

CHICAGO PUBLIC SCHOOLS

# Proposed BUDGET

2013-2014



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the City of Chicago**

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Dear Stakeholder:

The Chicago Public Schools Fiscal Year 2014 budget protects critical investments in the future of Chicago's next generation while reflecting the challenging financial realities of a district facing a historic \$1 billion budget deficit. This year's deficit, driven by a \$400 million increase in pension payment obligations coupled by flat and declining revenues and increasing contractual and statutory obligations, has led to some difficult choices. But in spite of our financial challenges, our commitment to providing every child in every community with a high-quality education is as strong as ever, and the district, parents, teachers, principals, community members, local elected officials and business leaders must work together to protect investments in student learning that will maintain the tangible progress being made by our students.

Thanks to the hard work of CPS principals, teachers, families, students, and community members we continue to see growth in essential areas such as graduation, attendance and standardized test scores. The progress we have made as a district can only be sustained and improved if we continue to invest in areas that have been proven to enhance student achievement. This includes expanding access to quality early childhood education, full day kindergarten, increasing the amount of time available for learning, raising the bar for powerful instruction, and creating positive, safe, nurturing school environments that are conducive to learning and that foster our students' creativity and motivation.

In order to meet demand from CPS students and families, we are increasing access to high-performing schools and expanding the number of seats in magnet, selective enrollment, International Baccalaureate and Science, Technology, Engineering, and Mathematics (STEM) programs. We are expanding valuable Career Technology Education (CTE) programs to prepare students for the careers of the 21<sup>st</sup> century, and increasing access to quality professional development to build the capacity of our teachers and leaders to ensure every child in Chicago benefits from the work of talented professional educators.

This year, we are implementing a Student Based Budgeting process that is transparent and equitable, while providing maximum flexibility for principals to drive student success. Empowering principals to enhance student learning is an essential part of our strategy because we know that principals, as instructional leaders of their schools, are in the best position to manage resources to improve their students' achievement.

As we continue to work with all stakeholders to put the District on the path to long-term financial stability while improving academic outcomes, we will also continue to marshal external resources wherever feasible to fund programs and supports that benefit our students.

This year's budget aligns with "The Next Generation: Chicago's Children," our five-year action plan, and ensures CPS meet its most urgent needs and educational priorities while recognizing our real fiscal constraints. Our students cannot afford to wait another day for the quality education they need and deserve. As a former teacher and principal, and as CEO, I know CPS will not be able to solve these problems on our own. We will need the continued input and assistance of all stakeholders including parents, community leaders and legislators to find solutions that enable us to meet these challenges while maintaining critical investments that support student learning.

As a District and as a city, our mission is to support our children to ensure they achieve their dreams. I thank you for your partnership and commitment as we work together to develop the next generation of Chicago's leaders.

Sincerely,

Barbara Byrd Bennett  
CEO, Chicago Public Schools

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Letter from the CEO

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## Reader's Guide

The Chicago Public Schools' *FY2014 Proposed Budget* is the financial and policy plan proposed to the Chicago Board of Education for the fiscal year beginning July 1, 2013 and ending June 30, 2014. The fiscal year encompasses 12 months, as mandated by the 1995 Amendatory Act enacted by the Illinois legislature.

Most likely you are reading the *FY2014 Proposed Budget* on the Chicago Public Schools website. This site contains the official budget document as well as interactive features that make additional information more easily accessible.

### Interactive Budget Reports

We are providing enhanced interactive budget reports that allow you to view the entire operating budget and drill down to get more detail on any component of the budget that you are interested in. An entire database of budget information is available to you.

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 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.

This year we are adding even more personnel data and a more comprehensive breakdown of the overall budget, showing revenues and expenditures within each of our funds.

### Budget Book Chapters

The *FY2014 Proposed Budget* includes narrative overviews of Chicago Public Schools ("CPS") programs, goals, financial policies and procedures, and 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.

## Budget Overview

Chicago Public Schools' last two budgets have described the fiscal challenges facing the district, and have looked forward with trepidation to FY2014: we have known since FY2011 that we would face an enormous pension cliff in FY2014, and that it would be impossible to absorb without pain. For the past year, we knew we faced a \$1 billion deficit in FY2014, in large part driven by the dramatically higher pension expense. We knew we needed state action to address the pension cliff and to provide financial stability to the district.

And now, with no state action, that pension cliff and enormous deficit are upon us. We must present a balanced FY2014 budget that still strives to fulfill our vision for every student in every neighborhood to be engaged in a rigorous, well-rounded instructional program to graduate prepared for success in college, career and life. To do this, we will continue to change the way we operate to focus our resources, cut non-essential spending, and streamline non-classroom departments. We will use reserves to close the budget gap, but even with that, we cannot balance the budget without a reduction to schools. We know that this is painful and we have done what we can to minimize it, but there were no other options.

Despite these challenges, we must continue to invest our dollars in our strategic priorities. The FY2014 budget provides a solid foundation of support for "The Next Generation: Chicago's Children," the district's 2013 – 2018 Action Plan to achieve our vision. The Plan includes a detailed Framework for Success, which is built on five pillars. Investments in these pillars will ensure we achieve our vision.

### THE NEXT GENERATION: CHICAGO'S CHILDREN

#### Pillar 1: High standards, Rigorous Curriculum and Powerful Instruction for all students

- **Invest \$15 million and Establish Full Day Kindergarten as District-wide Policy.** In the past, full day kindergarten was not available to every child. Some schools chose to offer it, some schools received extra funding to support it, but there was no consistency. In February, CEO Byrd-Bennett announced that starting in the Fall 2013, Full Day Kindergarten would be available district-wide to all 30,400 kindergarten-age children. This represents an investment of \$15 million. In addition, the district also allocated another \$15.4 million from the FY 13 Supplemental Capital Budget to upgrade or add space for full day kindergarten classrooms.
- **Add \$7 million investment in Magnet, Gifted, and Talented Programs.** The FY 14 budget includes \$60 million in total to provide specialized programming for 45,460 students. We added \$7 million to provide 18 new Science, Technology, Engineering, and Math (STEM) and International Baccalaureate (IB) programs in Welcoming Schools.
- **Launch "Chicago: Ready to Learn!" Pre-K Initiative.** To better meet the early education needs of young children in Chicago, CPS and the Chicago Department of Family and Support Services launched *Chicago: Ready to Learn!*, aimed at ensuring that Chicago is investing in high-quality programs for young children, birth to age five. Through this initiative, quality early childhood programs will be available across the city to meet the unique needs of all communities. An additional \$2 million was added to the existing Early Childhood budget to support program expansion in FY2014, which will provide access for an additional 700 children.

## **Pillar 2: System of Supports that Meet Students' Needs.**

- **Expand Safe Passage by \$9 million to further support students' safety as they travel to and from school.** Safe Passage is a proven effective program which uses community workers and Parent Patrol volunteers to ensure routes to and from school are safe. In FY2014, approximately 61,000 students will be in schools served by Safe Passage, an increase of over 30,500. The expansion will serve students attending Welcoming Schools.
- **Promote good attendance through \$5.4 million in supports.** Each school will be required to organize a team to identify chronically absent students and provide interventions, such as counseling or academic support. Schools with attendance rates below 95% will create attendance plans that reflect community partnerships to provide additional services to students. Schools with the highest absentee rates will be targeted for further services. An additional \$5.4 million is provided in FY 14 to support this work.
- **Add \$13.9 million to fund 11 more Options schools to re-engage drop-outs and provide a path to a high school diploma.** Historically, the district has referred to these types of schools as "alternative" schools, but we recognize that these programs provide quality "options" for students who need a different setting to achieve their potential. To that end, we are investing \$13.9 million to add 2,692 seats.
- **Create new Office of Strategic School Supports with \$20 million investment.** This new department will provide high-need, academically struggling schools with comprehensive and coherent support services and resources required to dramatically improve and sustain student achievement. The Office will support 22 district schools in addition to the 15 schools that will receive \$34.5 million in state School Improvement Grants in FY2014. An additional \$32.5 million was included in the FY2013 Supplemental Capital budget to provide IT upgrades, air conditioning, ADA improvements, building and cosmetic repairs.

## **Pillar 3: Engaged and Empowered Families and Communities**

- **Create five new Parent Engagement Centers to help address parents' school-related needs.** We have invested \$700,000 to establish five collaborative-based Parent Engagement Centers, where parents can access resources (e.g. technology, early childhood guidance, college planning guidance/financial aid support, CPS applications, etc.) as well as Parent University programming and Parent Support services to ensure parents receive the support they need.
- **Expand Safe Haven program.** Currently 60 churches provide programming for students during school breaks and after school. An additional \$290,000 will add 40 more churches to the program and provide 1,500 more children with access to these services.

## **Pillar 4: Committed and Effective Teachers, Leaders and Staff**

- **Provide \$4.2 million to support the new teacher and principal evaluation systems.** The new REACH (Recognizing Educators Advancing Chicago students) teacher and principal evaluation system will be implemented this year. These new evaluation systems require employees to deliver results and will also support their professional growth.

- **Invest an additional \$3.6 million to develop aspiring principal candidates.** Through the Chicago Leadership Collaborative (CLC), we have partnered with four of the nation’s strongest principal preparation programs to develop a pool of aspiring principal candidates. Candidates will receive intensive coaching, mentoring and training and will be evaluated regularly. With the new FY2014 investment, CPS will budget \$8.7 million to provide opportunities for principal interns.
- **Invest an additional \$3.5 million to develop and train current school leaders.** The Chicago Executive Leadership Academy (CELA) contains a systemic curriculum for current school leaders, including induction, on-boarding and coaching of new principals; supporting “rising” principals in accelerating their student growth; and finally, working with experienced, successful principals to expand their impact through career advancement opportunities. In total, we will provide \$6.4 million for these academies to provide professional development for principals.

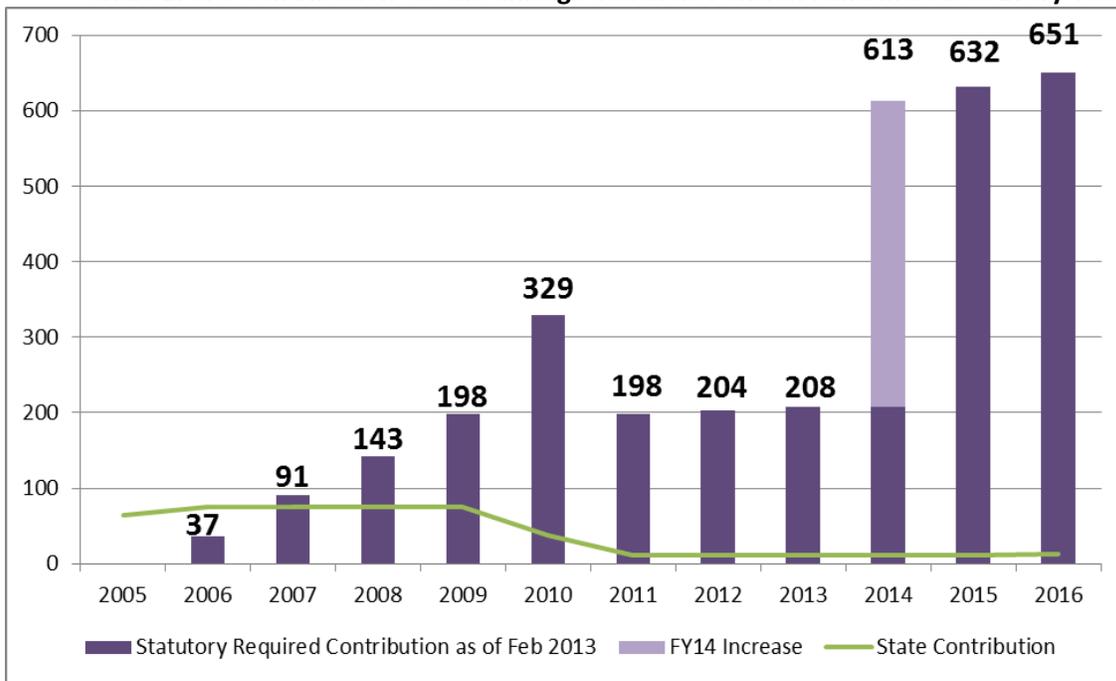
**Pillar 5: Sound Fiscal, Operational and Accountability Systems**

- **Released draft 10-year educational facilities master plan.** Being developed in partnership with the community, this plan will allow us to invest in the types of specialty schools and programs that residents want and to maintain the optimal number of seats to serve students efficiently. The draft plan has helped guide the FY2014 – FY2018 Capital Plan. In FY 2014, we will invest \$308 million in repair, renovation, and improvements in our schools, with an estimated investment of \$150 million per year for FY2015 – FY2018. The complete capital plan is described in the Capital chapter. Detail on the overall plan and each project is available on the Capital plan website, [www.cps.edu/capitalplan](http://www.cps.edu/capitalplan)
- **Invest \$68 million to support students’ transition to Welcoming Schools.** During FY2013, CPS closed 49 schools and one program, and began the process of transitioning those students to their new Welcoming Schools. This effort will help the district serve students more efficiently and effectively, and allow us to focus our limited resources in fewer schools to provide a better education experience. Students in Welcoming Schools will benefit from investments in additional libraries and art rooms, increased access to technology such as iPads and expanded internet bandwidth, air conditioning, and the launch of new IB, STEM, and fine arts programs, as well as have access to additional academic and social and emotional supports to ensure a smooth transition. In total, \$155 million in capital investments started in FY2013 plus \$78 million in program and support investments (\$10 million in FY2013) will support Welcoming Schools.
- **Launched new Student Based Budgeting system to provide more flexibility for principals to meet student needs.** In the past, schools have been given rigid guidelines about how district dollars needed to be allocated in their school budgets. Much more of a school’s budget was defined by central office rather than by principals who know their students best. The new Student Based Budgeting system provides core instructional funding on a per student basis, that principals can spend on staff, materials, technology or other resources that best meet the needs of their students. This model has been successfully implemented in many other large school districts, and is described more fully in the Schools chapter.

## FY2014 BUDGET: THE CRISIS THAT COULD HAVE BEEN AVOIDED

As we noted at the outset, we have known for years that the combination of inadequate and declining state funding with a growing and unfair pension burden would create a fiscal crisis. It first threatened the district in 2010, when the pension contribution was nearly \$330 million and growing. At that time, action in Springfield staved off the doomsday scenario by reducing and limiting the pension payment to about \$200 million per year. But since that time, structural changes that would have provided financial stability—through pension reform and full state education funding—have not occurred. As a result, CPS is faced with a \$1 billion deficit, driven in large part by a \$405 million *increase* in pension contributions. In FY2014, CPS will be required to pay \$613 million to the pension fund, or 11% of our operating budget. The pension costs will continue to grow into the future. By 2032, CPS will be spending over \$1 billion to support pensions. But it doesn't take until 2032 to realize that pensions are crowding out spending on instruction and supports for students: that is our reality *now*.

**Chart 1: CPS Contribution<sup>1</sup> to the Chicago Teachers Pension Fund Increases Every Year**



Before we describe in more detail the challenges and solutions for FY2014, we begin with an update on FY2013 performance.

### **FY2013 Projected Results: Better than Budget, but Still a Deficit**

CPS expects to end FY2013 with a substantial deficit, even though our performance was better than budget. The FY2013 budget anticipated a \$431.8 million shortfall, which was closed with reserves. We expect to end the year with a \$272.6 million shortfall, which, similarly, will be filled with reserves.

<sup>1</sup> This reflects the gross contribution set out in the actuarial report. It does not reflect the offset permitted in statute for any state contribution.

**Table 1: FY2013 Results**

	FY 13 Amended Budget	FY 13 Estimated	FY 13 Change
<b>Revenue</b>			
Property Tax	2,052.8	2,052.8	-
Replacement Tax	105.7	128.3	22.6
All Other Local	134.4	134.4	-
<b>Total Local</b>	<b>2,292.9</b>	<b>2,315.5</b>	<b>22.6</b>
State	1,593.2	1,645.2	52.0
Federal	910.8	891.7	(19.1)
Investment Income	3.5	3.5	-
<b>Total Revenue</b>	<b>4,800.4</b>	<b>4,855.9</b>	<b>55.5</b>
<b>Total Expenses</b>			
	<b>5,232.2</b>	<b>5,128.5</b>	<b>(103.7)</b>
<b>Net Surplus/(Gap)</b>	<b>(431.8)</b>	<b>(272.6)</b>	159.2
<b>Use of Reserves</b>			
General Unrestricted	348.9	229.8	
SGSA	57.8	17.8	
Tort	25.0	25.0	
<b>Total Reserves Appropriated</b>	<b>431.8</b>	<b>272.6</b>	

Several factors account for the change from budget.

- **Replacement Tax anticipated to be above budget.** As described more fully in the Revenue chapter, Replacement Tax is linked to state Corporate Income Tax. The state received a windfall in Corporate Income Tax as a result of one-time changes at the federal level, which then translated to additional Replacement Tax for CPS. Since the increase was the result of a one-time change at the federal level, we do not anticipate Replacement Tax revenues to continue at the higher level.
- **State caught up on past due payments.** In July, the state made an additional \$50 million payment for money owed on various block grants. For several years, as detailed in the Revenue and Fund Balance chapters, the state has had a backlog of payments owed to CPS. The budget assumed that the state would maintain the same backlog, neither fall further behind or catch up. Because the state caught up, we will end FY2013 better than budget.
- **Disciplined management reduced expenditures.** We expect lower than budgeted costs in utilities, food, health care, and transportation due to new procurement and other savings initiatives. We also expect salary costs to be below budget as a result of more stringent review and hiring requirements for Central Office staff, as well as staff turnover.
- **Schools held onto discretionary funds.** Each year, CPS is required to distribute \$261 million directly to schools from Supplemental General State Aid (SGSA). Schools use these funds to provide supplemental educational services for students. If those resources are not spent, we

return the funding to the school the next year.<sup>2</sup> We then must budget the full amount from the prior year in the next year’s budget. That amount comes out of the SGSA reserve. In FY2013, we estimated the amount in the reserve would be \$57.8 million and appropriated that amount to schools to spend. However, at the end of FY13, we are estimating that they will have spent only \$17.8 million. This means that schools will have that \$40 million to spend in FY2014 but that FY2013 spending is \$40 million below budget.

**Property Tax Revenues are Volatile.** While we are projecting results to be better than budget, we still anticipate ending FY2013 with a deficit and having to draw down reserves. One other factor could significantly change our projected end-of-year results: the timing of property tax receipts. In 2012, Cook County changed the due date for the second installment of property taxes from late in the calendar year to August 1. That meant that CPS began receiving property tax receipts much earlier in the year than had been true for the past 30 years. This created a reporting challenge, because CPS recognizes revenues received through July 30 as received within the fiscal year ending June 30. Therefore, depending on when tax payments are made, an August 1 due date can shift hundreds of millions of dollars of revenues between CPS fiscal years.

In 2012, it meant that \$244 million of property tax revenues that had been budgeted in FY2013 were received during the FY2012 revenue recognition period. Significantly, \$185 million was received on July 31, 2012, just one day *past* our revenue recognition period. Had those receipts come in just one day earlier, our FY2012 surplus would have been even greater. Similarly, \$113 million came in on July 27. Had those come 5 days later, they would not have been recorded in FY2012. With only one year of experience with the new due date, this volatility poses significant challenges for projecting property tax receipts for FY2013. Our budget is projecting receipts on par with July 2012.

**FY2014 Budget Takes Steps to Close \$1 Billion Deficit, But Pension Cliff Increases Reliance on Reserves**

The FY2014 budget includes appropriations of approximately \$5,592.3 million, compared to the \$5,128.5 million we expect to spend in FY2013—a \$463.8 million increase that can be explained almost entirely by the increase in pension costs and collective bargaining costs. Revenues are budgeted to be up by \$94 million next year, but this increase is dwarfed by the amount of the pension cost increase.

**Table 2: FY2014 Proposed Budget**

	<b>FY 13 Estimated</b>	<b>FY 14 Budget</b>	<b>FY 14 Change</b>
<b>Revenue</b>			
<b>Property Tax</b>	2,052.8	2,141.4	88.6
<b>Replacement Tax</b>	128.3	105.5	(22.8)
<b>All Other Local</b>	134.4	169.7	35.3
<b>Total Local</b>	<b>2,315.5</b>	<b>2,416.6</b>	<b>101.1</b>
<b>State</b>	1,645.2	1,621.5	(23.7)

<sup>2</sup> This process and methodology is described more fully in the Schools chapter.

<b>Federal</b>	891.7	908.4	16.7
<b>Investment Income</b>	3.5	3.1	(0.4)
<b>Total Revenue</b>	<b>4,855.9</b>	<b>4,949.6</b>	<b>93.7</b>
<b>Total Expenses</b>	<b>5,128.5</b>	<b>5,592.3</b>	<b>463.8</b>
<b>Net Surplus/(Gap)</b>	<b>(272.6)</b>	<b>(642.7)</b>	
<b>Use of Reserves</b>			
<b>General Unrestricted</b>	229.8	562.6	
<b>SGSA</b>	17.8	41.3	
<b>Tort</b>	25.0	38.8	
<b>Total Reserves Appropriated</b>	<b>272.6</b>	<b>642.7</b>	

### Nearly \$700 Million in Cuts Away from the Classroom Since FY2011

In FY2011 – FY2013, we made nearly \$600 million in cuts away from the classroom, as shown in Table 3. We have reduced custodial and engineering expenses by restructuring how services are performed. Transportation costs have been reduced by better routing of buses. We improved our procurement process to secure more favorable rates on services and items we purchase. We eliminated programs that were not effective or efficient and where the principles for funding allocation were unclear, we have rationalized those allocation models.

**Table 3: Cuts Away from the Classroom**

	FY11	FY12	FY13	FY14	TOTAL
Administration	17.2	107.0	12.0	33.7	169.9
Operations	14.1	127.0	116.0	59.5	316.6
Programs	0.0	87.0	49.0	18.4	154.4
Debt Obligations	44.0	--	--	--	44.0
<b>TOTAL</b>	<b>75.3</b>	<b>321.0</b>	<b>177.0</b>	<b>111.6</b>	<b>684.9</b>

The FY2014 budget continues the pattern and makes an additional \$112 million in cuts, increasing the total to nearly \$700 million. We are again reducing the costs to maintain our facilities, have restructured lunchroom staff to reflect industry standards, and reduced food costs through more competitive pricing. Our efforts to improve transportation efficiency have continued, with increased use of less-costly para-transit vans, and central management of bus aide staff. We are reducing the number of central office staff in areas such as Accounting, Information Technology (IT), and Talent. We are also saving money by reducing costly consultants in areas such as Facilities Operations and IT and adding CPS staff. Central office program reductions reduce administrative positions and also continue efforts to rationalize distribution of funds.

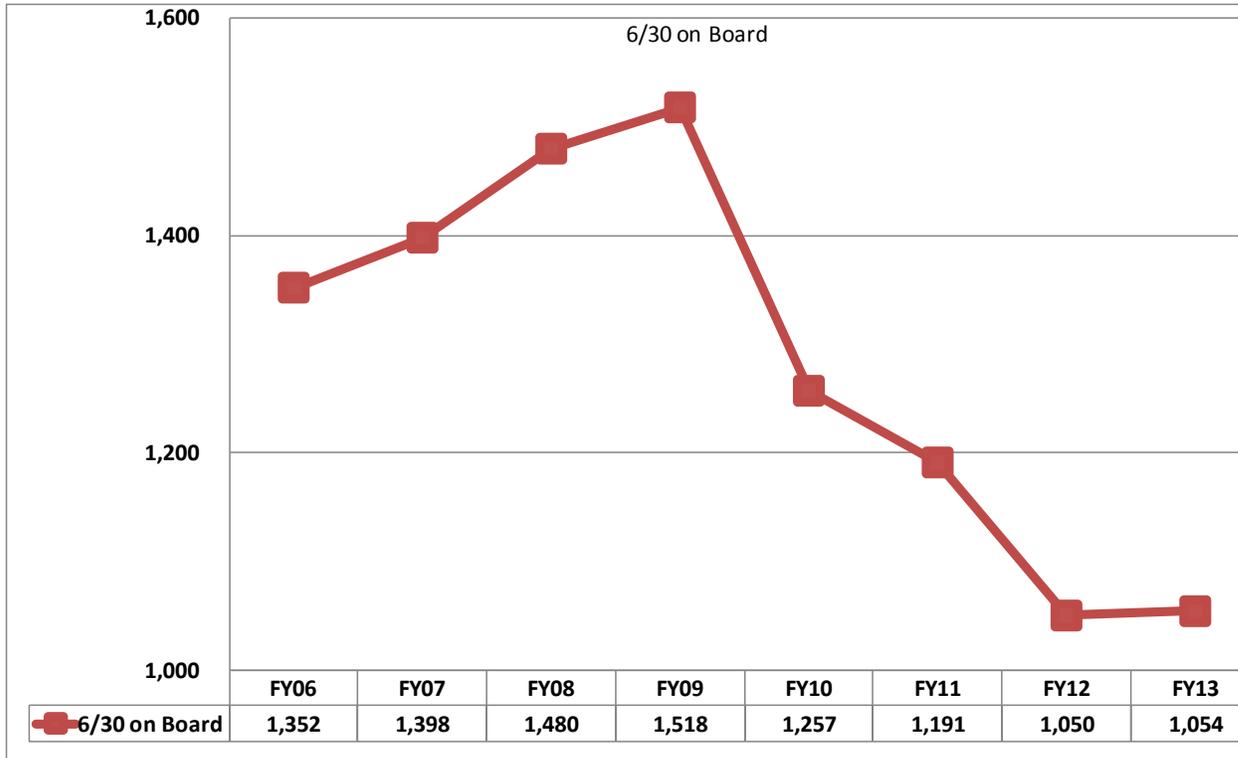
**Table 4: FY2014 Make Additional Cuts Away from the Classroom**

<b>Reduction</b>	<b>Amount (\$ millions)</b>
<b>Operations Total</b>	<b>\$59.5</b>
Identify new approach to facilities management (cleaning, etc.)	\$10.0
Continue to reduce engineers and outside spending on maintenance	\$22.0
Reduce lunchroom staff based on industry standards and observations	\$11.0
RFP for new food provider(s)	\$10.0
Paratransit vans for routes with few riders	\$1.8
Bus aide rationalization	\$4.7
<b>Administration Total</b>	<b>\$33.7</b>
Reduce staffing in Accounting and Treasury	\$1.5
Reduce total headcount by 28, and convert 50 consultants to employees to reduce cost	\$3.7
Various central admin consolidation moves	\$7.5
Reduce number of networks and staff to support	\$1.6
Central office streamlining/move, improved supplier mgmt, etc.	\$19.4
<b>Programs Total</b>	<b>\$18.4</b>
Consistent staffing of 1 supplemental magnet cluster position per school; completes rationalization started in FY13, with two-year phase in.	\$8.6
Reduce limited number of magnet positions for schools with large SBB increases	\$0.7
Reduce portion of school intervention supports	\$1.5
Shift costs of school-based athletic directors from central office to schools	\$1.3
Transition LPN program to schools; shift funding for counselors to grants; expand dual credit/enrollment services to more students but more cost effectively	\$1.6
Reduce central office early childhood staff by 8 and spending on Professional Development; limit outreach services	\$1.8
Various other reductions in central office positions and non-personnel costs	\$2.9
<b>TOTAL</b>	<b>\$111.6</b>

**Continue to Reduce Headcount Outside the Classroom.**

The FY2014 budget continues the pattern of reducing staff outside the classroom to free up resources. Since FY2009, we have reduced Central Office headcount by 34%.

**Chart 2: Central Office Headcount Continues Pattern of Decline**



**Limited Opportunities for Increased Resources.** As discussed in the Revenue chapter, CPS has little control over the revenue we receive. Our major sources of federal funding are driven by formula. The increase shown in the FY2014 budget is solely due to funds carried forward from the prior year. Our base funding has declined.

State funding is also driven by formula. In FY2014, the state stopped its pattern of year-over-year cuts in education funding and held it flat. That helped the deficit from growing even larger, but state funding is still below FY2008 funding levels.

As discussed above, Replacement Tax increased in FY2013 due to a one-time event that will not recur in FY2014; therefore, we see a decline in Replacement Tax revenue.

Our other local sources of revenue appear to be increasing, but this is misleading because those sources are increasing in areas that are not available for general use. School-generated revenue is increasing; this is money that the schools generate and spend for their own purposes. It remains at the school level. As discussed in the Schools chapter, we have changed the way pensions are paid for charter schools. We are now distributing an equitable share of pension funding to charter schools, and those charters whose teachers are part of the Chicago Teachers Pension Fund are required to pay the employer contribution. Because CPS statutorily makes the contribution, the charters will

remit the payment to CPS, where it will be counted as revenue, but it is essentially a pass-through to the pension fund.

To help address the budget gap, we have turned to the only revenue source that we have ability to impact, although even that is limited: property taxes. The FY2014 budget proposes raising the property tax to the cap, which will generate \$89 million additional dollars. The average homeowner of a \$213,000 house will pay approximately \$51 more per year.

**School Budget Reductions Were Necessary.** As much as we have worked to streamline operations, cut administration, and improve our revenues, with a \$405 million increase in pensions, we had no alternative but to make some reductions in school budgets. Overall, we reduced core instruction budgets—the funding allocated through Student Based Budgeting (SBB)—by about 3.5%. This reduced school funding by \$68 million. We have tried to mitigate the impact, by releasing SGSA funds earlier than ever before (a budget process improvement that will be permanent), and providing some funding where the transition to SBB was particularly problematic (described more fully in the School Funding Formula appendix). Yet, we recognize that the reductions to schools are real but unavoidable.

**Maximized use of one-time resources to minimize impact to schools.** As outlined earlier, we expect to have greater than expected reserves in FY2013 as a result of changes that occurred during the year to increase our revenues and decrease expenses. We also have unexpected reserves because of the property tax timing adjustment and state catch-up payments that occurred in FY2012. Because these revenues were captured in the FY2012 budget after spending had been completed, they contributed to an increase in reserves. Thus, for FY2014 we have available \$563 million in general unrestricted reserves. We will also draw down on other reserves, including the Tort fund reserve (as we did in FY2013). Finally, we are tapping into our Debt Service Reserve for the first time ever to cover the cost of increasing debt service, so that we do not have to dedicate as much General State Aid to debt costs this year.

**Table 5: Available Reserves Tapped to Balance FY2014 Budget**

Reserve Detail	EOY FY 12	Used in FY 13	EOY FY 13	Available for FY 14
<b>General Unrestricted</b>	792.5	229.8	562.7	562.7
<b>Tort Fund Balance</b>	92.7	25.0	67.7	38.8
<b>SGSA</b>	59.1	17.8	41.3	41.3
<i>Not Available for Gap Closing</i>	124.5	-	124.5	-
<b>Operating Reserve Total</b>	<b>1,068.8</b>	<b>272.6</b>	<b>796.2</b>	<b>642.8</b>
<b>Debt Service Reserve Total</b>	<b>255.0</b>	<b>6.0</b>	<b>249.0</b>	<b>53.8</b>
<b>Total Reserves</b>	<b>1,323.8</b>	<b>278.6</b>	<b>1,045.2</b>	<b>696.6</b>

**FUTURE OUTLOOK SHOWS NO RELIEF**

As long as CPS is burdened by an unfunded pension cost and flat or declining state and federal revenues, the financial picture will continue to be grim. Preliminary projections for FY2015 and FY2016 show that deficits in the range of \$1 billion will continue, even assuming funding from the state and federal government remains flat and spending growth is modest.

**Table 6: Future Financial Outlook Grim**

	FY 14 Budget	FY 15 Projection	FY 15 Change	FY 16 Projection	FY 16 Change
<b>Revenue</b>					
Property Tax	2,141.4	2,157.4	16.0	2,229.4	72.0
Replacement Tax	105.5	105.5	0.0	105.5	0.0
All Other Local	169.7	151.7	(18.0)	151.7	
<b>Total Local</b>	<b>2,416.6</b>	<b>2,414.6</b>	<b>(2.0)</b>	<b>2,486.6</b>	<b>72.0</b>
State	1,621.5	1,455.5	(166.0)	1,459.5	4.0
Federal	908.4	908.4		908.4	
Investment Income	3.1	3.1		3.1	
<b>Total Revenue</b>	<b>4,949.6</b>	<b>4,781.6</b>	<b>(168.0)</b>	<b>4,857.6</b>	<b>76.0</b>
<b>Appropriations Base</b>					
	<b>5,592.3</b>	5,592.3		5,695.9	
<b>Net Surplus/(Gap)</b>	<b>(642.7)</b>	<b>(810.7)</b>		<b>(838.3)</b>	
<b>Cost Increases</b>					
Pension Increase		18.8		19.4	
Salary Increases		93.8		114.9	
Health Care inflation@3%		11.0		11.0	
School action savings		(20.0)		(23.0)	
<b>Total Cost Changes</b>		<b>103.6</b>		<b>122.3</b>	
<b>Revised Appropriation</b>	<b>5,592.3</b>	<b>5,695.9</b>		<b>5,818.2</b>	
<b>Net Surplus/(Deficit)</b>		<b>(914.3)</b>		<b>(960.6)</b>	

**FY2014 SUMMARY INFORMATION**

Detailed information about the FY2014 budget is available in the various chapters of this document and on the website ([www.cps.edu/budget](http://www.cps.edu/budget)). Here, we provide a high level overview of the budget detail.

**Budgets by Department**

Table 7 provides a high-level spending overview by the top level organization for FY2013 and FY2014. As described in the Organizational Overview chapter and shown in the organization chart, these units represent the top level of the organization; all other areas report up through these units.

**Table 7: Comparison of FY2012 – FY2014 by Major Department**

Name	FY 2012 Expenditures	FY 2013 Expenditures as of 6/30/2013	FY 2014 Proposed Budget
<b>Accountability Total</b>	14,846,732	14,332,120	14,474,409
<b>Board of Trustees</b>	1,234,907	1,061,821	1,154,854
<b>Chief Administrative Office Total</b>	557,010,546	620,051,486	816,268,908
<b>Chief Executive Officer</b>	845,548	364,901	312,547
<b>Chief Teaching &amp; Learning Office Total</b>	267,208,777	241,861,753	262,187,987
<b>Chief of Staff Total</b>	2,236,728	3,194,567	4,464,653
<b>Communications Office Total</b>	1,632,284	2,033,444	1,849,690
<b>Diverse Learner Supports &amp; Services Total</b>	192,029,191	225,185,107	249,193,492
<b>Family &amp; Community Engagement Office Total</b>	5,239,814	5,847,408	8,861,575
<b>Innovation and Incubation Total</b>	6,592,466	28,248,443	50,406,758
<b>Inspector General</b>	1,500,461	1,788,452	1,801,854
<b>Law Office Total</b>	11,984,012	11,499,065	11,736,267
<b>Network Offices Total</b>	27,573,476	30,650,980	21,999,576
<b>Network Support</b>	1,964,408	2,183,104	1,084,025
<b>Pensions and District-Wide Set-Asides Total</b>	77,609,780	84,798,628	588,328,630
<b>Public and Community Relations Total</b>	1,082,230	1,310,387	2,182,329
<b>School Collaboratives Total</b>	3,617,261,371	3,777,322,623	3,448,889,375
<b>Strategic School Supports Services Total</b>	3,703,016	5,521,124	19,183,273
<b>Strategy Management Office</b>	0	6,255,291	19,333,028
<b>Talent Office Total</b>	35,942,996	34,972,423	68,560,746
<b>Grand Total</b>	<b>4,827,498,745</b>	<b>5,098,483,127</b>	<b>5,592,273,976</b>

There are several areas that warrant further explanation:

**School Collaboratives:** This is the total for all funds that are budgeted at schools. But we must *immediately caution* against generalizations based on a quick review of the high level data.

Reorganizations, school closings, and budget changes all impact the year-to-year comparison.

- **Lunchroom workers and bus aides are no longer shown in school budgets.** These positions have been moved under central departments. Bus aides will be managed centrally and will no longer be reflected in school budgets. This accounts for approximately \$20 million and over 930 positions. Lunchroom workers are temporarily budgeted under the Nutrition department. This means 2,400 positions and \$100 million that in the past would appear in school budgets are no longer reflected there. This accounts for an apparent decline in school budgets, but is really just a transfer elsewhere.
- **Closed schools do not have FY2014 budgets.** This may seem obvious, but it affects the FY2013 to FY2014 comparisons. The school budgets and spending for FY2013 are reflected, but are shown as zero for FY2014. The funds from these schools have been reinvested in Welcoming Schools. Some of these investments appear in Welcoming School budgets, but many do not because they are shown centrally, such as the increase for Safe Passage.

Therefore, school budget reductions overall are overstated and don't reflect all the activity and support that schools receive.

**Chief Administrative Office (CAO).** This area is responsible for major operational departments, such as Facilities Operations and Maintenance, Nutrition Support Services, Transportation, Safety and Security, Finance, among others. While it appears that this area has a significant budget increase, in fact, the budget decreases but reorganizations and transfers again make the year-to-year comparisons misleading.

- **Lunchroom workers and bus aides are shown in CAO departments now.** As discussed above, bus aide positions (over 930 and \$20 million) and lunchroom workers (2,400 positions and \$100 million) previously were budgeted and reported at schools. For FY2014 we have budgeted these expenses at the department level.
- **Safety and Security increases for Safe Passage.** An additional \$8.3 million is being invested in Safe Passage this year in both Welcoming Schools and other schools.
- **Facilities, IT, Payroll, Finance and other department costs are down.** The number of positions are down as are other costs, for a net reduction. Although not apparent from this table, the Corporate Accounting department appears to have a large increase. This again is a transfer of the budget from one area to another. Corporate Accounting has and continues to manage the School-Generated revenues, which are budgeted centrally at the beginning of the year and then provided to schools during the year. Previously, this allocation was included under District-wide Set Asides. It is being moved this year to Corporate Accounting to facilitate the work in providing the dollars quickly and efficiently to schools.

#### **Public and Community Relations.**

- **Competitive grant unit moved.** The budget for Public and Community Relations appears to be increasing, but it reflects the department's new responsibility for securing competitive grants for the district. Seven staff positions and associated costs were transferred into this unit and account for the apparent increase.

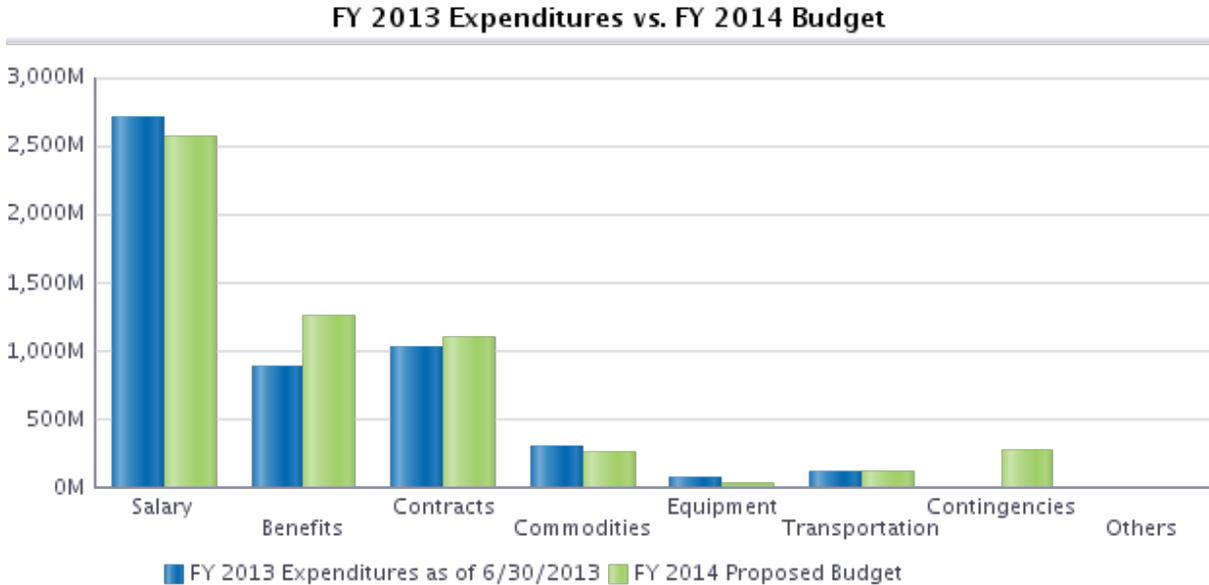
#### **Chief of Staff**

- **New responsibilities for the Back-to School Campaign added.** The Chief of Staff budget reflects a \$405,000 increase as a result of taking on responsibility for the district's back-to-school efforts. This responsibility was previously part of the Communications Office. The campaign budget also increased by \$200,000 in FY2014.
- **New costs from Chicago Teachers Union contract.** The new CTU contract called for the establishment of several new committees, including the Class Size Supervisory and Special Education Workload Reduction committees. The contract also provided for funding for each of the committees, for a total of \$1.0 million. These costs are reflected in the Chief of Staff budget and are new expenses in FY2014.

#### **Budget by Account**

Chart 3 and Table 8, below summarize what CPS spends its money on, showing actual expenditures for FY2012, expenditures through June 30, 2013 for FY2013, and budget for FY2014.

**Chart 3: FY2014 Budget and FY2013 Expenditures by Account**



**Table 8: FY2012 – FY2014 Budget and Expenditures by Account**

Account	FY 2012 Expenditures	FY 2013 Expenditures as of 6/30/2013	FY 2014 Proposed Budget
<b>Salary</b>	2,624,637,266	2,706,843,165	2,558,032,047
<b>Benefits</b>	837,484,251	883,051,361	1,248,406,981
<b>Contracts</b>	954,113,153	1,032,015,998	1,101,273,272
<b>Commodities</b>	288,187,152	298,430,939	257,035,106
<b>Equipment</b>	39,531,500	67,251,463	37,564,891
<b>Transportation</b>	108,961,125	109,945,899	111,776,198
<b>Contingencies</b>	33,440	938,066	278,185,481
<b>Others</b>	0	6,236	0
<b>Grand Total</b>	<b>4,852,947,886</b>	<b>5,098,483,127</b>	<b>5,592,273,976</b>

**Salaries and Benefits.** The vast majority of CPS’s budget is spent on salaries and benefits—68%. Charter schools, which also spend the majority of their budget on salaries and benefits, are funded through the “Contracts” line in the CPS budget. Therefore, taking all spending into account, salaries and benefit costs drive the CPS budget. The benefits line for FY2014 shows the \$404 million pension payment increase.

**Contracts.** This category includes tuition for both 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 the early childhood education programs that are provided by community partners. In addition,

this category includes repair contracts, legal services, waste removal janitorial services, and other services.

**Commodities.** Commodities includes 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, janitorial supplies, and the like. Commodities costs are going down year-over-year because of savings in food costs and utilities as a result of more competitive pricing and negotiations.

**Equipment.** Equipment pays for the cost of furniture, computers, and similar other non-consumable items. The equipment budget is down substantially from FY2013 because it appears that schools have budgeted less for equipment than they spent last year. This could be a result of the new principal discretion provided under Student Based Budgeting.

**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 we are legally required to provide. Transportation costs are increasing slightly.

**Contingencies.** This account includes two 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 new 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. Perhaps they are waiting to confirm enrollment at the start of school or still deciding how best to use the dollars. Similarly, we centrally hold grant funds in contingency, particularly if the grant is not yet confirmed or if the department that manages the grant has not yet determined which school or program will receive the grant. Career and Technical Education grants are an example where the department allocates the grant funds for equipment, but not until after school starts. Another example is the appropriation based on school-generated revenue, which was described above in the CAO section. This is held in contingency until the revenue is verified and then will be released to the school. No spending should take place from contingency accounts, which is why the budget is higher than the actual expenditures. If it is spent at all, it is transferred to other budget lines first.

## CONCLUSION

The FY2014 budget represents the best solution to a staggering financial challenge: how to absorb a \$404 million pension contribution increase with capped, flat or declining revenues at the same time we must invest in improving student outcomes. We have made tremendous changes since FY2011 to cut costs away from the classroom. We have used reserves to the maximum extent possible to keep reductions from the classroom. But CPS cannot continue to absorb financial shocks like in FY2014. We need parents, teachers, principals, community leaders and lawmakers to be our partners in finding lasting solutions -- including pension reform -- that will allow us to meet our financial challenges while maintaining critical investments for students.

## Revenue

### Revenue Overview

CPS receives revenue from local, state, and federal sources as outlined in the table below. Each of the different sources is described in the sections that follow, along with the assumptions used in our budget projections and a justification for our estimates.

**All Funds by Revenue Source (in Millions)**

	FY2012 Actual	FY2013 Budget	FY2013 Estimated End of Year	FY2014 Budget	FY2014 vs. FY2013 Estimated
<b>Local Revenues</b>					
Property Tax	2,352.1	2,106.0	2,106.0	2,193.4	87.4
Replacement Tax	181.9	163.4	186.0	162.5	(23.5)
Other Local	324.5	266.5	266.5	449.6	183.1
<b>Total Local</b>	<b>2,858.5</b>	<b>2,535.9</b>	<b>2,558.5</b>	<b>2,805.5</b>	<b>247.0</b>
<b>State Revenues</b>					
GSA	1,136.5	1,076.0	1,076.0	1,085.6	9.6
Capital	0.0	115.0	60.0	101.7	41.7
Other State	829.4	660.4	710.4	655.9	(54.5)
<b>Total State</b>	<b>1,965.9</b>	<b>1,851.4</b>	<b>1,846.4</b>	<b>1,843.2</b>	<b>(3.2)</b>
<b>Federal</b>	936.0	937.7	918.6	932.9	14.3
<b>Investment Income</b>		4.5	3.5	3.1	(0.4)
<b>Total Revenue</b>	<b>5,760.4</b>	<b>5,329.5</b>	<b>5,327.0</b>	<b>5,584.7</b>	<b>257.7</b>
<b>Bonds &amp; Other</b>	403.6	500.0	464.0	300.0	

As discussed more fully in the Budget Overview chapter, some of the revenues CPS receives are dedicated to debt service and others for capital. What remains is available for the day-to-day operations of CPS. While FY14 total revenues are approximately \$5.6 billion, only \$4.9 billion is available for operations.

**FY2014 Revenue Sources Allocated for Debt, Capital and Operating Funds**

	Total	Amount for Debt Service	Amount for Capital	Balance for Operating Budget
<b>Local Revenues</b>				
Property Tax	2,193.4	52.0		2,141.4
Replacement Tax	162.5	57.0		105.5
Other Local	449.6	97.1	182.9	169.6
<b>Total Local</b>	<b>2,805.5</b>	<b>206.1</b>	<b>182.9</b>	<b>2,416.5</b>
<b>State Revenues</b>				
GSA	1,085.6	120.1		965.5
Capital	101.7	75.8	25.9	0.0
Other State	655.9			655.9
<b>Total State</b>	<b>1,843.2</b>	<b>195.9</b>	<b>25.9</b>	<b>1,621.4</b>
<b>Federal</b>	<b>932.9</b>	<b>24.5</b>		<b>908.4</b>
<b>Investment Income</b>	<b>3.1</b>			<b>3.1</b>
<b>Total Revenue</b>	<b>5,584.7</b>	<b>426.5</b>	<b>208.8</b>	<b>4,949.4</b>

**Analysis of Operating Revenues**

The revenue picture for CPS continues to be challenging. We have little control over the amount of revenue we receive, with most federal and state money determined by formulas which are driven by factors mainly out of our control. The only local revenue we do control is property taxes and the amount of property taxes each year is governed by a statutory cap.

FY2014 operating revenues are budgeted at \$4.9 billion, an increase of \$93.7 million from our estimated FY2013 year-end. The major driver of the overall increase in these revenues is property taxes: CPS is proposing to bring property taxes to the cap. With flat or declining state and federal revenues, no reforms to the pension system, and growing costs due to contractual salary increases and health care among others, CPS has no alternative but to turn to local sources to help address our structural deficit.

**State Revenues.** State revenues remain challenging for the district. In FY2013 the state finally caught up with past due Block Grant payments, paying the remaining \$50 million in early July. Because of the catch-up in FY2013, FY2014 revenue will be lower than FY2013, but the budget does assume that the state remains current and we receive the full amount due in FY2014. Another major source of state operating revenue, General State Aid, is up slightly compared to last year. However, the increase is not enough to offset the years of decline and state revenue is still below FY2008 levels.

**Federal Revenues.** Looking at the aggregate federal revenue picture can be misleading. While total federal revenues are projected to increase from FY2013 Estimated End of Year, this is the result of using one-time carryover funds in FY2014. For example, CPS' allocation of Title I, its major federal revenue source, is declining. The federal award in FY2012 was \$296 million, decreased to \$287 million in FY2013, and will be \$269 million in FY2014.

However, in the case of Title I, most of this money is allocated to schools as discretionary funding and often schools do not spend the full amount allocated to them. Therefore, CPS has historically carried over federal funding from one year to the next. In FY2014, \$39.5 million of these carryover funds will be used, making the Title I revenue estimate \$325 million. Thus, the use of carryover funds masks an actual decline in the amount of federal revenue CPS is receiving. These carryover amounts are detailed in the specific revenue discussions below.

In total, given all the changes in the budget, had CPS not raised property taxes to the cap our overall revenues would have been nearly flat again.

#### FY2013 Operating Revenues Up Compared to FY2013 Due to Property Taxes

	FY 13 Amended Budget	FY 13 Estimated	FY 13 Change	FY 14 Budget	FY 14 Change
<b>Property Tax</b>	2,052.8	2,052.8	-	2,141.4	88.6
<b>Replacement Tax</b>	105.7	128.3	22.6	105.5	(22.8)
<b>All Other Local</b>	134.4	134.4	-	169.7	35.3
<b>Total Local</b>	<b>2,292.9</b>	<b>2,315.5</b>	<b>22.6</b>	<b>2,416.6</b>	<b>101.1</b>
<b>State</b>	1,593.2	1,645.2	52.0	1,621.5	(23.7)
<b>Federal</b>	910.8	891.7	(19.1)	908.4	16.7
<b>Investment Income</b>	3.5	3.5	-	3.1	(0.4)
<b>Total Revenue</b>	<b>4,800.4</b>	<b>4,855.9</b>	<b>55.5</b>	<b>4,949.6</b>	<b>93.7</b>

## LOCAL REVENUES

### Property Taxes

The FY2014 budget recommends that the Board extend property taxes up to the 3% tax cap and capture all growth from new property. This will generate an additional \$88 million in FY2014<sup>1</sup>, a significant contributor to closing the budget deficit this year and helping to address the long-term structural deficit. Property taxes support the General Fund, Tort Fund and Debt Service Funds.

Property tax revenues in the budget are equal to the estimated property tax cash collections from August through the end of July in each fiscal year (the one-month lag or difference to our fiscal year-end of June 30<sup>th</sup> is due to our revenue recognition policy of allowing cash receipts received in July to be included in revenue).

This policy leads to significant volatility in our revenues since Cook County changed the date for the second installment of property taxes to August 1 in 2012. In 2012, it meant that \$244 million of property tax revenues that had been budgeted in FY2013 were received during the FY2012 revenue recognition period. Significantly, \$185 million was received on July 31, 2012, just one day past our revenue recognition period. Had those receipts come in just one day earlier, our FY2012 surplus would

<sup>1</sup> Fiscal-year collections are different from calendar-year property tax extensions because tax extensions are the total amount of property tax bills sent to taxpayers each calendar year.

have been even greater. Similarly, \$113 million came in on July 27. Had those come five days later, they would not have been recorded in FY2012. This volatility poses significant challenges for projecting property tax receipts for FY2013 and budgeting for FY2014. We projected that we will have a similar pattern of collections as 2012, yet with only one year of experience with the property tax due date we cannot be certain what revenues will be. To be clear, the timing of tax receipts does not impact the total amount we receive from the County for the 2nd installment, rather it solely impacts which year we are required to recognize the revenue.

### **Personal Property Replacement Taxes (PPRT)**

PPRT is expected to decline from \$186.0 million in FY2013 to \$162.5 million in FY2014. FY2013 saw higher than expected PPRT collections because expiration of tax cuts at the federal level accelerated corporate tax payments. Since Illinois' income taxes are linked to federal income, this had the effect of increasing state corporate income tax collections and the associated PPRT payments. This increase is not expected to recur, and therefore FY2014 PPRT payments are budgeted to return to a more typical level of \$162.5 million.

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 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 percent of the statewide total.

### **Other Local Revenues**

Other local revenues are budgeted at \$449.6 million for FY2014, an increase of \$183.1 million from the FY2013 year-end estimate. The increase is entirely attributable to anticipated reimbursement for capital projects from the City of Chicago.

"Other local revenues" includes the pension payment made by the City of Chicago on behalf of CPS employees in the Municipal Employees pension fund (discussed in the Pension chapter) and estimated at \$54.6 million. It is recorded as revenue as required by the Governmental Accounting Standards Board (GASB). The balance includes \$280 million in reimbursements for capital and debt-service, including various intergovernmental agreements with the city.

In addition, "other local revenues" include \$20.1 million for TIF surplus, \$10 million for school internal account funds, \$26 million in pension payments for charter schools, and facilities fees and security costs from charter schools at CPS-owned buildings. Detail of each of the revenue sources is provided in the Interactive Budget on the CPS budget website: [www.cps.edu/budget](http://www.cps.edu/budget)

## **STATE REVENUES**

### **General State Aid (GSA)**

GSA represents the major type of state support that all public school districts receive. GSA consists of regular GSA and a poverty grant. Regular GSA utilizes many factors in its allocation formula, such as average daily attendance, a specified annual foundation level, available local resources, and tax rates. The poverty grant is allocated based on the concentration of low-income students that utilize Medicaid, food stamps and Temporary Assistance for Needy Families (TANF).

Although the per pupil “foundation level” is set at \$6,119 for FY2014, the same as in the past three years, the statewide appropriation is insufficient to pay for the foundation level. Therefore, all school districts will receive 89.1 percent of their GSA. The General Assembly appropriated funding sufficient to maintain this proportion and therefore GSA for CPS is expected to be up slightly (based on the formula).

In addition, CPS requests adjustments on prior-year GSA allocations based on property values that were subsequently reduced after the taxpayer filed a successful property tax appeal. CPS expects to receive \$16.3 million for FY2014.

The allocation to schools of Supplemental General State Aid (poverty grant) will stay at \$261 million, consistent with statute. Debt service requires \$120.1 million and the balance of \$965.5 million will go to the General Fund.

**General Education and Educational Services Block Grants**

CPS receives two block grants: General Education Block Grant (GEBG) and Educational Services Block Grant (ESBG). The grant amounts are computed by multiplying the State appropriation for the programs included in the grant by the Board’s percentage share of those programs in FY1995. Although the formula didn’t change, the GEBG became categorical in FY2012 and the Bilingual Education grant became a separate categorical grant in FY2011. In FY2014, as in FY2013, we are showing the block grant funding in its component parts: Early Childhood Education and Truants Alternative Optional Education.

Because of fiscal constraints, the State has delayed payment of two block grants and other miscellaneous grants since FY2009. GASB 33 and the Board revenue-recognition rule require CPS to record receivables as revenues as long as they come in within 30 days after a fiscal year ends. The table below shows the history of the state delays. In Fiscal Year 2013, the state caught up on its payments. This made the end of year FY2013 results better than anticipated by \$50 million.

Year Ending	July 30, 2009	July 30, 2010	July 30, 2011	July 30, 2012	July 30, 2013 (estimated)
<b>Balance Owed (\$ in millions)</b>	\$164.8	\$227.9	\$167.1	\$111.7	\$1.97

The budget assumes that the state will remain current throughout FY2014.

**Other State Revenues**

Other state funding includes capital funds and small categorical state grants that are not accounted for anywhere else. It includes the state contribution for teacher pensions, \$11.9 million. It also includes vocational education, bilingual education, driver’s education, and other state grants. Details of each are available on the budget website.

**State Contribution for Capital**

In FY2010 the state adopted a major new capital program, including funding for P-12 capital programs. CPS expects to receive \$446 million over six years. The FY2014 budget includes \$54.1 million from the State School Construction program. This is the final payment anticipated.

- **School Construction Program:** CPS receives 20 percent of the statewide \$1.5 billion total (\$300 million) over six years. The Capital Development Board (CDB) administers capital improvement programs for local school districts. CPS received \$60.9 million from this program in FY2012 and

\$60 million in FY2013. The final \$54.1 million is anticipated in FY 2014 and will be used to offset debt service costs.

- **Early Childhood Construction Program:** The full \$9 million state allocation to CPS was appropriated in the FY2012 Capital Budget. However, CPS expects to receive the remaining \$5 million payment from the state in FY2014.
- **DCEO Energy Grants.** CPS expects to receive \$5.0 million from the state Department of Commerce and Economic Opportunity for capital grants to improve energy efficiency.
- **Capital Grants for Specific CPS Schools:** The state's FY2014 capital plan included an additional \$2.9 million in grants for capital projects at specific CPS schools. The CPS FY2014 budget anticipates receiving these funds.
- **Gaming Revenue for School Construction.** New legislation was passed in 2013<sup>2</sup> that transfers funds from the State Gaming Fund to support school construction. CPS will receive a one-time payment of \$18.4 million and an annual payment of \$13.3 million to support construction of new schools. This is discussed more fully in the Capital and Debt Management Chapters.

## FEDERAL REVENUES

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 12<sup>th</sup> 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)

Total ESEA grants available for the current budget are projected to slightly increase from \$435.6 million in FY2012 to \$438.3 million in FY2013. The increase results primarily from the School Improvement Grants, which will see a growth of \$12.8 million over the FY2012 budgeted level.

- **Title I-A: Low Income:** Allocated based on a district's poverty count, this is the largest grant received under the No Child Left Behind Act. The grant allows the district to provide supplemental programs to improve the academic achievement of low-performing students. CPS anticipates a reduction in the formula-based Title I amount to \$269 million for FY2014 due to federal sequestration. The total grant available for FY2014 is \$325 million, which includes carryover of \$39.5 million from prior years.
- **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. Because of program changes by the state, the current award will decrease to \$4.5 million for FY2014.
- **Title I-A: School Improvement Grants 1003(g):** School Improvement Grants help ensure that all students have reading and math skills at grade level by 2014. Thirteen high schools will receive new awards between \$1.3 and \$2 million in FY2014. The total amount available for FY2014 is \$34.5 million under these grants when including rollover amounts.

<sup>2</sup> PA 98-0018

- **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 allocation for FY2014 will be \$1.66 million.
- **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. The current year award is estimated to drop to \$34.4 million in FY2014. Including the estimated carryover of \$22.5 million, the total award available for FY2014 is \$56.9 million.
- **Title III-A: Language Acquisition:** Support is provided to students with limited English proficiency who meet eligibility requirements. The total funding available for the Language Acquisition grant is budgeted at \$11.9 million for FY2014, which comprises the estimated current-year allocation of \$8.6 million and carryover of \$3.3 million.
- **Title IV-B: 21<sup>st</sup> 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 FY2014, CPS estimates grant awards of \$8.7 million, and rollover of \$1.58 million.
- **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 for FY2014 are expected to increase to \$195,740.
- **Title VIII: Impact Aid:** This grant offsets lost revenue from federal acquisition of real property. The Impact Aid is expected to stay flat at \$100,000 in FY2014, based on the declining number of students from public housing in Chicago.

#### **Individuals with Disabilities Education Act (IDEA)**

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

The IDEA grants include a number of programs. Part B flow-through is the largest IDEA grant, which is allocated based on a formula established by the State. The estimated award for the flow-through formula grant totals \$101.9 million, which consists of \$87.3 million of current-year funding and \$14.6 million of carryover funds. Room and board reimbursement for students attending special facilities outside of Chicago is estimated at \$1 million. The Part B Preschool grant offers both formula and competitive grants for special education programs for children ages 3-5 with disabilities. These preschool programs are expected to have \$1.6 million from the formula grant (\$1.2 million of FY2014 allocation plus \$400,000 of carryover/rollover) and \$500,000 from a competitive grant for FY2014. Including small competitive grants and carryovers from the previous year, total IDEA funding equals \$105.1 million for FY2014.

#### **Meal Reimbursement for National School Lunch Programs**

CPS offers breakfasts, lunches and dinners for children during the school year and serves lunches in summer. The federal government provides reimbursement for free, reduced-price and paid lunches and breakfasts under the National School Lunch Program. In addition, the federal government reimburses costs for the dinner program under the Child Care and Adult Food Program and provides free surplus commodities based on the number of meals served. CPS' universal school breakfast programs provide

breakfast in the classroom when school starts in the morning rather than in the cafeteria before school starts, easing participation for children.

Federal reimbursements are projected to increase from \$194.7 million in FY2013 to \$201.1 million in FY2014 with an increased reimbursement rate, higher contribution of donated food, and increased participation rate in the snacks and after-school program. These revenues include:

- \$129.5 million from school lunches
- \$48.3 million from breakfast programs
- \$14.0 million of donated food from the U.S. Department of Agriculture
- \$9.3 million from snacks after-school dinner programs

### **Medicaid Reimbursement**

CPS provides a variety of medical 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 medical services and the costs of administrative outreach activities provided to eligible students.

Effective FY2009, the Illinois Department of Healthcare and Family Services started applying cost-based rates to Medicaid reimbursement. As these new rates are retroactive to FY2004, CPS saw temporary increases in Medicaid reimbursement through FY2012. The FY2012 revenues of \$83.7 million reflect receipts of retroactive rate adjustments to previous claims. Medicaid revenues are expected to decline to the normal level of \$52.3 million in FY2014.

### **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 five 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. The FY2014 award for Head Start is expected to drop to \$39.9 million.
- **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 post-secondary education. The Perkins formula grant is anticipated to decline to \$5.7 million as a result of decreased poverty rates. With the estimated \$1 million carryover, the total grant will provide \$6.7 million for the program.
- **Race-to-the Top:** The FY2014 allocation of \$8 million will allow CPS to integrate and analyze data collection; create science, technology, engineering and math programs; and train teachers on the CPS framework for teaching.
- **Smaller Learning Community Grants:** The grants are used to implement smaller high schools to improve academic achievement, graduation rates and the learning climate and culture. Congress eliminated this grant; the total award remaining for the last year of the grant is \$2.6 million.

- **E-Rate Subsidy.** \$14 million is included from this program, which provides discounts to assist schools and libraries to obtain affordable telecommunications and Internet access.

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

CPS will receive a direct subsidy payment of \$24.5 million in FY2014 from the federal government for these two types of federally-subsidized bonds. This is \$2.3 million less than was anticipated as a result of federal sequestration. These bonds are discussed more fully in the Debt Management chapter.

## Schools and Networks

Two major initiatives have significantly shaped schools' budgets for FY2014: (1) the launch of "Student Based Budgeting," a new budgeting model that allocates funding to schools on a per-pupil basis, and (2) the Board's decision in May 2013 to close 49 underutilized district schools and one program.

### Student Based Budgeting

In FY2014, CPS launched Student Based Budgeting, a new budgeting model that fairly and equitably allocates funding to schools on a per-pupil basis, instead of having Central Office dictate the number and types of positions that schools are to receive.

Under Student Based Budgeting (SBB), schools receive a per-pupil amount for every student enrolled, weighted by grade level and by "LRE" level ("Least Restrictive Environment" category for students with diverse learning needs). The per-pupil funding represents the first 50 percent of a school's budget and includes money for core staff, educational support personnel, supplies, and additional instructional programs. Principals and communities work together to use SBB dollars in ways to increase academic achievement and improve student outcomes.

CPS introduced the Student Based Budgeting model in FY2014 to allocate only core instruction funding to schools on a per-pupil basis. SBB replaced the quota formulas that were used in the past to allocate teachers and school administrative positions to most district schools. However, SBB did not affect how schools received supplemental general state aid (SGSA), Title I funds, special education resources, early childhood programs, supplemental bilingual/ELL funding, and positions for magnet, selective enrollment, International Baccalaureate, or STEM programs. These funding categories were not affected by the switch to SBB.

#### Benefits of Student Based Budgeting:

- **Consistency.** SBB provides a unified funding formula that applies to both district and charter/contract schools. Previously, we used quota formulas to assign staff to most district-run schools, and three different per-pupil formulas for per-pupil pilot schools, performance schools, and charter/contract schools. These multiple funding formulas were confusing and potentially unfair.
- **Reduce Funding "Cliffs."** The quota formulas created disproportionate impacts, where one extra student coming or going could mean the difference in a full teacher position gained or lost.
- **Principal Autonomy.** We believe that those closest to the students should have discretion over how dollars are spent. Principals working with their LSC's can make better decision on how to use their resources than central office making quota decisions. The College Ready fund in FY2013 was the first step towards giving principals more autonomy in budgeting; the move to SBB is a big next step.

District-run specialty schools and options schools did not participate in Student Based Budgeting this year because of the unique needs of the student populations at each of these schools.

### Actions Associated with Underutilized Schools

In May 2013, the Board voted to close 49 elementary schools, including two specialty schools serving students with severe and profound disabilities, and two schools that would close over two years but continue to operate in FY2014.

For budgeting purposes, funding follows the students to their welcoming school. In the SBB funding model, reallocating funds is seemingly easy – you simply move the SBB dollars to the schools where the students will attend.

The challenge is predicting where the students will go. All closing schools had a CPS-designated welcoming school (in some cases, several welcoming schools), and we could have simply moved the funding for those students to those designated schools. We rejected this option because we knew that some of the students from closing schools could choose to go to schools other than their designated welcoming schools. Giving all of the SBB funding to the welcoming schools now would mean that we would take some of the dollars away in September, when we true up the funding based on each school's actual enrollment.

In the end, we decided to ask parents to tell us where they would choose to send their children. Beginning in the last week of May 2013, we held enrollment fairs for each closing schools, with the goal of getting the parents of each closing school student to identify which school their children would attend next year. We used the data from the enrollment fairs to reallocate 89% of the SBB funding originally planned for the closing schools. (The remaining funds remained unallocated, and will be given out based on actual enrollment after schools begins.)

As it turned out, not all students chose the CPS-designated welcoming schools. While the majority are choosing their designated welcoming school, funding was redistributed to another 240 schools not designated as welcoming schools; one-third of these schools (79 or 240) received funding for 6 or more students.

### School Budget Overview

The FY2014 budget contains \$3.45 billion budgeted at school units, including more than \$2.0 billion budgeted for core instruction at 649 schools. The following charts show how funds and positions are allocated among the major school types and across the main program areas:

<b>FY2014 School Budgets (in \$000's)</b>	<b>Core Instruction</b>	<b>Special Education</b>	<b>Bilingual</b>	<b>Early Childhood</b>	<b>Other Programs</b>	<b>Discretionary</b>	<b>Operations</b>	<b>Total</b>
District Elementary	\$1,185,046	\$317,002	\$18,822	\$97,513	\$69,487	\$275,333	\$63,126	<b>\$2,026,329</b>
District High Schools	466,449	120,575	3,258	171	47,457	88,159	34,650	<b>760,719</b>
Charter / Contract	310,598	51,406	0	0	5,568	64,483	135,463	<b>567,519</b>
Alternative "Options"	30,815	3,767	1	0	3,303	1,135	268	<b>39,291</b>
Specialty	9,436	37,909	167	3,626	210	2,024	1,661	<b>55,033</b>
<b>Total</b>	<b>2,002,345</b>	<b>530,659</b>	<b>22,248</b>	<b>101,310</b>	<b>126,025</b>	<b>431,135</b>	<b>235,168</b>	<b>3,448,889</b>

<b>FY2014 Positions at Schools (FTE's)</b>	<b>Core Instruction</b>	<b>Special Education</b>	<b>Bilingual</b>	<b>Early Childhood</b>	<b>Other Programs</b>	<b>Discretionary</b>	<b>Operations</b>	<b>Total</b>
District Elementary	10,905.9	4,274.3	148.2	1,312.5	690.3	2,545.2	1,331.7	<b>21,208.1</b>
District High Schools	4,402.0	1,444.7	28.0	2.0	431.0	876.0	683.6	<b>7,867.2</b>
Charter / Contract	0.0	0.0	0.0	0.0	0.0	0.0	10.0	<b>10.0</b>
Alternative "Options"	105.3	36.0	0.0	0.0	23.9	1.8	5.0	<b>172.0</b>
Specialty	78.0	530.2	1.5	46.0	3.0	2.4	29.4	<b>690.5</b>
<b>Total</b>	<b>15,491.1</b>	<b>6,285.2</b>	<b>177.7</b>	<b>1,360.5</b>	<b>1,148.2</b>	<b>3,425.4</b>	<b>2,059.7</b>	<b>29,947.8</b>

Because of the switch to SBB, there are some variations between the FY2013 budget presentation and this one.

- The FY2013 budget showed all charter/contract tuition (\$355.3 million) and the facilities supplement for charter/contract schools (\$25.3 million) as part of core instruction, for a total of \$380.6 million. In FY2014, only the SBB portion of charter tuition (\$310.6 million) is included in core instruction. The non-SBB portion of charter tuition (\$108.0 million) and the facilities supplement (\$27.0 million) are shown as "Operations" costs. The total amount of charter/contract tuition and facilities supplement for FY2014 is \$445.6 million, an increase of \$65.0 million from FY2013. The increase is due primarily to new and expanding charter and contract schools.
- The total amount of discretionary funds is lower by \$102.0 million because it has been added to SBB, which is always "discretionary." This reflects \$100.0 million of College Ready funds, which were shown as discretionary funds in FY2013. College Ready funds have been rolled into SBB, so this amount is shown as part of core instruction in FY2014, which is now all under principal discretion.
- The remaining \$2.0 million difference indicates that the FY2013 and FY2014 budgets have roughly the same amount of SGSA and Title I funds at school units. The amount in FY2014 should be much lower, because schools received a one-time increase of \$26 million of SGSA funds in FY2013, which does not carry over into FY2014. However, this decrease has been offset by the early rollout of \$26.5 million of SGSA carryover, which has been included in the school budgets. Carryover amounts have previously been kept in a central office contingency and given to schools after the start of the school year.
- Operations at district schools have decreased by approximately \$100 million and by more than 3,000 FTE positions because lunchroom positions and bus aide positions that were budgeted at the schools in prior years are being budgeted centrally in FY2014.
- Full-day kindergarten (\$29.9 million) was considered an "Other Program" in FY2013 because it was provided outside of the elementary quota formulas. In FY2014, this funding has been rolled into SBB and is part of "core instruction," reflecting the decision to formalize our commitment to full-day kindergarten for all CPS students.

## **School Types**

For budgeting purposes, we separate schools into four categories based on how core instruction is funded in each type of school: SBB-funded district schools, charter/contract schools, specialty schools, and alternative “options” schools.

With the move to Student Based Budgeting, we have eliminated many of the school types used in the past. We no longer have quota schools, which were allocated positions based on a series of position formulas tied to the school’s enrollment. We have done away with “performance” schools and “per-pupil pilot” schools, which received funding for core instruction based on two different sets of per-pupil rates, which were not aligned with each other, and neither of which were aligned with the per-pupil rates for charter/contract schools.

That proliferation of funding models has ended. In FY2014, we are using a single funding model – Student Based Budgeting – for 507 district schools and 116 charter and contract schools. Only a small number of specialty and alternative “options” schools receive their funding for core instruction outside of SBB due to the special needs of the student populations that they serve.

### **SBB-Funded District Schools**

SBB-Funded district schools are the 507 district-run elementary and high schools that are funded through Student Based Budgeting.

Under the SBB model, all district schools receive the following funding for core instruction:

- Three foundation positions – one principal, one counselor, and one clerk. These are board-funded positions given to the school as positions.
- A per-pupil allocation based on the number of students at the school. The per-pupil rates are weighted based on grade level and diverse learner status.
- Schools received a teacher salary adjustment if the average cost of their SBB staff positions exceeded the district average. We provided a total of \$30.25 million in teacher salary adjustments to 291 district schools.

District schools used their SBB funds to open 12,587 teacher positions, 489 AP positions, 157 additional counselor positions (over their foundation), 120 additional clerk positions (over foundation), and 394 other education support (non-teaching) positions.

<b>SBB-Funded District Elementary and High Schools</b>	<b>FY2013 End of Year</b>	<b>FY2014 Projected</b>
Number of schools	550	507
Number of K-12 students	323,234	322,535
Teachers	13,945	12,587
Counselors (including foundation)	724.5	714
Clerks (including foundation)	715	627
Assistant Principals	542	489

### **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. Both charter and contract schools are targeted in areas of the city identified as those in need of high-quality education options.

The budget includes \$567.5 million to support 106 charter and 10 contract schools serving approximately 58,000 students. Four charter and five contract schools provide alternative options to roughly 5,500 students who have previously dropped out of school, or are likely to do so.

Charter and contract schools receive funding on a per-pupil basis through the Student Based Budgeting model. One of the goals of SBB was to ensure that charter and contract schools are funded on an equivalent basis with district schools. Although district schools and charter/contract schools are not funded in exactly the same way, the funding methods are fully aligned.

<b>SBB Component</b>	<b>District Schools</b>	<b>Charter/Contract Schools</b>
Per-pupil amount	Based on enrollment, weighted for grade level and diverse learner status	Based on enrollment, weighted for grade level and diverse learner status
Administrative base	Receives 1 principal, 1 counselor, and 1 clerk	Receives per-pupil equivalent
Teacher salary adjustment	Some schools receive additional amount based on staff cost at school	Receives per-pupil equivalent

The SBB rates for charter/contract schools will often be presented as the sum of the per-pupil amounts given to all schools, plus the per-pupil equivalents of the administrative base positions and the teacher salary adjustment (which are handled separately at district-run schools). When presented this way, it may appear that charter and contract schools have higher per-pupil rates than district schools, and thus are funded more generously. However, the rates have been set for the funding to be equivalent between the school types.

Charter and contract schools also differ from district schools in how education support and non-instructional services (e.g., security, operations and maintenance, food service, transportation) are provided. District schools receive these services directly from central office, and the funding is given on top of the school's SBB funding. Charter and contract schools, as independently-operated entities, have to provide these services on their own.

For this reason, they receive an additional per-pupil amount on top of their SBB funding that is the equivalent of the education support and non-instructional services that district schools receive directly from central office. The non-SBB rate is based on the total amount that the district spends on schools operations (maintenance, janitorial, security, etc.), board-funded programs to district schools, and certain central office departments that serve district schools only.

Beginning in FY2014, charter/contract schools will be expected to reimburse the District for employer pension costs for all of their employees who participate in the Chicago Teachers Pension Fund. In the past, the District paid employer pension costs for charter/contract school teachers, and this fact was reflected in a lower tuition rate.

With the switch to SBB, we are now distributing an equitable share of pension funding to charter/contract schools, and those charter/contract schools whose teachers are part of the Chicago Teachers Pension Fund are required to pay the employer contribution, just as district schools do. Because CPS statutorily makes the contribution, charter/contract schools will remit the payments to CPS (amounts will be withheld from tuition payments). An estimated \$16 million of charter/contract school tuition will be reimbursed to the District for these employer pension payments.

In FY2014, 13 new charter and contract schools are scheduled to open. With the new schools and grade expansions at certain existing schools, enrollment for charter and contract schools is expected to grow by approximately 5,000 students, roughly from 53,000 to 58,000 students.

### **Specialty Schools**

Specialty schools comprise four high schools, six elementary schools and two early childhood centers that are focused on high-needs students with diverse learning needs.

Because of the special nature of the student population, the majority of teachers at these schools are special education teachers. Specialty schools do not receive funding through Student Based Budgeting. Instead, they 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 \$400 for each LRE 3 student.

In FY2014, specialty schools will receive \$9.4 million in core instruction, which represents roughly 17% of their overall budgets of \$55.0 million. Projected enrollment at the 12 specialty schools in FY2014 is 2,461 students.

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, ALOP and SAFE Programs**

Alternative 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 restricted 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.

CPS also funds nine Alternative Learning Options Programs (ALOP) serving students at risk of dropping out, and one Safe School program for students who have been expelled from traditional schools due to violence. Although these are legally structured as programs and not schools, they operate like any charter or contract school serving the same population of students. For this reason, these programs are funded at the same rates as charter and contract schools, even though they were not included in Student Based Budgeting in FY2014.

In FY2014, CPS is investing \$13.9 million in new options programs to reach students who have dropped out or who are at risk of dropping out. The number of ALOP programs is increasing from 3 to 9, with the goal of reaching 2,240 students who otherwise would have dropped out of the district. Moreover, three of the new charter and contract schools opening this year will serve the same population of students, and will provide educational options to another 500 students.

### **Additional Funding Received By Schools**

In addition to the allocation received for core instruction, schools receive additional funding from the following sources:

#### **Special Education**

Schools receive special education teachers and special education aides (typically teacher assistants, special education classroom assistants and child welfare attendants) based on the number of minutes of specialized instruction that must be provided to the school's special education students, as identified in their individualized education programs (IEP).

Allocations are determined by the Office of Diverse Learner Supports and Services. In the FY2014 budget, a total of \$530.7 million is budgeted for special education in school units, including almost 3,300 special education teachers and 3,000 special education aides.

#### **Bilingual Education**

Schools receive supplemental bilingual education teachers based on their number of English language learner (ELL) students. There are two programs: Transitional Bilingual Education (TBE), for schools that have 20 or more ELL students of the same language background, and Transitional Program of Instruction (TPI), for schools that have fewer than 20 ELL students of the same language background. Funding formulas for each program are provided in Appendix B. The Office of Language and Cultural Education (OLCE) tracks ELL students and allocates supplemental bilingual teachers to schools.

The FY2014 budget contains \$22.2 million in supplemental funding to schools, including 178 supplemental bilingual education teachers. Bilingual education is supported by state and federal funding.

**Early Childhood**

The FY2014 budget contains \$101.3 million in funding for early childhood programs at 367 elementary schools. Early childhood program serve pre-kindergarten students, usually ages 3 and 4. Early childhood programs are funded from a state block grant (Pre-School for All) and federal Head Start funds. This amount also includes \$8 million of Title I funding that is used for 10 child-parent centers.

The FY2014 budget also includes \$4.7 million for tuition-based pre-K programs at 16 schools. Additional funding is provided to community-based providers for early childhood programs, as described more fully in the Early Childhood department narrative.

**Other Programs**

Some schools receive teaching positions or other additional funding for specific programs that are run at those schools. The funding source for these programs is the general education fund. Significant programs include:

Board-Funded Program	No. of Teacher Positions	No. of ESP Positions	FY2014 Budget
Magnet Schools	162	1	\$16.8 M
Magnet Cluster Programs	103	0	\$11.0 M
International Baccalaureate	102.5	5	\$10.7 M
Selective Enrollment HS	33.5	6	\$4.0 M
Regional Gifted Centers	36.2	0	\$3.9 M
Montessori Programs	20.5	31	\$3.5 M
Classical Schools	27.2	1	\$3.2 M
<b>Totals</b>	484.9	44	\$53.1 M

**Other Grant-Funded Programs**

Some schools receive teaching positions or other funding for specific grant-funded programs that are run at those schools. Significant grant-funded programs include:

Grant-Funded Program	No. of Schools	FY2014 Budget
Title II	173	\$12.7 M
School Improvement Grants (SIG)	15	\$14.6 M

Funding for some grant-funded programs does not show up in schools' budgets at this time because funding determinations have not yet been made. Funds will be provided to schools during the year as funding is awarded.

### Discretionary Funds

Supplemental General State Aid (SGSA) is part of the General State Aid that the district receives from the State of Illinois. SGSA funds are designed to supplement regular and basic programs supported by the General Education Fund. 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 the previous year's count of free and reduced lunch students at each school, but the final SGSA amount will be determined by the current year count at the 10<sup>th</sup> day of the school year.

The FY2014 budget includes \$256.5 million of SGSA funds budgeted at schools. The remaining \$4.5 million is tied to closing school students who have not identified which school they plan to attend in FY2014, and so the amount has been kept in contingency.

For the first time this year, a portion of schools' SGSA prior year carryover has been distributed in the original budget. Schools normally receive their SGSA carryover funds after the start of the school year. We have released \$26.5 million in prior year carryover funds. This new budgeting practice will continue in future years. All total, almost \$283 million of SGSA funds have been budgeted at schools in the FY2014 budget.

Title I of the federal No Child Left Behind (NCLB) Act 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 FY2014 budget contains \$145.8 million in Title I discretionary funding for CPS schools. Approximately \$8 million has been kept in contingency for students at closing schools. These funds will be distributed when Title I allocations are adjusted after the beginning of the school year.

Teacher FTEs Obtained with Discretionary Funds	FY2013 Budget	FY2014 Budget
SGSA	1,136	1,085
Title I	848	886
<b>Total</b>	<b>1,984</b>	<b>1,971</b>

## Non-Education Expenses

Schools receive additional positions, services and funding for operational expenses, including:

- **Building operations and maintenance:** Since FY2013, building engineers have been staffed in citywide units; custodians have remained staffed at individual schools.
- **Security:** School security officers and security aides are assigned to schools by the Office of Safety and Security.
- **Food Service:** This includes the labor costs of the lunchroom staff and the food costs required to provide lunch, and usually breakfast, to students.
- **Transportation:** Bus transportation is provided to students with special needs and, with certain restrictions, to students attending magnet schools outside of their neighborhood.

In FY2014, lunchroom workers and bus aides are no longer shown in school budgets. These positions have been moved under central departments. Bus aides will be managed centrally and will no longer be reflected in school budgets. This accounts for approximately \$20 million and over 900 positions. Lunchroom workers are temporarily budgeted under the Nutrition department. This means over 2,000 positions and nearly \$100 million that in the past would appear in school budgets are no longer reflected there. This accounts for an apparent decline in school budgets, but is really just a transfer elsewhere.

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

## Private Schools

Student, teachers and parents of private schools are eligible for federal support through No Child Left Behind (NCLB) 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 students, teachers and parents, but funds do not go to the private schools. Instead, CPS operates the programs on behalf of the eligible students, teachers and parents of private schools.

Each year, CPS oversees and manages services for approximately 60,000 students in 240 private schools totaling approximately \$30 million. In addition, we oversee services for children who attend seven neglected residential sites that specialize in serving children under the guardianship of the Illinois Department of Children and Family Services.

The following chart shows the proportionate shares directed to private schools for each of the federal programs. FY2014 amounts are projections; the final amounts will be determined only after the district's FY2014 application is approved by the Illinois State Board of Education.

Federal Program	FY2013 Budget	FY2014 Budget
Title I (Improving Academic Achievement of Disadvantaged Students)	\$14,000,000	\$12,390,090
Title IIA (Improving Teacher Quality)	2,600,000	2,134,182
Title IIA (Leadership Grant)	50,000	0
Title III (English Language Learners)	316,000	357,942
Individual Disabilities Education Act (IDEA)	4,400,000	1,153,621
Total	\$21,366,000	\$16,035,835

The reduction in Title I funds for private schools is an effect of the overall reduction in the district's Title I funds due to sequestration. The steep reduction in IDEA funds is due to the fact that the FY2013 amount contained a large amount of carryover from the previous year.

### **Networks/Collaboratives**

District-run schools in CPS are organized into five geographic collaboratives – North/Northwest, West, Southwest, South, and Far South – and then further divided into 19 networks, which provide administrative support, strategic direction and leadership development to the schools within each network. There are 13 elementary networks, four high school networks, one K-12 network that serves both elementary and high schools, and one network for options schools.

Networks are led by network chiefs, who are responsible for ensuring they are 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. All network chiefs and their offices report to the Office of Network Support. 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, although these positions now appear in the budget for the Family and Community Engagement department; in FY2013, the positions appeared in network budgets.

Network budgets have been reduced significantly in FY2014 due to a planned restructuring that will reduce the number of networks and lower headcount. Currently, the networks have \$24.8 million in positions costs, but expected savings from the restructuring should reduce personnel costs to \$20.5 million in FY2014. In addition, networks have been allocated \$4.2 million in non-personnel costs, bringing the entire network budget for FY2014 to \$24.6 million.

Network Budgets (in millions)	FY2014
Personnel costs	\$24.8
Budgeted savings from restructuring	(\$4.4)
Non-personnel expenses	\$4.2
<b>Total</b>	<b>\$24.6</b>

Most of the non-personnel expenses are funded from Title I and Title II. The amounts have been kept on a contingency line and will be transferred to network budgets during the fiscal year.

## Department Narratives Overview

Departments within the Chicago Public Schools (CPS) serve, guide, and provide resources to our parents, teachers, partners, and community. The district's central office units account for the administrative activities performed and utilized district-wide. Citywide units account for teachers, programs and other resources that are allocated across multiple schools and areas, but are managed and monitored by a central office department.

This Chapter provides an overview of each department's major functions, strategic direction, and financial resources. In particular, each Department Narrative outlines its mission, major programs, major accomplishments of FY 13, and key budget initiatives for FY 14. It also provides a summary of prior year expenditures and the proposed budget as well as a comparison of budgeted and actual headcount for FY 13 and FY 14.

**Mission:** In this section, each department describes how it contributes to the overall CPS mission.

**Major Programs:** This section provides a summary of the major organizational components and responsibilities of the Department.

**Major Accomplishments:** This section highlights the department's achievements over the last year. They include implementation of key budget initiatives from last year as well as programmatic accomplishments that further the department's mission.

**FY 2014 Key Budget Initiatives:** This section describes the changes between the FY 13 expenditures and the FY 14 budget by explaining the steps the department is taking to either reduce costs, improve efficiency, or make new investments.

**Budget Summary:** The narratives contain 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:

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	5,343,960	6,105,643	6,105,643	5,527,899	49,719,473
NCLB Federal	433,940	623,600	623,600	511,670	250,926
Other Grants	0	0	0	0	114,713
<b>Total Department</b>	<b>5,777,900</b>	<b>6,729,243</b>	<b>6,729,243</b>	<b>6,039,569</b>	<b>50,085,112</b>
Held in Contingency	9,000,000	11,430,000	4,930,000	0	7,000,000
Budgeted at Schools	12,525,000	18,411,750	23,411,750	21,655,869	24,200,250
<b>Grand Total</b>	<b>27,302,900</b>	<b>36,570,993</b>	<b>35,070,993</b>	<b>27,695,438</b>	<b>81,285,362</b>

Addressing the columns from left to right:

**2012 Actual Expenses** are broken down by funding source (as are all other columns), to inform readers of the amount spent by the department during Fiscal Year 2012. Providing information that extends two fiscal years into the past is essential in order to provide perspective on spending trends over time.

The **2013 Amended Budget** represents the budget as adopted by the Board in November, 2012, reflecting the changes needed to implement the CPS labor agreement with the Chicago Teachers Union.

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 amended budgets. The **2013 Ending Budget** reflects those changes.

In addition to reporting the final department budget, the **2013 Expenditures as of 6/30/2013** reflects the amount recorded as spent by June 30, 2013. This is not necessarily the total of all expenditures made during FY 13, as some bills may not have yet been received, or other changes are recorded to ensure that the final accounting reflects expenditures that are properly recorded in the previous fiscal year even though they were not paid until after July 1.

The **2014 Proposed Budget** represents the amount allocated to the department for the fiscal year starting July 1, 2013 and ending on June 30, 2014.

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.

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

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

**Position Summary:** This table provides an overview of the number of positions that are allocated to the department. Like the Budget Summary table discussed above, the number of positions is shown by funding source (listed in rows). The table shows the number of positions (as Full-Time Equivalents) budgeted in FY 13, the positions as of 6/30/13, and the number of budgeted positions for FY 14.

Sample Table

**Position Summary**

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	11	10	9
NCLB Federal	7.5	5	5
Other Grants	2.5	4	7
<b>Total Department</b>	<b>21</b>	<b>19</b>	<b>21</b>

## Office of Academic Learning and Supports

### MISSION

The mission of the Office of Academic Learning and Supports is to provide CPS schools and networks with models, tools, and strategies for recovery, acceleration, and enrichment of student learning both within and beyond the full school day, in order to impact student achievement and preparation for college and career.

### MAJOR PROGRAMS

- **Academic Coursework:** Develops K-12 academic and behavioral milestones and the articulation of multiple pathways by which students can graduate from high school prepared for college and career.
- **Extended Learning Supports:** Connects the work of Out of School Time programs (After School All Stars and After School Matters), Academic Competitions, and the Community School Initiative (schools that serve as hubs of their communities to meet students' and families' academic and non-academic needs to develop educated citizens and strengthen local neighborhoods to support district-wide learning).
- **Recovery, Intervention, and Acceleration Programs:** Provides academic supports including summer school and credit recovery which are designed to ensure students are on track for graduation.
- **Supplemental Education Supports (SES):** Provides tutoring in reading, math and/or science outside of the regular school day to increase the academic achievement of students in low-performing schools. In FY13, 37,000 CPS students received these services.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	3,842,374	10,639,737	7,521,226	6,988,694	11,350,179
NCLB Federal	53,641,744	73,845,336	82,064,805	72,961,719	66,840,625
Other Grants	6,608,544	1,047,877	7,934,091	7,138,568	10,584,995
School Generated	14,578	0	1,162,298	274,076	1,000
<b>Total Department</b>	<b>64,107,240</b>	<b>85,532,950</b>	<b>98,682,419</b>	<b>87,363,056</b>	<b>88,776,799</b>
Budgeted at Schools	5,241,134	182,538	3,657,332	3,014,746	620,425
<b>Grand Total</b>	<b>69,348,374</b>	<b>85,715,488</b>	<b>102,339,751</b>	<b>90,377,803</b>	<b>89,397,224</b>

Note: School Generated funding represents security fees collected from SES vendors

## Position Summary

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	11	10	9
NCLB Federal	7.5	5	5
Other Grants	2.5	4	7
<b>Total Department</b>	<b>21</b>	<b>19</b>	<b>21</b>

Note: Three grant-funded positions moved from the Networks in FY2014.

## MAJOR ACCOMPLISHMENTS

- Improved the quality of high school Summer Credit Recovery and the Summer Acceleration program by standardizing the math and English Language Arts curricula and assessments aligned to Common Core State Standards and existing CPS interim assessments and performance tasked.
- Launched first-ever youth grants which funded student-designed and driven after school programming in 23 elementary and high schools.
- CPS schools were represented at the national competition level for both Debate and Academic Decathlon.

## KEY BUDGET INITIATIVES

- Receiving an additional \$3.15 million 21st Century Community School grant to continue to help students meet state and local standards in core academic subjects, such as reading and math. The program also offers students a broad array of enrichment activities that can complement their regular academic programs and offers literacy and other educational services to the families of participating children.
- Consolidating the Extended Learning Supports work under one common manager, which will enable department to treat these programs more holistically, resulting in improved program implementation, while also saving the District by reducing a staff member.
- Expected FY2014 NCLB funding is lower than FY2013 due to less carryover for the SES program.
- General Fund allocation increased in FY2014 due to the delay in the start of summer programs in FY13, which meant lower than usual spending.

## Accountability

### MISSION

Provide timely, accurate, and comprehensive data-driven decision support to School-level, Network, Central Office, and Cabinet stakeholders to improve the lives of the students we serve across the city.

### MAJOR PROGRAMS

- **Strategic Support & Administration:** The Chief leads and coordinates, through his directors, each of the four major programs described below. In addition, strategic consultants are deployed by the Chief to support specific district initiatives and to drive promising practices into the organization.
- **Performance & Policy:** The mission of the Department of Performance Data & Policy is to establish performance standards for CPS units and initiatives based on valid and reliable indicators of effectiveness, for use in goal-setting and accountability at all organizational levels. We provide clear, accurate reporting of interpretable results, and support leadership in schools, networks and central office with access to timely and accurate school performance data.
- **Assessment:** The Department of Student Assessment provides high-quality, developmentally-appropriate assessment options for all CPS schools. We support schools by evaluating students' baseline status, monitoring progress throughout the year and assessing growth. CPS provides both required assessments and optional assessments that schools use at their discretion. We coordinate the entire assessment process from the ordering of tests to the reporting of results to the CEO, and all points between.
- **Data Quality:** As the hub for Accountability that provides comprehensive decision support, the Department of Data Quality & Management synthesizes and creates a gold-standard repository for relevant district data in collaboration with Information Technology Systems. The team will establish common data definitions, quality assurance guidelines, and provide technical specifications along with training on the proper interpretation and use of data.
- **Research & Evaluation:** The Department of Research & Evaluation provides internal and external facing support for scientific inquiry about what our organization does and how it impacts student success. We accomplish this by: 1) developing a strategic research agenda to drive continuous improvement and innovation; 2) investigating highly promising district programs and broad policy-oriented research questions; 3) supporting the development of research-based metrics to support continuous school improvement; 4) engaging external research partners in projects related to district priorities; and 5) providing tools and opportunities that facilitate translation of research-based evidence into better district practice.

**Budget Summary**

	<b>2012 Actual Expenses</b>	<b>2013 Amended Budget</b>	<b>2013 Ending Budget</b>	<b>2013 Expenditures as of 6/30/2013</b>	<b>2014 Proposed Budget</b>
General Fund	5,277,378	6,232,914	7,421,965	5,446,553	8,101,277
NCLB Federal	8,980,067	8,464,589	7,514,979	6,635,894	5,440,259
Other Grants	101,236	3,263,804	3,264,369	2,219,165	778,658
School Generated	327,068	178,286	204,722	30,508	154,215
<b>Total Department</b>	<b>14,685,749</b>	<b>18,139,593</b>	<b>18,406,036</b>	<b>14,332,120</b>	<b>14,474,409</b>

**Position Summary**

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	7.5	17.5	18.5
NCLB Federal	25.5	15.5	15.5
Other Grants	1	1	0
<b>Total Department</b>	<b>34</b>	<b>34</b>	<b>34</b>

**MAJOR ACCOMPLISHMENTS**

- Collaborated with ITS to develop and enhance the district-wide dashboard for principals and other school leaders to access user-friendly information about their schools.
- Created Central Office key performance indicators, aligned to the District’s Strategic Plan, to measure departmental performance.
- Consolidated Department of Assessment within Accountability to increase coordination between development of metrics and the tools that gather the data to inform them.
- Consolidated ITS staff within Accountability to centralize internal and external data requests, facilitate stakeholder access to data, and ensure a single source of truth for all CPS data.
- Led the identification and validation of value-added student growth metrics for use in new comprehensive teacher evaluation system.
- Led the Roster Verification process for all teachers in the District to be used in student growth measures of the new teacher evaluation system, with over 99% of rosters verified.
- Tracked outcomes of students impacted by previous years’ school actions.
- Continued support of the dissemination of the district-wide publication of the annual student and teacher surveys of school climate, providing all stakeholders with qualitative information connected to each school.

**KEY BUDGET INITIATIVES**

- Streamlined district-wide assessment strategy, eliminating 6 concrete assessment windows and saving the district \$2.5 million.
- Provide strategic analytics to inform major district initiatives, such as teacher evaluation, principal performance and family and community engagement.
- Continue to build quantitative student growth metrics aligned to new district-wide growth assessments.
- Designed and vetted new Performance Policy for traditional, option, and charter schools, with an emphasis on student growth and a thorough set of metrics to measure overall school quality.

## Department of Arts Education

### Mission

The Department of Arts Education supports high-quality arts instruction and programming in Visual Art, Music, Dance, and Theatre by consulting, training, and strategically planning with teachers, administrators, and school communities in order to ensure equitable access to arts education for all students across the district as they prepare to enter college and career as innovative thinkers and creative problem-solvers.

### MAJOR PROGRAMS

- **Student Performance and Exhibitions:** This focus area consists of All-City music, performing arts, and visual arts, as well as CPS music festivals. These programs offer 2,000 students from over 200 schools in grades 3-12 the opportunity to hone, perform and exhibit their art form.
- **Professional Development, Tools, and Supports:** Guided by the new CPS Arts Education Plan, this work provides for greater coordination and alignment of professional development support to teachers and practitioners who work directly with students, or manage art programs.
- **Advanced Arts Education Program at Gallery 37:** Gallery 37 provides up to 275 students with the opportunity to pursue Advanced Placement credit and honors courses in the arts for high schools who do not currently offer these opportunities at their schools.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	398,788	1,535,876	1,480,922	1,380,494	1,007,012
NCLB Federal	250,288	349,984	629,405	215,160	519,557
School Generated	15,200	0	70,532	32,696	37,661
<b>Total Department</b>	<b>664,276</b>	<b>1,885,860</b>	<b>2,180,858</b>	<b>1,628,349</b>	<b>1,564,230</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	6	4	4
NCLB Federal	1	3	3
<b>Total Department</b>	<b>7</b>	<b>7</b>	<b>7</b>

### MAJOR ACCOMPLISHMENTS

- Unveiled CPS' first ever Arts Education Plan, which aims to ensure that a robust arts education will be part of every students' experience from the day they start school to the day they graduate. Key progress from the Plan thus far includes: (1) the establishment of arts liaisons at

472 schools, serving to coordinate and communicate arts programs; (2) the completion of the Creative Schools Survey for the Creative Schools Certification by 345 schools on their scorecard this Fall; (3) an expansion of high-school graduation requirements expanded to recognize dance and drama/theatre, in addition to the existing Visual Art and Music; and (4) a \$1 million commitment from the City of Chicago to support the arts in schools for the 2013-14 school year.

- Provided additional out of school time arts opportunities for 2,000 students across the city through CPS Music Festivals, Regional Dance and Theatre Days, and All-City Visual, Performing, and Alternative Arts.
- Managed arts professional development for 1,000 educators at the district and network levels.
- Held the All-City Performing Arts concert at Harris Theater in Millennium Park for the first time.
- All-City Visual Art Portfolio scholarship opportunities exceed \$3.2 million.
- Implemented teacher-created, REACH assessments in grades 1, 4, and 7, for all four art forms district-wide.

#### **KEY BUDGET INITIATIVES**

- Achieved operational efficiencies to reduce administrative budget by \$322,000 (17.1%) while maintaining service level.
- Invest \$576,000 in FY14 for Gallery 37 to provide high school students with the opportunity to participate in AP or honors arts courses.
- Roll out the Creative Schools Certification on the CPS school scorecard with financial support of \$500,000 from the Mayor's office.
- Begin preliminary work with teachers on an Arts Content Framework once the new Core Arts Standards are released.
- Expand web-supports, tools, and data systems for all stakeholders via our website, [www.cpsarts.org](http://www.cpsarts.org)
- Increase students participating in All-City programming, and adults participating in arts-focused professional development, thereby maximizing current investments.

## Audit Services

### MISSION

The mission of the Department of Audit Services is to support executive management in its efforts to improve the efficiency and effectiveness of district operations and manage risk.

### MAJOR PROGRAMS

- Internal Audits – Application of standard business consulting techniques in the review of departments, processes, internal controls and other department or district initiatives for the purpose of identifying opportunities, mitigating risk, and/or improving effectiveness and efficiency. Findings are developed into action plans, which are then reported to executive management and the Board, and monitored through to implementation.
- School Audits – Perform reviews of individual schools’ internal accounts (cash handling, purchasing, payroll, fixed assets, etc.). These audits serve as a deterrent to fraud and a monitor of compliance with various Board financial policies.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	1,123,607	977,842	868,474	845,499	975,858
<b>Total Department</b>	<b>1,123,607</b>	<b>977,842</b>	<b>868,474</b>	<b>845,499</b>	<b>975,858</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	7	7	7
<b>Total Department</b>	<b>7</b>	<b>7</b>	<b>7</b>

### MAJOR ACCOMPLISHMENTS

- Strengthened controls around purchase and distribution of CTA fare cards
- Executed audits of 54 school action schools
- Restructured audit staff, replacing outside vendors with internal audit staff, thereby reducing the budget from FY12-FY13 by 15% (\$168k) and increasing capacity by 30%
- Executed Annual Internal Audit Plan, including audits of Sports Administration, Special Education and other major departments
- Executed Annual School Audit Plan, which included audits of approximately 170 schools
- Identified several cases of fraud in operations of individual schools
- Identified/remediated numerous instances of poor financial management in individual schools
- Identified significant cost savings opportunities via the elimination of excess busing routes
- Dozens of missing laptops/iPads identified and recovered

**KEY BUDGET INITIATIVES**

- Update Enterprise Wide Risk Assessment of CPS' operations
- Develop and execute Annual Internal Audit Plan, which includes audits of Special Ed resource allocation processes, revenue collection processes, and other major departments
- Close outstanding audit findings re: Transportation, Sports, Early Childhood, etc.

## Board of Education

### MISSION

The Chicago Board of Education is responsible for the governance, organizational and financial 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.

### MAJOR PROGRAMS

- Facilitates ongoing and efficient communication systems to improve Board engagement
- Maintains Board Rules & Policies
- Executes contracts, agreements and legal instruments approved by the Board for the district
- Holds monthly Board Meetings and monthly Office Hours for Board Members
- Provides support and services to key stakeholders, including [www.cpsboe.org](http://www.cpsboe.org) and phone service at 773-553-1600
- Manages the CPS archive

### BUDGET SUMMARY

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	1,234,907	1,239,955	1,148,691	1,024,421	1,154,854
<b>Total Department</b>	<b>1,234,907</b>	<b>1,239,955</b>	<b>1,148,691</b>	<b>1,024,421</b>	<b>1,154,854</b>

### POSITION SUMMARY

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	8	8	8
<b>Total Department</b>	<b>8</b>	<b>8</b>	<b>8</b>

### MAJOR ACCOMPLISHMENTS

- Cut operating costs for the FY13 budget by over \$1.3 million (51%).
- Reduced the FY14 budget by \$85,000 (6.9%).
- Developed [www.cpsboe.org](http://www.cpsboe.org) to efficiently share Chicago Board of Education information and to house an online registration process for monthly Board meetings, whereby public participants can register as speakers or observers for meetings.
- Implemented monthly Office Hours as an additional opportunity for stakeholders to connect with Board of Education Members.
- Improved Board Office and report routing operations.

### KEY BUDGET INITIATIVES

- Maintain service levels and departmental efficiencies with current budget reduction.
- Enhance [www.cpsboe.org](http://www.cpsboe.org) functions.
- Increase stakeholder engagement opportunities.

## Office of Budget and Grants Management

### MISSION

The Office of Budget and Grants Management provides fiscal support for the district by working to ensure that the budget is balanced; spending remains within budget; budget decisions are based on solid analytic information that matches the district’s goals and objectives; and school, district and public users have access to information that is transparent, easy to understand, and useful. The Office further ensures that the district accesses the full federal and state funding allocations available, that users of these funds meet all reporting and compliance requirements and that these funds fully support the goals of the district.

### MAJOR PROGRAMS

- **Budget Development, Management and Monitoring.** Develop annual budget, provide financial analytic support, monitor overall district finances to ensure balanced budgets in short and long term, develop grant applications, provide financial reporting and serve as the primary interface with ISBE and the Feds on formula grants.
- **Charter School Payment and Network Support.** Responsible for payment processing, overseeing and approving program designs for federal and state formula grant submission and ensuring grants are spent consistent with guidelines.
- **Federal and State Compliance Monitoring and Liaison.** Ensure that the district has internal controls in place and monitor the use of grant funds at school, department and network level. Serve as interface with external auditors for state and federal monitoring visits or other funding agency review.
- **Private Programs.** Administer, manage, and implement programs, services and personnel of NCLB federally funded programs- Titles I, IIA, ELIS and IDEA Proportionate Share for 240 private schools, 60,000 students and 7 sites for children in DCFS care under the “Neglected” services program.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	2,848,873	3,101,672	2,632,201	2,461,907	2,762,019
NCLB Federal	3,241,448	2,300,842	2,637,404	2,464,531	23,402,797
Other Grants	0	0	4,972	4,974	1,153,621
<b>Total Department</b>	<b>6,090,321</b>	<b>5,402,514</b>	<b>5,274,577</b>	<b>4,931,412</b>	<b>27,318,437</b>

## Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	28	27	25
NCLB Federal	17	18	20
<b>Total Department</b>	<b>45</b>	<b>45</b>	<b>45</b>

## MAJOR ACCOMPLISHMENTS

- Developed and implemented phase I of Student Based Budgeting, the new school funding model that provides funding on a per student basis.
- Implemented monthly management planning to ensure departments were meeting their FY2013 budget targets. As part of this, we implemented budget versus actual reporting at a departmental level. With the challenging fiscal circumstances CPS is facing, we must ensure that budget initiatives for both investments and reductions are on track. The Office took the lead in managing this process for all departments and will continue to do so in FY2014.
- Implemented Position Review Committee to review all central office requests to fill vacant positions. This new process requires senior management sign-off before hiring to ensure only the most essential positions are filled.
- Provided even greater transparency by adding even more budget information to the district's website.

## KEY BUDGET INITIATIVES

- **Instill greater discipline in monthly financial reporting.** We will implement new tools this year to make monthly financial reporting of budget versus actual results more consistent and rigorous. Management plan meetings to review the reports and discuss progress will continue.
- **Implement the next phase of Student Based Budgeting.** We will continue efforts to move to this more transparent model, looking at other areas of funding to incorporate in FY2014.
- **Complete implementation of the new Hyperion budgeting system.** Through this tool, we will make the budgeting process even more efficient and flexible. While it is in use for part of the budget, we will seek to expand it to all area for FY2015 budget development.

## Office of Business Diversity

### MISSION

The Office of Business Diversity (OBD) 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. Chicago Public Schools (CPS) is a leader in this area, and continues to be dedicated to its goals.

### MAJOR WORKSTREAMS

- **Assign Contract Specific M/WBE Goals:** Review the scope of services for each solicitation that the Procurement Department awards. Conduct market and industry research to ascertain the availability of M/WBE vendors in a particular market place. We look at historical data (performance on previous contracts, if any) to help with our assessment process.
- **Monitor and Report on Compliance:** Monitor approximately 800 active contracts to ensure that M/WBE suppliers are performing as per the contract terms. We also monitor the contracts to ensure \$'s paid to the suppliers are reflective of the contract participation goal percentages. We provide an Annual Supplier Diversity Report to the Board that details \$' paid by industry and the participation percentages.
- **Address Discriminatory Barriers:** Assist in building the capacity of M/WBE firms to compete in their industry, and assist in the design of procurement solicitations to facilitate participation of M/WBE firms.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	227,201	372,368	373,968	383,128	376,497
<b>Total Department</b>	<b>227,201</b>	<b>372,368</b>	<b>373,968</b>	<b>383,128</b>	<b>376,497</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	3	3	3
<b>Total Department</b>	<b>3</b>	<b>3</b>	<b>3</b>

### MAJOR ACCOMPLISHMENTS

- Maintained our W/MBE goals in the construction and goods and services industries. The goals for the program are 30 percent MBE and 7 percent WBE.
- The Board approved the renewal of the Goods and Services Policy which expired at the end of December 2012. The new policy has the same participation goals, 30% MBE and 7% WBE and will expire in December 2016.
- Implemented software system currently used by the City of Chicago and other sister agencies to provide timely and accurate compliance data to ensure goals are being achieved and eliminate the need for manual data entry.

**KEY BUDGET INITIATIVES**

- Continue to produce Annual Supplier Diversity Report to report compliance goals for all major industries
- Improve communication and collaboration with vendors by hosting and attending vendor fairs three times a year.

## 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-range and long-range financial planning.

### MAJOR WORKSTREAMS

The Chief Administrative Office oversees and coordinates all of the district's operations, including Facility Operations and Maintenance, Safety and Security, Food Service, Transportation, Finance, Procurement, Payroll, Information Technology and the School Support Centers. Each of these areas is described in detail in separate sections.

In addition, the Chief Administrative Office maintains external relationships with sister agencies in the City and provides senior leadership to the district as part of the CEO's cabinet.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	407,971	357,940	411,621	422,387	531,045
NCLB Federal	35,700	0	0	0	0
<b>Total Department</b>	<b>443,671</b>	<b>357,940</b>	<b>411,621</b>	<b>422,387</b>	<b>531,045</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	2	3	3
<b>Total Department</b>	<b>2</b>	<b>3</b>	<b>3</b>

### MAJOR ACCOMPLISHMENTS

- **Oversaw major spending reductions:**
  - \$15 million from increasing efficiencies in district-wide engineer work and more effective management of engineering contracts to provide better services at a lower cost across the city's schools, as well as realizing additional utility savings through renegotiating energy rates and energy reduction policies.
  - Saved \$10M over FY13 budget in Nutrition Support Services despite implementation of full school day and longer school year without compromising service through closing positions, reducing unnecessary PD days, and increasing meals served per labor hour.
  - The Transportation department successfully consolidated approximately 200 routes through improved sharing and pairing of routes, which resulted in FY13 savings that exceeded \$7 million versus budget.

- Reduced operating costs in Information Technology by nearly \$3 million
- \$2 million from renegotiated office supply contracts

## KEY BUDGET INITIATIVES

### FY14 Spending Cuts:

- \$12 million in savings in Nutrition Support Services as a result of a new contract with a new food and milk vendor
- \$10 million in savings from Facilities and Operations and Management department anticipated from a new facilities service model to increase custodial efficiency
- \$8.9 million from a reduction of 96 central office positions across multiple departments
- \$4.7million from bus aide position rationalization
- \$1.8 million in savings from shifting from standard-sized buses toward vans for paratransit students, better aligning vehicle size with ridership
- \$1 million in negotiated savings for landscaping

**Further streamline the Central Office:** As the district empowers principals and devolves resources to them, support structures at the central office should be leaner and more focused. We will undertake a comprehensive review of all departments to identify consolidations, eliminations, and reductions that should take place.

**Provide enhanced support to principals and staff to help them with school operations:** Our goal is to improve overall operations (facilities, food service, security, transportation) while providing principals more flexibility to focus on instruction and family engagement

**Eliminate inefficiencies from all processes and procedures:** We are continuing to work to restructure the district's fundamental approach to procurement, interacting with vendors and approving contracts Enhance school safety through better training and a more holistic approach Engage the Pathways organization to link security efforts and social/emotional supports Improve efficiency through more rational resource allocation

**Safe Passage Expansion:** Expansion includes 19 new community-based vendors. These vendors will hire an additional 600 Safe Passage workers for the 2013-2014 school year as part of the program's expansion to 51 Welcoming Schools this fall in order to provide a smooth and safe transition for the 30,000 students at all Sending and Welcoming Schools. This is a further improvement upon the successful Safe Passage program which has led to a 20 percent decline in criminal incidents around Safe Passage schools, a 27 percent drop in incidents among students, and a 7 percent increase in attendance over the past two years in high schools that currently have the Safe Passage program. CPS will nearly double the program as it expands the program to 51 welcoming schools this fall at an investment of \$8.9 million.

**New food and milk contract:** As CPS's new food and milk vendor, Aramark will be responsible for delivering 75 million meals and 70 million units of milk to all the schools in the District next year. At \$97 million, the contract is about \$12 million less than CPS's previous food and milk contracts.

## Chief Executive Officer

### MISSION

The Chief Executive Officer is responsible for developing and driving achievement of the vision of Chicago Public Schools (CPS), which is to ensure that every student in every neighborhood will be engaged in a rigorous, well-rounded instructional program and will graduate prepared for success in college, career and life.

### MAJOR PROGRAMS

- **Executive Administration:** Lead the district in developing programs, policies and procedures that ensure provision of a rigorous, well-rounded instructional program that graduates students who are prepared for success in college, career and life.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	845,548	316,423	558,384	354,879	312,547
<b>Total Department</b>	<b>845,548</b>	<b>316,423</b>	<b>558,384</b>	<b>354,879</b>	<b>312,547</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	1	1	1
<b>Total Department</b>	<b>1</b>	<b>1</b>	<b>1</b>

### MAJOR ACCOMPLISHMENTS

- Launched Chicago Public Schools 2013-18 Action Plan, which provides a roadmap to achieving our vision of a high-quality education for every child in the District through the Five Pillars:
  - Pillar 1: High Standards, Rigorous Curriculum and Powerful Instruction
  - Pillar 2: Systems of Support that Meet Student Needs
  - Pillar 3: Engaged and Empowered Families and Communities
  - Pillar 4: Committed and Effective Teachers, Leaders and Staff
  - Pillar 5: Sound Fiscal, Operational and Accountability Systems
- Ratified a three-year contract with the Chicago Teacher’s Union, including a fourth year option to renew, which ensures a full, quality school day and year; provides teachers with new professional development supports, a rigorous teacher-designed evaluation system and a fair pay raise; secures principals’ responsibility to hire their own staff; and maintains high-quality school options for parents.
- Managed the consolidation of 50 underutilized schools and programs into Welcoming Schools starting with the 2013 school year, redirecting limited resources into higher performing schools that will provide the investments needed to create a quality, 21st Century education for every child.
- Created 12 new Science, Technology, Engineering and Math (STEM) programs, 7 International Baccalaureate (IB), and 1 Fine Arts program at Welcoming Schools District-wide, increasing access to challenging opportunities that deepen student learning.

- Expanded access to Full Day Kindergarten District-wide so that every student receiving early childhood education has this opportunity beginning with the 2013 school year.
- Instituted “student-based budgeting” that allocates funding to schools on a per-pupil basis to improve equity across the District, reducing “funding cliffs” and increasing principal autonomy.

#### **KEY BUDGET INITIATIVES**

- Achieved \$113 million in Central Office savings through the streamlining of efforts, elimination of duplicative and unnecessary programs, and the reorganization of departments, minimizing the impact of budget reductions on classrooms.
- Invest over \$68 million in FY14 funding district-wide towards School Actions, ensuring that the diverse needs of affected students, parents, educators and administrators are met.
- Invest \$15 million for Full-Day Kindergarten at every school in the district, reaffirming the CPS commitment to support high-quality early childhood education for all children.

## Office of the Chief Financial Officer

### MISSION

The CFO, through budget, treasury, accounting and audit functions, manages CPS' annual and long-term financial budget with the primary objective of assuring effective performance planning and accountability, financial stability and maximum resource support of educational priorities and student achievement.

### MAJOR PROGRAMS

- **Overall financial management of the following departments:** Audit Services, Budget and Grants Management, Business Diversity, Children and Family Benefits, Controller, Risk Management, and Treasury.
- **Financial policy and pension advisement:** Analyses of financial policies and legislation and their impact on CPS' revenue generation and pension management.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	512,210	739,483	739,320	652,009	533,809
<b>Total Department</b>	<b>512,210</b>	<b>739,483</b>	<b>739,320</b>	<b>652,009</b>	<b>533,809</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	2	2	2
<b>Total Department</b>	<b>2</b>	<b>2</b>	<b>2</b>

### MAJOR ACCOMPLISHMENTS

- \$196,747 reduction to consulting services

### KEY BUDGET INITIATIVES

- Achieve CPS' annual financial operating budget and assure adequate funding to support the CPS vision
- Develop a detailed budget plan by department that supports implementation of district strategic, fiscal, and policy priorities
- Implement a student based budgeting process that is transparent and equitable, while providing maximum flexibility for principals to drive student success
- Oversee a budget tracking process for all departments, along with analytical support, to assure that expenditures are spent according to plan
- Deliver optimum financing of treasury requirements, including capital needs and cash flow funding
- Manage all control and reporting requirements to assure timeliness, accuracy and closure of any audit compliance findings

## Chief of Staff

### MISSION

The Chief of Staff is responsible for coordinating the efforts of the district's departments and officers to ensure that their work aligns with and advances the goals of the Chief Executive Officer. It also functions as the primary liaison to the business and philanthropic communities to garner grants, sponsorships and in-kind contributions in support of CPS priorities.

### MAJOR PROGRAMS

- **Chief of Staff:** Coordinates the endeavors of senior leadership across departments to ensure strategic harmony in achieving the CPS mission.
- **External Partnerships:** External Partnerships fosters and maintains the district relationship to high-profile funders in order to gain financial support for district priorities.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	2,209,029	3,037,981	2,970,240	3,084,814	4,105,404
School Generated	28,000	0	33,580	1,800	159,249
<b>Total Department</b>	<b>2,237,029</b>	<b>3,037,981</b>	<b>3,003,820</b>	<b>3,086,614</b>	<b>4,264,653</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	26	28	21
<b>Total Department</b>	<b>26</b>	<b>28</b>	<b>21</b>

*\*Note: For FY2014, 7 FTE comprising the Children's First Fund and Competitive Grants were re-organized into Public & External Affairs.*

### MAJOR ACCOMPLISHMENTS

- Introduced Central Office key performance indicators aligned to the district's strategic action plan to measure departmental performance, improving accountability of program management.
- Led the transformation of the Board Report and procurement process, turning a historically reactionary approach into an efficient, forward-looking, fifteen month view of every department's needs through their Board Approval Plan.
- Reorganized the Competitive Grants and Children's First Fund teams into Public & External Affairs, creating a more coherent reporting structure where a synergy of efforts can maximize potential fundraising returns to CPS.
- Partnered with major business, philanthropic and government entities in support of district-wide initiatives such as Back-to-School, the CPS Parent Calendar & Directory, Women Everywhere, Walgreens FAST Initiative, and other "school-centric" partnerships.

### KEY BUDGET INITIATIVES

- Appropriate \$1.1 million for Labor Relations work with the Chicago Teachers Union, including \$500,000 each for the Class Size Supervisory and Special Education Workload Reduction Committees: new committees established in the latest Collective Bargaining Agreement.
- Invest \$405,000, an increase of \$200,000 from last year, for the 2013-14 school year Back-to-School Campaign, an aggressive grassroots approach to building awareness for good attendance to help students to stay on track for graduation and success.

## Office of Communications

### MISSION

Promote District’s vision, key priorities and policies through a full range of communications tools and strategic plans to engage the public and key internal and external stakeholders around our goal to prepare every child for college, career and life. Provide system-wide communications support to CPS departments, networks and schools through a one-stop shop for media, external, internal, stakeholder and digital communications.

### MAJOR PROGRAMS

- **Communications Administration:** Manage, plan, and execute all aspects of communications for the District to help inform the public and all stakeholders of CPS’s visions, priorities, and activities through proactive and reactive strategies. Included in their responsibilities are news affairs, website content and updates social media and stakeholder communications.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	1,612,980	2,361,322	2,187,958	2,028,444	1,849,690
School Generated	19,304	0	132,470	5,000	0
<b>Total Department</b>	<b>1,632,284</b>	<b>2,361,322</b>	<b>2,320,427</b>	<b>2,033,444</b>	<b>1,849,690</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	20	21	18
<b>Total Department</b>	<b>20</b>	<b>21</b>	<b>18</b>

### MAJOR ACCOMPLISHMENTS

- Restructured overall department, creating three key areas of focus: News Affairs, Strategic Communications, and Stakeholder Communications.
- Created new user friendly online tools to help parents and the public access key information about major policy announcements and activities
- Significantly boosted the District’s social media presence and ability to engage parents and communities in a two way dialogue through its Facebook, Twitter and YouTube accounts
- Increased back-to-school attendance for third year in a row

### KEY BUDGET INITIATIVES

- Reduced staff by 3, saving \$182,000.

## Corporate Accounting

### MISSION

The mission of Corporate Accounting is to support the administrative and instructional needs of the Chicago Public Schools by utilizing state-of-the-art technologies and proven financial systems to implement accurate financial reporting and cost-effective operating processes.

### MAJOR PROGRAMS

- **General Accounting** - Responsible for the integrity of CPS financial records and systems, and ensuring the District's compliance with Generally Accepted Accounting Principles (GAAP).
- **Revenue** - Properly record and deposit all payments made to CPS and manage the collection of funds from various federal, state and local agencies.
- **Children and Family Benefits Unit** - Increase access to benefits for children and families by identifying new sources of revenue and increasing participation in existing programs.
- **Grants Claims** - Conduct accounting and financial reporting for all grants and submission of claims, participate in at least 5 full-scale audits per year, and collaborate with schools and various departments to ensure compliance with grant regulations.
- **Accounts Payable/PCard** - Process payments to CPS vendors in a timely and accurate manner, assist vendors in transitioning to electronic invoicing, and respond to FOIAs at the request of Law Department.
- **School Financial Services** - Serve as liaison between Finance, ITS, and other Departments with respect to new policies and procedures in order to maintain financial integrity of CPS management reporting systems.
- **Compliance and Student Records** - Ensure the integrity of attendance data and maximize CPS' General State Aid Claim, which is based on average daily attendance, by monitoring the attendance process to assure compliance with policies of the Board, ISBE, and the Illinois School Code.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	5,329,336	6,105,643	6,692,383	5,680,612	7,922,148
NCLB Federal	433,940	623,600	623,600	521,449	250,926
Other Grants	0	0	63,357	0	114,713
School Generated	14,624	0	107,996	22,000	41,797,325
<b>Total Department</b>	<b>5,777,900</b>	<b>6,729,243</b>	<b>7,487,336</b>	<b>6,224,061</b>	<b>50,085,112</b>

\*The CFBU unit was transferred to Corporate Accounting for FY2014 (\$1,217,399) including 15 FTE

\*\*New allocation of 124 contingency under Corporate Accounting (\$41,753,937)

\*\*\* The Grants Claims bureau moved into the department during FY2012 resulting in a budget increase

## Position Summary

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
Fund	46	54.5	59.5
NCLB Federal	7	3	3
Other Grants	0	1	2
School Generated	0	0.5	0.5
<b>Total Department</b>	<b>53</b>	<b>59</b>	<b>65</b>

## MAJOR ACCOMPLISHMENTS

- Saved over \$400,000 by reducing the use of consultants and lowering printing costs.
- Awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting every year since fiscal year 1995. Received the Association of School Business Officials International's Certificate of Excellence in Financial Reporting award every year since fiscal year 1998.
- Improved Oracle Financial Accounting and Reporting system to more cost-effectively manage over \$35 million in school internal account funds and more than \$450 million in fixed assets.
- Identified new sources of revenue and enhanced existing revenue streams by assisting with targeted enrollment in Poverty Grant programs, including SNAP and Medicaid.
- Maintained the timely processing of invoices – 87% were paid within 30 days, 94% within 60 days, and 97% within 90 days – and made progress toward the department goal of moving 10 additional vendors to electronic processing.

## KEY BUDGET INITIATIVES

### Corporate Accounting

- Continue to shift vendors to electronic invoicing, enabling the unit to streamline processing and improve the timeliness of invoice payments.
- Initiate lean processes throughout all major programs to identify inefficiencies and reduce waste.

### Revenue Initiatives

Although some revenue initiatives will require an initial investment for FY2014, they are intended to result in increased revenue or savings in future fiscal years.

- Implement billing procedures for third-party student transcript requests.
- Establish out-of-district student and home hospital services billing.
- Increase targeted enrollment in Poverty Grant Programs and stabilize Poverty Grant revenue by ensuring families maintain Medicaid and SNAP enrollment.

## Office of Diverse Learner Supports and Services

### MISSION

The Office of Diverse Learner Supports and Services (ODLSS) strives to provide high quality and specially designed instructional supports and services for all diverse learners within their least restrictive environment with the goal of improving the academic achievement of all diverse learners in the Chicago Public Schools. ODLSS works collaboratively with schools, networks, students, families and other external stakeholders to provide the tools, guidance, supports and services necessary to ensure that all diverse learners receive meaningful and relevant access to grade level core instruction within their neighborhood school, school of choice, or the school closest to their residence thereby preparing them for a successful transition to college and career.

### MAJOR PROGRAMS

The Office of Diverse Learner Supports and Services works to support Networks and schools with all issues related to special education including instruction, interventions and legal and compliance supports. ODLSS also ensures that students with disabilities have high-quality Individual Education Plans (IEPs) that are developed and implemented to provide students with access to the appropriate general education instruction and environment. Major programs include:

**Early Intervention Supports and Services:** This group works with several external stakeholders to identify, evaluate and assign services to children between the ages of 0 to 3 with disabilities or delays to learn and grow in preparation for their entry to pre-school and kindergarten.

**Instructional Learning Supports:** Includes instructional and non-instructional programs for diverse learners that support teaching and learning in assisting general education teachers and learning behavior specialists (formerly known as special education teachers) in creating and delivering universally designed lesson (UDL) and unit planning that incorporates the needs of diverse learners from the outset of their educational career. Specific centrally-based support programs include evening school, instruction based on disability, home and hospital instruction and assistive technology.

**Clinical and Related Services:** This group oversees a strong and responsive, well-trained team of professionals to provide nursing, psychology, social work, speech language pathology, occupational therapy and physical therapy services to students.

**Access and Opportunities:** Ensures compliance with proportionate share, whereby equitable services are provided for parentally-placed private school children with disabilities, school assignments for diverse learners, summer assessment, selective enrollment testing and citywide special education teacher evaluations.

**School Supports:** Ensures that services are provided to children who cannot have their full needs met within a regular school setting. Children who require drug treatment, services in a residential program or services in a private therapeutic school are assessed and appropriate placements found. Specialized services administrators work with principals and case managers to determine the appropriate learning environment for each student.

**Resource Management and Systems:** Provides overall operations support including professional development, resource allocation, procedural safeguards and parental supports, compliance monitoring and management and communications.

**Budget Summary**

	<b>2012 Actual Expenses</b>	<b>2013 Amended Budget</b>	<b>2013 Ending Budget</b>	<b>2013 Expenditures as of 6/30/2013</b>	<b>2014 Proposed Budget</b>
General Fund	220,079,097	224,082,058	214,353,005	211,432,621	231,869,620
NCLB Federal	7,136,340	0	0	0	0
Other Grants	17,326,352	19,883,641	19,298,688	13,738,922	17,307,677
School Generated	44,173	213,928	245,097	13,564	16,195
<b>Total Department</b>	<b>244,585,962</b>	<b>244,179,627</b>	<b>233,896,790</b>	<b>225,185,107</b>	<b>249,193,492</b>
Budgeted at Schools	525,337,380	532,506,430	544,895,023	539,400,462	535,866,150
<b>Grand Total</b>	<b>769,923,342</b>	<b>776,686,057</b>	<b>778,791,813</b>	<b>764,585,569</b>	<b>785,059,642</b>

**Position Summary**

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	1565.0	1588.5	1564.5
Other Grants	101.5	99.5	120.5
<b>Total Department</b>	<b>1666.5</b>	<b>1688.0</b>	<b>1685.0</b>
School Based	6443.6	6935.2	6408.2
<b>Grand Total</b>	<b>8110.1</b>	<b>8623.2</b>	<b>8093.2</b>

**MAJOR ACCOMPLISHMENTS**

- Provided subject matter expertise and school action management regarding all phases of school actions, including but not limited to:
  - Review and analysis of individual student needs (instructional, equipment, socio-emotional, related services)
  - Parent meetings to discuss transition
  - Individual parent phone calls and teletown halls
  - Picture books for students of their welcoming schools to support transition
  - Reviewing IEPs with welcoming schools and contacting parents about revising IEPs when necessary
  - Meet and Greets for parents and students to review IEPs and meet administration and teachers at welcoming school
  - Training for welcoming schools on Individual student assistive technology and communication equipment; Instructional practices for students with significant needs, including academic, behavioral, and communication strategies
  - Disability awareness for all staff and, in cases, students

## **KEY BUDGET INITIATIVES**

- Reduce Central Office administration and staffing expenses to realize \$2.5 million in savings
- Reorganize by either revising existing job descriptions or creating new job descriptions in alignment with the Office's mission to provide high quality instructional supports
- Support the Office of Teaching & Learning in assisting general education teachers and learning behavior specialists (formerly known as special education teachers) in creating and delivering universally designed lesson (UDL) and unit planning that incorporates the needs of diverse learners from the outset
- Expand access to college and career programs for diverse learners by allowing multiple authentic and meaningful entry points which will provide them with opportunities to live, learn and earn within their communities
- Engage families of diverse learners and provide them with wraparound, comprehensive supports (i.e. parent training) that will allow them to be partners with the school resulting in stronger student achievement among diverse learners
- Build and strengthen the capacity of network chiefs, principals, teacher leaders and paraprofessionals to recognize, design and deliver effective, evidence based instruction, instructional supports and tools that strengthen teachers knowledge and use of differentiated teaching strategies
- Ensure equitable distribution and allocation of specialized resources (i.e. clinicians, teachers, paraprofessionals) required to meet the needs of all diverse learners
- Analyze and develop a comprehensive system of procedures, protocols and practices for monitoring, managing and delivering compliant and timely academic, behavioral and social emotional support services for qualifying preschools with diverse needs.

## Office of Early Childhood Education

### MISSION

The Office of Early Childhood Education (OECE) works to ensure all children from birth through age five have equal access to high-quality program options, developmental support, and education. It is committed to creating an engaging language-rich learning environment that supports and respects the unique potential of each individual through best professional practice, parent engagement, and community involvement.

### MAJOR PROGRAMS

**Preschool for All:** Provides high-quality preschool for children ages 3-5 in Chicago Public School buildings. Children are taught by CPS teachers, with support for this program coming primarily from the State Early Childhood Block grant.

**Community-Based Preschool for All:** In addition to providing preschool programs directly, CPS contracts with 139 community providers who offer programs throughout the city. Providers are selected through an RFP process. These services are primarily funded by the State Early Childhood Block grant.

**Head Start:** CPS receives funding from the Chicago Department of Family and Support Services to operate the federally-funded early childhood program for low income children and their families.

**Child Parent Centers:** The Title I-funded CPC program is the oldest successful model of early childhood education. CPS's Child Parent Centers provide a full array of child and family support services in 10 locations.

**Tuition-Based Preschool:** The Tuition-Based Preschool model was developed in an effort to provide preschool programming for working families in need of quality early childhood education and care programs. CPS offers tuition-based preschool in a community where at least 20 families are in need of these services. The costs for these programs are fully covered by the tuition charged.

**Community-Based 0-3 Services:** Recognizing the importance of reaching children at birth, CPS contracts with community-based providers to offer center-based prevention initiative services for infants and toddlers. These services are partially funded by the State Early Childhood Block grant and include developmental screening and monitoring.

**Prevention Initiative – Home Visiting:** Through community-based providers, CPS reaches nearly 3,000 families with children aged birth to 3. Pregnant and parenting teens in 60 CPS High Schools are included in these home-based services. These services are funded by the State Early Childhood Block.

## Program Summary

	Slots	Rooms	Schools/Sites
<b>Programs for Age 3-5</b>			
Preschool for All	15,577	397	246
Community-Based Preschool for All	7,370	402	187
Head Start	6,018	177	102
Child Parent Centers	1,190	43.5	12
Tuition Based Preschool	500	25	16
Mayor's Office New Funding	120	6	6
Sliding Fee Scale	1,200	30	31
<b>Birth to 3 Programs</b>			
Community-Based 0-3	3,006	295	92
Prevention Initiative: Home Visiting	2,943	N/A	60

## Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	73,623,543	1,263,659	1,424,051	1,390,797	6,332
NCLB Federal	969,535	1,299,018	1,253,845	843,828	756,826
Other Grants	6,566,924	77,791,338	72,530,840	69,068,974	69,716,709
School Generated	219,013	308,768	432,433	204,178	144,099
<b>Total Department</b>	<b>81,379,015</b>	<b>80,662,783</b>	<b>75,641,170</b>	<b>71,507,777</b>	<b>70,623,966</b>
Budgeted at Schools	131,356,308	128,312,018	139,103,467	138,088,356	106,120,140
<b>Grand Total</b>	<b>212,735,323</b>	<b>208,974,801</b>	<b>214,744,636</b>	<b>209,596,133</b>	<b>176,744,106</b>

\*FY2014 budget excludes Full-Day Kindergarten funding, (\$29.9 million in 2013) which was moved out of the Office of Early Childhood Education

\*\*The Early Childhood State Block Grant was included in the General Education Fund in FY2012. It was moved to the Early Childhood Development Fund ("Other Grants") for FY2013 as a result of a change in state law that requires separate reporting.

## Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
NCLB Federal	3.0	3.0	3.0
Other Grants	156.0	138.0	126.0
School Generated	0.0	0.0	1.0
<b>Total Department</b>	<b>159.0</b>	<b>141.0</b>	<b>130.0</b>
School Based	1703.7	1737.4	1433.7
<b>Grand Total</b>	<b>1862.7</b>	<b>1878.4</b>	<b>1563.7</b>

\*2014 budget excludes Full-Day Kindergarten staff, (309.5 FTEs in FY2013) that was moved out of the Office of Early Childhood Education

## MAJOR ACCOMPLISHMENTS

- In FY2013 the Office of Early Childhood Education embarked on an effort to better meet the early educational needs of young children in Chicago. Called *Chicago: Ready to Learn!*, this venture is a joint effort between the Chicago Department of Family and Support Services and Chicago Public Schools aimed at ensuring that Chicago is investing in high-quality programs for young children, birth to age five. The goal is to have quality early childhood programs available across the city to meet the unique needs of all communities.
- **Accomplishments over the course of the year have included:**
  - Completed a competitive application process for all schools and community-based agency funded programs.
  - Conducted city-wide needs assessment analysis.
  - Transitioned to a co-pay system for funding school-based early learning programs for the 13-14 school year.
  - Developed a set of universal assessments and screening tools to be used in CPS-funded community-based organizations and schools that are aligned with K-3.
  - Started to develop a system that will support all programs enrolling in Illinois' revamped Quality Rating and Improvement Scale.
  - Participated in a City of Chicago web-portal that houses all early childhood data pertinent to parents, providers, educators, program administrators, and policymakers and developed a *Chicago: Ready to Learn!* Hotline for parent information.
  - Supported the implementation of the District-wide Full Day Kindergarten policy, which ensures that children have access to full day kindergarten.

## KEY BUDGET INITIATIVES

- Through the *Chicago: Ready to Learn!* Initiative, quality early childhood programs will be available across the city to meet the unique needs of all communities. An additional \$2 million was added to the existing Early Childhood budget to support program expansion in FY2014, which will provide access for an additional 700 children.
- Develop and implement effective quality monitoring system that aligns with state and federal regulations for all early childhood programs.

## Office of Early College and Career Education

### MISSION

The Office of Early College and Career Education provides access to rigorous and relevant college-level and career-focused courses that result in postsecondary credit, professional credentials, and work-based learning, and develops and supports execution of best practice school models that enhance implementation.

### MAJOR PROGRAMS

- **Career and Technical Education** programs engage students in rigorous, career-focused curriculum, industry certification opportunities, and work-based learning to drive increased graduation, college enrollment, and employment/wage rates. We prepare students for multiple pathways to postsecondary success.
- **Early College** programs focus on providing educational options for students to gain college credits, experiences and rigor while in high school. This work includes: Five Early College STEM Schools; Dual Credit; Dual Enrollment; and CTE Articulation Agreements.
- **Small Learning Communities (SLCs)** support whole school transformation in which small groups of approximately 200 to 250 students are aligned with the same small group of teachers throughout the four years of high school. SLCs are characterized by the personalized instruction and planning that occurs as a result of the modified school structure. The supportive and deep relationships between students and teachers serve as a catalyst to increase student achievement and growth.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	4,639,496	4,027,328	2,304,490	1,964,716	1,863,231
NCLB Federal	544,641	1,707,979	1,224,376	681,488	1,796,925
Other Grants	5,638,196	10,249,534	6,509,519	5,652,034	14,723,911
School Generated	254,034	0	1,085,718	640,561	248,050
<b>Total Department</b>	<b>11,076,367</b>	<b>15,984,841</b>	<b>11,124,104</b>	<b>8,938,800</b>	<b>18,632,117</b>
Budgeted at Schools	8,876,989	3,117,397	15,465,180	13,629,713	4,457,050
<b>Grand Total</b>	<b>19,953,356</b>	<b>19,102,238</b>	<b>26,589,283</b>	<b>22,568,513</b>	<b>23,089,167</b>

\*Large amounts of grant funds are held centrally to start the fiscal year and subsequently transferred to schools where spending occurs

## Position Summary

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	28.25	6.75	5.25
NCLB Federal	2	3	2.5
Other Grants	28.75	29.25	26.25
<b>Total Department</b>	<b>59</b>	<b>39</b>	<b>34</b>
School Based	19.5	40	33.2
<b>Grand Total</b>	<b>78.5</b>	<b>79</b>	<b>67.2</b>

## MAJOR ACCOMPLISHMENTS

- Twelve areas of industry-focused coursework serving 18,000 students in 200+ programs across over 60 CPS high schools are aimed at preparing students for their postsecondary path by incorporating work-based learning experiences, as well as providing access to industry certifications and college credit.
- Successfully launched five Early College STEM Schools and developed the building blocks of a grades 9-14 IT pathway, initiated work-based learning and college-going experiences and provided professional development for the five schools.
- More than doubled the number of students participating in dual credit and dual enrollment programs from just over 700 to more than 1,500. These programs offer eligible students the opportunity to take courses at any of the seven City College campuses (dual enrollment) or to take college courses at their high school taught by a qualified CPS teacher (dual credit). Pass rates for these programs have also been impressive at about 90%.
- Deepened the level of personalization for more than 9,500 students at seven schools funded by two SLC grants. Improved advisory courses and developed more personalized student data for teachers to be able to recognize and remediate issues with students from their SLC.

## KEY BUDGET INITIATIVES

- Support the 5 Early College STEM Schools as another cohort is added at each school (approximately 850 more students) – deepen instructional practice by including instructional coaching at the schools, provide additional supports to ensure that students are on-track, and increase number of industry partnerships. \$6.1 million is budgeted for FY2014.
- Expand dual credit and dual enrollment programs to an additional 180 students (a 12% increase) that allow students to earn college credit while in high school, while identifying operational efficiencies. \$0.4 million budgeted for FY2014.
- Develop differentiated models (such as 1-year career electives, senior year bridge programs, middle grade career programs) to deliver Career and Technical Education to all students and, in particular, to serve students with diverse interests and achievement levels.
- Continue to support SLC coaches at our schools to help drive personalization through the SLCs for students. Work with schools to fund programs and initiatives that both support goals of SLCs, especially around advisory supports, postsecondary exploration, and family/community outreach while working to develop sustainability plans to ensure that SLC structure can carry on beyond the life of the grant. \$2.6 million budgeted for FY2014.

## Department of Education Tools and Technology & Library Media

### MISSION

The work of this department is to identify and promote the tools, materials, technical resources and effective instructional teaching practices that all schools and teachers require to be successful in preparing students to be college and career ready.

### MAJOR PROGRAMS

- **Education Technology:** Provides system-wide infrastructure and support focused on 21<sup>st</sup> century teaching and learning programs, bringing current advances and efficiencies in the education technology field to CPS for review and use.
- **Instructional Resources:** Provides District-wide guidance and support for the research, vetting, selection process, procurement and distribution of instructional resources and materials—both digital and print—for core subject areas.
- **Library Media:** Support school libraries and librarians through the centralized management of library resources (SOAR), the provision of a CPS Virtual Library with over 11,000 eBooks, professional development and support for librarians, selection of collections and the development and management of student contests.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	1,673,252	2,799,410	3,322,392	2,946,474	1,816,992
NCLB Federal	11,353,911	647,720	4,787,542	4,512,928	787,204
Other Grants	529,095	1,077,482	1,335,921	934,771	153,980
School Generated	60,765	0	124,303	75,392	42,628
<b>Total Department</b>	<b>13,617,024</b>	<b>4,524,612</b>	<b>9,570,158</b>	<b>8,469,564</b>	<b>2,800,804</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	8	6	6
NCLB Federal	5.5	7.5	7
Other Grants	4.5	2.5	2
<b>Total Department</b>	<b>18</b>	<b>16</b>	<b>15</b>

## **MAJOR ACCOMPLISHMENTS**

- Awarded the Investing in Innovation (i3) Convergence Academies Grant (in partnership with Columbia College) by the Department of Education.
- Hosted three conferences: Tech Talk, Leadership Technology Summit, and iPad Academy, which brought together 2,150 teachers, principals, librarians and technology coordinators.
- Negotiated free access to programs and content for schools, totaling \$1.96 million.
- Realized a 20% increase in use of Safari Live/Montage.

## **KEY BUDGET INITIATIVES**

- Reduce core operational budget by \$1.7 million (38.1%) from FY2013, allowing for savings to be diverted to core instructional needs.
- Invest \$410,000 in the Safari-Montage system, which provides efficient communication, professional development and instruction across CPS through webinars, video-conferencing, and a video content repository.
- Invest \$270,654 in the Library Automation system which supports circulation to schools of both print and digital book collections.
- Allocate over \$245,000 for online credit recovery, allowing students short of credits to complete their coursework and graduate.

## 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

- **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.
- **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.
- **Contractual Services – Landscaping, Pest, and Elevator Maintenance**  
The district contracts for Landscaping, Pest Control and Elevator Maintenance services. The District's landscaping contract applies to schools with maintainable green space over 20,000 square feet. This includes spring cleanup work (mulching, weed control, fertilizing, pruning, seeding), lawn mowing, and fall cleanup work (weed control, fertilizing, pruning).
- **Energy/Utilities**  
All utility accounts (Electric and Gas) that supply the energy required to operate all CPS facilities are managed in this department. This includes purchasing, bill payment/invoice review, utility disruption response, new service coordination, and utility data monitoring. Energy programs are also administered across the district to continuously improve efficiencies and reduce cost.
- **Central Office Administration**  
These are the members of Facilities working to manage programs and respond to the needs of schools centrally by working across a variety of functions.
- **Real Estate**  
The Real Estate department manages various contracts throughout the District, including School License Agreements, Telecom License Agreements, Intergovernmental Agreements, Right of Entry Agreements, Event Agreements, and Leases for Schools and Satellite Offices. 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.

**Budget Summary**

	<b>2012 Actual Expenses</b>	<b>2013 Amended Budget</b>	<b>2013 Ending Budget</b>	<b>2013 Expenditures as of 6/30/2013</b>	<b>2014 Proposed Budget</b>
General Fund	215,939,837	313,393,053	283,856,665	276,258,462	276,465,377
School Generated	337,854	0	638,585	271,638	391,919
<b>Total Department</b>	<b>216,277,691</b>	<b>313,393,053</b>	<b>284,495,250</b>	<b>276,530,100</b>	<b>276,857,296</b>
Budgeted at Schools	158,487,519	49,036,224	71,500,974	72,103,652	43,094,259
<b>Grand Total</b>	<b>374,765,210</b>	<b>362,429,277</b>	<b>355,996,224</b>	<b>348,633,752</b>	<b>319,951,555</b>

**Position Summary**

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	792	743	741
<b>Total Department</b>	<b>792</b>	<b>743</b>	<b>741</b>
School Based	832	839	833
<b>Grand Total</b>	<b>1624</b>	<b>1582</b>	<b>1574</b>

**MAJOR ACCOMPLISHMENTS**

- \$7 million savings from increasing efficiencies in district-wide engineer work and more effective management of engineering contracts to provide better services at a lower cost across the city’s schools
- Continued the successful implementation of the Energy Shared Savings Program, an initiative to share savings with schools that reduce schools energy usage; the initiative provided more than \$450,000 in energy savings for the district with half of the savings being reinvested directly back to the schools
- Energy costs were reduced by more than \$6 million dollars compared to FY2012 due to successful price management and reduced district-wide usage, partially the result of favorable weather patterns as well as realizing additional utility savings through renegotiating energy rates and energy reduction policies
  - Negotiated new Electric Supply Contract in FY13 that is estimated to reduce cost by \$2.7 million annually
  - Completed lighting retrofits at approximately 244 schools estimated to save \$2.5 million annually
- Secured \$6.3 million in energy grants to support lighting retrofit projects in FY13
- \$1 million reduction in costs through renegotiated landscaping contract

- Decreased capital construction change order rate from 12 to 3.5 percent in three years, which resulted in a \$34 million savings compared to 2010. All change orders are now reviewed by an independent cost consultant. Facilitated modification to the Board’s policy for paying change orders, which sharply reduces the time to pay change orders

#### **KEY BUDGET INITIATIVES**

- \$1 million annual savings from a new waste management contract that shifts the contract cost structure from a lump sum fee to a per-unit or volume-based fee that will better accommodate fluctuations in facilities and lend increased transparency on actual costs for service
- \$10 million in anticipated savings from a new facilities management service model that will result in more efficient custodial service
- \$22 million in savings related to a reduction in outside spending on maintenance, further efficiencies in district-wide engineer work and more effective management of engineering contracts to provide better services at a lower cost across the city’s schools
- \$0.8 million from relocating the central office into half its current space, reflecting a decreased need for space after several years of central office layoffs

## Office of Family and Community Engagement

### MISSION

To empower and engage CPS families and communities in order to nurture strong support structures leading to improved student outcomes.

### MAJOR PROGRAMS

- **Network Family And Community Engagement (FACE) Managers:** A four-tiered strategy aligned to support improved student outcomes by fostering better informed, empowered and engaged parents and nurture strong student support structures.
  - Parent University: Provide parent workshops, annual parent conference, parent mentoring and volunteer programs
  - Attendance & Truancy Support: Facilitate Central Office-school-vendor-family relations in coordination with Multiple Pathways department to implement District truancy strategy at a network/school level
  - Community Resource Mapping: Conduct needs assessments, resource evaluation and partnership facilitation
  - Targeted Outreach: Provide forums to inform and gather feedback supporting strategic district initiatives and policies; such as focus groups, dialogues and town hall meetings
  
- **Faith-Based Initiatives**
  - Education Advocacy: Provide programming and tools to inform and reach constituencies
  - Faith Based Partnerships: Facilitate school-specific faith-based partnerships
  - Crisis Support Services: Partner with faith-based community to provide support to CPS families in crisis situations, and work with Children's First Fund for funeral support funding
  - Safe Haven Program: Provide leadership and socio-emotional programming during summer, winter and spring break; as well as after school in communities with high violence, truancy, and concentrated low academic performance
  
- **Parent Support Centers:** Maintain open lines of communication and help parents resolve issues such as staff complaints, enrollment and transfer issues, suspension appeals, bullying, grade changes and student promotion/non-promotion.
  - Parent Call Center: Collaborative-based Parent Support Administrators (PSAs) address parent inquiries from inception to resolution utilizing a ticket tracking system, which allows parents to monitor the status of their inquiries
  - Community Outreach Support: Parent Support Administrators go onsite to schools and attend community events to resolve issues and address parent issues and concerns
  
- **Community Relations:** A four-tiered strategy aligned to support improved student outcomes by fostering better informed, empowered, and engaged communities which nurture strong student support structures.
  - Community Action Councils (CACs): Facilitate meetings and citywide workshops, and aid development of community-specific educational plans
  - Targeted Community Outreach (Community Based Organizations): Hold CBO forums, community dialogues and focus groups

- Community Leadership Development: Conduct community workshops and present at community seminars and conferences
- Parent Engagement Centers: Enhance five collaborative-based centers where parents can access resources for their own development and/or to support their children, such as early childhood guidance, special needs support, navigation of college application process and parent support
- **Strategic Initiatives:** Coordinate with non- profits and sister agencies to match specific family needs and to increase awareness of educational policies and legislation
  - Service Provider Outreach
  - Education Advocacy Group Outreach
  - Special Projects
- **Local School Council (LSC) Relations:** Fulfill the Board’s statutory mandate to conduct LSC elections and train/support LSC members in fulfilling their statutory duties, including:
  - Principal evaluation, retention, and selection
  - Approval and monitoring of school budgets and school improvement plans
  - Monitor LSC members’ compliance with statutory mandates (training program, criminal background investigations and disclosure of economic interests)
- **Title I Parent Involvement:** Facilitate parental involvement in Title I schools by working with principals and parents to comply with mandates for programming supported by Title I funds

**Budget Summary**

	<b>2012 Actual Expenses</b>	<b>2013 Amended Budget</b>	<b>2013 Ending Budget</b>	<b>2013 Expenditures as of 6/30/2013</b>	<b>2014 Proposed Budget</b>
General Fund	3,691,599	4,402,187	4,369,213	4,088,299	7,276,139
NCLB Federal	841,243	1,156,802	1,178,022	1,173,238	1,565,436
Other Grants	166,034	0	143,900	130,331	20,000
<b>Total Department</b>	<b>4,698,876</b>	<b>5,558,989</b>	<b>5,691,135</b>	<b>5,391,868</b>	<b>8,861,575</b>

**Position Summary**

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	35.4	37.4	56.4
NCLB Federal	3.6	3.6	3.6
<b>Total Department</b>	<b>39</b>	<b>41</b>	<b>60</b>

## **MAJOR ACCOMPLISHMENTS**

- Invested \$800,000 to fund Safe Haven programs in FY2013. Worked with 60 churches to provide services to over 2,500 children during summer, winter, and spring intercessions as well as after school
- Expanded the number of Adopt-a-School programs, which are partnerships between faith-based organizations and schools
- Increased awareness and utilization of Parent Support Centers
- Provided ongoing Parent Advocacy Trainings to increase parental awareness and understanding of new initiatives and resources
- Attended and monitored LSC meetings to provide advice and assistance to ensure compliance with legal requirements
- Trained LSC members on roles and responsibilities, conducting effective meetings, school improvement plans, budgeting, principal evaluations, retention and principal selection.

## **KEY BUDGET INITIATIVES**

- \$700K investment in new Parent Resource Centers: FACE plans to establish five collaborative based Parent Engagement Centers where parents can access resources (e.g. technology, early childhood guidance, college planning guidance/FAFSA support, CPS applications, etc.) as well as Parent University programming and Parent Support services.
- 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
- Expand stakeholder awareness and active engagement in education advocacy
- \$290k increase in the amount invested in the Safe Haven program, allowing the program to expand from 60 to 100 churches, and impacting more than 4,000 students
- Expand Parent Support Center outreach through 311 call center integration
- Enhanced community engagement as a product of informed service providers and education advocacy groups that are better prepared to engage our shared constituents
- Maintain current level of funding to ensure fair and compliant Local School Council elections, training, and support

## Information & Technology Services (ITS)

### MISSION

The Department of Information & Technology Services' mission is to provide innovative technology solutions that improve the quality of education for our students, reduce the administrative burden on our educators, facilitate parent interaction and increase community engagement.

### MAJOR PROGRAMS

- Core District Systems: Provides application support and administration of CPS's core systems, such as Student Records (IMPACT), Finance, HR/Payroll, Dashboard and Data Warehouse and CPS.EDU
- District PC and Tablet Technology: Provides support for the District's fleet of computers, tablets and associated support services, including the Help Desk.
- Operations & Infrastructure: Provides support and administration of the District's core Infrastructure, which includes the District's Data Center, Telecommunications equipment and support, as well as Network services such as bandwidth to all schools.
- ITS Supporting Functions: Provides departmental administrative and strategic supports, such as Project Management, Training, Communications & Change, Enterprise Architecture and Strategy and Process Design.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	50,354,246	46,265,235	47,417,313	46,028,311	41,569,012
Lunchroom	0	0	125,800	125,799	0
NCLB Federal	566,788	0	0	0	0
Other Grants	380,291	640,000	630,768	588,230	575,000
School Generated	540,895	0	374,842	332,384	204,624
<b>Total Department</b>	<b>51,842,220</b>	<b>46,905,235</b>	<b>48,548,723</b>	<b>47,074,724</b>	<b>42,348,636</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	168	168	175
<b>Total Department</b>	<b>168</b>	<b>168</b>	<b>175</b>

### MAJOR ACCOMPLISHMENTS

- Completed the migration to Google Apps for 270,000 employees, contractors and students, saving the District approximately \$2.1M per year.
- Deployed an upgraded data dashboard to over 1,000 Network Chiefs, Principals and other administrators District-wide, enabling a single point of reference for all student data.
- Developed a data-sharing architecture and governance structure to enable the CPS Data Warehouse to be used as the single point of reference for student, program and District performance information.

- Created an IMPACT steering committee to prioritize enhancements to the core student records platform, enabling more targeted enhancements to support Principals and teachers.
- Completed Human Resource systems upgrade strategy to drive the replacement of the existing PeopleSoft software.

#### **KEY BUDGET INITIATIVES**

- Significant effort to reduce consulting spends in Enterprise Application function by adding internal positions. Removal of consulting positions and the addition of 7 internal employees from FY13 to FY14. (\$2.0m) renegotiating contracts and insourcing infrastructure consultants \$2.1m
- Reducing Service Desk cost through re-negotiated contract sourcing. ITS plans to save \$400k by insourcing several of the SD consulting positions and optimizing the support model.

## Office of Innovation and Incubation

### MISSION

The Office of Innovation and Incubation (I&I) seeks to identify and bring to Chicago the most promising innovative approaches to education, and to broaden the reach of innovative ideas proven to be effective within our District.

I&I will ensure that selected investments are set up for success through a robust incubation process, effectively position CPS as the leader in urban education for high standards and operator accountability, and empower families to identify and access the best options for their children.

### MAJOR PROGRAMS

- **New Schools and Programs**

Responsible for overseeing Chicago's 116 public charter and 7 contract schools (approx. 50,000 students). Charter and contract school expansion has increased, on average, by 16% annually over the last five years. The Office of New Schools is also accountable for the development and execution of the New Schools Request for Proposal (RFP) process; authorization of high-quality district, contract, and charter schools; management of incubation for all new schools; evaluation of all charter and contract school academic performance plans, financial health, business operations, and governance of and compliance to applicable federal and state requirements; implementation of national best practices of high quality authorizing; and resolution of student, parent, and community complaints.

- **Access & Enrollment**

Responsible for ensuring that all students in district-run schools are efficiently enrolled through an equitable, high integrity process, and for running a centralized enrollment process for all non-charter elementary schools and high demand high schools and programs, including magnet, military, IB, Selective Enrollment and CTE, ensuring quality and transparency in the process; also works to continuously improve the process through enhanced capabilities and streamlined systems, including online applications

- **Innovative Models**

Responsible for identifying, attracting, and onboarding innovative ideas and operators. The Office of Innovative Models (OIM) will offer administrators, principals, and teachers with a unique opportunity to explore and incubate ambitious yet bold ideas. In order to do so, the OIM will design a mechanism for and encourage school leaders to conceptualize and incubate novel ideas for engaging and connecting community, parents and students in innovative and enriching ways, thereby improving student academic outcomes.

- **Department of JROTC/Office of Service Leadership Programs**

Responsible for overseeing 45 JROTC programs, which include 6 full Military Academy High Schools. There are approximately 165 instructors on staff who are retired military veterans and are cost-shared with the Department of Defense. The Office of Service Leadership Programs organizes and runs professional development, program evaluation, strategic planning for growth, measurement and marketing of the JROTC program, as well as a wide variety of city-wide sports competitions, summer camps, college field trips and community service/co-curricular events.

## BUDGET SUMMARY

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	6,364,268	83,506,632	37,979,859	23,051,781	46,151,927
NCLB Federal	171,922	4,875,207	4,937,523	4,810,310	4,253,831
Other Grants	56,276	-	23,263	23,263	-
<b>Total Department</b>	<b>6,592,466</b>	<b>88,381,839</b>	<b>42,940,645</b>	<b>27,885,354</b>	<b>50,405,758</b>
Budgeted at Schools	15,794,960	15,718,875	15,357,706	14,584,931	15,695,918
<b>Grand Total</b>	<b>22,387,426</b>	<b>104,100,714</b>	<b>58,298,351</b>	<b>42,470,285</b>	<b>66,101,676</b>

\*Significant part of departmental budget (~ \$75M) held centrally in FY2013 Amended budget and transferred to schools/programs where spending occurs

## POSITION SUMMARY

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	56	71	50
NCLB Federal	8	16	3.8
School Generated	4.2	4.2	3
<b>Total Department</b>	<b>68.2</b>	<b>91.2</b>	<b>56.8</b>
JROTC Schools Staff	156	161	164
<b>Grand Total</b>	<b>224.2</b>	<b>252.2</b>	<b>220.8</b>

## MAJOR ACCOMPLISHMENTS

- Completed another smooth application and enrollment season for more than 400 of our district schools, maintaining high integrity and quality.
- Granted 6 new charter campuses, one alternative contract school, and one district expansion to open over the next two years that will provide increased school options for just under 3,000 students at capacity, with 955 students starting in FY2014 .
- Renewed 12 Charter School Agreements (representing 33 campuses) that expired on June 30, 2013 through a rigorous renewal process. Two renewal agreements shortened due to financial and academic concerns and two agreements required closure of one low-performing campus each.
- Authorized expanded capacity of existing high quality charter operators to provide increased school options to almost 7,600 students, with 3,074 students starting in FY2014.

- Incubated 23 new schools and programs opening in the 2013–2014 school year, and supported 31 grade expansions. This incubation and support was provided to charter, contract, new and expanding district schools, and to alternative schools and programs.
- Enrolled nearly 11,000 students in JROTC program classroom and co-curricular activities focused on leadership development, self-discipline, service learning, and college and career readiness.
- Implemented new professional development for JROTC instructors to improve classroom instruction skills.
- Development of district-wide incubation, start-up, and expansion funding methodology.

## KEY BUDGET INITIATIVES

- **New Schools Request for Proposal.** In this year’s annual request to increase the number of quality educational options we will encourage both district and independent operators to propose the opening of new schools in overcrowded areas. The RFP will prioritize applicants that propose innovative models such as Next Generation, Arts-Integration, Diverse Learners, Dual Language, and Humanities/Liberal Arts. Successful proposals will be recommended to the Board for approval.
- **Charter Renewal.** Renewal Applications from eight Charter and Contract Schools (representing 21 campuses with approximately 11,000 students) whose Charter/Contract Agreements will expire on June 30, 2014. ONS, with the assistance of nationally recognized school performance evaluators will conduct a comprehensive review of these applications. ONS will bring renewal recommendations to the Board for approval.
- **Charter Warning List.** ONS will announce an Academic Warning List in Fall 2013 identifying those campuses who have failed to meet contractual academic standards over the course of a three year period. ONS will initiate the revocation process with these campuses by requesting that these schools submit a remediation plan, and track progress against that plan. Campuses that fail to make adequate progress will be brought to the Board for an appropriate School Action.
- **Single Enrollment.** This initiative will provide a single, unified, user-friendly application process for all 9th grade school options, including charter schools, magnet schools, selective enrollment schools, military academies, IB programs, CTE programs, and all neighborhood high schools. A single application simplifies the process for parents and improves choice and equitable access. It will also provide our New Schools and Planning teams with granular demand data to help assess what kinds of operators we should be recruiting, authorizing and working with the community to place, based on parent demand. High school single application roll-out is targeted for Fall 2014 for the 2015-16 school year; single application roll-out for elementary schools is targeted for fall 2015 for the 2016-17 school year.

- **School start-ups and expansions.** The FY2014 I&I budget includes \$16.5M in funding for the opening of all 17 new schools and programs and the addition of expansion grades to all existing schools.
- **Military Academy Expansion.** The Service Leadership Programs continue to look for opportunities to expand access to students who want to attend a Military Academy. Two Military Academies (Marine Math and Science Academy and Rickover Naval Academy) were approved to expand through the 2012 Call for Quality Schools process. As applications for the Military Academies increase from across the city (anticipated expansion of 1,000 students), the Service Leadership Programs will work to create access to Military Academies in the neighborhoods where this model is most in demand.
- **High School Application Enhancements.** In SY 13-14, the Access and Enrollment office will enhance the high school application process by introducing a new self-scheduling feature that will simplify the scheduling process for testing, information sessions, and auditions. In addition, students who schedule to test in October or November will receive their test results prior to the application deadline, which will assist parents and students in selecting the schools to which they wish to apply.

## Office of the Inspector General

### MISSION

The mission of the Office of the Inspector General (OIG) is 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

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	1,500,461	1,824,744	1,785,351	1,740,171	1,801,854
<b>Total Department</b>	<b>1,500,461</b>	<b>1,824,744</b>	<b>1,785,351</b>	<b>1,740,171</b>	<b>1,801,854</b>

### POSITION SUMMARY

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	17	17	17
<b>Total Department</b>	<b>17</b>	<b>17</b>	<b>17</b>

### MAJOR ACCOMPLISHMENTS

- Investigated a vendor that substituted products inferior to those contracted for, resulting in a substantial fine and a voluntary exclusion from doing business with CPS.
- Exposed a high school administration that substantially inflated enrollment numbers with ghost students.
- Investigated a high school technology coordinator who issued more than \$400,000 of payments to fictitious vendors for personal benefit and also received in excess of \$100,000 in fraudulent reimbursements.
- Identified \$250,000 of waste after a nepotistic high school engineering staff schemed to personally benefit from unnecessary overtime.
- Uncovered an improper conversion \$186,000 of abandoned funds by a principal and clerk who improperly used the funds at their high school.
- Exposed a scheme in which a school engineer received more than \$20,000 in fraudulent reimbursements.
- Detailed excessive travel expenditures by a high school administration that resulted in improper purchases and double-reimbursements. The investigation further revealed the use of personal credit cards in a plot to avoid necessary purchasing controls and gain a personal advantage.

**KEY BUDGET INITIATIVES**

- Achieve \$54,000 in savings through decreased rental costs compared to FY12.
- In FY2014, the OIG will continue to perform its mandated function to ensure that CPS employs honest employees, managing its programs with limited risk of fraud.

## Office of K-12 Counseling and Guidance

### MISSION

CPS K-12 Counseling and Advising drives school counseling teams (counselors & coaches) to utilize leadership, advocacy, systemic change and collaboration to promote student success, provide preventive interventions, and respond to student needs by implementing a data driven, comprehensive school counseling program that advances the academic, personal/social, and career development of all students and is aligned with District goals and State standards

### MAJOR PROGRAMS

- **Counseling Specialists:** Responsible for the integration of the School Counselor Framework into all aspects of K-12 school counseling programs. They drive school counseling programs that are comprehensive and data-driven and that address the academic, personal/social, and postsecondary needs of all students. Specialists also develop and support an evaluation system that identifies a common definition and set of standards for the school counseling practice.
  
- **College and Career Advising Program:** These are federal partnership and outreach programs that support implementation, management and ongoing evaluation of school-based activities designed to increase the college-going rate of low-income students with the intent of improving student achievement and success in postsecondary education.
  
- **Scholarship and Student Portal Support:** Identifies scholarship opportunities that specifically target CPS students by publishing a scholarship guide, partnering with strategic scholarship providers, managing, tracking and reporting of scholarship dollars, coordinating scholarship events, and reviewing applications where applicable. Over \$266 million in scholarships were awarded to 2012 graduates. Student Portal is a comprehensive set of tools that tracks, reports, and accounts for students' college and career exploration activities combining career exploration and guidance with personal planning and preparation to enable users to make more informed decisions about education and training aligned to each student's individual learning plan (ILP).

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	839,421	792,086	791,216	681,107	296,384
NCLB Federal	411,750	0	71,403	70,654	354,235
Other Grants	1,180,520	1,020,898	1,659,130	1,398,985	1,393,341
School Generated	0	0	44,274	15,983	27,404
<b>Total Department</b>	<b>2,431,692</b>	<b>1,812,984</b>	<b>2,566,023</b>	<b>2,166,728</b>	<b>2,071,364</b>

### Position Summary

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	6.5	4.5	2
NCLB Federal	0	2	5
Other Grants	13.5	20.5	19
<b>Total Department</b>	<b>20</b>	<b>27</b>	<b>26</b>

### MAJOR ACCOMPLISHMENTS

- Rolled out the school counselor framework and provided the initial phase of administrator and counselor training.
- Advanced a scholarship strategy that has significantly impacted an increase in awarded dollars to students across the District up to almost \$400 million.
- In partnership with the Mayor’s Office, constructed a set of training modules and implemented a professional development plan in response to the requirements of the Illinois Dream Act.

### KEY BUDGET INITIATIVES

- Develop an evaluation system that identifies a common definition and set of standards that promote K-12 school counseling programs that is comprehensive and data-driven addressing the academic, personal/social, and career needs of all students and is supported by targeted professional development.
- Refresh the school counseling human capital infrastructure by contracting with qualified university partners, streamlining an application process for potential counseling supervisors and counseling interns, providing supervision training for qualified supervisors to ensure equitable placement of interns, and developing a supervisor/intern evaluation system.

## Department of Language & Cultural Education

### Mission

The Department of Language & Cultural Education (DOLCE) provides guidance and systemic support for required, compliant, and quality programs for English Language Learners (ELLs), builds capacity of teachers, principals, and networks to improve ELLs' English language development and academic achievement, while also advancing their bilingual and biliteracy skills, and supports parent engagement. DOLCE also guides and supports the development and implementation of high quality and rigorous World Language Programs that engage and advance students' language and cultural competencies.

### MAJOR PROGRAMS

- **School-based Transitional Bilingual Education (TBE) & Transitional Program of Instruction (TPI) are core programs for ELLs:** Provide supplemental, school-based funds in the form of positions and per-pupil funds to supplement the core services ELLs receive through TBE and TPI programs, supporting the additional needs of ELLs that align to district priorities and comply with state and federal requirements of bilingual education.
- **Compliant systems, structures and processes:** Monitor, guide and enforce state and federal regulations that are specifically tied to supplemental funding and align to district priorities; ensure that the identification of ELLs are accurate, that they receive the highest quality of instruction by certified and endorsed teachers, and that such procedures are properly documented and reported to the Illinois State Board of Education.
- **Bilingual/Biliteracy & ESL Instruction:** Establish language policies and models of instruction that are of high quality, enhancing the population of bilingual/biliterate CPS students; increase the English proficiency of ELLs, and build on their linguistic and cultural competencies.
- **Capacity Building:** Support Network and school staff to build capacity of general education and bilingual / ESL teachers through comprehensive and sustained professional learning supports.
- **Parent & Community Involvement:** Engage and support ELL parents with training, theme-based workshops, GED and ESL courses, and Bilingual Advisory Council involvement.
- **World Language Instructional Support:** Expand and enhance quality models of world language programs that align to district priorities, engage students in learning and navigating a multilingual and multicultural community, and accelerate their success in college and career.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	2,278,230	1,727,833	738,062	735,172	323,292
NCLB Federal	3,360,729	3,302,665	3,901,816	2,777,703	7,250,935
Other Grants	933,138	611,344	758,807	596,938	542,026
School Generated	146,575	0	759,939	108,747	882,541
<b>Total Department</b>	<b>6,718,671</b>	<b>5,641,842</b>	<b>6,158,624</b>	<b>4,218,560</b>	<b>8,998,794</b>
Budgeted at Schools	41,424,385	32,040,891	31,733,118	30,323,451	22,248,017
<b>Grand Total</b>	<b>48,143,056</b>	<b>37,682,733</b>	<b>37,891,742</b>	<b>34,542,011</b>	<b>31,246,811</b>

*\*Note: The FY12 expenses are inflated by the last year of support of the federal Ed Jobs grant (\$9.6 Million). The remaining downward trend after this adjustment parallels the reductions in federal and state revenue supporting bilingual programs during this period.*

**Position Summary**

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	4	5	2
NCLB Federal	27	26.2	27.2
Other Grants	1	1.8	1.8
<b>Total Department</b>	<b>32</b>	<b>33</b>	<b>31</b>
School Based	366.5	321	249.5
<b>Grand Total</b>	<b>398.5</b>	<b>354</b>	<b>280.5</b>

**MAJOR ACCOMPLISHMENTS:**

- Received approval of FY13 ELL consolidated application that will result in an estimated \$22 million in supplemental ELL funds for CPS, as well as an additional \$9 million in federal Title III.
- Modified CPS Bilingual Handbook, refining the guiding principles for effective implementation of ELL education programs and supports district-wide, and assisting schools with the intake, screening and program placement of these students.
- Provided quarterly professional development sessions to Bilingual Lead Teachers which introduced Common Core State Standards (CCSS) for ELLs and built understanding of shifts in practice, text complexity and close reading of text.
- Implemented Summer Support Programs for ELLs in grades 2-7, refugee students in grades 2-11, and high school credit attainment courses for ELLs in grades 9-11.
- Developed quarterly Spanish literacy tasks and REACH tasks for World Languages, and assisted in creating modified REACH tasks of all content areas to accommodate for ELLs.
- Provided on-demand technical assistance to schools with an ELL population to support their unique needs, as well as support to their parents through the Bilingual Advisory Councils and the Chicago Multilingual Council meetings on topics such as health, immigration, college and career readiness, and GED/ESL courses in partnership with community-based organizations.
- Implemented STARTALK World Language Program in which 60 high schools students participated in intensive Arabic and Chinese language programs at the University of Chicago, and executed a plan to have 25 high school students studying Chinese to travel to China for a 5-week language and cultural immersion program.

**KEY BUDGET INITIATIVES**

- Invest \$22.5 million for schools to provide TBE and TPI programs by providing a combination of supplemental positions and per-pupil funds.
- Invest \$1.7 million in professional development for school administrators, general education and bilingual/ESL teachers, and other relevant CPS staff to build capacity of effective practices for teaching ELLs and augment understanding and application of Common Core for ELLs.
- Appropriate \$1.6 million in supplemental ELL funds for District charter schools to supplement high-quality and effective instruction to ELL populations as required by ISBE.
- Invest \$746,000 to provide substantive summer school opportunities for English language learners and newcomer / Refugee students.

## Office of Law

### MISSION

The Law Department has charge and control of all litigation, legal questions and other legal matters related to the district's affairs. Toward that end, the Law Department supports the district's mission by providing premier legal services and counsel.

### MAJOR PROGRAMS

- **Commercial litigation:** Preserves the Board's property tax revenues through litigation brought before the Illinois Property Tax Appeal Board, prosecutes debarment and breach of contract actions; defends the Board in commercial disputes, and counsels on commercial liability issues.
- **Tort litigation:** Represents the Board in personal injury and property damage litigation.
- **Workers' Compensation:** Represents the Board at the Illinois Workers' Compensation Commission.
- **Investigations:** Conducts investigations that include, but are not limited to, ethics violations, enrollment and transfer issues; falsification of documents; misappropriation of funds; misrepresentation of credentials; negligent supervision of students; verbal, physical and sexual abuse; racial discrimination and issues related to student records and testing.
- **Labor:** Represents the Board in collective bargaining and assists in the implementation of new agreements; provides client representation in grievances, arbitrations, and unfair labor practice cases; and prosecutes cases against employees charged with violations of law or Board policy.
- **Employment and civil rights litigation:** Represents the Board, senior management and schools in discrimination and civil rights cases brought to federal or state court.
- **School law:** Counsels school administrators on federal and state education laws, as well as Board rules, policies and procedures; administer student expulsions and oversee all legal aspects of the school closing, phase out, turnaround, and consolidation process; and provide guidance to the Board and senior leadership regarding the development or revision of internal policies.
- **Transactions:** Negotiates and drafts contracts ranging from general procurement, professional services, technology, operations, benefits, real estate, grants and charter and contract schools; counsels senior management, principals and other staff on compliance with internal CPS procurement policies and the risks and obligations inherent to contracts; works with the Department of Procurement and Contracts to draft, review and approve bids, RFPs and RFQs.

### Budget Summary Table

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	11,984,012	13,197,749	12,849,806	11,498,715	11,727,220
School Generated	0	0	9,397	350	9,047
<b>Total Department</b>	<b>11,984,012</b>	<b>13,197,749</b>	<b>12,859,202</b>	<b>11,499,065</b>	<b>11,736,267</b>

### Position Summary Table

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	76	76	72
<b>Total Department</b>	<b>76</b>	<b>76</b>	<b>72</b>

*\*Note: In FY14, the 4 FTE associated with Risk Management (noted above) were reorganized to report to the CFO.*

## MAJOR ACCOMPLISHMENTS

- Aligned baseline compensation for Assistant General Counsel positions with the City of Chicago and other agencies to attract and retain quality attorneys.
- Obtained a supervisory order from the Illinois Supreme Court, directing Appellate Justices to stay order of the Illinois Educational Labor Relations Board requiring Board to disclose confidential student records in a security officer's grievance hearing.
- Created a webinar to explain the legal obligations of school administrators and mental health staff when students express suicidal ideation, make suicide attempts or engage in self-injurious behavior.
- The transactions unit negotiated and drafted over 1,400 contracts with an aggregate value in excess of \$2.5 billion. The transactions covered a wide-range of contracts supporting educational needs, student and staff support and operational matters. Representative transactions include: safe passage contracts (\$11.5 million); safe haven contracts (\$1 million); an Intergovernmental Agreement with the City of Chicago's Department of Public Health (CDPH) for a vision program that will provide vision care services to approximately 23,000 under-served CPS students.
- Contributed to a substantial redraft of the Student Code of Conduct for the 2012-2013 school year. The revised policy reorganized and simplified the previous year's Student Code of Conduct to improve readability and reflected a shift towards interventions that teach positive behavior.
- The Student Code of Conduct also included an expanded Anti-Bullying Policy with clearer guidance for administrators and a new student and parent/guardian rights and responsibilities section.
- Property-tax matters: preserved some **\$9 million** in tax revenue; PTAB settlement resulted in a total refund of over \$500,000; preserving some \$875,000 in tax revenue, plus interest; Board of Review Underassessment Cases - preserved revenue of over **\$7,700,000** (total) by settling cases in the Cook County Board of Review, represented by these settlements.
- The Investigative Unit is a "fluid organization" and is constantly on the move, receiving dozens of complaints each day from any of the 681 schools throughout the City of Chicago. From the time period of July 1, 2012 to June 18, 2013, this unit has processed and investigated 590 cases and 35 LSC pre and post election challenge cases.
- During fiscal year 2013, the Labor Relations Unit opened 1180 discipline and labor files. During the same time period, the Labor Relations Unit closed 669 cases, received favorable opinions in 36 decisions involving arbitrations, unfair labor practice charges, or tenured teacher dismissal cases.
- A Seventh Circuit appeal victory of a case brought by former probationary teacher and a Summary judgment victory in a contentious case brought by a former teacher against the Board and former Board principal.

## KEY BUDGET INITIATIVES

- Saved the district \$1 million from a reduction in external legal counsel, managing an increased caseload using in-house expertise.
- Preserved more than \$10 million in tax revenue (January 1, 2013 – June 30, 2013) by defending the Board in property tax appeal hearings.
- Facilitated re-organization of Risk Management into a stand-alone Finance unit (~\$9 million), increasing organizational emphasis in a critical area of risk mitigation. All budgetary figures in the table above (FY12-FY14) have been adjusted to reflect that change.

## Department of Literacy

### Mission

The work of the Department of Literacy focuses on the effective implementation of the Common Core State Standards (CCSS) which articulate the skills and understandings that K-12 students must demonstrate in order to graduate, college ready, in literacy and social science. This instructional improvement strategy builds District capacity and involves thoughtful layering of professional development and supports from the classroom to the Network level.

### MAJOR PROGRAMS

- **Literacy Common Core Professional Development:** Define and support high-quality literacy teaching and learning as defined by the Common Core State Standards. Assist with creating a thoughtful layering of professional development and supports from the classroom to Network.
- **Literacy Curriculum Supports:** Develop and refine the CPS Literacy Content Framework, aligning professional development and supports as necessary.
- **Social Sciences Professional Development:** Define and support high-quality social science teaching and learning as defined by CPS Social Science Framework 3.0. Assist with creating a thoughtful layering of professional development and supports from the classroom to Network.
- **Social Sciences Curriculum Supports:** Develop and refine the CPS Social Science Content Framework 3.0, aligning professional development and supports to District expectations.
- **Service Learning:** The Service Learning and Global Citizenship initiatives support high schools to engage students in service learning project experiences, civic education and financial literacy.

### Budget Summary

	<b>2012 Actual Expenses</b>	<b>2013 Amended Budget</b>	<b>2013 Ending Budget</b>	<b>2013 Expenditures as of 6/30/2013</b>	<b>2014 Proposed Budget</b>
General Fund	157,228	928,827	882,080	777,695	801,567
NCLB Federal	5,066,622	2,740,346	2,631,372	1,870,723	2,036,042
Other Grants	625,310	257,083	436,653	322,537	126,094
School Generated	3,364	0	193,376	68,408	139,289
<b>Total Department</b>	<b>5,852,524</b>	<b>3,926,256</b>	<b>4,143,483</b>	<b>3,039,362</b>	<b>3,102,992</b>

**Position Summary**

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	3	4	2
NCLB Federal	14	13	11
Other Grants	2	2	1
School Generated	0	0	2
<b>Total Department</b>	<b>19</b>	<b>19</b>	<b>16</b>

**MAJOR ACCOMPLISHMENTS**

**LITERACY:**

- *Hosted Quarterly CCSS Network Partnership PD sessions for 14 Networks*
  - 3,480 Teachers received “turnkey” content
  - 287 schools touched by partnership
  - 3 part principal series for 150 principals with IAA credit
- *Developed the Literacy Content Framework 2.0*
- *Created Quarterly Literacy assessments for K-12 aligned to CCSS*

**SOCIAL SCIENCE**

- *Developed the Social Science 3.0 Framework*
  - Curricular guidance and supports (content and skills)
  - Resource identification and alignment (text, electronic and community institutions, such as museums)
- *Ran Quarterly SS academies for 100+ teachers across all networks*
  - Provide content and curriculum development support
  - Collaborated with 13 community and national organizations to provide sessions demonstrating how to implement the 3.0 Framework

**SERVICE LEARNING**

- *Global Citizenship Initiative*
  - Piloted 16 and 21 schools for Civics & Student Voice Committees, and Personal Finance, respectively
  - Hosted intensive week-long professional development for Civics teachers District-wide
  - Organized Harris Fellows Student Leadership Conference for 200 students and Principal/Student Summit for 150 students
- *Service Learning Development*
  - Hosted professional development for 500+ teachers to discuss topics such as Service Learning school implementation models, Cesar Chavez, MLK, and Jane Addams Service Events, Community Peace Makers, Kimochis, Peace Within Youth, Adopt-an-Ecosystem, CIMBY bi-annual sessions, Carbon Emissions Reduction Project
  - Facilitated service learning project opportunities for over 5,000 students
  - Completed Summer of Service and Leadership at 25 schools for 500 students
  - Organized science learning/eco-restoration projects for 15 schools at 13 natural sites
  - Hosted 7 leadership events for 700+ students

**KEY BUDGET INITIATIVES**

- Realize operational efficiencies to reduce operational budget by \$823,000 (21%) on a year-over-year basis while maintaining critical services.
- Invest \$459,000 for Service Learning program to provide a rich civics and financial literacy-focused education to high school students.
- Invest \$110,000 to strengthen the Central Office-Network relationship on the Common Core State Standards as they pertain to Literacy, improving the communication around this critical subject for schools.

## Department of Magnet, Gifted, & Talented

### Mission

Magnet, Gifted, and Talented Programs provide students and families with high quality school models aimed at increasing college readiness through rigorous, theme based instruction.

### MAJOR PROGRAMS

- **Theme-based School Programs:** 1. Magnet Cluster (arts, world language and technology instruction); 2. City-wide Magnet (city wide schools with themes such as world language or fine art); 3. International Baccalaureate (IB) (rigorous, internationally focused instruction); 4. Selective Enrollment High Schools (academically advanced programs focusing on honors and AP courses); 5. Classical Schools (demanding liberal arts course of instruction); 6. Regional Gifted Centers (instructional programs that place an emphasis on thinking, reasoning, problem solving and creativity); and 7. Montessori (emphasizes self-directed activity on the part of the child and clinical observation on the part of the teacher).
- **Incubation Support & Program Expertise:** Guide and inform the start-up process for IB and magnet programs district-wide; provide professional development to principals, teacher leaders, and teachers related to implementing IB and magnet options within their respective schools; manage the relationship between CPS and external partner organizations such as the College Board, International Baccalaureate Organization, Magnet Schools of America, National Association for the Gifted Child.
- **Advanced Placement Professional Development & Support:** Provide guidance on, and expand access to, AP programs district-wide; offer educators professional support, using both in-house and College Board expertise; assist the economically disadvantaged with AP exam fees.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	1,210,696	2,249,208	1,943,357	1,872,085	10,657,480
NCLB Federal	199,978	382,410	433,795	359,982	72,539
Other Grants	342,852	857,452	1,176,298	1,139,294	212,000
School Generated	0	0	10,000	0	10,000
<b>Total Department</b>	<b>1,753,525</b>	<b>3,489,070</b>	<b>3,563,450</b>	<b>3,371,361</b>	<b>10,952,019</b>
Budgeted at Schools	55,523,260	58,345,363	58,183,555	58,037,425	56,294,381
<b>Grand Total</b>	<b>57,276,785</b>	<b>61,834,433</b>	<b>61,747,005</b>	<b>61,408,786</b>	<b>67,246,400</b>

*\*Note: \$7.65Million of Magnet's FY14 General Fund appropriation is associated with start-up and operating costs for new investments at welcoming schools.*

### Position Summary

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	7	7	7
NCLB Federal	1	1	0
<b>Total Department</b>	<b>8</b>	<b>8</b>	<b>7</b>
School Based	600	610	563
<b>Grand Total</b>	<b>608</b>	<b>618</b>	<b>570</b>

### MAJOR ACCOMPLISHMENTS

- Expand access to IB programs by adding Middle Years and Diploma Programs at 11 high schools.
- Expand access to Gifted Programs by adding a Regional Gifted Center at National Teachers Academy and Comprehensive Gifted Program at Mays.

### KEY BUDGET INITIATIVES

- Invest \$59.2 million for schools to provide high-quality, theme-based programs, including \$7.6 million for twelve STEM, five IB and one Fine Arts programs at welcoming schools.
- Achieve efficiencies at the Central Office, keeping the size of the core operational budget flat year-over-year despite the need to support new STEM, magnet, and IB schools district-wide.
- Prioritize new investments with \$135,000 to strengthen and increase access to Advanced Placement programs.
- Conduct training for 600+ IB teachers in August and December of FY2014.

## Department of Math & Science

### Mission

The work of DMS focuses on the effective implementation of the Common Core State Standards (CCSS) and forthcoming Next Generation Science Standards (NGSS) which articulate the skills and understandings that K-12 students must demonstrate in order to graduate, college ready, in Mathematics and Science. This instructional improvement strategy builds district capacity and involves a thoughtful layering of professional development and supports from the classroom to the network level.

### MAJOR PROGRAMS

- **Math Common Core Professional Development:** Define and support high-quality mathematics teaching and learning as defined by the Common Core State Standards for Mathematics.
- **Math Curriculum Supports:** Develop and refine the CPS Mathematics Content Framework, aligning professional development and supports as necessary. Assist with creating a thoughtful layering of professional development and supports from the classroom to Network levels.
- **Science Professional Development:** Define and support high-quality science teaching and learning as defined by the upcoming Next Generation Science Standards (NGSS). Assist with creating a thoughtful layering of professional development support from classroom to Network.
- **Science Curriculum Supports:** Develop and refine the CPS Science Content Framework, which provides guidance to schools and teachers on the expectations of the upcoming NGSS.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	509,223	319,181	317,529	241,282	238,948
NCLB Federal	2,532,000	2,626,589	2,626,589	2,274,906	1,859,428
Other Grants	565,879	674,937	725,958	510,134	113,187
School Generated	0	0	65,575	0	0
<b>Total Department</b>	<b>3,607,102</b>	<b>3,620,707</b>	<b>3,735,651</b>	<b>3,026,321</b>	<b>2,211,563</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	1	1	1
NCLB Federal	11	11	10
Other Grants	1	1	1
<b>Total Department</b>	<b>13</b>	<b>13</b>	<b>12</b>

## MAJOR ACCOMPLISHMENTS

### MATHEMATICS:

- Developed Mathematics Content Framework 2.0 with support from 30 CPS teachers, which will provide teachers with guidance through new or updated planning guides for K-8, sample math instructional units, and sample exemplar videos.
- Improved student passage rate for High School Algebra by Middle Grades Students Program from 29% in SY '06-07 to 56.6% in SY '11-12, increasing the number of schools such programs by 374% over that time period (49 to 232).
- Partnered with DePaul University on quarterly CCSS Math Network Partnership professional development for grades 6-12, covering 17 Networks and 452 schools, whose teacher leaders participated to implement new learning and disseminate these ideas with those at their schools.
- Organized one mathematics day during the Chief Lecture Series to enhance content area knowledge for key leadership figures.
- Informed development of key benchmark assessments aligned to CCSS for grades 2 through Algebra II/Trigonometry aligned to CCSS; developed beginning and end-of-year REACH performance tasks for grades 6-12 in FY13; and assisted in development of course-specific interim assessments for high-school mathematics.

### SCIENCE

- Developed Science Content Framework 1.0 with support of 29 CPS science teachers and four partner universities which defines 3-year transition plan to the NGSS, created new planning guides for K-HS science, generated a CPS Science Instructional Planning Cycle Tool, and informed guidelines for maximizing informal learning experiences.
- Partnered with DePaul, Loyola, and Northwestern on K-12 science teacher professional development to building awareness of, and begin transition, the NGSS; ran a four-part series providing an opportunity for teacher participants to improve familiarity with new science and engineering practices.
- Continued Science Resource Center, which loaned 378 science kits to schools in FY2013.
- Informed development of beginning and end-of-year REACH performance tasks for grades 6-12 in FY2013 Assessments.

### KEY BUDGET INITIATIVES

- Realize operational efficiencies to reduce operational budget by \$1.4 million on a year-over-year basis while maintaining critical services.
- Invest \$361,000 on strengthening network partnership through professional development for mathematics teacher leaders in grades pre-K-12, as well as network staff.
- Allocate \$227,000 for middle school math teachers to obtain CPS Algebra Qualification (certifying them to teach CCSS-aligned high school algebra).
- Invest \$120,000 for a materials lending program supports which provides science instructional materials/kits and equipment for needy schools.
- Invest \$101,000 in NGSS Leadership Academy, to a cadre of teachers who will serve as professional development leaders to support subsequent district-wide NGSS implementation.

## Office of Multiple Pathways

### MISSION

Multiple Pathways provides supports to assist students in overcoming barriers to engagement to ensure every student remains on-track for graduation.

### MAJOR PROGRAMS

- **Attendance & Truancy:** Leads and coordinates the District-wide effort to develop systems and structures that promote consistent student attendance, and intervenes when schools fall below the District’s attendance goals. Identifies and disseminates best practices for improving and maintaining high attendance.
  
- **PASS (Pathway to Accelerated Student Success) Institute:** Two PASS institutes serve high school-aged out of school youth by re-enrolling them in a school-within-a-school alternative program that accelerates interventions to ensure graduation. The PASS Institute also serves students enrolled in the “host” high school with acute intervention needs in order to realign them on a path towards attainable high school graduation. At maximum capacity, both institutes serve approximately 60 students for a total capacity of 120 students. In addition, PASS provides on-line credit recovery for 125 students.
  
- **Re-engagement Centers:** Provides outreach to chronically truant and out of school youth to get them re-engaged and re-enrolled in a best fit educational setting.
  
- **Students in Temporary Living Situations:** Acknowledges the particular challenges faced by our students in temporary living situations and ensures those students have access to the additional supports they need to be successful in school.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	4,619,819	7,930,496	5,132,951	5,105,515	9,100,533
NCLB Federal	5,578,843	1,813,775	1,366,887	717,587	2,984,978
Other Grants	2,434,635	2,207,430	6,206,683	3,667,536	7,574,881
School Generated	15,293	0	17,916	0	2,916
<b>Total Department</b>	<b>12,648,591</b>	<b>11,951,701</b>	<b>12,724,438</b>	<b>9,490,638</b>	<b>19,663,308</b>
Budgeted at Schools	2,641,034	404,085	546,932	474,172	268,270
<b>Grand Total</b>	<b>15,289,625</b>	<b>12,355,786</b>	<b>13,271,370</b>	<b>9,964,810</b>	<b>19,931,578</b>

\*Increase in FY2014 budget is due to a roughly \$5.5 million incremental investment in Attendance and Truancy reduction initiatives and CTA fare increases related to our STLS program

### Position Summary

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	3	4	4
NCLB Federal	23	6.5	6
Other Grants	2	22.5	40
<b>Total Department</b>	<b>28</b>	<b>33</b>	<b>50</b>
School Based	2	2	2
<b>Grand Total</b>	<b>30</b>	<b>35</b>	<b>52</b>

\* 2014 position increase caused by inter-unit transfer

### MAJOR ACCOMPLISHMENTS

- Launched three re-engagement centers through which we provided outreach to 640 out of school youth of which 115 returned to school and 102 are engaged in other re-engagement center related programming.
- Graduated 75 out-of-school youth via the PASS Institutes.

### KEY BUDGET INITIATIVES

- Investing roughly \$5.44 million in new funding for an Attendance and Truancy initiative aimed at driving District-wide attendance with an awareness campaign, incentives, and team training with a goal of keeping students in school.
- Redefining two existing Attendance & Truancy roles to shift the work from a compliance function to one more focused on data analysis and strategic response, which will yield a better return on investment for those two positions.
- Adding an additional \$1.6 million to continue to support the needs of our students living in transitional situations and meet the requirements of the State.

## Office of Network Support

### MISSION

To ensure that every child – in every school- in every neighborhood – has access to a world-class learning experience resulting in graduation from high school college and career ready by leveraging high-quality teaching in every classroom.

### MAJOR PROGRAMS

Network Support oversees 14 elementary school networks and 5 high school networks. Each network has a family and community engagement manager focusing on community relations along with a data strategist focusing on analytics, an early childhood specialist, a bilingual specialist and instructional support leaders for each content area. The chiefs are responsible for ensuring that they are building effective schools with effective leaders by creating a professional development plan, collecting and assessing data to drive interventions, collaborating on best practices with other networks and enhancing community and parental involvement.

Network chiefs also participate in the Chicago Executive Leadership Academy (CELA) that provides professional training and professional mentoring.

<b>Budget Summary</b>	<b>2012 Actual Expenses</b>	<b>2013 Amended Budget</b>	<b>2013 Ending Budget</b>	<b>2013 Expenditures as of 6/30/2013</b>	<b>2014 Proposed Budget</b>
General Fund	326,047	311,568	1,236,236	1,398,394	1,084,025
NCLB Federal	1,638,362	0	790,224	784,711	0
<b>Total Department</b>	<b>1,964,408</b>	<b>311,568</b>	<b>2,026,459</b>	<b>2,183,104</b>	<b>1,084,025</b>

### Position Summary

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	2	5	6
<b>Total Department</b>	<b>2</b>	<b>5</b>	<b>6</b>

### KEY BUDGET INITIATIVES

- Create a Continuous Work Improvement Plan (CIWP) to include professional development sessions that will support Common Core State Standards, Full School Day, accountability for student achievement and collaboration across networks.
- Assess and measure accountability for the increasing leadership capacity of principals with teacher leader institute sessions.

# Nutrition Support Services

## **MISSION**

The mission of Nutrition Support Services (NSS) is to support Chicago Public Schools' academic community by providing nutritious and appealing meals with superior service to every student, every school day. NSS is the third largest K-12 food service department in the US and annually serves 75 million meals to 400,000 students through its 600 food campuses. The department is staffed with 2,900 kitchen employees and has an annual operating budget of \$229 Million.

## **MAJOR WORKSTREAMS**

### **Breakfast and Lunch Programs:**

CPS provides nutritionally balanced, low cost or free meals to all students to encourage the consumption of nutritious healthy foods. Annually, CPS serves approximately 27 million breakfast and 43 million lunch meals.

### **Other Food Programs:**

#### **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 their extended day while attending after-school programs.
- Summer: Mandate requires schools open for summer where 50% or more students are eligible for Free and Reduced Meals must serve breakfast and/or lunch.
- Fresh Food and Vegetable Grant: The Federal Government provides grants for in-classroom snacks during the school day to increase fresh fruit and fresh vegetable consumption and nutrition education exposure in elementary schools.

### **Administration:**

- To ensure the day-to-day operations of NSS meet Federal and State guidelines per the detailed USDA Regulations and audit requirements, collaborate with ISBE in the execution of all programs, ensure all CPS Board Policies are enforced, manage city wide temporary labor force which supports school operations, engage all stake holders in the continued progress of nutrition programs, oversight of the Free and Reduced Meal Application Program and provide resources to schools in the execution and implementation of school wellness and nutrition activities.

## Budget Summary

	<b>2012 Actual Expenses</b>	<b>2013 Amended Budget</b>	<b>2013 Ending Budget</b>	<b>2013 Expenditures as of 6/30/2013</b>	<b>2014 Proposed Budget</b>
General Fund	-7,067,239	0	0	0	0
Lunchroom	127,514,940	133,445,762	131,688,051	121,716,265	228,991,815
NCLB Federal	0	0	20,000	6,856	0
Other Grants	249,877	84,636	23,232	50,454	57,000
School Generated	141,570	12,651	142,636	117,425	303,793
<b>Total Department</b>	<b>120,839,148</b>	<b>133,543,049</b>	<b>131,873,919</b>	<b>121,891,000</b>	<b>229,352,608</b>
Budgeted at Schools	93,996,777	101,819,245	98,345,165	96,254,689	-
<b>Grand Total</b>	<b>214,835,925</b>	<b>235,362,294</b>	<b>230,219,084</b>	<b>218,145,689</b>	<b>229,352,608</b>

\*FY12 General Fund negative amount as a result of accounting entry for indirect costs determined by Illinois State Board of Education (ISBE).

## Position Summary

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
Lunchroom CO/CW	340	336	346
Other Grants	1	0	0
<b>Total Department</b>	<b>341</b>	<b>336</b>	<b>346</b>
School Based	3216	3228	2586
<b>Grand Total</b>	<b>3557</b>	<b>3564</b>	<b>2932</b>

## MAJOR ACCOMPLISHMENTS

- Assisted 66 schools in achieving certification for the USDA Healthier U.S. School Challenge
- Adapted breakfast in the classroom model to twelve pilot high schools and increased breakfast participation by an average of 300%
- Implemented the Community Eligibility Option (CEO) program in 252 schools as an alternative to collecting, approving, and verifying household eligibility applications in order to increase participation rates through streamlined reimbursement tracking.
- Implemented the Fee Waiver Form in CEO schools to supplement Title I data collection at applicable sites. This form takes the place of the Free and Reduced Lunch Application at CEO schools and can be required, increasing the rate of data return.
- Planned and executed 8 Lunch Stop Summer Food pilot programs. These sites are food distribution sites during the summer months where any community members under 18 years can go to get a meal.
- Food Share piloted at approximately 75 schools. Food Share is a waste reduction program that repurposes unused fresh fruit and pre-packed shelf stable items from the school lunch program. Unused items are re-distributed to local food pantries.
- Fresh local produce and chicken procurement topped approximately \$3 million dollars for FY2013
- Planned and implemented a School Food Community Advisory group as well as a Parent Advisory group which supported the development of an annual strategic plan for Nutrition Support Services

## KEY BUDGET INITIATIVES

- Achieve break-even budget goals through staffing reductions and food cost savings.
- New food and milk contract with Aramark, which will be responsible for delivering 75 million meals and 70 million units of milk to all the schools in the District next year. At \$97 million, the contract is about \$12 million less than CPS's previous food and milk contracts.
- Increase participation in the breakfast, lunch, snack and summer meal programs through the creation of more appetizing and healthier menus.
  - Pilot "bulk style" serving for 70 Preferred Meal Systems schools to increase participation.
  - Grow high school breakfast participation by increasing the number of sites implementing grab-n-go breakfast at security locations.
- Expand the Community Eligibility Option program to 416 schools (an increase of 125 schools from last year) as an alternative to collecting, approving, and verifying household eligibility applications for free and reduced-price eligible students in order to increase participation rates through streamlined reimbursement tracking.
- Implement Meal Management -Point of Sale System for the District, increasing meal accountability and cash collection.
- Increase Food Share to 200 schools.
- Increase amount of local fresh/frozen produce and meats made available to all schools versus the limited sites where previously available.
- Expand outreach by convening a Student Advisory Council to include in activities with the Community Advisory Council and Parent Advisory Council.
- Promote and assist all schools in achieving the rigorous criteria of the USDA's Healthier U.S. School Challenge.
- Promote nutrition education for all students.
- Include Eat What You Grow – School Garden to Table pilots for 60 schools.
- Encourage healthy school fundraising by providing toolkit to support meeting new Competitive Foods Policy.

## Payroll Services

### MISSION

The mission of the Chicago Public Schools Office of Payroll Services is to support the educational community by providing quality customer service and ensure dependable, accurate and timely compensation. Our focus is to continually adapt to the changing needs of our customers through process improvements and culpability.

### MAJOR PROGRAMS

- **Compliance:** The Compliance team handles voluntary and non-voluntary payroll deductions, administers manual checks and debit cards, and ensures proper withholding and remittance of employer/employee payroll taxes. In addition, Compliance handles payroll reconciliation, all legal matters related to Payroll, and administers the pension program for union and non-union members.
- **Payroll Systems Administration Group (PSAG):** The PSAG team processes payroll for the entire district. This includes pay for salaried positions as well as supplemental pay for work outside of an employee’s regular earnings (summer school, sports programs, and camps). PSAG is responsible for functional system updates to the payroll module
- **Timekeeper Central (TKC):** The Timekeeper Central team serves as Payroll Administrators to the Central Office departments which include approximately 11,000 employees.
- **Time and Attendance Correction (TAC):** The TAC team supports school payroll clerks working onsite by responding to user phone calls and emails.
- **Customer Service:** The Customer Service team answers all payroll related questions from CPS employees.
- **Consultants:** Onsite consultants work on a variety of cost savings and efficiency improvement projects, providing process analysis and training.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	2,212,227	4,156,004	3,396,489	3,319,823	3,078,906
<b>Total Department</b>	<b>2,212,227</b>	<b>4,156,004</b>	<b>3,396,489</b>	<b>3,319,823</b>	<b>3,078,906</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	42	38	32
<b>Total Department</b>	<b>42</b>	<b>38</b>	<b>32</b>

## MAJOR ACCOMPLISHMENTS

- **CTU Contract Implementation**  
Implemented all contract changes related to pay and also provided retro payments for 25,000 plus CTU members.
- **Short Term Disability**  
Automated the process to ensure all employees participating in the District's new short term disability plan are paid appropriately
- **Unified Calendar**  
Ensured that employees will be paid correctly when the district shifts to a single school calendar in the school year 2013-2014.
- **Deferred Pay**  
Payroll Services worked directly with deferred eligible employees to phase out deferred pay for the district.
- **Pension**  
Implemented the pension vendor interface to remove manual intervention out of this process. Conducted a true-up audit of all CTPF members pension from 2007 until 2013

## KEY BUDGET INITIATIVES

- **Core HCM Platform Upgrade**
  - Payroll Services will play a crucial role in implementing the new human capital system, all payroll data will be migrated to the new system and Payroll Services will conduct business process reengineering during the implementation to automate all manual processes. The goal will be to enhance the user experience through repeatable, scalable, and reliable technology.
  - Develop a communication strategy to better communicate with employees regarding their pay and overall provide a direction to all employees on how to ensure that their pay is accurate every time.
- **Reduce payroll processing time by 25% by automating or eliminating unnecessary processes :**  
Automate Leave Accrual, Final Pay Processing, and Retro Payments
- **Reduce payroll errors by** conducting ongoing Payroll Clerk Training; streamlining, documenting, and reengineering payroll business processes.
- **Full Time Employee Reduction**
  - Right sizing the Payroll Services department after implementation of the core HCM platform, this will remove manual processes and no longer require human intervention. A total of 10 employees or more will be reduced based on the new technology advancements. Rough estimate of savings is 700,000.00 or more.

## Procurement

### MISSION

Proactively and collaboratively procure high-quality goods and services on-time and at the best value from high-performing, innovative, and ethical suppliers by leveraging best practices of cutting-edge private and public organizations in order to ensure that every CPS school and department has the materials and services necessary for each CPS student to be successful.

Furthermore, the Department commits to attain the goals of the Board’s Minority and Women Business Enterprise (M/WBE) policy, which are currently set at 7 percent and 30 percent, respectively, for women and minority-owned businesses.

### MAJOR PROGRAMS

- **Source** - Perform the administrative tasks that 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:** Go beyond minimum requirements to drive year over year savings with a commitment to \$100m in savings over 3 years (FY13-FY15) by developing category strategies and by negotiating the best deals with suppliers for each addressable spend category.
- **Optimize:** Build sustainable procurement excellence by working on streamlining internal processes and creating the framework to pro-actively engage our schools and our key suppliers on a year-over-year continuous improvement program.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	2,648,992	3,407,570	2,682,393	2,592,327	2,686,666
<b>Total Department</b>	<b>2,648,992</b>	<b>3,407,570</b>	<b>2,682,393</b>	<b>2,592,327</b>	<b>2,686,666</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	30	24	23
<b>Total Department</b>	<b>30</b>	<b>24</b>	<b>23</b>

### MAJOR ACCOMPLISHMENTS

- Generated over \$25m in savings from price reduction, and \$14m in savings from cost avoidance and demand management optimization for a total of \$39m in district-wide savings
- Reduced department personnel spending by \$689,183 and reduced non-personnel spending by \$31,721
- Renegotiated key contracts such as food services, office supplies, transportation, and electricity which contributed to the above savings
- Completed procurement strategy in four key spend categories (Construction, Food Services, Transportation, and Facilities Management) that will begin generate savings on future purchases

- Revamped the sourcing process up to Board Approval. The new process, based on 15 month forecasts on all external spending, will lead to enhanced governance, time savings and increased cost savings due to better anticipation by the procurement team
- Piloted new supplier performance and relationship program with scorecards and quarterly meeting with 7 key suppliers
- Finalized and completed the staffing of the new procurement department organization
- Completed online portal for school purchases which will improve contract compliance and cost savings at the school level

#### **KEY BUDGET INITIATIVES**

- Achieve goal of \$30 million in savings across the district in addition to the savings already achieved in FY13. These savings will be generated by renegotiating contracts and pursuing the lowest price possible for purchases made at the school level and at the departmental level.
- Continue to improve the Department's professionalism and capabilities by formalizing and adopting a formal procurement process based on a 5-step approach branded the "CPS Procurement Way"
- Expand our Supplier Performance and Relationship program to 20 key suppliers
- Establish structured communication channels with school principals to improve our contract compliance rate and better manage our demand
- Develop, formalize and start the implementation of wave 2 of category strategy (Education materials and IT spend)
- Finalize negotiation on key contracts regarding Healthcare, Facilities Management, Waste Management, and Education Materials for Literacy

## Office of Professional Learning

### MISSION

The CPS Office of Professional Learning supports high-quality professional learning to drive improved performance in alignment with the district pillars and ultimately, to prepare students for success in college, career, and life.

### MAJOR PROGRAMS

The department of professional learning consists of the following major programs/functions:

- Professional Learning Systems and Structures (includes PD Design)
- Professional Development Evaluation and Effectiveness
- Managing Professional Development External Partnerships
- CPS University/Learning Management System
- Knowledge Center (supporting district resources and tools)
- Professional Development for the CPS Framework for Teaching

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	336,528	1,668,067	733,993	563,019	466,095
NCLB Federal	1,261,498	1,205,915	1,581,315	1,234,889	2,166,679
Other Grants	0	0	788,000	360,653	811,835
<b>Total Department</b>	<b>1,598,026</b>	<b>2,873,982</b>	<b>3,103,308</b>	<b>2,158,661</b>	<b>3,444,609</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	2	3	4
NCLB Federal	10	11	8
Other Grants	0	0	1
<b>Total Department</b>	<b>12</b>	<b>14</b>	<b>13</b>

Note: Custodial position at Teachers Academy for Mathematics and Science Training facility added to budget in FY2014.

### MAJOR ACCOMPLISHMENTS

#### Pillar 1

- Standards for Professional Development drafted
- Consulted with eight departments on their professional development design and content

- Coordinated over 30 hours of professional learning community networking for Network Specialists
- Professional Development evaluation instrument drafted
- RFP launched for High Quality Professional Development Providers in the targeted areas of PD, Common Core, English Language, Special Education, Data Analysis, and Web-based Design
- Newly revised process for the approval of Lane Credit courses completed
- Major enhancements to CPSU for providers (configuration)
- Over 100,000 visitors to the Knowledge Center
- Teacher Newsletter released weekly – readership doubled in March-June

#### **Pillar 4**

- Teacher Newsletter released weekly – readership doubled in March-June
- Framework Specialist cohort formed of 50 teachers spanning all grade levels and content areas
- Over 200 resources for teachers supporting the implementation of the CPS Framework for Teaching have been drafted
- 30,000 CPS Framework for Teaching companion guides were distributed and are being used throughout the District
- Provided professional development and built capacity on the CPS Framework for Teaching across the District for Central Office and over 20 sessions for teachers held
- Designed and delivered a 15 hour professional development foundational series on the CPS Framework for Teaching to school administrators (approximately 1,100 participants)

#### **KEY BUDGET INITIATIVES**

- Apply the Professional Learning standards to external partners through clear expectations, rubric, and audits
- Develop the standards for professional development design and facilitation
- Provide Framework for Teaching modules, tools, and resources that support the improvement of teacher practice
- Provide professional development courses that support the implementation of the CPS Framework for Teaching
- Continue to manage and expand an external professional development provider group from which schools can partner and purchase services
- Streamline the process and develop ease of use of the Knowledge Center and CPSUniversity
- Support new teachers through a two year induction/mentoring program

## Office of Public and External Affairs

### MISSION

The Office of Public and External Affairs advocates for the 400,000+ students of CPS before every level of government to shape educational policy and secure external resources. This includes advancing CPS' agenda in Springfield, before City Council, and in Washington DC, as well as before entities that offer grant opportunities. This also includes building support and understanding of CPS policy and initiatives to help build strong relationships with key decision shapers.

### MAJOR PROGRAMS

- **Inter-Governmental Affairs (IGA)** IGA serves as the main point of contact for 50 aldermen, 59 state senators, 118 state representatives, 18 U.S. congressmen, and 2 U.S. senators.
  - IGA actively advocates for initiatives and legislation favorable to Chicago Public Schools (CPS) and works to deter legislation that does not benefit student progress.
  - Work with departments and elected officials to secure external resources.
- **Competitive Grants** works to maximize competitive grant revenue by winning competitive federal and state grants that support core district priorities. Unit brings in \$80-\$100M per year.
  - Liaison to business, philanthropic, and government funding communities.
  - Seeks grants, sponsorships, and in-kind contributions to support CPS priorities.
- **Children First Fund (CFF)** is the 501(c)(3) non-profit organization for the Chicago Public Schools (CPS). In this capacity, CFF pursues, accepts, and oversees the management of private financial contributions for the benefit of CPS.
  - As a legally independent entity, CFF functions within its own by-laws and is governed by an external Board of Directors composed of Chicago philanthropic leaders.
- **Administration** directs and guides the work of Intergovernmental Affairs, External Affairs, and the Children's First Fund.
  - Provides administrative support.
  - Initiates and facilitates working relationships both internally and externally.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	1,082,230	1,396,600	1,363,801	1,268,349	2,182,329
<b>Total Department</b>	<b>1,082,230</b>	<b>1,396,600</b>	<b>1,363,801</b>	<b>1,268,349</b>	<b>2,182,329</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	11	10	17
<b>Total Department</b>	<b>11</b>	<b>10</b>	<b>17</b>

## **MAJOR ACCOMPLISHMENTS**

- Successfully lobbied for the restoration of \$60 million in proposed education cuts to state funding.
- Passed into law legislation granting an extension on school action dates and reporting requirements on facility master planning to ensure there was adequate time for community input in school closing decisions.
- Worked with various CPS departments and Chicago's City Council to secure approximately \$192 million in TIF funds for projects at neighborhood schools.

## **KEY BUDGET INITIATIVES**

- IGA team will be streamlined from 7 employees down to 5.
- The budget for external lobbyists will be cut by 10%.
- The Competitive Grants team will be streamlined from 7 employees down to 5, however the team is expected to meet the same revenue target. Remaining staff will focus strictly on grant development.

## Risk Management

### MISSION

Risk Management (RM) is dedicated to protecting the assets of the Chicago Board of Education through the analysis of risk exposures. RM maintains an insurance program to manage the liability exposure of the Board and any retained losses are managed through a variety of risk transfer and management programs including transfer of risk via contractual obligations.

### MAJOR PROGRAMS

#### Board of Education's Property & Casualty Insurance Programs

- **Placement of Insurance** - Risk Management assists in the process of obtaining all underwriting documentation required to facilitate the insurance carriers' applications for the following policies: General and Excess Liability, Property, Crime, Environmental, Special Events and Mechanical & Boiler.

#### Verify Incident Reporting System

- **Claims Management** - This office facilitates the investigation, handling, and processing of claims and is the liaison between the Board, the insurance broker, insurance carriers, and third party insurance administrators.
- **Incident Management** - All incidents occurring on Board property including losses or damages to Board owned or leased property, are reported through the Verify Incident System. Additionally, RM tracks all power outages to assist with the emergency outage notifications.
- **Asset Management/Tracking and Recovery** - CPS owned devices that are stolen or missing are tracked through RM's recovery system. We collaborate with IT and Absolute Software to assist the schools with the reporting and recovery process.

#### Insurance Analysis & Certificates of Insurance

- **Special Events** – Certificate requests for field trips, proms, and graduations are processed by Risk Management through our Broker.
- **RFP/RFQ Insurance Analysis** - RFP and RFQ scope of services are reviewed to analyze insurance requirements plus assess risks and deficiencies. Selected vendor Certificates of Insurance are reviewed to ensure that they meet the Board's criteria.
- **Bus Vendor Monitoring** – All approved bus vendors are monitored to ensure the Board's Student Transportation Policy insurance requirements are met.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	0	0	0	0	9,518,169
<b>Total Department</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,518,169</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	0	0	5
<b>Total Department</b>	<b>0</b>	<b>0</b>	<b>5</b>

### MAJOR ACCOMPLISHMENTS

- RM saved the district approximately \$2.4 million by renegotiating insurance premiums with insurance carriers, while maintaining the coverage necessary to mitigate risks with significant fiscal impact.
- Adopted formal limitations and guidelines in order to control payouts under special benefits. Those guidelines include, but are not limited to, a requirement that all uninsured claimants must apply for All Kids (Medicaid) through the State of Illinois. The benefit is now capped at a maximum of \$25,000 per accident. This provides protection to the Board from large exposures in these challenging economic times.
- Adopting the new guidelines not only provides protection to the Board from large exposures but also provides students with protection from costly medical treatments.

### KEY BUDGET INITIATIVES

- By adopting the formal limitation and guidelines for both interscholastic and general liability (bodily injury) claims, we lowered direct cost savings on claims, plus our referral to the Board's Children and Family Benefit Unit provides the Board with an opportunity to receive a government grant for each child that signed up for All Kids through the state.
- Examine the risks associated with the operation of the Chicago Public Schools, recommending solutions to prevent additional encumbrances to the Board.
- Ensure that risks with significant fiscal impact are identified and effectively mitigated while managing the general, auto, property liability and extracurricular activity claims program.

**\*NOTE: Effective 7/1/13, the Risk Management function was transferred from the Department of Law to the Department of Finance.**

## Office of Safety and Security

### MISSION

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

### MAJOR WORKSTREAMS

#### Administration:

- Overall management of all safety and security efforts at Chicago Public Schools, leading the strategy development for how CPS directs and implements safety across the district
- Network Safety Service Managers provide guidance and training to all schools in order to drive a proactive approach to mitigating safety issues
- Strategic Initiatives and Research delivers city-wide program initiatives and conducts safety policy research and benchmarking. This team is also responsible for program analyses
- Emergency Management Planning is responsible for design, implementation and field testing of state mandated emergency management plans
- Employee Intake Center processes and distributes background checks and processes photo ID for employees, vendors, volunteers

#### Student Safety Center/Monitoring:

- Responsible for supporting all schools by coordinating all safety efforts in response to incidents, threats, emergencies and information transfer. Serves as the 24 X 7 hub of communications between CPS, CPS Schools, Chicago Police Department, and Chicago Fire Department
- Monitoring threats using social media networks and other intelligence sources
- Monitoring surveillance cameras in over 300 schools and CPD cameras across the city
- Coordinating of undeliverable students transported by CPS transportation
- Supporting Principals in managing all school alarm systems including programming/deprogramming staff access codes and resetting systems upon alarm activation
- Monitoring and averting break-ins while sharing real time Intel with CPD using camera surveillance

#### Student Safety Supplemental Support:

- Responsible for supporting student safety by developing strategy and management of Safe Passage and Parent Patrol Services
- Supporting schools and principals in installing, maintaining and troubleshooting 8000+ cameras, 500+ alarm systems, 150+ X ray machines, 300+ metal detectors, 400+ door entry systems and 35 Bus Trackers
- Supporting students and CPS staff in a crisis by responding to school after incidents and managing crisis hotline, which includes school crisis response and suicide prevention
- Supporting schools by deploying highly specialized security staff to schools where incidents/threats are forecasted or where climate is at higher risks
- Supporting schools by deploying highly trained security officers to situations where there is an absent security officer, in most cases where only one security officer was present

#### School-Based Security :

- Full time school-based security to promote a calm environment that is conducive to learning for our students by providing security functions including but not limited to: entry screening, de-

escalations of students, parents, staff, physical interventions in dangerous situations, acting as a proactive deterrent by having a visible security presence

- Full-time uniformed on-duty Chicago Police Officers within most high schools to support a stable environment by serving as a physical police presence, coordinating with District Police Officers in the event of a major incident, directly intervening in the event of a serious incident, such as an armed aggressor
- Part time Chicago Police Officers to provide flexible work hours (given that officers work 4 hour shifts), providing an additional level of authority (through arrest authority) to support other CPS resources, providing extra coordination with District Police Officers in the event of a major incident

**Administrative Office Security:**

- All watchmen at Central Office and the CPS warehouse are responsible for: ensuring that visitors are signed in and verified as authorized to visit, securing all premises, monitoring demonstrations, and responding to critical incidents at CPS non-school sites

**Budget Summary**

	<b>2012 Actual Expenses</b>	<b>2013 Amended Budget</b>	<b>2013 Ending Budget</b>	<b>2013 Expenditures as of 6/30/2013</b>	<b>2014 Proposed Budget</b>
General Fund	27,824,883	22,688,284	35,209,260	35,445,419	39,648,097
NCLB Federal	7,967,268	7,400,000	7,626,937	7,107,372	8,000,000
Other Grants	250,068	500,000	1,419,366	1,311,864	0
School Generated	17,877	0	24,990	14,147	4,066
<b>Total Department</b>	<b>36,060,096</b>	<b>30,588,284</b>	<b>44,280,553</b>	<b>43,878,802</b>	<b>47,652,163</b>
Budgeted at Schools	51,931,289	52,182,680	52,084,005	51,876,242	51,712,147
<b>Grand Total</b>	<b>87,991,385</b>	<b>82,770,964</b>	<b>96,364,558</b>	<b>95,755,044</b>	<b>99,364,310</b>

**Position Summary**

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	94	129	129
NCLB Federal	0	1	0
<b>Total Department</b>	<b>94</b>	<b>130</b>	<b>129</b>
School Based	1068	1060	1048
<b>Grand Total</b>	<b>1162</b>	<b>1190</b>	<b>1177</b>

**MAJOR ACCOMPLISHMENTS**

**Implemented High School Safe Passage Program**

- Placed over 660 Community Watchers supporting 35 focus high schools to provide safe routes for students, investing approximately \$8.4million
- For high schools with Safe Passage, results showed:
  - 20% reduction in crime areas around schools
  - 27% reduction in incidents involving students
  - 7% increase in student attendance

### **School Safety Protocols**

- Partnered with Principals to create school safety plans with enhanced security protocols designed specifically for their school.
- Partnered with Positive Behavior Supports team to launch additional Restorative Justice Initiatives across schools.

### **Improved School Officer Performance**

- Conducted mandatory security officer training for over 1,000 security officers to promote more restorative approaches involving:
  - Building relationships
  - Promoting de-escalation
- Partnered with Talent to launch improved safety accountability standards for school-based security officers in order to optimize officer performance.

### **Enhanced School Safety Technology**

- Implemented the safety technology ticketing system that allows principals to track their service order status for repair requests.
- Completed over 300 safety technology projects including cameras and alarm systems across the district.
- Installed approximately 70 Ai-phone systems in response to the need for improved access control.
- Revised the camera monitoring protocols in the Student Safety Center to drive more proactive monitoring to anticipate and address incidents. For example, the team partnered with CPD on pre-emptive monitoring resulted in 33 arrests across 17 incidents of after-hour school break-ins.

### **Awarded Project Serv Initiative**

- Won award from US Department of Education for \$50K to train staff in 8 schools in the Englewood community on Trauma response.

### **Youth Shooting Review**

- Partnered with University of Chicago and Chicago Police Department to conduct monthly reviews of youth shooting incidents to identify key patterns that will inform future prevention and intervention anti-violence strategies.

### **School Transitions**

- Created custom school-specific safety transition plans for all welcoming schools.
- Conducted school-specific safety parent meetings to review plans and solicit feedback from parents.

### **KEY INITIATIVES**

- Expansion of Safe Passage program to include 19 new community-based vendors that will hire an additional 600 Safe Passage workers for the 2013-2014 school year to provide a smooth and safe transition for the 30,000 students at all Sending and Welcoming Schools. The expansion increases the total investment to \$15.7 Million
- School-based Security Model: CPS will supplement all welcoming schools with an extra security officer and conduct training for security personnel with a focus on student integration. In most instances, security officers will follow their students to their new welcoming school to ease the transition by maintaining established relationships.

- Expand and Improve Safety Technology: CPS will review the needs of welcoming schools and technology such as security cameras, alarm systems, and entry screening equipment will be installed as needed.
- Welcoming Environment at Schools: Welcoming schools will hold orientation and student/family integration events during the summer to introduce and welcome new students and parents before the school year begins. These schools will also create student support groups, as well as engage students in additional social-emotional supports that help students build their conflict resolution skills starting this summer and throughout the school year – proven techniques already used in CPS schools.
- Install or upgrade security video systems at schools with high incidence of violence
- Implement non-violent conflict resolution training for security personnel

## School Support Center

### MISSION

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, Premium Services and advocacy in all areas relating to school business operations; enabling principals to focus on instruction.

### MAJOR PROGRAMS

- **Support Center**

This team provides problem solving, consultation, and instructor-led training support to school principals and their support staff across the district. The School Support Center serves as a single point of contact for support in the functional areas of Budget, Finance, Procurement, HR, and the professional development component of Safety and Security.
- **Quality Assurance, Training & Compliance**

In partnership with Central Office departments (Talent, Budget/Grants, Procurement, School Financial Services, Treasury, Safety and Security, Nutrition Support Services, etc.):

  - Develops training content/delivery modules and prepares trainers to implement training courses for budget, finance, procurement, safety & security, HR and district-wide campaigns. Current offering includes: six basic and five new principal courses, three seasonal campaigns (public sector budgeting, internal accounts survey-fixed assets, free & reduced meal applications), and Network principal budget training/working sessions. Serves 3,100 attendees annually.
  - Identifies and provides analysis on school-level trends/system issues and meets monthly with department Chiefs and Networks to execute improvements in district-wide policies/procedures and school compliance.
  - Develops relevant and coherent knowledge base to increase communication effectiveness between CO departments, the School Support Center, and school customers related to CPS policies and general information.
- **Premium Services**

The School Support Center Premium Services option offers a shared service alternative for school principals to receive on-site consultation, training, and support in all areas of school financial operations. This includes budget monitoring and preparation, oversight and advisory support on financial compliance and reconciliation, and on-site training for principal and administrative team.

### Budget Summary

	<b>2012 Actual Expenses</b>	<b>2013 Amended Budget</b>	<b>2013 Ending Budget</b>	<b>2013 Expenditures as of 6/30/2013</b>	<b>2014 Proposed Budget</b>
General Fund	2,478,452	2,907,990	2,962,961	3,001,270	2,243,447
NCLB Federal	59,164	181,279	103,951	90,953	0
School Generated	886,146	501	903,080	886,995	250
<b>Total Department</b>	<b>3,423,763</b>	<b>3,089,770</b>	<b>3,969,992</b>	<b>3,979,218</b>	<b>2,243,697</b>

### Position Summary

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	30	31	29
NCLB Federal	2	0	0
School Generated	9	9	9
<b>Total Department</b>	<b>41</b>	<b>40</b>	<b>38</b>

### MAJOR ACCOMPLISHMENTS

- Organized district-wide the release of Student Based Budgeting for FY2014 Network Principals' Budget meetings in collaboration with the Office of Network Support, Budget & Grants Management and Information Technology Services; with representation from all operations and instructional departments to address questions related to the budget and other areas of school operations.
- The SSC School Emergency Management team provided support to schools to reach 100% completion of School Emergency Management plans across the district.
- Increased customer participation with Premium Service (PS) option, which provides an alternative to school principals to receive site-based support, consultation and training in all areas of school finance and budget for a shared fee; also increased customer base for FY13 with 30 new schools joining the program.

### KEY BUDGET INITIATIVES

- Continue expansion of SSC model to further simplify the district's approach to customer service for our schools and expand training support to Networks and school staff in collaboration with Information Technology Services and Payroll Departments.
- Design and implement a comprehensive tool coordinated across all departments to provide Principals and Network Chiefs with a streamlined list of district priorities/deliverables for FY14.
- Collaborate with Talent, Procurement, Grants Management & Budget, Finance, and Safety & Security to support the design and implementation of professional development training for new and experienced Principals and Assistant Principals across the district.
- In collaboration with the office of Grants Management & Budget, develop and manage the implementation and support strategy for the multi-year roll-out of Student Based Budgeting across the district.

## Sports Administration and Drivers Education

### MISSION

To provide the students of Chicago Public Schools, regardless of race, gender or ethnicity, an opportunity to develop physically, mentally, socially, and emotionally in controlled, safe activities outside of the traditional classroom and to enhance academic and scholarship opportunities, while developing life skills that will assist students in all areas of their future endeavors.

### MAJOR PROGRAMS

- **Sports Administration:** Manage operations logistics for 52 citywide High School and Elementary School Interscholastic competitions across three seasons, including citywide summer sports camp sessions, and facilitate the comprehensive professional development of all High School and Elementary School Athletic Directors and Coaches. Also, to recognize rules, regulations and conduct of all who are associated with the Sports Administration mission as teaching instruments, each of which must be designed to influence participants toward desirable character, health and physical development. There are over 100,000 students who participate in sports at CPS.
- **Student Drivers Education:** Manage classroom instruction and behind-the-wheel activities for students at 20 citywide locations, and continuous monitoring of Driver's Ed fleet of 192 vehicles.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	14,554,140	11,431,342	16,183,397	15,852,837	10,212,052
School Generated	0	125,000	1,553,448	487,385	1,065,199
<b>Total Department</b>	<b>14,554,140</b>	<b>11,556,342</b>	<b>17,736,844</b>	<b>16,340,222</b>	<b>11,277,251</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	7	8	9
<b>Total Department</b>	<b>7</b>	<b>8</b>	<b>9</b>

### MAJOR ACCOMPLISHMENTS

- Hired Title IX Professional as Compliance Coordinator to oversee the gender equity obligations of the District.
- Reorganized the Sports Administration staff to more efficiently and effectively support school level sports operations.
- Redefined the role of Sports Coordinators as Regional Athletic Directors, with expanded responsibilities to more efficiently manage sports operations, improve communications with schools and adhere to District policies and procedures.
- Launched guidelines for earlier start times for athletic competitions to address safety concerns.

## **KEY BUDGET INITIATIVES**

- Implementing system to track per school sports activities and monitor coaching activities to avoid over-payment to non-compliant coaches
- Implementing system for schools to request additional sports teams to ensure that the Department of Sports Administration is able to provide financial support within its approved budget.
- Establishing partnership with the Office of Student Safety and Security to better ensure student safety at CPS sports events.
- Shifting the responsibility of funding Athletic Directors to high schools and elementary Networks, that will reduce spending by the Central Office Sports Administration department by approximately \$475,000.

## Office of Strategic School Support Services

### MISSION

The Office of Strategic School Support Services (“OS4”) is a new office created by the Chief Executive Officer to provide high-need elementary and secondary neighborhood schools with the comprehensive and coherent services and supports required to increase student achievement and sustain school improvement.

### MAJOR PROGRAMS

- **Reinvesting in Neighborhood Schools:** OS4 is specifically designed to reinvest in CPS’s neighborhood schools with a focus on whole school transformation. OS4 will work with approximately 22 “Reinvestment Schools” that are generally Level 3 elementary schools located in communities significantly impacted by school actions. Through the guidance of OS4, each school will develop and implement a whole school transformation plan designed to support the school in improving student achievement.
- **School Diagnostic Reviews:** During the 2013-2014 school year, a school diagnostic review will be conducted for each OS4 school in the fall and spring. A school diagnostic review is a comprehensive process for measuring a school’s performance compared to uniform quality standards defining a high performing school. After the school diagnostic review, the school’s leadership, faculty and community receive an evidence-based report identifying the school’s strengths and challenges and recommended strategies for improvement. OS4 and the schools will use this report to modify the school’s transformation plan to leverage strengths and overcome challenges. Through this process, schools will build the capacity to self-assess their own practices and identify new or modified strategies for continuous improvement.
- **Blended Model of Professional Learning:** School leaders, instructional leadership teams and teachers in OS4 schools will participate in a professional learning model that is designed to support continuous improvement; is contextually specific; includes opportunities for collaborative practice, peer observation, research and reflection; and provides differentiated support via in-person and virtual coaching. In addition, Local School Council members and parents will be afforded opportunities to engage in professional learning and training sessions that will support them in further developing the knowledge and skills required to engage in a successful whole school transformation effort.
- **Administration of Federal School Improvement Grants (“SIG”):** OS4 oversees and manages the SIG program in 15 secondary schools. Each SIG school is paired with an external lead partner as required by the SIG program to provide daily onsite leadership support and assistance to the school as it develops and implements a comprehensive and sustainable school improvement plan based on the SIG intervention model.

**BUDGET SUMMARY**

	<b>2012 Actual Expenses</b>	<b>2013 Amended Budget</b>	<b>2013 Ending Budget</b>	<b>2013 Expenditures as of 6/30/2013</b>	<b>2014 Proposed Budget</b>
General Fund	655,779	935,814	1,306,734	1,073,331	908,899
NCLB Federal	45,684	0	0	0	16,223,829
Other Grants	3,001,553	3,409,349	5,060,167	4,447,794	2,050,545
<b>Total Department</b>	<b>3,703,016</b>	<b>4,345,163</b>	<b>6,366,901</b>	<b>5,521,124</b>	<b>19,183,273</b>
Budgeted at Schools	19,840,152	10,704,685	29,801,133	27,181,436	14,605,499
<b>Grand Total</b>	<b>23,543,168</b>	<b>15,049,848</b>	<b>36,168,034</b>	<b>32,702,560</b>	<b>33,788,772</b>

\*FY 2013 Amended and FY2014 Proposed Budgets do not reflect total grant appropriations, which are loaded in the first quarter.

\*\*FY2014 Proposed Budget reflects a restructured office now known as Office of Strategic School Improvement.

**POSITION SUMMARY**

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	2	9	9
NCLB Federal	0	0	18
Other Grants	35	40	9
<b>Total Department</b>	<b>37</b>	<b>49</b>	<b>36</b>
School Based	123.2	193.5	123.25
<b>Grand Total</b>	<b>160.2</b>	<b>242.5</b>	<b>159.25</b>

**MAJOR ACCOMPLISHMENTS**

OS4 was officially launched on July 1, 2013. Nevertheless, since December 2012, OS4 has engaged in strategic planning to prepare to support schools during the 2013-2014 school year. To date, OS4’s major accomplishments are as follows:

- **FY2014 SIG Grant Awards:** OS4 submitted SIG grant applications on behalf of 11 secondary schools to implement SIG’s transformation intervention reform model. Of the four SIG grants awarded state-wide, two grants were awarded to Bronzeville Scholastic Academy High School and Thomas Kelly High School in annual amounts of \$2 million and \$1.3 million respectively over a 3-year period.
- **Matching SIG Schools with External High Quality Lead Partners:** To increase the level of support and capacity-building required by SIG, all SIG schools have been paired with high quality external lead partners effective July 1, 2013. All lead partners are funded through SIG.

**KEY BUDGET INITIATIVES**

- **Leverage External Funding Sources to Support OS4 Initiatives:** OS4 will identify alternative and creative partners to support school transformation efforts.

- **Create Sustainability for SIG Schools with Grants Ending FY2015:** OS4 will collaborate with lead partners to monitor how schools in the last year of SIG are building capacity to avoid the financial pitfalls of the grant funding expiring.

## Office of Strategy Management

### MISSION

The Office of Strategy Management was launched in FY2013 to help the District set and achieve ambitious goals, through long term strategic planning, development of a culture of excellence in execution, and project management of key cross-functional initiatives.

### MAJOR PROGRAMS

**Strategic Planning & Initiative Management:** This function was created to ensure development and delivery/execution of District strategic priorities and initiatives in a well-coordinated, timely, and cost-effective manner, by partnering with all other offices to establish robust targets, develop sound implementation plans tied to those targets, and implement a series management routines to monitor progress, including a series of cascading reports, timely and complete performance updates, and action-oriented performance dialogues to ensure progress.

**School Transitions:** Manage and implement school actions and turnarounds, including execution of transitions in a manner compliant with SB630, as amended. Total cost includes all expenses of the implementation of School Action Transitions, including supports to students, and costs to transition materials and decommission buildings.

**Demographics:** Support CPS leadership through data-driven demographic analysis and support to deliver accelerated progress on vision, pillars, and priority initiatives. Critical work includes geo-coding and demographic analysis of 20th day enrollment student file (total attending, total residing, residing and attending, etc.), space utilization calculation and publishing, enrollment projections by school and grade for budgeting and maintaining the neighborhood school boundary locations and data file.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	0	1,212,236	9,912,562	6,255,291	19,083,028
NCLB Federal	0	0	0	0	250,000
<b>Total Department</b>	<b>0</b>	<b>1,212,236</b>	<b>9,912,562</b>	<b>6,255,291</b>	<b>19,333,028</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	0	2	10
<b>Total Department</b>	<b>0</b>	<b>2</b>	<b>10</b>

*\*Note: Demographics and the Portfolio Planning teams, formerly of Innovation & Incubation, were reorganized into Strategy Management for FY2014 (8 FTE).*

## **MAJOR ACCOMPLISHMENTS**

- Successfully managed the consolidation of 50 underutilized schools and programs into Welcoming Schools starting in the 2013 school year, redirecting limited resources into higher performing schools that will provide the investments needed to create a quality, 21st Century education for every child.
- Released CPS draft Educational Facilities Master Plan, providing community area level plans and individual school master plans with options for addressing the needs of each facility operated by the District over a 10-year period.

## **KEY BUDGET INITIATIVES**

- Organize team to include demographics and portfolio planning staff formerly of Innovation & Incubation—a total investment of \$891,000—but at a net new cost of zero to the district.
- Invest \$17.5 million in School Transitions-related costs to support the academic, social and emotional needs of students, including all populations of ELLs and diverse learners; to ensure the successful decommissioning and security of all affected facilities, and close-out of all financial, inventory, and IT-related matters; and to assure provision of vital Talent support to all impacted employees.

## Office of Student Health and Wellness

### MISSION

The Office of Student Health and Wellness aims to remove health-related barriers to learning so students may have better opportunities to succeed in college, career and life.

### MAJOR PROGRAMS

There is a strong relationship between health and academics: healthy students make better learners. As a valued partner to schools, students, parents and communities, the Office of Student Health and Wellness works to increase the quality, access, and effectiveness of school health and wellness programs and services, and thereby create a healthy CPS. Activities are focused on leading school health and wellness policy and procedural guidance, promoting health education instruction and technical assistance to school staff and providing direct access to health services. Major programs include:

#### Student Health

- Asthma and Food Allergy Management Program
- Comprehensive Sexual Health Education
- Diabetes Management Program
- School-Based Health Centers and Mobile Care-Providers
- Vision Programs
- Sexually Transmitted Infections (STI) Education, Screening & Treatment Project
- School Based Oral Health Program
- Vision and Hearing Screening Program

#### Student Wellness

- LearnWELL (wellness policies implementation support)
- Physical Education
- Recess
- Nutrition Education
- Healthy Food Access
- School Gardens
- Healthier US School Challenge

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	0	4,981,804	4,866,629	4,432,667	4,216,051
Lunchroom	0	114,091	57,244	59,296	53,185
Other Grants	0	717,564	4,898,469	1,285,022	2,980,178
School Generated	0	267,422	584,393	376,714	375,890
<b>Total Department</b>	<b>0</b>	<b>6,080,881</b>	<b>10,406,735</b>	<b>6,153,699</b>	<b>7,625,304</b>

## Position Summary

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	52	54.5	54
Lunchroom	1	0.5	0.5
Other Grants	9	8	10
School Generated	2	3	2.5
<b>Total Department</b>	<b>64</b>	<b>66</b>	<b>67</b>

## MAJOR ACCOMPLISHMENTS

- Disseminated and analyzed School Health and Wellness Survey for over 350 schools to assess alignment to health and wellness policies and determine relevant action steps.
- Launched LearnWELL, an initiative to support schools in meeting the criteria of the Local School Wellness and Healthy Snack and Beverage policies.
- Updated and began implementation of new Sexual Health Education Policy.

## Student Health

- Promoted school wide Diabetes, Food Allergies, and Asthma trainings to nurses and school staff and monitored policy alignment.
- Trained over 400 Diabetes Delegated Care Aides (DCAs) and 130 DCAs approved to support students.
- Provided all schools (CPS and Charter) with 2-4 Epi-Pens to be used in emergencies and provided guidance and resources for program implementation and tracking.
- Developed, passed, and promoted a new Sexual Health Education Policy and trained 55 partner organizations to support the implementation.
- Developed school-based health center strategic plan.
- Supported the opening of 4 new School-Based Health Centers (SBHC), identified 2 new SBHC providers, and supported the transition of 3 SBHCs to new partners.
- Provided 174,860 vision screenings and 187,907 hearing screenings to students.
- Secured public and private funding to expand the Vision Program to provide all schools with access to comprehensive eye exams.
- Provided approximately 12,500 eye exams to students and access to glasses as needed.
- Administered YRBS to 29/31 High Schools.
- Implemented the Sexually Transmitted Infections (STI) education, screening, and treatment project in 41 high schools.
- Expanded dental program to high schools and provided over 114,000 comprehensive dental exams.
- Seven Mobile Health Care Providers made 500 school visits and provided services to nearly 6,500 students.
- Implemented Mobile Health Care pilot in Lake Calumet.

- Developed a health and wellness dashboard and guidebook and convened a Health and Wellness Work Group.

### **Student Wellness**

- Was awarded nearly \$5 million in public and private grants to support and expand student wellness initiatives
- Developed and disseminated LearnWELL toolkit to assist schools in meeting the new wellness policies.
- Launched *Minds in Motion*, a five-year strategic plan to develop and galvanize support to strengthen the physical education program for all Chicago Public Schools students.
- Developed and launched physical education scope and sequence.
- Developed and launched REACH performance tasks in conjunction with the Assessment team.
- Supported schools to implement and maximize mandatory recess for the first time in over 30 years.
- Developed interdepartmental strategy to integrate nutrition education into classrooms, dining centers and school gardens.
- Developed and launched process to approve and oversee efforts of 39 “Food and Fitness” partners providing direct nutrition and physical activity services to schools.
- Expanded LunchStop summer meal program from four to eight sites to increase healthy food access.
- Supported ongoing student engagement project to galvanize student support for wellness initiatives.
- Identified nearly 500 Wellness Champions to serve as school-based advocates for student wellness.
- Assisted 66 additional schools in achieving HealthierUS School Challenge certification.

### **KEY BUDGET INITIATIVES**

#### **Student Health**

- Manage and promote Student Health Policies (Asthma, Food Allergies, Epi-Pen, Diabetes, AED, and Communicable Disease).
- Train school staff volunteering to be Diabetes Delegated Care Aides (DCA), in accordance with the Diabetes Management Policy.
- Develop new Communicable Disease Board Rule and School Guidance.
- Develop new AED Policy and School Guidance.
- Purchase and distribute Epi-Pens to all school for 2013/2014. Monitor and evaluate programming.
- Develop and promote school-based health center policy and toolkit.
- Implement and promote the new Sexual Health Education Policy.
- Implement Sexually Transmitted Infections (STI) education, screening, and treatment project in 60 high schools.
- Manage, support and evaluate the work of 50 Vision and Hearing Screening Technicians to provide all students in mandated grades with Vision and Hearing Screenings.

- Manage Vision Exam Program to provide all students access to comprehensive vision services and access to glasses as needed. Programs include g ongoing daily vision clinic at Princeton Elementary, School-Based Vision Services, and OneSight Clinic.
- Finalize and implement vision referral and 504 processes to support students with vision disorders.
- Design network level infrastructure for sustainable health services provision and promotion.
- Build school-capacity to connect students with direct services.

### **Student Wellness**

- Seek additional funding to support and sustain student wellness initiatives.
- Collaborate with Early Childhood Education to implement wellness policies in early childhood settings.
- Develop and pilot physical education curriculum map and corresponding student assessments
- Launch and support implementation of 30+20+10 (30 minutes of daily physical education, 20 minutes of daily recess and 10 minutes of daily classroom physical activity) at 35 elementary schools.
- Pilot four years of daily physical education at five high schools.
- Provide continued support to schools to implement and maximize mandatory recess.
- Provide targeted training and professional learning opportunities for physical education teachers, recess supervisors and school wellness champions
- Launch and support teachers in integrating online health education tool into curricula.
- Implement plan to oversee school garden programming.
- Support ongoing student engagement project to galvanize student support for wellness initiatives.
- Identify 550 Wellness Champions to serve as serve as school-based advocates for student wellness.
- Assist 50 additional schools in achieving HealthierUS School Challenge certification.

## Talent Office

### MISSION

The Talent Office strives to attract and retain high-quality talent through comprehensive talent acquisition, onboarding, engagement, evaluation, development, rewards, and recognition strategies.

### MAJOR PROGRAMS

- **Talent Acquisition:** Led the recruitment of high-quality principals through the Chicago Leadership Collaborative, while updating the rigor for the Principal Eligibility Process by implementing a “Day-in-the-Life” assessment; manage teacher pipeline and all student teaching partnerships; create candidate slates for critical district roles.
- **Talent Management & Educator Effectiveness:** Implement and manage principal and teacher evaluations (REACH); support teachers in becoming National Board Certified; facilitate Broad and Education Pioneer Talent pipeline programs.
- **Employee Solutions:** Support employees through a Talent call center; provide workforce analytics; manage compensation, Worker’s Compensation, leaves and benefit administration.
- **Staffing Services:** Facilitate 32,000 staffing transactions annually, including all hires, transfers, and terminations. Manage records administration and 5000 substitute placements weekly.
- **Leadership Development:** Provide development to aspiring principal candidates through the Chicago Leadership Collaborative; enhance leadership skills of current principals, deputies, and chiefs of schools through the Chicago Executive Leadership Academy.
- **Employee Engagement:** Responds to grievance and disciplinary issues, ensuring timely and objective resolutions; manages teacher remediation process; houses EEOC and ADA offices.
- **Total Rewards:** Manage district compensation management and benefits plan selection; monitor healthcare costs district-wide; and execute annual Open Enrollment period.
- **Talent Support & Executive Administration:** Perform client management function for all district leaders seeking Talent guidance and support; conduct workforce planning; executive leadership.
- **Teacher Induction & Mentoring:** Provide 1<sup>st</sup> and 2<sup>nd</sup> year teachers with a professional learning community, offering induction training and instructional coaching, which increases retention.

### Budget Summary Table

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	16,508,098	26,590,866	25,960,745	19,563,010	45,643,694
NCLB Federal	16,137,462	19,329,396	19,841,270	14,852,127	22,446,217
Other Grants	2,390,026	99,107	49,649	31,591	17,857
School Generated	656,906	80,507	904,626	525,695	452,978
<b>Total Department</b>	<b>35,692,492</b>	<b>46,099,876</b>	<b>46,756,290</b>	<b>34,972,423</b>	<b>68,560,746</b>

### Position Summary Table

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	169	139.35	126
NCLB Federal	24	17	15
Other Grants	1	1.65	1
<b>Total Department</b>	<b>194</b>	<b>158</b>	<b>142</b>
CLC: Resident Principals	80	29	76
<b>Grand Total</b>	<b>274</b>	<b>187</b>	<b>218</b>

## **MAJOR ACCOMPLISHMENTS**

- Implemented Recognizing Educators Advancing Chicago Students (REACH), the comprehensive evaluation system that will better support and evaluate all teachers and principals.
- Upgraded the Principal Eligibility process by designing and implementing a “Day-in-the-Life” assessment center for the selection of new Principals.
- Expanded the Chicago Executive Leadership Academy to serve approximately 200 Principals – New and Rising – via separate Leadership Academies.
- Implemented a more professional, constructive discipline process for teachers and paraprofessionals that encourages expectation setting, gaining commitment and buy-in, and mutual support of the school’s goals and culture.
- Recognized principals who facilitated significant student growth with the first-annual Principal Incentive Award – thanks to the donations of generous philanthropists.
- Successfully implemented short-term disability (inclusive of the first-ever paid maternity / paternity leave) for CPS employees, and managed rollout of wellness services with over 85% of employees with CPS healthcare coverage participating in the plan which will bend the long-term, healthcare cost curve downwards.
- Continued departmental restructuring, reducing 19 Talent positions for a savings of \$1.7 million.

## **KEY BUDGET INITIATIVES**

- Implement a market-leading Talent Acquisition system to improve quality of the candidate and management experience while improving efficiency through online processes.
- Invest \$21.5 million for School Actions related work, ensuring the provision of vital Talent support to all impacted employees.
- Expand effective implementation of Chicago Leadership Collaborative (CLC), strengthening principal pipelines to CPS through an \$8.7 million investment in FY14.
- Invest \$6.4 million in FY14 for the Chicago Executive Leadership Academy, to be inclusive of, and facilitate differentiated development supports for, almost every principal in Chicago Public Schools regardless of their tenure in-role.
- Implement a dynamic on-line and IVR-based substitute placement system, streamlining support to ensure better deployment of substitute teachers against the demand for substitutes daily.
- Pilot a student feedback survey without stakes in 2013-2014, which will help inform the continued rollout of teacher evaluation to all teachers in SY2014-2015.
- Implement the first-ever CPS Employee Engagement Survey.

## Office of Teaching & Learning

### MISSION

Teaching and Learning provides the guidance, resources, and supports which enable educators to effectively plan and deliver instruction that prepares our students with the knowledge and skills to be successful in college, career, and life.

### MAJOR PROGRAMS

- **Student Achievement:** Focus organizational efforts and align resources to ensure all students are college and career-ready and achievement gaps are closed.
  - **Organization Culture:** Establish a respectful, positive District culture centered on teaching and learning.
- Community and Public Relations:** Build public trust capital and confidence through open, honest communication and positive relationships with key District stakeholders.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	1,050,526	542,502	452,448	646,463	2,194,081
NCLB Federal	4,589,742	0	24,323	24,323	179,119
<b>Total Department</b>	<b>5,640,269</b>	<b>542,502</b>	<b>476,770</b>	<b>670,786</b>	<b>2,373,200</b>

*\*Note: The Office of Teaching & Learning in FY2014 reflects the streamlined consolidation of the units of Chief Education Officer, Chief Instruction Officer, and Curriculum & Instruction Office.*

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	4	6	13
NCLB Federal	0	0	2
<b>Total Department</b>	<b>4</b>	<b>6</b>	<b>15</b>

### MAJOR ACCOMPLISHMENTS

- Reorganized Central Office educational departments formerly constituting the Chief Education Office, eliminating duplicative programs and realizing operational efficiencies.
- Created twelve new STEM programs, seven International Baccalaureate programs and one Fine Arts program at welcoming schools District-wide, increasing access to challenging opportunities that deepen student learning.
- Expanded access to early childhood education such that every CPS elementary school in every neighborhood will offer full day kindergarten this fall.
- Supported content-area and professional learning offices/departments in the development of updates to curriculum frameworks aligned to Common Core State Standards.
- Resurfaced the work around Response to Intervention (RtI), formulating a planning research, and development committee of stakeholders across academic offices and departments to

generate a 2013-14 Bridge Plan for Multi-tiered Systems of Support.

- Reinstated Summer Commencement Exercises for 8th Grade Bridge Students.

**KEY BUDGET INITIATIVES**

- Consolidate three executive offices (Chief Education Office, Chief Instruction Office and Curriculum & Instruction) into one, saving the District \$693,000.
- Apply data-driven decision making at the classroom, school, and central levels for continuous improvement.
- Build capacity of Network Chiefs, principals and teachers to create a strong learning community.

## 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 City of Chicago Board of Education policies and procedures.

### MAJOR PROGRAMS

- **Diverse Learning Transportation**  
Provide transportation from home to school for over 9,000 students with special needs and over 500 temporarily disabled students via approximately 1,500 runs provided by 21 vendors. Additional services based on individual needs of students may include: a bus aide, a nurse, a lift-equipped vehicle for wheelchairs, air-conditioned vehicle, car seat and harness/restraint systems.
- **Options Transportation**  
CPS provides access to a variety of programs for over 10,000 K-8th grade students. The programs include magnet, academic, gifted and classical schools. Students are transported on approximately 500 runs. Transportation is often based on living 1.5 to 6.0 miles from school; however, for gifted and academic centers, transportation is offered for those living further than 1.5 miles.
- **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 6,000 students with IEP's that require a transportation aide.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	98,062,056	109,786,615	109,366,487	97,767,852	118,810,027
NCLB Federal	4,137,546	5,500,000	3,181,248	2,906,817	3,800,000
Other Grants	316,891	500,000	231,171	231,171	0
<b>Total Department</b>	<b>102,516,494</b>	<b>115,786,615</b>	<b>112,778,906</b>	<b>100,905,840</b>	<b>122,610,027</b>
Held in Contingency	5,340,362	0	0	0	0
Budgeted at Schools	18,192,422	18,541,579	20,475,785	19,802,136	0
<b>Grand Total</b>	<b>126,049,278</b>	<b>134,328,194</b>	<b>133,254,691</b>	<b>120,707,976</b>	<b>122,610,027</b>

Note: Bus Aide expenses were shifted from Budgeted at Schools to the General Fund in the Transportation Department for FY14.

### Position Summary

	<b>2013 Budgeted Positions</b>	<b>2013 Ending Positions</b>	<b>2014 Proposed Positions</b>
General Fund	18	21	962
<b>Total Department</b>	<b>18</b>	<b>21</b>	<b>962</b>
School Based	773	939	0
<b>Grand Total</b>	<b>791</b>	<b>960</b>	<b>962</b>

### MAJOR ACCOMPLISHMENTS

- Improved route optimization skills and resources. The Transportation department successfully consolidated approximately 200 routes through improved sharing and pairing of routes, which resulted in FY13 savings that exceeded \$7 million versus budget.
- FY13 Expenditures came in significantly under budget due to route optimization and department efficiencies, despite additional service days to support the longer school year.

### KEY BUDGET INITIATIVES

- \$1.8 million savings targeted through the use of smaller vehicles for routes that carry three or fewer students.
- Continued focus on route optimization and efficiencies with the goal of providing improved service levels at lower costs.

## Treasury

### MISSION

The Treasury Department 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.

### MAJOR PROGRAMS

- Managing the Board's \$6.3 billion debt portfolio; raising new capital when needed and managing existing debt within acceptable risk metrics
- Monitoring financial market opportunities that generate value for the district
- Managing and forecasting daily cash flow
- Investing available resources to safeguard principal
- Ensuring adequate liquidity and maximizing yield as appropriate
- Providing services relating to school banking needs and checking accounts

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	2,494,575	2,495,242	2,401,278	2,320,555	2,256,369
<b>Total Department</b>	<b>2,494,575</b>	<b>2,495,242</b>	<b>2,401,278</b>	<b>2,320,555</b>	<b>2,256,369</b>

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	9	9	7
<b>Total Department</b>	<b>9</b>	<b>9</b>	<b>7</b>

### MAJOR ACCOMPLISHMENTS

- Successfully issued restructuring bonds, generating \$100 million in FY13 and FY14 budgetary relief.
- Successfully issued \$404 million of refunding bonds generating \$2 million of annual savings and \$8 million of total savings.
- Implemented quarterly reviews of bank vendor contracts in order to ensure maximum efficiency, generating \$70,000 in FY14 efficiencies.
- Generated \$4 million of investment income in a declining interest rate market while ensuring sufficient liquidity for the district's cash flow management.
- Partially unwound a guaranteed investment contract for a \$660,000 payment.

### KEY BUDGET INITIATIVES

- Actively use debt service reserve to reduce operating funds needed for debt service, releasing \$18mm in FY14 operating budgetary savings.

- Eliminated a clerical position, generating \$55K of annual savings.
- Aim to successfully sell bonds to raise proceeds for FY13 supplemental capital improvement plan and the FY14 capital plan, as approved.
- Evaluate market opportunities for potential budget relief.
- Explore alternate cash management and investment options to adjust to new money market fund regulatory framework and changing short-term market landscape while generating incremental investment income.

## Office of Youth Development and Positive Behavior Supports

### MISSION

The Youth Development and Positive Behavior Supports team works with schools to establish multiple tiers of support for students' social, emotional and behavioral needs. We support training and implementation of evidence-based strategies for positive and proactive school and classroom climate development, social-emotional learning, and tailored behavioral interventions. YDPBS ensures school-based staff uses the most effective strategies to foster a safe learning climate, maximize student engagement, reduce suspensions and prevent/address violence.

### MAJOR PROGRAMS

- **Social Emotional Learning, School Culture and Climate:** Provides guidance on evidence-based programs and positive behavior supports for school staff to teach, model and consistently enforce clear expectations throughout the school to create a safe, positive learning environment for all students. Includes school climate strategies, classroom management, and social-emotional skill instruction.
- **Behavioral Interventions:** Therapeutic strategies with focused skill development specifically designed to positively impact a student or small group of students with specific social-emotional barriers to learning. Using effective discipline and intervention practices, the department works to reduce suspensions and adjudicate expulsions.

### Budget Summary

	2012 Actual Expenses	2013 Amended Budget	2013 Ending Budget	2013 Expenditures as of 6/30/2013	2014 Proposed Budget
General Fund	5,214,352	13,095,553	13,962,620	18,457,200	1,459,908
NCLB Federal	5,665,670	5,555,844	3,676,079	2,506,937	4,059,928
Other Grants	1,388,016	1,573,273	4,911,580	3,892,145	1,843,405
School Generated	572,911	196,888	1,916,646	615,167	237,379
<b>Total Department</b>	<b>12,840,949</b>	<b>20,421,558</b>	<b>24,466,925</b>	<b>25,471,450</b>	<b>7,600,620</b>

\* Drop in 2014 budget due to Sports and Drivers Ed programs moving into a new unit as well as a major grant not yet being loaded

### Position Summary

	2013 Budgeted Positions	2013 Ending Positions	2014 Proposed Positions
General Fund	22	21	11
NCLB Federal	3	3	1
Other Grants	9	8	9
<b>Total Department</b>	<b>34</b>	<b>32</b>	<b>21</b>

\* Decrease in position count in 2014 due to Sports and Drivers Ed programs moving into a new unit

## **MAJOR ACCOMPLISHMENTS**

- Expanded reach of evidence-based programs to 392 schools with 3+ staff trained in school climate, classroom management or social emotional learning strategies and 770 clinicians trained in behavioral intervention strategies (as of May 1, 2013)
- Conducted a nation-wide SEL RFP to approve a menu of SEL providers to service schools and central office in professional development, curriculum, and direct service related to SEL
- Provided targeted support for innovative PBS strategies through the New Frontiers Fund
- 1 of 8 urban districts awarded the Collaborating Districts Initiative partnership with CASEL and the NoVo Foundation to foster District-wide SEL implementation

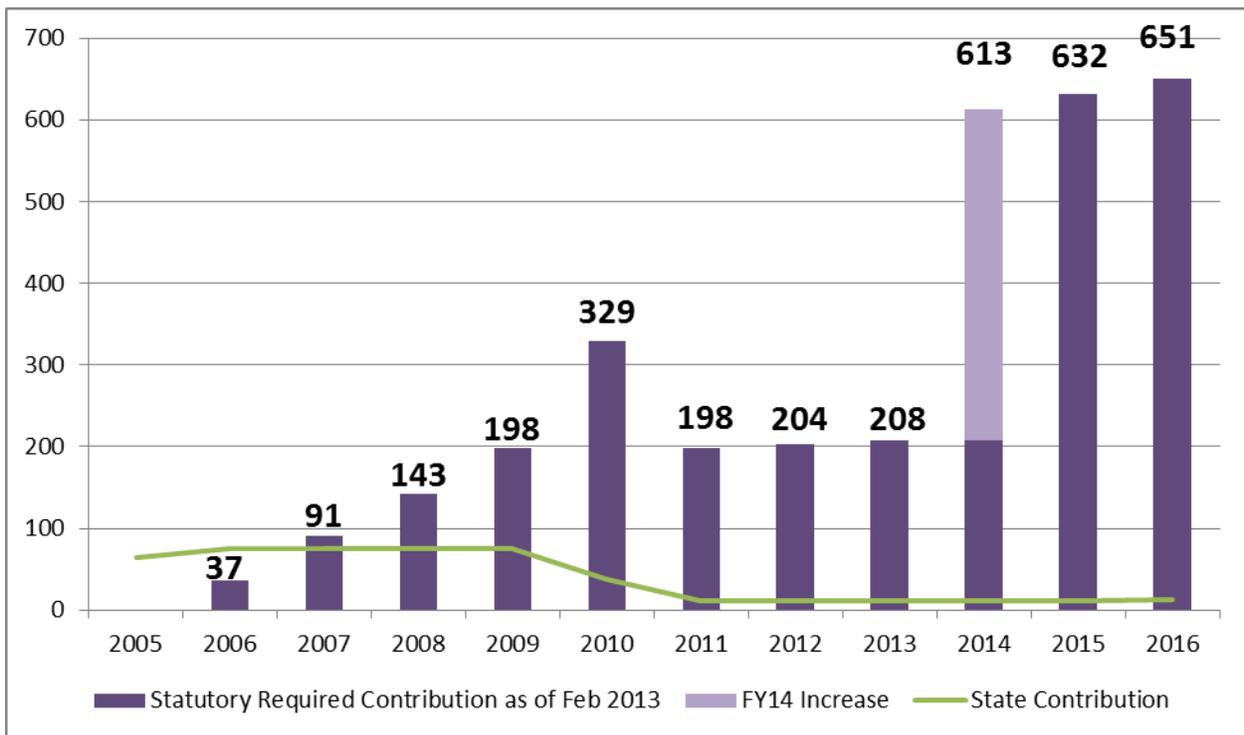
## **KEY BUDGET INITIATIVES**

- Fund expansion of suspension and expulsion alternatives to meet specific social, emotional, and behavioral needs of referred students as well as Tier II behavioral interventions.
- Prioritize the use of restorative and corrective consequences to misconduct including professional development, coaching, and technical support to monitor and respond to the use of suspension and expulsion with a goal of minimizing lost instructional time and disproportionate usage.
- Develop a District-wide standard for a positive learning climate as a critical lever for school improvement (inclusive of social-emotional skill development) and provide tools, PD, and coaching for schools to achieve that standard. Expand evidence-based models and identify locally successful models of effective practices for replication.
- Invest \$5.4 million in promoting attendance.
- Invest \$7.1 million for dropout prevention and recovery.

## Pensions

For several years, CPS has described the financial cliff facing the district because of growing teacher pension costs. In FY14, we must face that cliff. Pension costs have jumped \$405 million, so that our statutorily required pension contribution for this budget year is \$612.7 million. This represents over 10% of our operating budget and is the single largest driver of our deficit for FY14. We cannot solve this problem by ourselves. Every aspect of pensions—from the benefits provided, to eligibility, to the amount we must contribute—is set in statute and requires legislative and gubernatorial action to change. We must turn to our state leaders to pass a pension reform proposal that will address this unfair and heavy financial burden that is crowding out spending on the classroom.

**Chart 1: CPS Statutorily Required Employer Contributions to CTPF grows dramatically<sup>1</sup>**



### Decline in Funded Ratio Led to Increased CPS Contributions

Teachers and others with teaching certificates (such as principals) who work at CPS or at charter schools participate in the Chicago Teachers Pension Fund (CTPF). CTPF is governed by a 12-member Board of Trustees: six elected by the teacher contributors, three elected by the annuitants, 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% the “funded ratio” of actuarial assets to liabilities by 2059.

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 (it has continued dropping since that time) and CPS was statutorily required in FY2006 to begin making employer contributions. Since then, the annual pension contribution has skyrocketed. Had the

<sup>1</sup> This reflects the gross contribution set out in the actuarial report. It does not reflect the offset permitted in statute for any state contribution.

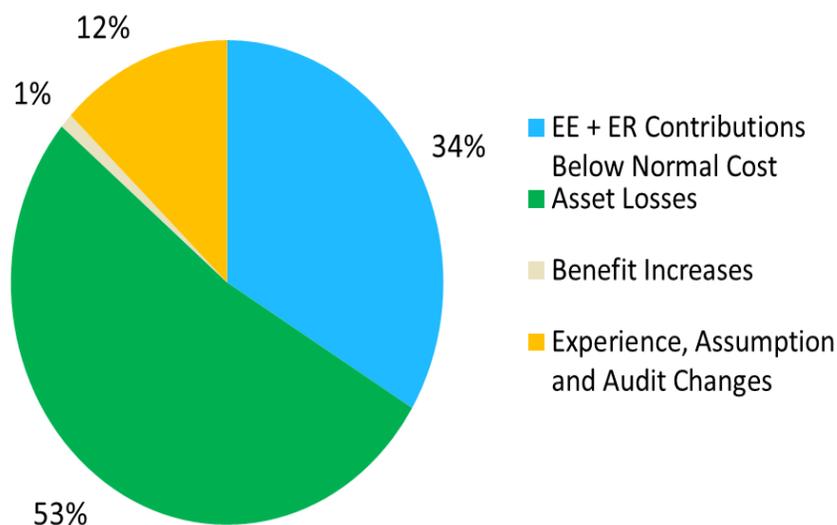
legislature not granted CPS temporary relief from those contributions, the amount owed in FY2011-2013 would have been much higher than the approximately \$200 million it was, and the pressure on CPS' budget would have been greater.

### Causes of Decline in Funded Ratio

The funded ratio decreased from 100 percent in 2001 to 54.1 percent in 2012. This was due to a number of factors, as a review of the data by Aon Hewitt for CPS shows:

- More than half (53 percent) of the decrease is due to investment returns below what were projected
- About one-third (34 percent) is due to statutory employer contributions set below what was required to cover "normal cost" (i.e., the value of the benefits earned by employees each year)<sup>2</sup>
- 12 percent is due to experience and assumption changes in the actuarial model (such as life expectancy)
- 1 percent is due to benefit increases

Chart 2: Causes of Decrease Funded Ratio 6/30/01 to 6/30/12



The bottom line is that independent of the reason for the decline CPS must make up the shortfall through increased contributions.

### Only CPS Faces a Crushing Pension Burden

No Illinois school district other than CPS is required to support its pension system. Teachers outside of Chicago are part of the Teachers' Retirement System. Even though both systems provide nearly identical benefits and have very similar demographics (see Appendix), the state of Illinois makes nearly all the employer contributions for TRS, while CPS must make virtually all employer contributions for CTPF. The state only makes a nominal \$11.9 million contribution to CTPF (as shown in Chart 1), but will make a \$3.4 billion contribution to TRS this year.

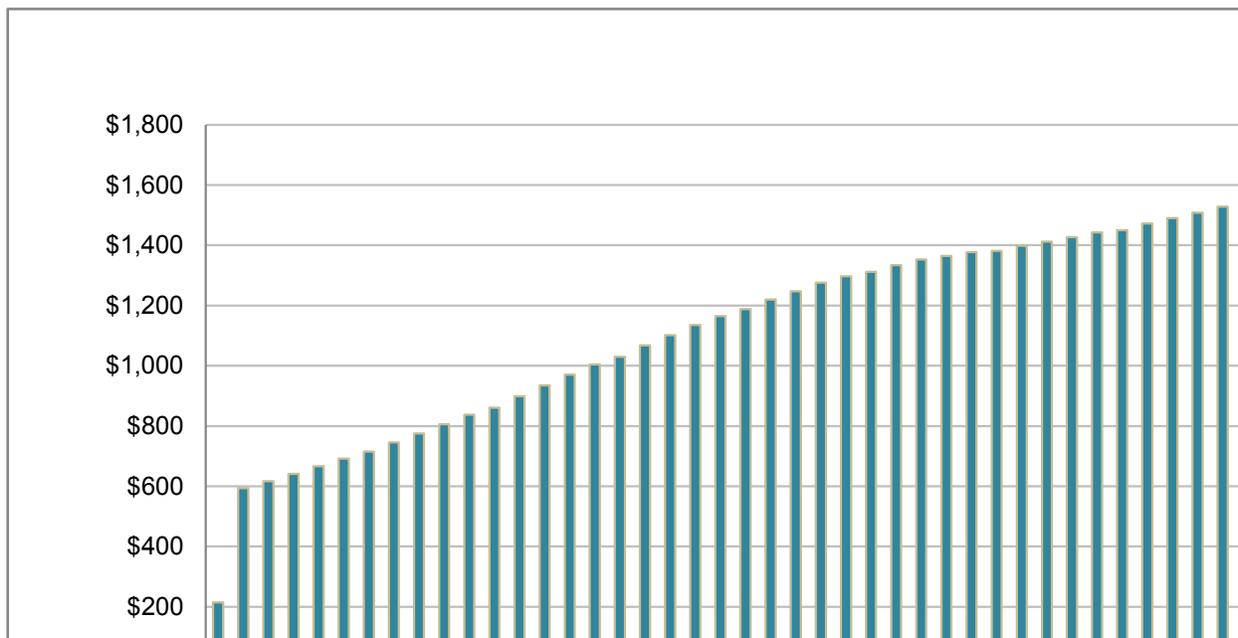
<sup>2</sup> It is worth noting that even during the three years of legislatively-granted pension relief, CPS' contribution was sufficient to cover normal cost.

In addition to providing the employer contribution for TRS, the state also funds the retiree health care plan for teachers. The state will provide an additional \$90 million to support retiree health care for the 95,000 TRS retirees, while CPS will pay \$65 million to CTPF<sup>3</sup> for health care for 22,000 retirees.

**CPS Pension Contributions Continue to Grow**

The financial pressure from pensions will not go away and will continue to draw resources that could be spent in the classroom. Even after an enormous jump in payment for this year, the contribution continues to grow every year until 2059. Yet, the stability of the pension fund as measured by the funded ratio will not reach 70 percent until 2051 when CPS is projected to owe approximately \$1.5 billion per year in contributions.

**Chart 3: CPS Employer Pension Contributions Will Continue to Grow**



**Full Effect of Pensions Crowding Out Spending in the Classroom is Dampened by Use of One-Time Resources in the FY2014 Budget**

The FY2014 budget reflects an employer contribution to CTPF of \$612.7 million, an increase of \$405 million from the FY2013 contribution of \$208 million. Because of the failure of the state to pass pension reform, we are facing this increase. It could be argued that \$405 million of the \$562.5 million of unrestricted fund balance we are using to balance this budget is the direct result of the pension increase. Once those one-time resources are used in FY2014, the district will face even more difficult decisions in FY2015 and beyond as the trade-off between funding pension contributions and putting dollars in the classroom becomes even more stark. There will be nowhere to turn to cover these growing costs.

In addition to the employer contribution, employees also are required by statute to contribute 9 percent of their salary to pensions (called the “employee contribution”). However, CPS pays 7 percent of the 9 percent for a total of \$128.5 million budgeted in FY2014 for participants in CTPF. Non-teacher

<sup>3</sup> The \$65 million is included in the overall \$612.7 million contribution.

employees are part of a separate, municipal pension system. CPS also pays 7 percent of the 8.5 percent employee contribution at a cost of \$39.8 million in FY2014.

**Importance of Reform**

We cannot overstate the importance of pension reform. It is necessary to ensure the stability of the pension fund for the thousands of retirees that do or will depend on it. Reform is necessary to ease the financial burden on the district and ensure that our limited resources can be directed to the classroom. We have and will continue to work with members of the General Assembly, the union, and others until we achieve meaningful pension reform.

## Appendix: CTPF v. TRS

Teachers and others with teaching certificates (such as principals) who work at CPS participate in the Chicago Teachers Pension Fund (CTPF). Teachers in school districts outside of Chicago participate in a state-funded pension system, the Teachers' Retirement System (TRS). Both systems have similar demographics.

**Table I: CTPF v. TRS**

	CTPF	TRS
<b>Number of Retirees</b>	22,636	94,865
<b>Average Monthly Benefit</b>	\$3,870	\$4,018
<b>Average Age</b>	72	70
<b>Average Years of Service</b>	28	28

*Source: CTPF: Actuarial Valuation as of 6/30/12 and CPS; TRS: Comprehensive Annual Financial Report for Fiscal Year Ending 6/30/12*

Retirees receive a defined benefit annuity. Teachers in both systems are eligible to retire at age 55 with 35 years of service, age 60 with 20 years of service, or age 62 and five years of service. An employee who has reached age 55 and has 20 years of service may retire, but will receive a smaller annuity. Retirees receive a 3 percent annual compounded cost of living adjustment (COLA) starting at age 61 for CTPF and for TRS starting immediately.

These factors and other demographics are used by actuaries to calculate the cost of benefits into the future. Based on this future cost (referred to as "actuarial liability"), an annual contribution amount is calculated to be invested for the future, which is the "employer contribution." The CTPF funding target is to have assets equal to 90 percent of the liability by 2059, representing a "funded ratio" of 90 percent. The funding target for TRS is a funded ratio of 90% by 2043.

For TRS, the state of Illinois makes virtually all employer contributions. For CTPF, CPS must make the employer contribution. CPS is the only district in the state that has this requirement.

## Capital

Each year, Chicago Public Schools invests in its physical assets (i.e. buildings and equipment) to ensure children have a safe and quality learning environment. With more than 600 buildings, 60 million square feet of space and an estimated \$4.9 billion in unmet capital needs, annual capital demand is significant.

As part of the \$307.6 million fiscal year 2014 (FY2014) Capital Budget, CPS is investing \$187.7 million of district resources and another \$120 million of outside funding to make our buildings safe, warm and dry; to relieve overcrowding; and to expand access to Career and Technical Education programs. Combined with over \$900 million in capital projects in the pipeline from prior years, there are over 200 projects planned or under way to address the needs of hundreds of schools throughout the district.

The FY2014 Capital Budget aligns with the district's five-year plan that will help CPS meet its most urgent needs and educational priorities while recognizing the district's fiscal constraints. As CPS works to improve facilities and infrastructure in ways that will provide every student in every school in the district with a high-quality education, we remain committed to allocating resources efficiently and effectively.

The Five-Year Capital Plan, released on May 1, 2013 and updated on July 24th, details specific projects the district plans on carrying out through 2018. The July 24<sup>th</sup> update added \$120 million in outside funded projects and \$25 million in projects funded by CPS resources to the previously announced \$161.8 million FY2014 capital plan. The Five-Year Capital Plan, as well as project level detail for the FY2014 budget, can be found at [www.cps.edu/capitalplan](http://www.cps.edu/capitalplan).

Below is a summary of the guiding principles underlying the FY2014 Capital Budget.

### GUIDING PRINCIPLES

On May 1, 2013, CPS released the draft Educational Facilities Master Plan, a 10-year outline of community area-level needs and individual school-level needs, in accordance with state statute<sup>1</sup>. We have used the findings and recommendations of the draft Master Plan to guide our FY14 Capital Budget. Areas of focus in the FY14 Capital Budget derived from the draft Master Plan include:

- Educational goals guide the direction. Investments in Career and Technical Education Programs; Early College Science, Technology, Engineering, and Mathematics Schools (ECSS); and Recess initiatives and other programmatic initiatives are a top priority for new capital investment.
- Health/safety must be maintained. Because the scope of our capital investment is limited, we are focusing directly on investments to protect the health and safety of the students, teachers, and adults in the school community. This means repairing masonry that is cracked and at risk of crumbling, chimneys that are in danger of collapse, roofs that are leaking and causing interior damage, and boilers that are in urgent need of replacement.
- Support Full School Day. Continue building new playgrounds at schools currently lacking the facilities, which provides space for a real recess so students can exercise and refresh.
- Relieve overcrowding. Several communities in the district have too many students for the space

<sup>1</sup> P.A. 097-0474, as amended by P.A. 97-1133

available. The five-year capital plan begins to address the need to relieve overcapacity through annual investments in new Annexes.

- Partner for external support. The district has been successful in expanding the scope of its capital program in the past through external funding sources, such as Tax Increment Financing (TIF). Any additional resources, such as through TIFs, can help expand the FY14 – FY18 Capital Plan beyond the current projects.

## **MAJOR INITIATIVES**

### **Career and Technical Education**

Made up of approximately 40 different programs of study, Career and Technical Education (CTE) is offered as a series of classes focused on preparing students for high-demand industries. Courses incorporate rigorous classroom instruction, hands-on training, real work experience and extra student supports into a college or career curriculum designed to prepare students for future success. The FY2014 Capital Budget expands CTE offerings at Hyde Park, Clemente, Ray Graham, Bowen and Southside Occupational through \$4.2 million in investment for lab build-outs.

### **Playgrounds**

Recess is a key component of the Full School Day. Recess provides elementary students with the opportunity to release energy, re-boot and return to the classroom ready to learn. To ensure children have access to a safe place for recess CPS has a five-year, \$18 million plan to invest in playgrounds through 2017. The FY2014 budget proposes spending the second \$3.6 million installment to construct or replace 12 to 15 playgrounds at schools yet to be determined.

### **Improvements and Repairs to Chimneys**

The district is currently assessing the conditions of chimneys – many of them tall, aging smokestacks – at 225 schools. The order of repair will be determined based on life-safety considerations. A total of \$5 million has been set aside in the FY2014 Capital Budget for stabilizing or replacing approximately 10 chimneys in a state of disrepair. This investment is the third of a multi-year plan to address all chimneys that may pose future safety issues as the district also is repairing a number of chimneys under the FY2012 and FY2013 Capital Budgets.

### **Building Envelope Renovations**

Two neighborhood schools, Carson School and Hamline, will receive major building renovations. These two schools were identified in the budget because they are in need of imminent repair after years of temporary fixes. At Carson School, \$6.4 million is budgeted for roofing, masonry and parapet repair, and fire alarm replacement. At Hamline, \$2 million will pay for roofing work, masonry repairs, and ceiling improvements.

### **Mechanical and Electrical**

Shoemith School will receive mechanical and electrical upgrades in FY2014 to replace existing boilers and provide air conditioning for the school. CPS has budgeted \$4.5 million to complete this project.

### **New School Construction**

As a result of the passage of new legislation<sup>2</sup> CPS expects to receive approximately \$18.4 million up front and \$13.3 million annually from the State School Infrastructure Fund as part of the State School Construction Program that will support debt service for the construction of new schools. We anticipate that this funding will enable us to support approximately \$110 million of new school construction.

<sup>2</sup> PA 98-0018

### **Overcrowding Relief**

Oriole Park will receive a new \$20 million Annex to relieve overcrowding at the school. In addition, CPS will address overcrowding at Dever, Hubbard, Peck and Wildwood as part of the FY2014 budget with investments at the four schools totaling \$4.5 million.

### **Building Interior**

The Building Interior category consists of Americans with Disabilities Act (ADA) projects and furniture, fixtures and equipment (FF&E) purchases. ADA projects are completed as needed and include accessible ramps, signage, modifying bathrooms to include accessible stalls and renovating individual classrooms/programs to become accessible. FF&E purchases in the Building Interior category support new programmatic teaching spaces. The FY2014 Capital Budget includes \$4.5 million in ADA and FF&E projects.

### **Information Technology Upgrades**

As schools increase use of online curriculum and web-based applications to complement more traditional teaching methods, the district's network infrastructure must be upgraded to provide the bandwidth required of the latest technological tools. The FY2014 Capital Budget includes more than \$23.6 million of information technology investments or upgrades, including additional bandwidth for the wireless network at approximately 100 schools and in-school network upgrades for 120 schools. This category also includes funds for additional safety and security equipment where needed. Many of the IT investments will be supported by federal E-rate funds.

### **PROJECTS UNDER WAY**

In addition to the FY2014 Capital Budget, CPS has over \$900 million in ongoing projects addressing the most pressing structural and programmatic needs at over 200 schools. These projects were started at various times over the last several budget years and include major renovations, new facility construction, building interior projects, programmatic additions, information technology build-outs and early childhood expansion, to name a few. Details of the district's ongoing capital projects can be found at [www.cps.edu/capitalplan](http://www.cps.edu/capitalplan)

**SOURCES AND USES**

The FY2014 Capital Budget totals \$307,615,924 and will be funded by a combination of CPS resources, TIF funds and State School Construction Funding. Below is a summary of the Sources and Uses of the FY2014 Capital Budget by project type.

<b>Sources</b>	
Debt Proceeds	\$ 287,693,924
TIF Funding	\$ 9,922,000
State New School Construction Funding	\$ 10,000,000
<b>Total FY13 Capital Budget Sources</b>	<b>\$ 307,615,924</b>
<b>Uses</b>	
Building Envelope Renovations	\$ 30,000,000
Mechanical & Electrical	\$ 6,017,000
Building Interior	\$ 15,900,000
Major Renovations	\$ 53,600,000
New School Construction	\$ 110,000,000
Overcrowding Relief	\$ 24,500,000
Career and Technical Education	\$ 4,192,400
Facility Site Improvements	\$ 5,460,000
Contingency	\$ 25,000,000
IT, Educational Programming and Other Projects	\$ 23,646,524
Capital Project Support Services	\$ 6,900,000
Legal/Regulatory Requirements	\$ 2,400,000
<b>Total FY13 Capital Budget Uses</b>	<b>\$ 307,615,924</b>

**IMPACT OF FY2014 CAPITAL PROJECTS ON OPERATING BUDGET**

All projects considered for inclusion in the annual capital budget are analyzed for projected impact on the district’s operating budget. Due to fiscal constraints, CPS asks departments to reallocate operating funds in order to accommodate any additional operating need resulting from the award of a capital project. For projects with operating savings, such as energy efficiency improvements, CPS is able to capture the savings for the benefit of the district. The FY2014 Capital Budget is estimated to generate operating savings of approximately \$5.1 million for the district. Below are details of the operating impact by project type, with savings expressed as a negative number in parentheses and additional operating costs expressed as a positive number.

**Building Envelope Renovations**

**Energy Savings**

The Carson and Hamline projects are expected to have a positive impact on the operating budget as old structural issues are fixed and result in increased energy efficiency, although it is difficult to estimate or measure savings. In addition, once completed, building envelope renovations generally free up engineers and other CPS resources to focus on other buildings in need of attention.

**Mechanical and Electrical**

**Energy Increase**

The Shoemith Mechanical and Electrical project will likely result in a slight increase in energy costs as efficiency gains from replacing old equipment is more than offset by the additional demand created

from air conditioning. However, the new boilers require less maintenance than older, existing machines, which frees up CPS resources for other mechanical systems in need of attention.

**Building Interior** **No Impact**

The Building Interior category consists of ADA and furniture projects. ADA improvements and furniture purchases require virtually no maintenance and do not impact the operating budget.

**Career and Technical Education** **No Impact**

The FY2014 CTE capital projects are being completed to support programs being funded with operating funds. The completion of these projects does not trigger any additional operating expenses related to the CTE program. For more details on the CTE program please visit:  
[http://www.cps.edu/Programs/Pathways\\_to\\_success/CollegeCareer/CTE/Pages/CTE.aspx](http://www.cps.edu/Programs/Pathways_to_success/CollegeCareer/CTE/Pages/CTE.aspx).

**Facility Site Improvements/Playgrounds** **No Impact**

New playground construction requires some maintenance and cleaning to prolong the life of the playground. While this maintenance requires an engineer or custodian – thus taking time from the individual’s other job duties – there is no impact on the operating budget as maintenance is absorbed by current school personnel. The benefits of the playgrounds in conjunction with the district’s recess initiative easily outweigh the small personnel commitment.

**Capital Project Support Services** **(\$6.90 Million) Savings**

Capital Support Services are paid out of capital funds because of their sole focus on capital-funded projects. Due to this funding classification, the’s operating budget is able to spread the cost of the Support Services over the life of the project, saving nearly \$6.9 million in operating expenses in FY2014.

**New School Construction** **\$1.35 Million**

The addition of new buildings in the district brings the need for facilities support personnel such as custodians and engineers, and increases overall district utility costs. We cannot be sure of the actual increase in operating costs related to the new school construction until details are finalized, but we estimate approximately \$700,000 in facility operating costs associated with new schools and another \$650,000 associated with Principals, Clerks and Counselors allocated on a per school basis.

**Information Technology, Educational Programming and Other Projects** **\$0.45 Million**

Many of the Information Technology (IT) and Educational Programming projects consist of infrastructure, hardware, or software implementation that does not trigger any additional operating costs. However, the projects listed below require ongoing support totaling \$450,000. The sponsoring department, in conjunction with the IT department, will absorb any ongoing operating cost increases with current available staff, resulting in no increase to the district’s operating budget.

Local Area Network System Improvement	\$51,000
Opteman Network Upgrades	\$260,000
Distribution Server Upgrade	\$139,000

**CAPITAL PROJECTS FUNDS**

The Summary of Capital Projects Funds table shows FY2014 capital revenues and capital outlays (expenses) to be incurred in FY2014 regardless of the year the project was appropriated. The Fund Balance (unspent revenues received in prior years) accounts for the difference in expected FY2014 capital outlay versus revenues. For example, the district raised approximately \$469 million in bond proceeds during FY2013, but only expensed roughly \$461 million in the same time period. The remaining \$8 million was carried in the Fund Balance for use during FY2014.

**FY2012 - FY14 Summary of Capital Projects Funds  
(In Millions)**

	FY2012 Actual	FY2013 Estimate	FY14 Budget
<b>Beginning-Year Fund Balance</b>	\$182.9	\$88.8	\$134.2
<b>Revenues:</b>			
Local Revenue	59.7	5.3	182.9
State Revenue	1.3	31.7	25.9
Federal Revenue	18.1	0.4	0.0
Total Revenue	79.1	37.4	208.8
<b>Expenditures:</b>			
Capital Outlay	576.9	460.9	601.0
<b>Debt Proceeds</b>	403.6	468.9	300.0
<b>End-of-Year Fund Balance</b>	\$88.8	\$134.2	\$42.0

Local revenue of \$9.92 million is expected from new Chicago TIF related projects, while \$173 million is expected from prior-year TIF funded projects.

The state revenue total is comprised of \$15.9 million in previously announced state Department of Commerce and Economic Opportunity (DCEO) and Early Childhood grants, and \$10.0 million for new school construction.

**CAPITAL SPENDING BY YEAR  
FY2010 – FY2014**

	Total Appropriations	Spending by Year (Cash Paid Out)					Remaining Spend
		FY2010A	FY2011A	FY2012A	FY2013E	FY2014E	
Prior Year/Other Expenditures		557.7	347.0	86.3	15.1	3.9	-
FY2010 Capital Budget	382.1	2.9	99.9	49.9	15.0	37.0	-
FY2011 Capital Budget	456.0	-	86.6	270.5	90.1	8.8	-
FY2012 Capital Budget	659.9	-	-	102.2	237.0	162.0	158.7
FY2013 Capital Budget	473.3	-	-	-	66.1	309.6	97.6
FY2014 Capital Budget	307.6	-	-	-	-	55.4	252.2
Modern Schools Across Chicago*	446.0	131.2	29.9	44.7	37.6	24.4	-
<b>Total Spend by Year</b>		<b>\$ 691.8</b>	<b>\$ 563.4</b>	<b>\$ 553.6</b>	<b>\$ 460.9</b>	<b>\$ 601.0</b>	<b>\$</b>

\*Some MSAC Projects are included in the Fiscal Year budget lines

A=Actual E = Estimated

All values in millions

## Debt Management

Chicago Public Schools' Capital Improvement Program includes the rehabilitation and maintenance of existing facilities as well as the construction of new schools when appropriate. The Capital Improvement Plan, described in the Capital chapter, is funded primarily 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. Since General State Aid is also a major revenue source to support core academic priorities, we face a continuing challenge to balance the day-to-day classroom needs with the need for quality education facilities.

### DEBT OVERVIEW

The Board of Education currently has \$6.3 billion of outstanding debt. The FY2014 budget includes appropriations from the trustee Debt Service Funds of \$484 million for payments on existing debt and \$129.1 million from the assigned fund balance for a total of \$613.1 million in debt service fund appropriations. CPS continually reviews the affordability of its capital program, minimizes debt issuance costs, and monitors existing debt for any cost-saving opportunities as part of its efforts to meet budget challenges.

To minimize cost, CPS will fund capital expenditures on an interim basis by utilizing available fund balance to the greatest extent possible, and then a \$300 million line of credit. Cash that CPS maintains earns less interest than its cost of borrowing. Interest on a line of credit will be lower than on fixed rate bonds. Therefore, CPS will use these mechanisms until capital expenditures reach a threshold of approximately \$300 million, at which time CPS plans to sell fixed rate bonds to takeout the line of credit. The timing of the fixed rate bonds depends on the timing of capital expenditures and market conditions. CPS plans to pay for interest incurred on the line of credit through proceeds of the fixed rate bonds to minimize the debt service impact on the FY2014 budget.

While the capital program, as described more fully in the Capital chapter, has been significantly scaled back for FY2014-FY2018, the FY2014 bond issue reflects the amounts needed to cover projects in the FY13 supplemental capital plan, many of which will support Welcoming Schools and other schools impacted by school actions. These new bonds have not been included in the debt projections below and will increase debt service costs in the future.

### Debt Profile

CPS has established the following debt management goals to balance costs, risks and liquidity needs:

- To borrow at the lowest cost of funds balanced against acceptable risk levels
- To maintain an appropriate allocation of debt products and to refinance existing debt when current market conditions are advantageous
- To maintain strong credit ratings, which keeps interest rates lower
- To fund a capital plan that balances the need for new construction with the affordability of additional debt issuance

### 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. General Obligation Bonds are a type of financing tool frequently used by local governments and school districts, which are typically repaid from a property tax levied specifically to repay those obligations. However, CPS uses only non-property tax revenues to repay its bonds, which

keeps the property tax burden low. Legally, CPS bonds have two dedicated revenue sources: property taxes and specific alternative revenue. Thus, CPS bonds are a special kind of general obligation bonds: Alternate Revenue General Obligation Bonds. 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 non-property tax revenue supporting CPS bonds are General State Aid, Personal Property Replacement Taxes, and revenues derived from intergovernmental agreements with the City of Chicago. The majority of CPS bonds are backed by General State Aid. No property taxes have been used to pay CPS-issued bonds, although the Public Building Commission (PBC), a local government entity which constructs schools, has in the past sold a modest amount of bonds which do rely on property tax levies. These PBC bonds are CPS' responsibility and represent the only CPS obligations that rely solely on property tax levies. The FY2014 budget includes \$52 million in payments for principal and interest on these bonds.

CPS has benefitted from issuing certain types of bonds in which much of the interest costs are paid by the U.S. Government, resulting in a very low cost of borrowing for CPS. These include Qualified Zone Academy Bonds, which provide capital funding for schools in high-poverty areas at reduced interest rates; Qualified School Construction Bonds (QSCBs); and Build America Bonds (BABs). The American Recovery and Reinvestment Act of 2009 created two types of bonds that CPS was able to take advantage of: QSCBs, which were bonds which only school districts could sell and provided some of the lowest interest cost financing CPS has ever achieved; and BABs, which were available to school districts and other governments which provide a substantial subsidy.

Finally, when available, CPS uses a state revenue source for its bonds. CPS receives state revenue for school construction through the state's Capital Development Board (CDB). This funding is relatively modest, not predictable each year and can be subject to delays. Since 2002, CPS has received \$510 million from the CDB. In the current budget, CPS projects it will receive approximately \$54 million in CDB funds which will be used to fund debt service costs.

Additionally, as a result of the passage of new legislation<sup>1</sup>, CPS expects to receive approximately \$18.4 million up front and \$13.3 million annually from the State School Infrastructure Fund as part of the State School Construction Program, as discussed in more detail in the Capital section. These revenues will be applied toward the funding of the construction of new schools, likely through a bond financing.

#### **FY2013 Debt Service Costs for all Obligations**

As shown in the table below, FY2014 includes appropriations of \$484.0 million for existing alternate bonds and PBC payments (included with existing bonds) and \$129.1 million from the assigned fund balance for a total of \$613.1 million in debt service fund appropriations. The appropriation for debt service represents an increase relative to FY2013 due to the inclusion of new bonds issued in 2013. The appropriation from the assigned fund balance has been set aside for various purposes including backup funds for the line of credit, a cushion for variable rate payments, fees, and providing support to the operating budget.

CPS is required to set aside debt service nine months to one year and a half prior to the actual date that payments are due to the bondholders. The deposit occurs in February for the payment of debt service starting April of that year through March of the following year. These payments are held in trust with an outside trustee, as required by the bond indentures. Therefore, the FY14 Revenues shown for the Debt

<sup>1</sup> PA 98-0018

Service Funds (DSF) represent the amount that is to be set aside for these future debt payments. In contrast, the majority of the appropriations for FY14 represent the amount that is to be paid during FY14 from revenues set aside in the prior year. Therefore, we have varied from a more traditional presentation of Revenues, Appropriations, and Net Change in order to illustrate current year revenues supporting future year spending. The more relevant presentation is the flow of funds into and out of the Debt Service Funds in FY14, which is the presentation below.

The chart below 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.

**FY2012 - FY2014 Summary of Revenues Set Aside and Appropriations for Debt Service Funds  
(In Millions)**

	FY2012 Actual	FY2013 Estimated	FY2014 Budget
Beginning Restricted Fund Balance	271.6	338.2	373.3
<b>Fund Outflows:</b>			
Appropriations			
Existing Bond Principal payment	88.5	76.7	148.3
Existing Bond Interest payment	275.7	298.1	332.1
<b>Total Existing Bond Debt Service</b>	<b>364.2</b>	<b>374.8</b>	<b>480.4</b>
Fees	10.3	5.7	3.6
<b>Total Appropriation for Debt Service Funds</b>	<b>374.5</b>	<b>380.5</b>	<b>484.0</b>
Transfer to DSR	23.6	20.8	-
<b>Fund Inflows:</b>			
Revenues			
Property taxes	57.0	53.2	52.0
PPRT	55.1	57.7	57.0
General State Aid	146.6	147.7	120.1
State capital reimbursement	60.9	60.0	54.1
Other local (City IGA and interest earnings)	118.2	92.1	97.1
Federal interest subsidy	26.8	25.7	24.5
Other	0.1	-	-
<b>Total Revenue</b>	<b>464.7</b>	<b>436.4</b>	<b>404.8</b>
Ending Restricted Fund Balance	338.2	373.3	294.1

In addition to the presentation on Debt Service Funds, we are also presenting a separate table showing the use of the Debt Service Reserve (DSR) Fund. This new presentation of the DSR separate of the DSFs provides a clearer picture of the uses of the two funds. This fund is used for multiple purposes, including acting as a reserve for unexpected debt payments and a revolving fund to provide liquidity for debt financing activities. For example, the DSR provides for changes as a result of variable rate bonds. It will also be used in FY14 to help establish a line of credit as described above. When the line of credit

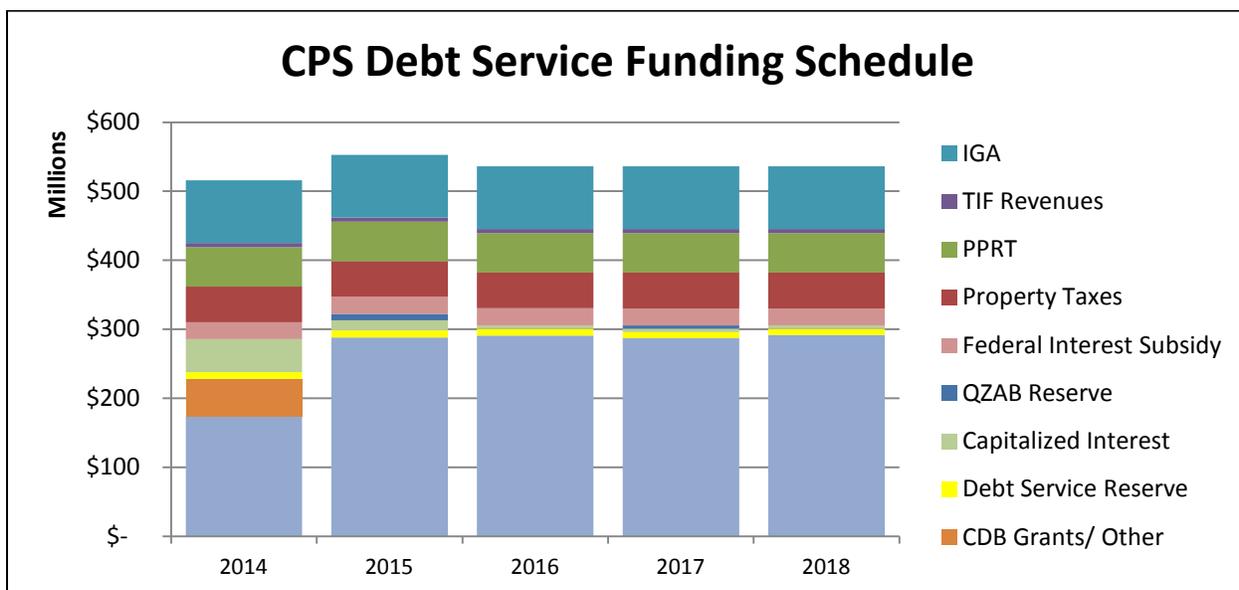
has been repaid from fixed rate bonds, the amount set aside for the line of credit will be returned to the DSR. Because of this, we have labeled some of the appropriations from this fund as “Revolving.” In addition, there are appropriations that represent actual expenditures and will be permanent draw down of the funds. These are shown separately as “Expended.”

<b>Fund 602 Debt Service Reserve (DSR) Fund Presentation</b>			
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>Actual</b>	<b>Estimated</b>	<b>Budget</b>
Beginning Fund Balance	231.4	255.0	249.0
Fund Balance Appropriated for Permanent Draw		6.0	59.1
Fund Balance Appropriated for Revolving Draw			70.0
Revenues			
State capital reimbursement			21.7
<u>Excess DSF Transfer to Fund 602</u>	<u>23.6</u>	<u>20.8</u>	-
<b>Total Revenues</b>	<b>23.6</b>	<b>20.8</b>	<b>21.7</b>
Appropriations			
Revolving			70.0
<u>Expended</u>	<u>-</u>	<u>26.8</u>	<u>59.1</u>
<b>Total Appropriations</b>	<b>-</b>	<b>26.8</b>	<b>129.1</b>
Ending Fund Balance	<b>255.0</b>	<b>249.0</b>	<b>211.6</b>

### **Long-Term Fiscal Challenges**

The graph below illustrates the fiscal challenges stemming from CPS’ debt obligations. After a dip in debt service payments in FY12 and FY13 due to recent restructuring financings, revenues required for debt service increases to nearly \$516 million in FY2015 and \$553 million in FY2015. The graph below shows the debt service payments for the currently outstanding bonds only; this graph does not show the impact of any future bonds required to support future capital budgets.

Resources needed to pay bondholders are in direct competition with resources needed to ensure we continue to fund priorities that drive academic achievement. Below is a chart which illustrates expected revenues needed to pay debt service over time.



#### Measuring Debt Burden

External stakeholders such as taxpayers, unions, 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 our “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 including 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 was extremely low at less than 1 percent of the legal debt limit.

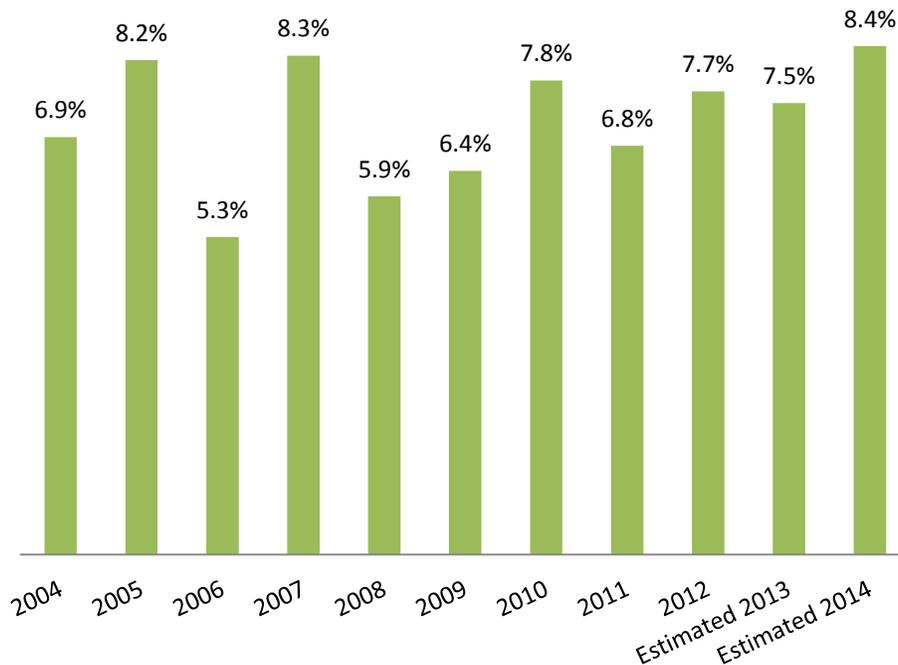
#### Debt Per Capita

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 FY2012 Comprehensive Annual Financial Report, debt per capita reached \$2,075. This is considered moderate to slightly above average relative to other comparable school districts.

#### Debt as a Percent of Operating Expenditures

Another way of measuring the total debt burden is by dividing annual debt service expenditures by operating fund expenditures. Based on this method, the debt burden for FY2013 and FY2014 are estimated at 7.5 and 8.7 percent of total operating expenditures respectively, reflecting the increased debt burden as a result of the FY2012 and FY2013 bond issues.

### Ratio of Debt Service Fund to General Operating Fund Expenditures



#### Credit ratings and Debt Management Policy

The Debt Management Policy of CPS provides guidance for debt management as well as capital planning and supports the Board’s ability to manage its debt in a conservative and prudent manner. One of the goals of the policy is to ensure that CPS maintains the highest possible credit rating among the three credit agencies. These 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 AA or A, 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 primary rating factors for CPS concern management, debt profile, financial results and economic and demographic factors.

Since the FY13 Amended Budget, the rating agencies have confirmed CPS’ ratings at A2, A+ and A by Moody’s Investor Service, Standard and Poor’s and Fitch Ratings as a part of the Series 2013A refinancing. Moody’s and Fitch Ratings both hold CPS with a negative outlook. The rating agencies have commented on CPS’ weakened financial profile, highlighted by a \$1 billion budget gap for FY14, reduced fund balances and an impending spike in pension payments. Just as a high credit rating can mean lower borrowing costs, deterioration in credit rating will increase interest expenses.

As part of the Debt Management Policy, CPS is authorized to use a number of tools to manage its debt portfolio. Some of the tools and techniques employed are refunding of existing debt, using derivative

instruments, 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, 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 20 percent of CPS' debt is variable rate, which means that the interest rate is not set and can fluctuate. The interest rate on variable rate debt is often lower than what can be achieved in a fixed rate market, but the rate can be highly volatile.

An interest rate swap is an agreement between two parties (known as counterparties) where one stream of future interest payments is exchanged for another based on a specified principal amount. The Board's swaps generally convert the variable rate paid to bondholders to a fixed rate cost of capital through the exchange of interest payments with its counterparties. CPS only enters into transactions with a highly rated, credible and diverse group of counterparties.

Since the execution of the swaps, CPS has saved approximately \$70 million in interest costs on its swap and variable rate portfolio.

The average rate on the CPS swap portfolio is about a 4.60%. This cost of capital is attractive as compared to the fixed rates that were available at the time the swaps were executed. The swaps have served as an effective financial tool to lower CPS' debt costs as well as mitigate interest rate risk.

A copy of the Debt Management Policy is available at the Board's website at <http://policy.cps.k12.us/documents/404.1.pdf>.

**OUTSTANDING DEBT**  
as of June 30,2013

Debt Outstanding at 06/30/2013 Chicago Public Schools	Closing Date	Maturity Date	Principal Outstanding	Pledged Funding Source for Debt Service
PBC Series A of 1992	1/1/1992	1/1/2020	166,875,000	Property Tax
PBC Series B of 1999	3/1/1999	12/1/2018	100,455,000	Property Tax
Unlimited Tax G.O. Series 1997A*	12/3/1997	12/1/2030	23,746,222	IGA / PPRT
Unlimited Tax G.O. Series 1998B-1*	10/28/1998	12/1/2031	276,011,786	IGA / PPRT
Unlimited Tax G.O. Series 1999A*	2/25/1999	12/1/2031	454,416,931	IGA / PPRT
Unlimited Tax G.O. Series 2000BC D	9/7/2000	3/1/2032	91,400,000	State Aid
QZAB Series 2000E	12/19/2000	12/18/2013	13,390,000	State Aid
QZAB Series 2001B	10/24/2001	10/23/2015	9,440,000	State Aid
Unlimited Tax G.O. Series 2002A	9/24/2002	12/1/2022	37,820,000	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	202,420,000	PPRT / State Aid
Unlimited Tax G.O. Series 2004G	12/1/2004	12/1/2022	11,970,000	IGA
Unlimited Tax G.O. Series 2005AB	6/27/2005	12/1/2032	246,180,000	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	305,875,000	State Aid
Unlimited Tax G.O. Series 2007BC	9/4/2007	12/1/2024	203,040,000	IGA / PPRT
Unlimited Tax G.O. Series 2007D	12/13/2007	12/1/2029	187,375,000	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	205,175,000	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	52,465,000	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	12,325,000	State Aid / Federal Subsidy
Unlimited Tax G.O. QSCB Series 2009G	12/17/2009	12/15/2025	226,604,487	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	183,750,000	State Aid
Taxable Unlimited Tax G.O. Refunding Series 2010G	11/2/2010	12/1/2017	72,915,000	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	12/20/2011	3/1/2032	95,100,000	State Aid
Unlimited Tax G.O. Refunding Series 2011D	12/16/2011	3/1/2032	95,000,000	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	5/22/2013	3/1/2036	\$403,980,000	State Aid
<b>Total Principal Outstanding</b>			\$6,298,092,226	

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

## SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY\*

(\$ 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	PBC Leases	TOTAL
2014	113,882	314,478	432,049	51,982	484,030
2015	118,237	313,125	435,052	52,029	487,081
2016	161,191	310,398	475,224	51,997	527,221
2017	157,518	306,177	467,335	52,020	519,354
2018	172,767	290,813	467,219	52,069	519,289
2019	178,875	284,438	466,956	52,099	519,055
2020	191,620	292,900	486,955	30,636	517,591
2021	216,950	302,121	520,205		520,205
2022	203,398	295,029	499,562		499,562
2023	212,097	287,681	500,914		500,914
2024	216,997	276,120	494,252		494,252
2025	225,483	267,531	494,150		494,150
2026	502,773	255,537	759,445		759,445
2027	258,915	242,165	502,215		502,215
2028	268,244	230,478	499,858		499,858
2029	227,667	272,469	501,272		501,272
2030	491,232	255,634	748,001		748,001
2031	270,124	237,530	508,789		508,789
2032	235,916	270,522	507,280		507,280
2033	106,205	89,767	195,972		195,972
2034	127,605	83,636	211,241		211,241
2035	118,675	77,049	195,724		195,724
2036	126,070	70,637	196,707		196,707
2037	124,600	63,912	188,512		188,512
2038	149,460	56,368	205,828		205,828
2039	157,890	47,697	205,587		205,587
2040	166,800	38,606	205,406		205,406
2041	176,070	29,076	205,146		205,146
2042	185,860	19,473	205,333		205,333
2043	195,275	9,882	205,157		205,157
	<b>\$6,058,398</b>	<b>\$5,891,249</b>	<b>\$11,987,348</b>	<b>\$394,793</b>	<b>\$12,330,178</b>

## **Organizational Overview**

The organization of Chicago Public Schools (CPS) has been refined during the past year to reflect the Chief Executive Officer's (CEO) approach to reform. The core principles of the organizational design remain with each organizational unit reporting up through a clear hierarchy to a chief officer that reports to the CEO. In this way, accountability and responsibility are clear, communication is direct and the organization reinforces the goals of reform.

The Board of Education remains the overarching entity, with the Inspector General, Office of Law and the CEO reporting directly to the Board. All other offices report to the CEO.

### **Board of Education**

The Chicago Board of Education is responsible for the governance of CPS and provides organizational and financial oversight. It establishes policies, standards, goals and initiatives to ensure accountability and to provide students in every community with a world-class education that prepares them for success in college and career. The Office of Law and the Inspector General are autonomous units that report directly to the Board.

### **Inspector General**

The mission of the Office of the Inspector General (OIG) is 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. OIG is an independent unit that reports directly to the Board of Education.

### **Office of Law**

The Law Department has charge and control of all litigation, legal questions and other legal matters related to the district's affairs. The Law Department supports the district's goal of providing a quality education to Chicago Public Schools students that adequately prepares them for college and/or a career by providing premier legal services and counsel.

### **Chief Executive Officer**

The Chief Executive Officer (CEO) drives the district's mission by acting on behalf of the Board to craft strategies, practices and policies that maximize student performance. All offices listed below report directly to the CEO.

### **Office of the Chief of Staff**

The Chief of Staff is responsible for coordinating the efforts of the district's departments and officers to ensure that their work aligns with and advances the goals of the Chief Executive Officer. The Office of External Partnerships within the Office of the Chief of Staff develops strategies and writes competitive grant applications in order to gain financial support for district priorities.

### **Office of Teaching & Learning**

Under the guidance of the Chief Teaching & Learning Officer, the Office of Teaching & Learning provides the guidance, resources, and supports that enable educators to effectively plan and deliver instruction which prepares students with the knowledge and skills to be successful in college, career, and life. Departments that report to the Chief Teaching & Learning Officer include: Language & Cultural Education, Early Childhood Education, Pathways to College and Career, Educational Tools and Technology, Arts, Literacy, Math and Science, Professional Learning, Sports Administration & Drivers' Education, Student Health and Wellness, and Magnet, Gifted, and Talented Programs. The Office of Teaching & Learning is the former Office of the Chief Education Officer (CEdO).

### **Office of Network Support**

Network Support oversees 14 elementary school networks and five high school networks. The Network Chiefs are responsible for ensuring that they are building effective schools with effective leaders by creating a professional development plan, collecting and assessing data to drive interventions, collaborating on best practices with other networks, and enhancing community and parental involvement.

### **Chief Administrative Officer**

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-range and long-range financial planning. Departments that report to the Chief Administrative Officer include the School Support Centers, Chief Financial Officer, Facility Operations and Management, Transportation, Nutrition Support Services, Information Technology Services, Safety and Security, Procurement and Payroll.

### **Office of Strategy Management**

The Office of Strategy Management was launched in FY2013 to help the district set and achieve ambitious goals through long term strategic planning, development of a culture of excellence in execution, and project management of key cross-functional initiatives. Major programs under the Office of Strategy Management include: Strategic Planning and Initiative Management, School Transitions, and Demographics. The main objective of the Office for FY2014 is to manage the \$68 million district-wide investment in School Transitions related costs to support the academic, social and emotional needs of students, including all populations of ELLs and diverse learners; to ensure the successful decommissioning and security of all affected facilities, and close-out of all financial, inventory, and IT-related matters; and to assure provision of vital Talent support to all impacted employees.

### **Office of Public & External Affairs**

The Office of Public & External Affairs advocates for the 400,000+ students of CPS before every level of government to shape educational policy and secure external resources. This includes advancing CPS' agenda in Springfield, before City Council, and in Washington, DC; as well as entities that offer grant opportunities.

### **Office of Communications**

The Office of Communications seeks to promote the District's vision, key priorities and policies through a full range of communications tools and strategic plans to engage the public and key internal and external stakeholders around our goal to prepare every child for college, career and life. The Office also provides system-wide communications support to CPS departments, networks and schools through a one-stop shop for media, external, internal, stakeholder and digital communications.

### **Office of Talent**

The Office of Talent supports the pursuit of college- and career-readiness for all students by ensuring that they are taught by a highly-effective teacher workforce, that teachers are led by high-performing school leaders and that our schools are supported by well-functioning district staff that facilitates solutions.

### **Office of Innovation and Incubation**

The Office of Innovation and Incubation (I&I) seeks to identify and bring to Chicago the most promising innovative approaches to education, and to broaden the reach of innovative ideas proven to be effective within our District. I&I will provide a robust incubation process, effectively position CPS as the leader in urban education for high standards and operator accountability, and empower families to identify and access the best options for their children. Departments under Innovation and Incubation include: New Schools and Programs, Access and Enrollment, Innovative Models, and the Department of JROTC/Office of Service Leadership Programs. The Office of Innovation and Incubation is the former the Office of Portfolio.

### **Office of Family and Community Engagement**

The mission of the Office of Family and Community Engagement (FACE) is to empower and engage CPS families and communities in order to nurture strong support structures leading to improved student outcomes. Major programs under the Office of Family and Community Engagement include: Network FACE Managers, Faith-Based Initiatives, Parent Support Centers, Community Relations, Strategic Initiatives, Local School Council (LSC) Relations, and LSC Election Support.

### **Office of Diverse Learner Supports and Services**

The Office of Diverse Learner Supports and Services (ODLSS) strives to provide high quality and specially designed instructional supports and services for all diverse learners within the least restrictive environment with the goal of improving the academic achievement of all diverse learners in the Chicago Public Schools. ODLSS works collaboratively with schools, networks, students, families and other external stakeholders to provide the tools, guidance, supports and services necessary to ensure that all diverse learners receive meaningful and relevant access to grade level core instruction within their neighborhood school, school of choice, or the school closest to their residence thereby preparing them for a successful transition to college and career.

### **Office of Strategic School Support Services**

The Office of Strategic School Support Services (OS4) is a new office created by the Chief Executive Officer to provide high-need elementary and secondary neighborhood schools with the comprehensive

and coherent services and supports required to increase student achievement and sustain school improvement.

### **Office of Accountability**

The mission of the Office of Accountability is to provide timely, accurate, and comprehensive data-driven decision support to School-level, Network, Central Office, and Cabinet stakeholders to improve the lives of the students we serve across the city.

### **District Goals for FY2014 and Beyond**

The CEO's recently announced action plan – *The Next Generation: Chicago's Children*– was developed after listening carefully to the concerns of thousands of citizens and civic leaders across the City of Chicago, including parents and community members, principals and teachers, religious leaders and business leaders, elected officials and philanthropists.

This vision builds on the goal that Mayor Rahm Emanuel established for the City: a high-quality education for every child in every neighborhood. This means high-quality early learning opportunities, full-day kindergarten for all, expanded and enhanced arts education and a full school day. The district will continue to add new high-quality schools to neighborhoods across the city – such as International Baccalaureate (IB), Early College Science, Technology, Engineering and Math (STEM), and innovative charter and contract models – to ensure that all children have access to high-quality options that support their aspirations for college and career. Principals and teachers must be supported, empowered and held accountable in ensuring world-class learning experiences for every child. Parents must in turn be armed with the information to help them choose the best options for their children and support their children's ongoing development.

The following five pillars describe our framework for success:

- **First: high standards, rigorous curriculum and powerful instruction** for all students regardless of their neighborhood, diverse learning needs or level of English language proficiency. This means going beyond the basics to ensure that children become critical thinkers, effective communicators and responsible global citizens. The definition of core instruction must be expanded to include the arts, health, physical education and extracurricular activities.
- **Second: systems of supports that meet all of our students' needs** because every student is unique. High expectations for all students must be coupled with a holistic approach that supports the individual needs of each. We must also remove barriers to learning with practices that promote children's health and safety, social and emotional development, school attendance and college and career preparation.
- **Third: engaged and empowered families and communities.** Parents must be empowered as leaders who can advocate for their children and for all the community's children. Meanwhile, school and district leaders must be resourceful in identifying community partners who can support children's growth and learning.

- **Fourth: ensure committed and effective teachers, leaders and staff.** Teachers, principals and administrators will be valued and developed, will hold themselves accountable and will be rewarded for success. We must ensure we are the place where the best talent comes to work.
- **Fifth: provide sound fiscal, operational and accountability systems.** Priorities that lead to student success must drive planning, spending and accountability at the school and district level. Every employee needs to be held accountable for student outcomes and also provided with useful data and guidance in working toward those goals.

Achieving excellence district-wide also requires that we hold ourselves accountable for meeting standards, and that we organize a system for making quick course corrections when we fall short. Annual progress on each of the five pillars and the overall district vision will be monitored using the CPS DISTRICT SCORECARD which will include metrics such as student attendance and academic growth, evaluations of school climate, the percentage of high performing employees retained in the district, and student college enrollment and success.

We are working to establish baselines on all of these measures so that we may set ambitious, achievable goals for progress in the months and years to come.

## Fund Balance Statement

Maintaining a minimum fund balance, or financial reserve, enhances financial stability for any individual or organization. Just as individuals keep a minimum balance in their checking accounts in case of emergencies, Chicago Public Schools (CPS) needs to maintain a minimum 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. External stakeholders consider a minimum fund balance a hallmark of prudent financial management and a best practice for governmental organizations.

CPS adopted the Fund Balance and Budget Management policy<sup>1</sup> 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 in excess of liabilities that can be spent in times of need. As a practical measure to achieve these goals in the General Fund, the Board established the Stabilization Fund, which should carry a minimum 5 percent of the operating and debt-service total budget in the following year's budget. The stabilization fund is equivalent to an assigned fund balance under Governmental Accounting Standard Board Statement No. 54.

It is important to note that 5 percent is a minimum level of reserves as determined by external stakeholders, such as rating agencies and government watchdog groups. Rating agencies commonly view fund balances in excess of 5 percent as appropriate, and the Government Finance Officers Association recommends fund-balance levels between 5 percent and 15 percent of spending.

While CPS acknowledges the importance of maintaining a minimum level, it must balance this with advancing its core mission of ensuring that every child graduates college and career ready. Accordingly, as described fully in the next section, CPS will exhaust its reserves in FY 2014, but will develop a plan to replenish them.

### **FY2014 Estimated Beginning-Year Fund Balance and its Targets**

When the FY2013 budget was approved, it was balanced with the use of the full-unrestricted fund balance estimated at June 30, 2012 at \$348.9 million. CPS currently estimates that it will use only \$229.8 million due to reduced expenses and earlier payment of state revenues.

As a result of timing shifts in revenue receipts, specifically accelerated receipts of 2012 property taxes and earlier-than-anticipated state block grant payments, the General Fund carried \$792.5 million of unrestricted fund balance as of June 30, 2012.

It is important to note that the FY 2012 end of year fund balance was greater than we projected because of factors outside the control of CPS. Cook County changed the due date for the second installment of property taxes to August 1, months earlier that it had been for decades. This date change was not something that could have been anticipated at the time the budget was prepared nor could CPS have anticipated how that would impact property tax revenue in FY 2012; yet, it shifted \$244 million into FY

<sup>1</sup> Board Report 08-0827-PO8

2012. Similarly, CPS could not have anticipated that the state, despite its challenging financial condition and multi-billion dollar backlog in bills, would reduce its backlog to CPS in the month of July, providing an extra \$100 million of unbudgeted revenue in FY2012.

These changes mean that the fund balance at the beginning of FY14 is projected at \$562.6 million; or 9% of operating funds and debt service appropriations. FY2014 budget projections include using all \$562.6 million in order to balance the budget.

The table below summarizes the fund balance targets in the policy and estimated fund balances for relevant funds for FY2014.

**Status of Fund Balance Available for Appropriation at June 30, 2013 (in millions)**

<b>Fund Type</b>	<b>FY2014 Fund Balance Target</b>	<b>Estimated Balance at 6/30/2013</b>	<b>Estimated Balance at 6/30/2014</b>
General Fund-Stabilization	\$308.8 (5%)	\$562.6	\$0
Workers' Comp/Tort Fund	\$55.8 (1-2%)	\$67.7	\$28.9
Debt Service Funds	Enough to cover risks	\$249.0	\$211.6

Neither the General Fund nor the Workers' Compensation/Tort Fund will meet the fund balance targets at the end of FY2014. CPS will ask the Board to extend the deadline to replenish the fund balance for FY2014 and FY2015 while it prepares a long-term plan to return financial stability to the District.

**State Payment Delay Status at the end of FY2013**

CPS recognizes revenues when cash is collected within 30 days after a fiscal year ends. As of July 17, 2013, the State's overdue payments were \$1.97 million. This is significantly below the amounts overdue in the past three years, and is much closer to historical patterns.

**History of State Year-End Obligation to CPS**

(in millions)	2005	2006	2007	2008	2009	2010	2011	2012	2013
Amount Owed on 6/30	21.5	7.0	19.0	23.3	173.0	369.4	327.5	164.9	51.4
Amount Owed on 7/30*	5.2	6.9	3.7	1.2	173.0	236.2	176.1	111.7	1.97
Amount Owed on 8/31	0.0	0.0	0.0	0.0	0.0	102.2	70.0	51.2	

\*7/17 for 2013

**FY2014 Plans for Replenishing the Fiscal Stabilization Fund**

In addition to developing a long-term strategic plan to restore fiscal stability, CPS will implement the following policies in FY2014:

- Work with the Chicago Teachers Union, the Chicago Teachers Pension Fund, the governor and the General Assembly to develop and implement pension reform to reduce current and prospective pension obligations of CPS.
- Encourage the State to maintain a regular payment schedule.
- Minimize capital investment, consistent with the proposed FY2014-2018 Capital Improvement Program and seek outside sources of funding wherever feasible.
- Secure private foundation grants to pay for enrichment programs as much as possible.
- Closely monitor spending to achieve savings and efficiencies wherever possible.

## Fund Descriptions

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. 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.

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. Funds are the control structures that ensure that public monies are spent only for those purposes authorized and within the amounts appropriated. Expenditures within each fund are further delineated by grant, program and account to more fully reflect the planned activities of the fund. The level of budgetary control is established for each individual fund and within the fund by object and program.

**CPS Fund Structure**

Fund Type	Fund Name	Fund Number
Operating Fund	<b>General Fund</b>	114, 115, 117, 124, 230
Operating Fund	<b>Special Revenue Funds:</b>	
	Tort Fund	210
	SGSA Fund	225
	IDEA Fund	220
	Lunchroom	312- 314
	Other Grant Funds	321- 369
Debt Service Funds	<b>Debt service funds</b>	514699
Capital Projects Funds	<b>Capital projects funds</b>	401-499

### General Fund

The General Fund is the primary operating fund of the Board. 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. The Education Fund includes Special Education Fund (114), Regular Education Fund (115), Tuition-based Preschool Fund (117) and School Special Income Fund (124). The General Fund is used to account for all financial resources except those required to be accounted for in another 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 all instructional and service activities provided for students with disabilities. This fund is primarily supported by local property taxes and state special education reimbursements. The Tuition-based Preschool Fund (117) keeps track of fees received and payments made for the paid preschool program for children of working parents who are in need of a full-day education and child-care program for their 3- and 4-year-old children. School Special Income Fund (124) accounts for private foundation grants and donations that schools secure on their own and revenues that schools generate for school-specific functions to maintain their internal accounts.

- **Building Operations and Maintenance Fund (Fund 230)**

The Building Operations and Management Fund supports repair and maintenance of buildings at CPS. 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; all costs of fuel, lights, gas, and telephone service; and custodial supplies and equipment.

### **Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Special Revenue Funds include the SGSA Fund, Workers' Compensation/Tort Fund, School Lunch Funds, and federal and state grant funds.

### **Supplemental General State Aid Fund (SGSA 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 FY1990, 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 FY1995, eliminating at the same time any funding for basic programs. Under the 1995 Chicago School Reform legislation, SGSA funding is mandated at a minimum of \$261.0 million per year, effective FY1996.

Each school receives its share of the SGSA funds based on the number of students who receive free and reduced-price lunch. With the approval of Local School Councils, school principals develop programs in accordance with their school improvement plans as required by the Act. The SGSA revenue supports programs that supplement the basic educational programs for economically disadvantaged students. Recommended programs are early childhood programs, class-size reduction, education enrichment programs, 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 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 and dinner 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. Children must meet the federal income guidelines for free or reduced-price meals or be determined as categorically eligible for free meals as members of Food Stamp or Temporary Assistance to Needy Families (TANF) households. The federal government provides a minimum level of reimbursement for all lunches and breakfasts, while the Illinois Free Breakfast and Lunch Program also provides limited funding. In addition to the reimbursement, the federal government provides commodities in lieu of cash based on the number of meals served.

Since FY1998, CPS has also been providing dinner for children under the Childcare and Adult Food Program, and 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 should be accounted for separately using a complete group of self-balancing accounts. Care should be taken in establishing each group of self-balancing accounts so that the accounting and reporting requirements of the grantors are met. If the grantor provides an accounting manual, it should be followed for the group of self-balancing accounts.

#### **Debt Service Funds (Funds 514-699)**

Debt service funds are established to account for annual property-tax levies and other revenues that are used for the payment of principal, interest, lease payment, and other related costs. The Board is authorized by state law to issue notes and bonds and to enter into leases for capital-improvement projects and cash requirements. The debt service funds are required if taxes are levied to retire bonds or if other revenue is pledged to pay principal, interest, or service charges on other long-term debt instruments. CPS is required to establish 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). The Board has lease agreements with the PBC. The lease payments to the PBC consist of 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. The current lease payments support PBC bonds issued in 1992 and 1993, and refunding bonds issued in 1999. All of these revenue bonds will mature by 2020.

**Alternate Revenue Bond Funds (Funds 606-699)**

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. The Local Government Debt Reform Act of the State of Illinois allows the Board to issue alternate revenue bonds based on dedicated revenue sources. A separate debt service fund must be established for each bond issue.

**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. The Board is required to account for proceeds from each bond issue in a separate capital projects fund. However, an aggregated capital projects fund group is sufficient for the purpose of external financial reporting.

## APPENDIX A

### DISTRICT AND COMMUNITY DEMOGRAPHICS

The following section provides detailed information about the makeup of the district, school population, and employees, as well as a snapshot of the larger community in which our students and their families reside. The information is meant to provide a broad picture of factors that influence and inform our services to students and the entire school community of parents, partners, and constituents of the City of Chicago.

#### Enrollment

The Chicago Public Schools is the nation's third largest school district, having served 403,461 students in the 2012-2013 school year, and projected to serve 405,519 students in the 2013-2014 school year; an increase of 2,058 students. Factors that have historically contributed to the changes in enrollment trends include:

- Transfers to/from public and nonpublic schools
- Changes in Hispanic, Asian and European migration rates
- Changes in birth rates
- Changes in administrative and educational policies that affect grade progression, retention and graduation rates
- Public perception of school reform initiatives

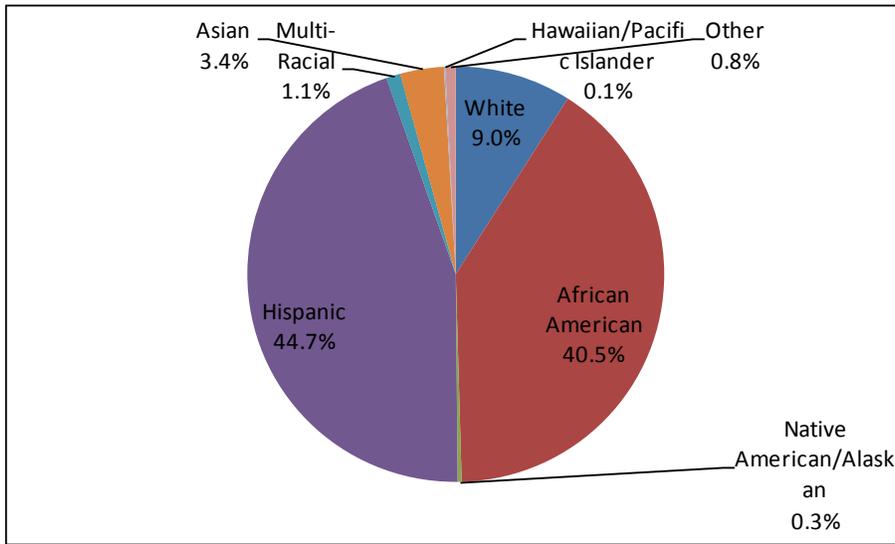
#### CPS Student Enrollment

School Type	Actual Fall 2006	Actual Fall 2007	Actual Fall 2008	Actual Fall 2009	Actual Fall 2010	Actual Fall 2011	Actual Fall 2012	Actual Fall 2013	Projected Fall 2014
<b>Preschool</b>	21,363	21,388	23,325	24,370	24,247	23,705	24,232	24,507	25,225
<b>Elementary K - 8</b>	280,767	274,672	271,464	269,139	269,010	265,336	266,046	266,555	268,127
<b>High School</b>	111,564	112,541	113,166	115,770	115,314	113,640	113,873	112,399	112,167
<b>Total</b>	413,694	408,601	407,955	409,279	408,571	402,681	404,151	403,461	405,519

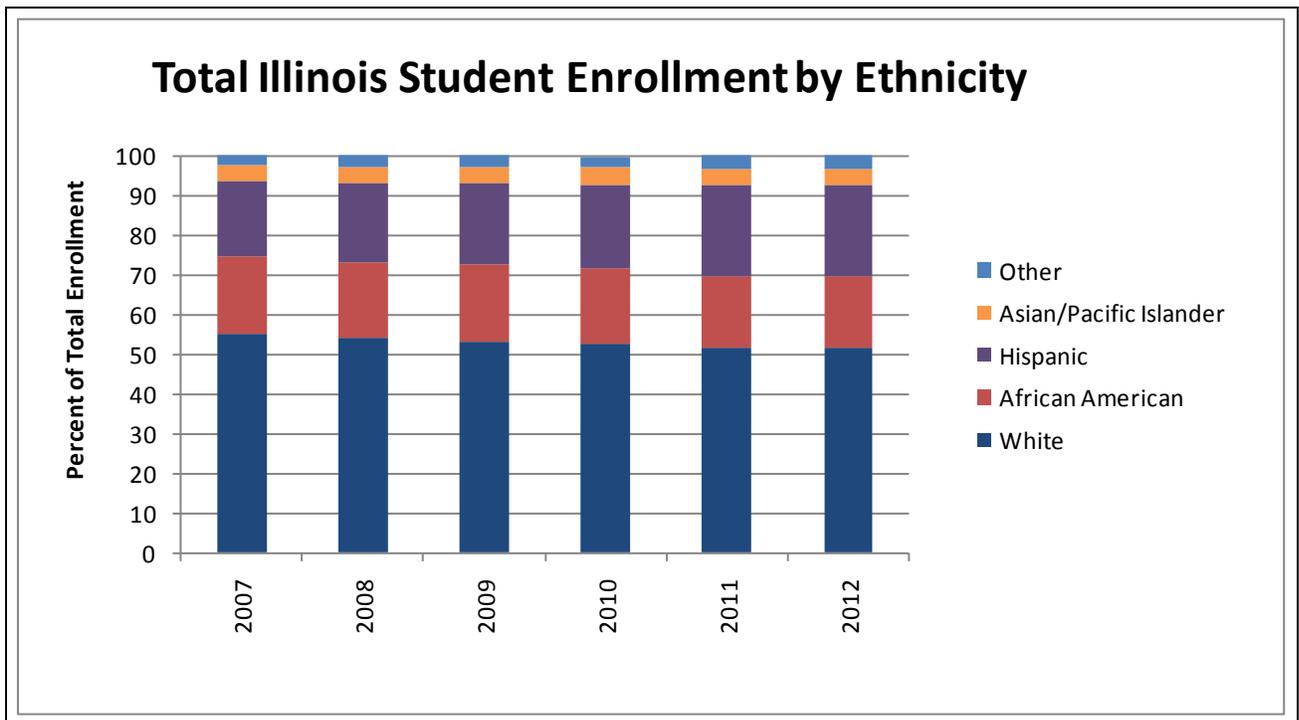
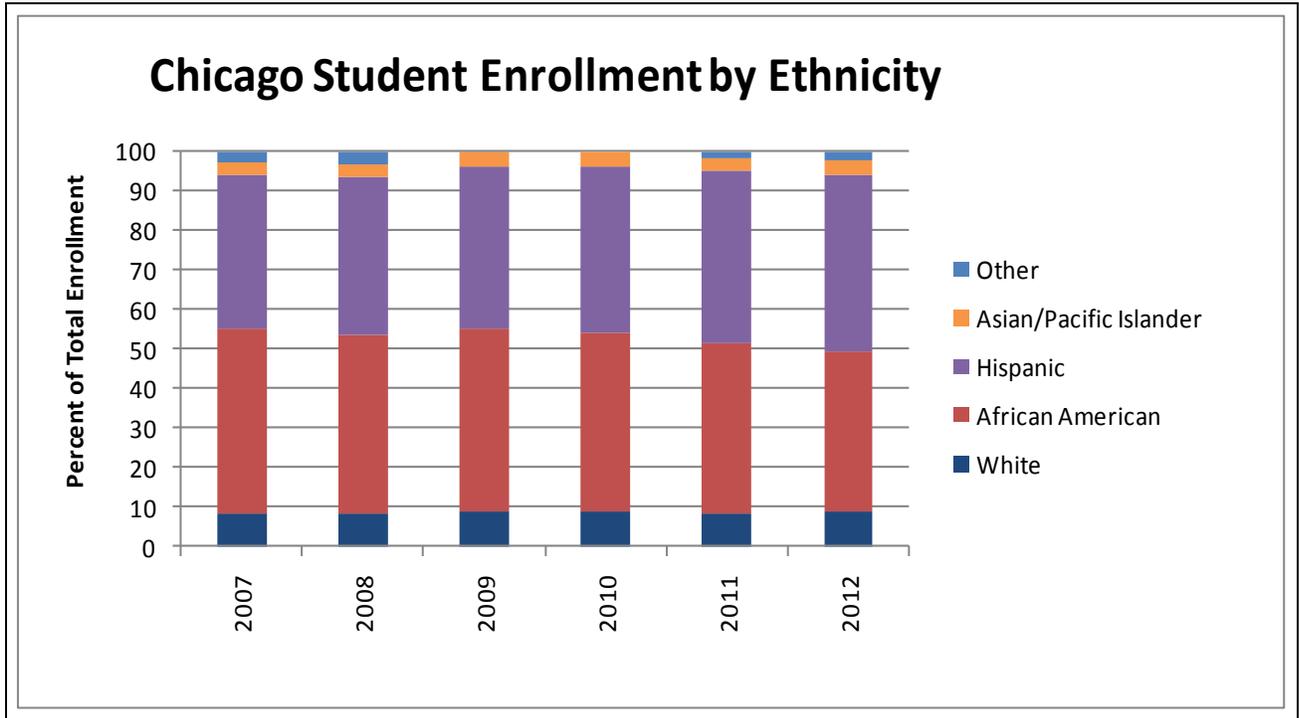
### Student Racial and Ethnic Diversity

CPS serves a student population that is diverse in many ways and reflects the geographic concentration of various ethnic and racial groups in the city's neighborhoods. CPS recognizes the rich contributions of all students from varying racial, ethnic and socioeconomic backgrounds. A breakout of the racial composition of the district's students is displayed below.

School Year 2012 - 2013 Student Racial Breakdown



The graphs below show the total CPS student enrollment for Chicago compared to Illinois by ethnicity from 2007 - 2012. The trends show that while white and African American enrollment is declining, Hispanic and multi-ethnic enrollment is on the rise in both Chicago and Illinois.



## Characteristics

Other characteristics distinguish CPS students from students in the rest of the state. CPS students are disproportionately low income, English Language Learners, have a higher mobility rate, lower graduation rate, higher dropout rate and higher chronic truancy rate.

### School Year 2012-2013 Student Population Characteristics

	Chicago	Illinois
<b>Low-Income Students</b>	86.6%	49.0%
<b>English Language Learner Students</b>	16.6%	9.4%
<b>Student Mobility Rate</b>	18.4%	13.1%
<b>High School Graduation Rate*</b>	75.6%	83.8%
<b>Dropout Rate</b>	4.1%	2.5%
<b>Chronic Truancy Rate</b>	29.5%	8.6%

Data source: 2012 Illinois District Report Card

\*High school graduation rate for Chicago as reported by ISBE is historically higher than CPS's calculation. CPS does not count students who transferred in from another school or entered high school earlier and are not part of the original five-year cohort.

### Low-income students

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. Approximately 87% of CPS students came from low-income families in 2013, as compared to about 49% of students across Illinois.

### English Language Learners

In school year 2012- 2013, approximately 67,004 CPS students, or 16.6 percent, were English Language Learners (ELL). In the state of Illinois, 9.4 percent of the students were identified as ELL students in 2012. ELL students are those eligible for transitional bilingual education, and for which English is not considered their native language. CPS offers bilingual education programs in 14 languages, including Spanish, Mandarin, Cantonese, Polish, Ukrainian, Arabic and Urdu, to address the needs of ELL students. In addition to bilingual education programs, transitional language programs serve students from 109 different language backgrounds.

### Student mobility rate

The student mobility rate is based on the number of times students enroll in or leave a school during the school year. The mobility rate of students in CPS was 18.4 percent. Students who left more than once were counted multiple times.

### **Graduation rate (five-year cohort)**

Using statewide data, CPS's graduation rate was 75.6 percent, which represents a 1.8 percent increase compared to the prior year rate of 73.8, while the statewide rate was 84 percent. While CPS compares poorly to the rest of the state using the Illinois State Board of Education calculation, CPS uses an even more conservative measure when evaluating graduation rates.

Using the CPS measure, the 2012-2013 CPS graduation rate was 61.2 percent, which represents a 2.9 percent increase compared with the prior year rate of 58.3 percent. The five-year cohort graduation rate follows a group of students who enter Chicago Public Schools (CPS) as freshmen and calculates the percent of these students who graduate within five years after their freshman year. For example, the 2012 rate tracks ninth-grade students who started in CPS in the 2007-2008 school year and graduated from CPS by August of the 2012-2013 school year. CPS has been implementing various programs to promote graduation among its students and increase the high school graduation rate.

### **Dropout rate (one year)**

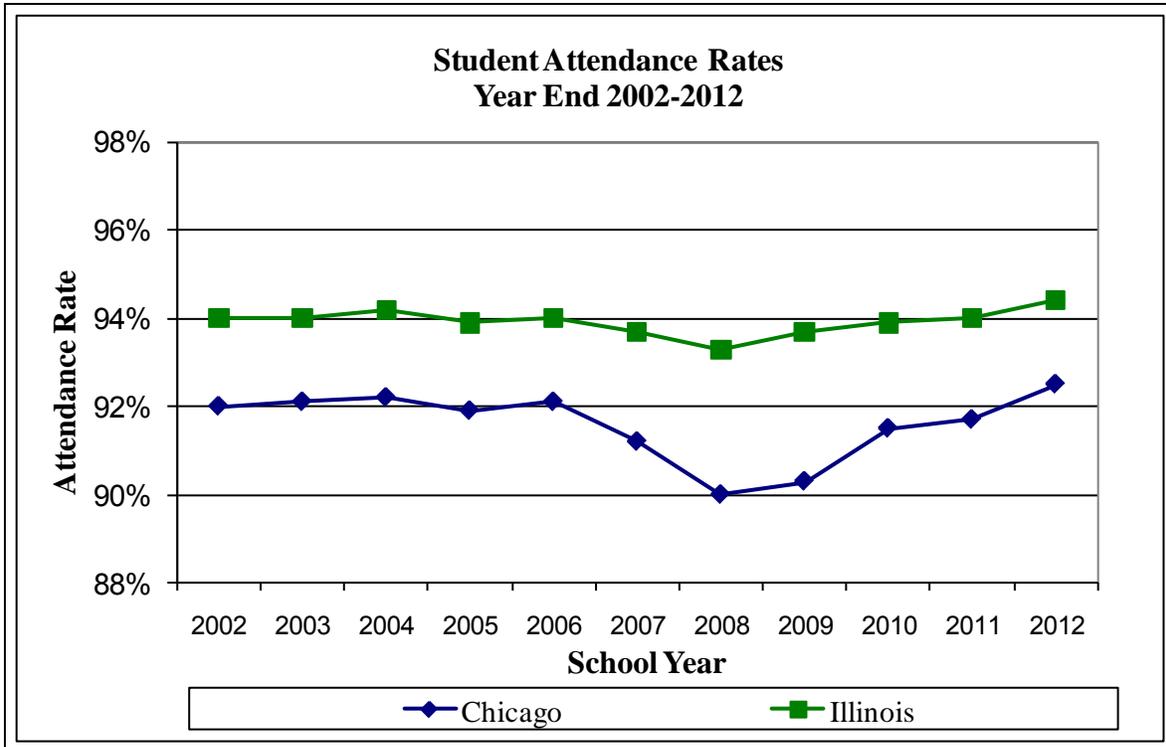
Dropouts include students in grades 9-12 whose names have been removed from the district-housed roster for any reason other than death, extended illness, graduation/completion of a program of study, transfer to another public/private school or expulsion. The dropout rate for CPS was 4.1 percent for 2012, which represents a 1.4 percent decrease compared with 2011. The state dropout rate also decreased from 2.7 percent in 2011 to 2.5 percent in 2012.

### **Chronic truancy rate**

Chronically truant students are students with low attendance over extended periods of time. The chronic truancy rate for Chicago was 29.4 percent in 2012 compared to 7.4 percent in 2011. The increase in the truancy rate is related to a new state law that redefines the definition of chronic truancy. Under the new definition, a chronic truant student is one who misses 5 percent of school days within an academic year without a valid excuse. That's nine days of an average 180-day school year. In the past, the threshold was 10 percent of school days — or 18 days. The state chronic truant rate was 8.6 percent in 2012 compared to 3.2 percent in 2011.

### Student attendance trends

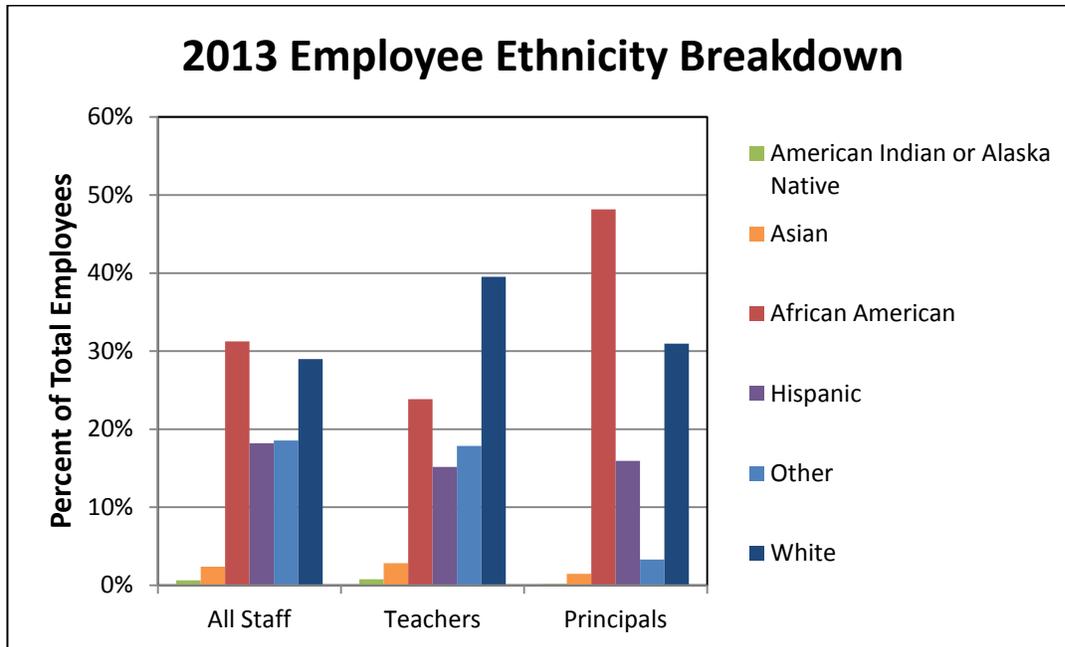
The graph below shows attendance rates for 2001 – 2012, not including preschools or specialty schools. The district's student attendance rate increased from 89.6% to 92.5% for the 2012-2013 school year, slightly below the state's attendance rate of 94.4%.



## District governance and employees

The Chicago Board of Education is responsible for the oversight of CPS. The Board establishes policies, standards, goals and initiatives to ensure accountability.

As of June 28, 2013, CPS had 39,076 staff on board, including 23,934 teachers and 546 principals. The district is one of the largest employers in the City of Chicago. The table below shows a breakdown of CPS employees by ethnicity.



## Community characteristics

Chicago is a leader in reforming public schools, enhancing public safety and security initiatives, providing affordable housing in attractive and economically sound communities, ensuring accessibility for all and fostering social, economic, and environmental sustainability.

The City of Chicago sits 176 meters (578 feet) above sea level on the southwestern shore of Lake Michigan with 26 miles of lakefront. At 190 km wide and 495 km long, Lake Michigan is the 5th largest body of fresh water in the world. The city lies across the Chicago and Calumet rivers. Chicago is home to dozens of cultural institutions, historical sites, museums, more than 200 theaters, nearly 200 art galleries, more than 7,300 restaurants, 552 parks, 19 miles of lakefront bicycle paths, and 36 annual parades.

Chicago is the third largest city in the United States. Located in Cook County, Illinois, the city is home to more than 2.7 million people living in a 237-square mile area with 77 ethnically diverse communities containing more than 100 neighborhoods. Below are 2012 statistics from the Census Bureau.

<b>2012 Statistics</b>	
<b>Total Population by Race</b>	<b>2,714,598</b>
White	45%
Black or African American	32.9%
Asian	5.5%
Two or more races	2.7%
American Indian or Alaska Native	0.5%
Native Hawaiian or Other Pacific Islander	0.03%
Other	13.3%
<b>Population by Hispanic or Latino Origin</b>	
Not Hispanic or Latino	71.1%
Hispanic or Latino	28.9%
<b>Income*</b>	
Median Household Income	\$47,371
Persons below Poverty Level	21.4%
<b>Gender</b>	
Female	51.5%
Male	48.5%
<b>Age</b>	
Children under Age 5	6.9%
Adults 65 and over	10.3%
Median Age	32.9

Data Source: U.S. Census Bureau

## Economy

Chicago is a national center for manufacturing, transportation and tourism. According to the city's 2013 budget overview and revenue estimates, more than 43 million domestic and overseas visitors visited the city in 2011, including 31.5 million domestic leisure travelers and 10.6 million domestic business travelers, and 1.2 million overseas visitors, contributing nearly \$12 billion to Chicago's economy. The area is home to several of the world's largest corporations; top employers include city, state and county governments, universities, airports and banks. However, the overall economic status of the nation has impacted Chicago locally in terms of both revenue and expenditures.

The economic downturn has been reflected in Chicago's job market over the past few years, with the unemployment rate slightly increasing in 2013 compared to prior year. The unemployment rate of Chicago, as tracked by the U.S. Bureau of Labor Statistics, was 9.3 percent in May 2013, compared to 8.8 percent in May 2012. The unemployment rate for Illinois in May 2013 was up two tenths percentage points from May 2012 at 8.9 percent. The national unemployment rate however is decreasing, down to 7.6 percent in May 2013 from 8.2 percent in May 2012.

### Historical Unemployment Rates

Year	Chicago	Illinois	U.S.
2002	8.3%	6.5%	5.8%
2003	8.1%	6.7%	6.0%
2004	7.5%	6.2%	5.5%
2005	7.1%	5.8%	5.1%
2006	5.3%	4.6%	4.6%
2007	5.8%	5.1%	4.6%
2008	7.0%	6.4%	5.8%
2009	10.9%	10.1%	9.3%
2010	11.0%	10.3%	9.6%
2011	9.5%	8.7%	9.0%
2012	8.8%	8.9%	8.2%
2013(May)	9.3%	9.1%	7.6%

Data Source: U.S. Bureau of Labor Statistics

## 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
- 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. Introduced for the first time in FY2014, SBB replaces all previous quota formulas and per-pupil allocations. We implemented this funding methodology, which has been in place in many large urban school districts for many years, because it provides more clarity and equity in the distribution of funds to schools.

#### Calculation of SBB Allocation

For FY2014, the SBB allocation is \$1,961,280,000. This is the amount that has been distributed to 507 District schools, 106 charter schools, and 10 contract schools for core instruction.

To determine the size of the SBB allocation, the Office of Budget and Grants Management started by estimating the FY2013 expenditures in all of the categories that would be covered by Student Based Budgeting, including:

- Quota positions
- Per-pupil funding for performance and per-pupil pilot schools
- Relevant portion of the tuition rate for charter and contract schools
- FY2013 College Ready funds
- FY2013 Full School Day positions
- Full-day Kindergarten positions
- Funding for summer clerks and programmers

The estimate of FY2013 expenditures was then modified to account for expected changes in FY2014, as shown in the following chart:

Calculation of FY2014 SBB "Steady State" Allocation	Amount (in \$000's)
FY2013 expenditures in equivalent categories	\$1,993,991
Substitute teachers (for SBB teachers)	\$20,159
Custodial (Fund 230) supplies	\$5,236
Teacher salary increases for FY2014	\$33,327
Teacher benefit rate reductions for FY2014*	(\$9,976)
<b>Total</b>	<b>\$2,042,737</b>

\*The FY2014 rates for health care, unemployment, and workers' compensation are lower than in FY2013 because of lower projected spending, reducing the total cost of each position.

The FY2014 SBB "Steady State" allocation, which we rounded up to \$2.043 billion, reflected the best estimate of the amount of funds needed for schools to have the same "buying power" as they did in FY2013. However, given the \$1 billion deficit the district was facing in FY2014, this amount was reduced, striking a balance between deficit reduction and preservation of school budgets.

<b>Calculation of FY2014 SBB Allocation</b>	<b>Amount (in \$000's)</b>
FY 14 "Steady State" Allocation	\$2,043,000
Reduction	(\$81,720)
<b>FY2014 SBB Allocation</b>	<b>\$1,961,280</b>

Almost \$13.7 million was subsequently added back into the SBB pot for changes made after the release of budgets to schools, which are discussed later in this appendix. These additional funds bring down the total reduction of the SBB Allocation to just over \$68 million.

#### **Distribution of SBB Allocation**

A significant portion (\$260 million) of the SBB allocation is dedicated to the administrative base positions (i.e., a quota position for principal, counselor, and clerk) and the teacher salary adjustments at district schools, or the equivalent in per-pupil funds for charter/contract schools (described later in this chapter). An additional small portion (\$15 million) of the SBB allocation has been kept in contingency to cover adjustments for schools that increase enrollment and for other unexpected events.

The following chart shows the allocation of SBB funds to the various components:

<b>Distribution of FY2014 SBB Allocation</b>	<b>Amount (in \$000's)</b>
Distributed on Per-Pupil Basis	\$1,683,080
Administrative Base at District Schools	\$175,000
Per-Pupil Equiv. of Admin Base for Charter/Contract	\$33,600
Administrative Base for Closing Schools	\$16,800
Teacher Salary Adjustment for District Schools	\$31,700
Per-Pupil Equiv. of Teacher Salary Adjustment for Charter/Contract	\$6,100
Contingency	\$15,000
<b>Total</b>	<b>\$1,961,280</b>

Note that the SBB "Steady State" allocation was built on FY2013 expenditures, which included a principal, counselor, and clerk at 550 District schools. The decision to close 45 SBB schools means that these administrative base positions are being provided to fewer schools – a savings of \$16.8 million. This is considered a savings due to school actions, and these funds are being used to invest in the cost of

school transitions and welcoming schools. This amount, therefore, has been removed from the SBB allocation.

**Calculation of Base Rate**

The FY2014 SBB base rate is \$4,140.03, which was calculated by taking the total amount to be distributed and dividing by the weighted total enrollment of all SBB students.

Amount to be Distributed on Per-Pupil Basis	\$1,683,080,000
Total Weighted Enrollment	406,537.70
FY 14 SBB Base Rate	\$4,140.03

The total enrollment was based on the FY2014 enrollment calculated by the Demographics team within the Office of Strategy Management. The projections are based on 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 enrollments.

Enrollment totals include the number of students at closing schools. This is based on the assumption that the students will go to other CPS schools, but stay within the District. Enrollment totals do not include the number of students projected to attend new schools. This is based on the assumption that students at new schools come from other CPS schools within the District, and do not add to the overall District total.

The total K-12 enrollment at SBB schools is projected to be 378,042. The total enrollment is weighted as follows:

Enrollment Category	SBB Weighting	Unweighted Total	Weighted Total
K-3 Gen Ed / LRE 1 / LRE 2	1.07	121,005	129,475.35
4-8 Gen Ed / LRE 1 / LRE 2	1.00	137,867	137,867.00
6-8 Gen Ed /LRE 1 students at the HS rate	1.23	3,231	3,974.13
9-12 Gen Ed / LRE 1	1.23	104,106	128,050.38
K-3 LRE 3	40% of 1.07	2,604	1,114.51
4-8 LRE 3	40% of 1.00	2,938	1,175.20
9-12 LRE 2	70% of 1.23	4,840	4,167.24
9-12 LRE 3	40% of 1.23	1,451	713.89
<b>Total</b>		<b>378,042</b>	<b>406,537.70</b>

Note: In July 2013, a late decision was made to increase the high school rate by \$40 per pupil, effectively increasing the HS weighting to almost 1.24. The weighted total enrollment, however, was calculated before this decision.

### Calculation of Per-Pupil Equivalents for Charter Schools

Charter schools receive a per-pupil equivalent for the administrative base positions that all District schools receive, and for the teacher salary adjustments that go to some District schools. These per-pupil rates were calculated as follows:

Calculation of Per-Pupil Equivalents	Administrative Base	Teacher Salary Adjustment
Amount Reserved for District Schools	\$175,000,000	\$31,700,000
Total Weighted Enrollment for District Schools	345,141.73	345,141.73
<b>Per-Pupil Equivalent for Charter/Contract</b>	<b>\$507.04</b>	<b>\$91.85</b>

### Changes Made After Release of Budgets to Schools

District schools received their FY2014 budgets between June 5-7, 2013, and charter schools received their FY2014 allocations on June 10, 2013. Based on feedback received from school principals, LSC members, and school communities, the following changes were made to SBB funding:

#### 1. Administrative support for schools with multiple buildings

We provided an additional \$1.4 million in SBB funds to 26 schools that have a branch building that is a sizable distance from the main school building. No additional funding was 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, even if the school had been given an additional quota clerk in the past. For schools that did qualify for additional funding, the amount given was based on the size of the school. Larger schools were given smaller amounts because larger schools 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 allocation:

Projected Enrollment of School	Amount
750 or fewer students	\$75,000
751 to 1000 students	\$50,000
More than 1000 students	\$25,000

#### 2. Transition adjustments for certain elementary schools

We provided additional SBB funds to certain District elementary schools that experienced reductions in multiple areas of their instructional budgets. Schools received amounts of either \$35,000, \$70,000, or \$100,000 in funding, which was added to their SBB allocation. In all, 135 schools received a total of \$8.8 million in additional funding.

Adjustments were based on an analysis of all schools' budgets. To qualify, schools had to meet one of two tests. Either:

- The school saw a decrease in SBB funding that exceeded the change in projected enrollment by more than 4%, and also experienced a significant reduction in supplemental bilingual resources and/or magnet cluster positions.
- The school saw a decrease in SBB funding that exceeded the change in projected enrollment by more than 2%, and the school falls below a certain threshold in the per-pupil amount of local funds allocated to the school. Local funds include SBB (excluding the administrative base), SGSA, and all board-funded programs.

The additional funds are intended as one-time adjustments to help schools make the transition to Student Based Budgeting in a year when schools’ budgets are decreasing.

**3. Increase of high school SBB rate by \$40 per pupil**

We increased the per-pupil rate for high school students by \$40 per pupil to help alleviate the challenges they have experienced in the current budget environment. The per-pupil increase applies to charter and contract schools, as well as District schools.

The rate increase added approximately \$4.6 million to 93 District high schools and approximately 50 charter high schools.

**4. Addition to SBB Allocation**

In order to fund these changes, almost \$13,668,000 was added to the SBB allocation. Approximately \$1 million of the SBB contingency was also used to fund these adjustments.

**Summary of SBB Rates for District and Charter/Contract Schools**

The following charts give the FY2014 SBB rates for all schools. District schools receive the per-pupil amount that all schools receive, but also receive three administrative base positions and are eligible for a teacher salary adjustment. Charter and contract schools receive per-pupil equivalents for the administrative base and teacher salary adjustment.

When school budgets were released in early June, the high school per-pupil rate was \$5,092.24. In July, the rate was increased by \$40.

SBB Rates	Elem K-3	Elem 4-8	HS 9-12
Weighting	1.07	1.00	1.23
Per-Pupil Amount for All Schools	4,429.84	4,140.03	5,132.24 <del>5,092.24</del>
Admin. Base Equivalent	542.53	507.04	623.66
Teacher Adjustment Equiv.	98.28	91.85	112.98
<b>Total Amount for Charter/Contract</b>	<b>5,070.65</b>	<b>4,738.92</b>	<b>5,868.88</b> <del>5,828.88</del>

An adjustment after budgets were released added \$40 to the HS per-pupil rate. The weighting of 1.23 was not changed for the Admin. Base or Teacher Adjustment equivalents.

<b>SBB Rates for SPED Students</b>	<b>K-3 LRE3</b>	<b>4-8 LRE3</b>	<b>HS LRE2</b>	<b>HS LRE3</b>
Weighting	40% x 1.07	40% x 1.00	70% x 1.23	40% x 1.23
Per-Pupil Amount for All Schools	1,771.94	1,656.01	3,592.57 <del>3,564.57</del>	2,052.90 <del>2,036.90</del>
Admin. Base Equivalent	217.01	202.82	436.56	249.46
Teacher Adjustment Equiv.	39.31	36.74	79.09	45.19
<b>Total Amount for Charter/Contract</b>	<b>2,028.26</b>	<b>1,895.57</b>	<b>4,108.22</b> <del>4,080.22</del>	<b>2,347.55</b> <del>2,331.55</del>

### Non-SBB Rates for Charter/Contract Schools

Charter and contract schools receive a per-pupil equivalent for services that are provided in-kind to District schools, including operations & maintenance, security, board-funded programs (e.g., magnet, selective enrollment), and Central Office departments that do not serve charter and contract schools.

The following chart shows the FY 14 non-SBB rates:

<b>Non-SBB Rates (Gen Ed and SPED)</b>	<b>Elem K-3</b>	<b>Elem 4-8</b>	<b>HS 9-12</b>
Weighting	1.07	1.00	1.23
Per-Pupil Amount for All Schools	1,758.02	1,643.01	2,020.90

The non-SBB rate was based on an estimated non-SBB allocation of \$705 million. An analysis of the FY2013 budget showed that the amount budgeted for non-SBB categories was \$770.6 million. This amount was adjusted downward for expected changes in the FY2014 budget. The non-SBB rate was set before the completion of the FY2014 budget, and used all the information available at the time to correctly estimate the size of the non-SBB allocation.

The FY2014 non-SBB base rate is \$1,643.01, which was calculated by taking the total amount of non-SBB spending and dividing by the weighted total enrollment of all students.

Amount to be Distributed on Per-Pupil Basis	\$705,000,000
Total Weighted Enrollment (Non-SBB)	429,090.25
FY2014 Non-SBB Base Rate	\$1,643.01

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 two 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.

- Pre-K students are counted as half-day students (weight of 0.5) in the total enrollment count. This is consistent with the methodology used to set charter/contract tuition rates in FY2013: pre-K students were counted only for the non-instructional components of the rates.

**Chargeback for Employer Pension Charges**

Charter/contract schools will be expected to reimburse the District for its employer pension costs for all charter/contract school employees who participate in the Chicago Teachers Pension Fund. Schools will be charged 10.6% of the salary costs of participating employees. Pension payments shall be deducted from quarterly tuition payments. Pension charges shall not apply to special education teachers, aides, or clinicians.

**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 lists the accommodations and modifications that the student is to receive.

As in previous years, special education teachers and classroom paraprofessionals are allocated to schools in accordance with Illinois state regulations and CPS policy. The CPS special education staffing formulas take into account a variety of factors including the disability (or disabilities) of individual students; the required instructional minutes, LRE classification and ages of the students (see formulas below); and the total number of students by disability to be served. In all cases, the formulas are in accordance with, or more generous than, state formulas. Additional staff may be allocated to a school based on specific criteria that is not addressed by the formula, such as paraprofessional support needs identified in a student’s IEP.

Special education positions are allocated based on the formula below:

- **Amount of Required Services (ARS)** - based on the total minutes per week (“mpw”) of instructional time  
 C = Less than 750 minutes of instructional time per week  
 F = 750 or more minutes of instructional time per week
- **Location of Services (LRE = Least Restrictive Environment)**  
 1 = Less than 20 percent of week removed from General Education Setting (0-300 minutes per week)  
 2 = 21-60 percent of week removed from General Education Setting (301-900 mpw)  
 3 = More than 60 percent of week removed from General Education Setting (901+ mpw)

FY2014 CPS Special Education Staffing Formula				
Primary Disability Category	Least Restrictive Environment Code	Amount of Required Service Code	No. of Students to Qualify for 1 Teacher	No. of Students to Qualify for 1 Teacher + 1 Para
Resource (0-300 minutes per week)	1	C	1-15	16-17

FY2014 CPS Special Education Staffing Formula				
Primary Disability Category	Least Restrictive Environment Code	Amount of Required Service Code	No. of Students to Qualify for 1 Teacher	No. of Students to Qualify for 1 Teacher + 1 Para
Cross-Categorical* (301-900 mpw)	2	C or F	1-10	11-15
Cross-Categorical* (901+ mpw)	3	F	1-8	9-13
EC Autism	3	C or F	-	5-7; 2 paras
Primary Autism	3	C or F	-	5-9; 2 paras
Intermediate/Upper & HS Autism	3	C or F	-	5-10; 2 paras
Severe Profound	3	C or F	-	4-8; 2 paras
Trainable Mentally Handicapped	3	C or F	-	8-13
Hearing Impaired (Elem)	3	C or F	6-8	-
Hearing Impaired (HS)	3	C or F	6-10	-
Visually Impaired (Elem)	3	C or F	6-8	-
Visually Impaired (HS)	3	C or F	9-12	-
Pre-School (all disabilities except HI, VI, and Aut)**	3	C or F	-	5-20 ***am/pm

\* Cross-Categorical includes the following categories: learning disabilities (LD), emotional behavioral disturbance (EBD), traumatic brain injury (TBI), other health impairment (OHI), educable mentally handicapped (EMH), and physical disabilities (PHY), as well as low-incidence disabilities that are not self-contained.

\*\* Schools utilizing a Pre-School Blended Model should account for this in their projection appeal narrative.

\*\*\* Not to exceed 10 students per section.

Additionally, CPS may allocate clinicians (e.g., nurses, social workers, psychologists, etc.) to a school based on services required by students' IEPs.

### SPECIAL EDUCATION FUNDING FOR CHARTER/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:

Special Education Reimbursement	FY2014 Budget
\$90,000 average per allocated teacher (cert. required), with no individual teacher exceeding \$110,000.	\$51.7 million
\$40,000 average per allocated paraprofessional (cert. required), with no individual paraprofessional exceeding \$53,000.	
\$90,000 average per allocated clinician, with no individual clinician exceeding \$110,000.	
Stipend of \$1,477.23 per semester for one qualified case manager.	
See additional details below.	

1. 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. For the 2013-2014 school year, 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. 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. The charter and/or contract school will hire its own paraprofessionals to provide the necessary supports required by its students' IEPs. 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. For the 2013-2014 school year, 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. 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. If clinicians are required by the students' IEPs, the charter and/or contract school will hire its own clinicians to provide the necessary supports. 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. 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. For the 2013-2014 school year, 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. 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. The charter and/or contract school shall appoint and pay a salary and benefits to its own qualified case manager. In this case, Chicago Public Schools (CPS) will provide the charter and/or contract school with a stipend of \$1,477.23 per semester, per school for such a qualified case manager for the 2013-2014 school year. 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. The amount of the stipend is subject to the terms of the agreement between the Board and the Chicago Teachers Union.

**Allocations of Supplemental Bilingual Teachers for English Language Learners**

Allocation of supplemental bilingual education program teacher(s) is formula-based. The formula takes into account the actual number and/or the adjusted number of English Language Learners (ELLs) in each school.

The adjusted number of ELLs is based on the level of bilingual education program services an ELL student receives as reported by the school. The following chart shows how ELL students are counted in the adjusted count:

Number of periods per week of bilingual or English as a Second Language (ESL) instruction	Adjusted ELL count for KG students	Adjusted ELL count for grades 1-12
Less than 5	Not counted	Not counted
5 to 9	1.0	0.5
10 or more	1.0	1.0

The adjustment number of ELLs is used to determine the allocation of supplemental bilingual teachers based on the following tables:

Transitional Bilingual Education (TBE)*	Adjusted Number of ELLs (Same Language Background)	Supplemental Teacher Allocation
Elementary School TBE Program	1- 44.5	0.0
	45-249.5 (adjusted number)	0.5
	250 or more (adjusted number)	1.0
High School TBE Program	1- 44.5	0.0
	45 or more	1.0

\* = 20 or more ELLs of the same language background

Transitional Program of Instruction (TPI) **	Adjusted Number of ELLs	Supplemental Teacher Allocation
Elementary School TPI Program	0 – 29.5	0.0
	30- 249.5	0.5
	250 or more	1.0
Elementary School TPI Program	0 – 29.5	0.0
	30 or more	1.0

\*\* = Fewer than 20 ELLs of the same language background

## 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 10<sup>th</sup> day of the school year.

Once data is collected, CPS establishes a flat rate per-pupil amount and calculates the SGSA allocation based on the number of eligible students for each qualifying school.

All schools have received a preliminary SGSA allocation based on the number of students qualifying for free and reduced meals in FY2013. However, the final allocation will be determined based on the number of qualifying students at each school on the 10<sup>th</sup> day of the current school year. If schools have fewer qualifying students that in FY2013, the SGSA allocation will likely be reduced.

For FY2014, the preliminary per-pupil rate is \$794.00, which was calculated by dividing \$261 million by the number of free and reduced meal students in FY2013:

Amount to be Distributed	\$261,000,000
FY2013 Total Count of Free/Reduced Meal Students	328,718
FY2014 SBB Base Rate	\$794.00

Schools receive SGSA funding for each qualifying student. If a school has only one student eligible for free or reduced meals, the school will receive an allocation of \$794.00 for that student.

Charter and contract schools, like District-run schools, receive SGSA funding from CPS.

### NCLB Title I

CPS allocates NCLB Federal Title I funds to schools with high concentrations of low-income children to provide supplementary services for educationally disadvantaged students. 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 are taken at one point in time for the entire school system (i.e., the end of September). 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 looks only at 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% 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.

Schools with a poverty index below 40 percent do not receive Title I funds, even if the school has eligible students. Moreover, 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 \$430 per eligible student. As the poverty rate increases by 1 percent, the per-pupil allocation increases by \$24 per pupil. A school with a poverty index of 41 percent receives \$454 per pupil. A school with a poverty index of 50 percent receives \$670 per pupil.

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 chart:

Poverty Index Examples	Allocation Rate	Eligible Students (assume total school enrollment of 1,000)	Total Allocation
35%	\$0 (below threshold)	350	\$0
40%	\$430	400	\$172,000
41%	\$454	410	\$186,140
55%	\$790	550	\$434,500
69%*	\$1,126	690	\$776,940

\*Highest poverty rate of any CPS school.

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

## APPENDIX C

### HISTORICAL REVENUE/EXPENDITURE TABLES

**EXPENDITURE HISTORY: ALL FUNDS  
BY MAJOR CATEGORIES: FY2008 - FY2014  
(In Millions)**

EXPENDITURE	ACTUAL				
	FY2008	FY2009	FY2010	FY2011	FY2012
Teacher Salaries	\$ 1,885.4	\$ 1,975.9	\$ 2,026.3	\$ 2,023.5	\$ 2,026.8
Ed Support Personnel Salaries	559.7	597.5	604.0	610.7	618.3
Energy	86.8	92.4	78.7	83.4	73.4
Food	83.3	89.6	93.1	93.8	104.2
Textbooks	89.5	86.4	70.6	70.2	49.1
Supplies	46.0	44.6	48.0	51.1	45.5
Other Commodities	0.9	1.0	0.9	0.5	0.5
Professional & Contractual Svc	549.3	440.9	381.9	450.1	412.1
Transportation	102.8	109.4	109.3	107.5	109.4
Tuition	65.1	320.0	388.9	436.9	479.4
Telephone	17.7	19.4	18.2	19.8	23.5
Other Services	13.3	13.9	15.7	11.8	11.0
Educational Equipment	39.0	34.5	33.7	41.9	40.9
Repairs and Replacements	37.0	34.8	31.9	37.4	33.9
Capital Outlay	463.1	648.3	691.8	563.4	576.9
Teachers' Pension	350.5	392.8	475.6	306.1	335.7
Career Service Pension	89.8	93.8	96.9	102.2	100.3
Hospital and Dental Insurance	260.4	299.2	311.0	353.9	324.9
Medicare & Social Security	31.1	33.7	34.8	23.0	34.9
Unemployment Compensation	5.8	8.6	16.0	22.0	17.1
Workers' Compensation	29.8	28.1	28.2	25.9	26.0
Space Rental	11.0	12.0	12.1	11.9	11.7
Debt Service and Other	282.1	302.2	386.6	332.1	374.5
Other Charges	18.9	13.3	17.5	14.4	9.7
<b>TOTAL: All Funds</b>	<b>\$ 5,118.2</b>	<b>\$ 5,692.3</b>	<b>\$ 5,971.8</b>	<b>\$ 5,805.4</b>	<b>\$ 5,839.7</b>

\* Because of rounding, minimal differences may occur in totaling rows and columns.

\*\* All funds include the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds.

**EXPENDITURE HISTORY FOR OPERATING FUNDS**  
**BY MAJOR CATEGORIES: FY2008 - FY2014**  
(In Millions)

	<b>ACTUAL</b>				
	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>
<b>EXPENDITURE</b>					
Teacher Salaries	\$ 1,885.4	\$ 1,975.9	\$ 2,026.3	\$ 2,023.5	\$ 2,026.8
Ed Support Personnel Salaries	559.7	597.5	604.0	610.7	618.3
Energy	86.8	92.4	78.7	83.4	73.4
Food	83.3	89.6	93.1	93.8	104.2
Textbooks	89.5	86.4	70.6	70.2	49.1
Supplies	46.0	44.6	48.0	51.1	45.5
Other Commodities	0.9	1.0	0.9	0.5	0.6
Professional & Contractual Svc	360.3	440.9	381.9	450.1	412.1
Transportation	102.8	109.4	109.3	107.5	109.4
Tuition	254.1	320.1	388.9	436.9	479.4
Telephone	17.7	19.4	18.2	19.8	23.5
Other Services	13.3	13.9	15.7	11.8	11.0
Educational Equipment	39.0	34.5	33.7	41.9	40.9
Repairs and Replacements	37.0	34.8	31.9	37.4	33.9
Capital Outlay	0.0	0.0	0.0	0.0	0.0
Teachers' Pension	350.5	392.8	475.6	306.1	335.7
Career Service Pension	89.8	93.8	96.9	102.2	100.3
Hospital and Dental Insurance	260.4	299.2	311.0	353.9	324.9
Medicare/Social Security	31.1	33.7	34.8	35.0	34.9
Unemployment Compensation	5.8	8.6	16.0	22.0	17.1
Workers' Compensation	29.8	28.1	28.2	25.9	26.0
Space Rental	11.0	12.0	12.1	11.9	11.7
Debt Service and Other	21.7	1.0	2.7	-	-
Other Fixed Charges	18.9	13.3	17.5	14.4	9.7
<b>TOTAL OPERATING FUNDS</b>	<b>\$ 4,394.7</b>	<b>\$ 4,742.8</b>	<b>\$ 4,896.1</b>	<b>\$ 4,910.0</b>	<b>\$ 4,888.3</b>

\* Because of rounding, minimal differences may occur in totaling rows and columns.

\*\* Operating Funds include the General Fund and Special Revenue Funds.

**EXPENDITURE HISTORY: GENERAL FUND  
BY MAJOR CATEGORIES: FY2008 - FY2014  
(In Millions)**

	<b>ACTUAL</b>				
	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>
Teacher Salaries	\$ 1,544.2	\$ 1,629.6	\$ 1,642.6	\$ 1,557.8	\$ 1,692.2
Ed Support Personnel Salaries	242.4	275.2	257.4	242.1	275.7
Energy	0.2	2.8	0.6	0.2	0.3
Food	0.7	0.8	0.8	0.7	0.9
Textbooks	40.9	46.6	32.6	23.9	22.9
Supplies	15.8	14.4	14.1	16.0	14.1
Other Commodities	0.2	0.3	0.3	0.3	0.4
Professional & Contractual Svc	291.8	141.6	116.6	165.0	114.4
Transportation	90.7	96.5	94.9	94.5	100.9
Tuition	58.1	279.7	345.6	378.3	425.8
Telephone	0.3	0.3	0.9	0.3	0.2
Other Services	6.5	6.9	6.0	5.0	4.4
Educational Equipment	15.6	14.4	14.2	14.4	13.1
Repairs and Replacements	3.6	3.3	2.6	3.0	1.9
Capital Outlay	0.0	0.1	0.0	0.0	0.0
Teachers' Pension	296.5	336.2	397.7	246.2	290.3
Career Service Pension	39.2	43.2	41.3	40.2	44.9
Hospital and Dental Insurance	176.1	205.7	210.5	225.6	226.5
Medicare/Social Security	22.4	24.7	24.7	23.6	25.6
Unemployment Compensation	4.3	6.6	11.9	15.4	13.1
Workers' Compensation	22.4	21.2	20.6	18.1	19.9
Space Rental	1.2	1.7	1.6	1.4	1.8
Debt Service and Other	20.6	-	-	-	-
Other Charges	(5.7)	(23.5)	(11.7)	4.0	(9.7)
<b>TOTAL GENERAL FUND</b>	<b>\$ 2,888.4</b>	<b>\$ 3,128.2</b>	<b>\$ 3,225.9</b>	<b>\$ 3,076.0</b>	<b>\$ 3,279.6</b>

\* Effective July 1, 2008, the General Fund includes the Special Education Fund (114), General Education Fund (115), Tuition-based Pre-school Fund (117), School Special Income Fund (124), and Building Operation & Maintenance Fund (230). This table contains expenditures for Fund 114, Fund 115, Fund 117, and Fund 124. The Building Operation & Maintenance Fund (230) should be added to have a total expenditure for the General Fund.

**EXPENDITURE HISTORY: BUILDING OPERATIONS & MAINTENANCE FUND**  
**BY MAJOR CATEGORIES: FY2008 - FY2014**  
(In Millions)

EXPENDITURE	ACTUAL				
	FY2008	FY2009	FY2010	FY2011	FY2012
Teacher Salaries	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Ed Support Personnel Salaries	83.3	86.8	89.3	93.1	92.8
Energy	86.5	89.5	78.1	83.1	73.1
Food	-	-	-	-	-
Textbooks	4.1	4.1	5.1	4.3	6.8
Supplies	7.1	7.3	8.9	9.0	9.7
Other Commodities	0.4	0.5	0.4	-	-
Professional & Contractual Svc	122.7	131.6	124.4	124.9	129.9
Transportation	0.1	0.1	0.1	0.1	0.1
Tuition	-	-	-	-	-
Telephone	17.4	19.1	17.3	19.5	23.1
Other Services	0.2	0.1	0.3	0.0	0.0
Educational Equipment	3.9	3.8	1.0	0.5	0.8
Repairs and Replacements	30.2	28.5	26.6	31.6	29.4
Capital Outlay	0.2	-	-	-	-
Teachers' Pension	0.0	0.0	-	-	-
Career Service Pension	13.9	14.1	14.9	16.1	15.5
Hospital and Dental Insurance	9.8	11.7	12.2	13.9	13.3
Medicare	0.9	0.9	1.0	1.0	1.1
Unemployment Compensation	0.2	0.3	0.5	0.8	0.6
Workers' Compensation	1.0	1.0	1.0	0.9	1.0
Space Rental	9.5	10.0	10.3	10.2	9.7
Debt Service and Other	1.1	1.0	2.7	-	-
Other Fixed Charges	-	-	0.1	-	-
<b>TOTAL Building O&amp;M</b>	<b>\$ 392.6</b>	<b>\$ 410.4</b>	<b>\$ 394.1</b>	<b>\$ 409.1</b>	<b>\$ 407.0</b>

Effective July 1, 2008, Building Operation and Maintenance Fund is part of the General Fund.

**EXPENDITURE HISTORY: IDEA SPECIAL EDUCATION  
BY MAJOR CATEGORIES: FY2008 - FY2014  
(In Millions)**

	<b>ACTUAL</b>				
	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>
<b>EXPENDITURE</b>					
Teacher Salaries	\$ 59.9	\$ 58.5	\$ 58.3	\$ 56.0	\$ 56.0
Ed Support Personnel Salaries	10.3	10.0	9.5	9.5	13.7
Energy	-	-	-	-	-
Food	0.0	0.0	0.1	0.0	0.0
Textbooks	0.3	0.2	0.2	0.0	0.0
Supplies	0.6	0.4	0.3	0.2	0.3
Other Commodities	0.0	0.0	0.0	0.0	0.0
Professional & Contractual Svc	3.1	1.3	1.1	1.1	1.4
Transportation	0.5	0.4	0.6	0.5	0.3
Tuition	2.1	2.5	2.0	10.0	1.6
Telephone	-	-	-	-	-
Other Services	0.5	0.2	0.3	0.2	0.1
Educational Equipment	0.1	0.1	0.7	0.7	1.2
Repairs and Replacements	0.0	0.0	0.0	0.0	0.0
Capital Outlay	-	-	-	-	-
Teachers' Pension	11.4	11.7	13.7	8.1	9.1
Career Service Pension	1.7	1.7	1.6	1.7	2.4
Hospital and Dental Insurance	7.2	7.6	7.6	8.6	8.7
Medicare/Social Security	0.9	0.9	0.9	0.9	0.9
Unemployment Compensation	0.2	0.2	0.4	0.6	0.5
Workers' Compensation	0.9	0.8	0.7	0.7	0.7
Space Rental	0.0	0.1	0.0	0.0	0.1
Debt Service and Other	-	-	-	-	-
Other Charges	-	0.0	(0.8)	(0.0)	0.0
<b>TOTAL IDEA GRANTS</b>	<b>\$ 99.9</b>	<b>\$ 96.8</b>	<b>\$ 97.3</b>	<b>\$ 98.6</b>	<b>\$ 97.2</b>

\* Because of rounding, minimal differences may occur in totaling rows and columns.

**EXPENDITURE HISTORY: OTHER GOVERNMENT FUNDED FUNDS  
BY MAJOR CATEGORIES: FY2008 - FY2014  
(In Millions)**

EXPENDITURE	ACTUAL				
	FY2008	FY2009	FY2010	FY2011	FY2012
Teacher Salaries	\$ 74.4	\$ 80.9	\$ 67.7	\$ 63.4	\$ 46.1
Ed Support Personnel Salaries	25.9	25.4	26.7	21.2	20.7
Energy	-	-	-	-	-
Food	0.8	0.7	0.5	0.6	0.6
Textbooks	13.3	10.7	8.9	6.6	1.8
Supplies	4.5	4.9	3.1	3.5	2.6
Other Commodities	0.0	0.0	0.0	0.0	0.0
Professional & Contractual Svc	23.2	27.9	25.8	21.2	22.6
Transportation	3.1	4.1	4.1	2.6	2.0
Tuition	4.9	4.7	5.4	4.2	4.0
Telephone		0.0	-	-	0.1
Other Services	2.1	2.7	2.3	2.1	2.0
Educational Equipment	7.2	5.6	5.0	5.8	5.5
Repairs and Replacements	0.2	0.3	0.1	0.1	0.1
Capital Outlay	-	-	-	-	-
Teachers' Pension	12.1	13.2	13.8	7.9	6.6
Career Service Pension	3.8	3.8	4.1	3.4	3.1
Hospital and Dental Insurance	8.4	9.6	9.2	9.5	7.2
Medicare/Social Security	1.3	1.4	1.3	1.2	0.9
Unemployment Compensation	0.2	0.3	0.5	0.6	0.4
Workers' Compensation	1.1	1.0	0.9	0.7	0.6
Space Rental	0.3	0.3	0.1	0.1	0.1
Debt Service and Other	-	-	-	-	-
Other Fixed Charges	0.0	0.8	0.6	(0.0)	0.1
<b>TOTAL OTHER GOVN'T</b>	<b>\$ 186.8</b>	<b>\$ 198.1</b>	<b>\$ 180.1</b>	<b>\$ 154.6</b>	<b>\$ 127.1</b>

\* Because of rounding, minimal differences may occur in totaling rows and columns.

**EXPENDITURE HISTORY: SUPPLEMENTAL GENERAL STATE AID FUND  
BY MAJOR CATEGORIES: FY2008 - FY2014  
(In Millions)**

EXPENDITURE	ACTUAL				
	FY2008	FY2009	FY2010	FY2011	FY2012
Teacher Salaries	\$ 87.0	\$ 84.3	\$ 84.0	\$ 79.8	\$ 81.4
Ed Support Personnel Salaries	70.1	68.5	67.2	65.6	64.2
Energy	-	-	-	-	-
Food	0.0	0.0	0.0	0.0	0.0
Textbooks	8.0	8.2	7.3	7.1	7.5
Supplies	8.5	9.5	9.4	9.7	10.1
Other Commodities	0.1	0.2	0.1	0.1	0.1
Professional & Contractual Svc	24.3	10.3	9.6	10.3	11.2
Transportation	1.8	2.2	2.1	2.5	2.6
Tuition	0.0	19.0	23.3	28.0	32.0
Telephone	0.0	-	-	0.0	0.0
Other Services	1.2	1.4	1.4	1.4	1.9
Educational Equipment	5.7	6.8	6.9	10.8	12.0
Repairs and Replacements	2.1	2.1	1.9	2.0	2.1
Capital Outlay	-	0.0	-	-	-
Teachers' Pension	15.5	15.4	17.9	11.1	11.9
Career Service Pension	11.4	10.7	10.6	10.6	9.8
Hospital and Dental Insurance	19.9	20.7	20.9	23.1	19.8
Medicare/Social Security	2.2	2.2	2.2	2.1	2.1
Unemployment Compensation	0.4	0.5	0.9	1.2	0.9
Workers' Compensation	1.9	1.6	1.5	1.4	1.3
Space Rental	0.0	-	0.0	-	-
Debt Service and Other			-	-	-
Other Fixed Charges	0.1	0.1	0.1	0.0	0.0
<b>TOTAL SGSA</b>	<b>\$ 260.1</b>	<b>\$ 263.7</b>	<b>\$ 267.5</b>	<b>\$ 266.8</b>	<b>\$ 270.8</b>

\* Because of rounding, minimal differences may occur in totaling rows and columns.

**EXPENDITURE HISTORY: ESEA FEDERAL FUNDS  
BY MAJOR CATEGORIES: FY2008 - FY2014  
(In Millions)**

	<b>ACTUAL</b>				
	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>
<b>EXPENDITURE</b>					
Teacher Salaries	\$ 119.9	\$ 122.6	\$ 107.9	\$ 112.9	\$ 94.2
Ed Support Personnel Salaries	28.9	28.0	26.2	26.2	28.8
Energy	-	-	-	-	-
Food	0.3	0.2	0.2	0.2	0.4
Textbooks	22.7	16.5	14.1	15.9	8.2
Supplies	9.1	7.6	10.5	11.5	7.3
Other Commodities	0.1	0.1	0.1	0.1	0.1
Professional & Contractual Svc	66.0	123.5	86.5	66.9	97.1
Transportation	6.2	6.0	7.5	7.0	3.4
Tuition	6.6	0.6	11.0	15.0	14.1
Telephone	0.0	-	-	-	0.0
Other Services	2.1	2.1	2.0	1.4	2.0
Educational Equipment	5.9	3.4	3.4	5.7	5.9
Repairs and Replacements	0.8	0.5	0.5	0.6	0.3
Capital Outlay	-	-	-	-	-
Teachers' Pension	15.0	16.3	18.4	12.2	10.2
Career Service Pension	3.8	4.1	3.8	4.1	4.2
Hospital and Dental Insurance	10.7	11.8	11.6	14.4	11.4
Medicare/Social Security	1.9	2.0	1.8	1.9	1.7
Unemployment Compensation	0.2	0.4	0.6	0.9	0.6
Workers' Compensation	1.3	1.1	1.1	1.1	0.9
Space Rental	0.0	0.0	0.0	0.0	0.1
Debt Service and Other	-	-	-	-	-
Other Fixed Charges	2.3	13.0	1.2	(1.3)	1.3
<b>TOTAL ESEA</b>	<b>\$ 303.9</b>	<b>\$ 359.9</b>	<b>\$ 308.5</b>	<b>\$ 296.9</b>	<b>\$ 292.0</b>

\* Because of rounding, minimal differences may occur in totaling rows and columns.

**EXPENDITURE HISTORY: SCHOOL LUNCH FUNDS**  
**BY MAJOR CATEGORIES: FY2008 - FY2014**  
(In Millions)

EXPENDITURE	ACTUAL				
	FY2008	FY2009	FY2010	FY2011	FY2012
Teacher Salaries	\$ 0.0	\$ 0.0	\$ 0.0	\$ -	\$ 0.0
Ed Support Personnel Salaries	63.5	65.9	66.6	68.3	71.0
Energy	-	-	-	-	-
Food	81.5	87.8	91.5	92.1	102.4
Textbooks	-	-	-	-	-
Supplies	0.1	0.3	0.5	1.1	1.1
Other Commodities	-	-	-	-	-
Professional & Contractual Svc	2.7	3.0	3.2	2.7	2.2
Transportation	-	0.0	0.0	0.0	0.0
Tuition	0.0	-	0.1	-	-
Telephone	-	-	-	-	-
Other Services	0.5	0.4	0.8	0.5	0.3
Educational Equipment	0.2	-	-	-	-
Repairs and Replacements	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Teachers' Pension	0.0	0.0	-	-	-
Career Service Pension	10.7	10.8	11.1	12.0	12.1
Hospital and Dental Insurance	21.7	24.5	20.6	23.3	22.6
Medicare/Social Security	0.8	0.9	0.9	0.9	0.9
Unemployment Compensation	0.2	0.2	0.4	0.6	0.5
Workers' Compensation	0.8	0.7	0.7	0.7	0.7
Space Rental	-	-	-	-	-
Debt Service and Other	-	-	-	-	-
Other Fixed Charges	13.1	14.7	13.6	4.6	9.8
<b>TOTAL SCHOOL LUNCH</b>	<b>\$ 196.0</b>	<b>\$ 209.3</b>	<b>\$ 210.1</b>	<b>\$ 206.9</b>	<b>\$ 223.6</b>

\* Because of rounding, minimal differences may occur in totaling rows and columns.

**EXPENDITURE HISTORY: WORKERS' COMPENSATION & TORT IMMUNITY FUND**  
**BY MAJOR CATEGORIES: FY2008 - FY2014**  
(In Millions)

EXPENDITURE	ACTUAL				
	FY2008	FY2009	FY2010	FY2011	FY2012
Teacher Salaries	\$ -	\$ 0.0	\$ 0.0	\$ -	\$ -
Ed Support Personnel Salaries	35.3	37.8	41.3	41.1	41.8
Energy	-	-	-	-	-
Food	-	-	-	-	-
Textbooks	0.1	0.0	0.0	0.0	0.0
Supplies	0.3	0.3	0.3	0.3	0.2
Other Commodities	0.0	0.0	0.0	-	-
Professional & Contractual Svc	9.2	15.1	9.0	4.4	22.7
Transportation	-	0.0	0.0	0.0	0.0
Tuition	0.0	-	-	-	-
Telephone	-	-	-	-	-
Other Services	0.1	0.1	0.0	0.0	0.0
Educational Equipment	0.2	0.2	0.2	0.1	0.1
Repairs and Replacements	0.0	-	0.0	0.0	0.0
Capital Outlay	-	-	-	-	-
Teachers' Pension	-	0.0	0.0	0.0	-
Career Service Pension	5.2	5.5	6.1	6.6	6.5
Hospital and Dental Insurance	6.5	7.6	8.5	10.1	9.5
Medicare/Social Security	0.6	0.8	0.9	0.8	0.8
Unemployment Compensation	0.1	0.1	0.2	0.3	0.3
Workers' Compensation	0.4	0.8	0.8	0.4	0.4
Space Rental	-	-	-	-	-
Debt Service and Other	-	-	-	-	-
Other Fixed Charges	9.0	8.2	11.4	7.9	8.1
<b>TOTAL TORT FUND</b>	<b>\$ 67.1</b>	<b>\$ 76.3</b>	<b>\$ 78.7</b>	<b>\$ 72.0</b>	<b>\$ 90.3</b>

\* Because of rounding, minimal differences may occur in totaling rows and columns.

**EXPENDITURE HISTORY: ARRA ESEA FEDERAL GRANTS**  
**BY MAJOR CATEGORIES: FY2008 - FY2014**  
(In Millions)

	<b>ACTUAL</b>				
	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>
<b>EXPENDITURE</b>					
Teacher Salaries			\$ 65.7	\$ 153.6	\$ 56.8
Ed Support Personnel Salaries			19.9	43.7	9.7
Energy			-	-	-
Food			0.1	0.1	0.0
Textbooks			2.4	12.3	1.9
Supplies			1.1	-	-
Other Commodities			-	0.0	0.0
Professional & Contractual Svc			5.7	53.6	10.6
Transportation			-	0.2	0.0
Tuition			1.5	1.4	1.9
Telephone			-	-	-
Other Services			2.6	1.3	0.2
Educational Equipment			2.1	4.0	2.4
Repairs and Replacements			-	0.0	-
Capital Outlay			-	-	-
Teachers' Pension			14.2	20.6	7.6
Career Service Pension			3.4	7.4	1.5
Hospital and Dental Insurance			9.9	25.3	6.0
Medicare/Social Security			1.1	2.6	0.9
Unemployment Compensation			0.5	1.6	0.4
Workers' Compensation			0.9	1.9	0.6
Space Rental			0.0	0.1	0.0
Debt Service and Other			-	-	-
Other Fixed Charges			3.0	(0.8)	0.0
<b>TOTAL ESEA</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 134.0</b>	<b>\$ 328.8</b>	<b>\$ 100.6</b>

\* Because of rounding, minimal differences may occur in totaling rows and columns.

\*\* ARRA ESEA federal grants include all one-time grants awarded under the ARRA such as Title I, IDEA Flow-through, IDEA pre-school, Neglected and Delinquent, and other miscellaneous grants. These will expire September 30, 2011.

**EXPENDITURE HISTORY: CAPITAL PROJECTS FUNDS**  
**BY MAJOR CATEGORIES: FY2008 - FY2014**  
(In Millions)

	ACTUAL				
	FY2008	FY2009	FY2010	FY2011	FY2012
<b>EXPENDITURE</b>					
Capital Outlay	\$ 463.1	\$ 648.3	\$ 691.8	\$ 563.4	\$ 576.9
<b>TOTAL CAPITAL</b>	<b>\$ 463.1</b>	<b>\$ 648.3</b>	<b>\$ 691.8</b>	<b>\$ 563.4</b>	<b>\$ 576.9</b>

**EXPENDITURE HISTORY: DEBT SERVICE FUND**  
**BY MAJOR CATEGORIES: FY2008 - FY2014**  
(In Millions)

	ACTUAL				
	FY2008	FY2009	FY2010	FY2011	FY2012
PBC Lease & Grant Anticipation N	\$ 51.8	\$ 51.8	\$ 51.8	\$ 51.9	\$ 51.9
Bond Redemption and Interest	208.6	249.3	332.1	280.2	322.6
<b>TOTAL DEBT SERVICE</b>	<b>\$ 260.4</b>	<b>\$ 301.2</b>	<b>\$ 383.9</b>	<b>\$ 332.1</b>	<b>\$ 374.5</b>

\* Because of rounding, minimal differences may occur in totaling rows and columns.

**REVENUE HISTORY FOR ALL FUNDS**  
**BY MAJOR CATEGORIES: FY2008-FY2012**  
(In Millions)

	<b>ACTUAL</b>				
	<b>FY2008</b>	<b>FY2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>LOCAL REVENUE</b>					
Property Taxes	\$ 1,813.9	\$ 1,896.5	\$ 2,047.2	\$ 1,936.7	\$ 2,352.1
Replacement Taxes	215.5	188.5	152.5	197.8	181.9
Investment Income	85.9	43.7	12.5	13.4	20.8
Other Local Revenue	181.0	253.4	359.7	417.5	303.7
Sub-total	\$ 2,296.3	\$ 2,382.1	\$ 2,571.8	\$ 2,565.3	\$ 2,858.6
<b>STATE REVENUE</b>					
General State Aid (GSA)	\$ 830.1	\$ 666.8	\$ 766.9	\$ 886.1	\$ 875.5
Supplemental GSA	261.0	212.9	218.6	261.0	261.0
Flat Grant by ADA	12.8	12.6	1.6	1.6	-
State Teacher Pension Aid	74.8	74.8	37.4	43.0	10.4
General Ed Block Grants	166.5	133.9	68.8	122.3	32.6
Ed Services Block Grants	447.4	358.7	421.3	564.9	553.3
CDB Capital Reimbursement	-	-	-	29.7	1.3
Other State Revenue	53.3	52.2	37.5	41.2	231.8
Sub-total	\$ 1,846.0	\$ 1,511.9	\$ 1,552.1	\$ 1,949.8	\$ 1,965.9
<b>FEDERAL REVENUE</b>					
ESEA Title I, V	\$ 350.5	\$ 369.4	\$ 307.3	\$ 271.9	\$ 283.7
ARRA Stabilization Funds	-	260.1	278.7	-	-
ARRA ESEA Grants	-	-	119.4	261.6	99.0
Ed Jobs Fund Program	-	-	-	47.7	10.0
Lunchroom	150.4	139.2	178.8	175.8	182.8
IDEA	106.1	95.2	96.2	88.1	84.4
Medicaid Reimbursement	31.2	50.8	34.9	72.3	92.7
Federal Revenue - Other	194.4	211.0	164.8	227.5	183.4
Sub-total	\$ 832.5	\$ 1,125.6	\$ 1,180.2	\$ 1,144.9	\$ 936.0
<b>ALL FUNDS REVENUE</b>	\$ 4,974.8	\$ 5,019.6	\$ 5,304.0	\$ 5,660.1	\$ 5,760.4
<b>OTHER FINANCING SOURCES</b>					
Debt Issuances & Premium	\$ 241.7	\$ (0.7)	\$ 801.0	\$ 384.0	\$ 403.6
Transfers in/(out) and others	6.4	1.2	(0.0)	0.2	-
Total Other Financing Sources	248.1	0.5	801.0	384.2	403.6
<b>TOTAL ALL FUNDS</b>	\$ 5,222.9	\$ 5,020.1	\$ 6,105.1	\$ 6,044.2	\$ 6,164.1

\* Due to rounding, minimal differences may occur in totaling rows and columns.

\*\* These tables include only revenues and other financing sources. Fund balance is not included.

**REVENUE HISTORY FOR OPERATING FUND  
BY MAJOR CATEGORIES: FY2008-FY2012  
(In Millions)**

	ACTUAL				
	FY2008	FY2009	FY 2010	FY 2011	FY 2012
<b>LOCAL REVENUE</b>					
Property Taxes	\$ 1,763.3	\$ 1,867.4	\$ 2,035.9	\$ 1,904.2	\$ 2,295.2
Replacement Taxes	159.8	132.8	96.8	172.4	126.8
Proceeds of SFA Debt					
Investment Income	40.9	21.4	3.1	1.9	4.4
Lunchroom Sales & Other	8.5	8.2	6.9	6.4	6.1
Miscellaneous Local Revenue	88.3	93.9	105.1	215.0	136.1
Sub-total	\$ 2,060.8	\$ 2,123.7	\$ 2,247.8	\$ 2,299.9	\$ 2,568.5
<b>STATE REVENUE</b>					
General State Aid - Regular	\$ 676.5	\$ 471.8	\$ 582.6	\$ 663.4	\$ 728.9
Supplemental General State A	261.0	261.0	218.6	261.0	261.0
Flat Grant by ADA	12.8	12.6	1.6	1.6	-
State Teacher Pension Aid	74.8	74.8	37.4	43.0	10.4
General Ed Block Grants	166.5	133.9	68.8	122.3	32.6
Ed Services Block Grants	447.4	358.7	421.3	564.9	553.3
Other State Revenue	53.3	20.3	37.5	38.4	170.9
Sub-total	\$ 1,692.4	\$ 1,333.2	\$ 1,367.8	\$ 1,694.6	\$ 1,757.2
<b>FEDERAL REVENUE</b>					
ESEA Title I, III, V	\$ 350.5	\$ 369.4	\$ 307.3	\$ 271.9	\$ 283.7
Stabilization Funds - ARRA	-	260.1	278.7	-	-
ESEA Grants under ARRA	-	-	119.4	261.6	99.0
Ed Jobs Fund Program	-	-	-	47.7	10.0
Lunchroom	150.4	139.2	178.8	175.8	182.7
IDEA	106.1	95.2	96.2	88.1	84.4
Medicaid Reimbursement	31.2	50.8	34.9	72.3	92.7
Federal Revenue - Other	194.4	208.3	145.0	204.1	138.6
Sub-total	\$ 832.5	\$ 1,122.8	\$ 1,160.4	\$ 1,121.5	\$ 891.0
<b>OPERATING FUND REVENUE TOTAL</b>					
	\$ 4,585.7	\$ 4,579.7	\$ 4,776.1	\$ 5,115.9	\$ 5,216.6
<b>OTHER FINANCING SOURCES</b>					
Transfers in/(out) and other	\$ 3.8	\$ 20.4	\$ 17.9	\$ 110.0	\$ 0.1
<b>OPERATING FUND TOTAL</b>					
	\$ 4,589.5	\$ 4,600.1	\$ 4,793.9	\$ 5,225.9	\$ 5,216.7

\* Due to rounding, minimal differences may occur in totaling rows and columns.

**REVENUE HISTORY: GENERAL FUND**  
**BY MAJOR CATEGORIES: FY2008-FY2012**  
(In Millions)

	ACTUAL				
	FY2008	FY2009	FY 2010	FY 2011	FY 2012
<b>LOCAL REVENUE</b>					
Property Taxes	\$ 1,694.2	\$ 1,785.8	\$ 1,959.8	\$ 1,818.2	\$ 2,208.3
Replacement Taxes	134.0	91.6	92.7	168.5	112.7
Investment Income	38.9	20.1	2.9	1.8	4.1
Other Revenue	71.3	76.7	87.8	196.4	117.3
Total - Local Revenue	\$ 1,938.4	\$ 1,974.2	\$ 2,143.2	\$ 2,184.9	\$ 2,442.4
<b>STATE REVENUE</b>					
General State Aid - Regular	\$ 676.5	\$ 471.8	\$ 582.6	\$ 663.4	\$ 728.9
Flat Block Grant by ADA	12.8	12.6	1.6	1.6	-
Teacher Pension	71.3	71.1	36.1	35.6	10.0
Gen Ed Block Grants	166.5	133.9	68.8	122.3	32.6
Ed Service Block Grants	436.8	345.4	408.0	524.5	553.3
State Revenue Other	34.4	48.7	23.0	51.1	145.4
Total - State Revenue	\$ 1,398.4	\$ 1,083.5	\$ 1,120.1	\$ 1,398.5	\$ 1,470.2
<b>FEDERAL REVENUE</b>					
Stabilization Fund - GSA	\$ -	\$ 228.5	\$ 124.3	\$ -	\$ -
Stabilization Fund - Pre-K	-	-	112.0	-	-
Medicaid Reimbursement	31.2	50.8	34.9	72.3	92.7
JROTC & Other	30.3	4.6	21.3	29.1	30.6
Total - Federal Revenue	\$ 61.5	\$ 283.9	\$ 292.5	\$ 101.4	\$ 123.3
<b>GENERAL FUND REVENUE</b>	\$ 3,398.3	\$ 3,341.6	\$ 3,555.8	\$ 3,684.8	\$ 4,035.9
<b>OTHER FINANCING SOURCES</b>	\$ 3.8	\$ 4.8	\$ 17.4	\$ 18.4	\$ 0.1
<b>TOTAL GENERAL FUND RESOURCES</b>	\$ 3,402.1	\$ 3,346.4	\$ 3,573.2	\$ 3,703.2	\$ 4,036.0

Income Fund (124), and Building Operation & Maintenance Fund (230)

**REVENUE HISTORY: SPECIAL REVENUE FUNDS**  
**BY MAJOR CATEGORIES: FY2008-FY2012**  
(In Millions)

	ACTUAL				
	FY2008	FY2009	FY 2010	FY 2011	FY 2012
<b>TORT LIABILITY FUND</b>					
Property Taxes	\$ 69.1	\$ 81.6	\$ 76.1	\$ 86.0	\$ 86.9
Investment Income	2.0	1.3	0.1	0.1	0.3
Other Revenue	3.2	3.3	3.8	4.3	4.8
Sub-total	\$ 74.3	\$ 86.2	\$ 80.1	\$ 90.4	\$ 92.0
<b>LUNCHROOM FUNDS</b>					
PPRT Subsidy	\$ 25.8	\$ 41.2	\$ 4.1	\$ 3.9	\$ 14.1
Lunchroom Sales	8.5	9.2	6.9	6.4	6.1
Local - Other	6.5	6.4	6.7	7.5	7.5
State Revenue	10.8	13.5	13.6	13.3	13.3
Federal Revenue	150.4	139.1	178.8	175.8	182.7
Sub-total	\$ 202.1	\$ 209.3	\$ 210.1	\$ 206.9	\$ 223.6
<b>SUPPLEMENTAL GENERAL STATE AID FUND</b>					
General State Aid	\$ 261.0	\$ 212.9	\$ 218.6	\$ 261.0	\$ 261.0
ARRA Stabilization GSA	-	48.1	42.4	-	-
State Teacher Pension Aid	3.7	3.2	1.3	1.7	0.4
Local Other	6.9	6.4	6.4	6.6	6.0
	\$ 271.7	\$ 270.6	\$ 268.7	\$ 269.3	\$ 267.4
<b>OTHER GOVERNMENT FUNDED FUNDS</b>					
Local Revenue - Other	\$ 0.3	\$ 0.2	\$ 0.3	\$ 0.2	\$ 0.5
State Aid - Other Misc.	18.4	20.1	14.2	20.1	12.2
Federal Aid - ARRA	-	-	119.4	261.6	99.0
Federal Aid - Ed Jobs	-	-	-	47.7	10.0
Federal Aid - ESEA	350.5	369.4	307.3	271.9	283.7
Federal Aid - Other Misc.	164.1	187.1	123.7	175.0	108.0
Federal Special Ed: IDEA	106.1	95.2	96.2	88.1	84.4
Sub-total	639.4	671.9	661.3	864.5	597.7
<b>SPECIAL REVENUE TOTAL</b>	<b>\$ 1,187.4</b>	<b>\$ 1,238.0</b>	<b>\$ 1,220.2</b>	<b>\$ 1,431.1</b>	<b>\$ 1,180.8</b>

**REVENUE HISTORY: CAPITAL PROJECT FUNDS**  
**BY MAJOR CATEGORIES: FY2008-FY2012**  
(In Millions)

	ACTUAL				
	FY2008	FY2009	FY 2010	FY 2011	FY 2012
<b>CAPITAL ASSETS FUND</b>					
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
Local Revenue - Other	-	-	-	-	-
State Revenue	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -
<b>CAPITAL EQUIPMENT FUND</b>					
Investment Income					
State Revenue					
Sub-total					
<b>CAPITAL IMPROVEMENT PROGRAM FUNDS</b>					
Local Interest Income	\$ 26.0	\$ 12.5	\$ 2.0	\$ 2.0	\$ 5.5
Local Other Misc	60.5	126.4	83.1	91.4	54.2
State Aid	0.1	-	-	-	-
State CDB /Other Grants	-	-	-	2.8	1.3
Federal Grants	43.5	2.8	12.3	4.4	18.1
Sub-total	\$ 130.0	\$ 141.7	\$ 97.4	\$ 100.6	\$ 79.1
<b>OTHER FINANCING SOURCES</b>					
Bond issuances and Premiums	\$ 252.6	\$ -	\$ 803.8	\$ 382.1	\$ 403.6
Sale of capital assets & Transfers	6.4	1.2	(46.8)	0.2	-
Total Other Financing Sources	\$ 259.0	\$ 1.2	\$ 757.0	\$ 382.3	\$ 403.6
<b>CAPITAL FUNDS TOTAL</b>	<b>\$ 389.0</b>	<b>\$ 142.9</b>	<b>\$ 854.4</b>	<b>\$ 482.9</b>	<b>\$ 482.8</b>

**REVENUE HISTORY: DEBT SERVICE FUND**  
**BY MAJOR CATEGORIES: FY2007-FY2013**  
(In Millions)

	<b>ACTUAL</b>				
	<b>FY2008</b>	<b>FY2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>BOND REDEMPTION AND INTEREST FUND: Alternate G.O. &amp; Other Debt</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Taxes	55.7	55.7	55.7	25.4	55.1
Investment Income	17.9	9.2	7.4	9.4	10.9
Other Local Revenue	23.8	24.9	164.6	104.7	107.4
State Revenue- GSA	153.6	178.7	184.3	222.7	146.7
State Revenue- CDB	-	-	-	29.7	60.7
Federal Interest Subsidy	-	-	7.5	19.1	26.8
Sub-total	\$ 251.0	\$ 268.4	\$ 419.4	\$ 411.0	\$ 408.0
<b>PUBLIC BUILDING COMMISSION LEASE</b>					
Property Taxes	\$ 50.6	\$ 29.2	\$ 11.2	\$ 32.5	\$ 57.0
Investment Income	1.1	0.6	0.0	0.0	0.0
State Aid	-	-	-	-	-
Local Revenue - Other	-	-	-	-	-
Sub-total	\$ 51.8	\$ 29.8	\$ 11.3	\$ 32.5	\$ 57.0
<b>TOTAL REVENUE DEBT SERVICE FUNDS</b>	\$ 302.7	\$ 298.2	\$ 430.6	\$ 443.5	\$ 464.7
<b>OTHER FINANCING SOURCES</b>					
Proceeds from swaps, refunding	\$ (10.9)	\$ (0.7)	\$ (2.8)	\$ 1.9	\$ -
Transfers in /(out)	(3.8)	(20.4)	28.9	(110.0)	(0.1)
Total Other Financing Sources	\$ (14.7)	\$ (21.1)	\$ 26.1	\$ (108.1)	\$ (0.1)
<b>DEBT SERVICE TOTAL RESOURCES</b>	\$ 288.1	\$ 277.1	\$ 456.8	\$ 335.4	\$ 464.6

## **APPENDIX D 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 June 30.

The budget process and calendar for CPS is prepared consistent with legal requirements in the Illinois School Code:

- 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**

Aware that the District was going to face a record-breaking budget deficit in FY2014, management began work immediately in FY2013 to identify solutions to the challenges of decreased funding and additional expenses. The school utilization crisis faced by CPS was draining resources, looming federal sequestration meant declining revenues, and without State intervention the pension liability would require a huge cash outlay.

### **Budget Planning**

Early in FY2013, the Office of Budget and Grants Management (OBGM) began working with a consultant to develop a per pupil funding model to bring parity and transparency to school budgets, termed "Student Based Budgeting." The FY2014 school budgets are the first to be implemented using this new model. In addition, OBGM engaged in strategic planning with departments to develop preliminary FY2014 budgets based on critical initiatives identified by senior leadership and the Board. As in the previous year, the goal was to shift discretionary funds to schools and networks to give principals and school communities more flexibility to make investments that drive student achievement. For the fourth year in a row, cuts were made to Central Office units and efficiencies were sought through contract renegotiations and outsourcing non-critical functions.

Individual school budgets were presented to principals through a series of briefing meetings in June 2013. Central Office departments continued to refine their unit budgets to align with updated revenue projections.

### **Budget Submission**

Central Office users and schools entered their detail budget line items, and Chief Network Officers reviewed and approved the school budgets for adherence to their CIWPs by June 26.

**Proposed Budget**

Once the submissions were entered, the budget information was summarized and submitted to senior leadership for review beginning in June. Adjustments were made to incorporate final recommendations during early July.

**Public Involvement**

The announcement of the availability of the proposed budget for review by the public, reform groups and the press was made in July according to the Illinois School Code, before being presented in public hearings.

**Board Adoption of the Budget**

The Board is anticipated to act on the FY2014 Proposed Budget at their meeting on August 28, 2013.

## **APPENDIX E FINANCIAL POLICIES**

Chicago Public Schools (CPS) is responsible for pre-school through 12<sup>th</sup> grade education in the city of Chicago. It is an independent local government entity with its own power to levy property taxes. The fiscal year starts July 1 and ends June 30. The Board 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 the 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. 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 our 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 all schools that did not spend their allocation in the prior years. The reserved but spendable fund balance shall equal the unused SGSA revenues from the previous year.
- **Capital Projects Funds:** All unreserved, undesignated 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 reserved for debt service are monies held as required by a bond indenture or similar agreement and maintained mostly with escrow agents. Unreserved fund balances represent reserves to cover potential risks related with swaptions, variable-rate or auction-rate bonds. Both reserved and unreserved fund balances can be re-appropriated depending on debt service schedules or refinancing of the bonds.

## **Fund Balance Policy**

Section 5/34-43 of the Illinois School Code authorizes the Board to accumulate an unreserved fund balance in the General Fund. 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 require that sufficient funds always be retained 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 General Fund, 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 will 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 operating and debt service budget for the new fiscal year is the basis for calculating the ratio of undesignated fund balance to proposed expenditure. In essence, the current fiscal year's budgeted expenditures will determine the prior fiscal year's designated fund balance.

- **General Fund**

- **Unreserved, Designated Fund Balance (Stabilization Funds):** This policy will require the Board to maintain an unreserved, designated fund balance (assigned fund balance) of a minimum of 5 percent and a maximum of 10 percent of the operating and debt service budget 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.
- **Use of Excess Fund Balance above the Stabilization Fund:** When the stabilization fund is adequately established, any excess above the required stabilization funds will be “unreserved, undesignated fund balance (unassigned fund balance)”. If necessary, this fund balance in the General Fund can be appropriated 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
- **Unreserved Fund Balance Replenishment:** It is the policy of the Board to maintain a range of 5 percent to 10 percent of its operating and debt service budget in the stabilization fund and to allow unreserved, undesignated fund balances above the stabilization to be used for the purposes listed in Section I of the Fund Balance and Budget Management Policy. In the event that the stabilization fund decreases below 5 percent of the upcoming operating and debt service budget, the CFO will prepare and present to the Board a plan to replenish the reserve requirement. 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 unreserved, undesignated 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 reserve 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 while they develop a long-term plan to restore the fund balance.
- **Workers' Compensation/Tort Fund:** The reserved but spendable 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. The FY2014 budget will use approximately \$43 million of funds, leaving the balance will remain below the target.
- **Supplemental General State Aid Fund (SGSA):** The reserved but spendable fund balance shall equal the unused SGSA revenues 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 all schools that did not spend their allocations in the prior years.
- **Capital Projects Funds:** Unreserved fund balance shall equal the unused bond proceeds, revenues and available fund balances from the previous fiscal year. All unreserved, undesignated 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 reserved for debt service are monies held as required by a bond indenture or similar agreement and maintained mostly with escrow agents. Unreserved funds in the debt service funds represent the Board's efforts to cover risks related with swaptions, variable-rate bonds or auction-rate bonds. The unreserved fund balance range for the Debt Service Funds shall be sufficient to cover potential risks such as termination, counterparty, and basis points. The Treasury Department will determine a proper level of funds every year.

### **Monitoring and Reporting**

The CFO shall annually prepare a statement about the status of the fund balance in relation to this policy and present to the Board the findings in conjunction with the development of the annual budget. Should the CFO disclose that the stabilization funds 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 FY2014, 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**

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. The Board requires 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. One-time revenues will 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

Due to the financial condition of CPS, the FY2014 budget will rely on one-time revenues to support operating expenses. The long-term plan to replenish the fund balance also will include strategies to reduce reliance on one-time revenues.

### **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.

### **Basis of Budgeting**

The budgeting and accounting policies of the Board are based on generally accepted accounting principles. The Governmental Accounting Standards Board is the standards-setting body for establishing 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. Revenues are recorded when they become measurable and available. Property taxes are recognized as current revenues as long as they are available within 30 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 30 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, it is usually necessary to allow transfers between line items during the year. All budget transfers should follow an established fund-transfer policy and its 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 or between objects. Transfers within a fund and between account groups and purposes must be recommended by the Office of Management and Budget and approved by the Board.
- No transfer may be made between any of the statutory funds supported by property taxes.
- Central Office units and citywide units are allowed to transfer funds between accounts with approval of the Director of Management and Budget and/or the Board, depending on the transfer type.
- A fund transfer between accounts of different series requires approval of the Director of Management and Budget or his/her designated person and the Board.
- Additionally, such 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.

### **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/documents/403.1.pdf>.

### **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/documents/404.1.pdf>.

## APPENDIX F GLOSSARY

**Account:** A budget attribute used to group funds with a similar purpose, such as supplies, salaries or travel expenses.

**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](http://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).

**Collaborative:** Geographic grouping of schools; the District is divided into five collaboratives – North/Northwest, West, Southwest, South, and Far South.

**College Ready Fund:** \$100 million in flexible funds to be used at principals' discretion. More than \$70 million of new funding was added to support instructional priorities, including Common Core State Standards, teacher evaluation and Full School Day. The College Ready fund includes the \$30 million in funding that we have traditionally given to schools for non-personnel items, such as books, supplies, furniture, equipment and repairs.

**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).

**Contingency:** A budgetary reserve set aside for emergencies or unforeseen expenditures.

**Debt Service:** The school system's obligation 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.

**Devolve:** The process of transferring control of funds from central office to the schools. By 2016, 90 percent of each school's budget will be controlled directly by the principals.

**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 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.

**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:** Resources set aside 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:** Requires that "on-behalf" payments made by other governments should 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:** To improve consistency and clarity in reporting the components of fund balance, governments are required to adopt new fund balance reporting requirements under GASB #54, effective June 30, 2011. A hierarchy of fund balance classification has been created based primarily on the extent to which governments are bound by constraints on resources reported in the funds. The hierarchy of five classifications of fund balance is:

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 a specific purpose by a government using its highest level of decision-making authority. It would require action 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.

**Generally Accepted Accounting Principles (GAAP):** The uniform minimum standard of, and guidelines to, financial accounting and reporting. They govern 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 by a governmental or other type of organization to support a particular function. Typically, these contributions are made to the system from the state and federal governments and from private foundations.

**Homeroom Classrooms:** Identified for elementary schools only. Refers to the number of allotted classroom spaces required for homeroom use. The number allotted for homeroom use is the total number of classrooms multiplied by 0.769, rounded 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 (IDPA) submitted a Medicaid State Plan Amendment, which expanded the range of existing covered services, expanded the scope of covered services and increased reimbursement rates. The new program is based on 42 CFR 440.13D(d) of the Social Security Act. This program allows the district to receive reimbursements through Medicaid for certain services we provide 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.

**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. The city will impose property tax levies when the current debt issued by the School Finance Authority and PBC expires. Property owners, therefore, will not see any net increase in their future property tax bills resulting from the 1997 IGA debt.

**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.

**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 and the SFA, 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:** The accrual basis of accounting adapted to the governmental fund type spending measurement focus. Under this basis, revenues are recognized when they become both "measurable" and "available" to finance expenditures of the current 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**.

**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 provides for the most significant reform to the Elementary and Secondary Education Act (ESEA) since its inception in 1965. Under the new law, states and school districts are required to develop strong accountability systems based on student performance and to test students in grades 3-8 on reading, math, and science. Each state, school district, and school will be expected to make adequate yearly progress toward meeting state standards. Parents of children in failing schools have the option to transfer their children to better-performing schools and/or obtain supplemental services such as tutoring paid for by Federal Title I funds. The new law also gives states and school districts increased local control and flexibility in the use of federal education funds.

**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 a fiscal year).

**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](http://www.ilga.gov).

**Penalty Date:** Date by which property tax bills are 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; historically these dates have been delayed to September 1 or later.

**Pension:** A defined benefit amount paid regularly to a former employee during his or her retirement.

**Pension funded ratio:** A percentage measurement of current pension funds available divided by outstanding pension liabilities.

**Pension Relief:** A legislative action by the Illinois General Assembly that 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.

**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.

**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.

**Public Hearing:** Portions of open meetings held to present evidence and provide information on an 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:** Bonds whose principal and interest are payable exclusively from a revenue source pledged as the payment source before issuance.

**School Actions:** Significant changes to schools that require Board approval. Examples of school actions include consolidations, school moves and turnaround implementation.

**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:** 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.

**Sundry Charges:** Includes items that are not in the supply or maintenance category. These charges may be for services provided by private business organizations, by public utilities, for contract labor, for outside consultants, for payment of claims and damages against the system or for services provided by some other department or activity.

**Supplemental General State Aid Fund (formerly State Chapter I):** Fund for the receipt and disbursement of Supplemental General State Aid.

**Supplemental General State Aid Revenue (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).

**Tax Increment Financing (TIF):** A method of providing local property tax funding for economic development projects within a 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 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.

**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:** A reformation model for underperforming schools 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.

## **Appendix G**

### **Accountability and Performance Measurement**

As an opening line in the district's Action Plan (*The Next Generation: Chicago's Children*) proclaims, this is a critical moment in the history of Chicago Public Schools. With enormous challenges and unlimited potential, the district is at a crossroads.

#### **Our Current Progress**

The graduation rate has risen steadily while the dropout rate has steadily declined since 1999. CPS had its highest 5-year cohort graduation rate in recent history in 2012, with 61.2 percent graduating, an increase of 14.2 percentage points since 1999. Chicago schools dominate the list of top schools in the State of Illinois, with many defying the odds and closing the achievement gap. Four CPS schools achieved "90-90-90" status (90% minority students, 90% low-income students, and 90% of students meeting or exceeding standards) in 2012: Frazier IB, Haines, Leland and Chicago International Charter School West Belden.

Preliminary data from the 2013 Illinois Standards Achievement Test (ISAT) showed that the district's Meets or Exceeds (M/E) composite scores grew by 1.8 percent in 2013, marking 12 years of progress made by CPS elementary school students with 65 percent of all schools increasing their M/E scores. Additionally, every grade level (3 through 8) across all District elementary schools increased their M/E and the Exceeds scores across all subjects.

This school year, the Illinois State Board of Education (ISBE) raised the performance levels of the ISAT for students in grades 3 through 8, and changed the assessment to make 20 percent of this year's ISAT questions align with more rigorous Common Core State Standards. These changes are designed to pave the way for the state to replace the ISAT tests in math and English language arts with the rigorous and Common Core aligned Partnership for Assessment of Readiness for College and Careers (PARCC) exams. The new PARCC tests are scheduled to begin in the 2014-2015 school year.

By raising performance levels and aligning questions in elementary schools to Common Core levels of rigor and relevance, students will be better positioned for a successful future in college and career. This is consistent with the district's focus and commitment to preparing students for life after CPS made explicit in the district's five-year Action Plan.

College enrollment rates of Chicago graduates have been steadily improving since 2004. While the percentage of CPS students who enroll in college is lower than the national average, we are closing the gap. Between 2004 and 2012, the percentage of CPS students enrolling in college increased from 43.5% to 59.5%, an increase of 16 percentage points. The national average meanwhile rose only 1.6 percentage points, to 68.3%.

Despite the improved graduation rate, most CPS students have few postsecondary options because they are not academically prepared for their next steps after high school. In 2012, only 9.7% of 8th graders had EXPLORE scores that met or exceeded grade-level expectations, and only 8.9% of 11th graders met or exceeded ACT college-ready benchmarks. Nearly one-third of CPS graduates who enroll in college do not persist into their second year, and of those who do persist, still many more do not proceed to earn a postsecondary degree.

## New Performance Metrics

The commitment of CPS to measuring and monitoring progress based on an essential set of performance metrics will create a best-in-class management tool for leading the district through this important time of change and opportunity. The CPS District Scorecard, highlighting the Five Pillars of the Action Plan can be seen in the figure below.



**THE CPS VISION** is that every student in every neighborhood will be engaged in a rigorous, well-rounded instructional program and will graduate prepared for success in college, career and life. Five pillars outline the work we do to ensure our students' future success. The CPS District Scorecard tracks annual progress toward the key performance indicators that holistically capture the results of our district's efforts to achieve our vision.

CPS DISTRICT SCORECARD					
ULTIMATE OUTCOMES					
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Baseline measurements for each of the Key Performance Indicators (KPIs) in the scorecard will be calculated in fall 2013 and metrics will be updated throughout the school year at regular intervals. Departments throughout the organization have also been developing their unit-level KPIs as tools to manage their specific work streams.

At this time of opportunity the focus of CPS is to use accurate, informative data to guide decisions in every facet of our work and hold ourselves accountable for producing positive outcomes for students and families.