, CPS received a spike in TIF funding because the surplus was greater than expected and some FY15 payments were received in FY16. In FY17, the City declared a larger TIF surplus than was budgeted, resulting in the receipt of \$88 million. In FY 18, CPS is anticipating TIF surplus revenues return to a more normal level of \$22 million.

“All other local” also includes the pension payment made by the City of Chicago on behalf of CPS employees to the Municipal Employees pension fund (discussed in the Pension chapter) and is estimated to be \$51 million in FY 18. It is recorded as revenue as required by the Governmental Accounting Standards Board (GASB).

This budget also assumes that CPS will receive at least \$269 million in additional local resources to address its remaining budget gap, and is working with the City of Chicago to identify an appropriate source.

STATE REVENUE

Overview – State Funding Developments

CPS’s main source of state operating revenue, General State Aid (GSA), had been reduced each year since FY09 and had been a major driver of the structural deficit. With the action taken by Springfield in FY17, CPS saw its first increase in state funding since FY09, due to GSA being held harmless, a \$29 million increase in early childhood funding, and the inclusion of a new equity grant which provided CPS with an additional \$102 million.

The State has established a minimum level of funding called the “foundation level,” and it is designed to ensure that school districts receive a minimum level of funding. However, from FY10 to FY16, the State “prorated” GSA – meaning it provided only a percentage of the minimum level of funding. When the state failed to appropriate enough dollars to fund to this level, it provided only of a percentage of the amount a district would otherwise receive, called “proration.” This GSA formula provides greater resources for those districts with either low property values, a high number or concentration of low-income students, or both. As a result, the proration of these payments would disproportionately affect districts in need,

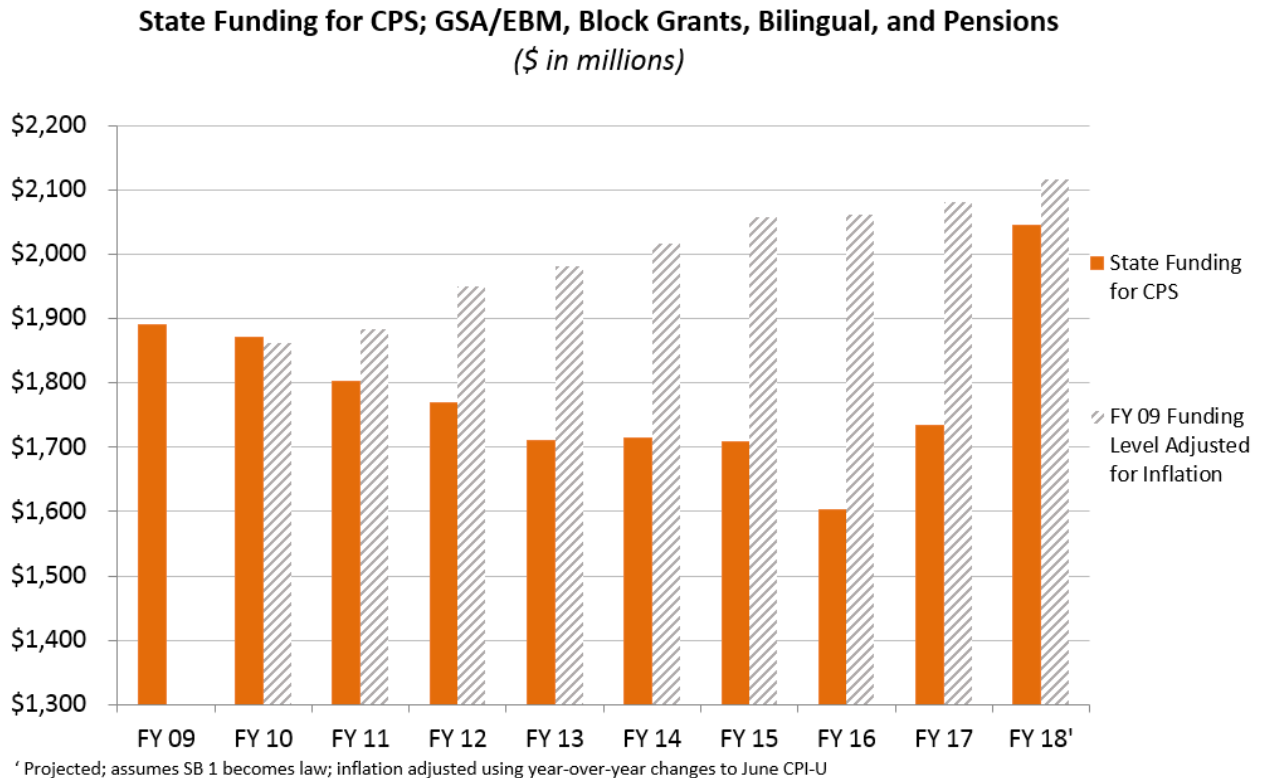
including CPS. As a result of this underfunding and subsequent proration, CPS had lost well over half a billion dollars. In response, in FY17 the state is not prorating GSA and will hold districts' GSA harmless from enrollment declines.

In addition, the State has for years held the dubious distinction of being the worst state in the country for funding the education of children in poverty. Education experts and national independent advocacy groups have long pointed to Illinois as a state that needs to reform how it funds the education of children in poverty to make it more equitable. Last year, the State recognized the urgent need to reform poverty-related funding, and created an "Equity Grant" of \$250 million as a means to provide relief to districts with high concentrations of poverty, until a longer term solution could be reached.

In May 2017, the General Assembly reached that longer term solution by passing Senate Bill 1. SB 1 rewrites the current General State Aid (GSA) school funding formula, which was woefully inept at ensuring children in poverty receive at least as much funding for their education as their wealthy counterparts. This new formula is known as the "Evidence Based Model" (EBM) and, by means testing more resources and providing additional weights to English Learners and impoverished students, drives additional resources to districts in need while avoiding a "winners and losers" scenario by holding each district harmless. In addition, the formula begins to address the pension inequity by picking up CPS teacher pension normal cost (which is approximately two-sevenths of the total required CPS teacher pension contribution). The formula also sunsets the CPS block grant, and recognizes that the remaining five-sevenths of the required CPS pension contribution is not available to be spent on the classroom.

In addition to the lost revenue CPS has experienced via GSA proration, charter schools that were approved by the State Charter Commission receive funding directly from the state which is deducted from what CPS would otherwise receive for state aid. In FY17 the state approved three new charter schools, which diverted another \$14 million in GSA from the district, in addition to the \$15 million already being diverted by the existing two state-approved charter schools at CPS. Through Charter Commission-authorized enrollment cap increases and anticipated growth under existing caps, CPS is anticipating \$8 million more will be diverted in FY 18, for a total of \$36 million. The District has made clear that legislation is needed to reform the Charter Commission, and is disputing the Charter Commission's actions in court.

Chart 1: FY 2018 - State Funding Finally Surpasses FY 09 Level, But Not Enough to Keep Up With Inflation



Funding Source Details

The State has many different mechanisms for funding education in Illinois, including “Evidence Based Funding” (formerly “General State Aid”), pension contributions, categorical grants, block grants and other sources. In FY18, all sources of State education funding are estimated to be \$12.9 billion. CPS estimates receiving a total of \$2.1 billion in State funds in FY18.

GSA previously represented 13 percent of the District’s total operating revenue. General State Aid consists statutorily of two components—the Equalization Formula Grant and the Supplemental Low-Income Grant (i.e. “Poverty Grant”). In FY17, the state appropriated a new grant to districts throughout the state to account for the greater need for funding for children in poverty, referred to as the “Equity Grant.”

The Equalization Formula Grant is based on the average daily attendance (ADA) at a school and generally on a local district’s ability to fund its own schools. The goal is that state money supplements local resources such that the combination provides a foundation for all students, thereby equalizing funding at districts across the state. The statutory funding level target, or “foundation level,” was \$6,119 in FY17 and had been since FY10.

The Poverty Grant is based on the number and concentration of low-income students at a school district. For its calculation of low-income students, the state uses a 3-year average, non-duplicated count of

children eligible for Medicaid, the Supplemental Nutrition Assistance Program, the Children’s Health Insurance Program, or Temporary Assistance for Needy Families.

For the first time, in FY17 the state appropriated an “Equity Grant” which is supplemental to the GSA Poverty Grant and allocates dollars to districts based on the percentage of statewide Poverty Grant they received in FY16. This provides additional resources to those districts with higher concentrations of low-income students, such as CPS.

In addition, districts request adjustments to prior-year GSA allocations based on property values that were subsequently reduced after successful property tax appeals. CPS expects to receive \$16.3 million for FY16 in prior-year adjustments.

Assuming SB 1 becomes law, in FY 18 the new Evidence Based Model will take the place of General State Aid and will also take the place of four other existing grants: (1) Funding for Children Requiring Special Education, (2) Special Education Personnel, (3) Special Education Summer School, and (4) Bilingual Education. By rolling more state funding into a means-tested formula, and by forcing more dollars through that formula to districts with high numbers of English Learners and low-income students, EBM begins to correct the errors of the previous formula.

Total General State Aid/Evidence Based Funding for CPS is projected to increase from the FY17 budget to the FY18 budget by \$689 million. This increase is attributable to: \$71 million out the \$350 million statewide new formula dollars, \$221 million for CPS teacher pension normal cost, \$203 million in the formula’s hold harmless to offset the lost block grant dollars due to the sunset of that statutory provision, \$201 million from rolling in the aforementioned grants, and a \$7 million loss for the increased diversion to state-issued charter schools. After netting out the offsetting loss of the grants outside the formula, this is an effective increase in total formula dollars of \$292 million (\$71 million for general operations and \$221 million for pension normal cost).

General Education and Educational Services Block Grants

Prior to SB 1, CPS received two block grants: the General Education Block Grant and Educational Services Block Grant. The grant amounts were computed by multiplying the state appropriation for the programs included in the grant by the Board’s percentage share of those programs in FY95. The General Education Block Grant consisted of grants for early childhood education, truants alternative optional education program (TAOEP), and agricultural education. The Educational Services Block Grant consisted of grants for special education, state free and reduced meals, and pupil transportation.

SB 1 rolls 3 of the grants within the block grants into the EBM funding formula, and leaves 9 of the grants outside of the EBM formula. Instead of receiving a statutorily-define percentage of total appropriation on 8 these grants, CPS will have to submit claims like all other districts. The early childhood block grant will remain in current form outside of the EBM formula whose allocation is defined as a percentage of statewide appropriation. CPS receives the same amount it would otherwise claim for; therefore there is no monetary advantage to the continuation of this provision. CPS does however lose \$203 million on the

block grant language sunset on the other 8 grants. To make up for this loss and to hold CPS harmless to FY 17, just like all other districts, this \$203 million is made up in the aforementioned EBM base funding minimum.

Due to an increase in appropriation for Early Childhood, CPS will see an increase of \$11.5 million from FY 17 Budget to FY 18 Budget, for an FY 18 total of \$164 million. State revenue for the remaining grants will decrease from FY 17 Budget of \$482 million to FY 18 Budget of \$90 million, due to both being rolled into the EBM formula and to the loss of the block grant provision.

Other State Revenues

Other state funding includes capital funds and categorical state grants that are not accounted for elsewhere. For example, it includes grants for bilingual education, vocational education, and driver's education.

While bilingual education funding is being rolled into SB 1, and held harmless at FY 17 levels, CPS will also receive an additional \$13 million for a new supplemental state grant that remains outside of the EBM formula. This grant is based on the district's proportion of previous bilingual education claim amongst other poorly funded districts, as measure by being in Tier 1 or Tier 2 in the EBM formula. The previous bilingual education grant was based on the number of students in a district receiving five or more class periods of bilingual/English as a Second Language (ESL) instruction per week. The amount of each district's grant was determined by the size of the student population, amount and intensity of bilingual/ESL services received by students, and the grade levels of eligible students. When the statewide total would exceed the appropriation, ISBE would prorate reimbursements.

State Contribution for Capital

Per this statute, CPS receives annual payments of \$13.3 million to support construction of new schools, which is reflected in the FY18 budget.

FEDERAL REVENUES

Overview

Most federal grants require the Board to provide supplemental educational services for children from low-income or non-English speaking families or for neglected and delinquent children from preschool through 12th grade. These grants are dedicated to specific purposes and cannot supplant local programs. Medicaid reimbursement and Impact Aid are the only federal funding that is without any restriction.

Elementary and Secondary Education Act (ESEA) (also referred to as No Child Left Behind)

- **Title I-A – Low Income:** Allocated based on a district's poverty count, this is the largest grant received under the Every Student Succeeds Act. The grant allows the district to provide supplemental programs to improve the academic achievement of low-income students. For FY18, CPS estimates that Title I will be received at \$233 million. This includes an anticipated reduction of \$17 million in the formula-based Title

I grant from FY17 to FY18. The anticipated total grant award for FY18 is \$255 million, which includes allowable carryover of \$22 million from the previous year.

- **Title I-A – School Improvement Grant 1003(a):** This grant provides services for underperforming Title I schools to improve the overall academic achievement of their students. The State utilizes Title I funds to carry out its system of technical assistance and support for local educational agencies. The current award will stay level at \$4 million for FY18.

- **Title I-A – School Improvement Grants 1003(g):** School Improvement Grants help ensure that all students have reading and math skills at grade level. The total amount available for FY18 is estimated at \$5 million under these grants. A reduction of \$10 million in funding from FY17 is due to no new grants being awarded and grant expiration in FY18.

- **Title I-D – Neglected/Delinquent:** This grant targets the improvement of educational services for neglected or delinquent children and youth in local and state institutions to assist them in attaining State academic achievement standards. Programs include academic tutoring, counseling and other curricular activities. The anticipated allocation and carryover for FY18 will be \$2.2 million, which includes a \$200,000 increase from FY7.

- **Title II-A – Improving Teacher Quality:** Class size reduction, recruitment and training, mentoring and other support services to improve teacher quality are funded through this grant. Due to a Federal level cut to the overall grant of 25%, CPS is anticipating a reduction of \$9 million from FY17 to FY18 allocation. CPS anticipates a total of \$31 million to be awarded for the FY18 Title II-A grant, which includes a current award of \$25 with an estimated \$6 million in carryover from the previous year.

- **Title III-A – Language Acquisition:** Funding is provided to support students with limited English proficiency who meet eligibility requirements. The total funding available for the Language Acquisition grant is budgeted at \$12 million for FY18, which comprises the estimated current-year allocation of \$8 million and carryover of \$4 million. This includes a reduction of \$1 million from FY17 that is due to less funding being carried over from the previous year.

- **Title IV-B – 21st Century Community Learning Centers:** These grants provide opportunities for communities to establish schools as community learning centers and provide activities after-school and evening hours. For FY18, CPS estimates grant awards of \$3 million, which includes a reduction of \$3 million from FY17 that is due to the expiration of one of the 21st Century grants.

- **Title VII-A – Indian Education:** Funds from this grant are used to meet educational and culturally-related academic needs of American Indian and Alaska Native students. Funds are expected to decrease from \$239,000 to \$204,142 for FY18.

- **Title VIII – Impact Aid:** This grant offsets lost revenue from federal acquisition of real property. The Impact Aid is expected to stay flat year-over-year at \$100,000 in FY18.

Individuals with Disabilities Education Act (IDEA)

IDEA grants provide supplemental funds for special education and related services to all children with disabilities from ages 3 through 21.

The IDEA grants include a number of programs.

- **IDEA Part B Flow-Through:** This is the largest IDEA grant, which is allocated based on a formula established by the state. The estimated award for the FY18 flow-through formula grant totals \$92 million. No carryover funding is available due to the FY17 allocation being fully spent.
- **IDEA Room & Board:** This grant provides room and board reimbursement for students attending facilities outside of Chicago and is estimated at \$2.5 million.
- **Part B Preschool:** This grant offers both formula and competitive grants for special education programs for children ages 3-5 with disabilities. CPS is expected to receive \$1.4 million from the formula grant and \$489,250 from a competitive grant for FY18.

Including small competitive grants and carryover from the previous year in the preschool grant, total IDEA funding equals \$96 million in FY18.

National School Lunch Program & Child and Adult Care Food Program

CPS offers breakfast, lunch, after school supper, after school snacks, Head Start snacks for afternoon classes during the school year, and serves breakfast and lunch during summer school.

Starting in 2012 CPS opted to participate in the Community Eligibility Provision program. All schools now are part of this program, which provides all students a free lunch regardless of income eligibility. CPS is reimbursed for all lunch meals at the maximum free reimbursement rate under the National School Lunch Program.

CPS's school breakfast programs provide breakfast in the classroom free of charge to all students regardless of income.

In addition, the USDA reimburses for free after school meals and free Head Start snacks under the Child and Adult Care Food Program and provides donated commodities based on the number of prior year lunches served.

Federal reimbursements are projected to decrease from \$209 million in FY17 to \$203 million in FY18 due to a decrease in enrollment. These revenues include:

- \$132 million from school lunches
- \$48 million from breakfast programs

- \$15 million of donated food from the U.S. Department of Agriculture
- \$8 million of after school meals and Head Start Snacks

Medicaid Reimbursement

CPS provides a variety of services to students with disabilities such as speech therapy, physical therapy, occupational therapy, mental health service and special transportation. CPS qualifies for Medicaid reimbursement for these covered services to eligible students and the costs of administrative outreach activities.

Medicaid pays for costs of direct, medically necessary services provided to eligible children who have disabilities in accordance with the Individuals with Disabilities Education Act (IDEA). In Illinois, services that may be claimed for School-Based Health Services' Medicaid reimbursement are: Audiology, Developmental assessments, Medical equipment, Medical services, Medical supplies, Nursing services, Occupational therapy, Physical therapy, Psychological services, School health aide, Social work, Speech/language pathology, and Transportation.

These services are frequently specified as necessary related services in individual education programs (IEP) developed by schools for children with disabilities. When these services are provided under a child's IEP and that child is enrolled in Medicaid, the services are eligible for federal Medicaid reimbursement, at the state's reimbursement rate, approximately half of the established cost to provide the service.

Schools may also claim some costs for the administration of the program. Allowable administrative claims include outreach activities designed to ensure that the entire student community has access to Medicaid covered programs and services, as well as costs incurred for implementing and monitoring the Illinois state Medicaid plan.

Medicaid revenues in FY18 are expected to be \$41.8 million. Medicaid enrollment within the district has declined since 2014; this decline is the largest contributing factor to the decline in Medicaid revenue. In an effort combat lost revenue CPS is pursuing initiatives to increase Medicaid enrollment (see Student Health & Wellness narrative), reduce the number of denied claims, and more accurately report services provided at schools.

Other Federal Grants

Other Federal Grants include competitive grants for other specific purposes. Below is a brief description of major grants under this category:

- **Head Start:** The United States Department of Health and Human Services provides funds for the Head Start program, which focuses on educating children from birth to 5 years old who are in low-income families. The program provides comprehensive education, health, nutrition and parent involvement services to these children. CPS Head Start programs are funded through the City of Chicago. CPS anticipates receiving \$41 million for the FY18 Head Start program.

- **Carl D. Perkins:** This grant was established to develop academic and technical skills for career opportunities, specific job training and occupational retraining. This grant targets students in secondary and postsecondary education. The FY18 Perkins formula grant is anticipated at \$6.2 million with an estimated rollover of \$247,690.

Federal Interest Subsidy under Qualified School Construction Bonds (QSCBs) and Build America Bonds (BABs)

In FY17 CPS has budgeted to receive a direct federal subsidy payment of \$25 million for these two types of federally-subsidized bonds. This amount takes into consideration an allowance assumption of 7.5% for federal sequestration and has not changed from our FY16 assumptions. See the Debt Management chapter for more information.

[1] New property is in addition to the amount capped at inflation.

[2] <http://www.revenue.state.il.us/localgovernment/propertytax/cpihistory.pdf>

Pensions

NOTE: As of publication, Governor Rauner had issued an amendatory veto that jeopardizes funding for all school districts in Illinois, and has implications for Chicago teachers' pensions.

Teachers and other employees have worked hard for their pensions, and the District's priority is to protect employee benefits while preserving investments in schools to continue the academic progress our students have made.

For many years, pensions have been the single largest driver of CPS' structural deficit. Unlike other school districts in the state, CPS is required to fund its own teacher pension system with virtually no state support. Other districts' pension costs are funded entirely by the state with support from Chicago taxpayers that pay income tax revenues to the State to fund these pensions. In FY17, CPS contributed \$733 million for Chicago pensions out of its own resources, while the State contributed \$4 billion for all other districts out of statewide resources. In May 2017, Springfield took action by passing legislation to reform the education funding formula in a way that begins to address this inequity. This new funding formula would provide \$221 million for the normal costs of Chicago teachers' pensions, which only begins to bridge the gap between state funding for pensions that's provided to every other district in the state.

At the same time, in FY18, CPS' contribution to the Chicago Teachers Pension Fund (CTPF) will continue to rise, reaching \$773 million. This payment represents an increase of \$40 million compared to FY17 and will consume 13 percent of the District's operating budget. The District's required pension contributions increase even more in the coming years – at \$849 million in 2021 and more than \$1.7 billion in 2059 –highlighting the need for a long-term solution on pension parity between CPS and other districts in the state.

It is notable that the Chicago Teachers Pension Fund (CTPF) is better-funded than its downstate and suburban counterpart, the Illinois Teachers Retirement System (TRS). Additionally, in 1995, the State committed that it would provide the CTPF with 20 to 30 percent of what it provided TRS every year, and has failed to live up to that commitment. If the State had honored its commitment, it would have provided the CTPF with \$5.7 to \$9.1 billion from fiscal years 1995 to 2017.

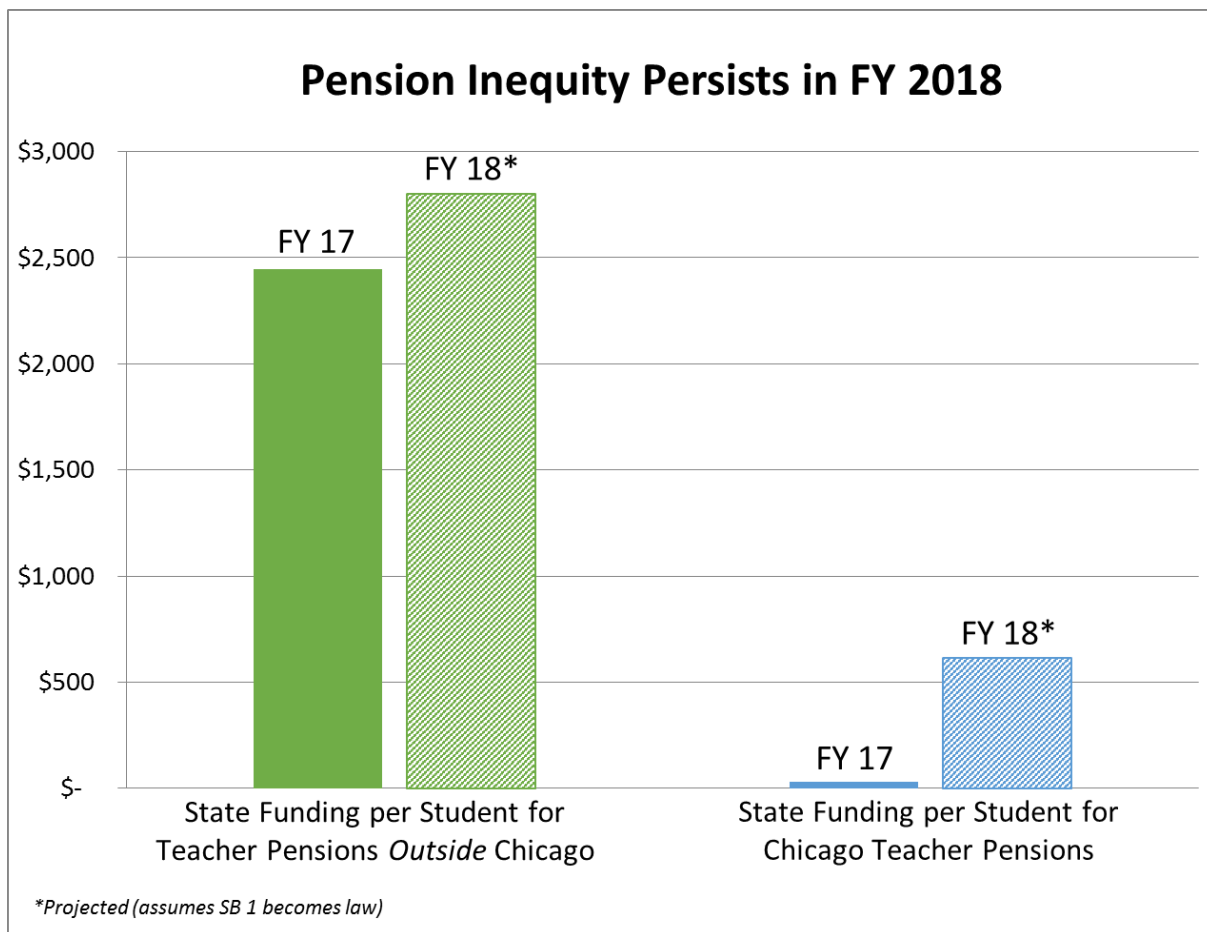
CPS is the Only District in Illinois that Faces the Crushing Burden of Funding its Own Pensions

CPS is in a uniquely difficult financial situation because it is the only school district in Illinois that is required to support its pension system. Teachers outside of CPS are part of TRS, funded by the state from income and sales taxes, including those paid by Chicago taxpayers. However, CPS teachers are part of the CTPF, which is funded by Chicago property owners. The Illinois General Assembly took a major step forward in addressing this double-taxation of Chicago taxpayers with the passage of Senate Bill 1. This will create partial equity in the near-term, with the state picking up CPS teacher pension normal costs, and full pension equity in the long-term.

Even though both systems are governed by State statute, there has been a vast difference in how pensions are funded, and Chicago taxpayers have been double taxed.

In FY17, the State made a \$4.0 billion contribution to TRS. This amounts to a pension contribution for downstate and suburban school districts of \$2,447 per student. In contrast, CPS received only \$12 million or \$32 per student (Chart 1). Fortunately, members of the Illinois General Assembly have recognized this disparity, and in FY18 provided some additional funding for Chicago teacher pensions through Senate Bill 1. The latest TRS actuarial valuation indicates the state will make a \$4.6 billion contribution to TRS in FY18, with the state contributing \$233 million for Chicago teacher pensions. This amounts to a pension contribution in FY18 of \$2,801 per student outside Chicago and \$612 per student in Chicago.

Chart 1: State Per-Pupil Contribution Disparity for Teacher Pension Funds



In addition to providing most of the employer contribution for TRS, the State also funds the retiree health care plan for teachers outside Chicago. In FY17, the State provided an additional \$110 million to support retiree health care for TRS retirees. At the same time, CPS contributed \$65 million to CTPF for retiree healthcare but received nothing from the state. The \$65 million in retiree healthcare is included in the calculation of net normal cost and will be picked up by the state under Senate Bill 1 in FY 2018 and future years. The annual “normal” cost of the employer contribution to pensions in FY18 is projected to be approximately \$221 million.

Employees covered by CTPF also are required by statute to contribute 9 percent of their salary to pensions (“employee contribution”). However, from 1981 through 2017, CPS paid 7 of the 9 percent for

a total of \$127 million budgeted in FY17 for participants in CTPF. CPS “picks up” the employee contribution in addition to its own employer contribution. Under the 2015-19 Collective Bargaining Agreement with the Chicago Teacher’s Union, CPS will no longer pick up this 7 percent for employees hired on or after Jan. 1, 2017.

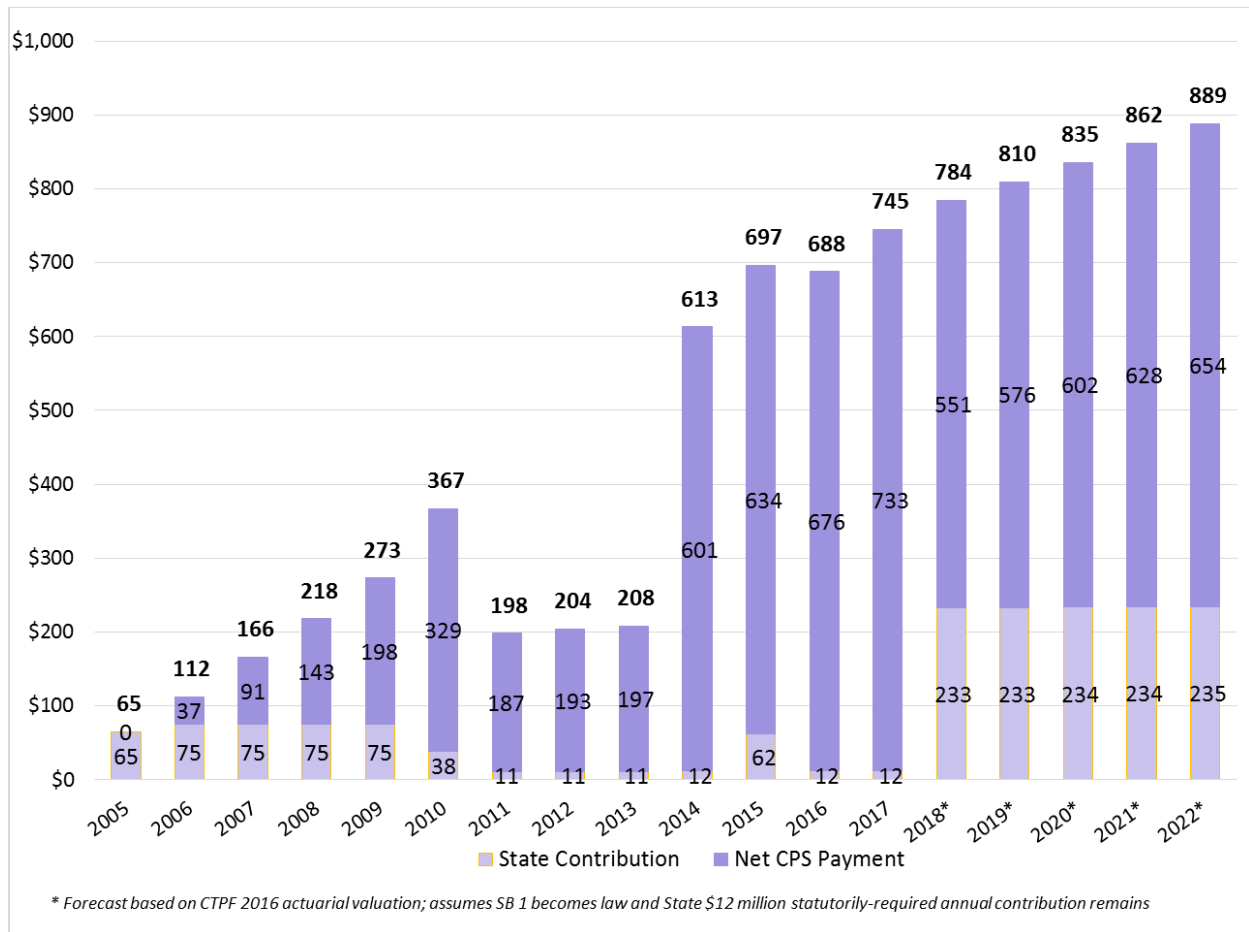
CPS’s Pension Contribution Requirements

Teachers and other employees with teaching certificates (e.g., principals) who work at CPS participate in the CTPF. The CTPF is governed by a 12-member Board of Trustees: six elected by the teacher contributors, three elected by the retirees, one elected by the principal contributors, and two appointed by the Board.

CPS is required to make an annual contribution to CTPF, based on an actuarial calculation, sufficient to bring to 90 percent the “funded ratio” of actuarial assets to liabilities by 2059. By statute, CPS is also allowed to offset its contribution by the amount of any State funding contributed to the pension fund. In FY17, CPS paid \$733 million in pension payments to the CTPF, while the State contributed \$12 million. This is in contrast to the State funding goal outlined in statute of 20 to 30 percent of its TRS contribution. If the State met the statutory funding goal in FY17, it would have contributed \$797 million to CTPF instead of only \$12 million.

For FY18, the General Assembly passed legislation to cover normal cost of CPS pensions (\$221 million) with the requirement for the state to pick up in the additional \$12 million still in statute. This partially closes the pension funding inequity and reduces CPS’s FY18 pension contribution to \$551 million.

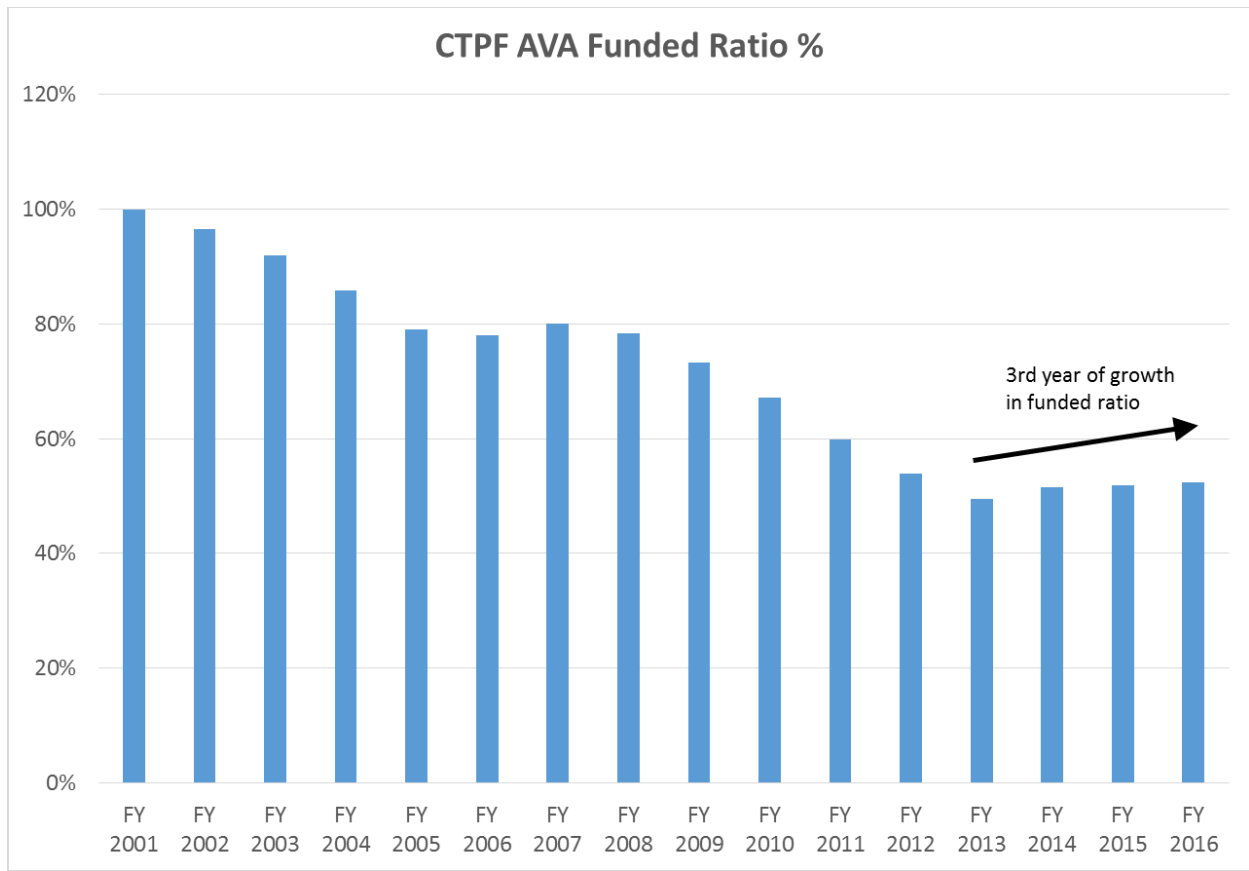
**Chart 2: CPS’ Required Employer Contributions to CTPF Grows Dramatically;
SB 1 Funding Formula Needs Annual Funding Increases to Close Remaining Pension Equity Gap**
(\$ in millions)



Decline in Funded Ratio Led to Increased CPS Contributions

As recently as June 30, 2001, CTPF had a funded ratio of 100 percent, and according to State law, CPS did not have to make an employer contribution. By June 30, 2004, the funded ratio had dropped to 86 percent, below a 90 percent threshold, and therefore CPS was statutorily required, beginning in FY06, to make employer contributions.

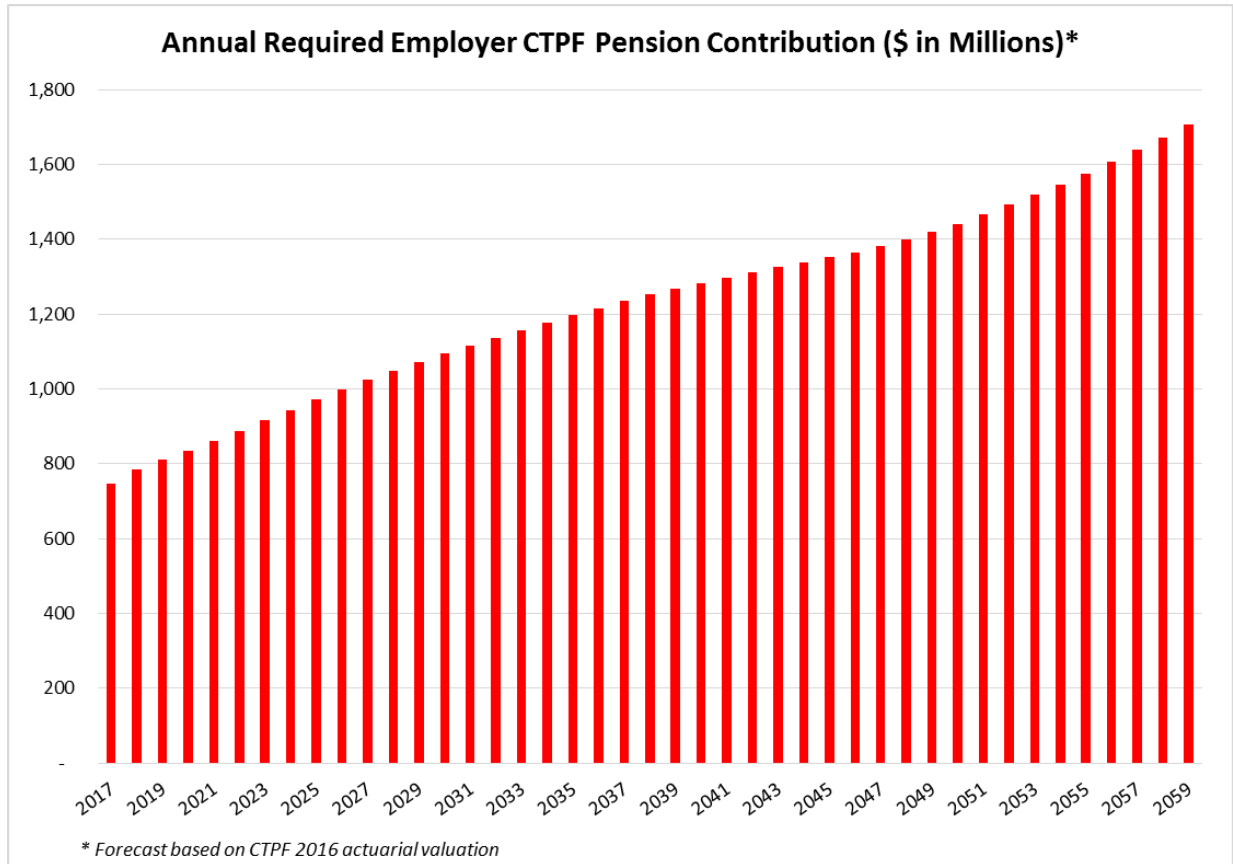
Chart 3: CTPF Funded Ratio Decreased Over Time, Rebounding Since Low in 2013



CPS's Pension Contributions Continue to Grow

Without meaningful and consistent increases in funding for education, increasing pension payments will continue to draw CPS resources that could otherwise be spent in the classroom. The District's required employer pension obligation will rise every year until 2059. In FY18, however, CPS might be able to decrease its payment by \$182 million compared to FY17, due to an additional \$221 million approved by the Illinois General Assembly that is partially offset by a \$40 million increase in the total FY18 required contribution.

**Chart 4: CPS Employer Pension Contributions Will Continue to Grow Every Year until 2059
When 90% Funding Ratio is Reached**



Pensions Crowd Out Classroom Spending

In the past four years, CPS has made more than \$2.6 billion in pension payments to CTPF. Since FY14, when the pension payment jumped by \$400 million to a total of more than \$600 million, CPS has turned to a series of one-time fixes to pay for pension costs and prevent significant school budget reductions. In FY14, the District used reserves to balance the budget and ended the year with expenses exceeding revenue by \$513 million.

In order to make the full \$634 million payment due for FY15, CPS had to borrow an extra \$200 million *on top of* the \$500 million it had already borrowed to address its cash shortages. The District made the full payment on time on June 30, 2015, but used borrowed funds. The following day, the District announced significant cuts.

To balance the FY16 budget and account for CPS’ nearly \$700 million pension payment, CPS cut school budgets by nearly 5 percent in the middle of the school year, instituted three District-wide furlough days and drew down its nearly \$900 million lines of credit.

For FY17, the General Assembly and Governor reached a compromise that allowed CPS to reinstate a dedicated pension tax levy to produce new revenue directly for pensions. CPS may levy the new tax annually at a rate not to exceed 0.383%, and it will have generated approximately \$250 million in FY17.

This new tax is not subject to the Property Tax Extension Limitation Law – more commonly known as “tax caps” – so in the future this portion of CPS’ annual employer contribution will not have a negative impact on spending in the classroom (see Act 99-0521). The Governor also agreed to provide \$215 million in discretionary funding to CTPF in FY17 – in other words, normal pension costs – in FY17. Yet, the Governor vetoed this \$215 million mid-year, requiring CPS to engage in further cuts and furlough days. To add insult to injury, the budget impasse put the state inordinately behind on paying grants to schools, shorting CPS over \$300 million on grants owed in FY17. As a result of the Governor’s veto and this payment delay, CPS was forced to borrow even further to be able to make its FY17 pension payment.

For FY18, the General Assembly passed a new education funding formula based on recommendations from a bipartisan, Governor-convened education funding commission (Senate Bill 1). This bill would provide \$221 million for CPS teacher pension normal cost and while it does not cover all of CPS’ pension costs (less than 30 percent), as the State does for all other districts, it does put the State on the path toward full pension parity once the formula is fully funded in the future. In the meantime, the bill will help CPS stave off draconian cuts and provide a line-of-sight toward financial stability.

Schools and Networks

FY18 is the fifth year that Chicago Public Schools has used Student Based Budgeting (SBB) to fund schools. SBB allocates funds to schools on a per-pupil basis, which creates greater consistency in funding across the District, ensuring that funding is fair and equitable, as dollars follow the students.

SBB funding in FY18 is increased from the funding level in FY17 to cover schools’ increased expenses, such as personnel costs. The base SBB rate for FY18 is \$4,290 per pupil, which is an increase of 5 percent from the \$4,087 rate at the beginning of FY17.

ENROLLMENT

CPS has had declining enrollment for many years. This enrollment trend is consistent with a decline in the birth rate over the same period of time – not just in Chicago, but in Illinois and the country as a whole. (See Appendix A for more information about enrollment and demographics.)

In FY18, we are projecting a further net overall decline in enrollment of 8,485 students, or 2.2 percent, as shown in Table 1.

Table 1: FY17 Enrollment and FY18 Projected Enrollment by School Type

School Type	FY17 Actual (20 th Day)			FY18 Projected		
	Pre-K	K-12	Total	Pre-K	K-12	Total
Traditional district-run schools	19,442	295,528	314,970	18,748	287,742	306,490
Charter schools	289	57,715	58,004	281	58,352	58,633
Contract schools	0	2,698	2,698	0	2,453	2,453
District specialty schools	942	1,037	1,979	821	979	1,800
District options schools	0	706	706	0	699	699
ALOP/SAFE school programs	0	2,992	2,992	0	2,789	2,789
Total District Enrollment	20,673	360,676	381,349	19,850	353,014	372,864

PreK-12 enrollment at traditional district-run schools is projected to decline by 8,480 students, from 314,970 in FY17 to 306,490 in FY18. In past years, the decline in enrollment at District-run schools was offset by an increase in enrollment at charter and contract schools. The growth in enrollment in charter and contract schools has been decelerating for several years, and in FY18 we are projecting only a slight increase in K-12 enrollment– an increase of 384 students, from 60,702 to 61,086.

Enrollment in Alternative Learning Options Programs (ALOP) has also leveled off, after several years of rapid growth that saw ALOP enrollment increase from 634 students in FY13 to 3,620 students at the end of FY15. FY16 saw the first year of slight enrollment decreases for ALOP programs, and we are projecting another slight decline in FY18 enrollment for a total of 2,789 students.

As shown in Table 1, pre-school enrollment is also projected to be nearly the same in FY18 as in FY17. Pre-school enrollment has been declining since fall 2011, which reflects the declining birth rates in Chicago and around the state and country. However, CPS has expanded its investment in Early Childhood education in FY18, including funding to support an increase of 75 full-day pre-school classrooms in high-

need communities, to help ensure a higher percentage of families seeking Pre-K programs have accessible options this year.

NUMBER OF SCHOOLS

Per CPS definition, a school:

1. is officially authorized by the Chicago Board of Education;
2. is based in one or more buildings inside the geographic boundaries of the City of Chicago;
3. has or will have one of the following governance structures: a local school council, an appointed local school council, a board of directors or a board of governors;
4. employs at least one administrator to lead the school;
5. employs at least one credentialed person to provide instruction to students;
6. provides an appropriate curriculum for each grade level served that, at a minimum, meets all requirements of the Illinois State Code;
7. requires progression towards a terminal grade level within a single school, regardless of physical location;
8. is not defined under Illinois School Code as something other than a school (e.g., an Alternative Learning Opportunity Program is not a school); and
9. has or is intended to have at least one actively enrolled student during the school year.

Based on this definition, there were 653 schools in FY17, and 649 schools in FY18. Table 2 gives the school count school type.

Table 2: Number of CPS Schools by School Type, FY17 and FY18

School Type	Description	FY17	FY18
Traditional district schools	District-run schools funded through Student Based Budgeting	501	501
Charter schools	Public schools managed by independent operators and certified under state charter law	125	124
Contract schools	Public schools managed by independent operators under a contract with the District	9	9
District specialty schools	District-run schools that primarily serve students with significant diverse learning needs or early childhood students.	10	10
District options schools	District-run high schools for students in restricted environments or students who need educational alternatives to traditional high schools	6	4
SAFE school programs	Schools managed by independent operators for students who have been expelled from other schools due to violence	2	1
Total schools		653	649
Not counted as schools:			
ALOP programs	Programs managed by independent operators that provide educational options for students who have dropped out of school and seek to return	12	10

The following school actions explain the change in school count between FY17 and FY18:

Table 3: School Openings and Closings Between FY17 and FY18

School Short Name	Description	Change
Traditional District Schools		
MARSHALL MIDDLE SCHOOL	Consolidated by board action into ROOSEVELT HS.	-1
RICHARDSON	New school.	+1
	Net Change in Traditional District Schools	0
Charter Schools		
PROLOGUE JOHNSTON HS	Closed by board action.	-1
	Net Change in Charter Schools	-1
District Options Schools		
COMMUNITY SERVICES WEST	District will take over management of school.	-1
PROLOGUE - EARLY COLLEGE HS	District will take over management of school.	-1
	Net Change in District Options Schools	-2
ALOP Programs		
MAGIC JOHNSON ENGLEWOOD	Voluntary closure by provider.	-1
BANNER WEST	Voluntary closure by provider.	-1
	Net Change in ALOP Programs	-2
SAFE Schools		
CAMELOT GARFIELD PARK	Voluntary closure by provider.	-1
	Net Change in SAFE Schools	-1

SCHOOL BUDGET OVERVIEW

The FY18 budget contains more than \$3.58 billion budgeted at school units, including over \$2.4 billion budgeted for core instruction at 649 schools. The following tables show fund and position allocations by school type and funding category:

Table 4: FY18 School Budgets, by School Type and Funding Category

FY18 School Budgets (in \$000s)	Core Instruction	Supp. Diverse Learners*	Bilingual	Early Childhood	Other Programs	Discretionary	Operations	Total
District Elementary	1,409,594	85,583	19,754	126,133	58,956	287,168	96,799	2,083,988
District High Schools	515,572	32,474	3,277	180	31,442	86,611	37,816	707,372
Charter/Contract	342,120	84,394	3,263	-	1,962	84,752	169,280	685,771
ALOP	16,676	2,953	81	-	104	4,099	6,886	30,799
Specialty	8,350	30,043	390	5,305	93	2,180	1,193	47,555
District Options	5,850	3,400	-	-	9,431	1,212	227	20,120
SAFE	926	322	-	-	952	88	435	2,722
Non-Public	-	-	-	-	56	-	-	56
Total	2,299,088	239,169	26,766	131,618	102,995	466,110	312,636	3,578,382

*Does not include almost \$375 million of diverse learner funding at district elementary and district high schools that has been combined with SBB and included as part of core instruction.

Table 5: FY18 Positions in School Budgets, by School Type and Funding Category

FY18 Positions at Schools (FTEs)	Core Instruction	Supp. Diverse Learners*	Bilingual	Early Childhood	Other Programs	Discretionary	Operations	Total
District Elementary	13,699.2	1,247.5	174.5	1,594.2	572.0	2,759.5	2,376.0	22,422.9
District High Schools	4,870.7	466.5	31.0	2.0	294.1	870.4	825.0	7,359.7
Charter/Contract	-	-	-	-	1.0	-	114.0	115.0
ALOP	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
Specialty	66.0	420.5	4.0	65.0	2.0	5.5	25.0	588.0
District Options	49.5	30.4			77.5	2.0	6.0	165.4
SAFE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Public	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	18,685.4	2,164.9	209.5	1,661.2	946.6	3,637.4	3,347.0	30,652.0

*Excludes special education teachers and paraprofessionals outside of cluster programs for district elementary and district high schools.

The following sections discuss Core Instruction Funding and Additional Funding Received by Schools, including funding for diverse learners, bilingual, early childhood, other programs, discretionary funds, and operations.

FUNDING FOR CORE INSTRUCTION

Traditional District Schools

Traditional district schools are funded through SBB. The only district-run schools that do not fall in this category are the 10 specialty schools and 4 District options schools, which are discussed in later sections.

In the aggregate, funding for district-run schools is increasing by more than \$16 million from 20th day of FY17. This increase is due to the increase in the SBB rate meant to cover rising labor costs.

Table 6: SBB Funding at Traditional District Schools

Traditional District Schools	FY17 20 th Day	FY18 Projected	Change	% Change
Number of schools	501	501	0	
Number of K-12 students	295,528	287,742	-7,786	-2.6%
SBB funding, in millions	\$1,304	\$1,320	\$16	-1.2%

In FY18, diverse learner funding for teachers and paraprofessionals (except for cluster programs and dedicated aides) was included with SBB funding. District-run schools received almost \$375 million of diverse learner funding for a combined SBB/diverse learner pot exceeding \$1.71 billion.

Table 7: Positions (FTE's) Budgeted by District Schools Using SBB Funds*

Category	Job Title	FY17 Budget	FY18 Budget
TEACHERS	Teachers*	10,914.7	10,743.9
	Special Education Teachers	2,842.8	2,687.0
	Assistant Principals	479.1	462.5
	School Counselors / Social Workers / Nurse	131.6	127.4
	Coaches / Instructional Leaders / Other Teachers	31.8	80.8
EDUCATION SUPPORT PERSONNEL	Special Education Support Assistants**	2,321.8	1866.3
	Teacher Assistants	364.3	349.9
	School Clerks	105.0	100.8
	Instructor Assistants	73.6	47.9
	School Security Officers	61.6	66.6
	School Clerk Assistants	52.2	47.7
	Technology Coordinators	48.7	46.4
	Guidance Counselor Assistants	35.0	45.6
	Other Education Support Personnel	332.0	314.1
	TOTAL	17,794.2	16,986.9

*FY17 and FY18 budget includes funding for special education teachers and paraprofessional in non-cluster classrooms.

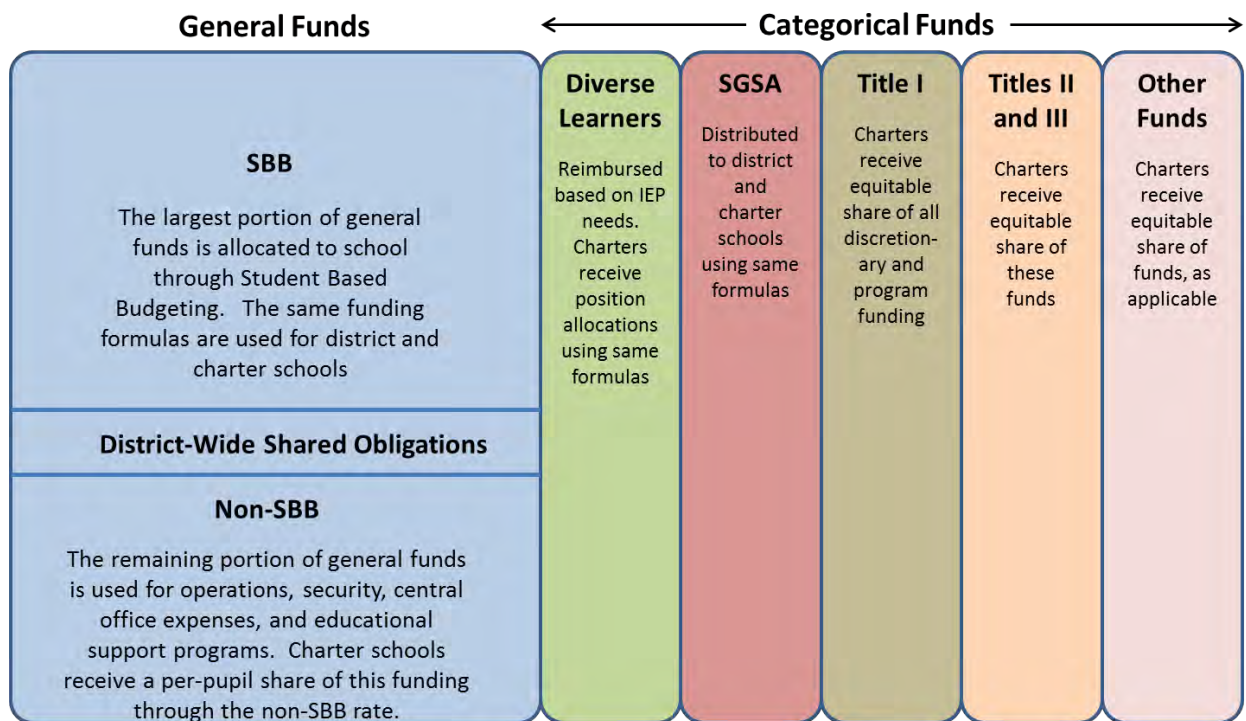
**The number of Special Education Support Assistants funded directly by Special Education increased in FY18.

Charter/Contract Schools

Charter and contract schools are public schools managed by independent operators. First established in Chicago in 1997, they offer an alternative to traditional district-managed schools. Charter schools are approved and certified under the Illinois Charter School Law. Contract schools also are independently managed public schools with similar autonomies as charter schools in budget and curricular operations.

As outlined in Chart 1, CPS provides tuition to charter schools in two components: SBB and non-SBB. Together, these tuition amounts provide charter schools with an equitable share of the District's general funds budget.

Chart 1: Overview of CPS Operating Budget for Charter Funding



SBB is the largest portion of the general funds budget, and it is allocated to all schools under the SBB model, which uses the same funding formulas for district and charter schools. The General Funds budget also includes some funding categories that are considered district-wide shared obligations, such as the unfunded pension liability. Charters do not receive tuition funding based on these shared obligations. Funding for operations, security, central office expenses and education support programs, which, for district-run schools, are paid-for through citywide spending, are paid to charter schools through a second category of funding called “non-SBB” funding. This ensures that charter school students receive an equitable share of this more centralized district school spending. Additionally, charter schools receive an equitable share of each categorical funding source, where applicable. Finally, administrative fees are charged to charter schools, so that they will contribute equitably to district overhead costs.

In FY18, no new charter schools are expected to open, and one charter school will close. Enrollment at charter and contract schools is expected to increase by 384 students, or .06%. The base rate for non-SBB funding has increased from \$1,680 in FY17 to \$1,750 in FY18, an increase of 3.2%. This is due in part to increased costs for utilities and transportation.

Table 8: SBB and Non-SBB Tuition Funding at Charter/Contract Schools

Charter/Contract Schools	FY17 20 th Day	FY18 Projected	Change	% Change
Number of schools	125	124	-1	
Number of K-12 students	60,413	60,805	392	.06%
SBB funding, in millions	\$320.5	\$342.1	\$21.6	6.7%
Non-SBB funding, in millions	\$116.0	\$120.4	\$4.4	3.8%
Administrative fees (estimated), in millions	(\$16.0)	(\$15.4)	\$0.6	3.8%
Total general education tuition payments, in millions	\$420.5	\$447.1	\$26.6	\$6.3

Alternative Learning Opportunity Programs (ALOP)

Alternative Learning Opportunity Programs provide different educational options for at-risk youth who are not currently enrolled in school. Since 2011, CPS has expanded partnerships with successful providers that specialize in working with off-track youth and more than doubled the number of available seats in options schools and programs.

Two ALOP programs were voluntarily closed by their providers in FY18, bringing the total to 10. In addition, 28 charter and contract schools and three district-run schools serve the same population of at-risk youth who have dropped out of school and seek to return.

Table 9: SBB and Non-SBB Tuition Funding at ALOP Programs

ALOP Programs	FY17 20 th Day	FY18 Projected	Change	% Change
Number of programs	12	10	(2)	
Number of K-12 students	2,992	2,789	(203)	-6.8%
SBB funding, in millions	\$16.8	\$15.9	(\$0.9)	-16.4%
Non-SBB funding, in millions	\$6.1	\$5.1	(\$1.0)	-21.3%
Administrative fees (estimated), in millions	(\$0.8)	(\$0.8)	\$0.0	-7.8%
Total general education tuition payments, in millions	\$22.10	\$20.4	(1.73)	-5.4%

Specialty Schools

Specialty schools serve primarily students with significant diverse learning needs, as well as three early childhood centers that have only Pre-K students. Specialty schools include:

- Three early childhood centers serving only Pre-K students (Vick, Thomas, Stock)
- Three early childhood centers serving Pre-K students, but where a significant number of diverse learners remain enrolled at the school for primary grades (Blair, Beard, Rudolph)
- Four high schools serving 100 percent diverse learners (Northside, Southside, Graham, and Vaughn).

In FY18, specialty schools will receive \$8.3 million in funding for core instruction, which represents 17.4 percent of their overall budgets of \$47.5 million.

The costs of these schools are significantly more than traditional schools when compared on a per-pupil basis to account for the specific needs of the diverse learners they serve.

District Options Schools

District options schools provide educational options to students in confinement, at risk of dropping out of school, or who have dropped out and wish to return. 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 serves returning dropouts and students at risk of dropping out (Peace & Education Coalition).

In FY18, district options schools received a core allocation of \$5.8 million for teachers and administrative positions. In addition, they received \$9.4 million in supplemental Title I positions, which will help the schools address their unique challenges.

SAFE Schools

SAFE schools provide an educational option to students who have been expelled from another CPS school due to violence. CPS has one SAFE school on the south side of the city which is managed by an independent operator. The SBB and non-SBB tuition cost for this SAFE school is \$1.3 million, which is partially offset by a state Regional Safe Schools grant of approximately \$1.0 million.

ADDITIONAL FUNDING RECEIVED BY SCHOOLS

Although funding for core instruction is typically the largest portion of a school's budget, schools receive additional funding to meet specific student needs, including funding for diverse learners, bilingual students, early childhood students, other programs, discretionary funds and school operations. See Appendix B for information on funding formulas for these allocations.

Supplemental Diverse Learner Funding

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.

Principals have been directed to use their combined SBB/Diverse Learner funds to serve the needs of all of their students, and to schedule their diverse learners first for more efficient scheduling and to ensure all IEP requirements are met. Schools are expected to open the number of positions for which they received funding, and an excess funds should be used to serve diverse learners.

Bilingual Education

Schools receive supplemental bilingual education teachers and per-pupil funds based on their number of English language learner (EL) students. There are two programs: Transitional Bilingual Education (TBE), for schools that have 20 or more EL students of the same language background, and Transitional Program of Instruction (TPI), for schools that have fewer than 20 EL students of the same language background. The Office of Language and Cultural Education (OLCE) tracks EL students and allocates supplemental bilingual teachers and funds to schools.

The FY18 budget contains \$26.7 million in supplemental funding to schools, including 209.5 supplemental bilingual education teachers and coaches. Bilingual education is supported by local funding dedicated state and federal funding.

Early Childhood

The FY18 budget contains \$250 million in funding for early childhood programs at 359 elementary schools. Early childhood programs serve Pre-K students, usually ages 3 and 4, and are funded from both a state grant (Pre-School for All) and federal Head Start funds. This amount also includes \$2.7 million of Title I funding that is used to fund some of the costs of 19 child-parent centers, and \$3.6 million for tuition-based Pre-K programs at district-run schools.

CPS also provides funding to community-based providers for early childhood programs, as described more fully in the Early Childhood department narrative, but this funding is not reflected in school budgets.

Other Programs

Some schools receive teaching positions or other additional funding for specific programs that are run at those schools. All programs except for STEM are funded from general funds. Details on these programs are found in their program narrative. Significant programs include:

Table 10: Board Funded Programs

Board-Funded Program	Positions			Budget (\$ millions)		
	FY17 Ending	FY18 Budget	Change	FY17 Ending	FY18 Budget	Change
Magnet Schools	150.40	150.40	0.00	\$16.62	\$17.44	0.82
JROTC	139.00	139.00	0.00	\$13.02	\$14.47	1.45
International Baccalaureate	109.50	117.50	8.00	\$11.86	\$13.25	1.38
Magnet Cluster Programs	100.50	100.50	0.00	\$10.49	\$11.28	0.79
STEM*	39.00	39.00	0.00	\$4.40	\$4.60	0.20
Selective Enrollment HS	35.00	35.00	0.00	\$4.12	\$4.31	0.19
Montessori Programs	54.00	54.00	0.00	\$3.65	\$3.83	0.18
Critical Language Initiative	32.00	29.50	-2.50	\$3.10	\$3.04	(0.06)
Regional Gifted Centers	20.57	20.78	0.21	\$2.41	\$2.32	(0.09)
Classical Schools	15.94	14.72	-1.22	\$1.60	\$1.58	(0.02)
Regional Gifted Centers ELL	7.00	7.00	0.00	\$0.72	\$0.77	0.04
International Gifted	2.00	2.00	0.00	\$0.24	\$0.25	0.01
Academic Centers	1.00	1.00	0.00	\$0.08	\$0.09	0.00

Board-Funded Program	Positions			Budget (\$ millions)		
	FY17 Ending	FY18 Budget	Change	FY17 Ending	FY18 Budget	Change
Totals	705.91	710.4	4.49	\$72.31	\$77.22	

*Includes grant funding.

Discretionary Funds

Supplemental General State Aid (SGSA) is part of the General State Aid that CPS receives from the State of Illinois. SGSA funds are distributed to schools in proportion to the number of students enrolled who are eligible to receive free or reduced-price lunch under federal statutes.

CPS is required to distribute \$261 million in SGSA funds each year. SGSA funds are initially distributed based on an estimated count of low-income students at each school, but the final SGSA amount will be adjusted based on 20th day enrollment.

The FY18 budget includes \$259 million of SGSA funds budgeted at schools. The remaining \$2 million remains in contingency and will be disbursed along with 20th day SGSA adjustments.

Unspent SGSA funds at a school at the end of the year carry over to the next fiscal year. In recent years, CPS has made an initial distribution of carryover funds in July based on end-of-year spending estimates. This initial distribution gives schools a substantial portion of their SGSA carryover before the beginning of the school year, in order to plan and make initial outlays for academic programs early in the year. School budgets in FY18 include just over \$14.0 million of SGSA carryover.

Title I of the Federal Every Student Succeeds Act (ESSA) provides funds to schools with high concentrations of low-income children to provide supplementary services for educationally disadvantaged students. Approximately 85 percent of CPS schools qualify for Title I discretionary funding. The FY18 budget contains \$185 million in Title I discretionary funding for CPS schools.

Non-Education Expenses

Schools have received additional positions, services and funding for various operational expenses. Many of these positions are managed centrally, rather than in schools, to gain district-wide efficiency and savings. Among the positions managed centrally are bus aides, engineers and custodians. In FY18, only the following non-education funding appears in schools budgets:

- **Security:** School security officers and security aides are assigned to schools by the Office of Safety and Security. Security positions are budgeted at the schools.
- **Food Service:** This includes the labor costs of the lunchroom staff; the food costs required to provide lunch and breakfast are budgeted centrally.

Please refer to the department narratives for more details about each of these operational areas.

Private Schools

Students, teachers and parents of private schools students are entitled to federal support through Every Student Succeeds Act (ESSA), such as Title I, Title II, Title III, and the Individuals with Disabilities Education Act (IDEA). CPS must set aside a share of the federal funds it receives to make services available to eligible private school students, teachers and parents. However, these funds are not paid directly to the private schools; instead, CPS operates these programs on behalf of eligible students, teachers and parents.

Each year, CPS oversees and manages services for approximately 60,000 students in 240 private schools, totaling almost \$27 million. In addition, we oversee services for children who attend 7 residential sites that specialize in serving children under the guardianship of the Illinois Department of Children and Family Services.

The following chart shows the allocations directed to private schools for each of the federal programs. Funding is a proportionate share of funds based on the number of eligible students in each private school compared to the student’s designated CPS neighborhood school. FY18 amounts are projections; the final amounts will be determined only after the district’s FY18 application is approved by the Illinois State Board of Education.

Table 11: FY18 Budget for Private School Programs

Federal Program	FY16 Budget	FY17 Budget	FY18 Budget
Title I (Improving Academic Achievement of Disadvantaged Students)	\$15,265,523	\$18,067,351	\$19,078,805
Title IIA (Improving Teacher Quality)	3,900,000	1,279,425	3,308,326
Title III (English Language Learners)	300,000	291,746	330,016
Individual Disabilities Education Act (IDEA)	1,771,519	3,735,391	3,654,898
Title I, Part D (Neglected)	680,886	559,690	544,359
Total	\$21,917,928	\$23,933,603	\$26,916,404

NETWORKS

District-run schools are organized into networks, which provide administrative support, strategic direction, and leadership development to the schools within the network.

Networks are led by network chiefs, who are responsible for building effective schools with strong leaders by developing a professional development plan, collecting and assessing data to drive interventions, collaborating on best practices with other networks and enhancing community and parental involvement. Networks are supported by deputy chiefs, data strategists, instructional support leaders for each content area, and administrative support. Each network also has a Family and Community Engagement Coordinator and a Specialized Services Administrator, although these positions appear in the budget for the Family and Community Engagement and the Office of Diverse Learners, respectively. All network chiefs and their offices report to the Office of Network Support.

There are 13 networks that manage schools in various different geographic regions of the city. All networks are K-12, managing both elementary schools and high schools. Some schools fall under the Independent Schools Program (ISP) or the Academy for Urban School Leadership (AUSL) and do not belong to any of the 13 geographic networks.

Table 12: Current Network Structure

Network	City Planning Zones
1	Sauganash, Reed-Dunning, Albany Irving
2	Ravenswood
3	Austin, Belmont-Cragin
4	Logan, Lincoln Park
5	Humboldt Park, Garfield, West Humboldt, North Lawndale
6	Near North, Near West, Loop, Bridgeport, Chinatown
7	Pilsen, Little Village
8	McKinley Park
9	Bronzeville, Hyde Park, Woodlawn
10	Beverly, Midway, Chicago Lawn, Ashburn
11	Englewood, Auburn-Gresham
12	Chatham, South Shore
13	Far South, Far East
AUSL	
ISP	

In FY18, networks retained staffed positions from the previous year and gained a total of six deputy chief positions for additional school support and oversight. Seven data strategist positions serving the networks will be funded directly by the Office of Network Support, each one serving schools in two geographic networks. Each network received a \$5,000 budget for administrative expenses and will receive a \$50,000 budget for targeted teacher improvement of instruction.

Personnel dollars were not distributed equally to the 13 geographic networks. Each network was given a foundation allocation, but additional dollars were given to networks with higher poverty levels and/or higher concentrations of low-performing schools. Table 15 shows the FY18 budgets for each network:

Table 13: FY18 Network Budgets

Network	Personnel	Non-Personnel	FY18 Budget
1	\$1,024,043	\$55,000	\$1,079,043
2	992,590	55,000	1,047,590
3	1,442,564	55,000	1,497,564
4	981,757	55,000	1,036,757
5	1,028,919	55,000	1,083,919
6	1,118,653	55,000	1,173,653
7	960,364	55,000	1,015,364
8	1,167,637	55,000	1,222,637
9	1,060,282	55,000	1,115,282
10	808,174	55,000	863,174
11	1,431,663	55,000	1,486,663
12	1,000,400	55,000	1,055,400
13	1,306,765	55,000	1,361,765
Total	\$14,323,811	\$715,000	\$15,038,811

Overall, network budgets have remained flat in FY18. Networks received \$150,000 more in personnel funds and \$150,000 less for non-personnel expenses. Non-personnel costs are funded through general education and Title II funds, while positions are funded through general education, Title I and Title II funds.

Table 14: Total Budgets for 13 Networks

Network Budgets (in millions)	FY16	FY17	FY18
Regular positions	\$14.7	\$14.2	\$14.3
Hourly/overtime salary and non-personnel	\$2.0	\$0.8	\$0.7
Total	\$16.7	\$15.0	\$15.0

Department Narratives Overview

Departments within Chicago Public Schools serve, guide and provide resources to students, parents, families, teachers, partners and community. They are divided into two functions: Central Office and Citywide. The Central Office units provide instructional and administrative services throughout the district. Citywide units include teachers, programs and other resources that directly support schools but are not allocated to individual schools – rather they are managed and monitored by a Central Office unit.

These narratives explain the role that each department plays in the District, with a focus on how it serves students. These narratives also include tables that show the total dollars, by fund, associated with each department’s mission and major programs. If a department is comprised of multiple central office and citywide units, their budgets have been aggregated.

An example of a department’s budget summary is provided below:

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	1,462,085	1,900,845	1,602,854	1,420,407	1,684,996
Title Funds	0	120,101	9,361	9,361	0
Total Department	1,462,085	2,020,946	1,612,214	1,429,768	1,684,996

Addressing the columns from left to right:

2016 Actual Expenses are categorized by funding source (as are all other columns) to inform readers of the amount spent by the department during FY16.

The 2017 Approved Budget reflects the original budget for each department at the beginning of FY17.

During the course of the fiscal year, intra-fund transfers, reorganizations, or newly awarded grants may alter a department’s budget relative to the original or approved budget. The **2017 Ending Budget** reflects those changes.

In addition to reporting the final department budget, **2017 Projected Expenditures** reflects OMB’s estimate of the year end spending for each department at the time of budget preparation.

In certain instances, an amount may be budgeted within Contingency if revenues are reasonably certain to be collected but not yet realized, or if funding will be transferred to other units for activities related to the department chiefly responsible for the stewardship of these dollars, but the transaction has not yet occurred.

The **2018 Proposed Budget** represents the amount allocated to the department for the fiscal year starting July 1, 2017 and ending on June 30, 2018.

Amounts **Budgeted at Schools** are for programs that are managed by the department but whose funding is included in schools' budgets.

For more detail on the various funding sources, please refer to the *Revenue* chapter included in this budget book.

Office of Access and Enrollment

MISSION

The Office of Access and Enrollment (OAE) manages the application, testing, selection, and notification processes for all district elementary and high schools, charter high schools, and designated preschools.

Through data-driven, creative and collaborative approaches, the Office of Access and Enrollment is dedicated to:

- Choice: Increasing educational options for parents and students.
- Equity: Ensuring that all students have equal access to available programs and services.
- Service: Meeting families' needs and exceeding expectations through efficiency, expertise, courtesy, and accountability.

MAJOR PROGRAMS

- Manages and oversees the application and selection process for all district-managed and designated charter schools and programs.
- Coordinates and executes testing for Selective Enrollment elementary and high schools.
- Facilitates Principal Discretion process for Selective Enrollment high schools.
- Provides training and communication about navigating the process including the annual creation of the Options for Knowledge Guide, and training clerks and counselors on best practices related to the application process.
- Coordinates annual Appeals process to ensure that all applications were accurately processed during the application period.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	2,987,467	2,873,862	3,070,846	2,927,012	3,617,789
Total Department	2,987,467	2,873,862	3,070,846	2,927,012	3,617,789

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	11	14	16
Total Department	11	14	16

MAJOR ACCOMPLISHMENTS

- Processed 84,941 applications for 42,076 applicants representing 335,672 unique student school choices.
- Administered approximately 30,000 admission exams for selective enrollment elementary and high school programs.
- Provided online notifications to all parents who utilized the online application website for district elementary and high schools.
- Sent test results for early pre-k testers prior to the application deadline.
- Started the planning process to launch a single-application initiative for ninth graders, to be implemented in October 2017.
- Revised former website and managed the migration to the cps.edu website.

KEY BUDGET INITIATIVES

- Implement GoCPS, the new online platform to make it easier to apply to Chicago Public Schools.
- Initiate a Call Center, in operation weekdays from 8 am to 6 pm, dedicated to providing information and assistance regarding GoCPS and the single application process.

Department of Student Assessment

MISSION

The mission of the Department of Student Assessment is to support the implementation of a balanced assessment system in all schools and to provide district stakeholders with the assessment data and resources needed to advance student achievement.

MAJOR WORKSTREAMS

- **Assessment Administration, Data Cleaning, and Reporting:** The Department of Student Assessment is responsible for the successful administration of all national, state, and district-required assessments. This includes policy and practice support and guidance during pre-administration preparation, test administration, data cleaning, and results reporting.
- **Balanced Assessment Systems and Practices:** The assessment department supports schools in establishing and sustaining balanced assessment systems that effectively measure the depth and breadth of student learning and monitor student progress towards college and career readiness. The systems also produce actionable data to inform planning for instruction, academic support, and resource allocation.
- **Educator Capacity to Understand, Design, and Use Assessments:** In SY17-18, we are supporting a variety of CPS stakeholders with managing transitions to several new state and district assessments (PARCC, PSAT/SAT, KIDS). We developed and provided training for Networks, principals and teachers around understanding and using the new assessments. We produced and distributed guidance, tools and resources that schools used as models during the transitions.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	3,811,131	6,546,853	6,497,120	5,881,101	6,374,383
Title Funds	90,000	0	0	0	0
Other Grants	966,945	200,000	404,894	380,164	146,155
Total Department	4,868,076	6,746,853	6,902,014	6,261,265	6,520,538

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	11	8	8
Total Department	11	8	8

MAJOR ACCOMPLISHMENTS

- Administered the PARCC, Partnership for Assessment of Readiness for College and Careers, and project that the district will meet the 95% required participation rate for the first time in the assessment's 3-year administration history.
- Managed the first-time administration of PSAT9, PSAT10, and SAT assessments in CPS high schools; supported high schools' transition from the ACT to the SAT
- Developed professional learning modules for PARCC and PSAT/SAT and ensured completion in all district schools
- Led CPS participation in the SAT All In Challenge, a partnership between College Board, Khan Academy, and the Council of Great City Schools. CPS is a lead contender for a monetary award as a result of its participation and has been invited to contribute to panel sessions at superintendent and administrator conferences
- Managed the REACH Performance Task administration process for more than 20,000 teachers who received teacher evaluation ratings.
- Managed the administration of all national, state, and district required assessments; helped facilitate data processing and cleaning to inform school quality ratings and reporting
- Conducted BOY, MOY, and EOY consultancies with network teams to support their schools' assessment implementation
- Launched the Balanced Assessment Focus School initiative through the Assessment Leads PLC to directly support 15 schools' assessment practice and develop a comprehensive district-wide strategy in this area

KEY BUDGET INITIATIVES

- Assessment Delivery Platform: As part of the Office of Teaching & Learning's "Curriculum System" priority, the Department of Student Assessment is researching assessment delivery platforms that could house assessment items for large-scale district administration and reporting.
- Assessment Content: As part of the Office of Teaching & Learning's "Curriculum System" priority, the Department of Student Assessment is researching assessment content providers who could deliver assessment items aligned to the curriculum system to help educators understand what students know and can do.
- KIDS Assessment Training: KIDS is a state-required observational assessment tool that all CPS kindergarten educators must use to report on students' kindergarten readiness by the 40th day of school. The Department of Student Assessment is funding a day of required training for all Kindergarten educators.

Office of Internal Audit and Compliance

MISSION

The Office of Internal Audit and Compliance (IAC) is an independent and objective assurance and management advisory team responsible for:

- Assessing organizational risk through periodic enterprise risk assessment with the goal of both defining a risk-based internal audit plan and informing enterprise risk management strategies.
- Evaluating the effectiveness of the internal controls and business processes designed to help management achieve operational and financial compliance, and strategic objectives.
- Assessing compliance to applicable laws, regulations, ordinances, Board rules, ethics policies, contracts, grants, and administrative policies and procedures.
- Completing projects to assist management in improving organizational efficiency and effectiveness, and minimizing organizational risk through the integration of leading practices and innovative business strategies.

IAC's work is performed in accordance with applicable standards such as those established by the American Institute of Certified Public Accountants, the Institute of Internal Auditors, and the Government Accountability Office.

MAJOR PROGRAMS

- **Internal Audits:** Perform internal audits, reviews and activities designed to assess the adequacy of the internal control environment, efficient utilization of resources, safeguarding of assets, and production of accurate, reliable, and timely data. Includes providing management with effective recommendations designed to remediate exceptions, improve processes, and eliminate, mitigate, or transfer risk.
- **School Audits:** Perform audits of school-based financial, accounting, and operational processes to determine compliance with applicable Board rules, administrative policies and procedures, and codes of conduct.
- **English Language Learners Program (EL) Compliance Audits:** Perform audits of schools' EL Program to determine compliance with Illinois Administrative Code 228 requirements for EL programs and assess current status of corrective action plans that resulted from past program audits performed by the Office of Language and Cultural Education (OLCE).
- **Management Advisory:** Perform management advisory projects across an array of business processes and departments with the objective of identifying opportunities, mitigating risk, and/or improving effectiveness and efficiency.
- **Title IX Compliance Monitoring:** Perform tasks outlined in the current consent decree with the U.S. Department of Education Office of Civil Rights (OCR) to ensure district high schools are on track to obtaining Title IX compliance.

Budget Summary

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	3,107,697	3,789,359	6,140,939	6,169,596	4,084,323
ESSA	3,520	444,518	444,518	184,476	82,093
Other Grants	0	200,506	133,394	133,394	183,769
Total Department	3,111,217	4,434,383	6,718,851	6,487,466	4,350,185

Position Summary

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	11	14	16
Title Funds	5	0	1
Other Grants	4	2	2
Total Department	20	16	19

MAJOR ACCOMPLISHMENTS

- Conducted the first enterprise risk assessment in at least five years with the intent of developing a risk-based audit plan and driving increased organization risk management.
- Consolidated audit and compliance functions to create a single, centralized team focused on strengthening, implementing and monitoring internal controls and compliance requirements. Also added capacity for business process improvement and accountability audits.
- Expanded the scope of district-managed school audits to increase the: number of in-scope processes, testing sample sizes, in-scope time periods, and fieldwork – all with the objective to more effectively monitor the internal control environment.
- Significantly increased transparency and oversight into supplemental payment system (SPS) payments and activity by consolidating/standardizing program numbers and supporting documentation standards to support expenditures including program purpose, pay rates, eligible employees, and evidence of participation and outcomes. Year over year related budget appropriation for SPS decreased by at least \$5M, though other factors played a role in the reduction.
- Implemented purchase order and disbursement changes to increase transactional oversight and transparency, which, combined with other organization actions, led to a reduction in expenditures.
- Led efforts to reduce cost associated with food expenditures, travel, and non-required training which lead to a nearly \$1 million reduction in year-over-year spend.
- Completed first year of EL Program Compliance reviews aimed at monitoring progress of past corrective action plans and improving the compliance status of district-managed and charter schools.

- Assisted management in assessing and designing the expansion of School Support Services to help centralize financial and accounting functions performed at schools to decrease operational costs and improve the effectiveness of impacted processes.

KEY BUDGET INITIATIVES

- Combine school-based audit objectives into a single yet comprehensive school audit program to reduce the number of school visits and time allocated by school and department staff to respond to audit and compliance inquiries.
- Implement a robust “desk audit” process, utilizing exception reporting and data analytics, to test and evaluate larger transaction populations and increase audit coverage across CPS at a lower operational cost.
- Create and implement a Control Self-Assessment questionnaire to expand coverage of schools.

Office of the Board of Education

MISSION

The Chicago Board of Education is responsible for the governance and oversight of Chicago Public Schools. It establishes policies, standards, goals and initiatives to ensure accountability and provide a world-class education that prepares our students for success in college and career. The Board Office supports the Chicago Board of Education in its mission.

MAJOR PROGRAMS

- Administering Chicago Board of Education meetings, including the release of meeting agendas, registration of speakers and attendees, recording of meeting proceedings and logging of Board actions
- Hosting Board Member Officer Hours to allow members of the public to speak with Board members about important issues
- Maintaining Board Rules & Policies and the CPS Archive
- Executing and processing contracts, agreements and legal instruments
- Providing supports and services to key stakeholders, including www.cpsboe.org and phone service at 773-553-1600

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	1,023,441	1,018,975	1,018,279	933,107	1,005,136
Total Department	1,023,441	1,018,975	1,018,279	933,107	1,005,136

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	8	8	7
Total Department	8	8	7

MAJOR ACCOMPLISHMENTS

- Increased opportunities for community engagement with Board Members through monthly office hours, newly offered community office hours, and additional meetings with stakeholders.
- Improved the online registration process on www.cpsboe.org to allow the public to review the monthly meeting agenda before registering to speak or attend.

KEY BUDGET INITIATIVES

- The Board Office is committed to reducing its budget and has decreased its FY18 budget by 1.4 percent from FY17. Since FY12, the office has reduced its budget by 61 percent, while maintaining a consistent level of service and effective operations.

Chief Administrative Office

MISSION

The Chief Administrative Office ensures that all operations of the school district run smoothly and are directed toward supporting schools and driving student achievement. The office strives to ensure fiscal stability and accountability, focusing on short- and long-range financial planning.

MAJOR PROGRAMS

The Chief Administrative Office oversees and coordinates all of the District’s operations, including Nutrition Services, Transportation, Safety and Security, Procurement, Student Health and Wellness, and Facility Operations and Maintenance. Each of these areas is described in detail in separate sections.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	261,850	234,281	247,669	218,677	246,591
Total Department	261,850	234,281	247,669	218,677	246,591

*Budget figures do not include the departments that fall under the Chief Administrative Office. See each department narrative for their budget information.

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	1	1	1
Total Department	1	1	1

* Positions assigned to departments that fall under the Chief Administrative Office are accounted for in each department’s budget summary.

MAJOR ACCOMPLISHMENTS

- Operated National School Lunch and Breakfast Programs at a profit, allowing a fund balance of \$4 million while contributing \$11 million in indirect costs to the general fund.
- Reinvigorated the Medicaid and SNAP enrollment process by launching 16 school-based Medicaid enrollment sites.
- Received the Healthy Schools Healthy City Initiative Grant to deliver Medicaid enrollment services to the District’s students.
- Completed testing all schools for the presence of lead in water. Established a protocol for maintaining a safe level of drinking water. Replaced or repaired all drinking fountains and sinks where testing indicated an elevated level of lead.
- The District’s comprehensive air conditioning plan was largely implemented one year ahead of scheduled completion, making \$135 million in investments to provide air conditioning to 222 schools. Nearly all of the remaining 61 schools were completed in the spring of 2017, with five schools where air-conditioning is currently being installed as part of a larger ongoing capital project. The project ensures that every CPS student attends class in an air conditioned classroom.

- Implemented a \$938 million capital plan, which includes 3 new schools, 8 additions, 2 modular units, programmatic improvements, 5 space to grow projects and 19 major school renovations.
- Optimized bus routes to reduce travel time generating a savings of approximately \$6 million dollars.
- Implemented a shared savings program with schools willing to shift their bell time for School Year 2016-17. Through this program, schools received just over \$700,000 in savings to use at their discretion.
- Partnered with the Chicago Park District to launch Summer Safe Passage to support teen basketball leagues and Windy City Hoops at select parks.
- Generated over \$20 million in savings by developing new purchasing strategies and structuring advantageous partnerships with suppliers.
- Implemented year three of the Physical Education Policy at all schools, which requires 150 minutes of physical education (PE) for elementary students and daily PE for high school students.
- Provided over 267,800 CPS students with one or more district-managed health services, such as vision / hearing screening, dental examinations, hearing examinations and vision examinations.
- Delivered epinephrine pens (EpiPens) to all schools to ensure compliance with Illinois law at no cost to the District.

KEY BUDGET INITIATIVES

- Further implementation of cost effective para-transit vehicles to save the District \$1.25 million per year in transportation costs.
- Increase our percentage of shared transportation routes between schools by over 10% (from 215 to 240) to save approximately \$1 million dollars.
- Continuation of the Safe Passage program through 22 community-based vendors that will hire up to 1,300 Safe Passage workers for the 2017-18 School Year.
- Continue to implement procurement strategies for professional services, construction and educational services that leverage the District's purchasing power and drive savings.
- Continue to expand the Integrated Facilities Management program to increase the quality and cleanliness of CPS school buildings.
- Focus enrollment efforts on the approximately 7,000 students with IEPs that are eligible for Medicaid but not enrolled.
- Help all schools achieve Healthy CPS certification (100% compliance with health/wellness policies).

The Chief Education Office (CEdO)

MISSION

The Chief Education Office creates the framework for excellence in Chicago Public Schools and ensures that students flourish, teachers thrive, and principals lead a focused and effective continuous improvement agenda. We share accountability with our schools for achieving excellence and an unwavering commitment to fulfilling the vision of success for all students in Chicago Public Schools.

MAJOR PROGRAMS

The Chief Education Office oversees five (5) offices and directly manages four (4) departments:

- **Office of Network Support (ONS)** manages 13 K-12 networks of schools, two specialized networks for the Service Leadership Academies (SLA) and the Academy for Urban School Leadership (AUSL) and Principal Quality (PQ).
- **Office of Teaching & Learning (T&L)** provides all stakeholders with educational resources that will result in high-quality curriculum and instruction that engages and empower students. The Office of Early Childhood Education (OECE) is part of T&L and manages school-based childhood preschool programs. The Department of Personalized Learning is also part of T&L and provides schools with the data, tools, and professional development opportunities needed to adopt personalized learning.
- **Office of Diverse Learner Support & Services (ODLSS)** provides high-quality specially-designed instructional supports and services for all diverse learners within their least restrictive environments.
- **Office of Language & Cultural Education (OLCE)** provides a high-quality education to all language learners through collaborative partnerships and professional development.
- **Office of College & Career Success (OCCS)** works with schools, Networks, and communities to ensure that every student at every grade level is provided individualized supports and opportunities to keep them engaged, on-track and accelerating toward success in college, career and life.
- **Department of School Quality Measurement and Research** provides clear, accurate reporting of interpretable results, and to support leadership in schools, networks, and central office by delivering timely and accurate school performance data and analysis.
- **Department of Education Policy & Procedures** communicate and facilitate the strategic implementation of Board policies and procedures to ensure equity and fair standards for all CPS students to drive student achievement
- **Department of Access & Enrollment** is responsible for ensuring that all students in District-run schools are enrolled through an efficient and equitable process. AE is also responsible for running a centralized testing and enrollment process for all traditional elementary and high demand high school programs, including magnet, military, IB, Selective Enrollment and CTE.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	934,799	1,438,277	1,265,192	1,168,380	1,224,063
Total Department	934,799	1,438,277	1,265,192	1,168,380	1,224,063

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	11	8	6
Total Department	11	8	6

OBJECTIVES

- Provide schools with a common vision for excellent schools, including expectations for student learning and high quality and rigorous instruction.
- Continue to narrow the achievement gap by supporting high quality curricular options, differentiated instruction, and targeted supports for students.
- Increase academic expectations by providing challenging opportunities to deepen student learning. Orient the daily work of academic departments to achieve excellent schools and create conditions for successful schools through supportive policies and procedures; and foundational systems, structures, and tools; building capacity to execute the work; and equitable alignment of resources.
- Ensure all academic departments are reciprocally accountable for the success of schools and are a value added resource to schools, students, and their families.
- Promote the use of data to drive decision making at the classroom, school, and central office level to drive continuous improvement.
- Help schools focus on the instructional priorities by ensuring that they receive high quality, streamlined, and timely communication from central office.
- Enact a district-wide structure and culture focused on supporting schools and proactive management to identify and remove systemic barriers to success through smart, cross-organizational collaboration.

MAJOR ACCOMPLISHMENTS

Development of a comprehensive, research-based, district-wide vision and strategic plan: The Chief Education Office announced a strategic three-year vision titled “CPS: *Success Starts Here.*” The vision

makes three commitments that build on recent successes and reflects the values and priorities of the administration:

- **Academic Progress:** Provide a high quality public education for every child, in every neighborhood, that prepares each for success in college, career, and civic life. CPS will continue to support student academic progress as demonstrated through improved test scores, record-high attendance rates, increased freshman-on-track rates, and increased graduation and college enrollment rates. The District will continue to expand access to IB, AP, STEM, and other proven programs to ensure that our students are prepared for a globally connected and changing world.
- **Financial Stability:** Financial stability allows CPS students to build on academic gains without disruptions to the classroom. Through innovative management and administrative practices, CPS can reduce costs by ensuring that CPS is run efficiently and effectively. The District will continue to take steps towards financial stability and urge the state to provide the equitable funding that Chicago students deserve.
- **Integrity:** By establishing trust and a shared vision, the District and its stakeholders can work collaboratively to achieve positive results. By prioritizing active communication and transparency, the District can engage with stakeholders, community members, and other partners to receive feedback about how to best serve the community.

Academic Quality Improving Throughout the District: The number of schools receiving the three highest School Quality Rating Policy (SQRP) rating in the District has grown from 451 in School Year 15-16 to 539 in SY 16-17. Additionally, the number of schools that receive the highest ratings continues to grow steadily and the number of schools that receive the lowest ratings is on the decline. Through continued targeted supports, CPS schools will experience continued progress throughout the academic spectrum.

In addition, Chicago Public Schools students' graduation rate continues to outpace their peers, growing more than three times faster than the national rate. In fact, even as the national achievement gap narrowed, CPS students also outpaced their peers. Nationally, the graduation rate for African American students grew 7.6 points, while CPS' analogous rate went up 12.6 points. The national rate for Hispanic students went up 6.8 points, while CPS' analogous rate went up 14.3 points.

Postsecondary Planning - "Learn. Plan. Succeed." Chicago Public Schools announced a new graduation initiative designed to guide postsecondary success for students of all levels by requiring that school staff meets with them to ensure that they have developed plans for life after graduation. CPS is the first large urban district in the country to require this postsecondary plan in order to receive a diploma.

"Learn. Plan. Succeed." is an evidence-based approach designed to support all students on a path to success after graduation—whether it's a two or four-year college, a career, an apprenticeship, an internship or the military. CPS will give credit to several recognized postsecondary paths to ensure a level playing field for all students. While CPS' goal is to make sure every student can graduate with the skills and resources to pursue higher education, CPS also believes that there is more than one path to a successful future.

Graduation Requirement Updates:

In order to better prepare our students for 21st Century postsecondary opportunities, the Chief Education Office led the updates of several high school graduation requirements this year:

- **Computer Science:** One credit of Computer Science is required

- Arts: students must still take two credits of the arts, but they can be in the same category if a student wants to pursue one area of interest deeper
- Financial Education: Changed from “Consumer Education,” students must complete this pass/fail non-credit bearing requirement
- Science: The three credits of science that students earn must be all lab sciences- biology, chemistry and physics
- Post-Secondary: Learn. Plan. Succeed was instituted to ensure students have an established post-secondary plan to graduate (*see above for more detail*)
- Civics: Students must earn one semester of civics
- Service Learning: Students must complete two service learning projects, with at least one of them integrated into their Civics course

Fostered Community Engagement Through Convening Councils:

The inaugural Teacher Advisory Council created avenues for teacher input and feedback on district initiatives and decisions. The council produced recommendations and projects to address teacher retention and morale. The CEO/CEdO Principal Advisory Council vetted district plans and projects while the Student Advisory Council created recommendations to improve feeder patterns for elementary and high schools in the district.

Central Office Coherence, Professional Development and Accountability:

CPS worked with UIC professor Dr. Shelby Cosner to deliver high quality and continuous professional development to Academic Chiefs and Directors in order to better align practices across Central Office and strengthen supports for schools.

U of Chicago’s Survey Labs helped CPS surveyed principals and assistant principals about Central Office supports. The survey allowed for school leaders to provide honest feedback on Central Office effectiveness and the results will be used to improve school support.

This past year CPS launched Academic Fairs to allow Central Office and Network Teams to increase alignment, understanding and best practices across the district. We hosted two fairs this year, each with an opening panel showcasing teachers and principals discussing their work and then a choice of breakout sessions for attendees.

Universal Enrollment “GoCPS!” Development:

GoCPS is a new online system that streamlines all of the application processes for CPS schools with the goal of promoting transparency, efficiency, and equity. Over the course of the past year, CPS has engaged parents, principals, students, and community leaders in the development of the common application through numerous stakeholder engagement sessions. GoCPS will be the central hub for researching, exploring and applying to pre-K, elementary and high school and offers a wide variety of school and program options.

KEY BUDGET INITIATIVES (FY18)

Support course and program expansion in order to provide students with increased access and attaining early college and career credentials. This includes strategic development and support of IB Programs, STEM programs, AP courses, Dual Credit and Dual Enrollment courses, JROTC, and CTE offerings.

- **Continue to support investment in STEM programs and professional development:** The Chief Education Office is seeking to expand STEM programs into more high schools in the upcoming

year in order to support the development of 21st Century Learning Standards and skills in more schools across the district. CPS will look to equitably distribute these programs, taking into consideration the landscape of programmatic offerings across the district.

- **Equal Opportunity Schools Initiative:** The partnership between CPS and Equal Opportunity Schools (EOS) is focused on increasing equity in AP and IB course enrollment across the participating schools through matching grants. In FY18, CPS will partner with EOS to support six high schools to expand access to AP and IB programs. These programs offer rigorous coursework, and are designed to prepare high school students for college. However, based on District enrollment, students of color are underrepresented in AP and IB classes. In both programs, white students are overrepresented while African American students are underrepresented. CPS will address this underrepresentation of qualified students of color.
- **Central Office Coherence and project management training:** In order to continue supporting Central Office with meaningful, and aligned professional development, CPS will provide training around project management for Academic Chiefs and Directors. Additionally, we will provide training on the HEART model for customer service and professional engagement for Central Office employees.
- **Launch “GoCPS”:** With the launch of GoCPS Common Application this fall, the Chief Education Office is keenly focused on training, user adoption and community education. The Chief Education Office will work to ensure a smooth transition to the common application and minimize issues with software operations to avoid confusion for students, families and schools.

Office of College and Career Success

MISSION

The Office of College and Career Success (OCCS) works with schools, Networks, and communities to ensure that every student at every grade level is provided individualized supports and opportunities to keep them engaged, on-track and accelerating toward success in college, career and life.

MAJOR PROGRAMS

- **Strategic management, leadership, and alignment for the five major departments within OCCS:**
 - Student Support and Engagement
 - Social and Emotional Learning
 - School Counseling and Postsecondary Advising
 - Early College and Career Education
 - Computer Science
- **Learn Plan Succeed:** LPS is a major initiative in partnership with the Chicago philanthropic community to create supports to help students plan for life after graduation. LPS is the first of its kind in the country and through a combination of targeted interventions, and supports, LPS will ensure that students are successfully planning for college, career and life.
- **Chicago Higher Education Compact:** Cultivate city and statewide task force of college partners to establish goals and drive supports for CPS students' college access, persistence, and success. Create a K-12 to Higher Education learning community where best practices, student data, and ambitious action is used to drive post-secondary success for CPS students.
- **STEM Ecosystem:** Collaborate with partners (museums, foundations, corporation, CBOs) to support STEM learning for Chicago school students. Chicago's BEST (Bringing Experts to STEM Teaching), a partnership between CPS, the University of Illinois-Chicago, National Louis University, and Chicago's corporate community, initiated a program to recruit and train experienced professionals in STEM (science, technology, engineering and math) fields to become teachers in CPS schools.
- **Competency-Based Learning:** As part of the state's recently enacted *Postsecondary and Workforce Readiness Act*, Chicago Public Schools will pilot competency-based learning in six schools beginning in the 2018-2019 school year. This year will be a planning year as we look at creating systems and structures to truly measure what a student demonstrates s/he knows and where students advance once they have demonstrated mastery, and receive more time and personalized instruction if needed.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	554,808	444,291	307,253	299,068	455,368
Total Department	554,808	444,291	307,253	299,068	455,368

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	3	2	3
Total Department	3	2	3

MAJOR ACCOMPLISHMENTS

- Enhanced performance management practices and data tools to drive sound planning, implementation with fidelity, outcomes that meet/exceed targets, and continuous improvement.
- Launched Chicago's BEST (Bringing Experts to STEM Teaching) at an event in December to develop a pipeline of STEM teachers in coordination with corporate and higher education partners. Baxter International Inc. and Accenture are the first two companies to join with Chicago's BEST and will be instrumental in helping transition STEM professionals into teaching roles in District-run schools.
- As part of the state's recently enacted *Postsecondary and Workforce Readiness Act*, Chicago Public Schools was selected as one of 10 districts statewide to pilot competency-based learning for the 2018-2019 school year. Six schools (Gwendolyn Brooks College Preparatory Academy HS, Southside Occupational Academy High School, Robert Lindblom Math & Science Academy HS, Consuella B York Alternative HS, Benito Juarez Community Academy High School, and Walter Payton College Preparatory High School) will participate in the pilot.

Office of Communications

MISSION

The Office of Communications promotes the District’s vision, mission, activities and priorities, as well as aids schools by promoting their good work and assisting in crisis situations, through a full range of tools, channels and strategies designed to engage key internal and external stakeholders.

MAJOR PROGRAMS

Communications Administration: The Office plans, manages and executes the District’s communications to inform the public and all stakeholders about the initiatives and activities of the District. We provide proactive communications support to all departments, networks, and schools in situations involving media, digital and web content, stakeholder communications and other internal and external communications.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditure s	2018 Proposed Budget
General Fund	1,462,085	1,900,845	1,602,854	1,420,407	1,826,541
Title Funds	0	120,101	9,361	9,361	0
Total Department	1,567,254	2,020,946	1,612,214	1,429,768	1,826,541

*Title funds were spent on a position that Transferred to ITS during FY17

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	15	14	14
Title Funds	1	0	0
Total Department	16	14	14

MAJOR ACCOMPLISHMENTS

- Launched social media campaigns to celebrate teachers [#ThankATeacher] and the Class of 2017 [#BetterMakeRoomChicago] which garnered nearly 13,000 engagements and more than 700,000 views.
- Enhanced online communication channels to help parents and the public access key information about major announcements and activities. To date:
 - The blog received more than 200,000 unique visits in FY17;
 - CPS’ Facebook account has grown to nearly 53,400 followers;
 - CPS’ Twitter account has grown to nearly 36,200 followers;
 - CPS launched an official instagram account at @ChiPubSchools
- Assisted with launch of GoCPS, the district’s new common application system, including promoting use of website and creating materials for distribution to schools and students.

KEY BUDGET INITIATIVES

- Continue to align Communications' resources to best communicate with CPS families, principals, members of the media, as well as other key internal and external stakeholders.

Department of Computer Science

MISSION

The Department of Computer Science, building on the foundation of the groundbreaking CS4All initiative, provides access to rigorous, relevant computer science courses and lesson units, facilitates the design and development of high quality, Computer Science learning environments that incubate innovative thinkers, creativity and collaboration. Working to ensure a successful implementation of the new CS graduation policy, our goal is to increase student preparedness for the opportunities of the 21st Century. Our department also engages in multi-tiered supports for teachers, school leaders, counselors and other school, network and central office staff in order to develop a healthy culture of success around this new core subject.

MAJOR PROGRAMS

- **High School Computer Science Graduation Requirement** is a key program of the Department of Computer Science (CS). CS works to facilitate this requirement and ensure schools and educators have the proper supports to implement the requirement for the class of 2020 and beyond.
- **Ready, Set, Go Framework** builds a foundation of computer science teaching and learning equitably across the district. This framework divides teaching, learning and assessment of computer science skills into 3 phases:
 - **Ready:** In K-5, students are exposed and introduced to computer science and higher-order thinking skills in the primary space;
 - **Set:** In grades 6-8, students integrate computation into science and math with the goal of preparing students to pass the algebra exam, and further prepare students with activities designed to increase persistence and confidence, preparing them for success in high school, and
 - **Go:** In high school, students have a growing pathway of computer science courses that provide foundational knowledge for students no matter what they choose in their post-secondary pursuits.
- **City of Learning CS Badges** is a micro-credential program developed to give students opportunities to work out of school on projects parallel to the Exploring Computer Science course and receive additional out of school opportunities as they achieve.
- **Sprint 1Million Program** is a 5-year program that will put over 25,000 Internet-accessible devices into the hands of students across the district. The purpose of this program is to increase student access to the Internet outside the classroom and along with it, their ability to complete homework and other projects. This project will also provide technical experience to students via summer internships and ongoing tech support activities during the school year.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	0	0	0	0	462,378
Title Funds	0	0	0	0	248,100
Other Grants	0	0	0	0	1,323,530
Total Department	0	0	0	0	2,034,008

New department in FY2018 from part of Early College and Career Education

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	0	0	3
Title Funds	0	0	2
Other Grants	0	0	10
Total Department	0	0	15

New department in FY2018 from part of Early College and Career Education (ECCE). 11 positions moved from ECCE, and 4 are new grant-funded positions.

MAJOR ACCOMPLISHMENTS

- In February 2016, the Board of Education passed a revised graduation policy that now includes a one-credit Computer Science requirement beginning with the class of 2020. 4,870 freshman enrolled in a CS course this year.
- The department supported 164 schools in implementing Computer Science for All (CS4All). 52 additional schools will implement CS4All in SY 17-18, for a total of 195 schools (113 Elementary Schools and 82 High Schools).
- The department has hosted several pilot programs to expand non-technical skill exposure into middle school.
- Working with Illinois State University (ISU) and a coalition of computer science education advocates, we worked to help ISBE update the CS credential for teachers. We also formed the first cohort of CS teachers, including teachers outside CPS, to pursue this credential. This effort will help attract and train existing teachers in the district and pre-service teachers in Illinois to help support the graduation requirement.
- This year, 113 elementary schools will offer CS, or 24 percent of all CPS elementary schools. This milestone will put CPS ahead of our goal of 25 percent within five years.
- This summer, we will pilot our first externship program for teachers. Four teachers were chosen to work for our partner, Chicago Mercantile Exchange in the IT department. These teachers will gain hands-on work experience in a high-tech company and bring those experiences back to their classrooms and share them with other teachers via lesson units to be developed from their 5-week experience.

- We will expand our Peer Coach/Master Teacher model in support of implementing the new graduation requirement.

KEY BUDGET INITIATIVES

- This will be the first year we will begin the year with a fully staffed Department of Computer Science. Adding four Computer Science Integration Specialists and one manager, we will be able to spend time in schools giving support to principals and teachers at their various levels of implementation.
- With the support of Education Pioneers, we will be able to define key metrics to capture computer science penetration into the K-8 space and to further define the impact of CS on high school student success.
- Our department will continue to support and increase the number of high schools implementing the new Computer Science (CS) graduation requirement. This will be the heaviest lift over the next four years. We will also continue to expand the number of elementary schools participating in the program, which will provide a pipeline of better-prepared students for high school success.
- We will continue to build out curriculum and instruction support that provides targeted, job-embedded professional development in computational-thinking instructional practices, including: authentic assessments, cooperative learning, project and program-based learning.
- We will continue Leadership Institute for the ongoing development of school and district leaders to support high-quality Computer Science learning environments.
- We will continue to support development of support staff through quarterly school counselor and scheduler outreach with the objective of arming these key stakeholders with the information useful for their support of student planning and matriculation.
- We will continue to build teacher capacity via extensive professional learning and through additional teacher cohorts seeking the CS credential via courses at Northeastern Illinois University and Illinois State University.

Office of Diverse Learner Supports and Services

MISSION

The Office of Diverse Learner Supports and Services (ODLSS) provides high quality specially designed instructional supports and services for all diverse learners within their least restrictive environments. ODLSS works collaboratively with schools, networks, students, families, and other external stakeholders to prepare students for success in college, career and life success. This team provides the tools, guidance, supports, and services necessary to ensure that all Diverse Learners receive meaningful, rigorous and relevant access to grade-level core instruction within their neighborhood school, school of choice or the school closest to their residence.

MAJOR PROGRAMS

Service Delivery: Diverse Learner Service Delivery works to provide both direct and consultative services to students with disabilities. Citywide itinerant teachers provide direct and consultative services to students who are blind or have a visual impairment. Services provided include instruction on the expanded core curriculum, orientation and mobility, and curriculum access. Citywide itinerant teachers also provide direct or consultative services to students who are deaf or have a hearing impairment as well as to students who must receive services in a hospital setting due to a medical or psychiatric condition. Assistive technology itinerant staff support students (ages 3-21) who require services or devices as noted in student's Individualized Education Program (IEP) or 504 Plan in the areas of communication or curriculum. Devices are allocated for student usage and mitigate visual, physical, and curricular-access barriers. Services provided include assessment, equipment allocation and customization, training, and repair. Citywide travel trainers and transition specialists deliver secondary-transition supports, services, and opportunities for transition age students in collaboration with outside agencies including the Department of Rehabilitation Services. The transition team is responsible for the Illinois State Board of Education (ISBE) Indicator 13 and 14 audits and supports school teams to meet compliance for these two indicators.

Supports and Services: Diverse Learner Supports and Services provides guidance for special education and limited general health requirements, medical compliance and direct and indirect mandated IEP/504 services, managing a team of over 1,300 related services providers (RSPs). Services include: nursing, psychology, social work, speech-language pathology, occupational therapy, audiology, physical therapy, and the citywide assessment teams (CATs). The CATs are responsible for completing assessment planning, evaluations, eligibility determinations and IEP development for students who are determined to be eligible for services, as well as for the district's non-attending students in accordance with the Individuals with Disabilities Education Act (IDEA). This includes preschool age eligible children who are aging into CPS as well as students who are parentally placed in private schools in the City of Chicago or who reside in Chicago or both. The citywide assessment teams also consist of citywide teachers and RSPs who conduct child find activities and developmental screenings. Citywide Early Childhood Special Education itinerant teachers provide direct instruction, as well as support for the transition and enrollment of students moving from early intervention, community-based Head Start programs into CPS schools.

Supports and services also ensures that special education services are provided to all students with IEPs and 504 plans in compliance with state and federal legal mandates.

ODLSS school assignment teams identify school locations that can meet the educational needs of Diverse Learners, including those students who cannot have their full needs met within a regular school setting and may require drug treatment programs, services in a residential program, or services in a private therapeutic school.

Quality Instruction: ODLSS works to support educators throughout the district so that they are able to provide high quality instruction that meets the needs of every student's IEP. ODLSS helps support quality instruction by assigning a special education administrator (SEA) to each network to provide instructional guidance and coach special education teachers. In addition, professional development is offered to all special education teachers and general education teachers on best practices on inclusionary instruction and quality indicators for cluster programs. The goal is to provide coaching and professional development in each network and on an on-going basis in order to support positive academic outcomes for special education students.

Procedures & Standards: Procedures and Standards is responsible for ensuring the district's compliance with federal and state laws governing the identification, evaluation, placement, and provision of a free appropriate public education, including procedural safeguards, for students with disabilities.

The Procedures & Standards unit includes district representatives (DR) that work with network offices, principals, and case managers to ensure that all IEPs are created on an equitable basis, pursuant to state and federal laws as well as adhering to ODLSS internal procedures for the district. DRs attend IEP meetings throughout the district and have the authority to commit resources and services for students with disabilities. DRs work with principals, case managers, and special education teachers in all district, charter, contract, and non-public schools to determine the appropriate learning environment for each student and to support IEP decisions for students with disabilities. The unit also includes behavior analysts that build district capacity to provide and monitor evidence based behavioral strategies for students with disabilities, including autism, that exhibit behavioral needs. Other key administrators and attorneys in the Procedures & Standards unit will represent the district in due process/504 hearings and mediations; coordinate and oversee the investigation of state complaints and 504 complaints; assist with the resolution of disputes involving school staff and parents who challenge the identification, evaluation, services, or placement of students with disabilities; provide technical assistance to parents, school administrators and other school personnel regarding special education laws, procedures and compliance requirements; support meaningful parental participation; and provide technical assistance to school administration with respect to disciplinary procedures for students with disabilities.

Resource Management and Accountability: Resource Management and Accountability provides financial and operational support to schools, networks, and central office departments including allocation of special education teachers, paraprofessionals, and centrally-managed related service providers to schools. The unit focuses heavily on data analytics to provide guidance in order to make informed decisions around instruction, resource allocations, and student progress. An increased focus on data analytics will allow the department to focus on schools or networks that require increased instructional support and help to identify programs that are effective and create growth for our students with disabilities.

Professional Development: Professional Development is responsible for designing, coordinating, and implementing all ODLSS professional development and follow-up, which includes progress monitoring and evaluation of professional development effectiveness for central office, networks, and schools. Professional Development is facilitated by the DR or SEA for each network with intentional and strategic goals and objectives as well as ongoing supports and feedback to ensure that implementation of PD is effective and promotes systemic change in instruction. Professional development helps build professional capacity to support increased student growth, development and student success. The ODLSS professional development department will collaborate with Teaching and Learning, OLCE, and other departments in

an effort to provide the most comprehensive professional learning opportunities for CPS staff.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	201,642,625	223,921,218	223,253,618	209,868,310	220,527,948
Other Grants	19,565,512	16,529,415	19,787,659	18,595,953	20,250,093
Total Department	221,208,137	240,450,633	243,041,277	228,464,264	240,778,042
Budgeted at Schools	585,670,998	201,029,601	232,602,689	209,177,609	239,168,503
Grand Total	806,879,135	441,480,234	475,643,966	437,641,873	479,946,545

**Beginning in 2017, the “Budgeted at Schools” amounts exclude funding for special education teachers and paraprofessionals for non-cluster students at district-run schools because those funds are allocated through SBB. The 2017 approved budget includes \$397,297,253 of diverse learner funding added to SBB funds. The 2018 proposed budget includes \$375,366,000 of diverse learner funding added to SBB funds. The amount is lower in 2018 because the district has allocated more centrally-funded paraprofessional positions to schools with cluster programs.*

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Funds	1430.5	1406.5	1406.5
Other Grants	130.5	155.6	155.6
Total Department	1561.0	1562.0	1562.0
School Based	1382.0	1650.4	2161.9
Grand Total	2943.0	3212.4	3722.9

**2018 school-based position allocations are for centrally managed special education cluster programs at district schools, specialty schools, and district-run options schools. ODLSS increased the number of cluster positions for FY18. See more information in the Schools chapter.*

MAJOR ACCOMPLISHMENTS

- Developed a consistent process throughout the district with standards, procedures, and policies that ensure a successful Free Appropriate Public Education is available to children with disabilities and that special education and related services are provided in conformity with a written IEP and in the Least Restrictive Environment.
- Provided direct network supports for principals, case managers and special education teachers through the new district representative roles.
- Provided instructional supports for principals and special education teachers in resource rooms and cluster programs through the new special education administrator roles.
- Completed early childhood assessments by utilizing a play-based assessment model and altering roles of citywide assessment team members.
- Provided instructional and coaching supports to special education teachers in programs for students who require intensive academic supports.

- Hosted transition events in collaboration with community partners to create connections for high school students with services and employment opportunities (e.g., Department of Motor Vehicles, Department of Human Services, potential employers).

KEY BUDGET INITIATIVES

In FY18, schools received a funding 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 ODLSS. This is a change from FY17, when funding was based on spending in the previous year.

Schools have also received a separate FTE allocation for cluster programs, which includes special education teachers and SECAs for each classroom and dedicated supports. The cluster programs will receive an FTE allocation, which will be centrally funded by the district.

Office of Early Childhood Education Services

MISSION

The Office of Early Childhood Education (OECE) is committed to engaging young learners in high-quality educational experiences that support and respect the unique potential of each individual through best professional practices and meaningful family and community engagement.

MAJOR PROGRAMS

School-Based Early Childhood Preschool Programs

- **Chicago Early Learning Preschool Programs:** Provides high-quality full- and half-day preschool programs for children ages 3-5 in CPS buildings, primarily for at risk children. Students are taught by appropriately certified teachers and teacher assistants. Funding and supports come primarily from the Illinois early childhood block grant and federal Head Start funds.
- **Child Parent Centers (CPC):** Child Parent Centers provide comprehensive child and family support services in 19 locations across the city, focused in high need community areas.
- **Tuition Based Preschool (TBP):** The TBP model was developed in an effort to provide preschool programs for working families in need of quality early childhood education and care programs in 16 classrooms at 12 sites. Schools must identify 20 families that are in need of these services and able to pay the tuition. The costs for these programs are fully covered by the tuition charged to families.
- **Social Impact Bonds:** Through an intergovernmental agreement with the City of Chicago, CPS is using social impact bonds to expand the early childhood education program and increase access to over 2,700 students across the city. This advances CPS' goal of providing universal Pre-K for children in poverty in Chicago.

COMMUNITY PARTNERSHIP PROGRAMS

- **Community Partnership Program-Community Based Preschool for All, Prevention Initiative and Home Visiting Programs (birth -5 years old):** In SY17-18, CPS will sub-grant a portion of the Illinois early childhood block grant to the Chicago Department of Family and Support Services (DFSS) to provide funding and oversight to community based organizations providing preschool, prevention initiative and home visiting services to benefit approximately 14,000 children. Recognizing the importance of reaching children at an early age, CPS has shifted resources to DFSS for the administrative alignment of funding with the following goals:
 - Support community based programs to comprehensively focus on children and families;
 - Provide a coherent vision of quality services focused on children and families for community-based early childhood providers;
 - Create a funding structure that allows the city to adequately fund programs;
 - Reduce eligibility barriers for children and families at the individual community-based organization level;
 - Provide coherent, comprehensive quality improvement supports for community-based providers; and
 - Build on the unified technology platform.

Early Childhood-Intergovernmental Agreement for the Early Learning Investment Program (IGA): DFSS and CPS have an agreement to invest in high quality early childhood education for students most in need through support of Pre-K programs in the highest need communities. The chart below indicates where the 500 full-day seats are located throughout the district.

Community Area	Number of FD Seats
Auburn Gresham	20
Austin	60
Douglas	20
East Garfield Park	80
Englewood	120
Grand Boulevard	40
Greater Grand Crossing	20
Lower Westside	20
Near Westside	20
North Lawndale	20
Rogers Park	20
Roseland	40
Woodlawn	20
Total	500

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	243,830	553,520	549,304	288,954	1,013,976
NCLB	1,056,523	162,664	210,986	51,065	191,863
Other Grants	65,671,343	66,386,141	78,465,657	72,509,720	72,012,612
School Generated	159,784	458,062	332,912	148,869	141,982
Total Department	67,131,480	67,560,386	79,558,859	72,998,607	73,360,432
Budgeted at Schools	112,132,582	153,203,582	139,916,377	138,850,908	131,681,833
Grand Total	179,264,062	220,763,968	219,475,236	211,849,516	205,042,265

*\$27,007,127.00 budgeted centrally to be allocated to school based expenditures.

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
NCLB	1	1	1
Other Grants	114	119	119
School Generated	1	1	1
Total Department	116	121	121
School Based	1694	1653	1671
Grand Total	1810	1774	1792

MAJOR ACCOMPLISHMENTS SY16-17

Full Day Program Expansion. As we work to continue to expand full day programs throughout high-need community areas, we were able to provide 296 full-day classroom options during SY16-17. This is an additional 57 full day classrooms over last school year, a 24% increase. For SY17-18 we will increase the number of full day classrooms from 296 classrooms to 375 classrooms, an increase of 79 additional classrooms from the previous school year.

- **Parent Engagement Supports** - OECE parent engagement specialists and OECE school community representatives provided citywide and community resources and referrals to families and supported teachers and families to improve the attendance of chronically absent preschool students. In addition, families received opportunities to participate in onsite parent meetings, home-school connection projects, city-wide resource fairs, events and activities.
- **Social Emotional Development Supports** - OECE Social Emotional Specialists and community agency mental health specialists provided resources and strategies in 55 classrooms to support students' social and emotional development through parent meetings and consultations, classroom and individual student observations, and teacher supports.
- **Parent Engagement** - OECE hosted several events to engage parents. Citywide events for SY 16-17 included: What's Cooking with Dad and MALE Empowerment Groups working in collaboration with CPS Parent University. In SY 16-17 OECE also worked to provide a robust literacy program for families to build parent's capacity around improving child literacy skills.
- **Teacher Leadership** - OECE worked to expand teacher leadership across preschool through second grade. The "*Learning Leaders*" Initiative worked with 40 teacher leaders and aimed to build upon the successful framework specialist model in CPS to develop a scalable approach to teacher leadership that builds teacher expertise within the district.

- **Summer Institute** - In August 2016, the fourth annual Ready...Set...Teach! Summer Institute served over 1,200 preschool through second grade teachers, teacher assistants, and district staff in over 100 sessions focused on deepening their content knowledge and ability to implement strategies to engage students meaningfully in learning, as well as build a cohort of teacher leaders to scale professional learning for the SY 17-18 Summer Institute.
- 2016 was the first year of a collaboration with DFSS to host a Head Start Parent Conference where 1,000 current and prospective parents, families, guardians and caregivers of students in Head Start programs were provided a full day of workshops focused on parent empowerment. Topics included employment readiness, resources for parents of young children, preschool program options, early literacy, English as second language supports, diverse learning needs, and a range of services provided by partner non-profit agencies.

KEY BUDGET INITIATIVES SY17-18

- Increase access to comprehensive services for 62 additional schools across the district.
- Provide schools implementing Universal Preschool with a stipend to fund resources and supports.

Office of Early College and Career Education

MISSION

The Office of Early College and Career Education (ECCE) provides access to rigorous, relevant college-level and career-focused courses and facilitates the design and development of high quality, sustainable Science, Technology, Engineering and Math (STEM) learning environments that accelerate students toward postsecondary success by offering college credit, professional credentials and work-based learning.

MAJOR PROGRAMS

- **Career and Technical Education (CTE)** programs engage students in advanced, career-focused curriculum, industry certification opportunities and work-based learning to drive increased graduation, college enrollment, and employability rates.
- **Early College** programs focus on providing educational options for students to gain college credits, experiences, and rigor while in high school. This work includes: Early College STEM Schools (ECSS), Dual Credit, Dual Enrollment and CTE programs.
- **Early College STEM Schools** consist of six school-based programs designed to increase the number of students that graduate with early college credit, increasing the number of students who graduate college-ready in math and science, and increasing the number of students that graduate with an AS/AAS in IT. Program elements include early college courses, school-wide STEM instruction, work-based learning, STEM enrichment and IT career pathways.
- **Saga Innovations Math Tutoring Program** is an intensive math tutoring program for 10 high schools. The program provides 1:3 tutoring support to 9th and 10th grade students who are two grade-levels below in math. In SY17, the program will serve approximately 1,600 students in 12 schools.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	1,211,628	1,559,290	1,515,811	1,153,681	1,164,556
Title Funds	0	1,012,640	551,764	384,336	2,831,849
Other Grants	5,772,144	11,919,051	7,776,219	6,584,740	10,879,056
Total Department	6,983,772	14,490,981	9,843,794	8,122,757	14,875,461
Budgeted at Schools	3,281,715	628,216	5,043,159	4,544,940	644,132
Grand Total	10,265,487	15,119,197	14,886,953	12,667,697	15,519,593

CTE grant funds are held centrally to start the fiscal year and subsequently transferred to schools, where the bulk of spending occurs.

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	5	4.7	1.7
Title Funds	0	3.5	0
Other Grants	29	35.8	31.3
Total Department	34	44	33
School Based	6.8	6.8	6.8
Grand Total	40.8	50.8	39.8

Computer Science launched in FY17 and is becoming its own department in FY18. The Computer Science Department is responsible for 15 positions, 11 of which moved from Early College and Career.

MAJOR ACCOMPLISHMENTS

- Expanded early college access from 10 to 11 partnerships with 4-year institutions.
- Expanded our model with City Colleges of Chicago (CCC) by including Options Schools, having CCC faculty teach at the high school level and creating early college options for CTE.
- 62 high schools implemented nearly 190 dual credit courses in SY17, up from 60 schools SY16. Enrollments in dual credit and dual enrollment programs totaled more than 7,600, surpassing our FY17 goal of 7,500.
- Compared to SY15, students earned nearly 13 percent more industry certifications in SY16. CTE students earned 4,266 certifications.
- Launched “Chicago Builds,” a citywide CTE program focused on the trades - electricity, advanced carpentry, HVAC, welding, and general construction. Opened 12 other new CTE programs in 10 schools across the city.
- Continued focus on work-based learning through strategic partnerships to facilitate nearly 1,700 internship opportunities in summer 2016.
- 2,198 seniors took CTE Nationally Standardized Assessment in 25 different pathways, including agricultural education, allied health and architecture.
- Launched pilot STEM Certification process at 15 schools to evaluate, measure, and support progress for STEM integration.
- Implemented 3rd year of K12 STEM Leaders Institute to support and develop administrative leaders of STEM schools.
- Early College STEM Schools (ECSS) had a 20% increase in early college enrollments over SY16 (at a pass rate over 85%).
- Early College STEM Schools had 7 graduates with both their high school and associate's degree from Sarah Goode STEM Academy.

KEY BUDGET INITIATIVES

- Launch second cohort for “Chicago Builds,” a citywide CTE program focused on the trades. Students will participate in a two-year program geared towards exposing them to various trades, preparing them for apprenticeship opportunities and engaging in certification and work-based learning

opportunities.

- Expand dual credit and dual enrollment programs to reach goal of 8,750 enrollments in SY 2017-18. In FY18, 17 additional high schools will be approved to offer dual credit, bringing the total number of high schools offering dual credit to nearly 80.
- STEM Specialists to provide targeted, job-embedded professional development in STEM-focused instructional practices, including: authentic assessments, cooperative learning, technology integration and transdisciplinary planning.
- Identify expansion opportunities for the Early College STEM model in high-demand industry (e.g. Health Sciences).
- Launch official STEM Certification for STEM Initiative (District-supported) schools; this certification process is a means to measure and improve program quality.

Executive Office

MISSION

The Chief Executive Officer is responsible for ensuring that the District's mission of providing a high quality education to every child in every neighborhood is realized, steering innovations that improve academic outcomes, and putting the District's finances on stable footing.

MAJOR PROGRAMS

Executive Administration: Lead the District's administration, including providing world-class education options that prepare all students for success and stabilizing the district's finances.

Chief of Staff: Directs the activities of senior leadership across departments to ensure strategic coordination in achieving the CPS mission.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	1,520,084	1,410,037	1,505,129	1,419,452	1,295,792
Total Department	1,520,084	1,410,037	1,505,129	1,419,452	1,295,792

POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
Fund	8	8	8
Total Department	8	8	8

KEY BUDGET INITIATIVES

- Position CPS to be more fiscally stable by adopting strategies that eliminate inefficiencies, streamline operations, and reduce non-classroom costs. Continue to promote policies and initiatives that maximize resources for the classroom.
- Provide all students with the opportunities they deserve and with the resources they need to realize their full potential. Treat every student as an individual by tailoring resources to support their unique learning needs.
- Improve academic quality at all schools through investments in school leadership and real-time data to improve classroom instruction.
- Build on the foundation established by recent legislative measures to secure education funding reform that treats Chicago children equally.

- Foster increased trust in the District through improved transparency and communication with all stakeholders.

Department of Facilities Operations and Maintenance

MISSION

The Department of Facilities Operations and Maintenance serves to keep schools safe, warm and dry while providing the best learning climate for students.

MAJOR PROGRAMS

- **Capital - New Construction and Renovation:** Develops building projects and budgets for consideration in the District's capital plans and ensures standards are implemented and project scopes meet the priorities of the District. Helps ensure buildings are warm, safe and dry, and creates new buildings and annexes to alleviate overcrowding.
- **Engineer Services:** Engineer services are provided to schools to keep critical building infrastructure and mechanical systems operational and to ensure maximum building safety, functionality and long-term durability.
- **Custodial Services:** Custodial services are provided to schools to keep facilities clean and habitable for students and staff. In FY14, Aramark Management Services was hired to manage Board-employed custodians and custodial service vendors. Under Aramark, CPS has transitioned to a new service model, with schools staffed by one custodian during the day and deep cleaning done during non-school hours, resulting in cleaner schools at a lower cost to the district.
- **Waste Removal:** Schools are provided with uninterrupted trash and recycling service including collection, disposal and equipment necessary for collection. Each school has waste and recycling dumpsters appropriate for building size and capacity.
- **Energy:** Develops projects to reduce the overall consumption of energy usage and spend across each school. Strategically plans the procurement of natural gas and electricity.
- **Integrated Facilities Management (IFM):** In FY15, CPS initiated a pilot asset management program at 33 schools, in which one vendor - SodexoMagic LLC - provides all asset management services at each school. These services include engineer and custodial work, O&M repair work, various trades, landscaping, pest control, energy management and snow removal. Due to the success of the program, the pilot was expanded to serve 87 schools in SY 16-17, and in January 2017 the Board of Education voted to begin a districtwide expansion of the program.
- **Real Estate:** The Real Estate department manages the sale of all surplus assets, including the portfolio of closed school buildings from the 2013 school actions. The department also oversees all real estate contracts throughout the District, including leases, school license agreements, telecom agreements, venue rental contracts and intergovernmental agreements with other agencies. Real Estate ensures that CPS property is utilized such that it: (1) generates discretionary income for the district; (2) creates strategic partnerships that benefit CPS; and (3) minimizes leasing costs.
- **Other Contractual Services:** In order to reduce costs and increase the quality of services, the District manages 15 contracts centrally with five new contracts added to the District's portfolio of goods and services in FY15. Current contracts include various trades, environmental contractors, emergency restoration contractors, maintenance, repair and operations (MRO) supplies, landscaping, pest control, elevator maintenance and inspections, fire extinguishers, pumps and sprinkler maintenance and service, backflow services, HVAC water treatment and pool chemicals.

Budget Summary

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	274,021,531	333,502,148	319,229,581	356,680,363	335,235,787
Other Grant Funds	1,329,496	1,349,455	1,706,177	1,369,487	1,129,154
Total Department	275,351,727	334,851,603	320,935,758	358,049,850	336,364,941
Budgeted at Schools	13,223,015	0	13,864,946	13,823,655	0
Grand Total	288,584,742	334,851,603	334,800,704	371,873,505	336,364,941

* FY18 proposed budget includes a \$5M increase in utility costs and \$3M related to cost of living increases mandated by collective bargaining agreements.

*All funds within the Facilities budget are budgeted and managed centrally. Throughout the year, as school repair and maintenance needs are identified, funds are transferred to and spent within school units, reflected in the "Budgeted at Schools" total.

Position Summary

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Funds	21	22	22
Title Funds	0	0	0
Other Funds	1384	1384	1099
Total Department	1405	1406	1121

MAJOR ACCOMPLISHMENTS

- Expanded the Integrated Facilities Management model from 87 schools to 214, combining asset management functions – custodial services, engineer services, repair work landscaping, pest control – in a more efficient service delivery model.
- Achieved nearly 96 percent APPA 2 level building cleanliness across CPS portfolio.
- Saved approximately \$15 million in FY17 through contracting with Aramark for custodial services. These real savings enabled CPS to keep dollars at schools for instructional purposes.
- Achieved 84% principal satisfaction for Integrated Facilities Management Model.
- Implemented energy conservation measures that include updating Building Automation Systems (BAS) to increase optimization and reduce costs.
- Initiated implementation of a \$730,000,000 Capital Plan which is comprised of 4 new schools, 8 additions, 3 modular units, programmatic improvements, 5 space to grow projects and 20 major school renovations.
- Completion of a three-year project at Edwards Elementary School. Phase 1 was an addition. Phase II was renovation of the existing school, roof and tuck-pointing.
- Developed with the Education Department a prototype for personalized learning spaces. This pilot program is consists of nine schools receiving upgrades to four of their classrooms each.
- Completing the initiative to have a playground at every school (where feasible) this summer.
- Completed installing window air conditioners in nearly all schools. The five remaining schools will

receive air-conditioning this school year as part of a larger ongoing capital project.

- Reduced management cost by 20% by implementing a centralized program management office.
- Lane Tech's renovation project received two awards from the Chicago Building Congress: the 2017 merit award for renovation and the owner's choice award.
- Completed testing all schools for lead in the water. Established a protocol for maintaining a safe level of drinking water. Replaced or repaired all drinking fountains and sinks with elevated level of lead.
- Realized a cost saving in renovation projects by not bidding individual projects. Multiple projects were grouped and bid together to reduce general contractors' management cost.

KEY BUDGET INITIATIVES

- Continue to expand the IFM program to increase the quality and cleanliness of CPS school buildings.
- Continue to streamline management costs by strategically expanding and contracting management personnel on projects.
- Implement a web-based project management system to centralize all project and program management processes. This will reduce man power cost in project and program management.
- Implement a web-based property management system to aid in establishing synergies between departments by locating cross functional teams. This will reduce manpower in managing six central office areas.
- Evaluate current specifications and technical standards to find more efficient and less expensive systems or materials to use in construction.

Family and Community Engagement in Education

MISSION

The office of Family and Community Engagement works to empower students, teachers and parents to ensure success in the educational process.

- Students are empowered to have more ownership over their learning
- Teachers are empowered through support systems
- Parents are empowered to be active stewards of their child's educational process

MAJOR INITIATIVES

- **Network Family and Community Engagement in Education (FACE²) Managers:** Nurture strong student support structures by fostering better informed, empowered, and engaged parents. FACE² Managers work with each Network to conduct parent workshops, implement district attendance and truancy strategies, conduct community needs assessments, and provide targeted outreach.
- **Parent University, Parent Training Centers and Parent Engagement Centers:** Physical locations that provide parents/community with experiences intended to support a new outlook on education and the learning process that will transfer into positive outcomes for our students. Services may include GED classes, technology, and health and wellness classes.
- **Parent Engagement:** Creating an authentic academic atmosphere leveraging digital platforms that support personalized learning and engage parents in a process that mirrors their students' learning experience.
- **Faith-Based Initiatives:** A partnership with the faith-based community to provide education advocacy and crisis support services to CPS families. The Safe Haven program provides leadership and social-emotional programming in targeted communities. This program is provided to students at no cost during after-school hours; and over the winter, spring, and summer breaks.
- **Community Relations:** Facilitate meetings and workshops through Community Action Councils (CACs) that aid the development of community-specific educational plans.
- **Community Engagement:** Conduct community dialogue and focus groups, and build leadership capacity through community conferences to support student outcomes.
- **Back-to-School Campaign:** An aggressive grassroots approach to building awareness, as well as ensure families are prepared, for strong attendance on the first day/week of school.
- **Local School Council (LSC) Relations:** Conduct LSC elections and train/support LSC members in fulfilling their statutory duties, which include principal evaluation, retention and selection, approval and monitoring of school budgets, and monitoring LSC members' compliance with statutory mandates.
- **21st Century Learning:** Resources designed to create and curate virtual curriculum, build capacity in students, educators, and community, and manage processes and systems that support the district's vision around personalized learning. Utilizing digital content to close the generational learning gap and advance the skill sets of stakeholders.
- **CPS Connects:** Virtual and in-person student opportunities to take ownership over their own learning.
- **Title I Parent Involvement:** Facilitate parent involvement in Title I schools by working with principals and parents to comply with mandates for programming supported by Title I funds.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Funds	6,366,914	5,160,533	5,551,094	4,687,935	5,788,402
Title Funds	2,597,295	1,982,563	1,588,300	1,481,319	2,354,107
Total Department	8,964,209	7,143,096	7,139,394	6,169,254	8,142,509

The Safe Haven program received a new grant of \$1 million from the City of Chicago in FY17 that will be spent in FY18.

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Funds	29	32	33.2
Title Funds	14	12	11.8
Total Department	43	44	45

- FACE² strategically restructured Title I Parent Involvement responsibilities, staffing, and LSC Election planning to support cost-saving initiatives across the district for FY18.
 - Moved Title I Parent Involvement supports to FACE² Managers who are already working with parents and community members, freeing up LSC Relations staff to focus on LSC supports.
 - Reduced total cost of Back to School, while still maintaining the programming that has proven to be successful in driving attendance in the first week.
 - Found ways to use Title I Parent Involvement funds to support department efforts, freeing up general funds for other priorities.

MAJOR ACCOMPLISHMENTS

- Continued support of Safe Haven Program at 110 sites across the city. Provided services such as anti-bullying curriculum to over 4,500 children during summer, winter, and spring intercessions as well as after school.
- Through the CPS Connects initiative, over 66,000 students and 400 schools participated in LearnStorm, providing them free, Common Core aligned, supplemental math programming that could increase their mastery of math skills and "hustle."
- Trained LSC members on roles and responsibilities, conducting effective meetings, school improvement plans, budgeting, principal evaluations, retention, and principal selection.
- Launched a Parent University campus at Perez Elementary in Spring 2017.
- Organized and facilitated community meetings and webinars with executive leadership for 20%FOR20% campaign to help the CPS community fight for equal funding from Springfield.
- In 2017, opened an additional seven Parent Universities and five Parent Training Centers in schools across the city so that every network in the city has a Parent University.

KEY BUDGET INITIATIVES

- Increase supports and partnerships to aide in the reduction of truancy, and improved attendance and reintegration.
- Increase school and community partnerships leading to enhanced student resources and opportunities.
- Increase communication with parents and community members through additional resources and greater involvement.

Finance

MISSION

The Finance Office oversees Accounting, Treasury, Office of Management and Budget (OMB) Information and Technology Services, Grants Office, the School Support Center, Payroll Services, and the Office of Business Diversity (OBD). Finance develops and manages CPS' annual operating and capital budgets, prepares long-term financial projections, and secures both short term and long term resources to provide adequate liquidity. It exercises overall fiscal responsibility, and is responsible for maintaining adequate internal controls. Finance actively partners with the CPS executive team to provide business advice and financial guidance to support educational priorities and student achievement, and leads diversity and outreach programs.

MAJOR PROGRAMS

- **Corporate Accounting and Accounts Payable:** supports the instructional and administrative needs of the Chicago Public Schools by utilizing and developing efficient financial systems, implementing cost-effective operating processes, and providing timely and accurate financial reporting. Corporate Accounting programs and initiatives include the timely processing of grant, reimbursement and general aid claims; maintenance of the District's general ledger and monthly and annual financial closing processes; management of the District's External Financial Audit and Federal Single Audit; issuance of the internal and external financial statements and other regulatory reporting; tracking, recording and reporting for all public and private grants and donations; issuance of CPS diplomas and transcript requests; as well as asset and inventory management and all disbursements to vendors and employee related reimbursements.
- **Office of Management and Budget (OMB):** provides fiscal support for the District by ensuring that the budget is balanced, expenditures remain within budget, budget decisions are based on solid analytical information, and public and CPS users have access to information that is transparent, easy to understand and useful. OMB further ensures that the District accesses the full federal and state funding allocations available, that users of these funds meet reporting and compliance requirements, and that these funds fully support the District's objectives and goals to improve student achievement. OMB also coordinates with other Departments to make any necessary adjustments and/or to initiate budget amendments in the event that projected revenues or expenses change.
- **Treasury:** manages debt, investments and cash flow activities to optimize liquidity, maximize investment earnings and obtain the most efficient financing for capital projects, given the Board's available resources and risk tolerance. Risk Management, which began reporting to Treasury in FY17, manages the property and casualty exposure of the District's plant and operations through insurance policies, self-insurance claims administration, and risk transfer via vendor contracts.
- **Office of Business Diversity:** is responsible for the administration and monitoring of the Minority and Women Owned Business Enterprises (M/WBE) program. The M/WBE program helps create and sustain an equitable business environment by promoting M/WBE participation in public contracting and procurement.

- **Office of Payroll Services:** manages the payroll processing for all CPS employees, in compliance with Board rules, government policies and laws.
- Information Technology Services and the Grants Office manage large budgets in the Finance Office and thus have separate department narratives. The School Support Center has a new strategy and additional responsibilities, and also will be discussed in its own narrative.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Funds	73,315,722	108,132,896	102,052,652	94,313,084	112,015,227
Title Funds	3,480,403	25,405,762	3,994,507	3,655,771	28,345,661
SGSA Funds	669,921	194,015	795,862	716,234	0
Other Funds	1,472,412	5,278,346	-6,045,434	407,161	8,177,028
Total Department	78,938,458	139,011,019	100,797,587	99,092,250	148,537,916

Increases from FY17 ending include: \$5.1M increase in the Grants Office due to ESSA regulations requiring a larger share of Title I dollars for private schools and the transfer of School Improvement Grant dollars for summer programs; School Support Center increase of \$3M due to expansion of school based services; Corporate Accounting increase of \$1.9M due to 13 FTE added to reduce the reliance on consultants, expanded financial reporting requirements, and carrying school generated revenue rollover. The above referenced Title funds and grants funds are initially budgeted in Finance then sent out to schools.

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Funds	208.5	305.5	307.5
Title Funds	15.5	23.5	23.8
SGSA Funds	8	7	0
Other Funds	0	2	1.7
Total Department	232	338	333

Increases from FY17 include: 13 FTE added in Accounting to reduce the reliance on consultants; 59 FTE added to the SSC to support schools to take over certain business functions from schools to reduce their administrative tasks and improve financial controls; 11 FTE added in the Grants Office, of which 5 FTE were transferred from Internal Audit and SSOS units and the other will be paid by non-cps schools, remaining FTE added to generate additional grant funds and to manage new ESSA regulated functions; 12 FTE added in Information & Technology Services to increase data analytic and project management support for new education initiatives.

MAJOR ACCOMPLISHMENTS

Finance

- Despite the Governor removing \$215 million of pension revenue from the CPS Budget and the State delaying payment of \$467 million of Block Grants as of June 30, Finance was able to tightly forecast and manage cash and reduce costs, implement new

financings and amend the budget to keep schools operating for the fiscal year. These efforts also enabled CPS to make its June 30 pension payment on time

Corporate Accounting and Accounts Payable:

- Recruited professional staff with Certified Public Accountant (CPA), Masters of Business Administration (MBA) and Masters of Accountancy (MSA) and Project Management Professional (PMP) credentials to solidify the department's internal knowledge and experience and reduce the reliance on outside consultants.
- Received Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the District' Comprehensive Annual Financial Report (CAFR).
- Received the Association of School Business Officials (ASBO) Certificate for Excellence in Financial Reporting for the District's CAFR.
- Timely issuance of the Illinois State Board of Education Annual Financial Report.
- Compiled and filed the District's \$1 billion dollar General State Aid Claim.
- Processed, compiled and filed over \$2.2 billion in Federal and State grant claims.
- Resolved all material weakness audit findings on the District's external financial audit and reduced the number of overall internal control deficiencies.
- Streamlined monthly and annual financial close processes to ensure a more efficient external audit process.
- Issued competitive solicitations and awarded new external audit services and actuarial services (benefits, workers compensation, short term disability and auto and general liability) contracts.
- Reinstated the monthly grants and general ledger account reconciliation process and timely monthly closing of sub-ledgers (Accounts Payable, Accounts Receivable, Fixed Assets, and Grants).
- Developed new Board policies for Travel and Employee Reimbursements, Asset and Inventory Management and Accounting and Financial Reporting for Capital Assets.
- Implemented online project management tool to track departmental projects and initiatives and most notably the annual audit process.
- Processed over \$2 billion in disbursements, nearly 400,000 invoices and drastically reduced the backlog of outstanding invoice exceptions.
- Advertised an RFP for new Invoice Imaging Software to promote efficiency and increase transparency in processing disbursements.
- Reviewed and analyzed District policies on Debt Collection, Accounts Receivable, School Internal Accounts and Gifts, Grants and Donations.

Office of Management and Budget:

- Working with other CPS departments, developed and implemented an additional savings strategy and closely tracked results to save the district \$300 million in FY17.
- To partially offset the \$215 million in lost revenue due to the Governor's veto of State pension reform, implemented \$80 million in additional mid-year cost saving measures and amended the budget.
- Developed a strategy to address a \$544 million budget deficit initially projected for FY18, while increasing SBB rates to help schools cover increased personnel costs.
- Provided analysis and guidance to policy makers on key education funding measures considered by the General Assembly.

Treasury:

- Structured and sold an entirely new capital improvement tax (CIT) long term bond credit in the amount of \$729 million that received a five notch upgrade to investment grade rating and thus received the lowest relative interest rate in recent years
- Executed \$1.55 billion in FY17 new lines of credit to cover cash flow needs.
- To resolve the negative impact of the State delaying the payment of \$467 million of block grants, Treasury issued grant anticipation notes to supply liquidity.
- Continued to enhance cash flow forecasting to improve accuracy and improve and automate cash modeling.
- Added two staff members to focus cash forecasting and cash modeling
- Further expanded positive pay implementation for consolidated banking accounts to strengthen fraud controls over school banking accounts.
- During FY17, Risk Management instituted quarterly claims review meetings with our Third Party Claims Administrator (TPA) and the CPS Law Department, to ensure that the timing and amount of potential legal settlements are accurately projected for budget purposes.

Office of Business Diversity:

- Completed an extensive Disparity Study. This allowed OBD to renew both Board Policies that govern our Goods and Services and Construction Programs until December 31, 2021. As a result CPS MWBE goals will remain at 30% MBE, and 7% WBE on applicable contracts.
- Implemented B2Gnow, the MBE compliance monitoring system, and recently began the payment process validation in the B2Gnow system for all vendors (prime and subcontractors).
- Created and implemented a waiver committee to ensure all necessary procedures and processes are followed when granting a full/partial MWBE waiver.
- CPS sponsored outreach events in partnership with sister and assist agencies, contractors, and community organizations will be implemented throughout the year.

Office of Payroll Services

- Kronos Upgrade: Payroll Services in collaboration with HRIT successfully implemented an upgraded version of the timekeeping software. New functionality was enabled, and Payroll Services conducted business process reengineering during the implementation to enhance the user experience through repeatable, scalable, and reliable technology.
- Timekeeper Central Expansion: Payroll Services increased the population of self-service central office employees utilizing the self-service model in Kronos by completing on-boarding of Safety and Security, Law and Procurement departments.

Worked with departments to train on use of the tool to correctly report benefit time as well as other time correcting entries.

- SSC Expansion Support: Worked closely with Internal Audit and School Support Center personnel in order to roll out self-service Kronos to all of the school based staff in four phases throughout the school year.

KEY BUDGET INITIATIVES

Corporate Accounting and Accounts Payable:

- Further reduce the reliance on consultants by onboarding professional staff with extensive knowledge of government finance and financial reporting (CPAs, MBAs, PMPs, etc.)
- Implement new technology to streamline vendor invoice processing and reduce costs/promote efficiency.
- Implement new technology to better account for District assets \$500 and above, increase utilization of current resources and minimize audit findings.
- Implement an automated Accounts Receivable solution which will streamline cash receipts processing and automatically update the Oracle General Ledger.

Office of Management and Budget

- Partner with other departments to identify opportunities to improve management efficiency, reengineer processes and eliminate unnecessary administrative costs.
- Closely track expenses to identify and address risks of overspending.

Treasury:

- Execute FY18 line of credit to cover cash flow needs.
- Sell long-term bond issuance to cover capital projects through the creation of a new credit structure secured by capital improvement tax revenues.
- Implement banking solutions to increase CPS' online payment options and reduce accounts receivable administration.
- Track cash impact of all savings opportunities.
- Train internal staff to take over cash flow modeling from consulting experts.
- Examine the risks associated with the operation of the Chicago Public Schools, and recommend solutions to reduce additional liability exposure to the Board.
- Risk Management also will manage cost for insurance brokerage services via an RFP solicitation effective in early CY18 and will monitor data to ensure that all lines of insurance coverage are reviewed in FY19 at appropriate costs.

Office of Business Diversity:

- In partnership with the Procurement Department, continue to identify areas to maximize MWBE participation and spend on contracts
- Establish an MWBE mentoring program
- Create an MWBE Directory by industry for schools and central office Departments for easy access
- Conduct Annual MWBE outreach events

Office of Payroll Services

- Payroll Processing/Kronos Improvements Phase II: Payroll Services will partner with other key players such as HRIT and SSC in order to implement additional process improvements and system enhancements to both the PeopleSoft and Kronos systems.
- Position Control: Support implementation of Position Control through participation and input throughout the project lifecycle.
- SSC Expansion Support: Through additional training and system enhancements, Payroll

Services will support the end user experience of the self-service Kronos model in order to ensure success to our partners in the School Support Center.

- CTPF Data Improvements: Explore new solutions to transmitting data to the teacher's pension fund to ensure that all former employees of CPS are processed for retirement or refund purposes in a timely manner. Will conduct regular working sessions with members of the Fund and other partner departments in order to increase data accuracy and accountability.

Freedom of Information Act (FOIA) Office

MISSION

The Freedom of Information Act (FOIA) Office oversees and coordinates all of the district's FOIA requests. The office strives to employ best practices to ensure the district is transparent and in compliance with federal, state and local regulations.

MAJOR PROGRAMS

The FOIA Office is charged with responding to the district's FOIA requests pursuant to the Illinois Freedom of Information Act and the Illinois School Student Records Act.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	0	0	224,000	154,702	467,888
Total Department	0	0	224,000	154,702	467,888

** This department was established during FY17.*

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	0	5	5
Total Department	0	5	5

**FY18 Budget reflects the annualized cost of 5 FTE added during FY17.*

MAJOR ACCOMPLISHMENTS

- In FY 17, the FOIA Office received and responded to 1,039 FOIA requests; a 25% increase from the previous year.
- The district's FOIA request backlog was reduced by approximately 90%.
- FOIA website pages were enhanced to improve clarity and maximize user experience and engagement.

Grants Office

MISSION

The mission of the Grants Office is to ensure strategic utilization of all awarded grant funds, aligning them with District priorities to increase student achievement.

MAJOR PROGRAMS

- **Grant Strategy, Development, and Support:** Manage the development and on-time submission of competitive and categorical grant applications and amendments; monitor and support the strategic implementation of all grant initiatives, including Titles I, II, and IV; and work collaboratively with leaders of CPS departments to ensure outcomes and results aligned to District and grant objectives.
- **Grant Operations:** Support traditional and Charter school to maximize the use of grant dollars while ensuring compliance with grant regulations; develop and support implementation of required internal controls and procedures; coordinate tests performed as part of the District's A-133 audits, and facilitate state and federal monitoring visits; ensure compliance federal requirements within the Uniform Grant Guidance (UGG) including time and effort attestations and sub recipient monitoring.
- **School Improvement Grants (SIG) and Statewide System of Support (SSOS):** Support ISBE-identified Title I Priority and Focus Schools; develop and support the grant application, program implementation, and monitoring process for schools receiving SIG funding, manage District implementation of the Title I Statewide System of Support coordination of services to ISBE-identified schools; support the transition of this work under the Every Student Succeeds Act (ESSA).
- **Non-Public School Programs:** Ensure timeliness, efficiency and efficacy of District-administered programs to meet ESEA requirements for equitable distribution of federal resources including Title I, II, and III funds and IDEA to private/non-public schools and students.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	0	0	42,993	23,549	166,560
Title Grants	1,914,121	1,398,836	1,701,207	1,531,994	1,689,303
Other Grants	0	0	77,828	84,380	2,805,646
Total Department	1,914,121	1,398,836	1,822,028	1,639,923	4,661,509
Budgeted at Schools	1,744,276	28,402,178	1,088,539	1,065,275	30,626,842
Grand Total	3,658,397	29,801,014	2,910,567	2,705,198	35,288,351

*Increase of \$5.1M due to ESSA regulations requiring larger share of Title I dollars to private schools, and carrying School Improvement Grant dollars for summer programs

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	0	2	2
Title Grants	11	18	18
Other Grants	0	2	2
Total Department	11	22	22
School Based	0	0	0
Grand Total	11	22	22

*6 FTE were transferred from other central office departments during FY17.

MAJOR ACCOMPLISHMENTS

- Developed and submitted more than 60 formula grant applications and amendments for federal and state funds to support district priorities, with more than \$600M awarded to CPS in FY 17
- Launched integrated system for Charter School Grant Operations which migrated processes and documents that were separate into one uniform system allowing for reduced manual time on task, greater visibility, and enhanced checks and balances related to the use and payment of state and federal funds to Charter Schools
- Implemented enhanced time and effort attestation technology tool to ensure alignment to new requirements under the Uniform Grant Guidance (UGG)
- Provided Title I, II, III and IDEA services including supplemental instruction and academic counseling to eligible students attending more than 230 non-public, private schools as part of federally-required proportionate share services.

KEY BUDGET INITIATIVES

- **Facilitate the transition from No Child Left Behind (NCLB) to Every Student Succeeds Act (ESSA):** In accordance with the July 1, 2017 implementation date for ESSA, ensure that all required plans, policies, procedures, and practices are updated by working with ISBE and other funding agencies to understand the requirements and working with internal and external stakeholders to develop, submit, and train to the updated documents.
- **Continue to refine proven training and support practices:** Emphasize up-front support, ongoing monitoring, consistent, and comprehensive training, adjusting practice and direction based on updates from funding agencies (including ISBE), stakeholder feedback, and ongoing data reviews.

Information & Technology Services

MISSION

The Department of Information & Technology Services (ITS) provides innovative technology solutions that improve the quality of education for our students, reduce the administrative burden on our educators, facilitate parent interaction, increase community engagement, and support the District's mission of transparency by focusing on the ease and equity of access to information.

MAJOR PROGRAMS

- **Student Records and School Performance:** The IMPACT student records system supports daily school operations, and the data warehouse and "Dashboard" support the maintenance and easy access of performance analytics.
- **Operating and Supporting Systems:** Finance, HR/Payroll, Learning Hub, CPS.EDU, and other supporting ITS functions, such as training and communications.
- **Infrastructure Backbone:** Data center, telephones and the data network, including school wireless networks and internet connections.
- **User Devices:** Computer engineering and support, including the help desk, field service support vendors, software licensing and device acquisitions.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Funds	51,061,214	77,852,591	81,777,332	77,086,788	77,811,300
Title Funds	403,885	286,625	655,603	726,422	626,875
Other Funds	347,037	83,037	314,731	223,607	69,077
Total Department	51,812,135	78,222,253	82,747,665	78,036,817	78,507,253

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	117	129	129
Total Department	117	129	129

*The increase in ITS positions from FY17 to FY18 primarily supported the creation of additional capacity in the areas of project and organizational change management. As well, changes to the staffing model supported the formation of an enterprise data strategy function that supports increased analytic capabilities through automated reporting.

MAJOR ACCOMPLISHMENTS

Productivity Enhancements

- Hosted third annual GooglePalooza PD event for school-based staff. Approximately 4,000 people registered and held over 200 instructional sessions over 2 days. Sessions covered best practices and innovation using Google in the schools and classrooms.

- Held TechCo Day @ Google for District's technology coordinators. 133 different schools were represented for a PD day at the Chicago Google offices. Topics were focused on ways TechCos can best impact their schools through the use of Google tools. TechCos engaged in meaningful dialogue between present ITS staff and Googlers from around the country.
- Expanded user base of existing IT service management solution at no increased cost to four additional service desks that provide key administrative services to the District (including the new school support center, parent support center, Payroll and ODLSS. This has resulted in increased workflow and process efficiencies for both administrative staff and schools.
- ITS has expanded its engagement footprint by starting Gradebook user communities for both teachers and administrators. This was done at no additional cost to the district, leveraging Google groups. Since rolling out 6 months ago, over 1,700 CPS educators have opted into the user communities. Members receive a weekly best-practices tip every Tuesday.

Infrastructure Improvements

- Completed LAN system improvements at 52 schools and router upgrades at an additional 40 schools. These upgrades provide enhanced network capacity and upgraded wireless infrastructure to support personalized learning and 1:1 computing initiatives.
- Core WAN infrastructure upgraded to accommodate additional school bandwidth.
- Upgraded DNS/DHCP infrastructure to utilize Disaster Recovery facility to enhance resiliency of base services.
- Migrated off all legacy T1 circuits, making the district's WAN completely fiber optic.

Community Engagement

- CPS is launching a new website called GoCPS to simplify the high school enrollment process for parents and students, as well as make it more equitable. ITS partnered with SchoolMint, a Silicon Valley cloud software provider, to build a simple, mobile device friendly online application that allows students to apply to multiple CPS schools by filling out one form. Students will rank their school choices in order of preference and will receive an offer to their highest matched school.

Savings Initiatives

- Managed Print Services - implemented school based Managed Print Services at 74 schools saving the District \$550,000 in actual printing expenditures in FY17.
- Elimination of aging technology - Decommission of legacy T1-Sonet Infrastructure resulting in \$964K year over year savings to the District.
- Cloud Web Hosting for Schools - ITS partnered with Weebly, a leading cloud-hosted content management platform, to provide schools with a no-cost option for managing their school website. 65 CPS schools are using the Weebly platform to lower their technology costs, improve their web presence and communicate better with parents and the community. Each Weebly school website can save the district up to \$4,000 annually based on the price difference that schools are paying with other web hosting vendors.

KEY BUDGET INITIATIVES

- Implement a series of measures to improve the district's information security posture. This includes the implementation of a new, more secure Virtual Private Network utility that accommodates two factor authentication, the adoption of a cloud access security broker to help protect the confidentiality of documents containing personally identifiable information (PII), FERPA protected data and eIEP profile

documents, and the delivery of an information security training program for all school leaders and staff in administrative offices.

- Direct the implementation of the technology platform that underlies the “GoCPS” common application for high school, a single streamlined application process for eighth grade students to evaluate available high school options. The scope of effort includes both the development of the primary public facing website and the oversight of the programming that ensures each student s matched to the highest ranked school on their application for which they qualify and for which there are available seats.
- Continue two year project to replace modular Student Information System (IMPACT), providing teaching staff with a single tool for the management of critical school based processes.
- Continue E-Rate LAN system improvement program; this initiative will ensure that every elementary school will be capable of Internet bandwidth beyond 100Mb and each high school will be capable of Internet bandwidth beyond 1Gb. Wireless infrastructure will be upgraded to support the latest wireless standard to increase capacity and speed. These upgrades will further enable personalized learning and moving the district towards its goal of supporting one to one device connectivity at every school.

Office of Innovation and Incubation

MISSION

As the designee for The Chicago Board of Education (BOE), the Office of Innovation and Incubation (I&I) manages a portfolio of approximately 123 charter schools, 9 contract schools, 10 Alternative Learning Opportunity Programs (ALOP) and 1 Safe School that educate more than 60,000 students. The office provides direct support to a diverse set of schools – Traditional and Options – for youth with varied needs that include, but are not limited to, students seeking alternatives to the neighborhood school, re-enrolled dropouts and young adults who are currently in school but significantly off-track for graduation, students who have been expelled or are in need of alternative placement for behavioral reasons. The Options Schools include ALOP programs and Safe Schools, but also certain charter and contract schools.

MAJOR PROGRAMS

Below are the intra-office areas of focus that will allow the office to operate most efficiently and provide the highest level of customer service to our stakeholders. The responsibilities for each work function are also highlighted.

- **Authorization and Renewal of Schools.** This area of focus ensures that there is a rigorous process that leads to effective decision making for the opening of new schools and renewal of existing schools. To accomplish this, members of the team focus on the design, development and readiness of all new, innovative school models and programs. This work includes ensuring that the district adheres to any and all provisions of the Illinois State Board of Education (ISBE) and the Illinois School Code regarding charter, contract and alternative learning opportunities programs. This team is responsible for engaging with key internal and external stakeholders (parents, community and faith-based organizations, new school operators, business leaders, education advocacy groups, high performing authorizers, etc.) to develop, manage, and execute Chicago Public Schools new and existing school development processes, which will be consistent, transparent and aligned to best authorizing practices.
- **School Academic, Operational, and Fiscal Oversight & Accountability.** This area of focus is dedicated to supervising schools' ability to meet the District's academic, financial and operational expectations, along with compliance-based systems and processes for charter, contract schools and ALOPs. The team ensures that schools adhere to any and all compliance related provisions as defined in the Illinois School Code and contracted in the school's agreement with BOE and will assure the District is compliant with ISBE standards. The team is responsible for ensuring that school performance is both transparent and available to inform data-driven decisions at the district and school level.
- **Training, Support and Communication of Outcomes.** In respect of school autonomy while holding schools accountable, this area of focus is dedicated to ensure that charter boards, leadership, families, and communities have the necessary information needed to have an impact on the outcomes of the school while making informed decisions. Through training and streamlined communication, stakeholders will have the access to the necessary tools, information and available training to impact change while engaging in the key initiatives and processes.
- **Innovative Models and Best Practices.** As innovative models and best practices are identified across the charter and District educational settings, a greater focus going forward is to ensure that others can learn from the models and practices that create quality learning environments and efficient operations. Not only is there an opportunity to share from charters and national models amongst the charter community, but across the District as well.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	1,774,768	4,618,195	2,178,811	1,186,243	3,723,188
Title Funds	389,411	0	0	0	0
Other Grants	966,817	332,011	332,011	111,567	66,566
Total Department	3,130,996	4,950,206	2,510,822	1,297,810	3,789,754
Budgeted at Schools	3,537,429	252,000	2,711,635	1,892,360	0
Grand Total	6,668,425	5,202,206	5,222,457	3,190,170	3,789,754

- The variance in General Funds between approved FY17 and proposed FY18 is a result of the decrease of school expansion funding based on fewer expanding schools, providing \$1.47 million in savings. This also explains why a significant part of the department budget is transferred to schools/programs where spending occurs.
- The Office of Innovation and Incubation remains significantly smaller than in FY16 and is flat from the beginning of FY17.
- Decrease in the Other Grants portion of the budget from FY16 to FY17 due to the Pathways to Accelerated Students Success (PASS) grant ending on 9/30/16.

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	9	9	9
Other Grants	6	1	1
Total Department	15	10	10

MAJOR ACCOMPLISHMENTS

Holding Charter and Contract Schools and Programs Accountable

- Charter, contract and options schools and programs have fully transitioned to the School Quality Rating Policy (SQRP), the District's policy for measuring annual school performance. As such, all Chicago Public Schools and programs have one common accountability framework.
- While charter, contract and options schools are allowed to have autonomy and make financial decisions that supports the model, the district holds schools accountable to ensure that public funds are used in the interest of students and the school is financially viable. During FY17, the District released its revised financial framework with clear and transparent expectations and accountability measures.
- I&I implemented a streamlined system to create efficiencies and provide increased oversight to

all charter schools, contract schools, and ALOP programs.

- In FY16, I&I placed 10 charter school campuses on the Academic Warning list. Four of the ten schools had their agreements revoked or non-renewed upon announcement by CPS and no longer operate under CPS beyond June 30, 2016. The remaining schools were required to submit a remediation plan and track progress against that plan into FY17. After evaluation during FY16 and into FY17, three campuses successfully met expectations and implemented their remediation plan. One options campus serving students who previously dropped out remains on the Warning List and is under remediation.
- As a result of under performance during FY16, three charter schools were placed on the Academic Warning List and two contract schools under intensive review in the fall of 2016. All five campuses are required to submit and implement a remediation plan.

New Schools

- In FY17, I&I opened two new campuses and managed 11 expansions.

Providing technical assistance to Option Schools and/or Programs:

- I&I provided a quarterly leadership session schools and programs to ensure clear expectations and to share new policies, practices and knowledge. In addition, site visit evaluation were conducted and performance meetings were held with each school and operator to discuss their current performance in the areas of academics, college and career programming, SEL supports, and compliance and operations.

KEY BUDGET INITIATIVES

- **Innovation and Best Practice Sharing:** I&I will be focused on cross-district collaboration and building of innovative models through identification and dissemination of models and practices that exist across the district.
- **Staffing:** I&I staff was greatly reduced during the FY16 school year due to budget constraints. Due to the reduction, focus has been placed on the main strategic priorities and responsibilities of the district as a charter school authorizer. I&I will continue to operate in an efficient and impactful manner while ensuring that charter schools, contract schools and ALOP programs are held accountable.
- **Amendments to School Agreements:** CPS evaluated 17 applications to modify existing charter and contract school and contracts. Utilizing the Charter School Quality Policy, these modifications will add approximately 171 high quality seats in SY18. In addition, new locations for two existing schools were identified and approved.

Office of Inspector General

MISSION

The Inspector General strives to ensure integrity in the operations of Chicago Public Schools by conducting meaningful, accurate and thorough investigations into allegations of waste, fraud, financial mismanagement and employee misconduct. The OIG also reviews CPS systems, practices and procedures to determine their efficacy in preventing waste, fraud and financial mismanagement.

MAJOR PROGRAMS

Investigations: Pursuant to state statute and Board Rule, the OIG is mandated to conduct investigations into allegations of waste, fraud and financial mismanagement. All OIG funds are utilized to perform that function.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	1,767,958	2,054,175	2,202,129	1,860,746	2,080,916
Total Department	1,767,958	2,054,175	2,202,129	1,860,746	2,080,916

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	18	18	18
Total Department	18	18	18

MAJOR ACCOMPLISHMENTS

- Ongoing major investigation into the circumstances surrounding awarding of the SUPES contract resulted in a 23-count indictment of former CEO Barbara Byrd-Bennett, companies SUPES and Synesi, and company owners Gary Solomon and Tom Vranas. Barbara Byrd Bennett was convicted and sentenced to 4.5 years in prison. Gary Solomon was convicted and sentenced to 7 years in prison, and Tom Vranas was convicted and sentenced to 1.5 years in prison. CPS is now suing to recover \$65 million as a result of the scheme.
- Identified attendance fraud problems at four high schools.
- Identified improper rental of CPS high school facilities to private sports clubs.
- Identified payroll fraud in the Head Start program.
- Identified inventory control issues in the CTE program.
- Identified multiple families who fraudulently enrolled their children at CPS selective enrollment high schools. Multiple students are expected to be banned from selective enrollment schools.

- Conducted multiple investigations of school personnel misappropriating or mismanaging school funds or property resulting in multiple dismissal charges.
- Completed investigations of vendor contract “stringing” that will result in the debarments of vendors.
- Numerous investigations of violations of the CPS residency policy with termination recommendations.

KEY BUDGET INITIATIVES

- The OIG will continue to perform its mandated function to ensure that CPS employs honest employees, receives contracted deliverables from vendors, and manages its programs with limited risk of fraud.

Office of Language & Cultural Education

MISSION

The Office of Language & Cultural Education (“OLCE”) seeks to provide every student with access to an education that fosters biliteracy, intercultural flexibility, and multi-lingualism as key contributors to success in school, career, and life.

In order to achieve this mission, OLCE establishes collaborative partnerships and develops tools and resources to ensure the implementation of quality instruction across the district. The office supports students, teachers and parents by:

- Establishing language policies and standards-based models of instruction;
- Building the capacity of general education and bilingual/ESL teachers through strategic partnerships;
- Monitoring programs, teacher certification and overall compliance with state and federal laws;
- Empowering parents to be active participants in advancing bilingual and biliteracy skills.

MAJOR PROGRAMS

- **English Learner (EL) Programs** provide English language instruction and supports to 71,000 CPS students whose primary language is one other than English. Major programs include:
 - **Transitional Bilingual Education (“TBE”)**: ELs participating in TBE programs receive Language Arts instruction in the home language and study English as a Second Language (ESL) to develop English Language proficiency. Core subjects are provided in English as well as the native language, and students receive instruction in the history and culture of the U.S. and the native land of the ELs (or their parents).
 - **Transitional Program of Instruction (“TPI”)**: ELs participating in TPI programs receive ESL instruction, core subjects in English, and instruction in the history and culture of the U.S. as well as the native land of the ELs (or their parents).
- **Dual Language Programs** offer core instruction in both English and Spanish with the goal of developing proficiency in both languages. Programs begin at the preschool and kindergarten levels and provide a route for students to earn the CPS Pathways to the Seal of Biliteracy recognition at the elementary and middle school level or the State Seal of Biliteracy upon graduation from high school.
 - The **State Seal of Biliteracy** is a recognition given to high school seniors who have studied and can exhibit the ability to communicate in two or more languages (including English) by the spring of their senior year.
 - The **CPS Pathways to the Seal of Biliteracy** is a program recognizing students in 5th or 8th grade who have studied a world language and can demonstrate being on the path to achieving the State Seal of Biliteracy by the time they reach their senior year of high school.
- **World Language Programs** provide exposure to foreign languages, developing the listening, speaking, reading and writing skills in the target languages. CPS currently offers 11 world language programs in 198 schools serving 98,000 students.
 - **Critical Language Initiative (CLI)** is a component of CPS’ World Language programs which emphasizes instruction in languages that are considered critical to U.S. national security interests. Focus languages include, but are not limited to, Arabic, Chinese, Hindi, Korean and Russian.
- **Parent Involvement & Community Outreach Programs** support EL parents through training, theme-based workshops, and GED and ESL courses, and ensure parental involvement in school-based Bilingual Advisory Councils and the city-wide Chicago Multilingual Council.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Funds	298,499	526,797	443,435	440,248	557,824
Title Funds	224,054	223,202	227,434	229,216	226,565
Other *	5,489,312	8,070,166	7,894,638	6,925,564	7,379,955
Total Department	6,011,866	8,820,165	8,565,507	7,595,029	8,164,345
Budgeted at Schools	25,815,215	27,403,373	28,570,922	28,240,538	29,804,387
Grand Total	31,827,081	36,223,538	37,136,429	35,835,566	37,968,731

* \$1.6 million of the FY18 other funds will be redistributed from central office to schools throughout the year to support supplemental after-school tutoring programs and education technology purchases.

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Funds	1	1	1
Title Funds	2	2	2
Other	32	27	27
Total Department	35	30	30
School Based	243	230.5	238.5
Grand Total	278	260.5	268.5

MAJOR ACCOMPLISHMENTS

- Expanded the State Seal of Biliteracy: 2,173 high school seniors received the State Seal of Biliteracy or the State Commendation with 75 high schools participating.
- Launched CPS Pathways to the Seal of Biliteracy program: More than 1,000 5th graders and 8th graders from 58 elementary and middle schools were recognized for being on the path to earning the State Seal of Biliteracy by their senior year of high school.
- Provided summer support programs to English Learners in grades 2-7, refugee students in grades 2-11, and high school credit attainment courses for ELs in grades 9-11.
- Implemented the STARTALK World Language Program, which allowed 30 high school students to participate in intensive Arabic and Chinese language studies at the University of Chicago; 24 students will travel to China for a 5-week language and cultural immersion program.
- Continued building the capacity of 2,200 teachers, counselors and administrators through professional development sessions focusing on collaboration among dual language teachers, effective implementation of EL programs, and the application of Common Core State Standards (CCSS) as well as English and Spanish Language Development Standards (WIDA).
- Continued providing supplemental supports with 127 school participating in the EL After-School Tutoring program and 284 schools participating in the EL Educational Software Purchasing program.
- Announced the expansion of Dual Language Schools from 20 to 27.

KEY BUDGET INITIATIVES

- Expand services to ELs by providing school-based allocation of supplemental funds in the form of positions for the TBE and TPI programs.

- Invest in professional development for school administrators, bilingual/ESL and general education teachers.
- Expand instructional resource pool by enabling qualifying teachers to obtain a bilingual or ESL teaching endorsement.
- Provide additional substantive summer school opportunities for ELs and newcomer Refugee students.
- Expand supplemental instructional support to refugees and newcomers. This will support students by providing endorsed ESL teachers to elementary and high schools that enroll refugees and newcomers.
- Initiate a Heritage Language After-School Tutoring Program beginning in 3rd grade to increase opportunities for additional CPS students to participate in Seal of Biliteracy.
- Continue expansion of Dual Language program from 20 to 27 schools serving over 6,000 ELs, including High School.

Office of Law

MISSION

The Law Department provides legal services to the Chicago Board of Education and the departments and divisions of the Chicago Public Schools. Board attorneys represent and counsel clients on litigation, labor and employment, school law, school finance, student discipline, and commercial transactions.

MAJOR PROGRAMS

- Appeals: Represents the Board and its employees before the Illinois Appellate Court, the Illinois Supreme Court, and the Seventh Circuit Court of Appeals.
- Commercial, Torts, and Workers' Compensation: Represents the Board and its employees in litigation relating to breach of contract, personal injury, workplace injuries, property tax matters, and tuition fraud.
- Employment Civil Rights: Represents the Board and its agents in litigation, including administrative proceedings, involving allegations of discrimination or a violation of the United States Constitution or a federal statute.
- Investigations: Investigates allegations concerning employee misconduct, falsification of attendance and other records, local school councils, test cheating, and fraudulent enrollment.
- Labor and Employee Discipline: Prosecutes employee discipline matters before administrative agencies, including the Illinois State Board of Education; represents the Board in wage claims filed with the Illinois Department of Labor; and handles unfair labor practice charges and arbitration demands filed by labor organizations.
- Labor Relations, Employee Engagement, Equal Opportunity Investigations and Policy Development, and Compliance: Leads all collective bargaining with eight bargaining units; conducts administrative hearings on disciplinary charges and contractual grievances; investigates and resolves complaints of discrimination and requests for accommodations; and advises employees and administration on policy development and compliance, including inquiries regarding the CPS Ethics Code.
- School Law: Advises staff on student records and privacy, student discipline, student enrollment and transfers, school accountability, local school council issues, legislative review, charter school matters, and educational initiatives.
- Transactions and Contracts: Drafts and negotiates contracts for professional services, equipment leases, educational services, technology, real estate, and other transactions. The unit also provides legal review and counsel in bond issuances, inter-government agreements, and compliance with Board rules, policies, and procurement laws.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	10,629,645	13,209,443	12,712,591	11,427,259	14,988,616
Other Grants	328	11,543	11,543	0	11,542
Total Department	10,629,973	13,220,986	12,724,135	11,427,259	15,000,158

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	79	78	77
Total Department	79	78	77

MAJOR ACCOMPLISHMENTS

- Collaborated and assisted in development of the Chief Executive Officer’s seven new special education protocols to assist school staff at Individualized Education Program (“IEP”) meetings make decisions in compliance with Individuals with Disabilities Education Act (“IDEA”).
- Collaborated and assisted in drafting the new special education procedural manual.
- Collaborated in the new development of the new guidelines for determining whether students in foster care should stay in school of origin or transfer to the attendance area school for the foster placement in accordance of the new Every Student Succeeds Act.
- Negotiated with the Department of Children and Family Services to fund the transportation costs for students in in foster care to stay at the school of origin.
- Successfully defended a claim that the Board’s website was not in compliance with the accessibility requirements of the Americans with Disabilities Act filed with the US Department of Education’s Office for Civil Rights.
- Successfully defended a claim filed with OCR that the Board’s selective enrollment high school admission test criteria discriminated against students with disabilities and English Learners.
- Recovered in excess of \$2 million in monetary relief and in-kind services through resolution of pending litigation and commercial disputes.
- Dismissed or received resignations in lieu of a discharge hearing: (1) 45 career service employees; (2) 63 tenured teachers; and (3) Two contract principals.
- Terminated (1) 72 career service employees; (2) 5 tenured teachers; (3) 31 non-tenured teachers; and (4) one contract principal.
- 20 victories in labor cases at hearing, including grievance arbitrations, unfair labor practice charge hearings, and state court litigation.
- Implemented strategies to reduce risk, develop legally compliant policies and procedures and protect Board students, employees and assets — including Guidelines for Maintaining Professional Staff/Student Boundaries
- Provided legal support to Finance Department on financing transactions totaling more than \$2.4 billion.

Office of Network Support

MISSION

Our mission is to leverage strong leadership and high quality teaching in every classroom so that every child from every community has access to a world class learning experience and will graduate from high school prepared for success in college and career.

MAJOR PROGRAMS

- **Office of Network Support:** The Office of Network Support oversees 13 K-12 networks of schools, two specialized networks for the Service Leadership Academies and the Academy for Urban School Leadership (AUSL), and the Department of Principal Quality (PQ). Each network is led by a Chief of Schools who is responsible for building effective schools and leaders by managing and coaching principals, creating and carrying out a professional development plan, collecting and assessing data to drive interventions, collaborating on best practices with other networks and enhancing community and parental involvement. The chief is supported by a team that can include a deputy, a data strategist, and several instructional support leaders (curriculum and instructional specialists) for content areas.
 - **Service Leadership Academies:** The Office of Service Leadership Programs oversees 45 Junior Reserve Officers' Training Corps (JROTC) programs, which include six military academy high schools. There are approximately 139 instructors on staff who are retired military veterans and are cost-shared with the Department of Defense (DoD). The office serves as a network for the military academies and manages the JROTC program, including program evaluation, strategic planning for growth, measurement, and marketing. The office also runs a wide variety of city-wide sports competitions, summer camps, college field trips, community service and co-curricular events.
 - **Academy for Urban School Leadership:** Network Support manages the relationship with AUSL, a non-profit organization that operates 32 of the District's most challenged schools by providing turnaround services designed to dramatically improve the academic performance of schools in their charge. The District contracts with AUSL to provide turnaround services and to support professional development for teacher residents at AUSL training sites.
 - **Department of Principal Quality:** PQ provides professional development to aspiring principal candidates through the Chicago Leadership Collaborative and enhances leadership skills of current principals, deputies, and chiefs of schools through the Chicago Executive Leadership Academy. PQ also conducts assessments to maintain the rigor of the Principal Eligibility Process and creates candidate slates for critical District roles.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
NETWORK SUPPORT					
General Fund	1,437,630	2,692,980	2,351,079	2,181,246	2,071,071
Title Funds	0	0	0	0	862,956
Other Grants	49,015	21,530	54,516	22,784	0
Total Department	1,486,645	2,714,510	2,405,595	2,204,030	2,934,027

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
SERVICE LEADERSHIP ACADEMIES					
General Fund	1,469,377	1,702,914	1,490,689	1,234,885	1,498,721
Other Grants	303,143	365,671	545,199	409,926	1,300,475
Total Department	1,772,520	2,068,585	2,035,888	1,664,811	2,799,196
Budgeted at Schools	13,927,942	14,425,365	13,015,045	13,013,632	14,465,527
Grand Total	15,700,462	16,493,950	15,050,933	14,678,443	17,264,723

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
AUSL					
General Fund	3,444,472	3,429,019	3,438,009	3,233,935	1,570,000
Title Funds	2,088,842	3,590,265	2,849,688	1,421,237	3,619,087
Other Grants	916,055	809,168	1,305,691	912,821	1,249,813
Total Department	6,449,369	7,828,452	7,593,388	5,567,992	6,438,900

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
PRINCIPAL QUALITY					
General Fund	6,334,617	701,028	1,566,538	1,848,638	1,548,746
Other Grants	1,042,031	4,739,555	5,723,598	5,244,108	5,911,992
Total Department	7,376,648	5,440,583	7,290,136	7,092,746	7,460,738

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
NETWORK SUPPORT			
General Fund	13	11	12
Title Funds	0	0	7
Total Department	13	11	19

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
SERVICE LEADERSHIP ACADEMIES			
General Fund	11	10	10
Other Grants	1	1	1
Total Department	12	11	11
School Based	139	139	139
Grand Total	151	150	150

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
AUSL			
General Fund	4	3	0
Title Funds	19.9	13.4	13.4
Other Grants	11	6.8	8.8
Total Department	34.9	23.2	22.2

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
PRINCIPAL QUALITY			
General Fund	6	3	4
Title Funds	41	44	44
Total Department	47	47	48

MAJOR ACCOMPLISHMENTS

- Redesigned the Principal Eligibility process which increased efficiency and a strategic focus on student achievement.
- Implemented a support structure to strategically guide networks and school leaders in continuous improvement efforts through periodic data reviews, action planning, and monitoring.
- Worked in close partnership with the Office of Teaching and Learning and the Office of Early Childhood to implement balanced literacy in pre-K through 2nd grade classrooms throughout the district.
- Focused on foundational literacy as an instructional priority through a kindergarten through 2nd grade literacy program. Monitored the progress of the implementation of a phonemic awareness system and a sight words system at all level 2 and 3 schools.
- Conducted “State of the School” addresses and shared key data via Local School Council Data Dashboards to empower and motivate families and communities to become engaged and share ownership for the success of their school.
- Collaborated with the Office of College and Career Success on the Engage Students Attendance Grant, which called upon Networks to identify schools that would benefit from additional support to improve attendance and reduce truancy through partnerships with community-based organizations, restorative justice training, and additional planning time for teachers and staff.
- Built a collaborative network with the Department of Literacy, the Office of Early Childhood Education and the Office of Language and Cultural Education to design a three-year plan of supports for the full implementation of Balanced Literacy in kindergarten through second grade, and potentially through fifth grade classrooms, District-wide.
- Supported chiefs’ and deputies’ continual professional learning in the area of balanced literacy through school visits to witness best practices in action, followed by thorough debriefing sessions to solidify the learning.
- Created cross-network professional learning sessions led by chiefs and their teams as they shared best practices in the areas of principal leadership, responding to student academic data,

and addressing the needs of English Learners.

- Worked with the Office of Diverse Learner Supports & Services to bring together Administrators and Case Managers from the four Special Education High Schools to align a district-wide transition curriculum. The year-long series of sessions also focused on sharing best practices as well access to as district, state, federal, and private programs and funding supports.
- Supported increased On-Track rates for Freshmen and Sophomores as well as post-secondary success through our quarterly sessions with high schools administrators and school-based leaders that were developed in conjunction with the Network for College Success and the Office of Counseling and Post-Secondary Advising.
- Facilitated the work of Networks and Schools in the Instructional Core Effectiveness Project around increasing rigor and outcomes in the key areas of curriculum, instruction, and assessment.
- Coordinated the High School Strategy Roadshow Network-specific Principal meetings and follow-up guides with the Departments/Offices of: Teaching and Learning (Content Areas, Enrollment & Access, & Instructional Supports), College and Career Success, Diverse Learner Supports & Services, School Quality Measurement, and Language and Cultural Education.

KEY BUDGET INITIATIVES

- Launching a reading apprenticeship pilot program in 14 high schools to increase disciplinary literacy and CCSS implementation.
- Creating a K-2 Balanced Literacy Professional Learning Series to increase chief, principal and teacher capacity in order to increase primary literacy throughout the district.
- Creating a High School Symposia to increase Chief, principal and teacher capacity in CCSS implementation, SAT/PSAT readiness, on-track and B's or Better strategies, and the Naviance platform in order to improve academic outcomes in high school.
- Maintain the focus on initiatives to improve student attendance and reduce suspensions. This focus has helped lead to CPS' record attendance rates, and to reduce suspensions by 65 percent since 2013.

Nutrition Support Services

MISSION

The Department of Nutrition Support Services (NSS) supports the District’s academic community by providing nutritious and appealing meals with superior service to every student on every school day. NSS is the third largest K-12 food service department in the United States, serving 69 million meals to 365,000 students through our 685 food campuses annually.

MAJOR WORKSTREAMS

- **Breakfast and Lunch Programs:** CPS serves approximately 26 million breakfast and 43 million lunch meals to all students annually. These nutritionally balanced meals are provided free-of-charge to encourage healthy eating habits in our students.
- **After-School, Fresh Food and Vegetable Grant, and Seamless Summer Program:**
 - After-School Meals and Snacks: Provide students with healthy, well-balanced meals and snacks to support extended day programs including After-School and Saturday programs.
 - Seamless Summer: Provide summer breakfast and/or lunch meals at participating schools to help address child hunger in underserved communities.
 - Fresh Food and Vegetable Grant: The U.S. Department of Agriculture provides grants for in-classroom tastings of fruits and vegetables during the school day to increase fresh fruit and fresh vegetable consumption and nutrition education exposure in elementary schools.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
Lunchroom Fund	125,172,012	128,641,980	132,580,646	100,989,736	126,105,199
Other Grants	2,389,935	2,192,412	2,192,412	1,900,000	2,391,451
Total Department	127,561,947	130,834,392	134,773,058	102,889,736	128,496,650
Budgeted at Schools	82,280,545	86,391,269	80,979,403	80,984,051	85,229,493
Grand Total	209,842,491	217,225,661	215,752,461	183,873,787	213,726,144

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
Lunchroom Fund	263	321	321
Total Department	263	321	321
School Based	2446	2366	2365
Grand Total	2709	2687	2686

MAJOR ACCOMPLISHMENTS

- Expanded Fresh Fruit and Vegetable Program to eight additional schools, totaling 104 schools versus 96 schools in FY16.

- Operated National School Lunch and Breakfast Programs at a profit, allowing a fund balance of \$4 million while contributing \$11 million in indirect costs to the general fund.
- Piloted back of house operational modules for Point of Sale System which includes inventory controls, ordering, production records, and Hazard Analysis and Critical Control Point documentation following a successful pilot of system.
- Initiated streamlined process for all federally mandated program reviews by using electronic forms.
- Exceeded federally mandatory training hours per employee for FY 17.
- Initiated a supported printing solution and PC support for cafeterias.
- Decreased number of uncovered absences from 13.8% to 11.2%.
- Completed Federal Resource Audit Review with zero finding or technical support.
- Completed Child and Adult Care Feeding Program Review without sanctions.
- Expanded Eat What You Grow gardening program from 100 to 150. 75% of the sites experienced a harvest.
- Student Survey results maintained at 5.2 out of 8.
- Created processes and systems for district wide concession stands in stadiums to benefit CPS Score.

KEY BUDGET INITIATIVES

- Pass tri-annual USDA Administrative Review.
- Issue new request for proposal for food service management.
- Roll out Back of House food management system.
- Automate compliance monitor reporting.
- Standardize operating procedures for Safe Haven locations.
- Onboarding of charter sites transitioning from Archdioceses.
- Develop and implement succession plan and internal promotion process.
- Complement in person training by providing classes in Google Classroom.
- Create electronic acknowledgement forms for employee evaluations and training.
- Improve oversight of inventory, repair, maintenance, and equipment replacement tracking.
- Improve employee attendance rates to ensure better service delivery at schools.

Department of Personalized Learning

MISSION

The Department of Personalized Learning will provide schools and students with the data, tools, and professional development opportunities needed to adopt Personalized Learning - a teaching and learning strategy that incorporates tailored instruction based on student needs, strengths, and interests. Personalized Learning increases student engagement and allows students to own their learning. As a flexible learning model, it enables learning to happen anywhere at any time.

MAJOR PROGRAMS

- **Elevate, Whole School Redesign:** An opt-in, multi-year professional development program to train teachers and school leaders on the instructional and operational aspects of implementing Personalized Learning school-wide. Cohorts of approximately 10 schools begin the program each school year, beginning in SY16-17.
- **Summit Learning:** An opt-in program that provides a comprehensive platform for teachers to implement a Personalized Learning approach that focuses on project-based learning, competency-based learning, social emotional skills, and student/teacher mentoring. Cohorts of approximately 10-15 schools participate in the program each year, beginning in SY16-17.
- **Personalized Learning In-Depth:** A 10 month, opt-in program for schools to begin piloting Personalized Learning instructional practices agnostic of technology. Cohorts of approximately 10 schools begin the program each school year, beginning in SY16-17.
- **Pilot Network:** With the help of outside partners, the 18 month, opt-in program supports teachers in piloting Personalized Learning practices with professional development paired with education technology software programs. Cohorts of 5-11 district-operated schools have participated each year in this program since SY14-15.
- **EdTech and Personalized Learning Evaluation:** The Personalized Learning department analyzes the impact and cost of various educational technology programs used in CPS, with the goal to help schools select programs that best meet student needs. The department also evaluates the academic and social-emotional impact of the personalized learning school-wide model.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	0	781,350	128,698	714,018	495,264
Title Funds	0	1,605,458	1,605,458	1,292,223	1,847,733
Other Grants	0	0	0	0	270,000
Total Department	0	2,386,808	1,734,156	2,006,241	2,612,997

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Funds	1.2	1.2	1.2
Title Funds	6.8	6.8	6.8
Other Funds	0	0	0
Total Department	8	8	8

The budget includes:

- \$897,000 for personnel providing program management and direct support to schools,
- \$840,000 for educational technology, software and supplies as well as related facilities improvements, and
- \$650,000 for general administration, professional development and program evaluation activities.

MAJOR ACCOMPLISHMENTS

- Launched three new professional development programs for schools, improving equitable access across the district, with 32 schools opting-in to services. In total, 77 schools, including district-operated and charter, participated in a Personalized Learning program in SY16-17.
- Developed district resources to support schools implementing a Personalized Learning model, including coaching tools, observation forms, and standards-aligned curriculum resources for core-content areas and social-emotional learning.
- Provided school-based coaching to teachers and school leaders for instruction and social-emotional learning.
- Provided training to network-level personnel to better support Personalized Learning schools in each network.
- Partnered with external organizations to support Personalized Learning schools through free access to training, out of school learning opportunities, and technology/instructional resources.
- Conducted an approval process with Information Technology Services to ensure educational technology tools meet safety and security requirements.

KEY BUDGET INITIATIVES

- **Providing Access to Personalized Learning Professional Development:** In order to create and build upon school interest, the Department will provide access to needed training for teachers and school leaders to implement Personalized Learning. Professional development vendors will deliver customized training to schools at various stages of implementing personalized learning and foster a community of practice among principals.
- **Providing School-level Support:** District and external support will be provided to schools to ensure they have the resources and expertise required for successful personalized learning implementation.
- **Data Analysis and Evaluation:** Due to the foundational role data plays in Personalized Learning instruction and evaluation, the Department will analyze the impact of the individual educational-technology tools, as well as the larger personalized learning school-wide model.
- **Developing Robust Models of the School-facing Personalized Learning Dashboard:** In collaboration with schools and principals, test a school-facing personalized learning dashboard that integrates the relevant data needed to personalize instruction.

Procurement

MISSION

The Department of Procurement purchases high-quality goods and services on-time and at the best value from high-performing, innovative and ethical suppliers. By leveraging best practices from private and public organizations, this team ensures that all CPS schools and departments have the materials and services necessary for all CPS students to be successful. The department is committed to the Board of Education’s Minority and Women Business Enterprise (M/WBE) policy, which are set at 30 percent and 7 percent, respectively, for minority and women-owned businesses.

MAJOR PROGRAMS

- **Source:** Ensure full compliance with legal requirements for all sourcing activities, provide guidance to end-user departments on the most appropriate way to source their needs, and provide continual support during the life of any resulting contracts.
- **Negotiate:** Develop category strategies and structure the best partnership with suppliers for each addressable spend category. Continue to generate savings going forward by creating and implementing strategies and partnerships in areas such as healthcare, asset management, revenue generation and third party administration.
- **Optimize:** Build sustainable procurement excellence by streamlining internal processes and creating the framework to proactively engage our schools and key suppliers in year-over-year continuous improvement activities.

Budget Summary

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	1,559,099	1,455,117	2,605,777	2,399,336	2,218,396
Total Department	1,559,099	1,455,117	2,605,777	2,399,336	2,218,396

Position Summary

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	14	19	19
Total Department	14	19	19

MAJOR ACCOMPLISHMENTS

- Generated over \$20 million in savings in FY17 by developing category strategies and structuring the best partnership with suppliers for each addressable spend category.
- Significant achievements include reduced costs for computing devices (laptops/chrome books) as a result from a district-wide bid; reduced cost for audio/visual and interactive whiteboard equipment; efficiency and reduction in student busing from a para-transit RFP; price reduction in both various trades suppliers and realtor fees in real estate contracts; and implementation of managed print services.
- Received over \$170K in rebates from contracted suppliers.

KEY BUDGET INITIATIVES

- Develop bid strategies for professional services, construction and educational services, with targeted savings of \$10 million.
- Significant initiatives include: implementation of integrated facility management services; real estate sales for former schools and surplus properties; optimization of accounts payable process; implementation of asset management tool and inventory management initiative; standardization of educational professional development services to reduce prices and ensure quality; optimization of hardware order placement for increased supply chain efficiencies and cost savings; district-wide science curriculum adoption; negotiation of social and emotional learning services rates; and improvement in customer service and outreach to schools.
- Continue to streamline the procurement process for school-based purchases by expanding e-market and strategic supplier purchases to improve cost and supplier performance through increased leverage.

Office of Public and External Affairs

MISSION

The Office of Public and External Affairs advocates for CPS students before every level of government to shape education policy and secure external resources. The Office advances the CPS agenda in Springfield, before the Chicago City Council and in Washington, as well as partners with entities to secure financial opportunities to advance the goals of CPS. Our team builds critical support for and understanding of CPS policy and initiatives to help build strong relationships with key decision makers.

MAJOR PROGRAMS

- **Inter-Governmental Affairs (IGA)** serves as the main point of contact for Chicago’s 50 aldermen, 59 state senators, 118 state representatives, 18 U.S. Congressmen, and Illinois’ two U.S. Senators.
 - IGA actively advocates for initiatives and legislation favorable to CPS and works to deter legislation that does not benefit student progress.
 - Works with outside organizations, government agencies and elected officials to secure additional external resources for CPS students.
- **External Affairs & Partnerships** fosters and maintains the District’s relationships with high-profile funders in order to gain financial support for District priorities.
 - Liaison to business, philanthropic, and government funding communities.
 - Seeks grants, sponsorships, and in-kind contributions to support CPS priorities.
 - Works with businesses and corporations to secure funding for CPS priority initiatives.
 - Develops partnerships that benefit schools across the District.
- **Children First Fund (CFF)** is the 501(c) (3) non-profit organization for CPS. In this capacity, CFF pursues, accepts, and oversees the management of private financial contributions for the benefit of CPS students.
 - As a legally independent entity, CFF functions within its own by-laws and is governed by an external Board of Directors composed of Chicago’s philanthropic leaders.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	1,502,473	1,255,520	1,232,552	1,056,432	1,430,729
Total Department	1,502,473	1,255,520	1,232,552	1,056,432	1,430,729

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	9	7	9
Total Department	9	7	9

MAJOR ACCOMPLISHMENTS

- Worked on securing long term pension equity and school funding reform from Springfield to help address the District's \$680M budget deficit.
- Worked with various CPS departments and Chicago's City Council to identify a school construction framework to align with the new revenue from the Capital Improvement Tax passed by the City Council.
- Continued to cultivate and manage 270 partnerships throughout the year garnering nearly \$25 million in cash and in-kind support for students, schools and district priority projects.
- Helped launch CPS SCORE!, a top district priority, through branding, funding and operations support. CPS SCORE! - which stands for **S**ports **C**an **O**pen **R**oads to **E**xcellence - is the new district-wide elementary school sports program created in an effort to increase academic performance, decrease violence, strengthen communities, and give all students an equal opportunity to excel in sports. This innovative program could be the benchmark for urban sports programs across the nation. Secured 6 sponsors (including BMO Harris, Chicago Blackhawks and World Sport Chicago) and over \$5M in funding.
- Secured the full \$1M in funding for Universal Enrollment (GoCPS) - another top district priority, and program, that significantly improves and streamlines the high school enrollment process for students and families.
- Partnered with Chance The Rapper to create and manage ongoing arts and literature programs within CPS schools. The program has raised \$2.2M to date.

KEY BUDGET INITIATIVES

- Refocused staffing priorities toward Children's First Fund. Competitive Grants are now managed by the Office of Grants Management.
- Maintained existing lobbying budget in order to protect state and federal funding.
- Coordinate and manage the statutorily required elections for Local School Council members in 2018.

Office of Safety and Security

MISSION

The mission of the Office of Safety and Security is to support CPS in providing a safe and secure environment that is conducive to learning. The office is responsible for identifying and addressing safety concerns within schools, while partnering with other stakeholders such as the Chicago Police Department (CPD) to identify risks in the community that could affect the safety of our schools. This team uses a combination of methods, including prevention, intervention and enforcement to proactively address issues that might affect students and staff.

MAJOR PROGRAMS

The Office of Safety and Security manages the safety of our students through four main resources: CPS Security Guards, Chicago Police Officers, Safe Passage and technology such as security cameras and alarm systems. The department is divided into four teams to manage these resources.

- **The Network Safety Team** serves as the overall safety support structure for each Network. Every school has an identified point of contact from this team who is accountable for assisting in areas ranging from safety strategy development to security staff support to incident investigation and response. Key responsibilities include:
 - Working with schools to develop customized school safety plans
 - Providing school-based security staff support and training
 - Ensuring the performance optimization of school-based security staff
 - Conducting safety audits for schools
 - Partnering with CPD and community stakeholders to support school safety plans
 - Conducting interventions for students who are at risk due to factors including, but not limited to, environmental concerns, gang concerns and any other issues that might jeopardize student safety
 - Provide crisis team support at schools for situations including grief counseling
- **The Student Safety Services Team** is responsible for the overall operations of the Student Safety Center, the District's 24/7 command center for safety communications. This team also manages the technology strategy and implementation for safety initiatives such as cameras and metal detectors.
- **The Safe Passage Team** is responsible for the planning and implementation of the District's Safe Passage program. The program partners with community-based organizations to hire safe passage workers to support students as they travel safely to and from school.
- **The Safety Initiatives and Emergency Management Planning Team** is responsible for key strategic areas including Background Check and other special initiatives. In addition, they oversee school preparedness for emergency situations and incidents such as fire, tornado, active shooter by providing training and supporting schools in conducting emergency drills. In the event of a true emergency, this team will also provide support during the situation.

Budget Summary

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	29,895,879	30,671,369	30,751,164	31,026,051	33,290,304
Other Grants	799,757	1,416,709	1,464,170	1,085,299	1,729,704
Total Department	30,695,636	32,088,078	32,215,334	32,111,350	35,020,008
Budgeted at Schools	51,772,129	53,658,876	52,480,008	53,121,129	55,028,029
Grand Total	82,467,765	85,746,953	84,695,342	85,232,478	90,048,037

Position Summary

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	190	189	189
Other Grants	4	4	3
Total Department	194.0	193.0	192.0
Budgeted at Schools	985.8	986.8	982.8
Grand Total	1179.8	1179.8	1174.8

MAJOR ACCOMPLISHMENTS

- Continued Safe Passage Program: Continued to optimize program by partnering with community-based organizations to improve training using best practices.
- Launched Summer Safe Passage Program: Partnered with Chicago Park District to launch Safe Passage to support Teen Basketball Leagues and Windy City Hoops at select parks.
- School Safety Protocols: Partnered with principals to create school safety plans with enhanced security protocols designed specifically for each school.
- Safety Care Training: Partnered with the Office of Diverse Learners to develop and deliver “Safety Care” Training – a new curriculum that trains security officers on appropriate physical and non-physical interventions during situations where a child may be in a crisis situation.
- Continued “Connect and Redirect to Respect” Initiative: Implemented program in partnership with the Department of Justice and University Of Chicago Urban Labs to support at-risk youths who have displayed signs of threats and provide interventions to mitigate safety risks to the student. During the course of the year, 314 interventions were conducted.
- Summer Jobs and Programs to promote Anti-Violence Strategies: Partnered with the Department of Family Supports and Services to implement 20,000+ summer jobs across the City of Chicago’s youth population, prioritizing on those students who are from the high risk situations. 300 jobs were hosted during the summer. Students renovated CPS school auditoriums. During the school year, an additional 200 after-school jobs were hosted.
- Optimized Background Check process to Safety and Security Department: Partnered with Talent to continue to streamline protocols to improve service times and customer experience.

- Partnered with NOBLE (National Organization of Black Law Enforcement Executives): Delivered an interactive “know your rights and responsibilities.” The program is called “The Law and your Community” and is delivered by Chicago Police Officers in 16 schools.

KEY INITIATIVES

- Continuation of the city-wide Safe Passage program through 21 community-based vendors that will hire up to 1,300 safe passage workers for the 2017-18 school year.
- Continued refinement of the School-Based Security Model: CPS will continue to work with principals to improve the performance of security officers. Training will focus on improved communication of expectations. The office will partner with school-based stakeholders to ensure all expectations are clearly aligned.
- Continue to rollout the “Connect and Redirect to Respect” Initiative across the city.
- Develop new “Implicit Racial Bias” training for Security Officers: Training will focus on introducing this concept to security officers and reviewing the impact that bias can have on our students.
- Partner with CPD and Mikva Challenge to review Youth and CPD relationships inside of the school.
- Expand and improve safety technology: CPS will continue to seek grants to expand the availability of cameras and other safety technology at schools.
- Expand upon the youth/police intervention initiative NOBLE (National Organization of Black Law Enforcement Executives) to additional schools.

Office of School Counseling and Postsecondary Advising

MISSION

The Office of School Counseling and Postsecondary Advising (OSCPA) is a part of the Office of College and Career Success (OCCS). OSCPAs ensures that Pre-K-12 school counseling teams implement comprehensive, student-centered, data-informed practices to positively impact academic, social-emotional, and postsecondary outcomes of all students in the district.

MAJOR PROGRAMS

- **School Counseling:** *Counseling Specialists* implement comprehensive school counseling programs, which track relevant key performance indicators to ensure school counselors address the academic, social-emotional, and postsecondary needs of all students. As part of this work, Specialists also develop and support the REACH evaluation system that identifies a common definition and set of standards for the school counseling practice.
- **College and Career Advising:**
 - *College and Career Specialists* provide network-level guidance to schools that supports a college-going culture and drives college access and persistence growth for students. Moreover, they implement district-wide postsecondary success strategies, including monitoring key performance indicators, establishing Postsecondary Leadership Teams (or PLTs), serving as trainers for the College and Career Advising Credential, organizing college fairs, and facilitating college-school partnerships and dual enrollment participation.
 - *Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)* is a Federal program, run in partnership with Northeastern Illinois University Center for College Access and Success, that operates in 72 CPS schools. This initiative facilitates programming and activities designed to expand school-based activities and increase the college-going rate of low income students with the intent of improving student achievement and success in postsecondary education.
- **Scholarship Support:** Fosters partnerships with strategic scholarship providers; manages and reports awards; coordinates events and professional development; and publishes a guide that provides students with scholarship opportunities as a way to close the financial need gap.
- **Postsecondary Strategic Initiatives:** Utilizes technology and data analysis to continue to develop the best supports to prepare students for success in postsecondary endeavors.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	1,217,291	1,479,360	1,374,722	1,142,432	1,091,593
Title Funds	344,117	761,000	880,063	617,192	1,134,956
Other Grants	2,232,464	2,576,832	2,223,128	2,107,508	2,635,073
Total Department	3,793,872	4,817,192	4,477,913	3,867,132	4,861,622

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	12.5	6.75	6.75
Title Funds	0	3.75	3.75
Other Grants	33.5	31.5	31.5
Total Department	46	42	42

MAJOR ACCOMPLISHMENTS

- Expanded K-12 counseling supports, which include supporting a national RAMP (counseling excellence) recognition, leading network-level counselor PDs district-wide and organizing the School Counseling and Postsecondary Advising Program Expo at SWAP to serve 250+ counselors.
- Expanded school-based Postsecondary Leadership Teams (PLTs) across the majority of high schools to formalize the planning and analysis of postsecondary advising. Using the Naviance College and Career Planning Portal, PLT's can review and tailor postsecondary support to individual student needs across grade levels. Naviance tracks and monitors monthly progress toward students establishing a concrete postsecondary plan before graduation from high school.
- Hosted District-wide college and career exposure events.
- CPS Class of 2016 seniors reported over \$1.1 billion in scholarship offers - a 20 percent increase from the Class of 2015.
- Launched the Naviance College and Career Planning Portal, which provides students with a way to research college and career pathways as early as 6th grade.
- Launched year two of Academic Works, a web-based tool to streamline the scholarship search and scholarship application completion for students. Academic Works interacts with scholarship organizations to provide the latest information directly to students.
- In partnership with Thrive Chicago, a local non-profit focused on creating "cradle to career supports" for Chicago residents, launched year two of a college-focused Senior Seminar program at 15 high schools. The Seminar expanded to two additional high schools this year.

KEY BUDGET INITIATIVES

- Continue the growth and development of Postsecondary Leadership Teams in all District-managed high schools in order to lead strategies to drive key postsecondary performance indicators, identify gaps, and problem solve.
- Increase Naviance student and staff usage across all District managed schools to drive early postsecondary planning and supports.
- Continue meaningful progress towards our long-term goal of all students in grades 6-12 completing a College and Career-Ready Individual Learning Plan, so that students can maximize post-secondary planning milestones and assistance from Naviance.
- Onboard eight College and Career Specialists to lead and support the full launch of Learn.Plan.Succeed. at all District managed schools.
- Implement year 4 of the Chicago College and Career Advising Credential and associated professional development for school postsecondary advising staff in order to ensure all postsecondary school staff get the training to support Learn.Plan.Succeed., the district's new high school graduation requirement.
- Organize strategic citywide college fairs that focus on STEM, selective colleges and universities, and a "Last Chance" spring fair for seniors.
- Continue a review of the current senior seminar landscape in order to strengthen existing programs and establish new programs where none exist.

Office of School Quality Measurement

MISSION

The mission of the Department of School Quality Measurement is to provide accurate reporting of interpretable results; support schools, networks and central office by delivering timely and accurate school performance management, data and analysis; and to build a foundation of high-quality, research-based evidence to inform district practice, policy and vision.

MAJOR WORKSTREAMS

- Identifying valid and reliable measures of performance that will be used to establish goals at the educator, school, network and district levels.
- Providing leadership in schools, networks and central office departments with access to timely and accurate school and educator performance data and analysis.
- Compiling academic performance data and creating a repository for relevant District data in collaboration with other CPS departments.
- Calculating accountability metrics, KPIs, and other academic performance measures used throughout the District.
- Calculating end-of-year performance ratings for schools, principals, and educators in alignment with local policies (e.g., the School Quality Rating Policy) and state statute (e.g., Performance Evaluation Reform Act).
- Managing the District’s research-practice partnerships, external research review processes and data sharing agreements.
- Managing a Roster Verification process to allow educators and administrators to input front-end data used in evaluations.
- Increasing transparency within CPS and with the public through clear reporting of performance data.
- Supporting and streamlining the Performance Management structure to ensure efficiency of process and quality of content.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	0	2,207,139	2,136,694	1,590,432	2,005,262
Title Funds	0	0	0	20,523	61,774
Other Grants	0	0	84,234	6,006	78,318
Total Department	0	2,207,139	2,220,928	1,616,961	2,145,354

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Funds	14	13.5	13.5
Fund	0	0.5	0.5
Total Department	14	14	14

MAJOR ACCOMPLISHMENTS

- Calculated and released school quality ratings for 670 schools and programs, principal evaluation for more than 500 principals, and REACH educator evaluation ratings for more than 20,000 educators.
- Collaborated with ITS to support a shared vision for data stewardship and accuracy across the district.
- Led the identification and validation of value-added student growth metrics for use in the teacher evaluation system.
- Led the Roster Verification process for all District teachers to be used in student growth measures of the new teacher evaluation system, with more than 99% of rosters verified.
- Expanded major research partnerships to include AIR and Northwestern University.

KEY BUDGET INITIATIVES

- Provide strategic thought partnership and analytic support to Chief Education Office departments, networks and schools to track progress and support the continuous improvement cycle.
- Create and maintain reporting tools for SQRP, principal evaluation, assistant principal evaluation and teacher evaluation.
- In collaboration with local, state and national experts, continue to develop valid and reliable growth models tied to new state and local assessments.
- Provide clear, timely, and informative information on school quality to parents, Local School Councils, and community members through school progress reports, websites, and other communications.
- Develop and implement a comprehensive research agenda, based on the District's vision and priorities and collaborate with research partners to explore new lines of inquiry that will inform district decision-making.
- Streamline research approval and data access processes for external researchers.

School Support Center

MISSION

The School Support Center (SSC) is a one-stop-shop dedicated to creating and delivering innovative and proactive business solutions that empower schools to focus on instruction. We believe our schools need sound business practices that support student achievement. The School Support Center serves as a single-point of contact between Central Office partners and school/Network staff by providing excellent training, consultative support, and Premium Services in all areas related to school business operations.

MAJOR PROGRAMS

Shared Finance and Support Staff Plan: Alleviate Schools' Administrative Burdens & Costs:

We have completed the centralization of school-based financial transactions and implemented automated self-certification payroll processes across the District. This will help reduce the day to day administrative burden on schools.

The School Support Center will continue to be staffed with trained specialists who are on deck to perform the following functions:

- **Finance and Internal Accounts Management** - including transactional duties in Oracle such as book transfers, monthly reconciliation, journal entries, escheats, etc.
- **Employee Expense Reimbursement** - centralized processing of all employee and school reimbursements
- **Budget Assistance** - including transactional duties in Oracle such as budget transfers, proactive management of buckets and pointer line balances and navigating fund-program-account policies and procedures for purchasing
- **Human Resources** - first point of contact on HR issues
- **Procurement** - including expediting of processing purchase orders processing and navigating procurement application, policies and procedures
- **Oracle Financial Applications** - first point of contact in navigating and troubleshooting all Oracle financial applications (e.g., web inquiry, position control, fixed assets application, iLeasing, iExpense, iProcurement, etc.)
- **Payroll Timekeeping Support** - provides timekeeping adjustment functions in Kronos, manages manual entry of payroll corrections such as swipe errors and time-off exceptions
- **QA, Training, and School Financial Reporting** - provide basic training for all Oracle Financial Applications and proactive reports that highlight school action items
- **Field Support Services (formerly known as Premium Services)** - optional program available for schools that choose to have on-site support and training for budget, internal accounts and procurement, inclusive of Kronos and employee reimbursements; requires Network Chief approval to purchase for FY18

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Expenditures	2018 Proposed Budget
General Fund	1,976,932	5,730,214	5,775,831	3,294,368	8,906,731
SGSA	688,224	194,015	795,862	671,456	0
Total Department	2,665,156	5,924,229	6,571,693	3,965,824	8,906,731

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	21	82	88
SGSA	8	7	0
Total Department	29	89	88

MAJOR ACCOMPLISHMENTS

- The revamped School Support Center (SSC) has been working with principals this year to remove mundane and repetitive transactions from daily school operations and create better internal controls. Key processes include:
 - ✓ Budget transfers
 - ✓ Book transfers
 - ✓ Journal entries
 - ✓ Employee reimbursements
 - ✓ School reimbursements
 - ✓ Kronos Timekeeping support
- To date, the SSC is providing financial and accounting support for 515 district-run schools with successful results. On a weekly basis, we track SSC metrics to monitor whether service to schools was provided in a timely and accurate manner. Our most recent metrics show:
 - More than 95 percent of book transfers turned around in 24 hours or less
 - More than 94 percent of budget transfers turned around in 24 hours or less
 - More than 90 percent of bank reconciliations completed and approved on time
- Through Shared Services we have accomplished the following:
 - Reduced financial audit requirements for all 515 principals
 - Trained over 30,000 school staff to perform electronic timekeeping
 - Reduced paper-based processing and potential for fraud/waste across 35,000 employee expense reimbursement transactions occurring annually
 - Streamlined principal review and approval processes for financial and timekeeping activities, including eliminated paper “missed swipe” forms
 - Established platform for consistent implementation of financial policy across all schools and reduced audit requirement for school principals
 - Eliminated bank reconciliation activities from schools and increase oversight for over \$200 million that runs through internal accounts
 - Achieved over 95% adoption of electronic submission of expense receipts
 - On track to decrease manual error corrections to timecards by over 30%
 - Provided phone support to 55,000 inquiries while maintaining average call center wait time of less than 1 minute.
 - Resolved over 40,000 ticketed questions and issues

KEY BUDGET INITIATIVES

- Better support schools by improving service quality and efficiency
 - Provide a platform for improved service quality and consistency across the district
 - Leverage lessons learned in a centralized place to enhance training
 - Reduce the effort and corrections on the back end of transactions
- Increase integrity through heightened governance and internal controls
 - Identify errors or corrections earlier in the process through proactive controls

- Enhance controls to protect the schools, principals, and teachers
- Improve financial stability by optimizing costs
 - Reduce the time and effort required to process financial transactions at the school-level
 - Increase financial expertise available to all district-run schools
- Implement Shared Services to support schools
 - Provide a platform for improved service quality and consistency across the district
 - Reduce the time and effort required to process financial transactions at the school-level so that schools are able to focus on instruction
 - Enhance controls to protect the schools, principals, and teachers
 - Identify errors or corrections earlier in the process through proactive controls
 - Leverage lessons learned in a centralized place to enhance training
 - Reduce the effort and corrections on the back end of transactions

Office of Social and Emotional Learning

MISSION

The Office of Social and Emotional Learning (OSEL) is a part of the Office of College and Career Success (OCCS), and partners with schools and networks to establish and sustain supportive learning communities founded on caring relationships and multi-tiered systems of support (MTSS) for students' social, emotional and behavioral needs. The office supports training, coaching and implementation of research-based strategies to foster positive school and classroom climate development, including trauma-sensitive schools and restorative practices, social-emotional skills instruction and tailored behavioral interventions.

MAJOR PROGRAMS

- **School Culture and Climate:** Provides training and coaching on supports for school staff to establish clear expectations, positive relationships, and a restorative and trauma-sensitive learning environment for all students in accordance with the CPS School Climate Standards.
- **SEL Skills Instruction:** Provides training, curricula and ongoing supports to schools to implement SEL skill-building lessons aligned to Illinois SEL Learning Standards.
- **SEL/Behavioral Interventions:** Offers therapeutic strategies specifically designed to impact a students with certain social-emotional barriers to learning. Using effective discipline and intervention practices, the team works to reduce out of school suspensions and expulsions.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	5,227,836	5,814,065	4,920,817	4,426,158	2,984,122
Title Funds	4,083,953	4,712,250	5,694,294	5,639,593	7,404,456
Other Grants	2,457,175	884,253	1,635,184	1,241,425	2,244,783
Total Department	11,768,964	11,410,568	12,250,295	11,307,176	12,633,361
Budgeted at Schools	7,167	0	45,000	26,771	0
Grand Total	11,776,131	11,410,568	12,295,295	11,333,947	12,633,361

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	23	9.8	9.8
Title Funds	0	16.2	16.2
Other Grants	8	4	4
Total Department	31	30	30

MAJOR ACCOMPLISHMENTS

- Decreased Districtwide out of school suspension rates by 24 percent through March, compared to the same time period last school year. This decrease follows record low suspension rates last school year.
- Certified 335 schools with the Supportive School Certification that will appear on School Progress Reports. Schools were certified following a rigorous application process that included school self-assessment/action plan of school climate, a review of submitted evidence, and a half-day site visit

and interviews. Eighty-five percent of all district-managed schools completed the school climate self-assessment, the first step in certification.

- Provided professional development and materials for 351 schools to implement evidence-based programs to teach SEL skills to all students.
- Trained 173 schools to implement evidence-based classroom management strategies.
- Launched a High Priority SEL Schools initiative with 29 identified schools with extremely high rates of discipline, low attendance and implemented a strategy to help the school improve by hiring two additional SEL specialists focused on coaching high priority schools. Through March, the priority schools decreased out of school suspension rates on average by 49 percent compared to the same time period last school year. Chronic absenteeism was also reduced by 11 percent.
- In partnership with Mayor's office, launched city-wide training on trauma-sensitive schools and Adult SEL/Community Building.
- Expanded the Behavioral Health Team (BHT) model to 104 schools to support the coordination and monitoring of behavioral health supports for students with more targeted and/or intensive social and emotional needs.
- Provided direct service mentoring behavioral programs through Becoming a Man/Working on Womanhood to 30 schools.
- Launched Healing Trauma Together through the U.S. Department of Education's Promoting Student Resilience Grant, which provides 10 high schools in high-violence communities with school-wide trauma supports including full-staff professional development, Behavioral Health Teams and an on-site clinician to implement trauma-focused intervention.

KEY BUDGET INITIATIVES

- Fund coaching, professional development, resource creation and direct services for the SEL aspects of the district-wide MTSS initiative, as well as suspension and expulsion alternatives to meet specific social, emotional and behavioral needs of referred students. Fund continued intensive SEL supports in prioritized schools.
- Continue reducing coaching and training expenses by building internal capacity of Central Office and networks to provide training and coaching on SEL MTSS and Restorative Practices.
- Reserve funding to continue and expand the Healing Trauma Together initiative in 10 participating high schools, and up to 10 elementary schools in high-violence communities. Should the second year of the grant's funding be awarded (by Oct. 1), all continuation and expansion activities will be funded by the federal grant.

Sports Administration and Facilities Management

MISSION

To facilitate and identify world class opportunities for students through programs that foster growth and development of character, citizenship and scholarship.

MAJOR PROGRAMS

- **High School Sports:** Provides valuable after-school learning opportunities for approximately 38,000 students by managing the operational logistics for high school interscholastic competitions across three seasons and for the citywide summer sports camp sessions. Facilitates the comprehensive professional development of all high school athletic directors and coaches, which includes recognition of rules, regulations and conduct of all who are associated with the Sports Administration’s mission.
- **Elementary School Sports:** CPS SCORE program, a district-wide “no-cut” sports initiative that increases the participation of elementary age student and helps build healthy habits.
- **Student Drivers Education:** Oversee classroom instruction and behind-the-wheel activities for students at 20 citywide locations.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	13,891,520	13,822,026	14,075,242	14,205,149	14,281,594
Other Grants	285,518	41,543	3,592,106	1,180,388	2,410,350
Total Department	14,177,038	13,863,569	17,667,348	15,385,537	16,691,944

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	13	14	16
Total Department	13	14	16

MAJOR ACCOMPLISHMENTS

- Launched CPS SCORE, using public/private partnerships to fund a district-wide “no cut” elementary sports program. More than 15,000 students participated in the 2016-17 winter and spring seasons. SCORE participation is expected to grow with the addition of a fall season in SY 2017-18.
- Created a sports training webinar, which is published on CPS University, for any new administrators and athletic directors.
- Redesigned the Individual Study Plan to establish greater accountability and clarity of who is responsible for providing academic supports to ineligible student-athletes.
- Established a Regional Basketball Playoff system to allow for convenient viewership and monitoring and to serve as a showcase for college coaches to recruit our athletes.
- Upgraded the Driver’s Education facilities by repaving and striping multiple sites throughout the

year.

KEY BUDGET INITIATIVES

- Work with Title IX and Internal Audit to expand HS sport offerings to create equity in amongst boys and girls sport participation.
- Establish a sports request application process that allows the department to control costs.
- Implement updated process of verifying and validating all coaches' stipends to ensure effective use of fiscal year budget.
- Programmatic review of all contracts with venues, emphasizing multi-year agreements and cost-effective terms across all sports.
- Establish new car purchase protocol for Driver's Education program to establish a more cost-effective formula that will allow for more uniformity in the lifecycle of vehicles in the program's fleet.

Office of Student Health and Wellness

MISSION

The Office of Student Health and Wellness (OSHW) aims to remove health-related barriers to learning so that students may succeed in college, career and life.

MAJOR PROGRAMS

- **School Based Enrollment Services:** management of District-wide student enrollment in Medicaid and SNAP programs, oversight of policies pertaining to chronic disease and School Based Health Centers.
- **Health Information, Monitoring, and Reporting:** management of District-level personnel to support schools through strategic communications and technical assistance, oversight of internal and external research, evaluation and data collection.
- **Health Promotion:** management of District health related instruction including physical education and comprehensive health education (sexual health, nutrition education, alcohol, tobacco, drugs, violence prevention, etc.), oversight of District wellness policies, recess and school gardens.
- **Student Health Services:** program management of District-wide dental exams, vision and hearing screening and referrals, hearing exams, vision exams.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	3,574,326	4,005,581	4,053,419	3,923,048	4,062,179
Lunchroom Fund	425,893	577,635	704,214	524,929	811,239
Other Grants	1,206,708	1,476,152	2,481,669	1,480,702	1,492,008
Total Department	5,206,927	6,059,368	7,239,302	5,928,680	6,365,426

**2018 Proposed Budget increased due to the receipt of federal grant dollars geared towards increasing Medicaid enrollment and outreach efforts.*

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	50.0	50.0	50.0
Lunchroom Fund	7.0	8.5	8.5
Other Grants	15.0	8.5	7.5
Total Department	72.0	67.0	66.0

MAJOR ACCOMPLISHMENTS

School-Based Medicaid Enrollment Services

- Began implementation of Medicaid and SNAP enrollment process by launching 16 school-based Medicaid enrollment sites.
- Executed 2 service agreements with partner agencies at no cost to the District, to staff school-based enrollment sites.
- Applied for and received Healthy Schools Healthy City Initiative Grant for \$865,863 for two years to deliver Medicaid enrollment services to the District's students.
- Recouped \$170,500 through enhanced Medicaid student ID matching.

Health Information, Monitoring, and Reporting

- Disseminated and analyzed Healthy CPS Survey for over 500 schools to assess alignment to health and wellness policies and determine relevant actions.
- Provided training on a comprehensive dashboard to enable school administrators to view specific health and wellness reports and further data driven decisions related to health, wellness and attendance.
- Coordinated technical assistance for health and wellness policy implementation to 168 schools.
- On track to achieve weighted data for 2017 CDC Youth Risk Behavior Survey (YRBS). Administered YRBS in 49 high schools.
- Streamlined Medicaid billing process internally.

Health Promotion

- Implemented year three of the Physical Education Policy at all schools, which required 150 minutes of physical education (PE) for all elementary students and daily PE for all high school students.
- Disseminated PE equipment to all schools totaling \$182,500
- Offered trainings to identified health experts in each school related to diabetes, food allergies, AED/CPR, and sexual health education.
- Trained sexual health instructors in schools to ensure alignment with District policy.
- Delivered epinephrine pens (EpiPens) to all schools to ensure compliance with Illinois law at no cost to the District.

Student Health Services

Audiometric & Vision Screening Technicians employed by CPS:

- Audiometric & Vision Screening Technicians employed by CPS:
 - Delivered over 138,800 students with at least one hearing screening and provided referrals for medical care to 1000 students who met referral criteria.
 - Delivered over 129,000 students with at least one vision screening and provided referrals for medical care to over 16,956 students who met referral criteria
- Partnered with the Chicago Department of Public Health (CDPH) and subcontractors to:
 - Provided over 28,000 students with eye examinations and over 15,500 eyeglasses.

- Provided over 12,500 students comprehensive dental examinations.
- Provided over 5,470 students with testing and treatment for sexually transmitted infections.
- Partnered with the University of Illinois in Chicago Hospital and Health Sciences System to provide referred students with an audiology/ear/nose/throat examination:
 - Provided over 100 students with audiology/ear/nose/throat examinations.

KEY BUDGET INITIATIVES

School Based Enrollment Services

- Strengthen CPS' school based enrollment strategy to increase and maintain the participation rate of students enrolled in Medicaid, CHIP and SNAP to promote success in the classroom and to ensure CPS families have access to health care and a healthy food purchasing power.
- Focus enrollment efforts on the approximately 8,000 students with IEPs that are eligible for Medicaid but not enrolled.

Health Information, Monitoring, and Reporting

- Maintain 70% response rate to Healthy CPS Survey.
- Consult with Aspen Project Management team for health-related Student Information System updates.
- Coordinate additional grant funding to high-need schools for Healthy CPS Implementation.
- Develop research agenda with the City of Chicago as part of Healthy Chicago 2.0
- Develop data process for Medicaid enrollment.

Health Promotion

- Help all schools achieve *Healthy CPS* certification (100% compliance with health/wellness policies).
- Support professional development and implementation of quality physical education at all schools.
- Implement sexual health education, HIV/STI, and pregnancy prevention initiatives at all high schools.
- Expand StartWELL, early childhood health and wellness initiative, to all Pre-K classrooms.

Student Health Services

- Increase percent of mandated students with at least one hearing screening) and/or vision screening and provide referrals for medical care to students meeting referral criteria.
- Increase percent of students documented with a valid vision examination and/or allowable waiver and provide referral for medical care to students with health issue impacting learning.
- Increase percent of students documented with a valid dental examination and/or allowable waiver and provide referral for medical care to students with health issue impacting learning.

Office of Student Support and Engagement

MISSION

The Office of Student Support and Engagement (OSSE) is a part of the Office of College and Career Success (OCCS) and provides comprehensive supports to help students become more connected to and engaged in school. The office provides re-engagement services for out-of-school youth, resources to eliminate barriers for students in temporary living situations, attendance and truancy guidance for CPS families, schools, and Networks, and extended learning opportunities to enhance all students' core academic experience while engaging parents and community members in school-led activities.

MAJOR PROGRAMS

- **Attendance & Truancy:** Lead and coordinate the district-wide efforts to promote consistent student attendance and reduce chronic absence and truancy. OSSE also provide additional support when schools fall below the District's attendance goals and assist in disseminating and funding best practices for improving and maintaining high attendance.
- **Students in Temporary Living Situations (STLS):** Train and support all CPS schools to ensure system-wide compliance with McKinney Vento Law for the removal of barriers to the educational opportunities for our over 17,000 students who are experiencing homelessness. Much of this work consists of providing transportation as well as basic needs such as hygiene kits, uniforms and other supports that students need to be successful in school.
- **Student Outreach and Re-engagement (SOAR) Centers:** Provide targeted outreach to chronically truant and out-of-school youth to get them re-engaged, re-enrolled and persisting in a best-fit educational setting with the goal of earning a high school diploma. There are four SOAR Centers, all of which are located in neighborhoods with the highest concentration of out-of-school youth (Roseland, Pilsen/Little Village, Garfield Park and Englewood).
- **Juvenile Justice Re-Entry Program:** Provide re-engagement support to court-involved youth across the city. This team facilitates the school placement and monitoring of all students exiting the Juvenile Detention Center that have attended the Nancy B Jefferson Alternative School.
- **Out-of-School Time (OST) Activities:** Manage and oversee OST Award Program, After School Matters, City Year, Science Olympiad and You Be the Chemist, offering approximately 40,000 slots for CPS students. Students who participate in these programs are more likely to have improved academic performance, school-day attendance and school-day behavior outcomes.
- **Community Schools Initiative (CSI):** Support schools in Chicago receiving restricted grant funding to implement the CPS Community Schools strategy. These schools partner with community-based organizations to provide a comprehensive set of wrap-around supports to students, their families and community members. OSSE sets implementation guidelines, trains and connects schools to resources, and provides data analysis and technical assistance.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	4,050,083	7,456,616	2,919,232	2,908,520	6,752,374
Other Grants	6,738,111	8,072,697	8,072,697	7,187,109	6,881,022
School Generated	7,307,106	10,652,180	9,863,142	8,501,392	8,529,112
Total Department	18,095,300	26,181,493	20,855,071	18,597,021	22,162,508
Budgeted at Schools	5,388,595	217,436	4,821,315	4,712,499	161,155
Grand Total	23,483,895	26,398,929	25,676,386	23,309,520	22,323,663

Funds for after-school programming are held centrally to start the fiscal year and subsequently transferred to schools where spending occurs.

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	7	5	5
Title Funds	5	5	5
Other Grants	45	41	41
Total Department	57	51	51
School Based	3.5	3.5	2.7
Grand Total	60.5	54.5	53.7

MAJOR ACCOMPLISHMENTS

- In a continued effort to create tools and resources for schools, Networks and CPS families, the Attendance and Truancy Department went live with a public-facing, cross-departmental Attendance and Truancy website, and released the CPS Guidelines for Attendance Improvement and Truancy Reduction. Attendance grants were awarded to 14 Networks in support of 154 schools. Further, in its second year, the Attendance Essentials Learning Hub training for all District-managed schools has reached nearly 100% participation, training approximately 1,122 individuals.
- The Community Schools Initiative (CSI) served nearly 18,000 students (unduplicated) and nearly 3,000 adult family members at 45 schools across the District during FY17. Funds for the services and supports provided to these students and their families come from seven 21st Century Community Learning Centers (21st CCLC) grants. CSI established a partnership with the Polk Bros Foundation Center for Urban Education at DePaul University to provide monthly professional development and other learning opportunities for principals, resource coordinators and partner agency management staff at the 45 District-managed community schools. It was also offered to the 89 Partner-managed community schools that received similar grants.
- OSSE led District-wide training and support to all CPS schools to ensure our over 17,000 students in temporary living situations in CPS had access to transportation and other basic needs such as

hygiene kits, school uniforms and other clothing items to address barriers to attending school every day. New program implementation this school year included a new issue resolution tracking system and new protocols for reaching out to preschool students to enroll eligible students into STLS which resulted in a 35% increase in pre-K enrollment in the Students in Temporary Living Situations program.

- Centralized Out-of-School Time Programs served approximately 40,000 unique students across programs. The OST Award Program serves over 30,000 students, providing 70,000 hours of programming across a wide spectrum of topics, from academic intervention to STEM to dance to Yearbook. Staff members at 172 schools were trained on developing this programming, maximizing participation outcomes, and effectively spending their budget. Student participation numbers in After School Matters and City Year are expected to rise from FY16.
- The Juvenile Justice Re-Entry team supported over 720 students exiting Nancy B Jefferson School in school planning, individualized support, and resource coordination, and utilized partners in the juvenile justice system, schools, and community-based organizations. Over 61% of re-entry eligible students enrolled in school following their release, fulfilling a key need for our most disadvantaged students. The team supported students spread across 88 different CPS schools. A new procedure for more intensive re-entry at previously underserved neighborhood high schools produced an even higher 72% enrollment rate in its initial pilot phase. The department implemented restorative practices in student re-entry, a new tool for tracking student outcomes, and established new partnerships with Cook County Probation allowing for collaborative inter-agency support.
- The District's four Student Outreach and Re-Engagement (SOAR) Centers supported 2,055 students and helped re-enroll 75% of those students. 80% of those students have now attained stable enrollment in school.

Key Budget Initiatives

- Continued implementation of Attendance Improvement and Truancy Reduction Strategy to improve student attendance throughout the District. The comprehensive strategy focuses on providing data tools and guidance to improve all schools' attendance as well as targeted financial investments to support high-need schools through school-climate training, social-emotional skill development and supplemental student programming. All district-managed schools will have two people certified on Attendance Essentials.
- CSI will work to secure new 21st Century Community Learning Centers grants (\$3.6M annually for the five year grant term) to continue the work at 13 Community Schools rolling off of funding at the end of FY17, and to support the implementation of the community school strategy at 11 schools new to the initiative.
- The STLS Program will provide training to approximately 1,000 clerks & liaisons on policies and protocols regarding services for STLS students, work with parents and schools to ensure that over 17,000 students are immediately enrolled into school, and provide school of origin transportation to approximately 11,000 students.
- The Every Student Succeeds Act of 2015 (ESSA) provided new rights to all students in foster care including the right to transportation if it is required to remain enrolled in their school of origin.

OSSE will establish protocols and coordinate transportation and enrollment support services to all qualifying foster care students.

- The Juvenile Justice team will support implementation of new English, Math, and Seminar curriculum at Nancy B. Jefferson to provide greater continuity in instruction and credit accumulation for detained students, and more successful transition to CPS schools. New re-entry protocols will be developed that incorporate best practices in transition and restorative principles, and CPS schools will receive training in the protocol and restorative re-entry.
- SOAR will support the identification and re-engagement of 2,000 out-of-school youth. There will be an increased focus on the retention of over-age 9th grade students most at risk for dropping out of school. SOAR established a partnership with the Cook County Workforce Partnership Board to provide workforce training and workforce experience to SOAR students.

Talent Office

MISSION

The Talent Office supports all stages of employees’ careers with CPS so they can focus on serving the students of Chicago. This work includes recruitment, hiring, onboarding, development/evaluation, financial and non-financial compensation and benefits, as well as supporting school and department leaders in establishing and maintaining a healthy, performance-based workplace culture.

MAJOR PROGRAMS

- **Talent Acquisition:** Launch new initiatives aimed at strengthening and diversifying the teacher workforce in Chicago. Programs include new teacher residencies for Special Education and Bilingual teachers, launching the Chicago Teacher Ambassador program, and a new focus on providing intensive teacher recruitment and hiring support to select CPS Opportunity Schools.
- **HR Operations:** Further improve the efficiency of employee onboarding, as well as the employee and hiring manager experience. Key objectives include raising the number of actively working substitute teachers and continuing the transition to electronic employee records.
- **HR Partner Teams:** Provide one-stop support for CPS leaders, including principals, for all HR-related needs, including expert guidance, timely technical advice and executive consultation.
- **Employee Benefits:** Bring in-house the processing and administration of employee leaves of absence in order to improve services and reduce costs, launch a return-to-work program, improve health education and disease management services for employees, and restructure defined contribution savings plans.
- **Talent Support & Executive Administration:** Perform client management function for all District leaders seeking Talent guidance and support, conduct workforce planning, and executive leadership.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Funds	14,405,207	14,833,799	14,562,042	14,107,402	15,431,274
Title Funds	570,310	6,264,743	5,216,484	2,922,591	4,996,823
Other Funds	130,664	2,224,907	1,834,961	1,002,843	1,212,209
Total Department	15,106,181	23,323,449	21,613,487	18,032,836	21,640,306

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Funds	69.6	64.7	70.7
Title Funds	8.0	11.2	11.2
Other Funds	18.6	9.3	9.3
Total Department	96.2	85.2	91.2

MAJOR ACCOMPLISHMENTS

- Rolled out consolidated healthcare plans in FY17 in partnership with labor union partners and employees, resulting in reduced healthcare spending against projections.
- Supported 50 Opportunity Schools with recruitment and hiring services resulting in several dozen teacher positions being filled that had previously been vacant due to lack of qualified applicants.
- Launched a Continuing Endorsement Program for current teachers to pursue credentials in Special Education or Bilingual. The program offers discounted tuition at 15 local colleges and universities.
- Supported hundreds of teachers and administrators across CPS with expert classroom observations and feedback by nine Instructional Effectiveness Specialists who focused on improving instruction in predominantly Special Education classrooms.
- Ensured 100% of teachers rated Unsatisfactory or Developing had professional development plans to guide their improvement in school year 2016-17.

Office of Teaching & Learning

MISSION

To provide all stakeholders with educational resources that will result in high-quality curriculum and instruction that engages and empowers students.

MAJOR PROGRAMS

- **There are five Core Curriculum** departments under the Office of Teaching and Learning: **Arts, Literacy, Mathematics, Science, and Social Science/Civic Engagement**. These departments focus on the effective implementation of Illinois State Standards and high-quality instruction. They ensure that educators have the training, tools and resources to support meaningful and effective learning that prepares students for a successful future.
- **The Instructional Supports Department** provides students with targeted resources and academic programs that extend learning opportunities. The Instructional Supports department ensures that all students will be actively engaged in extended learning opportunities (including Summer Bridge, Credit Recovery and Virtual Learning programs) that foster and enhance the skills needed for success in college, career and life.
- **The Education Policy and Procedures team** effectively communicates and facilitates the strategic implementation of Board policies and procedures to ensure equity and fair standards for all CPS students to drive student achievement.
- **CPS Framework Specialists** provide supports and resources, including standard-setting resources (companion guides, addenda), teacher-created support resources and teacher-led professional development sessions to support District schools and establish best practices.
- **The Learning Technologies team** maintains the District's Learning Hub, which houses and tracks CPS professional learning, and the Knowledge Center, an Intranet site that houses information, tools and resources for CPS staff. The department also manages the Learning Object Repository (LOR), which is comprised of various webinar systems that support digital media management.
- **The Academic Competitions team** encompasses extra-curricular programs aimed at engaging students before, during and after school, including science fair, academic decathlon, spelling bee, debate, academic chess and math leagues. Students participate in multiple tournaments and competitions. Academic Competitions creates a competitive environment to teach students to apply content knowledge in ways that develop college and career skills such as problem solving, research and critical thinking.
- **The Department of Assessments** supports the implementation of a balanced assessment system in all schools and provides district stakeholders with the assessment data and resources needed to advance student achievement.
- **The Department of Magnet, Gifted and IB Programs** provides students and families with high quality school models aimed at increasing college readiness through rigorous, theme-based instruction.
- **The Office of Early Childhood Education** is also organized under the Office of Teaching & Learning but is presented separately in the Budget Book.

BUDGET SUMMARY

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	14,234,300	17,498,389	17,575,116	15,429,462	20,119,260
Title Funds	17,195,033	16,560,509	16,171,142	12,427,467	14,374,183
Other Grants	2,809,425	2,260,360	3,527,261	2,282,101	1,751,188
Total Department	34,238,758	36,319,258	37,273,519	30,139,030	36,244,632
Budgeted at Schools	52,686,157	55,372,513	56,892,156	57,447,295	59,847,441
Grand Total	86,924,915	91,691,771	94,165,675	87,586,325	96,092,073

POSITION SUMMARY

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	31	34	37
Title Funds	22	22	22
Other Funds	5	4	3
Total Department	58	60	62
School Based	539.58	533.41	542.4
Grand Total	597.58	593.41	604.4

MAJOR ACCOMPLISHMENTS

Core Curriculum:

Arts

- More than 4,000 students across the city participated in in- and out-of-school arts opportunities sponsored by the Department, such as CPS Music Festivals, the district's Advanced Arts Program at Gallery 37, and All-City Visual and Performing Arts showcases.
- 700 educators received professional development in arts assessments, arts and technology integration, and arts curriculum development.
- 628 schools completed the district's annual arts education survey, the Creative Schools Certification.
- \$800,000 "Arts Essentials" funds were distributed to eligible schools for the purchase of equipment, materials and supplies for arts instruction.
- Nearly \$1.5 million was awarded to 100 schools through the Ingenuity-funded Creative Schools grants for arts partnerships that respond to data-identified gaps in student access to arts education.
- Over 30 high school Literacy teachers participated in the first-ever CPS Poetry Project professional learning cohort, in collaboration with the Poetry Foundation, Library of Congress, US Poet Laureate, and CPS Department of Literacy.

Literacy

- Provided an Elementary Battle of the Books program for approximately 2,300 students in 217 teams from 141 schools across the city, a 19.7 percent increase over the previous year.
- Provided 389 schools access to SOAR (Students Online Access to Resources), an integrated

virtual library system that allows schools to manage the circulation of over 3,000,000 print and digital library resources. As a result of negotiated contract terms, SOAR has expanded with digital eBook library portals to every CPS school in SY17 at no additional cost to CPS. Implemented ADFS integration for many of the SOAR modules.

Math

- Partnered with Erikson Institute, DePaul University, and University of Chicago to develop and facilitate ongoing professional learning around Common Core Mathematics for over 1,200 pre-K - High School teachers across all 13 CPS Networks.
- Supported over 2,000 teachers with professional learning focused on the effective use of newly adopted mathematics instructional materials.
- Partnered with University of Chicago, DePaul University, and University of Illinois at Chicago to support 45 teachers in participating in university coursework to earn the CPS Algebra Credential. This ongoing partnership has increased access for students participating in High School Algebra for Middle Grades, from approximately 112 to 203 schools and 1,114 to 6,800 students since 2007.
- Facilitated peer collaboration for 85 teachers, including cycles of lesson planning and classroom observations focused on student learning, in partnership with DePaul University.
- Facilitated year-long professional learning communities focused on mathematics teacher leadership development for over 150 teachers from grades pre-K - High School.

Science

- Facilitated year-long professional learning communities over 150 pre-K-High School teachers focused on teacher leadership development and quality science instruction.
- Designed and facilitated over 25 workshops to support over 750 teachers with professional learning focused on implementation of the Next Generation Science Standards.
- Provided targeted science support to 43 teacher leaders in Networks 2, 3, 7 and 9 in partnership with Universities (Loyola, DePaul, and University of Chicago).

Social Science/Civic Engagement

- Designed and facilitated professional learning for 1,800+ teachers on implementation of curriculum and programming related to Social Science and Civic Engagement.
- 50 high schools and 20 middle schools implemented a Student Voice Committee.
- More than 2,000 students engaged in student events sponsored or organized by department.
- 16 high schools and more than 700 students participated in Calumet is My Back Yard program.
- Provided resources and partnership opportunities for 998 teachers who led 7,776 service learning projects for a total of 498,039 hours; more than 80 community partners certified as Service Learning partners.

Instructional Supports:

- Worked to develop an IT Dashboard upgrade that gave all CPS principals daily access to students' summer school progress, allowing principals to access with data needed to implement effective interventions to help students in need of additional supports.
- Collaborated with the Department of Information and Technology Services (ITS) to develop a tool to track the implementation of Personal Learning Plans (PLPs) for all Summer Bridge students and students in need of additional supports.
- Provided networks and schools with three Eligibility Forecast Reports to increase their ability to identify struggling students during the school year.

- Compiled and organized an electronic Summer Programs Handbook and streamlined monthly communication with principals through monthly reminder alerts, directing principals to relevant sections in the handbook.
- Launched a Virtual Learning Request for Proposal (RFP) which yielded three approved vendors from which schools can work with for virtual credit recovery tools.
- Identified Multi-Tiered Systems of Support (MTSS) work streams across a variety of CPS Departments.

CPS Framework Specialists:

- Designed and facilitated 29 professional learning events to increase teacher quality and instructional best practice that reached 2,000 attendees across the district.
- Designed and facilitated a monthly professional learning community of 80 district teacher leaders to increase instructional practice in 76 CPS schools.
- Created over 200 resources/videos to support CPS principals and teachers with the CPS Framework for Teaching.

Academic Competitions:

- Oversaw efforts to provide nearly 50,000 CPS students with access to academic competitions programs and competitive tournaments.
- Planned, implemented and executed city-wide tournaments; many leading to high-achievement in state, national and international competitions.
- Four top CPS Science Fair students attended the International Science and Engineering Fair in Los Angeles California.
- Increased the number of schools participating in First Move, a chess education program, serving approximately 11,000 students in second and third grade. In SY 17-18, First Move will increase from 113 school to 143 schools.
- CPS students placed at national chess competitions, including the All-Girls National Chess Tournament and Super Nationals.
- The Chicago Debate League won the Urban Debate League of the Year Award at the National Association of Urban Debate Leagues National Championship dinner.
- Expansion of high school and middle school debate from 52 schools to approximately 76 schools and 1,500 students in SY 17-18.
- Expansion of Academic Chess schools from 42 schools to 54 schools in SY 17-18

Assessments:

- Managed the administration of all national, state, and district required assessments; helped facilitate data processing and cleaning to inform school quality ratings and reporting.
- Administered the Partnership for Assessment of Readiness for College and Careers (PARCC) assessment and project that the district will meet the 95% required participation rate for the first time in the assessment's 3-year administration history.
- Managed the first-time administration of PSAT9, PSAT10, and SAT assessments in CPS high schools; supported high schools' transition from the ACT to the SAT.
- Developed professional learning modules for PARCC and PSAT/SAT and ensured completion in all district schools.
- Led CPS participation in the SAT All In Challenge, a partnership between College Board, Khan Academy, and the Council of Great City Schools. CPS is a lead contender for a monetary award as a result of its participation, will be featured in a video at the Council of Great City Schools Conference, and has been invited to contribute to panel sessions at superintendent and

administrator conferences.

- Managed the REACH Performance Task administration process for more than 20,000 teachers who received teacher evaluation ratings.
- Conducted BOY, MOY, and EOY consultancies with network teams to support their schools' assessment implementation.
- Launched the Balanced Assessment Focus School initiative through the Assessment Leads PLC to directly support 15 schools' assessment practice and develop a comprehensive district-wide strategy in this area.

Magnet Gifted and IB:

- Provide ongoing support, including curriculum development, professional development, implementation strategies, to 303 schools across the district.
- Supported IB Authorization application submittals at five new IB elementary schools.
- Provided technical and curriculum development support incubation of IB Middle Years Programme (MYP) program to three new elementary schools.
- Provided technical and curriculum development support incubation of the IB Career-Related Programme (CP) program to four new high schools.
- Provided professional development for more than 1,100 Magnet, Gifted and IB program teachers.
- Incubated Comprehensive Gifted Programs at eight new schools.
- Selected to host Magnet Schools of America National Conference for 2018
- Developed comprehensive application process for new schools interested in offering a MGIB program or changing the current program in their school.
- Developed program-specific classroom observation rubrics for each program (IB, AP, Magnet, and Gifted) to assess fidelity of program implementation.
- Developed partnership with the Lead Higher Initiative to ensure that all students have equal access to high quality AP and IB programs.
- CPS remained on the AP Honor Roll for the fourth consecutive year. The award honors districts that have increased the number of minority students enrolled in AP courses as well as shown an increase in the number of students obtaining a score of 3 or higher on AP exams
- Received an ISBE AP Improvement Grant (a competitive grant) to support four schools. The grant provides \$50,000 for student support (afterschool and summer programming, tutoring, etc.) and teacher professional development and planning.
- Designed and offered an IB summer academy for approximately 250 juniors in the IB DP program across the city in partnership with DePaul University.

Student Transportation Services

MISSION

To improve student achievement by providing safe, timely and cost-effective transportation for all eligible students in accordance with federal, state and local laws, as well as city ordinances and Chicago Board of Education policies and procedures.

MAJOR PROGRAMS

- **Diverse Learning Transportation:** Provide transportation from home to school for over 9,500 students with special needs and over 500 students with specified medical needs via approximately 1,000 routes provided by 17 vendors. Additional services based on individual needs of students may include: a bus aide, a nurse, a lift-equipped vehicle for wheelchairs, an air-conditioned vehicle, car seat and harness/restraint systems.
- **Options for Knowledge Transportation:** CPS provides access to a variety of programs for approximately 9,500 K-8 students on approximately 300 routes. The programs include magnet, academic centers, gifted and classical schools. Transportation is often based on living 1.5 to 6 miles from school.
- **Non-Traditional Transportation:** Non-traditional transportation serves students in temporary living situations, students living in Chicago but attending other school districts, students attending qualifying NCLB schools, and transportation to three alternative safe schools.
- **Bus Aides:** CPS provides bus aides for nearly 6,500 students with IEPs that require a transportation aide. In FY14, the Transportation department centralized the staffing and management of all bus aides to more efficiently allocate personnel and improve route coverage, and this practice continues to play a role in improved overall attendance and performance.

Budget Summary

	2016 Actual Expenses	2017 Approved Budget	2017 Ending Budget	2017 Projected Expenditures	2018 Proposed Budget
General Fund	110,266,811	117,800,757	112,027,707	110,267,266	121,435,005
Title Funds	59,609	75,000	201,730	161,331	224,887
Total Department	110,326,420	117,875,757	112,229,437	110,428,597	121,659,892

Our budget is increasing approx. 3.2% from FY17 to FY18. This increase is driven by an increase in the yellow bus contract and translates into an increase of approximately \$9 million. This increase is partially offset by a substantial reduction of 85 bus aide positions due to increased pairing percentages and route optimization.

Position Summary

	2017 Budgeted Positions	2017 Ending Positions	2018 Proposed Positions
General Fund	919	918	838
Total Department	919	918	838

MAJOR ACCOMPLISHMENTS

- Successfully negotiated Yellow Bus contract keeping cost increases limited to under 15% percent overall following several years without any cost increases.
- Worked to fully optimize CPS bus routes while keeping travel time low. By optimizing routes in this manner and getting the corresponding reduction in employee count, CPS was able to save approximately \$6 million dollars.

- Reached agreement with one para-transit vendor to increase para-transit capacity for FY18.
- Implemented a shared savings program with schools willing to shift their bell time for School Year 2016-17. Through this program, schools received over \$700,000 in savings to use at their discretion.
- Improved overall pairing percentage on routes from 51% to 61%, saving the district approximately \$500,000.
- Continued the “transit-style” transportation model for students receiving transport through the Options for Knowledge program. This initiative consolidated the number of school stops from 450 to 182 and is saving approximately \$1.8 million per year.

KEY BUDGET INITIATIVES

- Further implementation of bell time shifts to increase operational efficiency and service reliability, an initiative projected to save significant dollars.
 - Further implementation of cost effective para-transit vehicles to save the District \$1.25 million per year in transportation costs.
 - Implement new routing software in FY18 to fully optimize CPS routes and reduce spending.
 - Increase our percentage of shared routes between schools by over 10% (from 215 to 240) too save approximately \$1 million dollars.
- Continue our route optimization success from FY17 while keeping student ride times low and the number of bus vendors per school at 2017 levels. (1.9 per in FY17 down from 2.4 in FY 16)

Capital

The FY18 budget for Chicago Public Schools includes a capital plan totaling \$136 million for urgent facility maintenance projects, IT investments and school security equipment.

This plan builds off of the nearly \$1 billion investment included in CPS' FY17 capital plan, which was funded primarily by the Capital Improvement Tax – a property tax levy passed by the City Council in 2016 that provides funding specifically for school construction, equipment and maintenance. CPS issued bonds against this levy in December 2016 to fund critical investments in new schools, major renovations to existing schools, IT upgrades and programmatic investments to provide excellent educational facilities for CPS students.

The \$938 million of investments included in the FY17 original and supplemental capital plans is funding major projects that will take two to three years to complete. These projects will relieve overcrowding in the city's most crowded schools, equip classrooms with modern technology and improved internet access, and provide new educational programming options at schools across the city.

As the district completes the projects from the FY17 capital plan, the FY18 capital plan provides additional funding to address new critical needs as they arise. Though smaller in size than previous capital plans, the plan focuses on addressing the highest priority roof, envelope, and mechanical needs the district will face in FY18 while providing additional funding for crucial investments in security and IT infrastructure.

Under the leadership of Mayor Rahm Emanuel, CPS and the Board of Education have provided over \$3.2 billion since FY12 to build new schools, provide playgrounds and air conditioning, improve access to technology with new computers and expanded bandwidth, expand academic programs (career and technical education programs, for example), and make core investments in facilities to maintain roofs, fix chimneys, and replace or fix boilers and other mechanical systems. This has been done to ensure students have a high quality learning environment to support their education.

The new investments included in the FY18 capital plan will be funded by proceeds from the sale of real estate, remaining prior year bond proceeds, and other capital funds and bond proceeds as they become available. The Board intends to borrow to reimburse for projects as necessary, depending on future market access, and could issue a supplemental capital plan later in the year.

Of the \$938 million FY17 capital budget, today, nearly \$730 million in capital projects are underway at over 140 schools, each supporting CPS' vision of expanding high-quality academic options for families across the city. Some projects have been completed and work on others has yet to begin.

CPS' 5-year capital plan will include investments in overcrowding, deferred maintenance, targeted site improvements and emergency projects. Given the uncertainty of funding going forward, however, a comprehensive plan is not available at this time; full details on the FY18 Capital Plan are available at the Capital Plan website - www.cps.edu/capitalplan.

Addressing Urgent Facility Needs

The FY18 Capital Budget provides \$109 million to address the district's most urgent facility needs. \$73 million has been allocated to priority renovation projects at schools with major roof, envelope, and mechanical repair and replacement needs, and another \$36 million provides the ability to address any unplanned major renovation and maintenance needs.

Critical Investments in IT Infrastructure and Security

Included in the FY18 Capital Budget is \$7 million to support the district’s critical IT systems and provide new and replacement security equipment to schools. Of this, \$3 million will support the district’s ongoing implementation of a new student information system, a system used daily by schools and central office to track student and school-level data. An additional \$2 million will support investments in the district’s internal network infrastructure and upgrades to its accounts payable system.

In addition to these investments, \$2 million will fund new and replacement security equipment at schools – including cameras, intercom phones, alarms, and screening equipment – to ensure student safety at every school.

Transparency

The District’s FY18 Capital Plan is available on the interactive capital website at cps.edu/capitalplan, providing community members with easy access to detailed information on all capital projects that are planned and underway. The site allows users to quickly select projects by school, geographic area, type, and year. The site has been designed to encourage public engagement and comment.

SOURCES AND USES

The FY18 Capital Budget totals \$136.2 million and will be funded by a combination of CPS resources and potential outside funding. Below is a summary of the sources and uses of the FY18 Capital Budget by project type.

**Table 1: Sources and Uses
(In Thousands)**

Estimated Sources	
Bond Proceeds and Other Capital Funds	\$ 82,417
Proceeds from the Sale of Real Estate	\$ 46,817
Other Potential Outside Funding	\$ 7,000
Total FY18 Capital Budget Sources	\$ 136,234

Estimated Uses	
Facility Needs	\$ 109,000
IT & Security Investments	\$ 7,316
Capital Project Support Services	\$ 12,918
Potential Funding for Externally Funded Projects	\$ 7,000
Total FY18 Capital Budget Uses	\$ 136,234

IMPACT OF FY18 CAPITAL PROJECTS ON OPERATING BUDGET

All projects considered for inclusion in the annual capital budget are analyzed for their projected impact on the District’s operating budget.

Facility Needs Projects

All of the projects in the FY18 Capital Plan are necessary projects for the continued operations of the Board. Facility Needs projects address critical roofing and envelope projects and reducing the backlog of deferred maintenance projects of the District. Addressing these projects today reduces the increasing costs to the District of temporary fixes. These reduced costs reduce the debt service associated with bonding for these projects and thus reduce the burden on the operating fund.

Information Technology & Other Projects

The Information Technology (IT) projects in the FY18 capital budget consist of infrastructure, hardware or software implementation that does not trigger any additional operating costs. The ongoing support for these projects will be absorbed by current available staff, resulting in no increase to the District's operating budget. The implementation of the new Student Information System and the upgrade of the Accounts Payable System will drive operating savings once implemented as the new systems will free up staff time.

New security equipment will add additional costs to the operating budget for maintenance and repair of additional equipment, however we expect these costs to be limited as we fit the new equipment into our current maintenance and repair plan.

Capital Project Support Services/Legal Requirements Capital Project Support Services and Legal Requirements provide funds to help support the management of the capital plan, including reconciliation of invoicing, managing projects and timeline of construction and ensuring the effective design, implementation and construction of various capital projects. These services are necessary to create efficiencies of a complex capital program and ensure key financial and management objectives.

CAPITAL PROJECTS FUNDS

The Summary of Capital Projects Funds table shows capital revenues and capital outlays (expenses) to be incurred in FY18 regardless of the year the project was appropriated. The Fund Balance (unspent revenues received in prior years) accounts for the difference in expected FY17 capital outlay versus revenues. For example, if the District raised \$400 million in bond proceeds during a fiscal year but only expensed \$300 million in the same time period, the remaining \$100 million would carry forward in the Fund Balance for use during the following fiscal year.

Table 2: FY16 - FY18 Summary of Capital Projects Funds
(In Millions)

	FY16 Actual	FY17 Estimate	FY18 Estimate
Beginning-Year Fund Balance	\$ (131.1)	\$ 107.2	\$ 792.3
Revenues			
Local	42.6	53.0	54.8
State	39.4	32.2	14.0
Federal	7.7	0.0	15.7
Other	62.9	2.1	0.0
Total Revenue	152.7	87.2	84.5
Expenditures			
Capital Outlay	293.0	184.6	475.3
Bond Proceeds	363.9	775.5	30.9
Sales of Capital Assets	15.0	7.0	3.5
End-of-Year Fund Balance	\$ 107.2	\$ 792.3	\$ 435.9

Local revenue of \$55 million includes \$37 million from reimbursements from TIF-related projects and \$18 million from other local funding sources.

The state revenue total is comprised of \$13.3 million in gaming revenue for new construction projects and \$0.7 million from Illinois Green Infrastructure Grants for prior year capital projects.

The federal revenue total is an expected \$16 million in Federal E-Rate funding for upgrades to the District's IT infrastructure.

Table 3 outlines capital funds spent each fiscal year by the year in which the funds were appropriated. For a more detailed view into FY17 spending, CPS will publish a report by September 30, 2017 that offers a breakdown of funds by project, source, and other categories.

Table 3: Capital Spending by Year (FY14 - FY18)

	Total Appropriations	FY2014A	FY2015A	FY2016A	FY2017E	FY2018E	Remaining Appropriation
Prior Year/Other Expenditures		428.9	106.2	11.0	1.9	5.2	
FY2014 Capital Budget	347.5	84.7	125.8	73.9	32.1	10.5	20.5
FY2015 Capital Budget	509.9		152.6	119.4	40.6	11.9	185.5
FY2016 Capital Budget	160.3			66.8	57.9	15.1	20.5
FY2017 Capital Budget	937.8				52.2	352.9	532.7
FY2018 Capital Budget	136.2					79.7	56.5
Total Spend by Year		\$ 513.6	\$ 384.5	\$ 271.1	\$ 184.6	\$ 475.3	\$ 815.7

All values in millions A=Actual E = Estimated

Debt Management

CPS' Capital Improvement Program, described in the Capital chapter, each year funds a variety of investments, such as relieving overcrowding, playgrounds, air conditioning, expanded bandwidth and new computers. The Capital Improvement Program also funds core investments in facilities, such as repairing or replacing infrastructure and mechanical systems. This work creates a high quality learning environment to support a high quality education.

CPS funds its Capital Improvement Program largely through the issuance of bonds. Bonds are debt instruments that are similar to a loan, requiring annual principal and interest payments. Most of these bonds are repaid from General State Aid (GSA) revenues. Since GSA is also a major revenue source for core academic priorities, CPS faces a continuing challenge in balancing day-to-day classroom needs with the need for quality educational facilities.

In an effort to continue to improve school facilities and lessen the impact of future debt service repaid from the District's operating budget, in FY16, the CPS Board approved for the first time a statutorily-authorized annual Capital Improvement Tax (CIT) levy to aid in funding its ongoing Capital Improvement Program. In FY17, the Board issued its first series of Capital Improvement Tax bonds (CIT Bonds). The CIT Bonds are further described below.

Debt Overview

As of June 30, 2017, the Board of Education has approximately \$7.3 billion of outstanding long-term debt and \$1.3 billion of outstanding short-term debt. FY18 includes appropriations of \$594 million for alternate bonds, capital improvement tax bonds and PBC payments.

Types of Obligations

The Board is authorized by state law to issue notes and bonds and to enter into lease agreements for capital improvement projects.

As with most school districts, CPS issues bonds backed by the full faith and credit of the Board, otherwise known as General Obligation (GO) Bonds. These GO bonds are paid for from all legally available revenues of the Board.

CPS also issues a special type of GO bond called an "Alternate Revenue" GO Bond. These bonds are backed by two revenue sources and offer a number of other bondholder protections.

The first revenue source that is supporting CPS bonds is one of the following: GSA, Personal Property Replacement Taxes (PPRT), revenues derived from intergovernmental agreements with the City of Chicago, property taxes and federal interest subsidies. The majority of CPS bonds are backed by GSA. In FY18, approximately \$396 million in GSA revenues will be required for debt service. In addition to debt service funded by GSA, \$58 million of debt service is paid from PPRT. Debt service paid from PPRT revenues also reduces PPRT revenues available for operating purposes. Additionally, \$96 million in debt service is paid by revenue resulting from Intergovernmental Agreements with the City of Chicago.

The second revenue source for all CPS Alternate Revenue GO Bonds is a property tax levy which is available to support debt service should the first pledge of revenue not be available. On an annual basis, when the first source of revenue is available to pay debt service, the property tax can be abated, as it has been every year.

The Board is authorized to issue Alternate Revenue Bonds after adopting a resolution and satisfying public notice publication and petition period requirements in lieu of a voter referendum, which is typical in other school districts. The bonds are also supported by the General Obligation pledge of the Board that it will use all legally available revenues to pay debt service.

The Public Building Commission (PBC), a local government entity which manages construction of schools and other public buildings, has in the past sold bonds which rely on CPS property tax levies. No PBC bonds have been issued since 1999 and these bonds expire in 2020. The FY18 budget includes \$52 million in payments for principal and interest on these bonds.

CPS has benefitted from issuing bonds with federal interest subsidies, resulting in a very low cost of borrowing. These include Qualified Zone Academy Bonds (QZABs), which provide capital funding for schools in high poverty areas, Qualified School Construction Bonds (QSCBs), and Build America Bonds (BABs), the latter two created by the American Recovery and Reinvestment Act of 2009 (ARRA). With the expiration of ARRA, new QSCBs and BABs are no longer available, although the federal government continues to pay the interest subsidy to CPS. The FY18 budget includes \$25 million of federal subsidies for debt service.

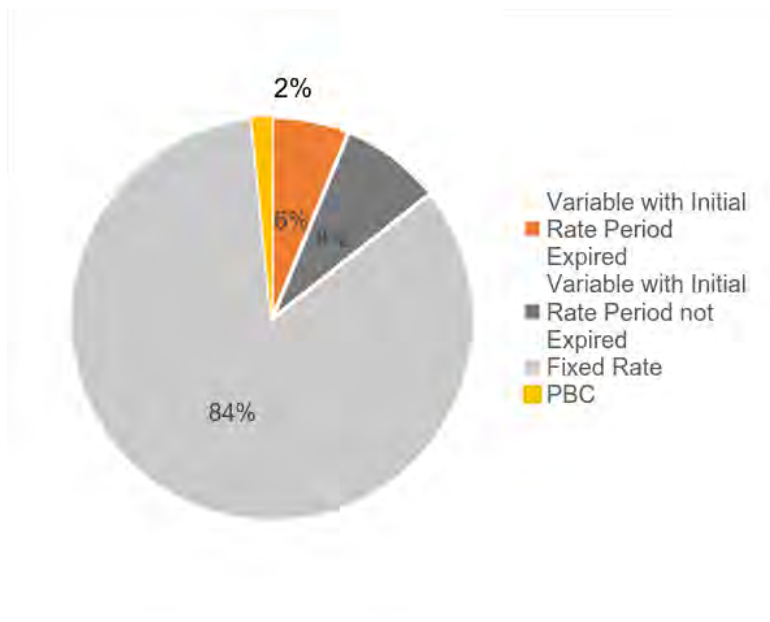
In FY16, CPS began levying a Capital Improvement Tax levy to fund capital projects. After the CIT was authorized by the City Council, in its initial year, it generated \$45 million. In FY18, the budget includes a CIT levy of \$52 million. In FY17, CPS sold \$730 million of dedicated revenue CIT bonds to fund capital projects. The FY18 budget, includes appropriations of approximately \$44 million to pay debt service on the CIT bonds. The CIT bonds are not Alternate Revenue GO bonds. The bonds are limited obligations of the Board payable solely from the CIT levy. As a result of the structure, the CIT bonds received a single "A" bond rating at the initial issuance, allowing CPS to achieve a lower borrowing cost.

Debt Management Tools and Portfolio Mix

As part of the Debt Management Policy, CPS is authorized to use a number of tools to manage its debt portfolio including refunding of existing debt, issuing fixed or variable-rate bonds, and issuing short-term or long-term debt. These tools are used to manage various types of risks, to generate cost savings, to address interim cash flow needs and to assist capital asset planning.

Typically, CPS issues fixed-rate bonds, which pay a set, agreed upon interest rate according to a schedule established at the time of debt issuance. However, about 14 percent of CPS's current debt was originally issued with a variable rate structure where by the interest rates in a short-term mode are established pursuant to a margin over an index for a predetermined amount of time. Beginning in 2016, at the expirations of their initial periods, CPS elected not to reoffer or refinance certain of such bonds, and as a result the interest rate increased to a fixed rate. CPS is actively managing the debt service on these bonds and working toward a refinancing of the debt into long-term fixed rate bonds as market conditions and timing permits.

**Chart 1: Summary of Fixed Rate and Variable Rate Debt
(as of June 30, 2017)**



Credit Ratings

All rating agencies continue to express concern about an ongoing structural fiscal imbalance, weakened liquidity position and rising pension obligations of the Board. These rating agencies are independent entities and their purpose is to give investors, or bondholders, an indication of the creditworthiness of a government entity. A high credit score can lower the cost of debt issuance, much the same way a strong personal credit score can reduce the interest costs of loans and credit cards. Ratings consist of a letter “grade”, such as A, BBB, BB or B, and a credit “outlook”, or expectation of the direction of the letter grade. Thus, a “negative outlook” anticipates a downgrade to a lower letter grade, a “stable outlook” means the rating is expected to remain the same, and a “positive outlook” may signal an upgrade to a higher, better rating.

CPS meets frequently with the credit rating agencies about its budget, audited financial results, debt plan and management initiatives to ensure the agencies have the most updated information possible. The rating agencies take several factors into account in determining any rating, including management, debt profile, financial results, liquidity and economic and demographic factors.

CPS’ current general obligation credit ratings from Standard and Poor’s, Fitch Ratings, Moody’s Investor Service are B, B+ and B3, respectively. Kroll Bond Rating Agency (added in FY15) currently rates the CPS Series 2016A general obligation bonds BBB and all other CPS general obligation bonds BBB-. All rating agencies hold CPS on a negative outlook.

In addition to the CPS general obligation bond rating, in FY17, the CIT bonds – which is a new and separate credit structure from the existing CPS general obligation credit – received a new credit rating. The CIT credit structure received an investment grade rating from two rating agencies in FY17. Fitch Ratings rated the CIT credit “A” and Kroll Bond Rating Agency rated the CIT credit “BBB”.

FY18 Challenges

FY18 presents a continued challenging environment for CPS to maintain ratings and issue bonds. CPS faced an additional downgrade by Standard and Poor's in FY17 due to the inability of the State to provide equal educational funding to CPS, continued drawdown on reserves, and an increased fixed cost structure as a result of the contract with the teachers' union. These downgrades increase CPS' cost of borrowing, further increasing revenues needed to pay debt service. Without additional State support for education funding that treats Chicago students equally, these downward rating trends will continue and further increase interest costs and limit access to the capital markets.

Additionally, as CPS continues to issue debt repaid by GSA to invest in the District's facilities and/or restructure existing near term payments for one-time budgetary relief, future debt service will rise annually. In FY18, approximately \$396 million of GSA will be required to fund debt service.

The drawdown on reserves and fund balance to help support operations presents liquidity challenges as discussed in the Cash Management Chapter. In order to provide sufficient liquidity to cover daily operating expenses, CPS will issue working capital lines of credit. These working capital lines of credit are issued as Tax Anticipation Notes (TANs), which are repaid from property taxes. The pending line of credit will be repaid from the 2017 tax year, which is collected largely in FY18.

FY18 Debt Service Costs

As shown in the table below, FY18 includes total appropriations of approximately \$594 million for alternate bonds, CIT Bonds and PBC payments.

CPS is required to set aside debt service a year in advance for GSA funded debt and one-and-a-half years in advance for PPRT and CIT bond funded debt service. These payments are held in trust with an independent trustee, as required by the bond indentures. PPRT used to pay Alternate Revenue bonds is deposited directly from the State to a trustee, and the capital improvement tax levy used to pay CIT bonds is deposited directly from Cook County to a trustee. Therefore, the FY18 Revenues shown for the Debt Service Funds represent the amount that is to be set aside for these future debt payments.

Because of this set-aside requirement, the majority of the appropriations for FY18 represent the amount that is to be paid from revenues set aside in the prior year. Table 1 provides information on the debt service fund balance at the beginning of the year, the expenditures that are made from the debt service fund and the revenues that are deposited to the fund to largely fund the debt service requirements for the following fiscal year.

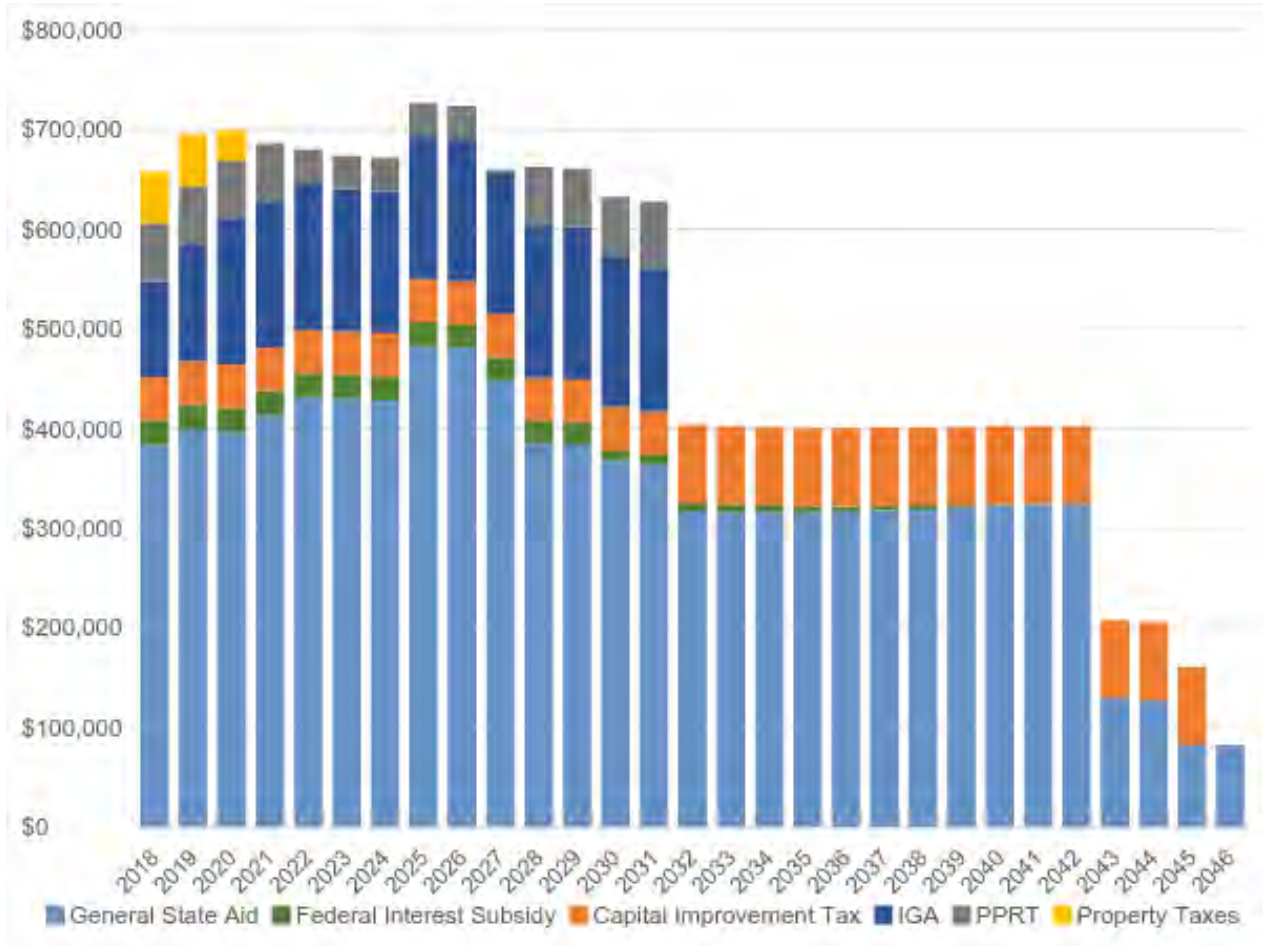
**Table 1: FY16-18 Summary of Debt Service Funds
(In Millions)**

	FY16	FY17	FY18
	Actual	Estimated	Budget
Beginning Fund Balance	602.4	469.3	566.7
Revenues:			
Revenues			
Property Taxes	52.4	52.1	52.1
PPRT	45.6	58.3	58.3
State Aid (e.g., GSA)	114.0	373.4	396.1
Federal Interest Subsidy	25.0	24.8	24.8
Other Local (City IGA and Net of Interest Earnings)	5.2	95.5	95.5
Capital Improvement Tax	-	-	43.6
Total Revenue	242.2	604.1	670.4
Expenses:			
Existing Bond Principal payment	139.1	152.6	162.6
Existing Bond Interest payment	310.8	378.7	426.7
Fees	5.4	7.3	4.7
Total Existing Bond Debt Service	455.3	538.6	594.0
Other Financing Sources			
Net amounts from debt issuances (incl. capitalized interest)	296.1	68.0	326.6
Discount	(45.1)	(36.1)	(33.4)
Transfers in/(out)	(170.9)	-	(326.6)
Ending Fund Balance	469.3	566.7	609.7

Future Debt Service Profile

The following graph illustrates the fiscal challenges of CPS' debt obligations on currently outstanding bonds as of June 30, 2017. This graph does not show the impact of any future bonds required to support future capital budgets or debt restructuring.

**Chart 2: CPS Debt Service Funding Schedule
(as of June 30, 2017)
(in Thousands)**



*Does not include future long-term bond financings or current and future short-term financings.

Measuring Debt Burden

External stakeholders such as taxpayers, employees, parents, government watchdog groups, rating agencies and bondholders frequently review CPS' debt profile to gauge its size and structure as a crucial component of CPS' financial position. In addition to evaluating the total amount of debt outstanding and the annual debt service payments, those evaluating CPS' financial picture also look at the "debt burden." The purpose is to gauge how much taxpayers bear in debt costs and determine how much debt is affordable for residents, which establishes true debt capacity. Several methods of measuring debt burden are commonly employed for school districts; these include comparing existing debt to legal debt limits, measuring debt per capita and measuring debt as a percentage of operating expenditures.

Legal Debt Limit

The Illinois School Code imposes a statutory limit of 13.8 percent on the ratio of the total outstanding property tax-supported debt that a school district may borrow compared with a school district's equalized assessed value, which generally represents a fraction of total property value in the district. Because the Board has issued alternate revenue bonds for which property tax levies are not extended, these bonds do not count against the legal debt limit imposed by the Illinois School Code. Therefore, total property tax supported debt is extremely low, at less than 1 percent of the legal debt limit.

Debt Per Capita

The Board's per capita debt burden, or total debt divided by the City of Chicago's population, has increased in the last decade. As reported in the FY16 Comprehensive Annual Financial Report, General obligation debt per capita is \$2,440. This is still considered moderate to slightly above average relative to other comparable school districts.

A copy of the Debt Management Policy is available at the Board's website at <http://policy.cps.k12.il.us/download.aspx?ID=42>

**Table 2: Outstanding Long-Term Debt
(as of June 30, 2017)**

Description	Closing Date	Maturity Date	Principal Outstanding	Pledged Funding Source for Debt Service
PBC Series A of 1992	1/1/1992	1/1/2020	78,525,000	Property Tax
PBC Series B of 1999	3/1/1999	12/1/2018	38,325,000	Property Tax
Unlimited Tax G.O. Series 1997A*	12/3/1997	12/1/2030	0	IGA / PPRT
Unlimited Tax G.O. Series 1998B-1*	10/28/1998	12/1/2031	240,143,282	IGA / PPRT
Unlimited Tax G.O. Series 1999A*	2/25/1999	12/1/2031	391,893,381	IGA / PPRT
Unlimited Tax G.O. Series 2002A	9/24/2002	12/1/2022	24,885,000	IGA
QZAB Series 2003C	10/28/2003	10/27/2017	4,585,000	State Aid
Unlimited Tax G.O. Refunding, Series 2004A	4/6/2004	12/1/2020	70,690,000	PPRT / State Aid
Unlimited Tax G.O. Series 2005AB	6/27/2005	12/1/2032	190,015,000	PPRT / State Aid
QZAB Series 2006A	6/7/2006	6/1/2021	6,852,800	State Aid
Unlimited Tax G.O. Series 2006B	9/27/2006	12/1/2036	280,730,000	State Aid
Unlimited Tax G.O. Series 2007B	9/4/2007	12/1/2024	197,765,000	IGA / PPRT
Unlimited Tax G.O. Series 2007C	9/4/2007	12/1/2020	3,740,000	IGA / PPRT
Unlimited Tax G.O. Series 2007D	12/13/2007	12/1/2029	169,195,000	State Aid
Unlimited Tax G.O. Series 2008A	5/13/2008	12/1/2030	262,785,000	IGA / PPRT
Unlimited Tax G.O. Series 2008B	5/13/2008	3/1/2034	177,550,000	State Aid
Unlimited Tax G.O. Series 2008C	5/1/2008	12/1/2032	464,655,000	State Aid
Unlimited Tax G.O. Series 2009D	7/29/2009	12/1/2022	40,940,000	State Aid
Unlimited Tax G.O. BAB Series 2009E	9/24/2009	12/1/2039	518,210,000	State Aid / Federal Subsidy
Unlimited Tax G.O. Series 2009F	9/24/2009	12/1/2016	0	State Aid / Federal Subsidy
Unlimited Tax G.O. QSCB Series 2009G	12/17/2009	12/15/2025	254,240,000	State Aid
Unlimited Tax G.O. QSCB Series 2010C	11/2/2010	11/1/2029	257,125,000	State Aid
Unlimited Tax G.O. BAB Series 2010D	11/2/2010	12/1/2040	125,000,000	State Aid
Unlimited Tax G.O. Refunding Series 2010F	11/2/2010	12/1/2031	161,300,000	State Aid
Taxable Unlimited Tax G.O. Refunding Series 2010G	11/2/2010	12/1/2017	5,235,000	State Aid
Unlimited Tax G.O. Series 2011A	11/1/2011	12/1/2041	402,410,000	State Aid
Unlimited Tax G.O. Refunding Series 2011C-1	12/20/2011	3/1/2032	42,200,000	State Aid
Unlimited Tax G.O. Refunding Series 2011C-2	12/20/2011	3/1/2032	41,500,000	State Aid
Unlimited Tax G.O. Series 2012A	8/21/2012	12/1/2042	468,915,000	State Aid

Unlimited Tax G.O. Series 2012B	12/21/2012	12/1/2035	109,825,000	State Aid
Unlimited Tax G.O. Series 2013A-1	5/22/2013	3/1/2026	81,010,000	State Aid
Unlimited Tax G.O. Series 2013A-2	5/22/2013	3/1/2035	124,320,000	State Aid
Unlimited Tax G.O. Series 2013A-3	5/22/2013	3/1/2036	157,055,000	State Aid
Unlimited Tax G.O. Series 2015A	3/26/2015	3/1/2032	84,000,000	State Aid
Unlimited Tax G.O. Series 2015G	3/26/2015	3/1/2032	83,500,000	State Aid
Unlimited Tax G.O. Series 2015CE	4/29/2015	12/1/2039	300,000,000	State Aid
Unlimited Tax G.O. Series 2016A	2/8/2016	12/1/2044	725,000,000	State Aid
Unlimited Tax G.O. Series 2016B	7/29/2016	12/1/2046	150,000,000	State Aid
Capital Improvement Tax 2016	1/4/2017	4/1/2046	729,580,000	Capital Improvement Tax
Total Principal Outstanding			\$7,346,854,463	

*Excludes accreted interest accrued on 0% coupon capital appreciation bonds.

**Table 3: Outstanding Short-Term Debt
(as of June 30, 2017)**

Description	Closing Date	Maturity Date	Principal Outstanding	Pledged Funding Source for Debt Service
Tax Anticipation Notes, Series 2016A1	9/8/2016	12/15/2017*	325,000,000	Education Fund Property Tax
Tax Anticipation Notes, Series 2016A2	10/3/2016	12/15/2017*	150,000,000	Education Fund Property Tax
Tax Anticipation Notes, Series 2016A3	11/10/2016	12/15/2017*	475,000,000	Education Fund Property Tax
Grant Anticipation Notes, Series 2017A	6/19/2017	3/30/2018	275,000,000	State Block Grants
Grant Anticipation Notes, Series 2017B	6/26/2017	3/30/2018	112,000,000	State Block Grants
Total Principal Outstanding			\$1,337,000,000	

*The maturity date of the 2016A1, A2 and A3 TANs is the earlier of (A) December 15, 2017 or (B) (1) September 30, 2017, if the Tax Penalty Date is on or prior to August 1, 2017 or (2) the 60th day following the Tax Penalty Date, if the Tax Penalty Date is later than August 1, 2017.

Table 4: Schedule of General Obligation Debt Service Budgeted Requirements to Maturity***(as of June 30, 2017)
(in Thousands)**

Fiscal Year ending June 30	Total Existing General Obligation Bond Principal	Total Existing General Obligation Bond Interest	Total Existing G.O. Bond Debt Service	G.O PBC Leases	TOTAL
2018	130,639	341,731	472,370	52,070	524,440
2019	204,490	394,941	599,431	52,099	651,530
2020	222,886	402,192	625,078	30,636	655,714
2021	248,716	393,921	642,637		642,637
2022	250,473	385,696	636,169		636,169
2023	257,002	373,160	630,162		630,162
2024	265,488	363,209	628,697		628,697
2025	330,039	352,585	682,624		682,624
2026	344,681	335,524	680,205		680,205
2027	298,621	317,958	616,579		616,579
2028	262,543	356,691	619,234		619,234
2029	271,383	346,185	617,568		617,568
2030	270,124	318,815	588,939		588,939
2031	235,916	348,360	584,276		584,276
2032	161,565	163,420	324,985		324,985
2033	170,530	153,419	323,949		323,949

2034	180,140	142,883	323,023		323,023
2035	190,135	131,865	322,000		322,000
2036	201,040	120,987	322,027		322,027
2037	212,795	109,647	322,442		322,442
2038	225,320	97,483	322,803		322,803
2039	238,520	84,594	323,114		323,114
2040	252,860	71,078	323,938		323,938
2041	268,025	55,915	323,940		323,940
2042	283,580	40,745	324,325		324,325
Fiscal Year ending June 30	Total Existing General Obligation Bond Principal	Total Existing General Obligation Bond Interest	Total Existing G.O. Bond Debt Service	G.O PBC Leases	TOTAL
2043	105,000	24,800	129,800		129,800
2044	110,000	17,450	127,450		127,450
2045	72,600	9,750	82,350		82,350
2046	77,400	5,031	82,431		82,431
TOTAL	\$6,342,511	\$6,260,035	\$12,602,546	\$134,803	\$12,737,351

*Excludes issues completed after 6/30/17 and future anticipated transactions which were included in the FY18 budget.

**Table 5: Schedule of Capital Improvement Tax Budgeted Debt Service Requirements to Maturity
as of June 30, 2017
(in Thousands)**

Fiscal Year ending June 30	TOTAL
2018	43,539
2019	43,539
2020	43,539
2021	43,539
2022	43,539
2023	43,539
2024	43,539
2025	43,539
2026	43,539
2027	43,539
2028	43,539
2029	43,539
2030	43,539
2031	43,539
2032	78,454
2033	78,451
2034	78,453
2035	78,453
2036	78,455
2037	78,451
2038	78,450
2039	78,452
2040	78,451
2041	78,453
2042	78,450
2043	78,452
2044	78,450
2045	78,451

TOTAL	\$1,707,872
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City of Chicago
Mayor Rahm Emanuel

Inspector General
Nicholas Schuler

Board of Education
President Frank Clark

General Counsel
Ronald Marmer

Chief Internal Auditor
Andrell Holloway

Chief Executive Officer
Forrest Claypool

Chief Education Officer
Janice K. Jackson

Sr. VP of Finance
Ronald DeNard

Chief of Staff
Doug Kucia

Chief of School Operations
Pedro Soto

Chief Administration Officer
Jorge Macias

Chief Public Policy Officer
Frank Bilecki

Chief Communications Officer
Emily Bittner

Chief Talent Officer
Matt Lyons

Chief Officer of School Strategy & Planning
Liz Kirby

Chief Officer of Teaching & Learning
LaTanya McDade

Chief Officer of Diverse Learner Support & Services
Patrick Baccellieri

Chief Officer of Language & Culture
Ernesto Matias

Chief Officer of College & Career Success
Alan Mather

- Finance
- Information & Technology Services
- Treasury
- Facilities
- Safety & Security
- Procurement
- Transportation
- Nutrition Support
- Program Management
- Training

- Business Diversity
- Payroll
- School Support Services
- Budget

- Inter-governmental Affairs
- External Affairs & Partnerships
- Demographics Analysis & Planning
- Family & Community Engagement

- Media Affairs
- Internal Communications
- Digital & Marketing

- Hiring
- Onboarding
- Benefits
- Executive Director Sports Administration**
Randy Ernst
- Sports Operations
- Sports Administration
- Title IX

Chiefs of Schools (Networks)

Principals

- SIG, AUSL, & ISP
- Charter/Contract (I&I)
- Principal Quality
- Options
- Parent Support Centers

- Chief Officer of Early Childhood Education**
Diego Giraldo
- Core Curriculum
- Academic Supports
- Personalized Learning
- Student Assessment
- Instructional Supports

- Chief Health Officer**
Ken Fox
- Specially Designed Instruction
- Pupil Personnel Services
- Procedural Safeguards
- Resource Mgmt
- Dual Language

- EL Quality Instruction
- EL Compliance
- World Language
- American Indian Title VII Education
- Refugee Education
- Foreign Exchange & New Students to Country

- Counseling, Advising, Post Secondary
- Early College & Career
- Magnet, Gifted & IB
- STEM
- Student Support & Engagement
- Social Emotional Learning
- Community Schools

Executive Director Access & Enrollment
Tony Howard

Director School Performance Measurement
Jeffrey Broom

Cash Management

CPS receives revenues at different times than when it pays expenses throughout the year. As a result, CPS' cash flow goes through peaks and valleys throughout the year, depending on when revenues and expenditures are received and paid. Further, revenues are generally received later in the fiscal year while expenditures, mostly payroll, are level across the fiscal year, with the exception of debt service and pensions. The timing of these two large payments occurs just before major revenue receipts as well. The impact of these trends in revenues and expenditures causes cash flow pressures for the District.

In FY17, \$4.3 billion or 78 percent, of CPS' revenues were received after February, more than half way into the fiscal year. Payroll and vendor expenses make up 90 percent of the District's expenditures and are spent relatively equally from September through July in conjunction with the school year. The annual debt service payment is made in mid-February, just prior to the receipt of \$1.2 billion of the first installment of property tax revenues. The annual pension payment is made in late June, just before CPS receives \$1.3 billion of the second installment of property taxes (which are due August 1).

Additionally, in FY17, the State delayed block grant payments by \$331 million and did not provide an additional \$215 million of state funding for pensions that was in the original budget. This delay in State funding put pressures on cash flow in FY17. To address this, the Board issued \$387 million in Grant Anticipation Notes secured by the delayed State grants. This financing allowed the Board to pay the pension payment due June 30, 2017. CPS is the only school district in the State required to make this pension payment.

Most organizations set aside reserves in order to weather these peaks and valleys in cash flow. The Board policy requires that the Board maintain an operating reserve of at least 5 percent of the total operating and debt service budget and the Government Finance Officers Association recommends reserve levels between 5 and 15 percent of spending. However, given the financial challenges facing the District and in order to make the annual pension payment, CPS has drawn down on its reserves since FY13. By FY15, reserves had been drawn down and the Board began to use a line of credit to cover cash flow needs. With its FY2017 line of credit outstanding, CPS projects to have \$186 million of cash as of June 30, 2017.

Revenues

CPS has three main sources of operating revenues: local revenues, state revenues and federal revenues. Below is a description of the timing of receipt of each of these revenue sources.

Local Revenues: Local revenues are largely made up of property taxes. \$2.6 billion of property taxes a year are received in two installments, 96 percent of which were received from February onwards, over halfway through the fiscal year. The first installment due March 1 of approximately \$1.2 billion is received in the late February and March timeframe. The second installment of approximately \$1.4 billion in recent years is received in the July and August timeframe. The second installment of receipts is dependent on when the second installment due date is set; over the last five years this due date has been August 1-3. Property tax receipts have grown from \$2,352.1m in FY12 to \$2,634.5m in FY17, a compounded growth rate of 2.3%.

State Revenues: State revenues are largely made up of General State Aid and block grants. General State Aid makes up approximately 57 percent of the state revenues and is received regularly from August through June in bi-monthly installments. Block grant payments are not distributed regularly, and in FY17, over 50 percent of all block grants were not distributed to CPS by the end of the fiscal year, the longest delay since the inception of the block grants. This delay was due in large part to the lack of a State budget for two years. In June 2017, the State passed a budget and since that point, additional grants have been paid. As of June 30, 2017, the delay to CPS was \$331 million. Due to the delay in block grant receipts, CPS issued Grant Anticipation Notes (GANs) totaling \$387 million.

Federal Revenues: Federal revenues can be received only once the grants are approved by the State, which administers block grants on behalf of the federal government. Over the last two fiscal years, this approval has not occurred until about halfway into the fiscal year. In FY17, about \$655 million of federal revenues were received on or

after December 2016, or 92 percent of the total.

Working Capital Line of Credit: The District has the ability to issue a working capital line of credit in order to address liquidity issues. A working capital line of credit allows the Board to borrow money to pay for expenditures when cash isn't available and then repay the borrowing when revenues become available. The State statute provides CPS with the ability to issue this type of cash flow borrowing through a Tax Anticipation Note (TAN). In FY17, CPS issued a total of \$1,550 million in TAN to support liquidity. These TANs are repaid from the operating property tax levy of the District. CPS plans to issue TAN in FY18 to support liquidity of a similar size.

Borrowing from a line of credit requires that CPS pay interest on these bonds. In FY18, the Board has budgeted approximately \$79 million in interest costs for the TAN.

Grant Anticipation Notes. In addition, the Board issued \$387 million in GANs to ameliorate the impact of the delay in State grant payments. As of June 30, 2017, \$161 million of grants have been paid, leaving \$226 million of net GANs remaining to be paid. To the extent that the State continues to be delayed on state grant payments in FY18, the Board may issue additional GANs. In FY18, the Board has budgeted \$18 million in interest costs for the GANs.

Expenditures

CPS expenditures are largely predictable and the timing of these expenditures can be broken down into three categories: payroll and vendor, debt service and pensions.

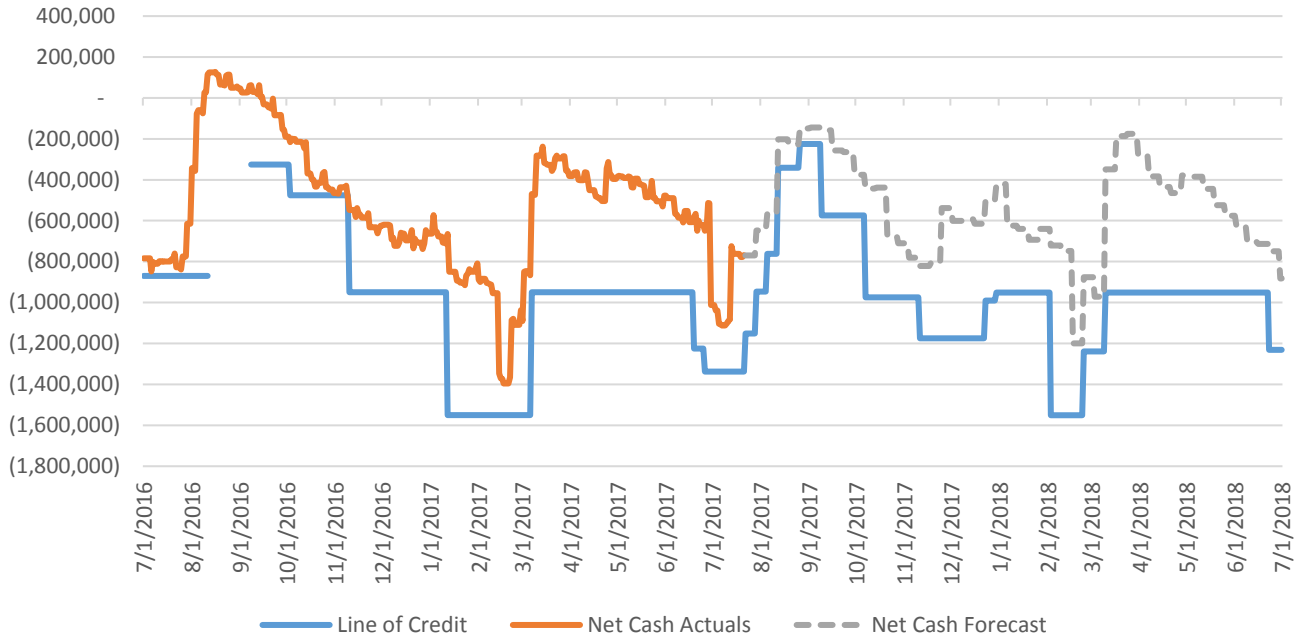
Payroll and Vendor: On the expenditures side, \$2.4 billion of CPS' expenditures is payroll and associated taxes, withholding and employee contributions. These payments occur every other week and most of the expenditures pay from September through July. Another \$2.6 billion of CPS vendor expenses are also relatively stable across the year.

Debt: Debt service is deposited into debt service funds managed by independent bond trustees once a year in mid-February. The timing and amount of these payments are dictated by the bond documents. Once the trustees have verified that the debt service deposit is sufficient, they provide a certificate to the Board which then allows the Board to abate the backup property tax levy that supports the bonds. In FY17, the debt service deposit from General State Aid was \$389 million in mid-February. The timing of this debt service deposit comes just before CPS receives approximately \$1.2 billion in property tax revenues.

Pensions: CPS makes the bulk of the pension payment in late June. In FY17, approximately \$19 million of the pension payment was made throughout the year and approximately \$464 million was made on June 30, 2017, the last day of the fiscal year. The timing of this pension payment comes just before CPS receives approximately \$1.3 billion in property tax revenues. In FY17, CPS approved a reinstated dedicated pension levy which allows the District to receive approximately \$250 million in new revenue dedicated to the Chicago Teachers' Pension Fund. These funds will be received through the second installment of property taxes in July and August.

Forecasted Liquidity: The chart below provides CPS' liquidity profile in FY17 and FY18. The FY2018 liquidity forecast is based upon the proposed FY2018 budget as discussed more fully in the overall budget book.

FY17 and FY18 Cash Position Projection



Fund Balance Statement

Maintaining a baseline level of fund balance, or financial reserve, enhances financial stability for any individual or organization. Just as individuals keep a balance in their checking accounts in case of emergencies, Chicago Public Schools (CPS) seeks to maintain a baseline amount of funds within its operating account to ensure smooth day-to-day operations. Additionally, financial reserves provide a cushion for year-to-year fluctuations in financial performance. Just like individuals experiencing financial challenges cannot maintain a checking account balance, CPS's financial challenges have meant that CPS is unable to maintain a fund balance.

CPS adopted its Fund Balance and Budget Management policy¹ in August 2008. The goals of this policy are to maintain adequate fund balances in the various funds to provide sufficient cash flow for daily financial needs, to offset significant economic downturns or revenue shortfalls, to provide funds for unforeseen expenditures related to emergencies, and to secure and maintain strong credit ratings. The definition of fund balances in this context is assets plus deferred outflows in excess of liabilities plus deferred inflows that can be spent in times of need.

While CPS acknowledges the importance of maintaining a minimum level of fund balance, it must balance this with advancing its core mission of ensuring that every child graduates college- and career-ready, even in the face of declining state revenues and statutorily-required increasing pension payments. Importantly, the majority of the negative fund balance in both Fiscal Year 2016 and Fiscal Year 2017 is due to lack of State funding. In Fiscal Year 2017, the Board experienced a \$215 million shortfall in state funding for pensions as well as a delay of State block grant payments of approximately \$331 million by June 30, 2017. This State funding shortfall totals nearly 10% of the Board's operating revenues. CPS has managed through these shortfalls through a combination of mid-year budget cuts, internal management efficiencies and short-term borrowing against delayed revenue. This management has allowed the Board to materially reduce its structural deficits and to start making progress toward a more sustainable long-term financial position and fund balance. The Board will continue to seek structural revenue reform which will eventually allow the Board to return to a more positive fund balance position.

Use of Fund Balance

The FY2018 budget only uses operating fund balance in restricted funds. These funds are restricted due to the requirement that fund balance be used for specific purposes. CPS is anticipating ending FY17 with a balance of zero in the Workers' Compensation/Tort Fund, Supplemental General State Aid fund, and Special Revenues funds. CPS is anticipating ending FY17 with a \$283 Min General Fund - Unassigned fund balance due to the slow pay of State revenues. To the extent that the payment of these State revenues returns to the historic norm, CPS will be able to return to a positive fund balance position. Additionally, debt service funds and capital funds are recorded separately and used for their own restricted purposes. These funds are described more fully in the capital and debt chapters.

¹ Board Report 08-0827-PO8

Table 1: Estimated Use of Fund Balance in the Operating Funds (in millions)

Fund Balance by Type	FY 16 Actual Balance	FY17 Estimated Sources (Uses)	FY17 Estimated End of Year Balance	FY18 Estimated Sources (Uses)	FY18 End of Year Balance
General Fund-- Unassigned	\$ (226.5)	\$ (417.9)	\$ (644.4)	\$ 361.1	\$ (283.3)
Workers' Comp/Tort Fund <i>(adjusted for revenue recognition)</i>	35.1	(35.1)	-	-	-
Supp'l General State Aid (SGSA)²	45.5	(31.1)	14.4	(14.4)	-
Other Special Revenue Funds	19.3	23.6	42.9	(42.9)	-
Total Operating Funds	\$ (126.6)	\$ (460.5)	\$ (587.1)	\$ 303.8	\$ (283.3)
Total Operating Funds Assuming \$305M Catch-up of Delayed State Funding				\$608.3	\$21.2

Fund Balance Targets

The fund balance targets established in the Fund Balance policy address the General Fund, Workers' Compensation/Tort Fund, Supplemental General State Aid (SGSA) Fund, Debt Service funds, and Capital Projects funds. For the General Fund, the fund balance target is set between 5 and 10 percent of the total operating and debt service budgets. For the Workers' Comp/Tort Fund, the fund balance target is between 1 and 2 percent of the operating budget. For SGSA, the fund balance target is the full fund balance from the prior year. For the debt service funds, the amount should be sufficient to cover potential risks, as determined by the Treasury Department. All capital projects funds are re-appropriated for capital projects.

Given these targets and the fund balance estimates above, Table 2 below summarizes the fund balance targets.

² This fund balance must by statute be re-appropriated to the schools in the budget year where it was unspent in the current year.

Table 2: Fund Balance Targets (in millions)

Fund Type	FY18 Fund Balance Target
General Fund	\$317.1 (5%)
Workers' Comp/Tort Fund	\$63.4 (1%)
Supplemental General State Aid Fund	\$0
Debt Service Stabilization Fund	Enough to cover risks

Once again, the General Fund and the Workers' Comp/Tort Fund will not meet the fund balance targets at the end of FY18. CPS will ask the Board to extend the deadline to replenish the fund balance for FY18 and FY19 while it continues to seek a long-term solution to the pension inequity issue and reform state education funding.

As the District replaces its variable rate debt with fixed rate and after having fully exiting from swaps, the need for the Debt Service Stabilization Fund becomes minimal.

FY18 Plans for Replenishing the Fiscal Stabilization Fund

CPS will continue the following policies in FY18:

- Encourage the state to enact SB1 to provide CPS with a fairer share of state education funding.
- Closely monitor spending to achieve savings and efficiencies wherever possible and continue streamlining administrative expenses.

Fund Descriptions

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Funds are the control structures that ensure that public monies are spent only for those purposes authorized and within the amounts appropriated. The Board adopts legal budgets for all governmental fund types. The acquisition, use, and balances of the government’s expendable financial resources and the related current liabilities are accounted for through governmental funds. Governmental funds that Chicago Public Schools utilizes have historically been divided into four types: General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds

To control the budget and to comply with rules and regulations, accounts are organized into governmental funds, each of which is considered a separate accounting entity. Expenditures within each fund are further delineated by unit, grant, program, and account to more fully reflect the planned activities of the fund. The level of budgetary control (where management can compare budget to actual performance to demonstrate budgetary compliance) is established for each individual fund and within the fund by unit, grant, program, and account.

CPS Fund Structure

Fund Type	Fund Name	Fund Number
Operating Fund	General Fund	
	Education Fund Building Operations and Maintenance Fund	114, 115, 117, 124 230
Operating Fund	Special Revenue Funds	
	Tort Fund	210
	SGSA Fund	225
	IDEA Fund	220
	Lunchroom	312 - 314
	Other Grant Funds	324 - 369
Debt Service Funds	Debt service funds	514 - 699
Capital Projects Funds	Capital projects funds	401 - 499

General Fund

The General Fund is the primary operating fund of the Board of Education. It was created in response to the provision of P.A.89-15, which consolidated all of the rate-limited tax levies into the Board’s general education tax levy. The General Fund consists of the Education Fund and the Operations and Maintenance Fund.

- **Education Fund (Funds 114, 115, 117, 124)**

The Education Fund is used to account for the revenues and expenditures of the educational and service programs that are not accounted for in any other funds. It includes the cost of instructional, administrative, and professional services; supplies and equipment; library books and materials; maintenance of instructional and administrative equipment; and other costs pertaining to the educational programs. The

Education Fund contains the Special Education Fund (114), Regular Education Fund (115), Tuition-based Preschool Fund (117), and School Special Income Fund (124).

- The **Special Education Fund (114)** represents centralized service delivery activities and administrative outreach provided for students with disabilities. This fund is supported by local property taxes, state special education reimbursements, and Medicaid reimbursements.
 - The **Regular Education Fund (115)** represents all instructional and service activities not accounted for elsewhere.
 - The **Tuition-based Preschool Fund (117)** keeps track of fees received and payments made for the paid preschool program for children whose parents are in need of a full-day education and child-care program for their 3- and 4-year-old children or families who are not income-eligible for state or federally subsidized programs.
 - The **School Special Income Fund (124)** accounts for private foundation grants and donations that schools and departments secure on their own and revenues that schools generate for school-specific functions.
- **Building Operations and Maintenance Fund (Fund 230)**

The Building Operations and Maintenance Fund supports the repair and maintenance of CPS buildings. The fund is used to account for expenditures for the minor improvement and repair of buildings and property, including the cost of improvement, repair, replacement, and maintenance of building fixtures. The fund also pays for ongoing maintenance costs such as the salaries and benefits of engineers and custodial employees, utility costs, and custodial supplies and equipment.

Special Revenue Funds

Generally accepted accounting principles (GAAP) provide special revenue funds to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The use of a special revenue fund type is permitted rather than mandated for financial reporting purposes. For these purposes, CPS includes the special revenue funds within the General Operating Fund.

The Special Revenue Funds include the Supplemental General State Aid (SGSA) Fund, Workers' Compensation/Tort Fund, School Lunch Funds, and federal and state grant funds.

- **Supplemental General State Aid Fund (Fund 225)**

The SGSA Fund was created to provide supplemental instructional services to students from low-income families. CPS is legally required to contribute funds from its General State Aid revenues. Prior to FY90, this funding supported basic as well as supplemental programs. With the passage of the Chicago Public Schools Reform Act of 1989, funding for supplemental programs increased for five years until it reached \$261.0 million in FY95, eliminating at the same time any funding for basic programs. Under this legislation, SGSA funding is mandated at a minimum of \$261.0 million per year, effective FY96.

Each school receives its share of the SGSA funds based on the number of students who receive free and reduced lunch. School principals develop programs in accordance with

their school improvement plans as required by the Act. Recommended programs include early childhood programs, class-size reduction, academic enrichment, attendance improvement, and remedial assistance.

- **Workers' Compensation/Tort Fund (Fund 210)**

The Tort Fund is established pursuant to the Tort Immunity Act (745 ILCS 10/1-101 et seq.) and the Illinois School Code (105 ILCS 5/34-1 et seq.). Property taxes constitute the primary funding source, and Section 9-107 of the Tort Immunity Act authorizes local public entities to levy a property tax to fund expenses for tort judgment and settlement, liability, security, Workers' Compensation, unemployment insurance, and risk management. The monies in this fund, including interest earned on the assets of this fund, should be used only for the purposes authorized under the Tort Immunity Act.

- **School Lunch Funds (Funds 312, 314)**

The School Lunch Funds account for school breakfast, lunch, after-school snacks, Head Start snacks, and after-school meals for all children who participate in the programs during the school year. The National School Breakfast and Lunch Programs (Fund 312) are voluntary programs available to all public schools, private schools, and residential child-care institutions that agree to operate a non-profit program offering lunches meeting federal requirements to all children in attendance.

Since FY98, CPS has also been providing after-school meals for children under the Childcare and Adult Food Program; this activity is accounted for in Fund 314. The Childcare and Adult Food Program establishes a fixed reimbursement amount per meal for eligible students from 3 to 12 years of age who participate in after-school programs.

- **Federal and State Grant Funds (Funds 220, 324-369)**

Grant funds account for monies that have restrictions on their use imposed by grantors such as federal and state governments. Each specific project is accounted for separately using a complete group of self-balancing accounts so that the accounting and reporting requirements of the grantors are met.

Capital Projects Fund (Funds 401–499)

The Capital Projects Funds are used to account for financial resources to be used for major capital acquisition or construction activities. Financial resources result from bond issues, receipts from other long-term financing agreements, or construction or maintenance grants to be used for school capital projects and capital leases. Proceeds from a bond issuance are often recorded in a separate capital fund, consistent with GAAP. However, an aggregated capital projects fund group is sufficient for the purpose of external financial reporting.

Debt Service Funds (Funds 514-699)

The Board is authorized by state law to issue notes and bonds and to enter into leases for capital improvement projects and cash requirements. Debt service funds are established to account for revenues and appropriations that are used for the payment of principal, interest, lease payment, and other related costs. CPS frequently establishes a separate debt service fund for each bond issue, although they can be aggregated for reporting purposes.

- **PBC Lease Funds (Funds 514, 516, 518)**

These funds account for property tax revenues and lease payments to the Public Building Commission (PBC) for debt service on bonds that the PBC sold to fund capital projects for schools that the Board is leasing from the PBC. The Board has lease agreements with the PBC to pay principal, interest, and administrative fees for revenue bonds that the PBC issued to finance capital projects for schools that the Board leases from the PBC. These bonds rely solely on property tax levies.
- **Debt Service Stabilization Fund (Fund 602)**

This fund was established by the Board to provide for debt expenditures (e.g., debt service, swap, variable rate payments, and fees) and other uses approved by the Board.
- **Alternate Revenue Bond Funds (Funds 606-699)**

The Local Government Debt Reform Act of the State of Illinois allows the Board to issue alternate revenue bonds based on dedicated revenue sources. To support construction and renovation of school buildings, the Board has been issuing alternate revenue bonds since 1996. These funds account for pledged revenues and payments of principal, interest, and related fees on any alternate bonds.

APPENDIX A DISTRICT AND COMMUNITY DEMOGRAPHICS

INTRODUCTION

Chicago has a rich history of economic growth and transformation. Our city set a global standard in the 19th century as an industrial giant, unmatched in its freight network and manufacturing might. It developed a strong base of esteemed manufacturing firms – involved in sectors from metal fabrication and electronics, to chemicals and food processing – supported by robust supply chains and an efficient transport and logistics infrastructure. By the late 20th century, the focus of the city and the region had expanded to embrace a knowledge-based economy, while developing a highly skilled workforce. Today the Chicago region has emerged as a major hub for the headquarters of national and global corporations and the sophisticated business and professional services necessary to support them, including finance, insurance, law, information technology (IT), marketing/PR and logistics.

The economy of Chicago and the region remains large and diverse, boasting a strong foundation of the physical, human, technological and institutional assets vital to a developed economy in the 21st century. Chicago is the only inland American city with a global footprint. It is the latest metropolitan area in the United States poised to cross the “megacity” threshold of a total population over 10 million. Chicago’s performance on productivity, income and wage levels has consistently exceeded U.S. averages. Its 2010 gross regional product of approximately \$500 billion places the Chicago region third among U.S. metro areas after New York and Los Angeles. If the region were a country, it would be the 20th largest economy in the world. Our city and region are global in character, with a substantial and growing foreign-born population and non-stop flights to over 200 destinations throughout around the world.

CHICAGO POPULATION

Total population. There are approximately 2.7 million people and 1 million households in Chicago, the third largest city in the US.¹ An estimated 23 percent of the population is under 18 years old.

CHICAGO PUBLIC SCHOOLS ENROLLMENT

Overview. Chicago Public Schools is the nation’s third largest school district. In the 2016-17 school year, CPS enrollment was 381,349. As compared to the city’s population as a whole and as compared to students in the rest of the state, CPS’s enrollment has a higher proportion of minority students, low poverty students and English Language Learner (ELL) students.

Race and Ethnicity. 46.5% of CPS students are Hispanic, 37.7% are Black, 9.9% are White, 3.9% are Asian and 2.0% are multi-racial or other.

English Language Learners. ELL students are those eligible for transitional bilingual education, and for whom English is not considered their native language. In the 2016-17 school year, 65,479 CPS students were ELLs. This represented 17.2% of CPS student enrollment.

¹ As of the 2010 US Census.

Income and Poverty. Socioeconomically, CPS students are disproportionately low-income as compared to the rest of the state. Students defined as low-income are those students, aged 3 through 17, who come from families receiving public assistance, live in institutions for neglected or delinquent children, are supported in foster homes with public funds, or are eligible to receive free or reduced-price lunches.

Total Enrollment

Nonetheless, CPS enrollment has declined by approximately 27,000 students since 2006. The decline in enrollment has been driven primarily by declining birthrates, which is a trend that has impacted the rest of the state and country.

The District’s official enrollment snapshot is taken on the 20th day of each school year. CPS’s recent enrollment history (as of 20th day) is shown below.

	Fall 2006 (FY07)	Fall 2007 (FY08)	Fall 2008 (FY09)	Fall 2009 (FY10)	Fall 2010 (FY11)	Fall 2011 (FY12)	Fall 2012 (FY13)	Fall 2013 (FY14)	Fall 2014 (FY15)	Fall 2015 (FY16)	Fall 2016 (FY17)
School-based PK*	21,388	23,325	24,370	24,247	23,705	24,232	24,507	23,671	22,873	22,555	20,673
Elementary Schools (K-8)	274,672	271,464	269,139	269,010	265,336	266,046	266,555	264,845	261,803	258,563	251,623
High schools (9-12)	112,541	113,166	115,770	115,314	113,640	113,873	112,399	112,029	112,007	111,167	109,053
Total Enrollment	408,601	407,955	409,279	408,571	402,681	404,151	403,461	400,545	396,683	392,285	381,349

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 th Day)	2,926	0
Contingency for 10 th Day Adjustments	4,984	6,846
Total SBB Dollar Distribution for FY18	\$1,692,842	\$1,731,191
Cost of Foundation Positions for District Schools	177,500	180,344
Total SBB Allocation	\$1,870,342	\$1,911,535

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	1.00	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
Total		287,742	63,594	351,336	307,738.53	72,135.80	379,874.33

*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. Charter and 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 Charter Schools

Charter schools 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 Charter/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
Per-Pupil Equivalent for Charter/Contract/ALOP	\$586.03	\$96.01	\$5.12

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

Table 8: Charter/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
Charter/Contract/ALOP SBB Rate with Per-Pupil Equivalents	\$4,977.16

Table 9 shows the SBB rates for charter/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 Charter/Contract Schools

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 charter/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
Total Amount Distributed on Per-Pupil Basis	\$1,646,825	\$1,679,230

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 10th day of the school year according to the CPS calendar. Funding for charter/contract schools is adjusted on the 20th day of the school year according to the CPS calendar, with a second adjustment on the 10th 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 CHARTER/CONTRACT SCHOOLS

Non-SBB Rates

Charter schools, contract schools, ALOP programs, and Safe School programs (collectively, “charter 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.

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

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

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

Table 12: District-Wide Shared Obligations

	FY18 Budget (in \$ thousands)
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
Total District-Wide Shared Obligations	\$1,057,148

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

Category	Description	FY18 Budget (in \$ thousands)
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
Total Non-SBB		\$723,484

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
Total	\$596,072,611		\$1,750

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. Charter 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 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.

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

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

Charter schools can opt out of the District’s security and information technology 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 Contribution Charges

Under the SBB model, charter 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 charter 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

Charter 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

Funding Source	Fee	How Admin Fee Will be Charged
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 10th day of the school year for district-run schools and on the 20th 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 CHARTER AND CONTRACT SCHOOLS

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

Table 19: Special Education Reimbursements

Position	Maximum for average position	Maximum for any individual position
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 charter and/or 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 charter and/or 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 charter and/or 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 charter operator is an average per-teacher reimbursement rate of \$90,000 per full-time equivalent special education teacher.
- c. The quarterly reimbursement to the charter and/or 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 charter and/or contract school for the percentage of the quarter's instructional days for which the teacher was employed.

2. Special Education Paraprofessional Reimbursement

- a. The charter and/or 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 charter and/or 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 charter and/or 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 charter operator is an average per-paraprofessional reimbursement rate of \$40,000 per full-time equivalent paraprofessional.

- d. The quarterly reimbursement to the charter and/or 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 charter and/or 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 charter and/or contract school will hire its own clinicians to provide the necessary supports.
- b. The charter and/or contract school may have the Board furnish clinicians to serve the charter and/or contract school's students with disabilities, only if a waiver is given by CPS.
- c. If the charter and/or contract school hires its own clinicians, then Chicago Public Schools (CPS) will reimburse the charter and/or 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 charter and/or contract school.
- d. The maximum reimbursement rate is \$110,000 per year. The maximum reimbursement rate for all full-time equivalent clinicians for each charter operator is an average per-clinician reimbursement rate of \$90,000 per full-time equivalent clinician.
- e. The quarterly reimbursement to the charter and/or 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 charter and/or 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 charter and/or 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 charter and/or contract school shall appoint and pay a salary and benefits to its own qualified case manager.
- b. Chicago Public Schools (CPS) will provide the charter and/or 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. Charter 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) = $\$112.21$

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 receives from the State and is required by law to distribute directly to schools. SGSA funds are designed to supplement regular and basic

programs supported by the General Education Fund. The amount of SGSA funds is based upon the concentration level of children from low-income households. Funds are 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 20th 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.

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 20th 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 20th day enrollment. The low-income percentage used for the initial allocation will not change, but it will be multiplied by each school’s 20th 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 20th 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.

Charter, contract, ALOP, and Safe schools, like district-run schools, receive SGSA funding. The initial SGSA allocation, however, is based on CPS’s enrollment projection for the school, rather than the school’s own projection.

Unspent SGSA funds in any fiscal year remain with the school and carry over to the next fiscal year. SGSA is different from most funding sources in this respect. Schools may not carry over unspent SBB or Title I funds, and the same rule applies to most other funding sources. SGSA is different because the District is legally required to allow schools to carry over unspent funds to the next fiscal year.

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 20th day enrollment.

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

APPENDIX C BUDGET PROCESS

The Board is required by the Illinois School Code to adopt an annual school budget for each fiscal year no later than 60 days after the beginning of the fiscal year. The Chicago Public Schools' fiscal year starts July 1 and ends the following June 30.

- A proposed budget must be prepared and made available for public review at least 15 days prior to its finalization.
- The Board is required to hold at least two public hearings at least five days after copies of the proposed budget are made available for review.
- Notice of budget hearing dates must be published in a City of Chicago newspaper at least five days prior to the time of the hearing.
- The Board must adopt a budget within the first 60 days of each fiscal year.

Copies of the budget are made available for review at the Board office.

Budget Calendar and Process Development

Governor Rauner's veto of Senate Bill 1 has created widespread uncertainty for every school district in Illinois. Senate Bill 1 accomplishes long-debated and much-needed education funding reform in the state with the worst funding system in the nation. As this process was unfurling in Springfield, many districts – including CPS – waited to move forward with budgets until the last possible moment. For CPS, this included delaying budget guidance for schools and the release of this budget book until the last possible moment. Guidance to schools about their budgets was issued on July 20, 2017, and school budgets were received for review and incorporation by CPS on July 27.

Budget Planning

The FY2018 school budgets are in the fourth year of implementation using the Student-Based Budgeting ("SBB") model. In addition, OMB engaged in strategic planning with departments to develop preliminary FY18 budgets based on critical initiatives identified by senior leadership and the Board. As in previous years, the goal was to identify and implement efficiencies to direct as many resources as possible to the classroom. With reduced federal revenues and increased costs, CPS increased the SBB rate by 5 percent to ensure that schools could continue to make investments that drive student achievement.

This fiscal year is also the third year using the Hyperion budgeting tool for both schools and central office. The application continues to enable better fiscal reporting and coordination across the District.

Public Involvement

The Board makes the proposed budget available to review for stakeholders and the press before it is presented in public hearings.

Board Adoption of the Budget

The Board is anticipated to act on the FY18 Proposed Budget at their meeting on August 28, 2017.

APPENDIX D FINANCIAL POLICIES

Chicago Public Schools (CPS) is responsible for Pre-K through 12th grade education in the City of Chicago. It is an independent local government entity with its own authority to levy property taxes. The fiscal year starts July 1 and ends June 30. The Board of Education is directed by the Illinois School Code (105 ILCS 5/34-43) to adopt an annual school budget for each fiscal year no later than 60 days after the beginning of the fiscal year. The annual budget includes a set of policies to be followed in managing financial and budgetary matters, allowing the Board to maintain its strong financial condition now and in the future.

Balanced Budget Policy

The Board is required by the Illinois School Code to balance its budget each year within standards established by the Board, consistent with the provisions of Article 105 ILCS 5/34-43. The Board defines a "balanced budget" as when the total resources, including revenues and spendable prior-year fund balances, equal or exceed the total budgeted expenditures, and a "structurally balanced budget" as when the total projected revenues that the Board accrues in a fiscal year are equal to or greater than the total expenditures. Revenues and expenditures are defined in accordance with Generally Accepted Accounting Principles (GAAP). The Board's current policy is that all funds should be structurally balanced unless they include the spendable prior-year fund balance that is available under the terms of the Board's Fund Balance Policy.

- **General Fund:** Although a structurally balanced budget is the goal for the General Fund, the prior-year spendable fund balance can be appropriated in the following budget year for one-time expenditures or under certain circumstances if the spendable fund balance exceeds 5 percent of the operating and debt service budget for the new fiscal year. The one-time expenditures are listed under the Fund Balance and Budget Management Policy.
- **Workers' Compensation Tort Fund:** The restricted fund balance in the Workers' Compensation Fund can be used only for expenses specified by the Illinois School Code 105 ILSC 5/18-8.05, such as unanticipated large tort, property loss, workers' compensation or liability claims.
- **Grant Funds:** All grant funds shall be structurally balanced.
- **Supplemental General State Aid Fund (SGSA):** The Illinois School Code 105 ILSC 5/18 requires that all spendable fund balances be re-appropriated in the subsequent year to each school that did not spend its allocation in the prior year.
- **Capital Projects Funds:** All spendable fund balances in the Capital Projects Funds will be re-appropriated in the following year for eligible construction and renovation projects.
- **Debt Service Funds:** Funds restricted for debt service are monies held as required by a bond indenture or similar agreement and maintained mostly with bond trustees. Assigned fund balances represent reserves to cover potential risks related to swaps or variable-rate bonds.

Fund Balance Policy

Section 5/34-43 of the Illinois School Code authorizes the Board to accumulate a fund balance. The stated goals of maintaining a fund balance are to provide adequate working capital to ensure uninterrupted services in the event of budgetary shortfalls, to provide for capital improvements and to achieve a balanced budget within a four-year period. It is the policy of the Board to retain sufficient funds to achieve these goals for operating funds. To achieve this stable financial base, CPS manages its financial resources by establishing fund-balance policies for governmental funds, which consist of the Operating Funds (General Fund and Special Revenue Funds), Capital Projects Funds and Debt Service Funds.

Fund-Balance Target

Fund-balance targets are established for the General Fund, the Tort Fund, the Supplemental General State Aid Fund, Debt Service Funds and Capital Projects Funds. The set amounts differ for each fund and require an annual review. Factors included in the determination of fund-balance targets include predictability of revenues, legal requirements, bond indentures, potential volatility of expenditures and liquidity requirements. The stabilization fund target is a percentage of operating and debt service budget.

▪ **General Fund**

- **Stabilization Fund Balance (Assigned Fund Balance):** The policy requires the Board to maintain an assigned fund balance of a minimum of 5 percent and a maximum of 10 percent of the operating and debt service budgets for the new fiscal year as a stabilization fund in the General Fund at the annual adoption of the budget. The 5 percent is estimated to be the historical minimum cash requirement to provide sufficient cash flow for stable financial operations. The Chief Financial Officer (CFO) will propose to the Board a reasonable target amount that is within this range during the budget process. It is the Board's goal that this stabilization fund will not be utilized unless there is an unforeseen financial emergency and a corresponding consensus decision among the Board members.
- **Stabilization Fund Balance Replenishment:** In the event that the stabilization fund decreases below 5 percent, the CFO will prepare and present to the Board a plan to replenish it. If necessary, any surplus that CPS generates will first go toward replenishing the stabilization fund until the minimum 5 percent goal is achieved and then to the fund balance. The Board must approve and adopt a plan to restore these balances to the target levels within a 12-month period. If restoration of the stabilization fund cannot be accomplished within such a period without severe hardship, then the CFO or Director of Office of Management and Budget may request that the Board approve an extension of this restoration deadline. Because of the financial stress the District is facing, the CFO and Budget Director will request an extension of the deadline for FY18 while they develop a long-term plan to restore the fund balance.
- **Use of Excess Fund Balance above the Stabilization Fund:** When the stabilization fund is adequately established, any excess above the required stabilization funds can be assigned for appropriation in the following budget year for one-time expenditures or under certain circumstances as outlined below:
 - To offset a temporary reduction in revenues from local, state and federal sources

- When the Board decides to not increase the City of Chicago property taxes to the maximum allowable property tax cap
 - To retire the Board's debt
 - To fund major legal settlements or liability claims made against the Board
 - To fund necessary one-time equipment or capital spending required for the Board
 - To pay for costs related to an unforeseen emergency or natural disaster
 - To pay for specific education initiatives lasting no more than three years
- **Workers' Compensation/Tort Fund:** The fund balance target for the Workers' Compensation/Tort Fund shall be no less than 1 percent and no more than 2 percent of the operating budget.
 - **Supplemental General State Aid Fund (SGSA):** The fund balance shall equal the unspent amounts from the previous year. According to the Illinois School Code 105 ILCS 5/18, all spendable fund balance will be re-appropriated in the subsequent year to each school that did not spend its allocation in the prior year.
 - **Capital Projects Funds:** Fund balance shall equal the unused bond proceeds, revenues and available fund balances from the previous fiscal year. All spendable fund balance in the Capital Projects Funds will be re-appropriated in the following year for eligible construction and renovation projects.
 - **Debt Service Funds:** Funds restricted for debt service are monies held as required by a bond indenture or similar agreement and maintained mostly with escrow agents. Assigned funds in the debt service funds represent the Board's efforts to cover risks and shall be sufficient to cover potential risks such as termination, counterparty and basis points. The Treasury Department will determine a proper level of fund balance each year.

Monitoring and Reporting

In conjunction with the submission of the annual budget, the CFO shall annually prepare a statement about the status of the fund balance in relation to this policy and present the findings to the Board. Should the CFO disclose that the stabilization funds will decline below 5 percent of the upcoming operating and debt service budget, a recommendation for fund-balance accumulation shall be included in the annual statement. For FY17, with the known reduction of the stabilization fund below 5 percent, the CFO will develop a long-term plan to replenish fund balance to the prescribed 5 percent level.

One-Time Revenue

The Board Policy states that revenue shall be considered to be one-time if it was not present in the prior fiscal year and if it is unlikely that it will be available in the following fiscal year, and further states that CPS shall not use one-time revenues to fund ongoing expenditures. To do so might mean that CPS would be unable to make up the gap created by the expiration of the one-time revenues in the next budget period, a situation that could lead to service cuts. Under the policy, one-time revenues would support only one-time expenditure items described below:

- To retire the Board's debt

- To fund major legal settlements or liability claims made against the Board
- To fund necessary one-time equipment or capital spending required for the Board
- To pay for costs related to an unforeseen emergency or natural disaster
- To pay for specific education initiatives lasting no more than three years
- To increase the size of CPS's budget-stabilization fund

However, due to the financial condition of CPS, the FY17 budget will rely on one-time revenues to support operating expenses, and CPS will seek approval from the Board to do so. The long-term plan to replenish the fund balance also will include strategies to reduce reliance on one-time revenues.

Basis of Budgeting and Revenue Recognition

The budgeting and accounting policies of the Board are based on GAAP. The Governmental Accounting Standards Board is the standards-setting body for governmental accounting and financial reporting. These governing bodies require accounting by funds so that limitations and restrictions on resources can be easily explained.

Budgets are presented using the modified accrual basis of accounting.

Under the revenue recognition policy adopted in FY15, revenues are recorded when they become measurable and available. Property taxes are recognized as current revenues as long as they are available within 60 days after a fiscal year ends. Federal, state and local grants are recognized as revenues when eligible requirements imposed by grantors have been met and as long as they are collected within 60 days of the end of a fiscal year.

Expenditures are recorded when the related liability is incurred, regardless of the timing of related cash outflows. One exception is that debt service expenditures are recorded only when payment is due. Only revenues and expenditures anticipated during the fiscal year are included in the budget. Unexpended funds in the General Fund, Workers' Compensation/Tort Fund and SGSA Fund revert to the fund balance at the close of a fiscal year. Unexpended capital funds are carried forward from year to year until projects are completed.

Budgetary Control and Budget Transfer

Budgetary control is exercised at the school, department and system-wide levels with the adoption of the budget, and at the line-item level through accounting control. The monitoring of expenditures and revenues is a crucial component of the management of the budget. In the event of an unexpected decline in revenue, certain non-essential expenses would be the first to be identified and frozen to ensure a balanced budget at year-end.

Because a budget is only a plan, transfers between line items during the year are permitted. All budget transfers follow an established fund-transfer policy and approval process. All transfers requiring Board approval will be reported at the monthly Board meeting. The following are a few of the guidelines for making transfers:

- Funds may be transferred within a fund, between units, accounts, programs, or, in certain circumstances, grants. Transfers over \$1,000 must be recommended by the Office of Management and Budget, reported to, and approved by the Board.
- No transfer may be made between any of the statutory funds supported by property taxes.

- Transfers shall not exceed 10 percent of the fund during the first half of the fiscal year, and no appropriation shall be reduced below an amount sufficient to cover all obligations that will be incurred against the appropriation, consistent with statute (105 ILCS 5/34-50).

Budget Amendments/Supplemental Budgets

The Illinois School Code (105 ILCS 5/34-47 and 48) authorizes the Board to make additional or supplemental expenditures rendered necessary to meet emergencies or unforeseen changes. After the adoption of the annual school budget, the Board may, by a vote of two-thirds of its voting members, pass an additional or supplemental budget, thereby adding appropriations to those made in the annual school budget. Such a supplemental or additional budget is considered an amendment of the annual budget for that year. However, any appropriations thus made shall not exceed the total revenues that the Board estimates it will receive in that year from all revenue sources and any fund balance not previously appropriated. In case of emergencies such as epidemics, fires, unforeseen damages or other catastrophes happening after the annual school budget has been passed, the Board, by a concurring vote of two-thirds of all the members, may make any expenditure and incur any liability. The Board is required to hold two public hearings both on budget amendments and supplemental budgets.

Cash and Investment Management Policy

In accordance with the Illinois School Code (105 ILCS 5/34-28) and Public Funds Investment Act (30 ILCS 235/1), the Board adopted an investment policy that provides guidelines for the prudent investment of all public funds and outlines the policies for maximizing efficient cash management. The ultimate goal is to manage public funds in a manner that will meet cash flow needs, ensure security and provide the highest investment return while complying with all state and local requirements governing the investments of public funds. To achieve these goals, the Treasury maintains cash-flow forecasts that closely match cash on hand with projected disbursements. To minimize the potential risk and losses, the Board limits investments to the safest types of securities, pre-qualifies the financial institutions, and diversifies the investment portfolios. The Treasury evaluates and monitors the portfolio regularly. The Investment Policy detail can be accessed by going to <http://policy.cps.k12.il.us/download.aspx?ID=27>

Debt Management Policy

The Board established a debt management policy that sets forth the parameters for issuing debt and managing the outstanding debt portfolio. Additionally, the policy provides guidance for the debt-payment structure that directly affects the Board's finances, the types and amounts of permissible debt, the timing and method of sale that may be used, the structural features that may be incorporated, and the selection of swap advisors. The purpose of this policy is to enhance the Board's ability to issue and manage its debt in a fiscally conservative and prudent manner and to ensure the Board's continued access to the capital markets. The Board will match the term of the borrowing to a useful life of projects and will seek the best possible credit rating in order to reduce interest costs. Every project proposed for debt financing should be accompanied by amortization schedules that best fit within the existing debt structure and minimize the impact on future operating and maintenance costs of the tax and debt burden on the General Fund and the overlapping debt of other local governments. The Treasury will determine the mix of variable- and fixed-rate debt that best manages its overall interest costs while considering risks and benefits associated with each type of debt. The following link provides details about the debt management policy; visit <http://policy.cps.k12.il.us/download.aspx?ID=42>

APPENDIX E

GLOSSARY

Account: A budget attribute used to group funds with a similar purpose, such as supplies, salaries or travel expenses. Sometimes referred to as the “object” of the expenditure, it means what the dollars will be spent on.

Accrual Basis: The accounting technique under which transactions are recognized when they occur, regardless of the timing of estimated cash flow.

Accrued Expense: Expense incurred and recorded on the books but not payable until a later date.

Adopted Budget: The budget ultimately approved and authorized by the Chicago Board of Education that authorizes spending for the fiscal year based on the appropriations in the budget.

American Recovery and Reinvestment Act (ARRA): The federal government’s national stimulus program adopted in 2009.

Ancillary Classrooms: Identified for elementary schools only. Refers to the number of allotted classroom spaces required for non-homeroom uses, such as science labs, computer labs, resource rooms, special education rooms, after school programs and/or community organization special programs. The number of ancillary classrooms can be identified by subtracting the number of allotted homeroom classrooms from the total number of classrooms.

Appropriation: An authorization to make expenditures and incur obligations for a specific purpose granted by a legislative body - in this case the Board of Education - for a specific time period.

Assessed Valuation (AV): The value placed on all taxable property for tax purposes. This amount is subject to the state equalization factor and the deduction of exemptions.

Average Daily Attendance (ADA): The aggregate number of pupil days of attendance divided by the number of days in the regular school session. Attending school for five or more clock hours while school is in session constitutes one pupil day of attendance. The best three months’ average daily attendance of the prior year is used in calculating General State Aid for the current year.

Balance Sheet: A statement of the financial position of an organization at a point in time. It includes assets, liabilities and fund balances.

Bill (HB or SB): Legislation drafted in the form of an Act for introduction into Illinois General Assembly and identified with a bill number. HB refers to a bill introduced into the House and SB refers to a bill introduced into the Senate. Bills are available on the General Assembly website at www.ilga.gov.

Block Grant: A state or federal grant program that consolidates several previously separate categorical grant programs into one larger grant. Block grants usually allow the recipient agency more flexibility in the use of the resources than would be allowed with separate grants.

Bond: A written promise to pay a specified sum of money - called the “face value” or “principal amount” - along with the periodic interest at a specified rate; the money is to be paid off at a specified date in the future.

Bonded Debt: The portion of indebtedness represented by outstanding bonds.

Bond Rating: An assessment of the credit risk of a specific bond issue.

Bond Redemption and Interest Fund: A debt service fund for the receipt and disbursement of the proceeds of annual tax levies for the payment of the principal and interest on specific bond issues.

Budget: An estimate of income and expenditure for a set period of time.

Budget Classification: A series of numerical codes used to categorize items of appropriation by unit, fund, account, program and grant.

Budgetary Control: The control or management of a governmental or enterprise fund in accordance with an approved budget to keep expenditures within the limits of available revenue appropriations.

Capital Development Board (CDB): the State of Illinois government organization that administers the School Construction program.

Capital Outlay: An expenditure that results in the acquisition of, or addition to, fixed assets. Capital outlay meets the following criteria: has an anticipated useful life of more than one year; can be permanently identified as an individual unit of property; belongs to land, buildings, structures & improvements or equipment; constitutes a tangible, permanent addition to the value of city assets; does not constitute repair or maintenance; not readily susceptible to loss.

Capital Project: A specific and identifiable improvement or purpose for which expenditures are proposed within the capital budget or capital improvement program.

Capital Project Fund: A fund created to account for financial resources to be used for the acquisition or the construction of major capital facilities or equipment.

Categorical Revenue: Funds from local, state, federal or private sources that can, by law, only be used for specific purposes (e.g., No Child Left Behind revenue or Supplemental General State Aid revenue).

Change Orders: Modifications of scope and/or costs related to a project.

Chicago School Finance Authority (SFA): A separate government body created in 1980 to sell bonds for the working capital, operating, and capital needs of the Chicago Board of Education, and to oversee the financial management of the Board. The SFA went out of existence in 2010.

Chicago Board of Education: The local government organization established to provide elementary and secondary education in the city of Chicago.

Chicago Public Schools (CPS): The K-12 school system that operates under the Chicago Board of Education.

Chicago Teacher Pension Fund (CTPF): The pension fund for Chicago teachers, principals and administrative staff with teaching certificates. Teachers, principals and administrative staff in the rest of the state belong to the Illinois Teacher Retirement System (TRS).

Common Core State Standards (CCSS): Describes what students are expected to learn at every grade level in order to be prepared for success in college and careers. CCSS is designed to be relevant to the real world and help students succeed in a global economy. Chicago Public Schools began the transition to CCSS in School Year 2011-12 and fully implemented during School Year 2014-15.

Contingency: A budgetary reserve set aside for emergencies or unforeseen expenditures.

Continuous Improvement Work Plan (CIWP): The two-year school improvement plan required of all CPS schools. The purpose of the CIWP is to establish each school's mission, its strategic priorities, and the steps the school will take to accomplish its goals.

Corporate Personal Property Replacement Tax (CPPRT): A tax instituted in 1979 to replace the Corporate Personal Property tax. It consists of a state income tax on corporations and partnerships and a tax on the invested capital of public utilities. The tax is collected by the Illinois Department of Revenue and distributed to over 6,000 local governments based on each government's share of Corporate Personal Property tax collections in a base year (1976 or 1977).

Cost of Living Adjustment (COLA): The "cost of living adjustment" commonly refers to the amount or percentage change to salary and/or benefits in order to protect income from being eroded by inflation.

Debt Service: The amount of money required to pay the principal and interest on all bonds and other debt instruments according to a predetermined payment schedule.

Debt Service Fund: A fund established to account for the accumulation of resources for, and the payment of, principal and interest on long-term debt.

Deficit: Excess of expenditures over revenues in a given period.

Depreciation: That portion of the cost of a capital asset that is charged as an expense during a particular period. This is a process of estimating and recording the lost usefulness, expired useful life or diminution of service from a fixed asset.

Distinguished Budget Presentation Award: A voluntary program administered by the Government Finance Officers Association to encourage governments to publish efficiently organized and easily readable budget documents, and to provide peer recognition and technical assistance to the fiscal officers preparing them.

Effective Date: The date on which a Public Act takes effect (i.e. the date it becomes generally enforceable.)

Effective Tax Rate: The ratio of taxes billed to the market value, generally expressed as a percentage.

Encumbrance: Obligation in the form of a purchase order and/or contract which is chargeable to an appropriation and which reserves a part of the fund balance because the goods or services have not been received. When paid, the encumbrance is liquidated and recorded as an expenditure.

Enrollment Efficiency Range: Ideal Enrollment less 20% through Ideal Enrollment plus 20%.

Enterprise Fund: A fund established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs

of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Equalization: The application of a uniform percentage increase or decrease to assessed values of various areas or classes of property to bring assessment levels, on average, to a uniform level of market value.

Equalization Factor (multiplier): The factor that must be applied to local property assessments to bring about the percentage increase that will result in an equalized assessed valuation equal to one-third of the market value of the taxable property in a jurisdiction.

Equalized Assessed Valuation (EAV): The assessed value multiplied by the State of Illinois equalization factor minus adjustments for exemptions. This gives the property value from which the tax rate is calculated.

Education Support Professionals (ESP): Position classification for non-teacher/principal support staff. This category covers positions such as custodians, engineers and security guards as well as most central office departmental staff.

Exemption: The removal of property from the tax base. An exemption may be partial – like a homestead exemption – or complete. An example of a complete exemption is a church building used exclusively for religious purposes.

Expenditure: The outflow of funds paid for an asset or service obtained. This term applies to all funds.

Extension: The actual dollar amount billed to the property taxpayers of a district. All taxes are extended by the County Clerk.

Federal No Child Left Behind Revenue: Revenue from federal programs that support supplemental education programs.

Federal Special Education I.D.E.A. Program Fund Revenue: Provides supplemental programs for all students with disabilities for students ages 3-21.

Federal Lunchroom Revenue: Revenue from the federal program that supports free and reduced-price meals for children from low-income families.

Fiscal Year: The time period designated by the system signifying the beginning and ending period for recording financial transactions. The Chicago Public Schools fiscal year begins July 1 and ends June 30.

Fixed Asset: An asset of a long-term character that is intended to continue to be held or used, such as land, buildings, machinery and equipment.

Focus Schools: A designation referring to a Title I school that has a) the largest gaps between the highest- and lowest-achieving subgroups within its school, b) a subgroup or subgroups with low achievement OR c) a high school with low graduation rates. ISBE categorizes schools in the “focus” group if the school had a 3-year average state assessment composite between 26% and 45%

Foundation Level: A dollar level of financial support per student representing the combined total of state and local resources available as a result of the general state aid formula. The foundation level is dependent upon the State of Illinois appropriation for General State Aid.

Full-Time Equivalent (FTE): A unit that indicates the workload of an employed person in a way that makes workloads comparable across various contexts. An FTE of 1.0 means that the person is equivalent to a full-time worker, while an FTE of 0.5 signals that the worker is only half-time or works full-time for half a year.

Fund: A separate accounting entity with a self-balancing set of accounts that comprise its assets, fund equity, revenues and expenditures. Money and other fund assets are set aside in an account for specific purposes and activities in accordance with legal requirements. A school or department may have resources available from several funds. Examples include the General Fund, Workers' Compensation/Tort Fund and the Federal Title I Fund.

Fund Accounting: A governmental accounting system that organizes its financial accounts into several distinct and separate sets of accounts, or "funds," designated by their different functions.

Fund Balance: The assets of a fund minus liabilities, as determined at the end of each fiscal year. Any reservations of fund balance are deducted, leaving a remaining unreserved fund balance.

GASB 24 – Governmental Accounting Standards Board Statement #24: Establishes accounting rules for pass-through grants, food stamps and on behalf payments of fringe benefits and salaries. As it relates to "on behalf payments", GASB 24 requires payments made by other governments to be included as revenues and expenditures as long as they are for employee benefits. By law, the City of Chicago has been contributing to the Municipal Employees' Annuity and Benefit Fund of Chicago on behalf of the Board's educational support personnel (ESP).

GASB 54 - Governmental Accounting Standard Board Statement #54: In order to improve consistency and clarity in fund balance reporting, GASB 54 establishes a hierarchy of fund balance classifications categorized by the extent to which governments are bound by constraints on resources reported in the funds. The hierarchy includes:

1. Non-spendable fund balance: Amounts that cannot be spent such as inventories, prepaid amounts and the principal of a permanent fund. Also, long-term loans, notes receivables and property held for resale would be reported as non-spendable unless the proceeds are restricted, committed or assigned.
2. Restricted fund balance: Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.
3. Committed fund balance: Amounts constrained for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Formal action is also required by the same group to remove or change the constraints placed on the resources.
4. Assigned fund balance: For all governmental funds other than the general fund, any remaining positive amounts not classified as non-spendable, restricted, or committed. For the general fund, assigned fund balance is amounts constrained for the intent to be used for a specific purpose by a governing board, a body or official that has been delegated authority to assign such amount.

5. **Unassigned Fund Balance:** Amounts not classified as non-spendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance.

Hyperion: Performance management software owned and managed by Oracle. CPS implemented Hyperion in June of 2015 and utilizes the system for planning, budgeting and forecasting of revenue and expenditures.

Generally Accepted Accounting Principles (GAAP): A uniform minimum standard of, and guidelines to, financial accounting and reporting. GAAP governs the form and content of the basic financial statements of an entity, encompassing the conventions, rules and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. They provide a standard by which to measure financial presentations.

General Fund: The primary operating fund used to account for all revenue and expenditures except those related to specific programs that are accounted for separately in special purpose funds.

General Obligation Bonds: Bonds that finance public projects, such as new school buildings. The repayment of the bonds is made from property taxes and is backed by the full faith and credit of the issuing entity.

General State Aid (GSA): State revenue provided to school districts to support basic education programs. The amount that each school district receives depends upon the educational needs of the school district (as measured by the Supplemental General State Aid weighted average daily attendance), the size of the local tax base, the amount of tax effort by the local school district (in certain cases) and the foundation level. The General State Aid formula works so that every child in the state has access to resources for his or her education at least equal to the foundation level.

Goals: Specific plans that a department has for upcoming and future years. Goals identify intended end results but are often ongoing and may not be achieved in a single year.

Government-Funded Funds and Special Grant Funds: Funds established by the Board to account for programs that are fully reimbursable by the state or federal government and special grants.

Governmental Accounting Standards Board (GASB): Organization that establishes accounting standards for state and local governments in the U.S.

Grant: A contribution given by a government entity, private foundation or other type of organization to support a particular activity or function.

Hold Harmless: Under CPS's SBB model (see "Student Based Budgeting"), school funding levels are typically adjusted based on actual enrollment counts measured on the 20th day of the actual budgeting school year. However, in school year (SY) 14-15, CPS allowed schools that did not meet their enrollment targets to retain their SBB funding, essentially "holding schools harmless" against adverse financial impact that would have otherwise been caused by lower-than-expected enrollment figures. "Hold Harmless" was eliminated in the 2016 fiscal year budget.

Homeroom Classrooms: Refers to the number of allotted classroom spaces required for homeroom use. Homerooms are important for tracking daily attendance and distributing report cards. The number of

classrooms allotted for homeroom use is determined by multiplying the total number of classrooms by 0.769, rounding down to the nearest whole number.

Ideal Program Enrollment (also referred to as Ideal Capacity): For elementary schools, equals the number of Allotted Homeroom Classrooms multiplied by 30. For high schools, equals the total number of instructional classrooms multiplied by 30 multiplied by 80%.

Illinois School-Based Health Services Program: In September 1994, the Illinois Department of Public Aid (now the Illinois Department of Healthcare and Family Services) submitted a Medicaid State Plan Amendment, which expanded the range and scope of existing covered services and increased reimbursement rates. The program, based on 42 CFR 440.13D(d) of the Social Security Act, allows the district to receive reimbursements through Medicaid for certain services provided to eligible children.

Illinois State Board of Education (ISBE): The state organization created to oversee elementary and secondary education in Illinois.

Individuals with Disabilities Education Act (IDEA) - PL 94-142: Federal law which requires school districts to provide appropriate education services to children with disabilities. IDEA governs how states and public agencies provide early intervention, special education and related services to eligible infants, toddlers, children and youth with disabilities.

Inter-government Agreement (1997 IGA) with City of Chicago - October 1, 1997: The 1997 IGA represents a unique financing arrangement between the city of Chicago and the Chicago Public Schools to pay for the construction of new schools, school building additions and renovation of existing schools and equipment. The agreement provides that the city will help the Board to finance its Capital Improvement Program by providing it with funds to be used to pay debt service on bonds issued by the Board for such purpose. The amount to be provided by the city will be derived from the proceeds of ad valorem taxes levied in future years by the city on all taxable property.

Inter-government Agreement using Tax Increment Financing (IGA-TIF): This agreement secures revenues from certain eligible Tax Increment Financing districts, which will be used by the Chicago Public Schools to pay for the construction of new schools.

Interest Earnings: Earnings from available funds invested during the year in U.S. treasury bonds, certificates of deposit and other short-term securities consistent with our investment policies.

Investments: Securities and real estate held for the production of revenues in the form of interest, dividends, rentals or lease payments. The term does not include fixed assets used in governmental operations.

Local School Councils (LSC): Local School Councils are comprised of 6 parents, 2 community members, 2 teachers, 1 non-teacher staff, a school's principal and a student representative (high school LSCs only). The LSC is responsible for approving how school funds and resources are allocated, developing and monitoring the annual School Improvement Plan, and evaluating and selecting the school's principal.

Levy: Amount of money a taxing body authorizes to be raised from the property tax.

Liabilities: Debts or other legal obligations arising out of transactions in the past that must be liquidated, renewed or refunded at some future date.

Long-term Debt: Debt with a maturity of more than one year after the date of issuance.

Lunchroom Fund: A fund for the assets, liabilities, receipts and disbursements of the School Lunchroom Program.

Maintenance: All materials or contract expenditures covering repair and upkeep of buildings, machinery and equipment, systems and land.

Medicaid Revenue: Revenue from the federal Medicaid program that the Board receives as reimbursement for the provision of Medicaid-eligible services to eligible children.

Miscellaneous Revenues: Proceeds derived from notes and bonds sold by the Board, interest on investments and undistributed property taxes, collections from food service sales, rental of property, gifts, donations and sale of real estate owned by the Board.

Mission Statement: Designation of a department's purpose or benefits; how the department supports the overall mission of the system.

Modified Accrual Basis: An accounting method commonly used by government agencies that combines accrual- and cash-based accounting. Under this basis, revenues are recognized when they become both "measurable" and "available" to finance expenditures of the current fiscal period. Expenditures are recognized when the related fund liability is incurred, except when: (1) inventories of materials and supplies that may be considered expenditures, either when purchased or when used; (2) prepaid insurance and similar items that need not be reported; (3) accumulated unpaid vacation, sick pay and other employee benefit amounts that need not be recognized in the current period, but for which larger than normal accumulations must be disclosed in the notes to the financial statements; (4) interest on special assessment indebtedness that may be recorded when due rather than accrued, if offset by interest earnings on special assessment levies; and (5) principal and interest on long-term debt that are generally recognized when due.

Multiplier: See **Equalization Factor**.

Multi-Tiered Systems of Support (MTSS): A five-tiered performance system based on school performance metrics that together provide multiple lines of evidence for measuring school quality.

Network: Geographical grouping of schools for management and support purposes.

No Child Left Behind Act (NCLB): On January 8, 2002, President Bush signed into law the No Child Left Behind Act of 2001. This law provided for the most significant reform to the Elementary and Secondary Education Act (ESEA) since its inception in 1965. In December 2015, President Obama signed into law the Every Student Succeeds Act (ESSA), which updates and replaces NCLB and will go into full effect for School Year 2017-2018.

Northwestern Evaluation Association Measures of Academic Progress (NWEA MAP): Adopted by CPS in school year 2015-16 as the uniform assessment for all students applying to a selective enrollment school, academic center or gifted school.

Object: Specific nature or purpose of an expenditure. Object codes are common across all units, programs and projects. Examples of objects include professional services and teacher salaries. Also referred to as *accounts*.

Office of Strategic School Support Services (OS4): Ensures high-quality neighborhood schools for all students in every community by dramatically improving student achievement in underserved neighborhood schools. The department also seeks to increase school internal accountability and ensure effective school leadership and staff in all neighborhood schools.

Operating Budget: Financial plan outlining estimated revenues, expenditures and other information for a specified period (usually one fiscal year). Long-term costs, such as those related to capital projects, are typically excluded from the operation budget.

Operating Expenses: Proprietary fund expenses that are directly related to the fund's primary service activities.

Operating Expense Per Pupil: Gross operating cost of a school district for K-12 programs (excludes summer school, adult education, bond principal retired and capital expenditures) divided by the average daily attendance for the regular school term.

Operations & Maintenance (O&M): Represents the portion of taxes assessed for the maintenance and operations of the system's facilities. The O&M fund of the Public Building Commission covers O&M expenses for buildings leased by the school system from the commission.

P.A.: Abbreviation for "Public Act." Public acts are available on the General Assembly website at www.ilga.gov.

P.A. 87-17: Property Tax Extension Limitation Law that imposes a tax cap in Lake County, Will County, DuPage County, McHenry County and Kane County, as well as the prior year's EAV on Cook County. The tax cap limits the annual growth in total property tax extensions in the operating funds of a non-home rule government to either 5 percent or the percentage increase in the Consumer Price Index (CPI), whichever is less. The prior year EAV provision limits extensions in rate-limited funds to the maximum tax rate multiplied by the prior-year EAV for all property currently in the district.

P.A. 88-593: Public Act that requires all five state pension funds to reach 90 percent funding by the year 2045; also established a state goal of funding the Chicago Teacher Pension Fund at between 20 percent and 30 percent of state funding for the teacher retirement system.

P.A. 89-1: Property Tax Extension Limitation Law that imposes a tax cap in Cook County. The provisions of this tax cap are the same as in P.A. 87-17.

P.A. 89-15: Public Act that gives the mayor of Chicago effective control of the Chicago Board of Education; also changed the financial structure of the Board.

P.A. 93-21: Public Act that defines the current state poverty grant formula and defines the poverty count to be used for this grant as the unduplicated count of children in any one of four low-income programs (Medicaid, KidCare, TANF and food stamps); excludes children who are eligible for services from the Department of Children and Family Services.

P.A. 93-845: Public Act that authorized school districts to continue to file for adjustments of prior year GSA claims to reflect revenue lost due to property tax refunds.

P.A. 94-976: Property Tax Extension Limitation Law that set the maximum extension rate for funds subject to tax caps including the rate that requires voter approval. This does not allow a local government to exceed its total tax cap limit, but it does make it much less likely that tax rate limits in specific funds will prevent the local government from taxing up to its tax cap limit.

P.A. 96-490: Public Act that changed the value of the property tax bills mailed in the spring from 50 percent of the prior year's total bill to 55 percent of the prior year's total bill.

P.A. 96-889: Public Act that created a new second-tier pension plan for the state pension funds and the Chicago Teacher Pension Fund; changed the required funding schedule for the Chicago Teacher Pension Fund.

P.A. 97-8 (SB 7): Public Act that makes significant changes to teacher tenure, layoff and dismissal Policies; changes the process for resolving collective bargaining impasses.

Partnership for Assessment of Readiness for College and Careers (PARCC): PARCC is a consortium of states and the District of Columbia that are working to create and deploy a standard set of mathematics and English assessments for the purpose of measuring college and career readiness of students in grades K-12. The assessments are administered electronically and are closely aligned with the Common Core State Standards, and replace the former state ISAT exam. CPS first began administering PARCC during school year 2014-15 when the district focused on administering the assessment to elementary school students in grades 3-8 and high school students in English I and Algebra I / Integrated Math I courses.

Penalty Date: Date by which property tax bills are due and payable. In Cook County, the penalty date for first-half tax bills is normally March 1, and the penalty date for second-half tax bills is August 1.

Pension: A defined benefit amount paid regularly to a former employee during his or her retirement.

Pension funded ratio: A percentage measurement of actuarially-calculated assets compared to actuarially-determined pension liabilities.

Pension Relief: A legislative action by the Illinois General Assembly that temporarily reduced required pension contributions by CPS. The relief, which lasted three years, expired in FY2013.

Performance Measures: Specific measures of the workload and key outcomes of each department. These provide information about how effectively and efficiently the department is operating.

Priority School: A designation by the Illinois State Board of Education describing a Title I or Title I-eligible school that is a) among the persistently lowest performing 5% of all Title I schools within the state based on a 3-three-year average AND b) demonstrates a lack of progress OR c) is a Title I (participating or eligible) secondary school with a three-year average graduation rate of 60% or less.

Program: Instructional or functional activity.

Program Description: Describes the nature of service delivery provided at this level of funding. The description includes department/bureau mission, goals, accomplishments and performance measures as well as total expenditures and staff counts.

Project: An activity that usually has a given time period for its accomplishment and whose costs are generally reimbursed by the state or federal government.

Property Tax Revenue: Revenue from a tax levied on the equalized assessed value of real property.

Proposed Budget: Financial plan presented by the Chief Executive Officer for consideration by the Chicago Board of Education.

Public Hearing: A formal open meeting held to present information and receive public testimony on a local issue.

Public Building Commission (PBC): The Chicago municipal corporation from which local government taxing authorities lease facilities. The PBC issues bonds, acquires land and contracts for construction for capital projects of other local governments associated with the facilities that are being leased. Annual payments on these leases are included in the local government's tax extensions. The Chicago Board of Education is currently leasing many facilities from the Public Building Commission.

Public Building Commission Lease/Rent Fund: Debt service fund for the receipt and disbursement of the proceeds of an annual tax levy for the rental of school buildings from the PBC. Most of the rental payment is used by the PBC to make debt service payments on revenue bonds that were issued to finance capital projects in the schools that are leased from the PBC.

Public Building Commission Operation and Maintenance Fund: Fund for the receipt and disbursement of the proceeds of an annual tax levy for operation and maintenance of buildings leased from the PBC.

Prior Year's EAV: Provision of P.A. 87-17 which requires that extension limits for rate-limited funds for Cook County governments be determined using the EAV one year prior to the year of the levy.

Rate Limited Fund: Fund to account for the accumulation and use of revenue generated by a rate-limited tax levy. P.A. 89-15 collapsed all of the Board's rate-limited funds into the Education Fund as of FY1996.

Reserve: Account used to indicate that a portion of a fund balance is restricted for a specific purpose, or an account used to earmark a portion of a fund balance to indicate that it is not available for expenditure. A reserve may also be an account used to earmark a portion of fund balance as legally segregated for a specific future use.

Revenue Bonds: A municipal bond whose principal and interest are payable exclusively from a revenue source (rather than a tax source) that is pledged as the payment source before issuance.

Safe Passage: A program designed to increase children's safety as they walk to and from school by placing CPS employees along designated safe passage routes.

Seal of Biliteracy: The Seal of Biliteracy is an award given by a school, district or county office of education in recognition of students who have studied and attained proficiency in two or more languages by high school graduation. It is designed to function as a nationally-recognizable standard of achievement in bilingual education. In Illinois, the State Seal of Biliteracy will be designated on the high school diplomas and transcripts of graduating public school pupils attaining proficiency in one or more languages in addition to English.

School Actions: Significant changes to schools that require Board approval. Examples of school actions include consolidations, school moves and turnaround implementation.

School Improvement Plan (SIP): A two-year strategy and written plan for strengthening the core academic subjects and improving the overall academic status of schools that are placed on academic early warning or academic watch status by the Illinois State Board of Education.

Social Impact Bond (SIB): A debt instrument that commits a public sector entity to pay for improved social outcomes that result in public sector savings. Private investors inject capital into the specified social initiative and are paid a financial return by the public entity only if social outcomes are achieved. SIBs are also known as “Pay for Success Bonds” or “Social Benefit Bonds”.

Space Use Status: There are three Space Use Statuses: Underutilized, Efficient and Overcrowded. Underutilized is defined as School Enrollment less than the lower end of the Enrollment Efficiency Range, Efficient is defined as School Enrollment within the Efficiency Range, and Overcrowded is defined as School Enrollment greater than the upper end of Efficiency Range.

Space Utilization Index: A school's enrollment expressed as a percentage above or below the Ideal Program Enrollment of the facility. $\text{Space Utilization Index} = (\text{Enrollment} - \text{Ideal Program Enrollment}) / \text{Ideal Program Enrollment}$. Also communicated as Utilization Rate, which is equal to Space Utilization Index +100%.

Special Revenue Funds: A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

State Aid Pension Revenue: Revenue from an annual state appropriation to fund a portion of the employer contribution to the Chicago Teachers’ Pension fund.

State Statute: A law enacted by the Illinois General Assembly and approved by the governor.

Structural Deficit: A deficit that exists even when the economy is at its potential. Structural deficits can only be addressed by explicit and direct government policies: reducing spending, increasing the tax base and/or increasing tax rates.

Student Based Budgeting (SBB): A flexible, per-pupil funding model giving principals more control over the resources they can use to best meet the needs of their students. Unlike the District’s prior Quota funding methodology, which provided specific positions for each school, Student Based Budgeting provides dollars based on the number of students at each school allowing principals to structure the school in the way that best serves its students. CPS moved to Student Based Budgeting in FY2014.

Supplemental General State Aid Fund (SGSA) (formerly State Chapter I): Fund for the receipt and disbursement of Supplemental General State Aid.

Supplemental General State Aid Revenue (SGSA) (formerly State Chapter I): Portion of general state aid which the Chicago Board of Education receives that is attributable to the number of low-income children in the school district and must be used to supplement and not supplant the basic programs of the district.

Tax Base: The total value of all taxable real and personal property in the city as of January 1 of each year, as certified by the Appraisal Review Board. The tax base represents net value after all exemptions.

Tax Caps: Abbreviated method of referring to the tax increase limitations imposed by the Property Tax Extension Limitation Laws (P.A. 87-17 and P.A. 89-1). A tax cap places an upper bound on the amount of government tax that an individual might be required to pay.

Tax Increment Financing (TIF): A public financing method of providing local property tax funding for economic development projects within a designated TIF area.

Tax Rate: The amount of a tax stated in terms of a percentage of the tax base.

Tax Rate Limit: Maximum tax rate that a county clerk can extend for a particular levy. Not all tax levies have a tax rate limit.

Tax Roll: Official list showing the amount of taxes levied against each taxpayer or property in the county.

Title I Grant: provides financial assistance to local educational agencies (LEAs) and schools with high numbers or high percentages of children from low-income families to help ensure that all children meet challenging state academic standards.

Title II Grant: Federal grant that seeks to increase student achievement by supporting the placement and development of highly qualified, effective leaders in every school.

Tort Fund: Used to collect tort fund revenue received from a special property tax earmarked to fund expenses related to tort judgment and settlement, liability, security, workers' compensation, unemployment insurance and risk management. The monies in this fund, including interest earned on the assets of this fund, should be used only for the purposes authorized under the Tort Immunity Act.

Total Classrooms: Refers to the number of classroom spaces (located within a permanent non-leased building) designed to be used as classrooms regardless of current use, including science labs, art rooms, resource rooms and special education rooms, but excluding spaces not designed as classrooms, such as offices, lunchrooms, libraries, gymnasias and auditoria.

Turnaround School: An underperforming school participating in a reformation model that begins with new leadership, new teachers and staff – with many of them trained to teach in urban schools – new curriculum, additional after-school programs and newly renovated facilities. The same students return in the fall to the same school, with a new climate focused on success for every student.

Turnover: The anticipated savings resulting from the delay in staffing new positions and those positions that become vacant during the course of the school year.

Unit: Each school, central office department, network office, or other special operating entity represented by a five-digit number. Examples of units include the Law Department and DuSable High School.

Uniform Pension System: A standard pension system that treats all teachers and all taxpayers in a given state exactly the same. References to a "uniform pension system" as it relates to CPS expresses the desire for the Chicago Public School district to be treated exactly the same as other school districts within Illinois in terms of receiving funding from the state to cover annual teacher pension costs.