

APPENDIX B

SCHOOL FUNDING FORMULAS

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

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

STUDENT BASED BUDGETING (SBB)

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

SBB is a per-pupil funding allocation, weighted based on grade level and diverse learner category. We assign weights for different grade levels based on student need. In elementary schools, kindergarten to third grade students receive a higher weight 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 one.

The base per-pupil rate at the beginning of FY16 was \$4,390. In February 2016, CPS announced that SBB funding would be reduced by annualized amount of \$120 million, effectively reducing the base per-pupil rate to \$4,087. Since the reductions were announced mid-year, SBB funding was reduced by only \$85 million in FY16, with the full impact of the \$120 million reduction to begin in FY17.

The FY17 base per-pupil rate is the same rate that was announced after the FY16 mid-year reductions: \$4,087.

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

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

Table 1: LRE Categories for Diverse Learners

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

In elementary schools, LRE 1 and LRE 2 students receive the same 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 in core subject areas from diverse learner teachers, and that they are in the general education classroom only for special periods like art, music, or physical education.

High schools can schedule more efficiently when diverse learners are outside of the general education setting. LRE 1 students receive the same funding as general education students because they could be in the general education classroom for every period. LRE 2 students receive 70 percent of the high school per-pupil rate because it is assumed that they will receive instruction from 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.

Table 2: FY17 SBB Rates

Enrollment Category	SBB Weighting	SBB Rates
K-3 Gen Ed / LRE 1 / LRE 2	1.07	\$4,373.09
4-8 Gen Ed / LRE 1 / LRE 2	1.00	\$4,087.00
9-12 Gen Ed / LRE 1	1.24	\$5,067.88
K-3 LRE 3	40% of 1.07	\$1,749.24
4-8 LRE 3	40% of 1.00	\$1,634.80
9-12 LRE 2	70% of 1.24	\$3,547.52
9-12 LRE 3	40% of 1.24	\$2,027.15

Total Amount of SBB Allocation

For FY17, the SBB allocation is \$1,870,342,000, which is a \$166.4 million reduction from the FY16 budget. The mid-year reduction in FY16 explains \$120 million of the decrease, and the remainder is largely explained by lower enrollment.

Table 3: Distribution of SBB Allocation for FY16 and FY17

(All amounts in \$000s)	FY16 (Original budget)	FY16 (After 10 th day adjustments)	FY16 (After mid-year adjustments)	FY17 (Based on projections)
Base SBB Rate for All Schools	\$1,759,264	\$1,745,209	\$1,660,135	\$1,601,962
Foundation Positions Equivalent (Charter/Contract)	39,863	39,769	39,769	40,533
Teacher Salary Adj. Equivalent (Charter/Contract)	8,043	8,024	8,024	4,021
Multiple Building Adj. Equivalent (Charter/Contract)	332	331	331	308
Teacher Salary Adjustment for District Schools	35,828	35,828	35,828	35,066
Multiple Building Adjustment for District Schools	1,475	1,475	1,475	1,350
Other Adjustments	1,900	2,204	2,204	1,601
Program Support	2,445	7,796	7,796	90
Post-10 th Day Adjustments	0	3,618	3,618	0
Temporary Adjustments (Adjusted at 10 th Day)	1,790	0	0	2,926
Contingency for 10 th Day Adjustments	8,765	0	0	4,984
Total SBB Dollar Distribution for FY17	\$1,859,704	\$1,844,254	\$1,759,180	\$1,692,842
Cost of Foundation Positions for District Schools	177,000	177,000	177,000	177,500
Total SBB Allocation	\$2,036,704	\$2,021,254	\$1,936,180	\$1,870,342

Calculation of FY17 SBB Base Rate

The FY17 SBB base rate is \$4,087, which was calculated by taking the amount to be distributed and dividing by the total weighted enrollment of all SBB students, as shown in Table 4.

Table 4: Calculation of FY16 SBB Base Rate

Amount to be Distributed through Base Rate*	\$1,601,962,263
Total Weighted Enrollment*	391,965.32
FY16 SBB Base Rate	4,087.00

Total weighted enrollment is based on the FY17 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: FY17 Projected Enrollment, Including SBB Weightings

Enrollment Category	SBB Weighting	Unweighted Enrollment			Weighted Enrollment		
		District	Charter*	Total	District	Charter*	Total
K-3 Gen Ed / LRE 1 / LRE 2	1.07	98,705	13,299	112,004	105,614.35	14,229.93	119,844.28
4-8 Gen Ed / LRE 1 / LRE 2	1.00	117,081	14,468	131,549	117,081.00	14,468.00	131,549.00
6-8 Gen Ed /LRE 1 at the HS rate	1.24	2,531	2,839	5,370	3,138.44	3,520.36	6,658.80
9-12 Gen Ed / LRE 1	1.24	70,637	31,559	102,196	87,589.88	39,133.16	126,723.04
K-3 LRE 3	40% of 1.07	1,891	74	1,965	809.35	31.67	841.02
4-8 LRE 3	40% of 1.00	2,753	77	2,830	1,101.20	30.80	1,132.00
9-12 LRE 2	70% of 1.24	3,815	1,567	5,382	3,311.42	1,360.16	4,671.58
9-12 LRE 3	40% of 1.24	911	189	1,100	451.86	93.74	545.60
Total		298,324	64,072	362,396	319,097.49	72,867.82	391,965.32

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

SBB Funds Distributed Outside of the Per-Pupil Rate

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

1. Teacher Salary Adjustment

Some district schools with a large number of experienced teachers receive extra funds in the form of the 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.

In FY17, the teacher salary adjustment will be reduced downward if there are any teacher resignations or retirements at the school before the beginning of the school year. Since the teacher salary adjustment is above and beyond SBB per-pupil rates and was given with the expectation that the school’s experienced teachers will remain on staff, it is appropriate to reduce the amount of the teacher salary adjustment if one or more teachers retire or resign, and are presumably replaced with less experienced teachers. This reduction will not impact staffing at the school because the school will be able to hire the same number of teachers, even with a smaller teacher salary adjustment. Reductions for teacher retirements will be made along with the 10th day SBB adjustment.

An example is the easiest way to understand this. If a school hired a teacher who was paid \$95,000, the District would provide an additional \$20,000 to the school because our average salary is roughly \$75,000. If that teacher left, and the school hired a teacher for \$75,000, the District would no longer be committed to providing the additional \$20,000.

After the 10th day, the teacher salary adjustment is locked in and will remain with the school for the entire year. The teacher salary adjustment is recalculated every year to account for 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 FY17, the total cost for the teacher salary adjustment in district-run schools is \$35,065,697. However, it is expected that the teacher salary adjustment could be only half of this amount after we make reductions for teacher resignations and retirements.

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 6: Formula for Multiple Building Adjustment

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

The total cost of the FY17 multiple building adjustment in district-run schools is \$1,350,000.

2. 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 FY17, the total cost of foundation position in district-run schools is \$177.5 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 7: Calculation of Per-Pupil Equivalents for Charter/Contract Schools and ALOP Programs

	Foundation Positions	Teacher Salary Adjustment	Multiple Building Adj.
Amount Reserved for District-run Schools	\$175,500,000	\$17,607,236	\$1,350,000
Weighted Enrollment for District-run Schools*	319,097.49	319,097.49	319,097.49
Per-Pupil Equivalent for Charter/Contract/ALOP	\$556.26	\$55.18	\$4.23

*See Table 5 for calculation of weighted enrollment for district-run schools.

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

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

	Amount
SBB Base Rate for All Schools	\$4,087.00
Foundation Positions Equivalent	\$556.26
Teacher Salary Adjustment Equivalent	\$55.18
Multiple Building Adjustment Equivalent	\$4.23
Charter/Contract/ALOP SBB Rate with Per-Pupil Equivalents	\$4,702.67

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

Table 9: FY17 SBB Rates for Charter/Contract Schools

Enrollment Category	SBB Weighting	SBB Rates with Equivalents
K-3 Gen Ed / LRE 1 / LRE 2	1.07	\$5,031.86
4-8 Gen Ed / LRE 1 / LRE 2	1.00	\$4,702.67
9-12 Gen Ed / LRE 1	1.24	\$5,831.31
K-3 LRE 3	40% of 1.07	\$2,012.74
4-8 LRE 3	40% of 1.00	\$1,881.07
9-12 LRE 2	70% of 1.24	\$4,081.92
9-12 LRE 3	40% of 1.24	\$2,332.52

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

Table 10: SBB Amount Distributed on Per-Pupil Basis

(All amounts in \$000s)	FY16 (Original budget)	FY16 (After 10 th day adjustments)	FY16 (After mid-year adjustments)	FY17 (Based on projections)
Base SBB Rate for All Schools	\$1,759,264	\$1,745,209	\$1,660,135	\$1,601,962
Foundation Positions Equivalent (Charter/Contract)	39,863	39,769	39,769	40,533
Teacher Salary Adj. Equivalent (Charter/Contract)	8,043	8,024	8,024	4,021
Multiple Building Adj. Equivalent (Charter/Contract)	332	331	331	308
Total Amount Distributed on Per-Pupil Basis	\$1,807,502	\$1,793,334	\$1,708,260	\$1,646,825

Temporary Adjustments

Fifteen schools have received temporary adjustments because they have unusual circumstances that call their enrollment projections into question. If the school's 10th 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 10th Day Adjustments

Approximately \$5.0 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 10th day exceeds our projections. Contingency funds are also reserved for adjustments at schools that will occur after the 10th day.

Enrollment Counts for SBB Adjustments

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

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

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

ADDITIONAL GENERAL EDUCATION ALLOCATIONS FOR CHARTER/CONTRACT SCHOOLS

Non-SBB Rates

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

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

Table 11: FY17 Non-SBB Allocation

	FY17 Budget (in \$ thousands)
General Funds (Funds 115, 210, 230)	\$3,668,157
Less SBB	(2,157,290)
Less District-Wide Shared Obligations	(789,750)
Amount of Non-SBB to be Distributed on Per-Pupil Basis	\$721,117

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

Table 12: District-Wide Shared Obligations

	FY17 Budget (in \$ thousands)
Unfunded Pension Liability	\$523,675
Facilities Supplement for Charter/Contract/ALOP	34,547
Bond Interest	34,000
Core Instruction for Options, Specialty, Safe Schools	14,847
Real Estate Leases	13,141
Liability Insurance	8,642
Transportation / Drivers Ed	4,662
Early Childhood (funded with General Funds)	3,956
New and Expansion Schools / School Transition	2,877
Offsetting revenue from Charters, JROTC, pensions	39,604
Contingency	33,283
Vacancy Savings	76,516
Total District-Wide Shared Obligations	\$789,750

After removing the district-wide shared obligations, the non-SBB rate was based on an estimated non-SBB allocation of \$721.1 million. The non-SBB allocation includes the following categories of funding:

Table 13: FY17 Non-SBB Allocation, by Category

Category	Description	FY17 Budget (in \$ thousands)
Operations	Operations and maintenance of school buildings, including cost of engineers, custodians, utilities, repairs, and central office operations management.	\$309,626
Security	Security guards in school buildings, and central office management of security operations.	80,175
IT Phone/Data Network	Telephone and high-speed data wiring and network infrastructure in school buildings.	26,199
Central Office	Central office services funded from local sources, other than operations, security, and IT phone/data.	191,863
School-Based Programs	Funding for magnet, selective enrollment, IB, STEM, JROTC, and other programs that provide supplemental funding to schools from local funds.	65,354
Vacancy Savings	Estimated amount that district-run schools will underspend in SBB or other local funds due to vacancies. In FY17, district-run schools are not allowed to reallocate vacancy savings for other purposes.	(76,516)
Non-SBB Tuition	Charter per-pupil share of the above spending categories.	124,416
Total Non-SBB		\$721,117

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

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

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

The following table shows the calculation of the FY17 non-SBB base rate:

Table 14: Calculation of FY17 Base Non-SBB Rate

Category	FY 17 Budget	Weighted Enrollment	Per-Pupil Amount
Operations	\$309,626,016	361,808.98	\$855.79
Security	80,175,461	361,808.98	221.60
IT Phone/Data Network	26,198,501	361,808.98	72.41
Central Office	191,863,230	340,817.60	562.95
Programs at Schools	65,353,708	340,817.60	191.76
Vacancy Savings	(76,516,000)	340,817.60	(224.51)
Total	\$596,700,916		\$1,680.00

The following table shows the FY17 non-SBB rates for all grade levels:

Table 15: FY17 Non-SBB Rates

Non-SBB Rates	Elem K-3	Elem 4-8	HS 9-12
Weighting	1.07	1.00	1.24
Per-Pupil Amount for All Schools	1,797.60	1,680.00	2,083.20

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

Facilities Supplement for Schools in Independent Facilities

Schools that are in facilities not owned by CPS receive a facility supplement of \$750 per pupil to cover the costs of renting or owning the school facility. The FY17 rate is the same as the FY16 rate. Charter schools that are housed in a CPS-owned building do not receive the facilities supplement, but are allowed to occupy the CPS-owned facility at the nominal rental rate of \$1 per year.

Facilities Charges for Charter Schools in CPS-Owned Facilities

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

Facilities charges are assessed for facilities & maintenance, security, and IT, with the per-pupil rates for each listed in Table 16. The FY17 rate for each charge is the same as the corresponding component in the calculation of the base non-SBB rate (see Table 14, above).

Table 16: Per-Pupil Rates for Facilities Charges

Deduction Type	FY16 Rates	FY17 Rates
Facilities & Maintenance	\$787	\$855.79
Security	\$146	\$221.60
Information Technology	\$65	\$72.41
Total Facilities Charge	\$998	\$1,149.80

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

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

Employer Pension Contribution Charges

Under the SBB model, charter schools receive per-pupil funding based on an SBB allocation that includes the amounts spent on employer pension costs of certified teachers. For this reason, each charter school reimburses the District for the employer pension costs for its employees who participate in the Chicago Teachers Pension Fund. Schools are charged 11.16 percent of the salary costs of participating employees, consistent with the pension normal cost estimates for FY17. Pension payments are deducted from quarterly tuition payments. Pension charges will not apply to special education teachers, aides, or clinicians.

Administrative Fee

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

Table 17: Administrative Fee

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

Alternative Learning Opportunity Programs (ALOP)

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

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 like ALOP programs, 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.

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.

- 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). Two former contract schools serving options students will be district-managed in FY 17: Community Services West and Prologue – Early College HS.

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

ALLOCATIONS OF SPECIAL EDUCATION TEACHERS AND PARAPROFESSIONALS

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

In FY17, schools received a diverse learner allocation for special education teachers and paraprofessionals equal to the dollar amount that the school spent on these positions in FY16, less a 4 percent reserve to account for routine movement among Diverse Learner students. The diverse learner allocation was combined with the school’s SBB funds and given as a single allocation.

Principals have been directed to use their combined SBB/Diverse Learner funds to serve the needs of all of their students, and to schedule their diverse learners first for more efficient scheduling and to ensure all IEP requirements are met.

Enrollment-Based Funding Adjustments

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

For each school, the FY17 diverse learner enrollment will be compared with two enrollment counts in FY16 – one from the beginning of the year (20th day) and one from the end of the year (May 31, 2016). If the FY17 diverse learner enrollment is higher than both FY16 enrollment counts, the school will receive an upward funding adjustment for the extra students, based on the per-pupil rates shown in Table 18. If the FY17 diverse learner enrollment is lower than both FY16 enrollment counts, the school will receive a downward funding adjustment, based on per-pupil rates shown in Table 18.

No funding adjustment will be made if the FY17 enrollment is within the range of the FY16 diverse learner enrollment counts.

These per-pupil rates are used solely for the purpose of making enrollment-based adjustments at the 10th day for district-run school and the 20th day for charter/contract schools and ALOP/Safe School programs (collectively, “charter schools”). These rates were not used to determine the diverse learner allocation that schools received in FY17, and they will not be considered as justification for an appeal. The rates are not identical to per-pupil rates that we have used in the past, as we have incorporated information gathered from last year’s appeals process. In addition, the per-pupil rates have been reduced by 8 percent for charter schools to adjust for the employer pension costs, since charter schools are not charged for employer pension on special education teachers.

Table 18: Per-Pupil Rates for 10th/20th Day Diverse Learner Funding Adjustments

Student Type	Per-Pupil Rates (District-Run)	Per-Pupil Rates (Charters)
LRE 1 (ARS A)	\$6,541	\$6,018
LRE 1 (ARS B, C)	\$10,843	\$9,976
LRE 2	\$10,843	\$9,976
LRE 3	\$17,692	\$16,277

ARS refers to the “amount of required service” in students’ IEP’s. ARS A includes students where the amount of required service is less than or equal to 20% of the total school day. ARS B and C include students where the amount of required service is greater than 20% of the total school day.

Cluster Programs

Funding for cluster programs is not included in the diverse learner allocation, and students in cluster programs are not included in the diverse learner enrollment counts for funding adjustments.

Schools with cluster programs receive quota positions for each program – 1 special education teacher, and 1 or 2 paraprofessionals, depending on the needs of the students in the program. These positions are provided in addition to the diverse learner allocation for non-cluster diverse learner students.

School Budget Appeals

Schools will have an opportunity to submit a budget appeal if they believe that their combined SBB/diverse learner allocation is inadequate to meet the core instruction needs of their students. In order to be considered for a funding adjustment, schools have to show that they have:

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

SPECIAL EDUCATION FUNDING FOR CHARTER AND CONTRACT SCHOOLS

Given the change in allocation method in FY17, charter/contract schools and ALOP/Safe School programs (collectively, “charter schools”) will no longer be paid on a reimbursement basis for diverse learner teachers and paraprofessionals. Instead, the amount allocated for diverse learner teachers and paraprofessionals will be paid in quarterly installments. Payments shall be made in arrears, until such time that the District determines that it has sufficient cash flow to begin making the diverse learner payments in advance.

Related service providers are allocated using the same staffing formulas as district-run schools. The District will continue to reimburse schools for the actual cost of the related service providers. Charter schools are expected to hire their own related service providers and are reimbursed for their expenses at the following rates:

Table 19: Special Education Reimbursements

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

1. Related Service Provider Reimbursement

- a. If related service providers are required by the students’ IEPs, the charter school will hire its own related service providers to provide the necessary supports.
- b. The charter school may have the Board furnish related service providers to serve the charter school’s students with disabilities, only if a waiver is given by CPS.
- c. If the charter school hires its own related service providers, then Chicago Public Schools (CPS) will reimburse the school on a quarterly basis. This reimbursement will be based on CPS’ determination that each provider possesses the proper certification(s) as required by the State and that the number of full-time equivalent providers does not exceed the CPS-approved allocation for the charter school.
- d. For the 2016-2017 school year, the maximum reimbursement rate is \$110,000 per year. The maximum reimbursement rate for all full-time equivalent related service providers for each charter operator is an average per-provider reimbursement rate of \$90,000 per full-time equivalent provider.
- e. The quarterly reimbursement to the charter school for full-time equivalent providers will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved full-time equivalent providers at the charter school for the percentage of the quarter’s instructional days for which the provider was employed; or (ii) aggregate sum of the actual salaries and benefits paid to the CPS-approved providers at the charter school for the percentage of the quarter’s instructional days for which the related service provider was employed.

2. Special Education Case Manager Reimbursement

- a. The charter school shall appoint and pay a salary and benefits to its own qualified case manager.
- b. Chicago Public Schools (CPS) will provide the charter school with a stipend per school for such a qualified case manager for the 2016-2017 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 FY17, OLCE continued allocated supplemental bilingual teachers based on the allocation model introduced in FY16.

Schools are legally required to provide Transitional Bilingual Education (TBE) and/or Transitional Programs of Instruction (TPI) for their English learner (EL) students, and the expectation is that all schools will comply with these requirements. For this reason, supplemental bilingual resources are being allocated to schools based on student need – their actual count of EL students. In addition, for FY17, schools will receive Title III funding to provide supplemental supports to ELs via after-school tutoring programs and educational technology.

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

Table 20: Supplemental Bilingual Position Allocations for District-Run Schools

Tier	EL Enrollment	No. of Schools	Supplemental Teacher Allocation
1	250+ EL students enrolled	77	1.0 FTE teaching position
2	100 to 249 EL students enrolled	110	0.5 FTE teaching position
3	20 to 99 EL students enrolled	108	0.5 FTE teaching position

Additionally, OLCE will provide Title III funding to support after-school tutoring programs and educational technology with the goal of providing EL students Bilingual and English as a Second Language (ESL) content support to improve their academic outcomes on the English language

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

- 165 elementary schools with enrollment of 100 or more EL students will receive \$0.9 million in Title III funding to launch EL after-school tutoring programs. The initiative will support 9,900 EL students in grades 2-8.
- 295 schools with enrollment of 20 or more EL students will receive \$0.94 million in Title III funding for supplemental educational software. The initiative will support 44,300 EL students in grades K-12.

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

Table 21: State TBE/TPI Funding for Charter Schools

Tier	EL Enrollment	No. of Schools	FY17 Supplemental Funding Allocation
1	100+ EL students enrolled	31	\$45,000
2	20 to 99 EL students enrolled	17	\$353.27 per EL student*

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

Table 22: Federal Title III Funding for Charter Schools

Tier	EL Enrollment	No. of Schools	FY17 Supplemental Funding Allocation
1	250+ EL students enrolled	6	\$45,000
2	20 to 249 EL students enrolled	42	\$116.40 per EL student*

*Title III per-pupil rate: \$120 x 98% (2% administrative fee) = \$116.04.

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

ALLOCATIONS OF DISCRETIONARY FUNDS

Supplemental General State Aid (SGSA)

Supplemental General State Aid is part of the General State Aid that CPS receives from the State and is required by law to distribute directly to schools. SGSA funds are designed to supplement regular and basic programs supported by the General Education Fund. The amount of SGSA funds is based upon the concentration level of children from low-income households. Funds are distributed to the schools in proportion to the number of pupils enrolled who are eligible to receive free or reduced-price meals under the federal Child Nutrition Act of 1966 and the National School Lunch Act as of the 20th day of the school year.

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

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

Initial allocation: The Budget Office has used prior year data to calculate a low-income percentage for each school, which will be locked in for all of FY17. That percentage has been multiplied by each school’s FY17 projected enrollment to determine the number of low-income eligible students. (Rounding is done to the nearest student, or in the case of preschool students, to the nearest 0.5 student.) Schools receive a per-pupil allocation based on this calculated number of eligible students.

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

For FY17, the preliminary per-pupil rate is \$827.74, which was calculated by dividing \$261 million by the projected number of free and reduced meal students expected in FY17:

Table 23: Calculation of FY16 SGSA Base Rate

Amount to be Distributed	\$261,000,000
FY16 estimated total count of low-income students	315,316.00
FY16 SGSA Base Rate	\$827.74

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 \$827.74 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 FY16 SGSA carryover is included in the SGSA budgets for district schools. Prior-year 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 FY17 SGSA budgets include

carryover funds. Once the district has finalized the financials for FY16, the final amount of prior-year SGSA carryover will be calculated for each school, and any additional carryover amounts will be allocated to each school. This final carryover amount will likely be distributed in October 2016.

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 May 4, 2016 as the collection point for FY17. 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 \$851.80 per eligible student. As the poverty rate increases by 1 percent, the per-pupil allocation increases by \$17.04 per pupil. A school with a poverty index of 41 percent receives \$868.84 per pupil. A school with a poverty index of 50 percent receives \$1,022.20 per pupil. Schools with a poverty index below 40 percent do not receive Title I funds, even if the school has eligible students (except if the school has run a Title I school-wide program in the past and is held harmless from loss of Title I funding).

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

Table 24: Examples of Title I Funding Amounts

Poverty Index Examples	Allocation Rate	Eligible Students (assume total school enrollment of 1,000)	Total Allocation
35%	\$0 (below threshold)	350	\$0
40%	\$851.80	400	\$340,720
41%	\$868.84	410	\$356,224
55%	\$1,107.40	550	\$609,070
70%*	\$1,363.00	700	\$954,100

*Highest poverty rate of any CPS school.

In FY17, the Title I poverty index is the weighted average of the number of students who qualify for free or reduced-price lunch (60% weight) and the number of students who qualify for TANF (40% weight), **rounded up** to the nearest whole number.

Schools have received an initial Title I allocation based on their calculated Title I poverty index and their enrollment on May 4, 2016. 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 FY17 20th day enrollment.

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