

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

### 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. Weights are assigned for different grade levels based on student need. In elementary schools, kindergarten to third grade students receive a higher weight than the base SBB rate to reflect the district's goal that class size should be lower in those grades. High school students receive a higher weight than the base SBB rate to provide high school teachers with two prep periods and to ensure that high school students are able to meet all requirements for graduation.

The FY2019 base per-pupil rate was increased to \$4,397 from the FY2018 rate of \$4,290. 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 seven percent higher than the base rate. High school students receive a weight of 1.24.

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

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

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

In elementary schools, LRE 1 and LRE 2 students receive the same per pupil SBB funding as general education students because they occupy a seat in the general education classroom, even though they may spend a substantial part of the day outside of it and receive additional funding to compensate for that time outside of the classroom. LRE 3 students receive 40 percent of the per-pupil SBB rate 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 school LRE 1 students receive the same funding as general education students because they could be in the general education classroom for every period. LRE 2 students receive 70 percent of the high school per-pupil rate because it is assumed that they will receive instruction from special education teachers for at least two periods in core subject areas. LRE 3 students receive 40 percent of the high school per-pupil rate because it is assumed that they take only elective subjects in the general education setting. More information on additional funding for diverse learners is detailed later in this chapter.

**Table 2: FY2019 SBB Rates**

Enrollment Category	SBB Weighting	SBB Rates
K-3 Gen Ed / LRE 1 / LRE 2	1.07	\$4,704.79
4-8 Gen Ed / LRE 1 / LRE 2	1.00	\$4,397.00
9-12 Gen Ed / LRE 1	1.24	\$5,452.28
K-3 LRE 3	40% of 1.07	\$1,881.92
4-8 LRE 3	40% of 1.00	\$1,758.80
9-12 LRE 2	70% of 1.24	\$3,816.60
9-12 LRE 3	40% of 1.24	\$2,180.91

**Total Amount of SBB Allocation**

For FY2019, the SBB allocation is \$1,628,337,000 which is a \$242 million decrease from the FY2018 budget. This is because charter schools are now paid outside of SBB and receive funding through the Per Capita Tuition Charge (PCTC) payment model.

**Table 3: Distribution of SBB Allocation for FY2018 and FY2019**

(All amounts in \$000s)	FY2018	FY2019
Base SBB Rate for All Schools	\$1,349,051	\$1,388,815
Foundation Positions Equivalent (Charter/Contract)	\$3,657	\$3,856
Teacher Salary Adj. Equivalent (Contract)	\$601	\$470

Multiple Building Adj. and Small School Supplement Equivalent (Contract)	\$32	\$228
Teacher Salary Adjustment for District Schools	\$29,615	\$23,203
Multiple Building Adjustment for District Schools	\$1,575	\$1,350
Other Adjustments	\$996	\$6,103
Small School Supplement	\$0	\$9,873
Program Support	\$13,000	\$2,505
Contingency for 10 <sup>th</sup> Day Adjustments	\$6,846	\$5,981
<b>Total SBB Dollar Distribution for FY2018</b>	<b>\$1,404,377</b>	<b>\$1,436,281</b>
Cost of Foundation Positions for District Schools	\$180,344	\$189,596
<b>Total SBB Allocation</b>	<b>\$1,584,721</b>	<b>\$1,625,877</b>

#### Calculation of FY2019 SBB Base Rate

The SBB base rate will increase to \$4,397 per student next school year, a 2.5 percent increase over the current rate. This will ensure schools are able to cover increasing labor costs.

**Table 4: Calculation of FY2019 SBB Base Rate**

Amount to be Distributed through Base Rate	\$1,388,815
Total Weighted Enrollment	314,754.71
FY2019 SBB Base Rate for District-Run Schools	\$4,397

**Table 5: FY2019 20th Day Enrollment, Including SBB Weightings**

SBB Student Category	District*	Contract, ALOP, and SAFE	Total	SBB Weighting
K-3 Gen Ed / LRE 1 / LRE 2	92,196	393	92,589	1.07
4-8 Gen Ed / LRE 1 / LRE 2	115,598	339	115,937	1.00
6-8 Gen Ed /LRE 1 at the HS rate	2,245	-	2,245	1.24
9-12 Gen Ed / LRE 1	69,327	4,287	73,614	1.24
K-3 LRE 3	1,844	19	1,863	40% of 1.07
4-8 LRE 3	2,491	6	2,497	40% of 1.00
9-12 LRE 2	3,721	183	3,904	70% of 1.24
9-12 LRE 3	981	22	1,003	40% of 1.24

<b>Total</b>	<b>288,403</b>	<b>5,249</b>	<b>293,652</b>	
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\*Does not include students at charter, specialty, and alternative schools, who do not receive SBB funding.

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

The SBB model includes four categories of SBB funds that are distributed to district schools outside of the per-pupil rates. Contract schools receive the per-pupil equivalent of these funds.

### **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. All district-run schools are required under state law and/or the Chicago Teachers Union contract to have one principal, one counselor, and one clerk. For FY2019, the total cost of foundation positions in district-run schools is \$189,596,459.

### **Teacher Salary Adjustment**

District schools with an average salary above the district average receive a teacher salary adjustment to help pay for their staff costs. The district-wide average cost of all staffed teacher positions and the average cost of staffed teacher positions at every school are both calculated. The average cost of staffed teachers is reduced for estimated resignations and retirements to take effect before the SY2018-2019 school year. If this average teacher cost for a given school with retirements and resignations factored in exceeds the district-wide average, the school will receive a teacher salary adjustment. The exact amount of the adjustment is calculated by multiplying the difference between the school’s average teacher cost and the district’s average teacher cost by the number of staffed teachers at the school, then subtracting the estimated resignation/retirements. The teacher salary adjustment is recalculated every year to account for changes in staffing at the school- and district- level. It is therefore possible for a school to receive a teacher salary adjustment in one year and not receive an adjustment the next year. In FY2019, the total cost for the teacher salary adjustment in district-run schools is \$23,202,571.

### **Small School Support**

District schools that are navigating the challenges associated with enrollment loss are eligible for a small school supplement in FY2019 to ensure their schools remain desirable and can offer students a robust education. To provide additional support for schools experiencing declining enrollment, schools below an enrollment threshold (ES: 350, HS: 500) will receive a small school supplement that equals \$650 multiplied by the number of students below the threshold.

### **Multiple Building Adjustment**

Additional SBB funds are given to 26 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 due to economies of scale in Student Based Budgeting that support their ability to provide administrative support for the branch building.

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

**Table 6: Formula for Multiple Building Adjustment**

<b>K-12 Enrollment of School</b>	<b>Amount</b>
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 FY2019 multiple building adjustment in district-run schools is \$1,350,000.

**Calculation of SBB Per-Pupil Equivalents for Contract Schools and Alternative Learning Opportunity Programs (ALOPs)**

Contract schools and ALOPs 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 receive. These per-pupil rates were calculated by taking the amount allocated to district schools for these items and dividing by the total enrollment for district schools, as shown in Table 7.

**Table 7: Calculation of Per-Pupil Equivalents for Contract Schools and ALOPs**

	<b>Foundation Positions</b>	<b>Teacher Salary Adjustment</b>	<b>Multiple Building Adjustment and Small School Supplement.</b>
Amount Reserved for District-run Schools	\$189,596,459	\$23,202,571	\$1,350,000
K-12 Enrollment for District-run Schools	289,506	289,506	289,506
<b>Per-Pupil Equivalent for Contract/ALOP</b>	<b>\$654.90</b>	<b>\$79.85</b>	<b>\$38.77</b>

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

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

	<b>Amount</b>
SBB Base Rate for All Schools	\$4,397.00
Foundation Positions Equivalent	\$654.90
Teacher Salary Adjustment Equivalent	\$79.85
Multiple Building Adjustment Equivalent	\$38.77
<b>Contract/ALOP SBB Rate with Per-Pupil Equivalents</b>	<b>\$5,170.52</b>

Table 9 shows the SBB rates for contract schools and ALOPs with the per-pupil equivalents

included and adjusted for grade weight and diverse learner category.

**Table 9: FY2019 SBB Rates for Contract Schools and ALOPs**

Enrollment Category	SBB Weighting	SBB Rates with Equivalents
K-3 Gen Ed / LRE 1 / LRE 2	1.07	\$5,532.46
4-8 Gen Ed / LRE 1 / LRE 2	1.00	\$5,170.52
9-12 Gen Ed / LRE 1	1.24	\$6,411.44
K-3 LRE 3	40% of 1.07	\$2,212.98
4-8 LRE 3	40% of 1.00	\$2,068.21
9-12 LRE 2	70% of 1.24	\$4,488.01
9-12 LRE 3	40% of 1.24	\$2,564.58

Once the 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)	FY2018	FY2019
Base SBB Rate for All Schools	\$1,349,051	\$1,388,815
Foundation Positions Equivalent (Contract)	3,657	3,856
Teacher Salary Adj. Equivalent (Contract)	601	470
Multiple Building and Small School Adj. Equivalent (Contract)	32	228
<b>Total Amount Distributed on Per-Pupil Basis</b>	<b>\$1,353,341</b>	<b>\$1,393,369</b>

**Enrollment Counts for SBB Adjustments**

Funding for the 2018-19 school year is based on the 20th day enrollment count from the 2017-18 school year. Funding schools based on prior year enrollment will ensure schools will not see a budget reduction in the fall, even if enrollment declines. However, if a given school's enrollment in the fall exceeds 20th day enrollment from the 2017-18 school year, they will receive additional funding to support those additional students. This new model will allow schools to plan confidently for the year ahead and without concerns about a potential budget reduction in the fall. This will provide school-based staff with greater certainty about their positions in the new year.

Funding for charter/contract schools is adjusted on the 20<sup>th</sup> day of the school year according to the CPS calendar, with a second adjustment on the 10<sup>th</sup> day of the second semester. ALOPs and Safe School programs have their funding adjusted based on quarterly enrollment counts. ALOPs will be funded based on enrollment as verified by attendance.

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

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

## **ADDITIONAL GENERAL EDUCATION ALLOCATIONS FOR CONTRACT SCHOOLS**

### **Non-SBB Rates**

Contract schools, ALOPs, and Safe School programs (collectively, “contract schools”) receive a per-pupil equivalent for services that are provided in-kind to district schools, including operations and 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, excluding special education, 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: FY2019 Non-SBB Allocation**

	<b>FY2019 Budget (in \$ thousands)</b>
General Funds Excluding Special Education (Funds 115, 129, 210, 230)	\$4,030,377
Less SBB and Foundation Positions	(1,640,338)
Less PCTC Funding for Charter Schools	(621,043)
Less Supplemental Aid	(227,208)
Less State Bilingual Funding	(24,030)
Less District-Wide Shared Obligations	(884,197)

<b>Amount of Non-SBB to be Distributed on Per-Pupil Basis</b>	<b>\$633,561</b>
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Table 12 lists the district-wide shared obligations that are not included in the non-SBB allocation:

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

	<b>FY2019 Budget (in \$ thousands)</b>
Unfunded Pension Liability	\$569,701
Facilities Supplement for Contract/ALOP	2,774
Bond Interest	21,000
Core Instruction for Options, Specialty, Safe Schools	12,692
Real Estate Leases	17,597
Liability Insurance	1,133
Transportation / Drivers Ed	3,784
Early Childhood (funded with General Funds)	5,074
New and Expansion Schools / School Transition	1,384
Offsetting revenue from Charters, JROTC, and E Rate	40,048
Contingency	114,605
Vacancy Savings	94,000
<b>Total District-Wide Shared Obligations</b>	<b>\$883,792</b>

After removing the district-wide shared obligations, the non-SBB rate was based on an estimated non-SBB allocation of \$633 million. The non-SBB allocation includes the following categories of funding:

**Table 13: FY2019 Non-SBB Allocation By Category**

<b>Category</b>	<b>Description</b>	<b>FY2019 Budget (in \$ thousands)</b>
Operations	Operations and maintenance of school buildings, including cost of engineers, custodians, utilities, repairs, and central office operations management.	\$333,505
Security	Security guards in school buildings, and central office management of security operations.	74,587



IT Phone/Data Network	Telephone and high-speed data wiring and network infrastructure in school buildings.	28,926
Central Office	Central office services funded from local sources, other than operations, security, and IT phone/data.	205,227
School-Based Programs	Funding for magnet, selective enrollment, IB, STEM, JROTC, and other programs that provide supplemental funding to schools from local funds.	75,561
Vacancy Savings	Estimated amount that district-run schools will underspend in SBB or other local funds due to vacancies. In FY2019, district-run schools are not allowed to reallocate vacancy savings for other purposes.	(94,000)
Non-SBB Tuition	Charter per-pupil share of the above spending categories.	12,755
<b>Total Non-SBB</b>		<b>\$633,561</b>

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 attend school 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:

- 1) 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.
- 2) Enrollment for all schools, and not just SBB schools, is included.
- 3) 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 FY2019 non-SBB base rate:

**Table 14: Calculation of FY2019 Base Non-SBB Rate**

Category	FY2019 Budget	Weighted Enrollment	Per-Pupil Amount
Operations	333,505,243	310,231.67	1,075.02
Security	74,586,699	310,231.67	240.42
IT Phone/Data Network	28,926,392	310,231.67	93.249

Central Office	205,227,388	308,499.04	665.24
Programs at Schools	72,561,036	308,499.04	235.21
Vacancy Savings	-94,000,000	308,499.04	(304.70)
<b>Total</b>	<b>\$620,805,759</b>		<b>\$2,004</b>

The following table shows the FY2019 non-SBB rates for all grade levels:

**Table 15: FY2019 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	2,144.28	2,004.00	2,484.96

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 FY2019 rate is the same as the FY2018 rate. 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 Schools in CPS-Owned Facilities**

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 for facilities and maintenance, security, and IT, with the per-pupil rates for each listed in Table 16. The FY2019 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	FY2018 Rates	FY2019 Rates
Facilities & Maintenance	\$902.66	\$965.14
Security	\$253.03	\$256.04
Information Technology	\$77.69	\$84.13
<b>Total Facilities Charge</b>	<b>\$1,233.38</b>	<b>\$1,305.31</b>

Contract schools can opt out of the district's security and information technology services. Contract

schools that are the sole occupant of a CPS facility can also opt out of facilities and maintenance services. 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, 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 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 FY2019. Pension payments are deducted from quarterly tuition payments. Pension charges will not apply to special education teachers, aides, or clinicians.

**Administrative Fee**

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

**Table 17: Administrative Fees**

Funding Source	Fee	How Admin Fee Will be Charged
SBB	3%	Total fee for SBB, non-SBB, and SA will be deducted from quarterly tuition payments.
Non-SBB	3%	
Supplemental Aid (SA)	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 (ALOPs)**

ALOPs receive SBB, non-SBB, and facility supplement funding, and they are charged for facilities, employer pension, and administrative fees. However, funding is based on quarterly enrollment counts as verified by attendance and payments are made in five installments of 20% each.

**Safe School Programs**

CPS also funds one Safe School program for students who have been expelled from traditional schools

due to violence. It is funded like an ALOP, but it is funded for a floor of 100 students, regardless of the actual number of students enrolled, to ensure that spots are available when needed. CPS receives a Regional Safe School grant from the State of Illinois, which helps pay these costs.

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

### **Specialty Schools**

Seven 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 focus of these schools, core instruction funding is not provided through SBB. As such, these schools receive positions and funding for non-personnel items. Most of the classroom teachers are special education teachers or early childhood teachers, both of which are funded by the Office of Diverse Learner Support Services and the Office of Early Childhood.

Specialty schools also receive the following general education resources:

- One principal, one counselor, and one clerk. This is the same administrative base that all district schools receive in SBB.
- A staff allocation 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 \$150 for each pre-K student, \$300 for each elementary student, and \$400 for each high school student.

### **District Options Schools**

District options schools provide a pathway toward high school graduation for students who have dropped out of traditional high schools (e.g., over-age students without enough credits to graduate, pregnant students, 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 SBB, 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**

### **Diverse Learner Allocation**

In FY2019, schools received an allocation of centrally-funded special education teachers and paraprofessionals to serve diverse learners outside of cluster programs. This is a change from FY2018, when schools received a dollar allocation for special education positions that was combined with their SBB funds.

FY2019 allocations are based on the number of special education teachers and paraprofessionals needed to meet the IEP needs of students at the school (excluding students in cluster programs), as

determined by a school-by-school review. Additionally, FY2019 allocations were determined from each school’s special education student population in April. Schools received both special education teacher and paraprofessional allocations based on the student population and the IEP needs within that student population.

**Cluster Programs**

Schools with cluster programs receive additional centrally-funded positions for each cluster program, as shown in the follow table:

**Table 18: Cluster Allocations**

Type of Cluster Program	No. of Teachers	No. of Paraprofessionals
Mild/Moderate	1	2
Severe/Profound	1	3
Deaf/Hard of Hearing	1	1
Vision Impairment	1	1
Multisensory	1	1
Early Childhood Instructional	1	1

Additional centrally-funded paraprofessional positions have been allocated for students in cluster programs who require full-time dedicated paraprofessional support.

**School Budget Appeals**

Schools will have the opportunity to request additional special education positions as IEP needs change during the school year. All requests will be directed to the Office of Diverse Learner Supports and Services for review, and a determination will be made within 3 days. Decisions will be based on whether additional special education positions are needed to meet the IEP needs of the school’s diverse learners.

**SPECIAL EDUCATION FUNDING FOR CONTRACT SCHOOLS**

Contract schools are assigned special education teacher and paraprofessional positions using the same allocation methodology as district-run schools. However, contract schools hire their own special education personnel and are reimbursed for their expenses at the following rates:

**Table 19: Special Education Reimbursements**

Position	Maximum for average position	Maximum for any individual position
Allocated teacher positions (certification required)	\$90,000	\$110,000

Allocated paraprofessional (certification required)	\$40,000	\$53,000
Allocation clinician (certification required)	\$90,000	\$110,000
Case manager stipend (one per school)	To be determined	

### 1. Special Education Teacher Reimbursement

- a. The contract school will hire its own special education teacher(s) based on the school's population of students with disabilities. CPS will reimburse the contract school on a quarterly basis. This reimbursement will be based on CPS' 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 (FTE) teacher positions for reimbursement does not exceed the CPS-approved allocation for the contract school.
- b. The maximum reimbursement rate for any FTE special education teacher is \$110,000 per year. The maximum reimbursement rate for all FTE special education teachers for each school is an average per-teacher reimbursement rate of \$90,000 per FTE special education teacher.
- c. The quarterly reimbursement to the contract school for FTE special education teachers will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved, FTE 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 contract school for the percentage of the quarter's instructional days for which the teacher was employed.

### 2. Special Education Paraprofessional Reimbursement

- a. The contract school will hire its own paraprofessionals to provide the necessary supports required by its students' IEPs.
- b. CPS will reimburse the contract school on a quarterly basis. This reimbursement will be based on CPS' determination that each special education paraprofessional providing instructional support is highly qualified in accordance with the federal Every Student Succeeds Act (ESSA) standards and that the number of FTE paraprofessional positions for reimbursement does not exceed the CPS-approved allocation for the contract school.
- c. The maximum reimbursement rate for any FTE special education paraprofessional is \$53,000 per year. The maximum reimbursement rate for all FTE special education paraprofessionals for each school is an average per- paraprofessional reimbursement rate of \$40,000 per FTE paraprofessional.
- d. The quarterly reimbursement to the contract school for FTE special education paraprofessionals will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved, FTE 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 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 contract school will hire its own clinicians to provide the necessary supports.
- b. The contract school may have the Board furnish clinicians to serve the contract school's students with disabilities, only if a waiver is given by CPS.
- c. If the contract school hires its own clinicians, then CPS will reimburse the 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 FTE clinicians does not exceed the CPS-approved allocation for the contract school.
- d. The maximum reimbursement rate for any FTE clinician is \$110,000 per year. The maximum reimbursement rate for all FTE clinicians for each school is an average per-clinician reimbursement rate of \$90,000 per FTE clinician.
- e. The quarterly reimbursement to the contract school for FTE clinicians will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved, FTE clinicians at the 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 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 contract school shall appoint and pay a salary and benefits to its own qualified case manager.
- b. CPS will provide the contract school with a stipend per school for such a qualified case manager that is equivalent to the amount given to case managers at district-run schools. The amount of the stipend is to be determined, pending an agreement between the Board and the Chicago Teachers Union.
- c. A case manager shall be deemed qualified if he or she has (1) a Type 10 (special), Type 03 (elementary), or Type 09 (secondary) ISBE certificate endorsed in a special education area, or with a special education teaching approval or supervisory approval, OR (2) a Type 73 (school service personnel) ISBE certificate endorsed as a school social worker, school psychologist, guidance specialist, or speech-language pathologist or have a supervisory endorsement. At least two years' experience in the field of special education is recommended/preferred.

An individual serving as a case manager may receive only one stipend, even if the individual is serving more than one school. Related service providers are allocated using the same staffing formulas as district-run schools. The district will continue to reimburse schools for the actual cost of the related service providers. Contract schools are expected to hire their own related service providers and are reimbursed for their expenses at the following rates:

**Table 20: Special Education Reimbursements**

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

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

Supplemental bilingual funding is determined by the Office of Language and Cultural Education (OLCE). In FY2019, OLCE continued the allocation of supplemental bilingual teachers based on the allocation model introduced in FY2016.

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. Supplemental bilingual resources are allocated to schools to support them with meeting student needs.

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

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

<b>EL Enrollment</b>	<b>250 +</b>	<b>100-249</b>	<b>100-199</b>	<b>50-99</b>	<b>20-49</b>	<b>Less than 20</b>
TBE/TPI Supplemental Position (EL Resource Teacher)	0.5 SUP TBE/TPI teaching	0.5 SUP TBE/TPI teaching	0.5 SUP TBE/TPI teaching	0.5 SUP TBE/TPI teaching	0.5 SUP TBE/TPI teaching	
Title III Supplemental Position (EL Coach)	0.5 SUP EL Coaching					
DLE Coordinator (DLC)	Each traditional CPS school approved for a Dual Language Education (DLE) Program (implementing or in a planning year) receives a 0.5 supplemental (SUP) DLC position.					
Bilingual Advisory Committee Funding	\$500	\$500	\$500	\$500	\$500	
EL After School Tutoring (EL Grades 2-8, 9-12)	\$5500	\$5500	\$5500			
ELPT Annual Stipend	\$3000	\$2500	\$2000	\$1500	\$1000	\$500

In addition, 15 schools received 0.5 FTE position allocations to provide supplemental supports to newcomers and refugee students, in addition to one high school receiving 4.0 FTE position allocations to provide newcomer and refugee student supports through a Newcomer Center program.

24 schools received 0.5 FTE position allocations to support dual language programs.

Additionally, OLCE will provide Title III funding to support after-school tutoring programs with the goal



of providing EL students Bilingual and English as a Second Language (ESL) content support to improve their academic outcomes. 186 schools are eligible to apply for the \$5,500 tutoring funds, including 22 high schools for the first time.

- 164 elementary schools and 22 high schools with enrollment of 100 or more EL students will receive \$1.02 million in Title III funding to launch EL after-school tutoring programs. The schools eligible to receive the funding together serve 47,000 EL students in grades 2-12.
- 460 schools are eligible to have their designated EL Program Teacher (ELPT) receive a stipend that varies from \$500-\$3,000 a year, depending on the number of ELs in the program.
- 289 schools are eligible to receive \$500 in Bilingual Advisory Committee (BAC) funds, once they submit proof that they have established a BAC.

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

**Table 22: State TBE/TPI Funding for Charter Schools**

Tier	EL Enrollment	No. of Schools	FY2019 Supplemental Funding Allocation
1	100+ EL students enrolled	36	\$46,000
2	20 to 99 EL students enrolled	23	\$353.27 per EL student*

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

**Table 23: Federal Title III Funding for Charter Schools**

Tier	EL Enrollment	No. of Schools	FY2019 Supplemental Funding Allocation
1	250+ EL students enrolled	8	\$46,000
2	20 to 249 EL students enrolled	51	\$103.88 per EL student*

\*Title III per-pupil rate:  $\$106 \times 98\%$  (2% administrative fee) = \$103.88.

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

## ALLOCATIONS OF DISCRETIONARY FUNDS

### Supplemental Aid (SA)

Based on changes to state funding laws, Supplemental General State Aid (SGSA) is no longer a separate stream of funding but is included in the overall allocation of state funding the district receives under the new Evidence-Based Funding (EBF) formula. As such, any remaining funds that schools have from their FY2018 allocation of SGSA will be rolled over into FY2019, but FY2019 will be the last year for SGSA carryover. A preliminary carryover will be distributed before school starts in fall 2018, and the final

carryover amount will likely be distributed sometime after October 2018.

Moving forward and as part of the FY2019 budget, schools will receive “Supplemental Aid” (SA) funding for Pre-K-12 students, which will follow the same spending rules as local funds. SA provides greater flexibility in how funds are used and expires annually at the end of the fiscal year. 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. Research has shown that students from limited-income households generally require additional resources to be successful, and the increase in funding for these students will help ensure all of our students have the support they need to reach their potential.

Contract, ALOP, and Safe schools, like district-run schools, will also receive SA funding. Charter schools will not receive an SA allocation because their proportionate share is covered in their PCTC allocation, described in further detail later in the chapter.

**ESSA Title I**

CPS allocates federal Every Student Succeeds Act (ESSA) Title I funds to schools with high concentrations of low-income children that need 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. The data must be collected at a single point in time for the entire school system, and the district used January 3, 2018 as the collection point for FY2019.

In FY2019, the Title I poverty index is the weighted average of the number of students ages 5-17 who qualify for free or reduced-price lunch (70% weight) and the number of students ages 5-17 who qualify for TANF (30% weight), rounded up to the nearest whole number.

Once data is collected, CPS ranks schools and allocates additional funding to schools. Schools with a poverty index below 40 do not receive Title I funds, even if the school has eligible students. However, if a school meets the poverty threshold for Title I eligibility one year, but their poverty index decreases to below 40 the next year, they may retain their Title I eligibility per federal provisions under ESSA.

Schools have received a Title I allocation based on their calculated Title I poverty index and their enrollment on January 3, 2018. Schools with higher concentrations of poverty receive more Title I funds per eligible students. The per-pupil allocation rate increases as the poverty index for the schools increases. A school with a poverty index of 40 receives an allocation of \$617.50 per eligible student. As the poverty index increases by 1, the per-pupil allocation increases by \$12.35 per pupil. A school with a poverty index of 41 receives \$629.85 per pupil. A school with a poverty index of 50 receives \$741.00 per pupil. This is illustrated in the following table:

**Table 24: Examples of Title I Funding Amounts**

Poverty Index	Allocation Rate	Eligible Students (assume total school enrollment of 1,000)	Total Allocation
35	\$0 (below threshold)	350	\$0
40	\$617.50	400	\$247,000

41	\$629.85	410	\$258,239
55	\$802.75	550	\$441,513
71*	\$1,000.35	700	\$700,245

\*Highest poverty rate of CPS schools

Schools can budget SA and Title I funds at their discretion but must remain in compliance with regulations and guidelines. It is important to remember that the poverty rate calculations for Title I are more stringent than the calculations for SA. SA considers only the number of students who qualify for free and reduced meals, and it is not unusual for CPS schools to have poverty rates of 99 or 100 percent using 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.

### **FUNDING FOR CHARTER SCHOOLS**

As reflected in the FY2018 budget, a 2017 change in state law (PA 100-465) narrowed the Per Capita Tuition Charge (PCTC) based charter school funding range to 97 to 103 percent from the previous range of 75 to 125 percent, requiring CPS to abandon SBB for its charter schools. Before this change, school districts had more flexibility in setting charter tuition rates.

As required by this law, funding for the current year is based on expenditures two years prior, as defined in that year's Annual Financial Report (AFR). Payments for teacher pension unfunded actuarial liability (UAAL), short-term debt-service, and facility costs for charter schools in CPS facilities are accounted for as payments made by the district on behalf of charter schools.

Under current law, it is anticipated that direct funding for charter schools in FY2019 would decrease by \$38 million from the prior year. This is due to an increase in expenditures for debt service and teacher pension UAAL, coupled with a decrease in many other expenditure items that occurred two years ago (resulting in a decline in the PCTC rate used for FY2019). It is also anticipated that significant variability will continue in future years due to year-to-year variance in CPS expenditures, debt load and UAAL payments, as well as delays in state payments.

It is CPS' belief that this year-to-year variability causes serious issues for the district and its charter schools with financial planning and stability, creates inequity between current-year expenditures of district-run schools and charter schools, and could result in adverse academic consequences. Similarly, the way PCTC funds all charter students the same, without regard to individual student need, creates inequity between students. It is CPS' goal to work with the charter school community on reforming the manner in which charter schools are funded in a way that provides greater financial stability for schools and more equitable funding for students across the district.

CPS' long-standing goal in setting charter school tuition rates is equity; charter schools should receive funding equivalent to the resources given to district-run schools. We believe that the SBB funding model the district used previously did just that. District-run schools and charter schools received funding for core instruction at the same per-pupil rates. Charter schools also received non-SBB funding, which was based proportionately on the funding given to district-run schools for operations and maintenance, security, and central office services.

CPS has long argued, and continues to maintain, that the PCTC is a poor benchmark to use to determine funding equity, primarily due to the lack of flexibility to allocate resources based on student needs and district priorities, and the reduced ability to target funds to students in poverty. We believe that SBB is a transparent funding model that ensures funding equity.

**Short- & Long-Term Solutions**

In order for CPS to ensure that charter schools do not receive substantially less funding in FY2019 than they did in FY2018, the district is proposing a one-time, short-term fix for FY2019 that will give the district and its partners time before the end of FY19 to secure a long-term legislative fix.

This year, the district is planning to fund charter schools at last year’s PCTC rates, with an additional 2.5 percent added to the direct cost per student. This increase is intended to parallel the 2.5 percent increase to the SBB base rate that all schools on the SBB model will receive in FY2019. This short-term fix will not only avoid cuts to charter schools of \$38 million, but will actually increase funding by an estimated \$11 million over FY2018, in line with the funding increase district-run schools are receiving.

**FY2019 Charter Tuition Rates**

As described above, FY2019 charter tuition rates will reflect a 2.5 percent increase over FY2018 PCTC direct payment rates. (For detail on the calculations and methodology behind the FY2018 PCTC rates, please see [Appendix B](#) of the FY2018 budget book.)

**Table 25: FY2019 Direct Payment Rates for Charter Schools**

	<b>FY2018</b>	<b>FY2019</b>	<b>% Change</b>
<b>Elementary Schools</b>			
In CPS-Owned Facility	\$9,495.69	\$9,733.08	+2.5%
In Independent Facility	\$10,790.12	\$11,059.87	+2.5%
<b>High Schools</b>			
In CPS-Owned Facility	\$10,248.35	\$10,504.56	+2.5%
In Independent Facility	\$11,166.45	\$11,445.61	+2.5%

The direct payment rates reflect the total PCTC Tuition Rate less the items deducted as district-wide shared obligations - unfunded pension liability, interest on short-term debt, and facility costs (for charter schools in CPS-owned facilities). Increasing the direct payment rate by 2.5 percent provides a funding increase commensurate with the increase in SBB for the rest of CPS schools.

If CPS opted to forgo the above approach and use the PCTC methodology as contemplated under the current state law, per-pupil rates would drop precipitously.

**Table 26: Hypothetical FY2019 Direct Payment Rates Under PCTC Approach**

	<b>FY2018</b>	<b>FY2019</b>	<b>% Change</b>
<b>Elementary Schools</b>			
In CPS-Owned Facility	\$9,495.69	\$8,699.50	-8.4%
In Independent Facility	\$10,790.12	\$10,269.14	-4.8%
<b>High Schools</b>			
In CPS-Owned Facility	\$10,248.35	\$9,438.97	-7.9%

In Independent Facility	\$11,166.45	\$10,638.87	-4.7%
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As stated above, using the direct payment rates outlined in Table 26 would have resulted in an aggregate \$38 million loss for charter schools, putting significant financial pressure on many operators and possibly forcing some to cease operations.

**Special Education**

The majority of special education funding that charter schools receive is included in the PCTC-based charter tuition payment. Because all General State Aid and local property tax dollars spent on the regular K-12 program are included in the PCTC calculation, each student’s PCTC-based charter tuition payment includes local funding for special education, regardless of IEP status. Charter schools will also receive a proportionate share of state mandated categorical and IDEA funding. These supplemental funds will be allocated based on the overall special education needs of the school and the amount of local funding received in the PCTC tuition. Charter schools with a small percentage of special education students in comparison to other charter schools may not receive supplemental special education funds.

Initial FY2019 supplemental budget allocations for special education were kept flat from FY18 levels. These amounts will be trued-up in the fall based on the overall distribution of special education needs at charter schools and the size of the district’s share of federal IDEA funds and state categorical funding.

**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. The facilities charges listed in Table 16 shall apply to charter schools in CPS-owned facilities.

Charter schools can opt out of the district’s security and IT 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 Charges**

Although the district’s unfunded pension liability to the Chicago Teachers Pension Fund is considered an in-kind payment to charter schools, the direct payments of the PCTC tuition include the normal cost portion of the district’s employer pension costs. For this reason, charter schools will continue to be charged 11.16 percent of all employees who participate in the Chicago Teachers Pension Fund. Since special education positions are no longer being reimbursed at actual cost, the employer pension charge of 11.16 percent also applies to special education teachers and clinicians who are members of the Chicago Teacher Pension Fund.

**Administrative Fee**

Charter schools are charged a 3 percent administrative fee to cover the district’s costs of managing the district. The following table shows how the administrative fee is assessed for each funding source:

**Table 27: Administrative Fees for Charter Schools**

<b>Funding Source</b>	<b>Fee</b>	<b>How Admin Fee Will be Charged</b>
PCTC Tuition	3%	Fee will be deducted from quarterly tuition payments.
IDEA	–	No admin fee. District’s administrative costs are deducted prior to allocation of funds.
State block grant for Special Education	–	No admin fee. District’s administrative costs are deducted prior to allocation of funds.
Title I	–	No admin fee. District’s administrative costs are deducted prior to allocation of funds.
Title II	–	No admin fee. District’s administrative costs are 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 is deducted from state bilingual payments.