

## APPENDIX B SCHOOL FUNDING FORMULAS

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

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

### STUDENT BASED BUDGETING (SBB)

Student Based Budgeting is used to determine the base amount of resources that a school receives for core instruction. Introduced for the first time in FY14, SBB replaced all previous quota formulas and per-pupil allocations. The FY16 budget is the third year using the SBB model.

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

The FY16 SBB rates are unchanged from FY15. The base per-pupil rate remains at \$4,390. Further, the grade level weights used to determine SBB rates are unchanged from FY15. Students in grades 4-8 receive the base per-pupil rate. Students in kindergarten through third grade receive a weight of 1.07, which means that their per-pupil rate is 7 percent higher than the base rate. High school students receive a weight of 1.24.

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

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

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

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

substantial part of the day outside of it. LRE 3 students receive 40 percent of the per-pupil rate for the students’ grade level because it is assumed that they receive their instruction from diverse learner teachers, and that they are in the general education classroom only for special periods like art, music, or physical education.

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

The SBB weightings are unchanged from FY15.

**Table 2: FY16 SBB Rates**

| <b>Enrollment Category</b> | <b>SBB Weighting</b> | <b>SBB Rates</b> |
|----------------------------|----------------------|------------------|
| K-3 Gen Ed / LRE 1 / LRE 2 | 1.07                 | \$4,697.30       |
| 4-8 Gen Ed / LRE 1 / LRE 2 | 1.00                 | \$4,390.00       |
| 9-12 Gen Ed / LRE 1        | 1.24                 | \$5,443.60       |
| K-3 LRE 3                  | 40% of 1.07          | \$1,878.92       |
| 4-8 LRE 3                  | 40% of 1.00          | \$1,756.00       |
| 9-12 LRE 2                 | 70% of 1.24          | \$3,810.52       |
| 9-12 LRE 3                 | 40% of 1.24          | \$2,177.44       |

**Total Amount of SBB Allocation**

For FY16, the SBB allocation is \$2,036,704,455. This represents a \$29.5 million reduction from FY15, due to lower enrollment and the elimination of the FY15 hold harmless funds. The SBB allocation has been increased to account for schools new to the SBB model – ALOP programs and one former specialty school (Christopher) are being funded through SBB for the first time in FY16 – but the addition of these funds does not provide a fair comparison to FY15.

ALOP programs have technically been funded outside of Student Based Budgeting in FY14 and FY15, but they have been funded using the same rates as charter and contract schools. Although we are now formally including ALOP students in SBB, it does not represent an actual change to the funding levels that they will receive.

Walter S. Christopher Elementary School has been funded in the past as a specialty school, which is a school that primarily serves diverse learners. Specialty schools are not funded through SBB because of they serve a non-traditional student population. Christopher has always been an anomaly in the category of specialty schools because approximately half of the students are general education students who are educated alongside students with disabilities. In FY16, we are classifying Christopher as an SBB school, rather than a specialty school, for its allocation of core instruction funding.

**Table 3: Distribution of SBB Allocation for FY15 and FY16**

| (All amounts in \$000s)                                  | FY15<br>(Original<br>budget) | FY15<br>(After 10 <sup>th</sup> day<br>adjustments) | FY16<br>(Based on<br>projections) |
|--|------------------------------|---|-----------------------------------|
| Base SBB Rate for All Schools                            | \$1,770,792                  | \$1,751,870   | \$1,742,157                       |
| Foundation Positions Equivalent (Charter/Contract)       | 36,002                       | 35,338  | 37,909                            |
| Teacher Salary Adj. Equivalent (Charter/Contract)        | 6,849                        | 6,723   | 7,649                             |
| Multiple Building Adj. Equivalent (Charter/Contract)     | 288                          | 282   | 316                               |
| Teacher Salary Adjustment for District Schools           | 33,293                       | 33,293  | 35,714                            |
| Multiple Building Adjustment for District Schools        | 1,400                        | 1,475   | 1,475                             |
| Other Adjustments*                                       | 7,204                        | 4,435   | 1,750                             |
| FY15 Program Support                                     | 0                            | 8,234   | 2,445                             |
| FY15 Hold Harmless                                       | 0                            | 45,680  | 0                                 |
| Post-10 <sup>th</sup> Day Adjustments                    | 0                            | 1,861   | 0                                 |
| Temporary Adjustments (Adjusted at 10 <sup>th</sup> Day) | 1,154                        | 0   | 1,790                             |
| Contingency for 10 <sup>th</sup> Day Adjustments         | 22,148                       | 0   | 8,765                             |
| <b>Total SBB Dollar Distribution, Equivalent to FY15</b> | <b>1,879,130</b>             | <b>\$1,889,191</b>                                  | <b>\$1,839,970</b>                |
| Christopher reclassified from Specialty to SBB           |                              |   | 1,537                             |
| ALOP programs added to SBB                               |                              |   | 18,197                            |
| <b>Total SBB Dollar Distribution for FY16</b>            | <b>\$1,879,130</b>           | <b>\$1,889,191</b>                                  | <b>\$1,859,704</b>                |
| Cost of Foundation Positions for District Schools        | 175,000                      | 177,000   | 177,000                           |
| <b>Total SBB Allocation</b>                              | <b>\$2,054,130</b>           | <b>\$2,066,191</b>                                  | <b>\$2,036,704</b>                |

\*Includes miscellaneous overrides and a COLA adjustment for assistant principals given in July 2014.

### Calculation of FY16 SBB Base Rate

The FY16 SBB base rate is \$4,390, which was calculated by taking the amount to be distributed and dividing by the total weighted enrollment of all SBB students, as shown in Table 4. The FY16 base rate is the same as in FY15.

**Table 4: Calculation of FY16 SBB Base Rate**

|   |                 |
|---|-----------------|
| Amount to be Distributed through Base Rate* | \$1,742,156,916 |
| Total Weighted Enrollment*                  | 396,846.676     |
| FY16 SBB Base Rate                          | 4,390.00        |

\*Excludes schools that are new to SBB funding, including ALOP programs and Christopher.

Total weighted enrollment is based on the FY16 enrollment projections. The projections use five years of enrollment data and the “cohort survival ratios” for each school. The cohort survival ratio compares the number of students in a particular grade at a particular school to the number of students in the previous grade in the previous year. Ratios are calculated for each grade progression and are then used to project future enrollment. Schools are given a chance to review and appeal enrollment projections, and all appeals are reviewed in consultation with network chiefs. Enrollment projections are finalized after appeals have been reviewed and acted upon.

**Table 5: FY16 Projected Enrollment**

| Enrollment Category              | SBB Weighting | Unweighted Enrollment |               |                    |             |                |
|----------------------------------|---------------|-----------------------|---------------|--------------------|-------------|----------------|
|                                  |               | Original SBB Schools  |               | New to SBB Funding |             | Total          |
|                                  |               | District              | Charter       | ALOP               | Christopher |                |
| K-3 Gen Ed / LRE 1 / LRE 2       | 1.07          | 103,040               | 13,746        | 0                  | 97          | 116,883        |
| 4-8 Gen Ed / LRE 1 / LRE 2       | 1.00          | 116,683               | 14,857        | 0                  | 115         | 131,835        |
| 6-8 Gen Ed /LRE 1 at the HS rate | 1.24          | 2,237                 | 2,870         | 0                  | 0           | 5,107          |
| 9-12 Gen Ed / LRE 1              | 1.24          | 73,571                | 28,816        | 2,798              | 0           | 105,185        |
| K-3 LRE 3                        | 40% of 1.07   | 1,798                 | 70            | 0                  | 56          | 1,924          |
| 4-8 LRE 3                        | 40% of 1.00   | 2,680                 | 86            | 0                  | 118         | 2,884          |
| 9-12 LRE 2                       | 70% of 1.24   | 3,993                 | 1,153         | 145                | 0           | 5,291          |
| 9-12 LRE 3                       | 40% of 1.24   | 844                   | 165           | 23                 | 0           | 1,032          |
| <b>Total</b>                     |               | <b>305,026</b>        | <b>61,763</b> | <b>2,966</b>       | <b>386</b>  | <b>370,141</b> |

**Table 6: FY16 Projected Enrollment, with SBB Weightings**

| Enrollment Category              | SBB Weighting | Weighted Enrollment  |                  |                    |               |                   |
|----------------------------------|---------------|----------------------|------------------|--------------------|---------------|-------------------|
|                                  |               | Original SBB Schools |                  | New to SBB Funding |               | Total             |
|                                  |               | District             | Charter          | ALOP               | Christopher   |                   |
| K-3 Gen Ed / LRE 1 / LRE 2       | 1.07          | 110,252.80           | 14,708.22        | 0.00               | 103.79        | 125,064.81        |
| 4-8 Gen Ed / LRE 1 / LRE 2       | 1.00          | 116,863.00           | 14,857.00        | 0.00               | 115.00        | 131,835.00        |
| 6-8 Gen Ed /LRE 1 at the HS rate | 1.24          | 2,773.88             | 3,558.80         | 0.00               | 0.00          | 6,332.68          |
| 9-12 Gen Ed / LRE 1              | 1.24          | 91,228.04            | 35,731.84        | 3,469.52           | 0.00          | 130,429.40        |
| K-3 LRE 3                        | 40% of 1.07   | 769.54               | 29.96            | 0                  | 23.97         | 823.47            |
| 4-8 LRE 3                        | 40% of 1.00   | 1,072.00             | 34.40            | 0                  | 47.20         | 1,153.60          |
| 9-12 LRE 2                       | 70% of 1.24   | 3,465.93             | 1,000.80         | 125.86             | 0             | 4,592.59          |
| 9-12 LRE 3                       | 40% of 1.24   | 418.62               | 81.84            | 11.41              | 0             | 511.87            |
| <b>Total</b>                     |               | <b>326,843.81</b>    | <b>70,002.86</b> | <b>3,606.79</b>    | <b>289.96</b> | <b>400,743.42</b> |

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

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

**1. Teacher Salary Adjustment**

Some district schools with a large number of experienced teachers receive a teacher salary adjustment to help pay for their high staff costs. The teacher salary adjustment is calculated at a single point in time before school budgets are released. We calculate the district-wide average cost of all staffed teacher positions that are funded with SBB funds. We then calculate the average cost of staffed SBB teachers for each school. If this average cost at any school exceeds the district-wide average, the school will receive a teacher salary adjustment. The amount of the adjustment is calculated by multiplying the difference between the school's average teacher cost and the District's average teacher cost, multiplied the number of staffed SBB teachers at the school.

Once calculated, the teacher salary adjustment remains with the school during the year. It is changed from year to year due to changes in staffing at the school and district-wide. It is therefore possible for a school to receive a teacher salary adjustment in one year and not receive an adjustment the next year.

In FY16, the total cost for the teacher salary adjustment in district-run schools is \$35,714,117.

## 2. Multiple Building Adjustment

Additional SBB funds are given to 27 schools that have a branch building that is a significant distance from the main school building. Funding is given to help defray the cost of a clerk or other administrative support needed at the second building. No additional funding is given to schools with multiple buildings that are on the same block or on the same campus, where the buildings are within walking distance of each other.

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

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

**Table 7: Formula for Multiple Building Adjustment**

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

The total cost of the FY16 multiple building adjustment in district-run schools is \$1,475,000.

## 3. Foundation Positions

Every district-run school receives three foundation positions – one principal, one counselor, and one clerk – in addition to the school’s per-pupil allocation. The foundation positions benefit small schools, which would have a difficult time funding these positions from their per-pupil allocation. District-run schools have no discretion on whether to have these positions; all district-run schools are required under state law and the Chicago Teachers Union contract to have one principal, one counselor, and one clerk. For FY16, the total cost of foundation position in district-run schools is \$177 million.

### Calculation of SBB Per-Pupil Equivalents for Charter Schools

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

**Table 8: Calculation of Per-Pupil Equivalents for Charter/Contract Schools**

|  | Foundation Positions | Teacher Salary Adjustment | Multiple Building Adj. |
|--|----------------------|---------------------------|------------------------|
| Amount Reserved for District-run Schools         | \$177,000,000        | \$35,714,117              | \$1,475,000            |
| Weighted Enrollment for District-run Schools*    | 326,843.81           | 326,843.81                | 326,843.81             |
| <b>Per-Pupil Equivalent for Charter/Contract</b> | <b>\$541.54</b>      | <b>\$109.27</b>           | <b>\$4.51</b>          |

\*See Table 6 for calculation of weighted enrollment for district schools. Weighted enrollment for Christopher is not included, since calculation was done before Christopher was added to SBB model.

With the per-pupil equivalents added in, the SBB base is nominally higher for charter and contract schools, as shown in Table 9; however, the funding is equivalent to funding for district-run schools.

**Table 9: Charter/Contract SBB Base with Per-Pupil Equivalents**

|   | Amount            |
|---|-------------------|
| SBB Base Rate for All Schools                               | \$4,390.00        |
| Foundation Positions Equivalent                             | \$541.54          |
| Teacher Salary Adjustment Equivalent                        | \$109.27          |
| Multiple Building Adjustment Equivalent                     | \$4.51            |
| <b>Charter/Contract SBB Rate with Per-Pupil Equivalents</b> | <b>\$5,045.32</b> |

Table 10 shows the SBB rates for charter and contract schools with the per-pupil equivalents included and adjusted for grade weight and diverse learner category.

**Table 10: FY15 SBB Rates for Charter/Contract Schools**

| Enrollment Category        | SBB Weighting | SBB Rates with Equivalents |
|----------------------------|---------------|----------------------------|
| K-3 Gen Ed / LRE 1 / LRE 2 | 1.07          | \$5,398.49                 |
| 4-8 Gen Ed / LRE 1 / LRE 2 | 1.00          | \$5,045.32                 |
| 9-12 Gen Ed / LRE 1        | 1.24          | \$6,256.20                 |
| K-3 LRE 3                  | 40% of 1.07   | \$2,159.40                 |
| 4-8 LRE 3                  | 40% of 1.00   | \$2,018.13                 |
| 9-12 LRE 2                 | 70% of 1.24   | \$4,379.34                 |
| 9-12 LRE 3                 | 40% of 1.24   | \$2,502.48                 |

Once the charter/contract per-pupil equivalents are calculated, the total cost is added to the base rate allocation. The total amount of SBB funds distributed on a per-pupil basis is shown in Table 11.

**Table 11: SBB Amount Distributed on Per-Pupil Basis**

| (All amounts given in \$000s)                      | FY15<br>(Original budget) | FY15<br>(After 10 <sup>th</sup> day adjustments) | FY16<br>(Based on projections)* |
|--|---------------------------|--|---------------------------------|
| SBB Base Rate for All Schools                      | \$1,770,792               | \$1,751,870                                      | \$1,742,157                     |
| Foundation Positions Equiv. (Charter/Contract)     | 36,002                    | 35,338   | 37,909                          |
| Teacher Salary Adj. Equiv. (Charter/Contract)      | 6,849                     | 6,723  | 7,649                           |
| Multiple Building Adj. Equiv. (Charter/Contract)   | 288                       | 282  | 316                             |
| <b>Total Amount Distributed on Per-Pupil Basis</b> | <b>\$1,813,931</b>        | <b>\$1,794,213</b>                               | <b>\$1,788,031</b>              |

\*Excludes schools that are new to SBB funding, including ALOP programs and Christopher.

When ALOP programs and Christopher are included, the amount of SBB funds distributed on a per-pupil basis increases to \$1,807,501,589.

### Temporary Adjustments

Ten schools have received temporary adjustments because they have unusual circumstances that call their enrollment projections into question. If the school's 10<sup>th</sup> day enrollment does not support the additional SBB funding, the funding will be reduced; it will remain if the enrollment supports the funding level.

### Contingency for 10<sup>th</sup> Day Adjustments

Approximately \$8.8 million has been reserved in contingency. The funds have been set aside primarily to ensure that we could provide SBB funds in case the total SBB enrollment of the district at the 10<sup>th</sup> day exceeds our projections. Contingency funds are also reserved for adjustments at schools that will occur after the 10<sup>th</sup> day.

## ADDITIONAL GENERAL EDUCATION ALLOCATIONS FOR CHARTER SCHOOLS, CONTRACT SCHOOLS AND ALOP PROGRAMS

### Non-SBB Rates

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 management.

The non-SBB allocation is the entire amount of general funds in the operating budget except for the SBB allocation and a limited set of items that are classified as district-wide shared obligations. Table 12 shows the district-wide shared obligations removed from the FY16 non-SBB calculation:

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

|  | <b>Budgeted Amount<br/>(in \$ thousands)</b> |
|--|--|
| Unfunded Pension Liability                         | \$479,400                                    |
| Core Instruction for Options, Specialty Schools    | 26,100                                       |
| Facilities Supplement for Charter/Contract Schools | 26,166                                       |
| New and Expansion Schools / School Transition      | 4,136  |
| Early Childhood (funded with General Funds)        | 4,931  |
| TIF Arts/PE  | 8,439  |
| Bond Interest                                      | 20,417                                       |
| Real Estate Leases                                 | 14,191                                       |
| Liability Insurance                                | 7,476  |
| Transportation / Drivers Ed                        | 4,858  |
| Offsetting revenue from Charters, JROTC, pensions  | 56,950                                       |
| Contingency  | 20,000                                       |
| <b>Total District-Wide Shared Obligations</b>      | <b>\$691,983</b>                             |

After removing the district-wide shared obligations, the non-SBB rate was based on an estimated non-SBB allocation just under \$834.0 million. The FY16 non-SBB base rate was calculated by taking the total amount of non-SBB spending and dividing by the weighted total enrollment of all students.

**Table 13: Calculation of FY16 Non-SBB Base Rate**

|  |                   |
|--|-------------------|
| General Funds (Funds 115, 210, 230)                    | \$3,562,645,000   |
| Less SBB   | (\$2,036,704,000) |
| Less District-Wide Shared Obligations                  | (\$691,983,000)   |
| Amount of Non-SBB to be Distributed on Per-Pupil Basis | \$833,958,000     |
| Total Weighted Enrollment (Non-SBB)                    | 422,740.20        |
| FY16 Non-SBB Base Rate                                 | \$1,973           |

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

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

The following chart shows the FY16 non-SBB rates, which are unchanged from FY15:

**Table 14: FY16 Non-SBB Rates**

| Non-SBB Rates                    | Elem K-3 | Elem 4-8 | HS 9-12  |
|----------------------------------|----------|----------|----------|
| Weighting                        | 1.07     | 1.00     | 1.24     |
| Per-Pupil Amount for All Schools | 2,111.98 | 1,973.81 | 2,447.52 |

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

#### **Facilities Supplement for Schools in Independent Facilities**

Schools that are in facilities not owned by CPS receive a facility supplement of \$750 per pupil to cover the costs of renting or owning the school facility. The FY16 rate is the same as the FY15 rate. Charter and contract schools that are housed in a CPS-owned building do not receive the facilities supplement, but are allowed to occupy the CPS-owned facility at the nominal rental rate of \$1 per year.

#### **Facilities Charges for Charter/Contract Schools in CPS-Owned Facilities**

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

Facilities charges are assessed in three separate components, each with a separate rate:

**Table 15: Per-Pupil Rates for Facilities Charges**

| Deduction Type                 | FY15 Rates     | FY16 Rates   |
|--------------------------------|----------------|--------------|
| Facilities & Maintenance       | \$767          | \$787        |
| Security                       | \$137          | \$146        |
| Information Technology         | \$96           | \$65         |
| <b>Total Facilities Charge</b> | <b>\$1,000</b> | <b>\$998</b> |

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

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

**Employer Pension Contribution Charges**

Under the SBB model, charter/contract schools receive per-pupil funding based on an SBB allocation that includes the amounts spent on employer pension costs of certified teachers. For this reason, each charter/contract school reimburses the District for the employer pension costs for its employees who participate in the Chicago Teachers Pension Fund. Schools are charged 11.16 percent of the salary costs of participating employees, consistent with the pension normal cost estimates for FY16. Pension payments are deducted from quarterly tuition payments. Pension charges will not apply to special education teachers, aides, or clinicians.

**Administrative Fee**

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

**Table 16: Administrative Fee**

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

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

### **Specialty Schools**

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

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

Specialty schools receive the following general education resources:

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

### **District Options Schools**

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

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

### **Alternative Learning Opportunity Programs (ALOP)**

CPS also funds Alternative Learning Options Programs serving students who have dropped out of school and want to return, or students who are at risk of dropping out. These programs receive SBB and non-SBB tuition funding just like charter and contract schools, but their payments are based on quarterly enrollment counts, rather than two enrollment counts per year.

### **Safe School Programs**

CPS also funds two Safe School programs for students who have been expelled from traditional schools due to violence. They are funded using the same rates as charter and contract schools, but each school is funded for a floor of 150 students, regardless of the actual number of students enrolled, to ensure

that spots are available when needed. CPS receives a Regional Safe School grant from the State of Illinois, which helps pay these costs.

## ALLOCATIONS OF SPECIAL EDUCATION TEACHERS AND PARAPROFESSIONALS

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

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 disability type, the required instructional minutes, program, and student’s grade (see formulas below). 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 as follows:

**Number of students:** According to state regulations, no general education classroom should have more than 30% diverse learners, excluding students that only receive speech services outside of the general education classroom. For students in separate diverse learner classrooms, ISBE sets teacher to student ratios, as outlined in Table 17. The ratios are determined per class period, and the student with the greatest amount of required special education services drives class size.

**Table 17: FY16 Diverse Learner Staffing Formulas**

| Level of Service   | Teacher to Student Ratio                                 | Teacher + Paraprofessional to Student Ratio      |
|--|--|--|
| 20% or less of special education and related services per week         | 15 to 1 student/teacher ratio without a paraprofessional | 16-17 students to 1 teacher + 1 paraprofessional |
| Between 20% and 60% of special education and related services per week | 10 to 1 student/teacher ratio without a paraprofessional | 11-15 students to 1 teacher + 1 paraprofessional |
| 60% or more of special education and related services per week         | 8 to 1 student/teacher ratio without a paraprofessional  | 9-13 students to 1 teacher + 1 paraprofessional  |
| Student ages 3 through 5 in a separate special education classroom     | 5 to 1 student/teacher ratio without a paraprofessional  | 6-10 students to 1 + 1 paraprofessional          |

Other factors that may influence staffing needs:

- A learning behavior specialist (teacher) is limited to five periods of instruction per day, whether instruction is provided in a general education or separate instructional setting.
- The age range of students in a diverse learner classroom cannot span more than four years.

**“All Means All” Diverse Learner Pilot**

In FY16, 102 schools are participating in an All Means All (“AMA”) pilot, which replaces position allocations for diverse learner teachers and paraprofessionals with per-pupil funding. The goal of the new per-pupil funding model is to be able to update a school’s resources more quickly and transparently in response to changing diverse learner enrollment and/or IEP needs

Funding is based on a simple per-pupil formula based on the amount of time that diverse learners spend outside the general education setting, i.e., their LRE status, as defined earlier in Table 1. Unlike in SBB, there is no funding distinction by grade level. The following table gives the FY16 AMA rate, shown as a weight of the base SBB rate.

**Table 18: FY16 AMA Rates**

| Student Type | SBB Base Rate | AMA Per-Pupil Weights | AMA Per-Pupil Rates |
|--------------|---------------|-----------------------|---------------------|
| LRE 1        | \$4,390       | 1.49                  | \$6,541             |
| LRE 2        | \$4,390       | 2.47                  | \$10,843            |
| LRE 3        | \$4,390       | 4.03                  | \$17,692            |

Additional AMA funding is allocated for diverse learners who are English learners (EL’s ) or preschool students for supplemental student supports, such as ancillary classroom staff, services, equipment, supplies, or materials that a school may need to purchase to effectively run its programs.

**Table 19: Additional AMA Funding for English Learners and Pre-K Students with IEP’s**

| Student Type             | SBB Base Rate | AMA Per-Pupil Weights | Add’l AMA Allocation |
|--------------------------|---------------|-----------------------|----------------------|
| English Learner with IEP | \$4,390       | 0.02                  | \$88                 |
| Early Childhood with IEP | \$4,390       | 0.02                  | \$88                 |

These AMA rates are designed to ensure that schools will have sufficient resources to meet the needs of students with IEP’s. The model makes the following assumptions:

- Average position cost for diverse learner teachers and paraprofessionals.
- Students will need services for the maximum length of time within their LRE category; i.e., an LRE 1 student will need services 20% of the time, and LRE 2 student will need services 60% of the time, and an LRE 3 student will need services 100% of the time.
- Schools will not always be able to maximize classroom size capacity. The model assumes that class size in diverse learner classrooms will be, on average, three students below the maximum class size.

- The rates were set to ensure there are sufficient funds for additional classroom supports to meet individual IEP needs. Funding for dedicated minutes with a teacher or paraprofessional is included in the AMA per-pupil rates. AMA schools should have enough resources to support students with dedicated aides, as long as the school has a typical number of such students.

For schools with Early Childhood Diverse Learner (Pre-K) programs, funds will be allocated to each school’s AMA budget to fully cover classroom teacher and aide positions at the average classroom cost.

To help schools transition to AMA, original budgets may be capped at a 10% year-over-year increase or decrease. Teacher salary adjustments will be added to cover higher cost of experienced teaching staff. Schools will also be required to budget for teacher and paraprofessional substitute coverage costs.

AMA funding will be adjusted based on diverse learner enrollment counts at 20<sup>th</sup> day, and further funding adjustments may be made for enrollment shifts throughout the school year.

**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:

**Table 20: Special Education Reimbursements**

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

1. Special Education Teacher Reimbursement

- a. The charter and/or contract school will hire its own special education teacher(s) based on the school’s population of students with disabilities. Chicago Public Schools (CPS) will reimburse the charter and/or contract school on a quarterly basis. This reimbursement will be based on CPS’s determination that each special education teacher possesses the proper certification(s) as required by the State of Illinois and that the number of full-time equivalent teacher positions for reimbursement does not exceed the CPS-approved allocation for the charter and/or contract school.
- b. For the 2015-2016 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.
- c. The quarterly reimbursement to the charter and/or contract school for full-time equivalent special education teachers will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved, full-time equivalent

teachers for the percentage of the quarter's instructional days for which the teacher was employed; or (ii) aggregate sum of the actual salaries and benefits paid to CPS-approved, special education teachers employed at the charter and/or contract school for the percentage of the quarter's instructional days for which the teacher was employed.

## 2. Special Education Paraprofessional Reimbursement

- a. The charter and/or contract school will hire its own paraprofessionals to provide the necessary supports required by its students' IEPs.
- b. Chicago Public Schools (CPS) will reimburse the charter and/or contract school on a quarterly basis. This reimbursement will be based on CPS's determination that each special education paraprofessional providing instructional support is highly qualified in accordance with NCLB standards and that the number of full-time equivalent paraprofessional positions for reimbursement does not exceed the CPS-approved allocation for the charter and/or contract school.
- c. For the 2015-2016 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.
- d. The quarterly reimbursement to the charter and/or contract school for full-time equivalent special education paraprofessionals will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved, full-time equivalent paraprofessionals for the percentage of the quarter's instructional days for which the paraprofessional was employed; or (ii) aggregate sum of the actual salaries and benefits paid to the CPS-approved, special education paraprofessionals employed at the charter and/or contract school for the percentage of the quarter's instructional days for which the paraprofessional was employed.

## 3. Special Education Clinician Reimbursement

- a. If clinicians are required by the students' IEPs, the charter and/or contract school will hire its own clinicians to provide the necessary supports.
- b. The charter and/or contract school may have the Board furnish clinicians to serve the charter and/or contract school's students with disabilities, only if a waiver is given by CPS.
- c. If the charter and/or contract school hires its own clinicians, then Chicago Public Schools (CPS) will reimburse the charter and/or contract school on a quarterly basis. This reimbursement will be based on CPS' determination that each clinician possesses the proper certification(s) as required by the State and that the number of full-time equivalent clinicians does not exceed the CPS-approved allocation for the charter and/or contract school.
- d. For the 2015-2016 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.
- e. The quarterly reimbursement to the charter and/or contract school for full-time equivalent clinicians will be the lesser of the (i) product of the maximum reimbursement rate multiplied

by the number of CPS-approved full-time equivalent clinicians at the charter and/or contract school for the percentage of the quarter's instructional days for which the clinician was employed; or (ii) aggregate sum of the actual salaries and benefits paid to the CPS-approved clinicians at the charter and/or contract school for the percentage of the quarter's instructional days for which the clinician was employed.

#### 4. Special Education Case Manager Reimbursement

- a. The charter and/or contract school shall appoint and pay a salary and benefits to its own qualified case manager.
- b. Chicago Public Schools (CPS) will provide the charter and/or contract school with a stipend per school for such a qualified case manager for the 2015-2016 school year that is equivalent to the amount given to case managers at district-run schools. The amount of the stipend is to be determined, pending an agreement between the Board and the Chicago Teachers Union.
- c. A case manager shall be deemed qualified if he or she has (1) a Type 10 (special), Type 03 (elementary), or Type 09 (secondary) ISBE certificate endorsed in a special education area, or with a special education teaching approval or supervisory approval, OR (2) a Type 73 (school service personnel) ISBE certificate endorsed as a school social worker, school psychologist, guidance specialist, or speech-language pathologist or have a supervisory endorsement. At least two years' experience in the field of special education is recommended/preferred.
- d. An individual serving as a case manager may receive only one stipend, even if the individual is serving more than one school.

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

Supplemental bilingual funding is determined by the Office of Language and Cultural Education (OLCE). In FY16, OLCE has made significant changes to the funding allocations.

First, district-run schools will receive only supplemental teacher positions. In FY15, almost \$7.5 million was distributed to 294 schools on a per-pupil basis, but much of this funding remained unspent because the amounts received by individual schools were too small to be effectively used. The per-pupil allocations have been eliminated for district-run schools in FY16.

Second, supplemental positions are based on the number of English learners (EL's) at your school, rather than an adjusted count of EL students based on the level of bilingual or ESL (English as a Second Language) instruction received. In the past, EL students were counted for supplemental funding only if the school was providing bilingual or ESL instruction, as if schools could choose whether to provide that instruction and would be rewarded with supplemental funding if they did. But schools are legally required to provide Transitional Bilingual Education (TBE) and/or Transitional Programs of Instruction (TPI) for their EL students, and the expectation is that all schools will comply with these requirements. For this reason, supplemental bilingual resources are being allocated to schools based on student need – their actual count of EL students, rather than an adjusted count.

OLCE used a simple allocation formula in FY16:

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

| Tier | EL Enrollment                    | Supplemental Teacher Allocation  |
|------|----------------------------------|--|
| 1    | 250 or more EL students enrolled | 1.0 FTE teaching position + 0.5 FTE teaching position from Title III funds |
| 2    | 20 to 249 EL students enrolled   | 0.5 FTE teaching position  |

Charter schools, contract schools, ALOP programs, and SAFE schools receive supplemental bilingual funding through per-pupil formulas. They receive a share of the TBE/TPI funds received from the State, as well as federal Title III funds.

**Table 22: Supplemental TBE/TPI Funding for Charter/Contract/ALOP/SAFE Schools**

| Tier | EL Enrollment                    | Supplemental Teacher Allocation |
|------|----------------------------------|---------------------------------|
| 1    | 100 or more EL students enrolled | \$45,000                        |
| 2    | 5 to 99 EL students enrolled     | \$353.27 per EL student*        |

\*Per-pupil rate is net of 3% administrative fee.

**Table 23: Supplemental Title III Funding for Charter/Contract/ALOP/SAFE Schools**

| Tier | EL Enrollment                    | Supplemental Teacher Allocation |
|------|----------------------------------|---------------------------------|
| 1    | 250 or more EL students enrolled | \$45,000                        |
| 2    | 20 to 249 EL students enrolled   | \$145.04 per EL student         |

\*Per-pupil rate is net of 3% administrative fee.

## 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 20<sup>th</sup> day of the school year.

Beginning in FY15, all CPS students qualify for free lunch under a Community Eligibility Option program established by the U.S. Department of Education, regardless of an individual student's household income. However, we do not believe that this result means that all CPS students now qualify for SGSA funding. The SGSA statute looked to federal nutrition acts to set an income threshold that would define which students are low-income students who would qualify for SGSA funding. That low-income

threshold is 185% of the federal poverty rate, which is the threshold for qualifying for free or reduced lunch under federal nutrition acts.

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

**Initial allocation:** The Budget Office has used prior year data to calculate a low-income percentage for each school, which will be locked in for all of FY16. That percentage has been multiplied by each school's FY16 projected enrollment to determine the number of low-income eligible students. (Rounding is done to the nearest student, or in the case of preschool students, to the nearest 0.5 student.) Schools receive a per-pupil allocation based on this calculated number of eligible students.

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

For FY16, the preliminary per-pupil rate is \$790.36, which was calculated by dividing \$261 million by the projected number of free and reduced meal students expected in FY16:

**Table 24: Calculation of FY16 SGSA Base Rate**

|   |               |
|---|---------------|
| Amount to be Distributed                          | \$261,000,000 |
| FY16 estimated total count of low-income students | 330,231.00    |
| FY16 SGSA Base Rate                               | \$790.36      |

Schools receive SGSA funding for each qualifying student. If a school has only one student eligible for SGSA, the school will receive an allocation of \$790.36 for that student.

Charter, contract, ALOP, and SAFE schools, like district-run schools, receive SGSA funding. The initial SGSA allocation, however, is based on CPS's enrollment projection for the school, rather than the school's own projection.

Unspent SGSA funds in any fiscal year remain with the school and carry over to the next fiscal year. SGSA is different from most funding sources in this respect. Schools may not carry over unspent SBB or Title I funds, and the same rule applies to most other funding sources. SGSA is different because the District is legally required to allow schools to carry over unspent funds to the next fiscal year.

An estimated amount of FY15 SGSA carryover is included in the SGSA budgets for district schools. Carryover is usually not included in the original budget and rolled out after the fiscal year has begun. However, because the budget process occurred so late this year, the FY16 SGSA budgets do include carryover funds. Once the district has finalized the financials for FY15, the final amount of FY15 SGSA carryover will be calculated for each school, and any additional carryover amounts will be allocated to each school. This final carryover amount will likely be distributed in October 2015.

## NCLB Title I

CPS allocates Federal NCLB Title I funds to schools with high concentrations of low-income children to provide supplementary services. The formula used to determine a school's eligibility for these funds is based on the ratio of TANF (Temporary Assistance to Needy Families) and free and reduced-price lunch school data as a percentage of enrollment. CPS uses poverty data generated yearly by the number of students, ages 5-17, who are eligible to receive free or reduced lunch (60 percent weight), and the number of children, ages 5-17, from families that receive financial assistance through TANF (40 percent weight). The data must be collected at a single point in time for the entire school system; the District has used December 1, 2014 as the collection point for FY16. Once data is collected, CPS ranks schools and allocates additional funding to those schools serving a population with greater than 40 percent poverty.

It is important to remember that the poverty rate calculations for Title I are more stringent than for SGSA. SGSA considers only 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 percent by that measure. The Title I poverty measure also looks at the number of students who qualify for TANF, and far fewer CPS students meet this standard.

The per-pupil allocation rate increases as the poverty index for the schools increases. A school with a 40 percent poverty rate receives an allocation of \$573 per eligible student. As the poverty rate increases by 1 percent, the per-pupil allocation increases by \$23 per pupil. A school with a poverty index of 41 percent receives \$596 per pupil. A school with a poverty index of 50 percent receives \$803 per pupil. Schools with a poverty index below 40 percent do not receive Title I funds, even if the school has eligible students.

Thus, poorer schools receive significantly more Title I funding, not only because they have more eligible students, but also because they receive more funds per eligible students. This is illustrated in the following table:

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

| Poverty Index Examples | Allocation Rate       | Eligible Students<br>(assume total school enrollment of 1,000) | Total Allocation |
|------------------------|-----------------------|--|------------------|
| 35%                    | \$0 (below threshold) | 350  | \$0              |
| 40%                    | \$573.00              | 400  | \$229,200        |
| 41%                    | \$596.00              | 410  | \$244,360        |
| 55%                    | \$918.00              | 550  | \$504,900        |
| 71%*                   | \$1286.00             | 690  | \$728,916        |

\*Highest poverty rate of any CPS school.

In FY16, the Title I poverty index is the weighted average of the number of students who qualify for free or reduced-price lunch (60% weight) and the number of students who qualify for TANF (40% weight), **rounded up** to the nearest whole number. In the past, we have rounded down to the nearest whole number, which meant that schools with a weighted average between 39.01% and 39.99 % would not qualify for Title I funding. Federal regulations allow us to round up instead, and by doing so, we are now able to provide Title I funding to four schools that would otherwise have been excluded.

Schools have received an initial Title I allocation based on their calculated Title I poverty index and their FY15 20<sup>th</sup> day enrollment. After the school year begins, the Title I allocation for each school will be updated based on the same Title I poverty index and the school's FY16 20<sup>th</sup> day enrollment.

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