CHICAGO PUBLIC SCHOOLS
FY2020 CPS BUDGET HEARINGS
held on
August 20, 2019

STENOGRAPHIC REPORT OF PROCEEDINGS
had in the above-entitled matter at 42 West Madison Street, Garden Level, Board Room, Chicago, Illinois, commencing at 6:32 p.m.
MR. MIGUEL del VALLE, presiding

BOARD MEMBERS PRESENT:
MR. MIGUEL del VALLE, President
MR. SENDHIL REVULURI, Vice President
MS. LUISIANA MELENDEZ
MS. AMY ROME
MR. LUCINO SOTELO
MS. ELIZABETH TODD-BRELAND
MR. DWAYNE TRUSS:
MR. LUCINO SOTELO

Reported By: Karen Fatigato, CSR
License No.: 084-004072
ALSO PRESENT:

DR. JANICE JACKSON, Chief Executive Officer

MR. JOSEPH MORIARTY, General Counsel

MR. ARNIE RIVERA, Chief Operating Officer

MS. HEATHER WENDELL, Budget Director

MS. ESTELA BELTRAN, Secretary to the Board

McCorkle Litigation Services, Inc.
Chicago, Illinois (312) 263-0052
(Whereupon, the following proceedings commenced at 6:32 p.m.)

SECRETARY BELTRAN: Mr. President,

before you begin the second budget hearing, I would like to read a brief safety announcement.

Welcome to the second FY20 Budget Hearing. Before we start the hearing, I would like to share a few safety points and notes.

Please note that the primary exit and entrance to this room is the door in which you used to enter this evening. The main entrance is the door to your right. If you are leaving the room, please use this door. The restrooms are just outside the entrance door to your immediate left. During the hearing we ask that you keep all aisles and exits clear. If you need any assistance during the hearing, please wave the attention of one of our security officers. And thank you for joining us today.

Mr. President.

PRESIDENT del VALLE: Good afternoon -- actually, it's good evening, ladies and gentlemen, welcome. I'm Miguel del Valle. On
behalf of my fellow Board Members, thank you for coming today.

The purpose of this hearing is to comply with the School Code Provisions regarding the FY20 Budget.

Madam Secretary, please state for the record the notice procedure for this hearing.

SECRETARY BELTRAN: Thank you, Mr. President.

Notice of this public hearing was published in the Chicago Sun-Times, a newspaper of general circulation in the City of Chicago and posted at Board Room, Principal Office and 42 West Madison Street Lobby on August 15, 2019. Notice was also posted on the cpsboe.org website on August 15, 2019. I will now read into the record the public notice as published.


To Whom It May Concern: Public notice is hereby given by the Chicago Board of Education that it has prepared an FY20 Budget
for the 2019-2020 fiscal year in tentative form
and that five copies thereof, available for
public inspection, have been filed and are now
on file in the Office of the Board of Education
of the City of Chicago, commonly known as
Chicago Public Schools, One North Dearborn
Street, Suite 950, Chicago, Illinois, 60602, and
available at www.cps.edu/budget and that said
Board of Education will hold two public hearings
upon said budget on the 20th day of August 2019,
Chicago Public Schools Loop Office, 42 West
Madison Street, Garden Level, Board Room,
Chicago, Illinois, 60602. Hearing time: 4:00
p.m. to 6 p.m. for the first hearing.
Registration time 3:00 p.m. to 4:00 p.m. for the
first hearing. And the second hearing, same
location, Chicago Public Schools Loop Office, 42
West Madison Street, Garden Level, Board Room,
Chicago, Illinois, 60602. The hearing time for
the second hearing 6:30 p.m. to 8:30 p.m. And
registration time from 5:30 p.m. to 6:30 p.m.
Dated at Chicago, Illinois, August 9, 2019.
Chicago Board of Education. By: Miguel del
Valle, President. And attested by Estela G.
Beltran, Board Secretary.

Mr. President, I would also like to note for the record the members that are present at this hearing for the second budget hearing.

We have Member Rome?

MEMBER ROME: Yes.

SECRETARY BELTRAN: Thank you.

Member Melendez?

MEMBER MELENDEZ: Yes.

SECRETARY BELTRAN: President -- Vice President Revuluri please?

VICE PRESIDENT REVULURI: Present.

SECRETARY BELTRAN: And we have Member Todd-Breland?

MEMBER TODD-BRELAND: Here.

SECRETARY BELTRAN: And we have Member Truss?

MEMBER TRUSS: Here.

SECRETARY BELTRAN: Member Sotelo?

MEMBER SOTELO: Here.

SECRETARY BELTRAN: President del Valle?

PRESIDENT del VALLE: Here.

SECRETARY BELTRAN: We have seven
members present.

I would also like to note Dr. Janice Jackson our Chief Executive Officer; Mr. Joseph Moriarty, our General Counsel; Arnie Rivera, our Chief Operating Officer; and we have Heather Wendell, our Budget Director, with us for the second hearing.

PRESIDENT del VALLE: Thank you.

Let's begin with the FY20 Budget presentation, and the presentation will be done by Michael Sitkowski, who is our assistant budget director.

MR. SITKOWSKI: Good afternoon, President del Valle, Board Members and Dr. Jackson. My name is Mike Sitkowski, I'm the assistant budget director, and I'm going to give you an overview of the FY2020 Proposed Budget.

So, first, the financial overview. So the budget remains balanced for the third year in a row without major revenue risk. This budget includes $7.7 billion across the Operating, Capital and Debt Service Budgets.

The state's implementation of the evidence-based funding formula in FY2018 has provided more
stability for CPS. The state has acknowledged though that CPS is still underfunded by nearly $2 billion, that's according to the state's own calculation.

In positive news, our fund balance has been restored to positive levels, and we are projecting a year-end fund balance of $365 million, which is nearing CPS's fund balance targets. By lowering our borrowing costs, the market has clearly stated that CPS's financial position has improved, however, CPS is still rated as a junk bond.

Cash has improved in FY2019 with short-term borrowing down $250 million from FY2018, and we are projected to improve in FY2020.

CPS also ended FY2019 with a negative cash balance of $115 million, and we are projected to have a net negative cash position throughout fiscal year 2020 -- for the majority of fiscal year 2020, I should say.

Regarding our cash position, this chart shows CPS's net cash position going back to 2013. As you can see our -- the gray line in
the middle of the chart represents zero cash. Back to 2013 we were typically in a cash positive situation when the red line is above zero on the chart. As CPS was the recipient of a pension holiday from the state of Illinois from 2011 to 2013, that lowered our operating costs and allowed us to avoid major pension payments for those years. At the expiration of the pension holiday, CPS's cash position begins to erode, and as you can see over the course of these years we've been mostly below the line, which means we are borrowing cash to meet our payroll and vendor obligations.

As I mentioned previously, we ended the fiscal year at June 30th with a net negative cash position of $115 -- $115 million. And in July we reached a net negative position of $627 million.

This slide shows the year-over-year growth in CPS's Operating Budget. So in 2017 CPS's Operating Budget was 5.4 billion, that's grown to 5.699 billion in FY2018, 5.9 billion in FY2019, and it's 6.176 billion in FY2020.

As I mentioned before, the total CPS
budget is $7.7 billion, and this is comprised of three different parts. The biggest portion of our total budget is the Operating Budget. This pays for day-to-day expenses like payroll and vendors. It's funded primarily through property taxes and state funding. And it includes $3.3 billion in salaries and benefits, and these are largely governed by collective bargaining.

The second largest portion of our overall budget is our Capital Budget, and this pays for the renovation and long-term investments in our facilities. So when we fix a roof, when we build a new building, when we build an expansion onto a building, this is paid for from our Capital Budget.

The third portion of our budget is our Debt Service Budget, which this year is $700 million. And this includes the interest and principal that we pay on our bonds that were initially used to fund our capital investments.

Taking a look at the positions included in the FY2020 Budget, over 97 percent of the positions included directly support schools. So
as you can see in the chart, we have over 20,000 teachers, over a thousand school administrators, over 10,000 school support staff, and nearly 5,000 city-wide student support, which are our custodians, nurses, folks that are managed centrally but work primarily in schools. These represent 97 percent of our total employee base.

Taking a look at the revenues that comprise our Operating Budget, the biggest portion of our Operating Budget is funded by local revenues. So these are primarily property taxes, personal property replacement tax and TIF surplus. So local sources paid for by Chicago taxpayers. The state funds 30 percent of our overall Operating Budget. This amounts to roughly $1.85 billion. And these funds come from the state's evidence-based funding formula, the state's pickup of our normal costs for teacher pensions and various categorical grants.

The third part of our overall Operating Budget is funded by federal revenues. And these are primarily Title funding and lunchroom funds that support low-income students.

Taking a look at the expenditure side
of our Operating Budget, salaries and benefits comprise roughly 80 percent of CPS's overall operating spending. This is when you look at the chart including all the various salary and benefit categories plus charter tuition, which funds primarily salaries and benefits at charter schools. The remaining 20 percent of our overall budget is used to pay non-personnel expenses, such as, commodities, instructional supplies, equipment and student transportation.

I'm going to go over some highlights of our FY2020 budget, and this year the big focus was on equity. So the proposed budget, as I mentioned, was $7.7 billion. The key investments being critical building improvements for over 300 schools across the city with 93 percent of these investments going to schools that serve majority of low-income students.

We also introduced the largest ever capital investment in pre-K classrooms that totaled $120 million. We had the largest ever expansion of high-quality academic programs, including STEM, IB and Fine and Performing Arts. We included 10.5 million for ADA accessibility.
$10 million for nurses, social workers and case managers to support our students. And $12 million to support English learners in more than 100 schools.

Continuing on, CPS this year is investing $263 million in funding for critical maintenance needs and interior improvements at our schools. These are projects like roof and envelope and mechanical repairs and replacements to keep our students safe, warm and dry.

As I mentioned before, we are including the expansion of free full day pre-K for 4 year olds. This includes $20 million that is being allocated for classroom conversions for this fall, an additional hundred million dollars in capital investment that will be dedicated to classrooms opening in the fall of 2020.

I mentioned before the investment in accessibility. This budget includes $10.5 million to make sure every CPS building has first-floor accessibility. We are also including $145 million in building modernization to make sure that all schools are able to support 21st Century learning environments.
This investment includes $30 million in science lab modernizations. And the second phase of the high school science lab investment that we announced last year, it includes upgrades to academic programming, including $30 million as part of the District's new RFP process to make sure we're aligning our capital upgrades with programmatic needs throughout the city. And we are also including $85 million to provide devices and infrastructure modernization to over 130 schools.

Additionally, this year's budget includes $45 million in investments in playgrounds, play lots and turf fields at more than 15 schools across the city.

I mentioned before the investment in staffing. This budget includes $10 million in funding for additional nurses, social workers and case managers that will be supporting our schools. The -- this budget also includes $5 million to -- as part of the programmatic RFP process to expand programming at 32 schools and -- over the next five years. The investment was for this year with a total of $32 million.
will extend over the next five years to clarify.

Additionally, for schools that are in declining enrollment and low enrollment states, we've invested $31 million in equity grants to 219 elementary and high schools. And this is to ensure that schools can provide the programming needed to support their students.

And additionally, as I mentioned before, we're investing $12 million to support English-language learners. This includes additional funding for after school tutoring programs, supplemental positions for the schools with our highest concentration of English learners, and for the first time we are providing supplemental funding to all schools, including those with 20 or fewer English learner students.

I mentioned before the investments in social workers, nurses and case managers. I'm going to give a quick overview of those year-over-year investments in those positions.

What this slide shows is at the beginning of FY19 CPS had 457 social worker positions. This continued through the last day
of school in 2019 and through the start of the Fiscal Year 20. The investment announced a few weeks ago by Mayor Lightfoot and Dr. Jackson has allowed us to add additional social workers to the FY2020 Budget, and we currently have 492 positions open in the FY2020 Budget.

Next on the nurses. We began the Fiscal Year 2019 with 327 nurses. We ended the school year with 344, and as you can see we began fiscal year 2020 with that same amount. The recently announced investment has allowed us to add 30 additional nurses to the FY2020 Budget. We currently have 374 nurse positions included in the budget.

Finally, case managers. CPS began Fiscal Year 2019 with 94 case managers. The number increased to 95 by the end of the school year. And we began Fiscal Year 20 with 101. The recently announced investment has allowed CPS to add case manager positions up to 135 in the Fiscal Year 2020 Budget.

It's also important to take a look back at what we did in March this year when we rolled out school budgets for the fall. So for the
first time in years CPS was able to release school budgets in March due to our increased fiscal stability, which allowed principals to be able to proactively plan, staff and schedule their school for the coming year before the school year was out this year.

Budgets -- school budgets increased by over $73 million in Fiscal Year 2020 partly due to the aforementioned equity grant that was provided to 219 elementary and high schools and additional other investments in diverse learners, gen ed and programmatic expansion.

Looking at school budgets in Fiscal Year 2020, 52 percent of school funding comes through the per pupil formula allocation of SBB. So under student-based budgeting, schools receive a per pupil amount for each student enrolled weighted by grade level and diverse learner category. In 2020 the base per pupil rate is $4,507, and this reflects a 2.5 percent increase from Fiscal Year 2019.

While SBB represents the base level of funding, schools receive additional funding based on student and school level need, and this
represents the other 48 percent of the principal-managed resources. These funding allocations are determined by poverty, English learner status, diverse learner status and programmatic differentiation throughout our schools.

In Fiscal Year 2020 we're taking a two-prong approach to support our schools in the resources that we've allocated in school budgets this year. The first category is additional support for all schools. So as I mentioned previously, we increased the SBB rate by 2-and-a-half percent to match the cost-of-living adjustment in the last year of the Chicago Teachers Union contract, which expired on June 30th. We increased the supplemental aid per pupil rate to $920 per pupil. This is given to every school that has a free and reduced meal eligible student. Additionally, all elementary schools will receive federal dollars in Fiscal Year 2020 from either Title I or Title II.

Aside from the support that we rolled out to all schools, we also targeted additional support for specific school populations. As I
mentioned previously, $31 million was allocated through an equity grant for 219 small under-enrolled schools. This is an effort to ensure that elementary schools can avoid split classrooms wherever possible and that high schools have -- are able to offer a full slate of programming to meet graduation requirements.

We allocated $12 million in additional English learner funding for students with -- schools with the highest concentration of English learners. $27 million was invested, this is the operating fund invested in teachers -- teacher's aides and supplies to support the new full-day pre-K classrooms.

As I mentioned previously, $5 million in new IB, STEM and other programmatic investments was included in this year's budget. And $22 million in additional diverse learner teachers and paraprofessionals was invested in this year's budget.

Going back to the pension issue that I mentioned previously, while we are on more stable financial ground, there still exists a major pension inequity between Chicago and other
districts in the state of Illinois. We are currently the only district that pays a substantial any substantial amount of funding towards its own teacher pensions, and when you equate that to a per pupil amount, we see a big disparity with what the state provides to other districts and what the state provides to CPS. So on a per pupil basis the state is funding over $2700 per pupil for teacher pensions for every district outside of Chicago, while it's only funding $661 per pupil throughout Chicago. This is actually a vast improvement over where we were in Fiscal Year 17 when the state gave us what equated to $32 per pupil, but as you can see by this chart, it's not clearly enough to match the investment that the state makes in other districts' pensions.

This chart shows the pension obligation extended out through 2059 for Chicago Public Schools. So we are in much better shape regarding our pensions. The state has picked up the normal cost of CPS pensions. And CPS now has a dedicated pension levy, which is a property tax levy that is solely to fund teacher
pensions. But the growth -- the projected
growth in our pension costs still puts us in a
place where we will be spending roughly $2
billion on teacher pensions by 2059. So we are
not in a situation anymore where this is
diverting 7, $800 million from our Operating
Budget, but it is still a cost that we expect to
grow over time.

I mentioned before the FY2020 Capital
Budget. So this year's 2020 Capital Budget
includes $821 million of investments in building
renovations, expansions, site improvements and
IT throughout -- schools throughout the
District. There's six -- there's over $600 in
guaranteed funding in this Capital Budget, and
we have $202 million as you can see by the last
two lines of this chart in potential funding.
We've allocated $191 million in potential
state-funded capital projects based on the $45
billion Capital Bill passed by the state
recently. These funds will be rolled out as
projects become identified and CPS is able to
secure funding from the state for said capital
projects. We've also included $11 million for
potential locally funded projects as -- if and when funds become available.

As I mentioned, the 2020 Capital Budget includes $619 million in guaranteed funding. This includes $553 million of anticipated bond offerings and other capital funds. As I mentioned previously, CPS issues long-term bonds to fund its Capital Budget, and this comprises the primary funding source of this year's capital plan. We also have the $191 million in state funding. We anticipate $50 million in federal E-rate funding to support our IT school modernization. We have $15 million in local external funding. And we have earmarked $11 million for any potential other external funding that comes up throughout the year.

That ends my presentation. Thank you.

PRESIDENT del VALLE: Okay. Thank you. We will get back to you with questions.

SECRETARY BELTRAN: Thank you, Mr. President.

So we'll proceed with the public comment section, and I'll share the rules for public comment.
For the record I would like to note that registration for the second FY20 Budget Public Hearing was held between the hours of 5:30 p.m. and 6:30 p.m. Individuals who registered to speak will have two minutes to comment, and I will call the speakers in the order of registration. This hearing will conclude after the last person who has signed in to speak has spoken or at 8:30 p.m., whichever occurs first. When called, please state your name.

And, Mr. President, I will call by calling the first speaker, we have Mr. -- speaker number 1, Tom Zablocki, followed by the second speaker, Jennie Biggs.

Mr. ZABLOCKI: Hello. My name is Tom Zablocki, I'm an organizer with SEIU, and my wife is a CPS teacher at Saucedo Academy. I'm here to finish some remarks that my colleague over there couldn't finish during the first hearing.

So we -- Local 73 represents 7,000 special education classroom assistants, custodians, security and bus aides across the
District. And the average salary of SEIU Local 73 members working for the Board is less than $34,000 per year. This isn't enough money to live in the city, and it forces workers to work multiple jobs and contributes to the high turnover rates. Treating these workers as disposable hurts students, particularly diverse learners who need SECA support.

Part of what has led us to this point is that the Board reneged on contractually agreed upon cost of living increases in 2012 and 2017 that were taken from our members. And then we were denied another 2 percent increase in 2019 as the Board has dragged their feet during current contract negotiations. During an economic downturn and Rahm Emanuel's era of austerity, Local 73 members tightened their belts and now CPS's economic outlook has improved. We have seen an increase of 27 percent in operating revenue between 2017 and 2020, yet the Board's lawyers that our members are negotiating with continue to fight tooth and nail against us rather than working together to make our schools a better place for students and
And what's really absurd is the difference between the union's wage proposals and the District's wage proposals constitute less than half of one percent of the overall budget in year three when total salaries already account for 43 percent of the District budget.

And so we -- our members really have high hopes for the new Board on doing the right thing, but they're also ready to stand with the Chicago Teachers Union and willing to strike for what's right.

SECRETARY BELTRAN: Thank you, Mr. Zablocki.

Our next speaker please, speaker number 2, Jennie Biggs.

MS. BIGGS: Hi there. Jennie Biggs, CPS parent, Raise Your Hand. Every budget hearing should be held in the neighborhoods. I think that's evident right here that if it was in the neighborhoods there'd be a lot more people to engage with. This would increase parent, educator and community access. Whose values does it serve to have in this location
and not in our neighborhoods near our families?
And while we appreciate the changes made to the
monthly Board of Ed process and format, this
spirit and commitment of increased community
engagement, access and transparency needs to be
formalized into a model for all future Chicago
and CPS community engagement.

In its analysis of the Fiscal Year 2020
CPS Budget, Chalk Beat Chicago includes this
quote: Experts say the relative size of
Chicago's education bureaucracy, about 5 percent
of the District's Operating Budget, is bigger
than other large urban school districts, even as
the city has moved toward a more decentralized
approach to governing and funding schools.

This is unacceptable. We've been
saying for years that the CPS bureaucracy needs
to be downsized and those funds need to be
redirected into schools and into classrooms,
then priority should be given to all of the
students and schools with the most need.

We wanted to point out a few other
things that have been brought to our attention.
The Chicago school librarians have done some
number crunching, and they are saying that librarians have been cut again this time by 15 from 100 -- they believe there were actually 123 librarians last year, and there will be 108 actual librarians this year according to the budget. The promised increase in social workers, nurses and case managers, which are critical staff needed by students and educators across the city which you all have recognized, it actually goes unmentioned in this budget according to a WBEZ report that was put out this week.

We also think the case manager positions that have been allocated should include the number of students --

SECRETARY BELTRAN: Ms. Biggs.

MS. BIGGS: -- with 504 Plans. Yes, I will finish up. As well as the number of students who have IEPs.

One last thing, we just want to say we think it's very disingenuous to say you are adding special education nursing and social worker positions when you have had hundreds of vacancies in these areas for the past several
years. You need to provide incentives, better pay, improve working conditions to raise staff into your promised levels, otherwise it's just smoke and mirrors. We need to really start thinking outside the box as to how to attract people to our District and keep them in our District. Thank you.

SECRETARY BELTRAN: Thank you, Ms. Biggs.

Mr. President, this concludes the registered speakers on the list.

PRESIDENT del VALLE: Is there anyone in the audience who wanted to speak and didn't sign up? If not, we'll proceed to Board Member comments and questions and comments that Dr. Jackson might have.

In reference to the last speaker, we spent a lot of time in the first budget hearing talking about the points that you raised. So if you could --

MS. BIGGS: Sorry, I couldn't make it.

PRESIDENT del VALLE: -- check with folks they'll be able to fill you in. But thank you for your comments.
Can we come back up here? Oh, Matt.

Okay.

Please.

VICE PRESIDENT REVULURI: So at the last hearing I asked to clarify what's the negative cash balance, and I'm going to ask probably the same question in a different way because I don't understand it yet.

What's the difference between the fund balance being a positive 365 million and the year-end cash balance being a negative 115 million, what does each of those mean?

MR. DeNARD: Good afternoon, Ron DeNard, Senior Vice President of Finance. So fund balance is an accounting book number, and back in 2014 there was an accounting adjustment made to a fund balance, so it was in a sense artificially more positive. So it was an accounting technique called revenue recognition. Now we recognize our revenue through August of the next year. So when we have property taxes that come in through August, we actually recognize those property taxes into the prior year. So that in a onetime -- a onetime effort
increased fund balance.

If you look prior to 2014 and you looked at fund balance and cash, they were relatively the same. But after that revenue recognition, fund balance and cash is now out of sync. So cash is more of an approximation of the true financial condition of CPS, however, fund balance is a measurement that, you know, the financial community does look at.

MR. SITKOWSKI: And I think to follow on that, the simplest way that I've heard it explained is that our cash balance represents if you had a credit card and you spent $115 million but had nothing to pay it off, so you'd be in a negative cash position at that point. And that's where we ended the fiscal year this year.

VICE PRESIDENT REVULURI: And so the fund balance is also a snapshot number or is it a number for an entire school year?

MR. DeNARD: It is the results of operations for the full year, what was your -- for that point in time, what was your operating revenues versus your operating expenses.

VICE PRESIDENT REVULURI: So it's for
the full fiscal year?

MR. DeNARD: Yes.

VICE PRESIDENT REVULURI: Okay. Thank you.

MR. DeNARD: And then that number that you see through is cumulative over time.

VICE PRESIDENT REVULURI: I have one other question, which is more I think a budget question.

You mentioned that Title funding, Title I and II funding from federal sources is going to every school. Is that distributed sort of proportional to enrollment or is it not, is it distributed differently?

MR. SITKOWSKI: So Title -- Title funding -- every elementary school received Title funding in this year's budgets. The biggest portion is distributed through Title I, and that's distributed in proportion to the poverty concentration at a particular school and the total enrollment. So the Title I is allocated through a progressive formula, where as the poverty concentration at a school goes up, the per pupil amount that every student
receives goes up as well. So it's tied to both of those metrics.

Title II is allocated through -- both to reduce class size and to support professional development at schools. But that represents a much smaller slice of the Title funding.

VICE PRESIDENT REVULURI: And is that distributed proportionally or is it different?

MR. SITKOWSKI: The class size piece is distributed through a calculated class size formula intended to help schools with limited local funding reduce their class size.

And then the professional development portion is targeted towards schools that do not receive either Title I discretionary funding or Title II class size funding.

VICE PRESIDENT REVULURI: Okay, that's helpful.

Is -- what roughly is the ratio of the Title I funding to Title II?

MR. SITKOWSKI: Title II off the top of my head it's close to $180 million that we roll out to both District and charter schools through the formula that I mentioned.
MS. WENDELL: For Title I.

MR. SITKOWSKI: For Title I. And then Title II is roughly like $6 million.

VICE PRESIDENT REVULURI: Got it.

Thank you.

PRESIDENT del VALLE: Any other questions or comments?

MEMBER TODD-BRELAND: Can I -- so this is I think for Matt.

So at the last hearing you shared this graphic about the social workers and investment to build on social worker increases, can you share that and explain it?

And I was also wondering if it would be possible to get similar graphics for the other clinicians that we've discussed, nurses, and then librarians as well?

MR. LYONS: Yes, we absolutely could.

The distinctions between those being some are essentially the decisions are made about whether to invest in that position or individual at the school level is the librarians versus --

MEMBER TODD-BRELAND: Maybe you could
just --

MR. LYONS: -- centrally.

MEMBER TODD-BRELAND: -- explain that.

MR. LYONS: Okay.

MEMBER TODD-BRELAND: Thank you.

MR. LYONS: So so on the screen represents kind of a longer look at social work positions across the District. I apologize it's a little smaller than last time. The -- you know, you can see from school year 09-10 all the way on the left through school year 17-18 there is a gradual, sometimes not so gradual, reduction in the number of social workers across the District. The vast majority of these are centrally funded and represent the District's investment as a whole, not school-based decisions. And the line, which I didn't actually reference the last time, represents a ratio of students to social workers.

In July of 2018 Dr. Jackson announced a big investment in 160 additional social work positions. Partially because of the timing about that and just where it fell in the calendar, we were able to hire for some but not
all for last school year. So we were able to
hire about 40 additional social workers out of
that 160. And so you see that big yellow area
in the SY19 bar and that represents vacancies
that were -- this data is a snapshot, but
essentially those were carried most of last
school year, about 120 vacancies. When we got
to the winter when we were really able to kind
of hit the peak hiring season for school social
workers, we were able to close that gap
considerably. And you can see for SY20 this
represents essentially as of last week how many
social workers on staff we had filling these
positions, and the number as of that date was
about 415, which represents the highest staffing
level for social workers at CPS back at least
ten years. That's the height of the blue bar.

We still have some vacancies associated
with that initial batch. And then there was an
additional investment, and that's the kind of
gray bar at the top of the SY20 bar. And that
represents the additional 35 social workers that
were rolled out as part of the Mayor and
Dr. Jackson's recent announcement of additional
investments.

Again, this is a down payment on a much larger plan to add hundreds of social workers, which is really what the additional white bars lay out. Those are not in a budget yet because those are for future fiscal years, but this really maps out what the numbers, you know, and projections were behind the Mayor and Dr. Jackson's announcement of an investment and a down payment this year. So that's essentially where we've been for social workers.

For nurses, and I think there were slides earlier with tables, there's been additional growth. Last year -- it was more modest than what is on the social work slide, of course, but last year was, you know, a represented increase of 17 positions that did not translate into exactly 17 additional nurses, but it was I think about a dozen last year we increased. We committed an investment of hiring an additional 30 nurses, and that's what these positions represent. And we think we're going to get to 30 during the course of this school year. But again these are social work and
nurses in particular are really high need areas for -- across the state and nationally. In the case of nursing, not just in education, hospitals are suffering kind of a similar squeeze.

So, you know, things we put in place like helping people with an RN, so registered nurses. Or in the case of social workers, who are licensed social workers who practice in Illinois, we are paying or reimbursing them for tuition to get the proper credentials to be a school nurse or school social worker, and we'll continue to expand those investments.

You know, librarians, just for a moment, I know there's been a lot of discussion about a continued reduction. Librarians are different from the social workers and nurses in that the District doesn't make a choice for schools about whether to provide kind of arts or library. If we had our choice everyone would be able to have any programs that they want. Practically speaking it's not a reality and so the gradual decline really represents the decisions that principals are making at their
school.

The additional context I would provide is that the idea of providing more librarians is easy to say. Last year I think our estimate on the number of school librarian graduates across the state of Illinois was about ten. And we got -- over the last 12 months we had eight qualified applicants across the District for school librarians. So even if we were to make an investment, it would not be in a place where we were able to make much headway due to a limited number of available candidates.

The last element which I think was discussed was around case managers. And the real -- the distinction for case managers because each of those job categories has kind of a different story, case managers are not particularly hard for us to fill. We had 94 during last school year and added to 95 they were essentially fully filled. The challenge there is that opening case managers will produce additional vacancies in special education teachers given that the qualifications are the same. And we don't see those vacancies pop up
evenly where we're just making a choice about which services to provide and which ones to still be working to staff. Essentially case managers opened on the north side produce vacancies in special education teachers on the west and south sides. So a little bit of an oversimplification obviously, but that is predominantly the pattern that we see across all job categories, particularly those that are high need and where there aren't enough candidates to fulfill the demand.

MEMBER TODD-BRELAND: Thank you.

VICE PRESIDENT REVULURI: Sorry, if I could jump in because it's sort of a follow-up to your comment about librarians. That's something I definitely didn't know that there's a few new graduates across the state, but if the number of librarians -- librarian positions has been declining, where have those people gone? Are many of them still in CPS in different positions?

MR. LYONS: So it would be a lot of them likely are, but probably more are no longer with the District. I mean, this has been a long
-- this is similar to the social work graphic I showed, like this has been over the last decade or more.

I could tell you, you know, again without all the information at my fingertips right here, you know, librarians just in the general kind of teacher population are tending to be closer to retirement just from a demographic standpoint. I would expect that that was true over the last several years too, so it's likely that a lot of them have retired.

VICE PRESIDENT REVULURI: Thank you.

MEMBER MELENDEZ: Just a clarifying question. Part of the decline supports the low number graduates, but also the fact that librarian positions are funded by schools, not by Central Office.

MR. LYONS: Yes. And I don't want to actually imply that the decline in the positions is being caused by the low number of candidates, though those are related. If a principal has the option of opening a library candidate that they're going to spend seven months filling or more, they may opt to have an art teacher or
another -- another -- another -- provide another service to students over academic programming. The -- but, yes, the decline over the long-term has been the result of principals having to make choices, choices that we didn't -- we don't always want them to have to make, but ultimately, especially over the prior, you know, eight or nine years in a resource-constrained system, they've had to make the choices. And they're closest to the ground and really should be the ones making the choices about what their school communities need.

MEMBER MELENDEZ: And for the librarian position, do they need a Master's Degree in library sciences or can they have a BA.

MR. LYONS: It's -- they can definitely have a BA. It's actually -- it's a certification, so it's a teaching license.

MEMBER MELENDEZ: It's a teaching license with a librarian. Is that different from, for example, librarians that work in institutions of higher education, so it's a different career path?

MR. LYONS: Similar to the school
social work maybe we would say. It's like, well, there's not an IEP component for librarians. It's a school librarian license, not a librarian license.

MEMBER MELENDEZ: Okay. Okay. Thank you.

PRESIDENT del VALLE: Any other questions?

I have a question about the 31 million in equity grants. Those grants are for schools that have lost enrollment, right?

MR. SITKOWSKI: That's correct.

PRESIDENT del VALLE: How many school budgets are less this year -- in this proposed budget are less than the previous year?

MR. SITKOWSKI: So when we look at the overall snapshot of District schools, the roughly 515 schools that we have, about three quarters of the District school budgets are up year to year. And that's accounting for the investments we've made in SBB, in supplemental aid, and then the targeted investments that we've made throughout for the schools that are seeing the enrollment declines.
PRESIDENT del VALLE: Okay. So how many schools will have a lower budget this next school year than they had prior year -- when you take into account the 30 -- the distribution of the 31 million?

MR. SITKOWSKI: So roughly a quarter of the District schools will see a decline in their budget from last year to this year.

PRESIDENT del VALLE: A quarter. And that's due to declining enrollment?

MR. SITKOWSKI: That's due primarily to declining enrollment. And there's a number of schools that did receive the equity grant that still maybe saw a slight decline but a decline that was not as sharp due to the initial funds they received through the equity.

PRESIDENT del VALLE: Right. And I think these funds do make a great difference and they're important.

But what are we doing for the schools, Dr. Jackson, that will still see a decline in their budget even with the equity grant?

DR. JACKSON: I think just the characterization of a decline, I would argue
that those schools are actually getting the same amount if not more because we're actually giving them more money than they would originally have been allocated based on their student-based budgeting. So I think characterizing it as a decline without taking into consideration a sharp decline in enrollment, it's not an apples-to-apples comparison.

I don't know if you want to highlight that, but in all of these cases the school that received an equity grant, the schools would have received even fewer dollars than what's being presented to the Board today had we not made the additional investment.

PRESIDENT del VALLE: And I understand that, that's what the equity grants are for. But again, what -- it's due to declining enrollment --

DR. JACKSON: Yes.

PRESIDENT del VALLE: -- right? That's the reduction of funds.

DR. JACKSON: Yes.

PRESIDENT del VALLE: Of course, if you don't have the enrollment, you don't have the
student-based budget a month that's going to the school. So how many of those schools are seeing a dramatic decline in this year's budget?

DR. JACKSON: Well, we can go through the different categories because we broke them down in the memo, but one of the things I want to highlight is the schools who are receiving -- for the most part the schools that are receiving a budget cut, it is due to the reduction in the number of students that they have.

What we have done to answer your question to support them is to provide them with additional money so that, for example, our elementary schools would not have to see split classes as a result of this. In some of the cases the high schools would be able to keep positions, such as, deans, et cetera, again, principal-based decisions, that they need in order to support their school.

So I think the answer to the question is we've given them extra money despite the fact that the enrollment has declined sharply, and the individual principals are making decisions about how to use that given the population that
they have.

In most cases at the elementary level I would say that principals use it so that they don’t have to have split classrooms and retain teachers. And at the high school it’s oftentimes used for additional support services that they may need outside of the classroom.

PRESIDENT del VALLE: So then in addition to the 31 million in equity grants, we are providing additional support to those schools?

DR. JACKSON: No, the equity grant is the additional support. So if we did not have the equity grant, those schools would have received a budget cut commiserate with the decline in enrollment, which for some of them would have been hard for them to sustain their school. Knowing that that would be the case, the action that we took was to provide an equity grant so that those schools could still have an academic program that allowed for a teacher in each grade, et cetera.

PRESIDENT del VALLE: Okay.

DR. JACKSON: And we should also note
our budget, the budget that the District received -- receives, is based on students as well. And so this is an equity grant in that schools are receiving what they get based on the per pupil allotment that we get from state funding, et cetera, but we're also taking additional -- the additional new money that we received from the state and distributing it to the schools that we think are the schools in most need.

PRESIDENT del VALLE: So the equity grants are prioritized?

DR. JACKSON: Yes.

PRESIDENT del VALLE: For the schools that are --

DR. JACKSON: With the most --

PRESIDENT del VALLE: -- most affected by decline enrollment?

DR. JACKSON: Absolutely.

PRESIDENT del VALLE: Okay. Thank you. Any other questions or comments? The E-rate, that's all federal money?

MR. SITKOWSKI: The $50 million in E-rate is federal money.
PRESIDENT del VALLE: The 50 million.
And that's for IT modernization?
MR. SITKOWSKI: Yes.
PRESIDENT del VALLE: Are we adding to that amount for the modernization?
DR. JACKSON: I believe there's -- Arnie, can you clarify?
MR. RIVERA: Yeah, as part of our capital budget there's a match of $11 million in order for us to qualify for the $50 million of E-rate subsidy.
PRESIDENT del VALLE: Oh, so it's a total of 61 million that we're spending?
MR. RIVERA: Correct.
PRESIDENT del VALLE: Okay. Thank you.
MEMBER SOTELO: I just want to follow up to your questions.
The memo actually outlines a lot of prudent decisions that have been made, but at some point during the school year we should follow up just to see how the equity grant is performing as its intended, right, especially when you have, you know, a reduction of 17 percent compared to -- that's actually
subsidized with the equity by half the amount, 50 percent, yet the school had a 24 percent reduction in enrollment. It begs more questions for me about the impact of the total investments in those kind of -- with those kind of numbers to ensure that we're actually -- that it's actually working as intended for the student body, right. So I think that as we look at the total equity investments, we should probably revisit it, you know, when it's prudent to actually assess how it's working or it's not.

PRESIDENT del VALLE: Any other questions or comments?

Dr. Jackson, would you like to -- given what we heard today?

DR. JACKSON: Oh, yeah. Well, I appreciate all the questions and comments. I did make -- we had a lot more activity earlier, and Matt Lyons and Heather were able to clarify some of those, but there was one question about CPS Central Office that we wanted to clarify for the record and we'll also clarify per your recommendation with an FAQ for people after the budget hearing who weren't able to be here.
today.

But the District budget for Central Office is down 13 percent since 2014, and so just really want to make sure that people understand that we have been making an effort to continue to reduce our footprint centrally. And when we make investments centrally, it's always in an effort to provide support directly to schools, and sometimes it's just things we can do at the District level much more economically than trying to put a position or resource in every single school. But I wanted to make sure this notion of a bloated bureaucracy was addressed because we have made tremendous progress in reducing our footprint and making sure that we are supporting schools directly.

And we also talked about how we can represent positions in our budget to make it clear which of those positions are people who may be centrally funded but spend 100 percent of their time in schools working for children compared to people who work in Central Office who also work on behalf of children every single day. But I wanted to make sure that people were
clear about our footprint and also acknowledge that the additional positions, all of these positions have been announced throughout the school year. They include investments in very critical departments, such as, the Office of Equity, the curriculum equity grant -- Curriculum Equity Initiative, the OIG's office to protect Chicago's children, as well as the Office of Student Protections.

MEMBER TODD-BRELAND: And also can I just -- on the FAQs that were mentioned in the previous one. Would it be possible to add this slide on the investments and a similar slide? Because I think there are just a lot of questions about where does this additional investment fit in and how does it relate to current staffing needs that this graphic I think is helpful in explaining.

DR. JACKSON: Yeah. Yeah. We'll --

MEMBER TODD-BRELAND: And a similar one, you know, for these categories of focus.

DR. JACKSON: Yeah, we will include those.

MEMBER TRUSS: Because, I mean, I was
one of those once upon a time on the other side of the glass there that was like basically, yeah, to have those questions in a sense. And I think that as we -- you know, and I think there's been tremendous improvement of really getting information out there, you know, to the public, you know, starting with your team, Dr. Jackson, to be transparent, and all I can do is just encourage you just to keep --

DR. JACKSON: Keep putting it out there.

MEMBER TRUSS: -- putting it out there and people are going to draw their own conclusions. Sometimes you just cannot -- you know, something you cannot always control. You know, something Jadine did while we were out there dealing with our own issue that we were able to put some things to rest. But it's just that all we can do is just keep putting it out there because I think people in the beginning was thinking that it was disingenuous to saying, okay, it was in the budget. But just when we all kind of came on board we saw the reality of trying to staff some of these positions.
And, President del Valle, again, I appreciate your comments from the previous hearing about, you know, partnering with Chicago Teachers Union and other, you know, stakeholders saying, hey, let's get the word out that, you know, we can say what we want, but we got to work for what we need to get. And you can say it, but if you don't put the work in it, you get the same results.

PRESIDENT del VALLE: Any other comments or questions? Matt, do you want to add anything? Just kidding.

Okay. We're done.

SECRETARY BELTRAN: Yes. So you can just conclude the second hearing, Mr. President, and strike the gravel.

PRESIDENT del VALLE: Thank you, everyone.

(Whereupon, the proceedings adjourned at 7:30 p.m.)
STATE OF ILLINOIS

COUNTY OF COOK

Karen Fatigato, being first duly sworn, on oath says that she is a court reporter doing business in the City of Chicago; and that she reported in shorthand the proceedings of said hearing, and that the foregoing is a true and correct transcript of her shorthand notes so taken as aforesaid, and contains the proceedings given at said hearing.

Karen Fatigato, CSR

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