

CHICAGO PUBLIC SCHOOLS

Proposed BUDGET

2012-2013



**Board of Education of
the City of Chicago**

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Dear CPS Stakeholder:

I'm pleased to present a budget for Fiscal Year 2013 that addresses our financial challenges, while also upholding our commitment to students and their academic achievement. We're cutting administrative waste and inefficiencies in order to protect investments in programs that boost student learning such as full school day, early childhood development and maintaining class size, while at the same time expanding high quality school options across the district to give parents more choices.

We have insisted on continuing our investments in critical initiatives that boost student learning, including:

- Adding over \$130 million in discretionary funding to give principals and school communities flexibility to create a quality, full school day that best meets the academic needs of their unique student body;
- Expanding high quality school options to create nearly 6,600 new seats in high quality magnet, selective enrollment, Charter, International Baccalaureate, Science Technology, Engineering and Math (STEM) programs;
- Maintaining class size;
- Protecting investments in early childhood education despite a \$19 million cut in state funding to continue serving over 42,000 students;
- Maintaining full day kindergarten to continue serving over 17,000 students; and
- Meeting higher nutritional standards while realizing targeted savings and securing additional federal revenue.

Last year we eliminated \$400 million in spending through a combination of cuts to administration and operations outside the classroom, which helped offset this year's structural deficit. Despite our efforts to further reduce spending, the District continues to struggle with increasing statutory and contractual obligations and declining state and federal revenues.

This year we've been just as vigilant as last, identifying another \$144 million in spending reductions by scrubbing our budget line by line, contract by contract, and program by program. We have also ended the status quo way of doing business with CPS by implementing rigorous private sector procurement practices that will ensure less money ends up in the pockets of vendors and more goes to our schools.

We are proposing to take decisive steps to close the deficit of over \$665 million, including:

- \$144 million in cuts and efficiencies to operations/administrative and Central office-run education programs;
- \$62 million from available property tax cap (\$28 per household per year);
- \$14 million increase in TIF revenue;
- \$432 million in fund balance; and
- \$12.3 million in additional adjustments.



Despite our challenges, we refuse to put programs at risk that impact students and their learning as our primary obligation as a District is to prepare our students for college and career. They can't afford to wait another day to access the quality education they deserve and we won't ask them to wait until this fiscal crisis ends.

We're committed to making difficult choices needed to bring financial stability to the District without putting our children's future at risk, but CPS will not be able to solve the crisis on its own. We will need the continued input and assistance from all stakeholders including parents, community leaders and legislators to find solutions that enable us to meet these challenges while maintaining critical investments that support student learning.

A handwritten signature in black ink, reading "Jean-Claude Brizard". The signature is written in a cursive style with a large, stylized initial "J" and a long horizontal flourish at the end.

Jean-Claude Brizard
Chicago Public Schools | CEO

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Reader's Guide

The Chicago Public Schools *FY2013 Proposed Budget* is the financial and policy plan proposed to the Chicago Board of Education for the fiscal year beginning July 1, 2012 and ending June 30, 2013. The fiscal year encompasses 12 months, as mandated by the 1995 Amendatory Act enacted by the Illinois legislature.

Most likely you are reading the FY2013 Proposed Budget on the Chicago Public Schools website. This contains the official budget document as well as new interactive features that make more information more easily accessible.

Interactive Budget Reports

For the first time this year, we are providing interactive budget reports that allow you to view the entire operating budget and drill down to get more detail on any component of the budget that you are interested in. We have made an entire database of budget information available to you.

The interactive reports include:

- Budget by Unit, including schools and central office departments
- Budget by Fund, such as general fund or federal and state grants
- Budget by Account, such as salary, benefits, contracts and commodities
- Budget by Program, such as instruction, support services and community services
- Revenues & Expenditures report, providing information on debt service and capital funds, as well as general operating funds
- School List, which lists all schools by network

The School List report is the quickest way to get budget information about a particular school. The top of the report contains a search box where you can type in a school name and go directly to that school's budget.

School budget reports provide information about:

- Student and teacher counts
- A school's budget by account
- A school's budget by fund source
- The number of teacher and support personnel positions staffed at the school

The school budget reports also allow you to drill down to get more detailed information.

Budget Book Chapters

The FY2013 Proposed Budget includes narrative overviews of Chicago Public Schools (CPS) programs, goals, financial policies & procedures, and summary & detailed financial tables. These chapters are accessed from the list of links along the left side of the screen on the home page of the budget website.

The following chapters are included:

Budget Overview: This chapter summarizes the district's financial position, outlining the goals and objectives that the district seeks to achieve in the coming fiscal year and in future years. Summary tables provide additional detail of the financial picture.

Fund Balance Statement: This chapter explains the importance of maintaining a minimum fund balance (cash reserve) and how it is calculated.

Fund Descriptions: Funds are separate accounting entities that ensure taxpayer dollars are spent as authorized. This chapter describes the four governmental fund types used by Chicago Public Schools: General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.

Revenue: This chapter describes each of the district's revenue sources and the assumptions & factors that influence our revenue projections. It also provides year-to-year revenue comparisons.

Schools: This chapter provides an overview of school budgets and the resources given to schools. It also gives a two-year comparison of total school funding, which reinforces our CEO's commitment to keeping budget cuts away from the classroom.

Organizational Overview: This chapter explains CPS's organizational chart by providing detailed information for each level of management.

Departments: This chapter gives a profile of each central office department, including the department's mission and major programs, FY2013 budget summary, major accomplishments, and key budget initiatives.

Pensions: This chapter provides a basic overview of the district's pension obligations and challenges.

Capital Budget: The Capital Budget chapter describes our plan for major infrastructure investments. Capital projects often take longer than one year to complete, therefore a separate capital budget is prepared. This chapter outlines the proposed new capital spending areas and shows the projected expenditures for multi-year projects. This chapter also explains the impact of the capital budget on operating expenses. A separate capital budget website with information on all capital projects can be found on the CPS website.

Debt: This chapter provides detail on the Board's debt management practices. It presents a complete picture of the district's use and management of debt. It includes outstanding debt and proposed debt issuances and presents current and long-term debt service requirements.

Appendices: This section includes information on demographics, school funding formulas, historical revenue/expenditure tables, the budget process, financial policies, the budget resolution and a glossary.

- A. **Demographics:** Provides detailed information about the makeup of the district, school population and employees, as well as a snapshot of the larger community in which our students and their families reside.
- B. **School Funding Formulas:** Provides and explains the funding formulas used to allocate resources to schools.

- C. **Historical Revenue/Expenditure Tables:** Detailed revenue and expenditure totals for the previous five years, along with the estimated current year and budget year totals.
- D. **Budget Process:** As required by law, CPS follows a detailed budget calendar and process, which is provided in this section.
- E. **Financial Policies:** An explanation of the policies and procedures followed throughout the budget process.
- F. **Budget Resolution:** A draft copy of the budget resolution to be approved by the Board of Education.
- G. **Glossary:** An alphabetical listing of specialized terms found throughout the budget book.

Budget Overview

The FY2013 budget is designed to help Chicago Public Schools achieve its overarching vision: to ensure that every child, in every community, has access to a high-quality education and choices that prepare them for success in college and career. This theme will be repeated throughout this budget, as it is the organizing principle driving all choices we are making as a district.

Most significantly, this budget enables the district to implement a high-quality Full School Day. This will allow CPS to move away from one of the shortest school days and years of all the largest cities in the country to give students and teachers the time they need time to boost student learning. The Full School Day will include the implementation of Common Core State Standards (CCSS), which will create a more rigorous curriculum that will better prepare students for college and career. It will also allow for a new instructional framework that will better support teachers to improve the quality of instruction delivered to students in the classroom.

As an organization, CPS is focusing on three levers for change in boosting student achievement throughout the district: empowering principals as leaders of their schools; increasing access to high-quality school options; and engaging families and communities in that process.

EMPOWERING PRINCIPALS AS SCHOOL LEADERS

We know that the most successful schools have empowered, effective principals who build teams of teachers that boost student learning at their schools most effectively. The budget can be a tool that hinders principal autonomy or one that fosters it. In FY2013, we have taken the first steps toward a more comprehensive approach to restructuring the budget to better empower principals to meet their goals. These steps include:

- **Added \$130 million in new funds under the principals' discretion:** In prior years, principals were given budgets that had limited flexibility in how the dollars could be spent; each school was given a specific number of teaching and staff positions and were allocated dollars for specific categories of spending such as supplies, books and equipment that could only be used on those items; these dollars could not be utilized to hire additional teachers, for example. In FY2013, we took the first steps to reduce those constraints on principals and to provide more funding that could be spent at the principals' discretion. In total, we added \$130 million in new discretionary funds for schools; this includes the new \$100 million College Ready Fund as well as additional funding in existing discretionary pots.
- **Created \$100 million College Ready Fund, including \$70 million of new funding:** From the College Ready Fund, principals can hire additional teachers, provide enrichment programs, pay for additional textbooks and supplies for students or invest in areas the principals choose to support CCSS, the instructional framework or the Full School Day. This fund includes \$70 million of new dollars for schools and \$30 million of funding that was previously limited to supplies, equipment, etc. We removed the constraints so that the principals now have more discretion in how all these dollars are spent. In fact, principals used these funds to hire 276 teachers and 199 other staff.
- **Added \$60 million to principals' supplemental discretionary funding:** Schools with low income students receive additional federal and state dollars to supplement their core educational services. For years, the district held back some of the federal dollars to run programs determined by the central office. For FY2013, we have instead given the majority of those funds

(\$30 million) to principals so that they can decide how best to provide supplemental services for their students. Additionally, nearly \$30 million extra of state supplemental funding was released to principals. In total, principals have used these extra funds to hire 236 teachers and 47 other school personnel.

INCREASING ACCESS TO HIGH-PERFORMING SCHOOLS

Our vision is to have high-performing schools available for every child in every community. To achieve that, we are making significant investments by adding new programs in our current schools, adding new schools and closing or turning around low-performing schools. Here are a few ways we plan to increase access:

- **Add new magnet, gifted, and talented schools and programs for FY2013:** In total, CPS will be adding over 1,800 new seats in high-quality magnet, selective enrollment, International Baccalaureate, and Science Technology, Engineering and Math (STEM) programs.
 - **STEM:** Five brand-new STEM schools – products of innovative partnerships between CPS and IBM, Verizon, Motorola Solutions, Microsoft and Cisco – will open in FY2013. These schools will create 870 seats for the STEM program and provide a rigorous curriculum ensuring that students are prepared for college or careers in science, technology, engineering and math.
 - **Magnet Schools:** Magnet schools offer specialized programs that are application-based, with students admitted by lottery or through auditions to language arts and fine/performing arts programs, among others. In FY2013, we will add a total of 522 additional seats in these schools.
 - **Selective Enrollment:** We will add 206 seats in these competitive admission programs, primarily adding grade levels to existing programs.
 - **International Baccalaureate:** We are adding 250 new seats to these highly successful, academically rigorous programs.
- **Offer new and expanding charter school opportunities:** Charter schools continue to offer high-quality school options for many students; as a result, CPS is expanding its investment in these schools. In FY2013, we will open 10 new charter schools already approved by the Board of Education, bringing the total to 104 and adding over 2,765 new seats for students. We are also adding grade levels at existing charters as they continue their natural progression to full operation, adding 1,900 new seats. In total, the FY2013 budget anticipates over 53,000 students will attend charter schools in FY2013. With the adjustment in rates outlined in the Portfolio department narrative, we will be making a \$76 million investment in these new and expanding schools.
- **Investing in early childhood education:** With the understanding that learning begins at birth, CPS has consistently invested in programs that serve the youngest children. The district will serve 42,000 children from birth to age 5 this year. Despite state funding cuts of \$19 million, CPS will continue to fund early childhood to ensure that the number of children served is not impacted. Additionally, the FY2013 budget includes \$4.7 million in new funding to support early childhood evaluation teams, ensuring that special education needs are identified early. Finally, we are maintaining our commitment to Full-Day Kindergarten, providing \$30 million in supplemental funds to continue to serve 17,000 children.

- **Improving the quality of meals at school:** Students are able to learn better when they have good, nutritious meals. CPS will meet the new, higher USDA “gold” standard for breakfast and lunch served in our schools. This means students will have more fruits, vegetables and whole grains. At the same time, CPS will also meet savings targets in the food service area.
- **Developing the 10-Year Neighborhood Vision:** This 10-year strategic plan for schools in the district will define our educational priorities and provide a roadmap for capital investment in facilities. This will be a neighborhood-by-neighborhood vision that ensures that each child has access to high-performing schools. It will guide our decisions around new schools, new programs, school turnaround and school closing actions. We will be releasing this plan later in FY2013.

ENGAGING FAMILIES AND COMMUNITIES

Our third strategic lever focuses on families. We recognize the importance of families supporting student learning and their schools and have reorganized our staff to recognize this critical need. Here’s how we intend to foster engagement:

- **New Public and Community Affairs focus:** We have created a new, cabinet-level department – Public and Community Affairs – to support our work with communities. This department includes Local School Council Relations and Family and Community Engagement, along with Intergovernmental Affairs; it is designed to recognize the integration of all aspects of the community, including elected leaders, in ensuring that our schools are successful. This new department is described more fully in the Public and Community Affairs detailed narrative.
- **More information available to the public on CPS’s budget:** We hope that you are visiting our new, interactive budget website, <http://www.cps.edu/fy13budget/>, where you can find information about each of the major components of the budget. More importantly, we hope you take advantage of the interactive features of the website that allow you to explore all of the budget data – from the highest levels of the district to specific schools and departments – that is available to you for the first time ever. We have moved from fixed data tables that allow users access to limited presentations of information to user-driven systems so that you can find exactly the information you are looking for on CPS’s budget. We believe this new level of transparency reinforces our commitment to engaging and empowering families and communities in education.

FY2013 BUDGET CHALLENGES

CPS faces daunting fiscal challenges for FY2013. After years in which revenues and expenditures generally increased together, the downturn in the economy began to erode revenues while expenses continued to climb. One-time fixes, including federal stimulus funding, bond restructuring and TIF surplus helped mask the depth of the structural deficit CPS faced. Starting in FY2013, we must begin to confront the reality of the structural deficit. In order to invest in these priority areas, CPS had to make hard choices about areas to cut, when to rely on one-time resources and when to seek outside support. These challenges will only become greater in FY2014 and beyond.

Background: FY2013 Operating, Capital, and Debt Budgets

The FY2013 budget that CPS is presenting represents three separate but interrelated budgets:

- **Operating Budget:** Provides annual revenues and expenditures to cover day-to-day operations such as paying for teachers, utilities, school bus transportation and school meals.

- **Capital Budget:** Outlines a multi-year spending plan for major, long-term investments in facilities, such as school construction or renovation, building labs in schools for career programs or construction of playgrounds and the sources of funds that will pay for it.
- **Debt Budget:** Contains the revenues that will be set aside in the current fiscal year to pay for debt service in the following year – as required by our bond covenants – and shows the expenditures that will be made this year for debt service, i.e. principal, interest and fees on our bonds.

Each of these budgets is discussed and presented separately. However, understanding the relationship among the three is important to fully understanding CPS’s fiscal picture.

As described fully in the Revenue chapter, CPS receives its funds from three major sources: federal, state and local. Some of these revenues are dedicated exclusively to debt or capital, and often, debt has the first claim on the revenues because specific revenues were pledged in the bond agreements. This means that the operating budget receives revenues *after* allocations are made to the debt and capital budgets. In particular, revenue from property taxes, Personal Property Replacement Tax, other local revenue, General State Aid, state capital reimbursement and the federal government must be allocated among the three budgets, as shown in Table 1.

Table 1: Debt and Capital requirements reduce funds for Operating Budget

FY2013 Revenue Source (\$ in millions)	Total	Amount for Debt Service	Amount for Capital	Balance for Operating Budget
Local Revenue				
Property Taxes	2,106.0	53.2		2,052.8
Personal Property Replacement Tax	163.4	57.7		105.7
Other Local Revenue	266.5	92.1	40.0	134.4
State Revenue				
General State Aid	1,076.0	213.2		862.8
State Capital Reimbursement	115.0	54.1	60.9	0
All Other Revenues	660.4			660.4
Federal Revenue	937.7	26.8		910.9
Interest Income	4.5		1.0	3.5
TOTAL REVENUES	5,329.4	497.1	101.9	4,730.5

The remainder of this overview will focus on the operating budget. There are separate chapters that describe in detail the capital budget and the debt budget.

OPERATING BUDGET REVIEW

FY2012 performance better than budget: We anticipate that our FY2012 performance will be slightly better than projected when the budget was adopted in August 2011. As shown in Table 2, while revenues are projected to be below budget, expenditures are as well; while we still ended the year with a significant deficit, it was not as large as originally budgeted.

On the revenue side, we received more in state and local revenue than we had budgeted, but less in federal—although total revenues were still below FY2011. Property tax revenue was higher because the value of new property was greater than anticipated. Similarly, replacement taxes were up overall due to

statewide factors. General State Aid operating revenue was up slightly from budget because we needed to allocate less for debt service than projected. On the federal side, revenues were less than projected primarily due to a one-time delay after payments were changed to reimbursements rather than allocations.

On the expenditure side, spending was \$234 million below budget, of which, \$59.8 million was in school discretionary spending. As discussed above, schools receive state supplemental resources based on the number of low-income children they serve. Because schools are permitted to carry over to the next fiscal year any funds that are not spent, they frequently do not spend the full appropriation. Accordingly, the entire \$59.8 million of unspent discretionary funding will be carried over to FY2013.

Spending was also below budget in the school lunch fund, the general fund (where staff turnover was higher than budgeted), federal grants (where some carryover of funds is allowed) and in charter school tuition payments (where fewer students than projected were enrolled).

Table 2: FY2012 Results

	FY2012 Budget	FY2012 Estimated End of Year	Budget v. Estimated
Revenues	4,869.1	4,761.3	(107.8)
Expenditures	5,110.2	4,875.9	234.3
Net	(241.1)	(114.6)	126.5

FY2013 Proposed budget: As shown in Table 3, the FY2013 proposed budget includes approximately \$52 million more in expenditures than the FY2012 budget, yet it invests in many new priorities that help the district achieve its vision of every child having access to a high-quality education to prepare for success in college and career. This modest increase in expenditures, when compared to the substantially larger investments we are making, reveal that we have significantly restructured our spending to reflect our priorities.

Table 3: FY2013 Proposed Budget

	FY2012 Budget	FY2012 Estimated End of Year	FY2013 Budget	FY2013 v. FY2012 Budget
Revenues	4,869.1	4,761.3	4,730.5	(138.6)
Expenditures	5,110.2	4,875.9	5,162.3	52.1
Net	(241.1)	(114.6)	(431.8)	(190.7)

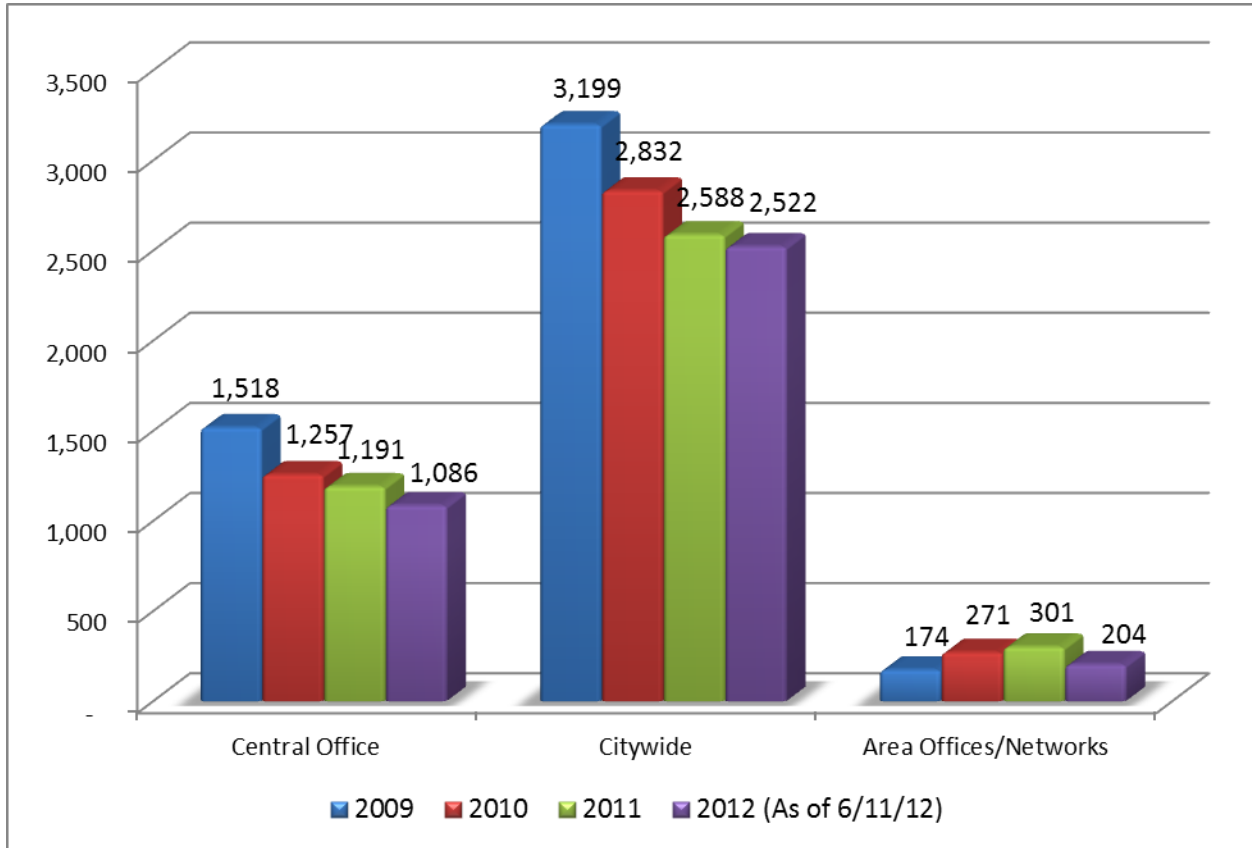
Driving down expenses: As shown in Table 4, we have continued to drive down expenses in the FY2013 budget, allowing us to provide additional funding for schools and support the other levers for change, as described above. Approximately \$144 million in cuts are reflected in the budget.

Table 4: Driving Down Expenses in FY2013

FY2013 Reductions	Savings (\$ in millions)
Operations Savings Total	95.3
Facilities	36.0
Procurement (driving savings from suppliers)	20.0
IT streamlining	11.1
Reduce non-personnel costs	8.4
Transportation (bus route pairing, smaller buses)	8.0
Other Operations savings (streamlining in Talent, Finance, Security)	7.5
Transportation alternatives for special ed students and families	4.3
Education Savings Total	49.0
Eliminate outdated or less effective programs	20.6
Central Education Office reductions	10.0
Culture of Calm efficiencies	7.7
Rationalize staffing for magnet, IB, regional gifted, and classical schools	6.3
TOTAL SAVINGS	144.3

Streamlining outside of the classroom: CPS has consistently focused on increasing resources to schools and streamlining the central office bureaucracy. Since 2009, the number of staff on board has consistently declined, as Chart 1 demonstrates. Central office staff has declined from 1,518 as of June 30, 2009 to 1,086 as of June 11, 2012. This represents a decline of 28 percent. In total, staff not assigned to schools has decreased from 4,891 in FY2009 to 3,812 in FY2012. This represents a decline of 22 percent. Moreover, non-bargaining unit staff has not received salary increases since 2009.

Chart 1: Staff Reductions Outside of Schools Has Helped Reduce Costs



Revenues declining year over year: As shown in Table 3 (above), revenues are projected to decline by \$139 million compared to the FY2012 budget, and by \$30.9 million compared to the FY2012 estimated end-of-year results (as shown in Table 5 below). This makes FY2013 the second year in a row that CPS will experience year-over-year declines in operating revenues.

Table 5: FY2013 Operating Revenues Down Compared to FY2012

Revenue	FY2012 Budget	FY2012 Estimated End-of-Year	FY2013 Budget	FY2013 v. FY2012 Estimated End-of-Year
Local				
Property Tax	2,038.0	2,053.4	2,052.8	(0.6)
Replacement Tax	103.6	120.4	105.7	(14.7)
TIF	16.0	16.0	30.0	14.0
Other Local	112.9	101.3	104.3	3.0
Interest	2.1	2.1	3.5	1.4
State				
General State Aid (GSA)	955.1	970.8	862.8	(108.0)
Early Childhood Education	120.3	120.3	111.1	(9.2)
Other State	543.8	549.5	549.3	(0.2)
Federal				
	977.3	827.5	910.8	83.3
Total Revenue	4,869.1	4,761.3	4,730.5	(30.9)

State revenues declining: Most significantly, revenues from the State of Illinois, representing nearly 30 percent of our operating revenues, are expected to decline by nearly \$120 million. This is the result of cuts at the state level and an increase in the amount of General State Aid (GSA) that is dedicated to debt service, leaving fewer resources to support the operating budget.

In total, CPS’s state funding was cut by \$56.8 million and GSA funding was cut by \$44 million. This is the third year in a row that GSA was cut, following years of increases.

Table 6: General State Aid Declining

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Total State allocation	4,475.2	4,616.4	4,600.3	4,600.3	4,448.1	4,236.8
CPS share (All Funds)	1,091.1	1,139.8	1,152.2	1,147.1	1,120.2	1,076.0
CPS change vs. prior year	67.2	48.6	12.5	(5.1)	(26.9)	(44.2)

CPS also receives a large share of its state funding through block grants that support special education, transportation, early childhood, nutrition and other services. In recent years, the state has cut the block grants.

In FY2013, this \$12.6 million reduction included a \$9 million cut to the Early Childhood program¹, putting pressure on CPS to make up for the state’s shortfall.

Table 7: State Support Through Block Grants Declining

	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Amount Appropriated	549.8	614.3	659.1	665.2	624.9	621.2	610.2
Change		64.5	44.8	6.2	(40.3)	(3.7)	(12.6)

Federal allocations also declining: While not immediately apparent when looked at in aggregate, federal revenues are declining; only the use of carried-over funds and the anticipation of new competitive grants provides for the increase shown in Table 5. The Education Jobs Fund (Ed Jobs) program, which represented the last of the federal stimulus support under the American Reinvestment and Recovery Act (ARRA), expired at the end of FY2012, reducing federal support by \$48.2 million for FY2013.

CPS’s allocation of Title I, its largest federal revenue source, is declining in FY2013 by \$9.7 million to \$286.6 million.

¹ In addition, separate from the block grants, CPS received a one-time \$10 million state grant to support early childhood programs in FY2012; thus, the total reduction in state early childhood funding is \$19 million.

Combined, the state and federal sources are declining by a total of \$114 million.

However, CPS has historically carried over federal funding from one year to the next. In FY2013, \$33 million of these carryover funds will be used, making the Title I budgeted revenue \$320 million. Similarly, carryover funds are used for the federal Title II program and Individuals with Disabilities Education Act, among others, as detailed in the Revenue chapter. Thus, the use of carryover funds – a one-time action to offset these declines – masks the drop in federal revenue CPS is receiving.

More pressure on local resources: Shortfalls in state funding and reductions in federal funding mean CPS must turn to local property taxes to support core operations, increasing property taxes once again. Under the FY2013 budget proposal, an average homeowner with a \$250,000 home in Chicago will pay \$28 more in property taxes per year, money that will allow CPS to invest in programs that ensure children in every community have access to a high-quality education to prepare them for college and career.

However, this increase just offsets other losses. The property tax increase generates \$62 million in new revenue for FY2013², but does not reflect an incremental increase over FY2012 due to timing issues; therefore, property tax revenue is shown as essentially level with FY2012.

In total, despite taking all possible steps to maximize revenue, CPS will again have less revenue for operating expenses in FY2013 than it did in the prior year.

Budget relies on one-time revenues: Despite the steps CPS has taken to increase revenues and make deep expense cuts, the FY2013 budget still projects a \$431.8 million shortfall. Fortunately, CPS has carefully managed its expenditures in recent years, building reserves to be used in times of financial stress. In FY2013, we will tap into those reserves. As described more fully in the Fund Balance Statement chapter, the proposed budget relies on *all* \$349 million of unrestricted fund balance, draws down \$25 million of restricted fund balance for security and tort-related expenses and reallocates to schools the projected \$57.8 million of state discretionary funding they did not spend in FY2012 (as discussed above in “FY2012 Performance better than budget”). This creates challenges for FY2014, but we felt we had to use all available resources to invest in helping children access a high-quality education rather than sitting on funds for another “rainy day.”

FY2013 SUMMARY INFORMATION

While detailed information is available in various chapters of this document and on the website, below we summarize some of the key comparisons for the FY2013 budget.

Table 8 provides a high-level overview of the FY2012 budget, expenditures and the proposed FY2013 budget by top-level organization. Table 9 provides positions counts for these same units. As described in the Organizational Overview chapter and shown in the organization chart, these units represent the top level of the organization; all other areas report up through these.

² Property taxes are paid on a calendar year basis, while CPS’ budget is on a fiscal year basis. Therefore, the calendar year 2012 property tax increase is \$41 million but the impact on the fiscal year budget is \$62 million.

Table 8: Budget by Top Level Organization

Department Name	FY2012 Adopted Budget	FY2012 Ending Budget	FY2012 Estimated Expenditures	FY2013 Proposed Budget
Board of Education	2,566,823	2,072,046	1,159,484	1,239,955
Inspector General	1,919,618	1,812,909	1,487,979	1,824,744
Office of Law Total	13,005,167	12,665,093	11,987,766	13,197,749
Chief Executive Officer	1,032,200	835,641	838,334	316,423
Chief of Staff Total	2,574,582	2,314,355	2,192,470	3,037,981
Chief Education Officer Total	503,888,244	531,097,297	447,425,891	515,920,108
Chief Administrative Office Total	643,271,942	810,194,034	721,118,975	885,871,430
Communications Office Total	1,992,763	2,007,495	1,620,347	2,361,322
Office of Strategy Management	--	--	--	1,212,236
Accountability Total	5,608,569	4,109,209	3,178,065	4,284,158
Portfolio Office Total	6,623,948	7,937,987	6,461,284	88,381,839
Public and Community Affairs Total	5,660,278	6,899,903	5,985,168	7,787,166
Talent Office Total	45,868,765	42,052,603	34,020,403	46,089,655
Network Support	1,303,726	2,584,172	1,340,289	311,568
Network Offices Total	35,990,005	31,537,969	25,904,391	34,084,527
School Collaboratives Total	3,838,903,370	3,652,083,585	3,566,624,098	3,556,359,139
TOTAL	5,110,210,000	5,110,204,300	4,831,344,944	5,162,280,000

There are several areas from the table above that warrant further explanation:

Chief Administrative Office: This area includes major operational departments such as Facilities Operations and Maintenance, Nutrition Support Services, Transportation, and Finance, among others. The FY2013 budget appears to be approximately \$75 million higher than the FY2012 budget. However, the increase is primarily in the Facilities Operations and Maintenance department, where we moved 700 engineer positions (\$70 million) and have budgeted them centrally, rather than in individual school budgets. Similarly, we have shifted responsibility for snow removal and other repairs from the school budgets to the Facilities department. After significant savings in this area through centralization, we reduced costs to \$20 million. Therefore, the \$75 million increase can be explained by this shift in Facilities, offset by reductions in other areas. By viewing the interactive budget website, you can review the specific details by department.

Portfolio Office: The Portfolio Office was created in FY2012, with the responsibility of ensuring that every student has access to high-quality school options. Several key responsibilities were shifted to Portfolio during FY2012, including responsibility for managing school actions like turnaround, closings and phase-outs, among others. Since each of these actions requires investments, funding has been included in FY2013 for the first time. Previously, these costs were held in a “contingency” account rather than with the responsible department. Therefore, what appears to be a substantial increase is primarily a shift in expenditures.

Talent Office: The Talent Office is responsible for ensuring CPS has a high-quality workforce. One of the key FY2013 initiatives is implementation of a new teacher evaluation system. Approximately \$10 million

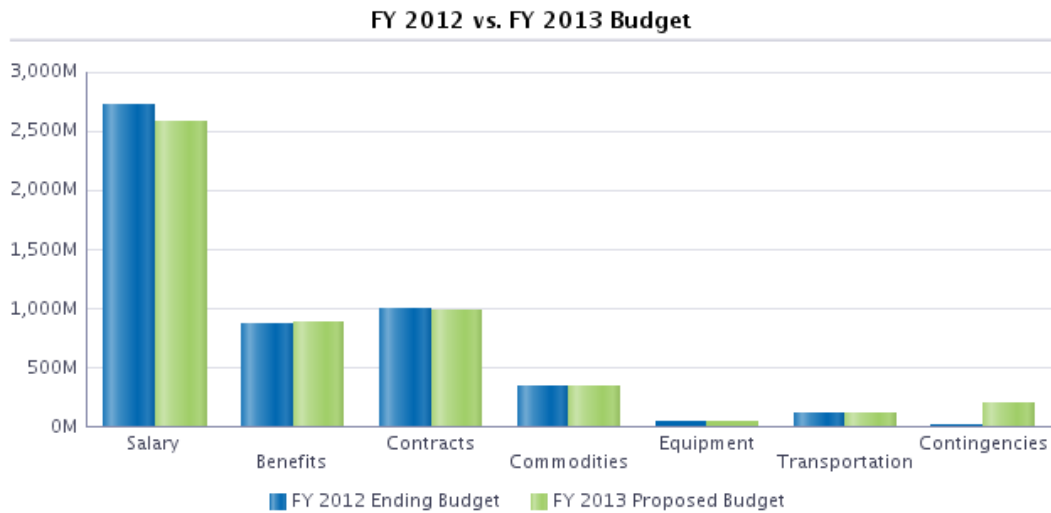
is included in the Talent Office budget in FY2013 to support this implementation. In addition, \$1 million is included to increase the number of principal interns, improving our pipeline of high-quality school leaders. Other reductions offset the increase.

School Collaboratives: School Collaboratives represent the total of the school budgets. While we have continued to increase investment in schools by adding things like the College Ready Fund, it seems counterintuitive that these budgets in aggregate would go down. A significant reason for the decrease is the shift of facility costs from the schools to the Facilities Operations and Maintenance department, as described above. This represents an approximately \$90 million reduction in school budgets offset by the increase in the Facilities department budget.

Table 9: Position Counts

Unit Name	FY2012 Budgeted Positions	FY2012 Actual Positions	FY2013 Proposed Positions
Board of Education	15	10	8
Inspector General	17	17	17
Office of Law Total	76	76	76
Chief Executive Officer	8	7	1
Chief of Staff Total	21	20	26
Chief Education Officer Total	2,259	2,241	2,233
Chief Administrative Office Total	1,256	1,190	1,850
Communications Office Total	9	19	20
Office of Strategy Management	--	--	TBD
Accountability Total	43	29	26
Portfolio Office Total	44	74	68
Public and Community Affairs Total	39	51	50
Talent Office Total	256	181	275
Network Support	6	5	2
Network Offices Total	280	218	223
School Collaboratives Total	35,729	36,531	35,481
TOTAL	40,057	40,667	40,355

Chart 2: Budget Primarily Spent on Salaries and Benefits



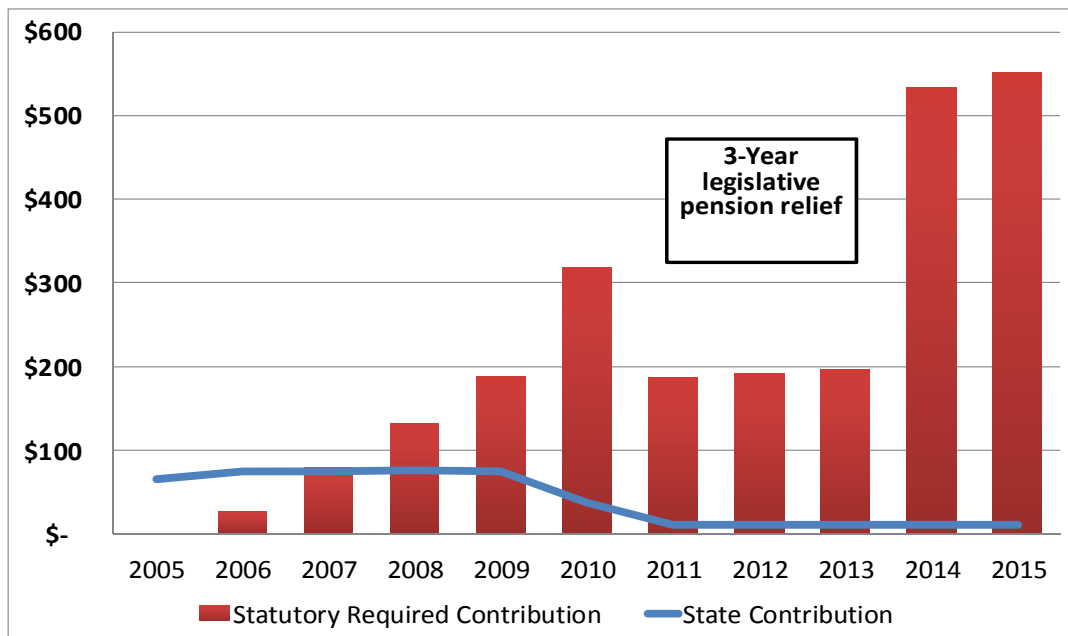
Account Group	FY2012 Adopted Budget	FY 2012 Ending Budget	FY2012 Expenditures	FY2013 Proposed Budget
Salary	2,711,627,094	2,719,698,180	2,615,836,901	2,572,441,322
Benefits	871,982,054	865,579,450	877,944,631	887,755,583
Contracts	945,196,829	1,000,889,134	909,785,525	982,520,005
Commodities	330,988,163	348,068,724	281,590,829	346,211,422
Equipment	33,881,299	43,927,952	34,961,171	47,835,583
Transportation	110,253,631	117,210,993	111,194,217	121,608,512
Contingencies	106,280,930	14,829,868	31,670	203,907,573
Grand Total	5,110,210,000	5,110,204,300	4,831,344,944	5,162,280,000

Note: FY2012 Ending Budget and Expenditures are as of 6/24/2012.

FY2014 AND BEYOND

The challenge of pensions: As discussed fully in the Pension chapter, the growing cost of employee pensions places a huge financial burden on CPS. Although CPS's required contribution to the Chicago Teachers Pension Fund (which covers all CPS teachers and others with teaching certificates, such as principals) is budgeted at \$196 million for FY2013, this level is artificially low. As seen in Chart 2, for three years ending in FY2013, CPS has had its pension contribution set by statute at a fixed rate. When this legislative relief ends, the pension contribution will jump to an estimated \$534 million, an increase of \$338 million from FY2013. Pension contributions continue to grow each year. This huge growth in pension costs threatens to crowd out core spending on classrooms. CPS will work closely with the General Assembly and stakeholders to make reforms so that the pension fund remains viable without threatening the classroom.

Chart 3: CPS’s Statutorily Required Employer Contributions to CTPF jumps dramatically in FY2014



The challenge of declining revenues and increasing costs means a \$1 billion deficit in FY14: As discussed above, due to the recession of 2008, state funding has been on a steady decline. Both General State Aid and block grants have declined each year since FY2010. Given the state’s fiscal challenges, it is unlikely this pattern will change in the near future. Federal revenues are also decreasing, as the formulas that drive resource allocation shift resources elsewhere in the nation and mandatory cuts at the federal level are poised to go into effect. This shifts the burden to local taxpayers, who are already struggling with the challenging economy and declining property values. Moreover, even without this taxpayer burden, the amount property taxes can be increased is limited by law. On the revenue side, CPS has very little flexibility to manage its budget.

However, costs continue to increase. Pension costs –as described more fully in the Pensions chapter – will go up and debt service costs will continue to climb, even with the modest five-year capital plan described in the Capital chapter. In the operating budget, salaries are the largest expense, making up \$2.6 billion (50 percent) of the \$5.2 billion proposed FY2013 budget. When benefits are included, 67 percent of the budget (\$3.5 billion) covers compensation and related costs. Food costs for school meals, building maintenance, transportation, charter school tuition payments, community-based education supports and early childhood providers, among others, make up the balance of the budget.

Finally, despite the cuts made in the budget in both FY2012 and FY2013, we will be forced to use significant one-time resources in FY2013, creating even greater challenges for FY2014. As a preliminary estimate, CPS is projecting the FY2014 deficit at approximately \$1 billion.

Opportunities for the future: CPS is prepared to confront the financial challenges facing it and to use these challenges as an opportunity to rethink how it can best provide a high-quality educational opportunity for every child to ensure he or she graduates college and career ready.

SUMMARY TABLES

The sections that follow provide summary financial information:

- Attachment 1: Estimated Balance Sheet – Governmental Funds
- Attachment 2: All Funds, Statement of Revenues, Expenditures and Changes in Fund Balance
- Attachment 3: General Operating Funds, Statement of Revenues, Expenditures and Changes in Fund Balance
- Attachment 4: General Fund, Statement of Revenues, Expenditures and Changes in Fund Balance
- Attachment 5: FY2013 All Funds Revenue Summary
- Attachment 6: FY2013 Special Revenue Funds Revenue Summary
- Attachment 7: FY2013 Appropriations by Function and Organizational Level

In addition, other chapters provide detailed information on major components of the budget and the district:

- Reader's Guide and Fund Descriptions
- Revenue
- School Budgets
- Departments
- Pensions
- Capital Budget
- Debt Management
- Organizational Overview
- Organizational Chart
- Fund Balance Statement
- Fund Descriptions

Appendices contain additional useful information:

- Appendix A: District and Community Demographics
- Appendix B: School Funding Formula
- Appendix C: Historical Revenue/Expenditure Tables
- Appendix D: Budget Process
- Appendix E: Financial Policies
- Appendix F: Glossary

For the first time ever, CPS is also making detailed budget information available on an interactive website: <http://www.cps.edu/fy13budget/>

Attachment 1
Chicago Public Schools
Chicago Board of Education
ESTIMATED BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

(Millions of Dollars)	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	TOTAL Memorandum Only
CURRENT ASSETS:					
Cash and Investments	\$ 1,261.0	\$ -	\$ -	\$ 259.5	\$ 1,520.5
Cash and Investments in Escrow	5.3	0.4	233.8	316.2	555.7
Cash and Investment in School Accounts	35.8	-	-	-	35.8
Property Taxes Receivables	913.4	41.3	-	19.4	974.1
Replacement Taxes Receivables	26.7	-	-	-	26.7
State, Federal, & Other Receivables	736.2	286.6	2.3	-	1,025.1
Due from Other Funds	49.6	174.1	-	-	223.7
Other Assets	4.6	-	-	-	4.6
Total Assets	\$3,032.6	\$502.4	\$236.1	\$595.1	\$4,366.2
CURRENT LIABILITIES:					
Accounts Payable	581.4	29.4	67.3	-	678.1
Accrued Payroll & Benefits	438.5	93.5	-	-	532.0
Amount Held for Student Activities	35.8	-	-	-	35.8
Deferred Property Taxes	913.4	41.3	-	19.4	974.1
Other Deferred Revenue	624.4	119.3	5.0	-	748.7
Due to Other Funds	27.5	-	49.6	-	77.1
Total Liabilities	\$2,621.0	\$283.5	\$121.9	\$19.4	\$3,045.8
FUND BALANCE:					
Nonspendable Fund Balance	\$ 1.5	\$ 0.5	\$ -	\$ -	\$ 2.0
Restricted for grants & donation	-	130.9	-	-	130.9
Restricted for debt service	-	-	-	316.2	316.2
Restricted for workers' compensation	-	87.5	-	-	87.5
Restricted for capital improvement	-	-	114.2	-	114.2
Assigned to debt service	-	-	-	259.5	259.5
Assigned to obligations	61.1	-	-	-	61.1
Assigned to Stabilization Fund	-	-	-	-	-
Assigned to appropriated fund balance	349.0	-	-	-	349.0
Unassigned Fund Balance	-	-	-	-	-
Total Fund Balance	\$411.6	\$218.9	\$114.2	\$575.7	\$1,320.4
Total Liabilities and Fund Balance	\$3,032.6	\$502.4	\$236.1	\$595.1	\$4,366.1

Attachment 2
Chicago Public Schools
FY2013 Budget for All Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
(In Millions)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Debt Service Funds</u>	<u>Total All Funds</u>
Estimated Fund Balance: Beginning					
Nonspendable Fund Balance	1.5	0.5	-	-	2.0
Restricted Fund Balance	-	218.4	114.2	316.2	648.8
Assigned Fund Balance	61.1	-	-	259.5	320.6
Unassigned Fund Balance	349.0	-	-	-	349.0
Estimated Total Fund Balance	\$ 411.6	\$ 218.9	\$ 114.2	\$ 575.7	\$ 1,320.4
REVENUE:					
Local	\$ 2,184.1	\$ 112.3	\$ 41.0	\$ 202.9	\$ 2,540.4
State	1,110.0	413.3	60.9	267.3	1,851.4
Federal	75.5	835.3	-	26.8	937.7
Total Revenues	\$ 3,369.6	\$ 1,360.9	\$ 101.9	\$ 497.1	\$ 5,329.4
APPROPRIATIONS:					
Teacher Salaries	\$ 1,609.0	\$ 334.5	\$ -	\$ -	\$ 1,943.5
Ed Support Personnel Salaries	370.5	258.2	-	-	628.7
Employee Benefits	670.0	217.7	-	-	887.7
Subtotal Compensation	\$ 2,649.5	\$ 810.5	\$ -	\$ -	\$ 3,459.9
Commodities & Utilities	143.0	203.2	\$ -	\$ -	\$ 346.2
Contractual / Prof Svc / Tuition	810.5	243.4	-	8.6	1,062.5
Capital Outlay/Equipment/Repair	69.7	15.3	169.8	-	254.8
Debt Service	-	-	-	385.9	385.9
Contingency and Other	45.9	171.4	-	-	217.3
Subtotal Non-Compensation	\$ 1,069.1	\$ 633.2	\$ 169.8	\$ 394.5	\$ 2,266.7
Total Appropriations	\$ 3,718.6	\$ 1,443.7	\$ 169.8	\$ 394.5	\$ 5,726.6
Bond Issues	\$ -	\$ -	\$ 500.0	\$ -	\$ 500.0
Net Change in Fund Balance	\$ (349.0)	\$ (82.8)	\$ 432.1	\$ 102.5	\$ 102.8
Fund Balance: beginning of year	\$ 411.6	\$ 218.9	\$ 114.2	\$ 575.7	\$ 1,320.4
Fund Balance: end of year	\$ 62.6	\$ 136.1	\$ 546.3	\$ 678.2	\$ 1,423.2
Fund Balance Breakdown: End of Year					
Nonspendable Fund Balance	1.5	0.5	-	-	2.0
Restricted Fund Balance	-	135.6	546.3	432.1	1,114.0
Assigned to Specific Purposes	61.1	-	-	246.1	307.2
Assigned to Stabilization Fund	-	-	-	-	-
Unassigned Fund Balance	-	-	-	-	-
Total Fund Balance	\$ 62.6	\$ 136.1	\$ 546.3	\$ 678.2	\$ 1,423.2

Attachment 3
General Operating Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget Comparison: FY2011 - FY2013
(In Millions)

	FY2011 AUDITED ACTUAL	FY2012 FINAL BUDGET	FY2012 YEAR-END ESTIMATE	FY2013 FINAL BUDGET
REVENUES:				
Property Taxes	\$ 1,904.2	\$ 2,038.0	\$ 2,053.4	\$ 2,052.8
Replacement Taxes	172.4	103.6	120.4	105.7
Misc. Revenue & Non-Revenue Sources	223.3	131.0	119.5	137.9
Total Local Revenue	\$ 2,299.9	\$ 2,272.6	\$ 2,293.2	\$ 2,296.4
General State Aid	924.4	955.1	970.8	862.8
State Aid Pension	43.0	10.4	10.4	10.9
Other State Revenue	727.2	653.7	659.4	649.5
Total State Revenue	\$ 1,694.6	\$ 1,619.2	\$ 1,640.6	\$ 1,523.2
Federal Aid: ESEA Title IA, ID, V-A	271.8	340.3	240.1	326.2
Lunchroom and Medicaid	248.0	248.2	262.2	254.7
Federal Special Education	88.1	106.2	88.5	100.4
Federal Ed Jobs Program	-	48.2	48.3	-
Federal Stimulus Funds (ARRA)	309.3	2.1	32.2	-
Federal Revenue - Other	204.2	232.4	156.3	229.6
Total Federal Revenue	\$ 1,121.4	\$ 977.3	\$ 827.5	\$ 910.9
Total Revenue	\$ 5,115.9	\$ 4,869.1	\$ 4,761.4	\$ 4,730.5
Teacher Salaries	2,023.5	2,069.7	2,012.5	1,943.5
Ed Support Personnel Salaries	610.7	656.3	625.2	628.7
Employee Benefits	845.0	865.3	843.1	887.7
Total Employee Compensation	\$ 3,479.2	\$ 3,591.3	\$ 3,480.8	\$ 3,459.9
Commodities & Utilities	299.0	334.8	288.5	346.2
Contractual/Professional Services/Tuition	1,026.1	1,067.3	1,011.4	1,053.8
Equipment / Capital Outlay	41.9	43.1	37.6	47.8
Building Repair & Material	37.4	39.6	35.3	37.2
Other Charges / Interfund Cost	26.3	34.1	22.2	217.3
Total Non-Compensation	\$ 1,430.7	\$ 1,518.9	\$ 1,395.1	\$ 1,702.4
Total Appropriations	\$ 4,909.9	\$ 5,110.2	\$ 4,875.9	\$ 5,162.3
Revenues less Expenditures	\$ 206.0	\$ (241.1)	\$ (114.6)	\$ (431.8)
Other Financing Sources	\$ 109.8	\$ -	\$ 4.6	\$ -
Net Change in Fund Balance	\$ 315.8	\$ (241.1)	\$ (109.9)	\$ (431.8)
Fund Balance - beginning of year	\$ 424.6	\$ 713.1	\$ 740.4	\$ 630.5
Fund Balance - end of year	\$ 740.4	\$ 472.0	\$ 630.5	\$ 198.7
Fund Balance Breakdown:				
Nonspendable/Restricted	219.9	137.6	220.4	137.6
Assigned to Encumbrance	44.9	45.4	61.1	61.1
Assigned for Educational services	289.0	289.0	-	-
Assigned for appropriations	181.3	-	349.0	-
Unassigned Fund Balance	5.3	-	-	-
Total Fund Balance: End of Year	\$ 740.4	\$ 472.0	\$ 630.5	\$ 198.7

Attachment 4

General Fund**Statement of Revenues, Expenditures, and Changes in Fund Balances****Budget Comparison: FY2011 - FY2013**

(In Millions)

	FY2011 AUDITED ACTUAL	FY2012 FINAL BUDGET	FY2012 YEAR-END ESTIMATE	FY2013 FINAL BUDGET
REVENUES:				
Property Taxes	\$ 1,818.2	\$ 1,956.8	\$ 1,973.4	\$ 1,995.1
Replacement Taxes	168.5	76.8	94.9	74.7
Misc. Revenue & Non-Revenue Sources	198.2	107.9	96.4	114.3
Total Local Revenue	\$ 2,184.9	\$ 2,141.5	\$ 2,164.7	\$ 2,184.1
General State Aid	663.4	694.1	709.8	601.8
State Aid Pension	35.7	10.2	10.0	10.6
Other State Revenue	699.4	632.3	638.6	497.6
Total State Revenue	\$ 1,398.5	\$ 1,336.5	\$ 1,358.4	\$ 1,110.0
Federal Stabilization Funds	-	-	-	-
Medicaid Reimbursement	72.3	60.0	83.7	57.0
Federal Revenue - Other	29.1	18.4	18.5	18.5
Total Federal Revenue	\$ 101.4	\$ 78.4	\$ 102.2	\$ 75.5
Total Revenue	\$ 3,684.8	\$ 3,556.4	\$ 3,625.3	\$ 3,369.6
APPROPRIATIONS:				
Teacher Salaries	\$ 1,557.8	\$ 1,689.2	\$ 1,672.3	\$ 1,609.0
Ed Support Personnel Salaries	335.2	391.8	375.7	370.5
Other Employee Benefits	601.9	669.3	653.1	670.0
Total Employee Compensation	\$ 2,494.9	\$ 2,750.3	\$ 2,701.1	\$ 2,649.5
Commodities & Utilities	137.5	142.1	138.6	143.0
Contractual/Professional Services/Tuition	788.8	815.9	790.1	810.5
Educational Equipment	14.9	17.8	15.8	34.7
Building Repair & Material	34.6	36.5	32.7	35.0
Other Charges / Interfund Cost	14.4	(24.9)	4.5	45.9
Total Non-Compensation	\$ 990	\$ 987	\$ 982	\$ 1,069
Total Appropriations	\$ 3,485.1	\$ 3,737.7	\$ 3,682.8	\$ 3,718.6
Revenue in excess of Expenditure	\$ 199.7	\$ (181.3)	\$ (57.5)	\$ (349.0)
Other Financing Sources	\$ 109.8	\$ -	\$ (59.9)	\$ -
Total Fund Balance-beginning	\$ 372.8	\$ 520.7	\$ 529.1	\$ 411.6
Total Fund Balance- end of year	\$ 529.1	\$ 339.4	\$ 411.6	\$ 62.6
Fund Balance Breakdown:				
Nonspendable/restricted	8.6	5.0	1.5	1.5
Assigned for Encumbrance	44.9	45.4	61.1	61.1
Assigned for Educational services	289.0	289.0	-	-
Assigned for appropriation	181.3	-	349.0	-
Unassigned Fund Balance	5.3	-	-	-
Total Fund Balance: End of Year	\$ 529.1	\$ 339.4	\$ 411.6	\$ 62.6

Attachment 5
FY2013 ALL FUNDS REVENUE SUMMARY
BY GOVERNMENTAL FUND TYPE
ON AN ACCRUAL BASIS
(IN THOUSANDS OF DOLLARS)

	REVENUES FOR ALL FUNDS				
	General Operating Funds		Capital	Debt	All Funds
	General Fund	Special Revenue	Projects	Service	Total
Fund Balance To Be Appropriated	\$ 349,000	\$ 82,800		\$ 13,390	\$ 445,190
LOCAL REVENUE:					
PROPERTY TAXES	1,995,100	57,700	-	53,171	2,105,971
REPLACEMENT TAXES	74,730	31,000	-	57,672	163,402
INTEREST ON INVESTMENTS	3,300	200	1,000	-	4,500
OTHER MISC REVENUES	110,979	23,400	40,000	92,106	266,485
TOTAL MISCELLANEOUS	114,279	23,600	41,000	92,106	270,985
TOTAL LOCAL REVENUE	2,184,109	112,300	41,000	202,949	2,540,358
STATE REVENUE:					
GENERAL STATE AID	601,779	261,000	-	213,173	1,075,952
STATE PENSION AID	10,550	381	-	-	10,931
STATE BILINGUAL ED	-	24,000	-	-	24,000
BLOCK GRANTS: ED SVC & GEN ED	464,628	121,557	-	-	586,185
VOCATIONAL EDUCATION	-	4,872	-	-	4,872
DRIVERS EDUCATION	3,100	-	-	-	3,100
ORPHANAGE - SEC. 18-3	3,600	-	-	-	3,600
OTHER / CDB Construction Grant	26,300	1,465	60,900	54,100	142,765
TOTAL OTHER STATE AID	33,000	6,337	60,900	54,100	154,337
TOTAL STATE REVENUE	1,109,957	413,275	60,900	267,273	1,851,405
FEDERAL REVENUE:					
STIMULUS - ED JOBS PROGRAM	-	-	-	-	-
TITLE I-A: LOW INCOME	-	320,000	-	-	320,000
TITLE I-A: SCHOOL IMPROVEMENT	-	47,200	-	-	47,200
TITLE I-D: NEGLECTED/DELINQUENT	-	1,800	-	-	1,800
TITLE II-A: IMPROVING TEACHER	-	48,000	-	-	48,000
TITLE III-A: LANGUAGE ACQUISITION	-	12,600	-	-	12,600
TITLE IV-A: SAFE AND DRUG-FREE	-	500	-	-	500
TITLE IV-B: 21ST CENTURY COMM	-	8,000	-	-	8,000
IMPACT AID/ INDIAN EDUCATION	100	164	-	-	264
TOTAL ESEA PROGRAMS	100	438,264	-	-	438,364
SCHOOL BREAKFAST PROGRAM	-	48,900	-	-	48,900
SCHOOL LUNCH PROGRAM	-	131,200	-	-	131,200
DONATED FOOD	-	12,700	-	-	12,700
CHILD CARE & ADULT FOOD PROGRAM	-	4,900	-	-	4,900
TOTAL CHILD NUTRITION PROGRAM	-	197,700	-	-	197,700
LEA FLOW THRU & DISCRETIONARY	-	96,000	-	-	96,000
PRE-SCHOOL GRANTS	-	2,089	-	-	2,089
PART B: ROOM AND BOARD	-	1,500	-	-	1,500
OTHER SPECIAL ED GRANTS	-	800	-	-	800
TOTAL SPECIAL EDUCATION: IDEA	-	100,389	-	-	100,389
MEDICAID	57,000	-	-	-	57,000
ROTC REIMBURSEMENT	4,000	-	-	-	4,000
HEAD START	-	42,700	-	-	42,700
RACE TO THE TOP	-	10,367	-	-	10,367
TEEN PREGNANCY PREVENTION	-	4,744	-	-	4,744
VOCATIONAL ED & J.T.P.A	-	8,107	-	-	8,107
OTHER MISCELLANEOUS GRANTS	14,400	33,069	-	26,840	74,309
TOTAL OTHER FEDERAL AID	75,400	98,986	-	26,840	201,226
TOTAL FEDERAL REVENUE	75,500	835,339	-	26,840	937,679
TOTAL REVENUES	3,369,566	1,360,914	101,900	497,062	5,329,443
OTHER FINANCING SOURCES	-	-	500,000	-	500,000
TOTAL RESOURCES	\$ 3,718,566	\$ 1,443,714	\$ 601,900	\$ 510,452	\$ 6,274,633

Attachment 6
FY2013 SPECIAL REVENUE FUNDS REVENUE SUMMARY
BY MAJOR CATEGORY
ON AN ACCRUAL BASIS
(IN THOUSANDS OF DOLLARS)

	REVENUES FOR SPECIAL REVENUE FUNDS				
	Lunch-Room	Suppl Gen St Aid	Government Funded	Work Comp Tort Liab	TOTAL
Fund Balance To Be Appropriated	\$ -	\$ 57,800	\$ -	\$ 25,000	\$ 82,800
LOCAL REVENUE:					
PROPERTY TAXES	-	-	-	57,700	57,700
REPLACEMENT TAXES	31,000	-	-	-	31,000
INTEREST ON INVESTMENTS	-	-	-	200	200
LUNCHROOM SALES	6,100	-	-	-	6,100
OTHER MISCELLANEOUS	7,400	5,800	100	4,000	17,300
TOTAL MISCELLANEOUS	13,500	5,800	100	4,200	23,600
TOTAL LOCAL REVENUE	44,500	5,800	100	61,900	112,300
STATE REVENUE:					
GENERAL STATE AID	-	261,000	-	-	261,000
STATE AID PENSION	-	371	10	-	381
STATE BILINGUAL	-	-	24,000	-	24,000
BLOCK GRANTS: ED SVC & GEN ED	7,250	-	114,307	-	121,557
VOCATIONAL EDUCATION	-	-	4,872	-	4,872
DRIVERS EDUCATION	-	-	-	-	-
ORPHANAGE - SEC. 18-3	-	-	-	-	-
OTHER MISCELLANEOUS	-	-	1,465	-	1,465
TOTAL OTHER STATE AID	-	-	6,337	-	6,337
TOTAL STATE REVENUE	7,250	261,371	144,654	-	413,275
FEDERAL REVENUE:					
ARRA - ED JOBS PROGRAM	-	-	-	-	-
ARRA - CATEGORICAL GRANTS	-	-	-	-	-
TITLE I-A: LOW INCOME	-	-	320,000	-	320,000
TITLE I-A: SCHOOL IMPROVEMENT	-	-	47,200	-	47,200
TITLE I-D: NEGLECTED/DELINQUENT	-	-	1,800	-	1,800
TITLE II-A: IMPROVING TEACHER	-	-	48,000	-	48,000
TITLE II-D: ED TECHNOLOGY	-	-	-	-	-
TITLE III-A: LANGUAGE ACQUISITION	-	-	12,600	-	12,600
TITLE IV-A: SAFE AND DRUG-FREE	-	-	500	-	500
TITLE IV-B: 21ST CENTURY COMM	-	-	8,000	-	8,000
IMPACT AID/ INDIAN EDUCATION	-	-	164	-	164
TOTAL IASA PROGRAMS	-	-	438,264	-	438,264
SCHOOL BREAKFAST PROGRAM	48,900	-	-	-	48,900
SCHOOL LUNCH PROGRAM	131,200	-	-	-	131,200
DONATED FOOD FROM THE USDA	12,700	-	-	-	12,700
CHILD CARE & ADULT FOOD PROGRAM	4,900	-	-	-	4,900
TOTAL LUNCHROOM/OTHER	197,700	-	-	-	197,700
LEA FLOW THRU & DISCRETIONARY	-	-	96,000	-	96,000
PRE-SCHOOL & DISCRETIONARY	-	-	2,089	-	2,089
IDEA PART B: ROOM AND BOARD	-	-	1,500	-	1,500
OTHER SPECIAL ED GRANTS	-	-	800	-	800
SPECIAL EDUCATION: IDEA	-	-	100,389	-	100,389
MEDICAID	-	-	-	-	-
ROTC REIMBURSEMENT	-	-	-	-	-
HEAD START	-	-	42,700	-	42,700
RACE TO THE TOP	-	-	10,367	-	10,367
STRIVING READERS	-	-	4,744	-	4,744
VOCATIONAL ED & J.T.P.A	-	-	8,107	-	8,107
TEACHER INCENTIVE FUND	-	-	-	-	-
OTHER MISCELLANEOUS GRANTS	-	-	33,069	-	33,069
TOTAL OTHER FEDERAL AID	-	-	98,986	-	98,986
TOTAL FEDERAL REVENUE	197,700	-	637,639	-	835,339
TOTAL REVENUES	249,450	267,171	782,393	61,900	1,360,914
TOTAL RESOURCES	\$ 249,450	\$ 324,971	\$ 782,393	\$ 86,900	\$ 1,443,714

Revenue

Revenue Overview

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

All Funds by Revenue Source (in Millions)

	FY2011 Actual	FY2012 Budget	FY2012 Estimated End of Year	FY2013 Budget	FY2013 vs. FY2012 Estimated
Local Revenues:					
Property Tax	\$1,936.7	\$2,089.9	\$2,106.0	\$2,106.0	\$0.0
PPRT	197.8	158.7	175.5	163.4	(12.1)
Other Local	431.0	279.7	290.0	271.0	(19.0)
Total Local	2,565.3	2,528.3	2,571.5	2,540.4	(31.1)
State Revenues:					
GSA	1,147.1	1,117.9	1,120.2	1,076.0	(44.2)
Block Grants	687.2	621.2	617.8	610.2	(7.6)
Capital	29.7	169.1	62.1	115.0	52.9
Other State	85.8	43.0	51.8	50.2	(1.6)
Total State	1,949.8	1,951.1	1,852.0	1,851.4	(0.6)
Federal:	1,144.9	1,004.2	827.5	937.7	110.2
Total Revenue	5,660.1	\$5,483.6	\$5,251.0	\$5,329.4	78.4
Bonds & Other	384.2	400.0	403.6	500.0	96.4

As discussed more fully in the Budget Overview chapter, some of the revenues CPS receives are dedicated to debt service and others for capital. What remains is available for the day-to-day operations of CPS. While FY2013 total revenues are approximately \$5.3 billion, only \$4.7 billion is available for operations.

FY2013 Revenue Sources Allocated for Debt, Capital and Operating Funds

FY2013 Revenue Source (<i>\$ in millions</i>)	Total	Amount for Debt Service	Amount for Capital	Balance for Operating Budget
Local Revenue				
Property Taxes	2,106.0	53.2		2,052.8
Personal Property Replacement Tax	163.4	57.7		105.7
Other Local Revenue	266.5	92.1	40.0	134.4
State Revenue				
General State Aid	1,076.0	213.2		862.8
State Capital Reimbursement	115.0	54.1	60.9	0
All Other Revenues	660.4			660.4
Federal Revenue	937.7	26.8		910.9
Interest Income	4.5		1.0	3.5
TOTAL REVENUES	5,329.4	497.1	101.9	4,730.5

Analysis of Operating Revenues

Revenues available for operating expenses are projected to decline by \$31 million in FY2013. Most significantly, revenues from the State of Illinois, which make up nearly 30 percent of our operating revenues, are expected to decline by over \$120 million. This is the result of two factors: cuts at the state level and increasing obligations for debt service. The state cut the amount CPS will receive in FY2013 by \$56 million. At the same time, the amount we have to set aside for debt service is increasing. Because debt service comes from state funds, this has a compounding effect: the amount of state funds decreases and we have to pay more debt service from a smaller state allocation, leaving fewer resources for operations.

As discussed more fully below, property taxes and replacement taxes are down from the prior year. As in FY2012, CPS will receive Tax Increment Financing (TIF) surplus revenue from the City of Chicago.

Looking at the aggregate federal revenue picture can be misleading. While total federal revenues are projected to increase from FY2012 Estimated End of Year, this is the result of using one-time carryover funds in FY2013. For example, CPS' allocation of Title I, its major federal revenue source, is declining in FY2013 to \$287 million from \$296 million in FY2012. However, CPS has historically carried over federal funding from one year to the next. In FY2013, \$33 million of these carryover funds will be used, making the Title I revenue estimate \$320 million. Thus, the use of carryover funds masks an actual decline in the amount of federal revenue CPS is receiving. These carryover amounts are detailed in the specific revenue discussions below.

In total, despite increasing costs and taking steps to maximize revenue, CPS will again have less revenue for operating expenses in FY2013 than it did in the prior year.

FY2013 Operating Revenues Down Compared to FY2012

Revenue	FY2012 Budget	FY2012 Estimated End of Year	FY2013 Budget	FY2013 v. FY2012 Budget
Local				
Property Tax	2,038.0	2,053.4	2,052.8	(0.6)
Replacement Tax	103.6	116.9	105.7	(11.2)
TIF	16.0	16.0	30.0	14.0
Other Local	112.9	101.3	104.3	3.1
Interest	2.1	2.1	3.5	1.4
State				
General State Aid	955.1	970.8	862.8	(108.0)
Early Childhood Education (Block Grant)	120.3	120.3	111.1	(9.2)
Other State	543.8	552.8	549.3	(3.5)
Federal				
Total Revenue	4,869.1	4,761.1	4,730.5	(30.7)

LOCAL REVENUES

Property Taxes

The FY2013 budget recommends that the Board extend property taxes up to the 1.5 percent tax cap and capture all growth from new property. Despite these increases, property tax revenues are projected to be flat at \$2,106 million for FY2013 due to the difference between the fiscal year and the calendar year

and the lower tax cap for tax year 2012. Property taxes support the General Fund, Tort Fund and Debt Service Funds.

The tax levy for the General Fund is constrained by the availability of property tax cap, statutory property tax rates, and the use of the prior-year EAV. Specifically, the General Fund tax levy cannot exceed \$4.00 per \$100 of EAV. The property tax rate for the Workers' & Unemployment Compensation/Tort Immunity Fund is not limited by law, but is subject to the tax cap.

Property tax revenues in the budget are equal to the estimated property tax cash collections from August through the end of July in each fiscal year (the one-month lag or difference from fiscal year-end of June 30th is due to our revenue recognition policy of allowing cash receipts received in July to be included in revenue). These fiscal-year collections are different from calendar-year property tax extensions because tax extensions are the total amount of property tax bills sent to taxpayers each calendar year. Allocations of the revenues are as follows: General Fund: \$1,995.1 million; Worker's & Unemployment Compensation Tort Immunity Fund: \$57.7 million; and PBC rental lease payment: \$53.2 million.

Personal Property Replacement Taxes (PPRT)

PPRT is expected to decline from \$175.5 million in FY2012 to \$163.4 million in FY2013 as a result of weakening corporate profits and several legislative changes that shifted certain costs to PPRT.

PPRT includes an additional state income tax on corporations and partnerships, a tax on businesses that sell gas or water, a 0.5percent fee on all gross charges for telecommunications services excluding wireless services, and a per-kilowatt tax on electricity distributors. The primary driver of PPRT is corporate income-tax receipts, which are closely tied to corporate profits.

The state collects and distributes PPRT to local taxing districts. Taxing districts in Cook County receive 51.7 percent of collections, which is divided among the County's taxing bodies based on each district's share of personal property collections in 1976. CPS receives 27.1 percent of the total Cook County share, which is equivalent to 14 percent of the statewide total.

Other Local Revenues

Other local revenues are budgeted at \$271 million for FY2013, a decrease of \$19 million from the FY2012 year-end estimate.

The pension payment made by the City of Chicago on behalf of CPS employees in the Municipal Employees pension fund (discussed in the Pension chapter) is estimated at \$53 million for FY2013. It is recorded as revenue as required by the governmental accounting standards board. Another \$132.1 million for capital and debt-service funds, including various intergovernmental agreements with the city, is also included in this item.

In addition, "other local revenues" include \$30 million for TIF surplus, \$10 million for school internal account funds, \$10 million in facilities fees from charter schools at CPS-owned buildings, \$14.9 million of private foundation grants and donations, \$5 million of daycare fee receipts, \$6.1 million of food sale revenues, with the remaining \$9.9 of other miscellaneous revenues.

STATE REVENUES

General State Aid (GSA)

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

Although the per pupil “foundation level” is set at \$6,119 for FY2013, the same as in the past three years, the statewide appropriation is insufficient to pay for the foundation level. Therefore, all school districts will receive 89.1percent of their GSA. As a result, GSA is estimated to decrease from \$1,120.2 million in FY2012 to \$1,076 million for FY2013.

In addition, CPS requests adjustments on prior-year GSA allocations based on property values that were subsequently reduced after the taxpayer filed a successful property tax appeal. CPS expects to receive \$16.3 million for FY2013. Combined, this will total \$1,092.3 million.

The allocation to schools of Supplemental General State Aid (poverty grant) will stay at \$261 million, consistent with statute. Debt service requires \$213.2 million and the balance of \$601.8 million will go to the General Fund.

General Education and Educational Services Block Grants

CPS receives two block grants: General Education Block Grant (GEBG) and Educational Services Block Grant (ESBG). The grant amounts are computed by multiplying the State appropriation for the programs included in the grant by the Board’s percentage share of those programs in FY1995. Although the formula didn’t change, the GEBG became categorical in FY2012 and the Bilingual Education grant became a separate categorical grant in FY2011. These amounts are shown under the same categories for historical comparison.

The FY2013 budget for block grants totals \$610.2 million, which represents a decrease of \$7.6 million from the estimated receipts of \$617.8 million in FY2012.

Because of fiscal constraints, the State has delayed payment of two block grants and other miscellaneous grants since FY2009. GASB 33 and the Board revenue-recognition rule require CPS to record receivables as revenues as long as they come in within 30 days after a fiscal year ends. The table below shows the history of the state delays.

Year Ending	July 30, 2009	July 30, 2010	July 30, 2011	July 30, 2012 (estimated)
Balance Owed (\$ in millions)	\$164.8	\$227.9	\$167.1	\$159.0

Our budget assumes that we will receive the balance of the FY2012 revenue owed plus nine months of the FY2013 revenue allocated by the State.

Other State Revenues

Other state funding includes capital funds and small categorical state grants that are not accounted for anywhere else.

- State reimbursement to CPS for educational services to children residing in state foster care, residential treatment or juvenile justice facilities is estimated at \$3.6 million
- Reimbursement for driver education will decrease to \$3.1 million
- Funding for the Career and Technical Education programs will total \$4.9 million
- Alternative education will decline to \$1 million in FY2013, which will provide academic, counseling and community service to students who are transferred to alternative schools
- The State will contribute \$10.9 million for the statutorily required teacher-pension contribution.

State Contribution for Capital

In FY2010, the state adopted a major new capital program, including funding for P-12 capital programs. CPS expects to receive \$446 million over six years. The FY2013 budget includes \$115 million for capital and \$10 million for school maintenance grants (shown in Other State Revenue at the beginning of this chapter).

- **School Construction Program:** CPS receives 20 percent of the statewide \$1.5 billion total (\$300 million) over six years. The Capital Development Board (CDB) administers capital improvement programs for local school districts. CPS received \$60.9 million from this program in FY2012; The allocation for FY2013 is estimated at \$115 million
- **School Maintenance Program:** CPS' share is \$20 million over six years; the budget assumes an allocation of \$10 million for FY2013
- **School Energy Efficiency Program:** CPS received \$4 million for FY2012; no new funds are assumed for FY2013
- **Early Childhood Construction Program:** The full \$9 million state allocation to CPS was appropriated in the FY2012 Capital Budget; no further state funding is anticipated
- **CPS Vocational Schools:** \$75 million was authorized for Chicago Vocational Career Academy and appropriated in the FY2012 Capital Budget
- **Capital Grants for Specific CPS Schools:** \$12.4 million was released in FY2011 and FY2012
- **Illinois EPA:** \$1 million is anticipated for green projects

FEDERAL REVENUES

Most federal grants require the Board to provide supplementary educational services for children from low-income or non-English speaking families or for neglected and delinquent children, from preschool through 12th grade. These grants are dedicated to specific purposes and cannot supplant local programs. Medicaid reimbursement and Impact Aid are the only federal funding that is without any restriction.

Elementary and Secondary Education Act (ESEA) (also referred to as No Child Left Behind)

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

- **Title I-A: Low Income:** Allocated based on a district's poverty count, this is the largest grant received under the No Child Left Behind Act. The grant allows the district to provide supplemental programs to improve the academic achievement of low-performing students. CPS anticipates a reduction in the formula-based Title I amount to \$286.6 million for FY2013 due to a decline in Chicago's poverty count relative to the rest of the United States. The total grant available for FY2013 is \$320 million, which includes carryover of \$33.4 million from prior years.
- **Title I-A: School Improvement Grant 1003(a):** This grant provides services for underperforming Title I schools to improve the overall academic achievement of their students. The State utilizes Title I funds to carry out its system of technical assistance and support for local educational agencies. Because of program changes by the state, the current award will decrease to \$7.2 million for FY2013.
- **Title I-A: School Improvement Grants 1003(g):** School Improvement Grants help ensure that all students are reading and doing math at grade level by 2014. Eight transformation high schools will receive \$2 million each in FY2013; four high schools will receive \$2 million each for turnaround efforts; and eight new high schools are expected to get \$2 million each for transformation. The total amount available for FY2013 is \$40 million under these grants.
- **Title I-D: Neglected/Delinquent:** This grant targets the improvement of educational services for neglected or delinquent children and youth in local and state institutions to assist them in attaining State academic achievement standards. Programs include academic tutoring, counseling and other curricular activities. The current-year allocation for FY2013 will remain flat at \$1.4 million and the anticipated carryover is estimated at \$0.4 million.
- **Title II-A: Improving Teacher Quality:** Class size reduction, recruitment and training, mentoring and other support services to improve teacher quality are funded through this grant. The current year award is estimated to stay flat at \$35.7 million in FY2013. Including the estimated carryover of \$12.3 million, the total award available for FY2013 is \$48 million.
- **Title III-A: Language Acquisition:** Support is provided to students with limited English proficiency who meet eligibility requirements. The total funding available for the Language Acquisition grant is budgeted at \$12.6 million for FY2013, which comprises the estimated current-year allocation of \$8.6 million and carryover of \$4 million.
- **Title IV-A: Safe and Drug-Free:** This grant supports violence prevention, safety and security, conflict resolution and a host of other programs. Congress eliminated the entitlement funding for this grant in FY2011 and converted the rest to competitive grants. CPS anticipates \$500,000 in competitive grant awards for FY2013.
- **Title IV-B: 21st Century Community Learning Centers:** These grants provide opportunities for communities to establish schools as community learning centers and provide activities after-school and evening hours. For FY2013, CPS estimates a grant award of \$8 million, a slight increase over \$7.5 million for FY2012.
- **Title VII-A: Indian Education:** Funds from this grant are used to meet educational and culturally-related academic needs of American Indian and Alaska Native students. Funds for FY2013 are expected to remain level at \$164,000.

- **Title VIII: Impact Aid:** This grant offsets lost revenue from federal acquisition of real property. The Impact Aid is expected to stay flat at \$100,000 in FY2013, based on the declining number of students from public housing in Chicago.

Individuals with Disabilities Education Act (IDEA)

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

The IDEA grants include a number of programs. Part B flow-through is the largest IDEA grant, which is allocated based on a formula established by the State. The estimated award for the flow-through formula grant totals \$96 million, which consists of \$91.5 million of current-year funding and \$4.5 million of carry-overs. Room and board reimbursement for students attending special facilities outside of Chicago is estimated at \$1.5 million. The Part B Preschool grant offers both formula and competitive grants for special education programs for children ages 3-5 with disabilities. These preschool programs are expected to have \$1.6 million from the formula grant (\$1.2 million of FY2013 allocation plus \$400,000 of carry-over) and \$500,000 from a competitive grant for FY2013. Including small competitive grants and carryovers from the previous year, total IDEA funding equals \$100.4 million for FY2013.

Meal Reimbursement for National School Lunch Programs

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

As a result of ten more pupil attendance days for FY2013, federal reimbursements are projected to increase from \$182.5 million in FY2012 to \$197.7 million in FY2013. These revenues include:

- \$131.2 million from school lunches
- \$48.9 million from breakfast programs
- \$12.7 million of donated food from the U.S. Department of Agriculture
- \$4.9 million from after-school dinner programs

These reimbursement revenues are not sufficient to fully support the program; thus, an additional \$31 million will be provided from local revenues for FY2013.

Medicaid Reimbursement

CPS provides a variety of medical services to students with disabilities such as speech therapy, physical therapy, occupational therapy, mental health service and special transportation. CPS qualifies for Medicaid reimbursement for these covered medical services and the costs of administrative outreach activities provided to eligible students.

Effective FY2009, the Illinois Department of Healthcare and Family Services started applying cost-based rates to Medicaid reimbursement. As these new rates are retroactive to FY2004, CPS saw temporary increases in Medicaid reimbursement through FY2012. The FY2012 revenues of \$83.7 million reflect receipts of retroactive rate adjustments to previous claims. Starting FY2013, Medicaid revenues are expected to decline to the normal level of \$57 million in FY2013.

Other Federal Grants

Other Federal Grants include competitive grants for other specific purposes. Below is a brief description of major grants under this category:

- **Head Start:** The United States Department of Health and Human Services provides funds for the Head Start program, which focuses on educating children from birth to 5 years old who are in low-income families. The program provides comprehensive education, health, nutrition and parent involvement services to these children. CPS Head Start programs are funded through the City of Chicago. The FY2013 award for Head Start stays flat at \$42.7 million.
- **Carl D. Perkins:** This grant was established to develop academic and technical skills for career opportunities, specific job training and occupational retraining. This grant targets students in secondary and post-secondary education. The Perkins formula grant is anticipated to decline to \$6.1 million as a result of decreased poverty rates. With the estimated \$2 million carryover, the total grant will provide \$8.1 million for the program.
- **Race-to-the Top:** The FY2013 allocation of \$10.4 million will allow CPS to integrate and analyze data collection; create science, technology, engineering and math programs; and train teachers on the CPS framework for teaching.
- **Smaller Learning Community Grants:** The grants are used to implement smaller high schools to improve academic achievement, graduation rates and the learning climate and culture. Congress eliminated this grant; the total award remaining for the last year of the grant is \$2.9 million.
- **E-Rate Subsidy.** \$14 million is included from this program, which provides discounts to assist schools and libraries to obtain affordable telecommunications and Internet access.

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

CPS elected to receive a direct subsidy payment of \$26.8 million in FY2013 from the federal government for these two types of federally-subsidized bonds. This is discussed more fully in the Debt Management chapter.

School Budgets

CEO Jean-Claude Brizard has identified principal autonomy as a key lever for change at CPS. Principals know their schools, and it is critical that they be given freedom to run their schools and to be held accountable for their results. This year's school budgets reflect CPS's commitment to empowering principals to drive student learning by providing schools with more funding to use at their discretion.

We have made significant cuts to operations and administrative spending while devolving centrally-run programs and others to help provide schools with over \$130 million in additional discretionary funding; this will give principals and local schools communities the flexibility to design a school day and year that best meets the needs of their students.

For the first time ever, the Office of Budget and Grants Management—in conjunction with the School Support Centers—presented budgets to principals through a series of interactive, in-person meetings. At these meetings, principals were given an overview of the fiscal outlook for CPS and the underlying approach to the budget for FY2013. Principals received their school budgets, and subject matter experts were present to answer questions and talk through changes with principals.

The principles for the FY2013 schools budgets are as follows:

- Invest in programs that drive student learning
- Direct more funding to schools
- Give principals increased flexibility in how to allocate resources

Investing in classrooms

Despite the significant financial challenges facing the district, we are not increasing class size and keeping it at the same level as in FY2012:

Grade Level	FY2012 Class Size	FY2013 Class Size
Kindergarten	28	28
Primary (Grades 1-3)	28	28
Intermediate/Upper (Grades 4-8)	31	31
High School – Core Subjects	28	28
High School – Electives	31	31

Directing more funding to schools

In the FY2013 budget, we have significantly increased the amount of discretionary funds going to schools.

We introduced the College Ready fund, which rolled out \$100 million in flexible funds to be used at principals' discretion to design a school day that best supports student learning. More than \$70 million in new funding was added to support instructional priorities, such as Common Core State Standards, teacher evaluation, and the Full School Day. The College Ready fund includes the \$30 million in funding that has traditionally been allocated to schools for non-personnel items, such as books, supplies, furniture, equipment and repairs.

In addition, we increased the amount of federal Title I discretionary funds allocated to schools by \$30 million and provided an additional one-time \$27 million in Supplemental General State Aid (SGSA) funds on top of the annual \$261 million that schools typically receive.

Giving principals increased flexibility in use of funds

College Ready funds were given to schools in one lump sum, giving principals the flexibility to allocate funds in a way they best believe will drive student achievement. We moved away from the past practice of placing specific amounts in budget lines that restricted how principals could use funding. Schools have different needs, and principals and local school communities – not the central office – are in the best position to make decisions regarding how to allocate resources to address the particular needs of their schools.

We also increased Title I discretionary funding \$30 million by eliminating Title I programs that were unnecessary, ineffective or would simply be managed better at the Network or school level.

SCHOOL BUDGET OVERVIEW

The FY2013 contains over \$3.5 billion budget at school units, including almost \$2 billion in funding for core education instruction at 682 schools. The following charts show how funds and positions are allocated among the major school types and across the main program areas:

FY2013 School Budgets (in \$000's)	Core Instruction	Special Education	Bilingual	Early Childhood	Other Programs	Discretionary	Operations	Total
Quota Elementary	\$1,011,980	\$299,938	\$25,390	\$77,366	\$99,346	\$338,381	\$124,114	\$1,976,516
Quota High School	448,359	116,520	4,909	166	37,414	103,439	51,104	761,912
Performance	79,144	17,284	417	3,468	7,456	21,754	9,037	138,559
Per-pupil Pilot	40,167	8,669	1,140	2,393	1,924	10,447	3,593	68,334
Charter/Contract	380,618	40,709	0	0	4,702	53,169	3,676	482,874
Specialty	11,680	41,115	454	3,587	215	3,161	2,536	62,747
Alternative School	19,438	3,901	91	0	3,834	1,484	542	29,291
Achievement Acad.	3,035	589	0	0	0	1,272	372	5,269
Non-Public School	0	4,077	0	0	17,244	0	0	21,321
General	0	0	0	0	9	14	9,513	9,536
Total	1,994,422	532,802	32,401	86,981	172,145	533,121	204,487	3,556,359

FY2013 Positions at Schools	Core Instruction	Special Education	Bilingual	Early Childhood	Other Programs	Discretionary	Operations	Total
Quota Elementary	10,145.4	4,060.4	253.0	1,039.7	1,100.4	3,018.7	3,234.1	22,851.7
Quota High School	4,591.6	1,401.3	51.5	2.0	391.1	1,009.8	1,220.2	8,667.5
Performance	884.3	244.7	4.0	48.0	79.8	202.1	227.6	1,690.5
Per-pupil Pilot	382.3	120.4	10.5	31.0	22.0	102.3	90.6	759.0
Charter/Contract	0.0	0.0	0.0	0.0	0.0	0.0	116.0	116.0
Specialty	188.1	575.3	5.0	47.5	4.0	5.0	56.8	881.7
Alternative School	119.1	37.5	1.5	0.0	28.9	4.0	14.0	205.0
Achievement Acad.	36.0	6.0	0.0	0.0	0.0	15.0	8.0	65.0
Non-Public School	0.0	0.0	0.0	0.0	31.5	0.0	0.0	31.5
General	0.0	0.0	0.0	0.0	0.0	0.0	213.0	213.0
Total	16,346.8	6,445.6	325.5	1,168.2	1,657.6	4,356.9	5,180.3	35,480.9

SCHOOL TYPES

For budgeting purposes, we separate schools into eight categories based on how core instruction is funded in each type of school: quota elementary schools, quota high schools, performance schools, per-pupil pilot schools, charter/contract schools, specialty schools, alternative schools, and achievement academies.

Quota Elementary Schools

Quota elementary schools are Pre-K to 8th grade schools that are funded using quota formulas. The formulas ensure that all schools receive an equitable share of positions based on enrollment. A description of the specific quota allocation method for elementary schools can be found in Appendix B.

The following positions are allocated to schools by quota:

- Classroom teachers
- Art/Music teachers
- PE/Librarian teachers
- School Counselors
- School Clerks

Elementary schools also receive funding for one principal and one teaching assistant principal.

The FY2013 budget includes just over \$1 billion in funding for these core instruction positions at 427 quota elementary schools, serving 216,556 K-8 students. This funding includes 8,466 teacher and counselor positions. Funding for quota elementary schools is down slightly from FY2012 because the number of students has declined.

Quota Elementary Schools	FY2012 Current	FY2013 Projected
Number of schools	436	427
Number of K-8 students	224,581	216,556
Classroom teachers	7,259.5	7,027.5
Art/music/PE/librarians	1,037	1,003
School counselors	441	435.5
Total funding for core instruction	\$1,033,200,000	\$1,012,000,000

Quota High Schools

The district has 82 high schools that receive their core instruction funding from quota formulas.

The high school quota formula for classroom teachers is significantly different from the elementary formula. The high school formula acknowledges that the school day at a high school is divided into class periods, with students switching their classroom teachers after each period. The quota formula builds in the non-teaching, preparatory time given to classroom teachers (Teachers teach five classes in a seven-period day). The high school quota formulas do not include separate categories for art, music, and PE teachers; these positions are included in the allocation for classroom teachers.

In almost every case, the high school quota formulas, compared with the elementary formulas, provide more teachers for the same number of students. High schools require more resources per student.

In addition to classroom teachers, the high school quota formulas provide allocations for:

- Librarians
- School Counselors
- Assistant Principals
- School Clerks

The FY2013 budget includes \$448 million in funding for core instruction positions at 82 quota high schools, serving 82,850 students. Funding for quota high schools is down slightly from FY2012 because the number of students has declined.

Quota High Schools	FY2012	FY2013 Projected
Number of schools	81	82
Number of students	85,454	82,850
Classroom teachers	3,997.4	3,880.6
Librarians	104	101
School counselors	281	275
Assistant principals	88	84
Total funding for core instruction	\$484.9 M	\$448.4 M

Performance Schools

The district also supports 22 elementary and nine high schools that are funded on a per-pupil basis. These are district-run schools, staffed with unionized teachers and are subject to comply with all Board policies and procedures. However, their unique per-pupil funding structure allows for additional flexibility and autonomy over their general education resources.

In FY2013, the per-pupil rates will remain unchanged from FY2012, but the number of performance schools has increased by seven to a total of 31 schools, serving almost 15,000 students. The FY2013 budget includes over \$79 million in funding for core instruction for these schools.

Per-Pupil Pilot Schools

The district supports another set of 13 elementary schools that are funded on a per-pupil basis, but using a different formula from the one used by performance schools. These schools have a tiered funding structure: smaller schools have a higher per-pupil rate, and the rate decreases as the size of the school increases. This rate structure acknowledges that there is efficiency in size, and that larger schools do not need the same resources per student as small schools to be run effectively.

In FY2013, the per-pupil rates will remain unchanged and the number of per-pupil pilot schools also remains unchanged. The FY2013 budget includes \$40 million in funding for core instruction at 13 schools, serving approximately 8,600 students

The fact that there are two different per-pupil funding models is a historical accident that the district plans to end by FY 2014. Over the course of the next year, the district will evaluate per-pupil funding models with the goal of developing a single student funding model that will be used district wide.

Charter/Contract Schools

Charter and contract schools are public schools that are managed by independent operators. First established in Chicago in 1997, they offer an alternative to traditional district schools. Charter schools are approved and certified under the Illinois Charter School Law. Contract schools also are independently managed public schools with similar autonomies as charter schools in budget and curricular operations. Both charter and contract schools are targeted in areas of the city identified as those in need of high-quality education options.

The budget includes \$483 million to support 104 charter and contract schools serving approximately 53,000 students. Due to the unique operational structure of these schools, general education resources are provided to schools on a per-pupil basis.

Charter/Contract Schools	FY2012 Current	FY2013 Projected
Number of schools	95	104
Number of students	48,073	53,069
Total charter/contract funding	\$426.4 M	\$482.9 M

The FY2013 per-pupil rate for charter and contract schools was determined by the Gates Compact, a months-long effort to develop a fair funding formula to ensure that charter and contract schools were fairly funded compared to quota schools. Members of the Portfolio Office and the Office of Budget and Grants Management met with representatives from charter school operators over a series of meetings. All areas of the CPS budget were reviewed to ensure that the per-pupil rates represent a fair reflection of the resources given to district schools.

The per-pupil rates under the Gates Compact rates are slightly higher than the rates used in FY2012, which found that in some areas—particularly special education and facilities—the rates paid were outdated or the funding formula was not current (such as for federal Title I or Title II funds). As a result, the Gates Compact provides for increased reimbursement rates for special education teachers and for facilities usage. All total, charter and contract schools will see a 5 percent (\$23 million) increase in funding, without factoring in additional students.

In FY2013, ten new charter schools will open, serving an estimated 2,765 students. Some existing charter and contract schools will have expansion grades, adding an estimated 1,909 students.

Specialty Schools

Specialty schools comprise of four high schools, eight elementary schools and two early childhood centers that are focused on high-needs special education students.

Because of the special nature of the student population, the majority of teachers at these schools are special education teachers. The elementary or high school quota formulas are applied to these schools, which provide a small number of general education teachers that are typically used for art, music or physical education instruction. This core allocation represents a small portion of the specialty schools' overall budgets.

In FY2013, specialty schools will receive \$11.7 million in core instruction, which represents less than 19 percent of the overall budgets of \$62.7 million. Projected enrollment at the 14 specialty schools in FY2013 is 2,347 students.

Because special education students are inherently more expensive to educate, the costs of these schools are significantly more expensive than traditional schools when compared on a per-pupil basis.

Alternative Schools

Alternative schools provide educational options to students who have dropped out of traditional high schools. Students attending these schools are between the ages of 17-21 with no more than five high school credits. Alternative schools include one school located at the Cook County Jail (York), one at the Cook County Juvenile Temporary Detention Center (Jefferson) and one school serving pregnant women (Simpson). There is also one district run school (Peace & Education Coalition) and nine contract schools serving over-age students without enough credits to graduate.

Alternative schools serve a highly transient population of students who are difficult to educate. For example, the average stay of a student at Jefferson, located at the juvenile detention center, is approximately three weeks, making it difficult to put together a meaningful program of instruction for those students.

Funding of alternative schools is not based on any quota or per-pupil 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 alternative schools is based on the programs run at the school and the needs of the students served. In FY2013, alternative schools will receive a core allocation of \$19.4 million. These alternative schools are projected to serve approximately 1,600 students.

Achievement Academies

Achievement academies are programs run at seven district high schools that serve 9th and 10th grade students who are significantly behind in grade level. Though housed within existing high schools, achievement academies are budgeted as separate school units from the main schools. Traditionally, achievement academies used different quota formulas based on smaller class sizes, which gave more teachers for the number of students served compared with traditional high schools.

Achievement academies, however, are being phased out. In FY2013, achievement academies will serve only 10th grade students who are currently in the program for one more year. Projected enrollment for FY2013 is 365 students, down from 914 in FY2012. Achievement academies are being funded in FY2013 using the same quota formulas as traditional high schools.

For both of these reasons – fewer students served and change in quota formulas – the funding for achievement academies has decreased dramatically this year. The FY2013 budget includes just over \$3.0 million in core instruction for achievement academies, down significantly from \$10.2 million in FY2012.

ADDITIONAL FUNDING RECEIVED BY SCHOOLS

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

Special Education

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

Allocations are determined by the Office of Special Education and Supports. In the FY2013 budget, a total of \$532.8 million is budgeted for special education school units, including approximately 3,400 special education teachers and 3,000 special education aides.

Bilingual Education

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

The FY2013 budget contains \$32.4 million in funding for 322 supplemental bilingual education teachers supporting approximately 51,700 ELL students. Bilingual education is supported by state and federal funding.

Early Childhood

The FY2013 contains almost \$87 million in funding for early childhood programs at 372 elementary schools. Early childhood program serve pre-kindergarten students, usually ages 3 and 4. Early childhood programs are funded from a state block grant (Pre-School for All) and federal Head Start funds.

In addition to the \$87 million in funding for these early childhood programs, there are other related programs that serve pre-kindergarten and kindergarten students, including full-day kindergarten (\$29.9 million), child-parent centers (\$6.5 million) and tuition-based pre-K and kindergarten programs (\$4.9 million). All total, school budgets include \$128.3 million in funding for programs serving pre-K and kindergarten students.

Another \$55 million is provided to community-based providers for early childhood programs, as described more fully in the Early Childhood department narrative.

Other Programs

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

Board-Funded Program	No. of Teacher Positions	No. of ESP Positions	FY2013 Budget
Full-Day Kindergarten	308.5	0	\$29.9 M
Magnet Cluster Programs	194.5	0	\$19.5 M
Magnet Schools	185.5	7	\$19.1 M
International Baccalaureate	75.9	0	\$8.0 M
Selective Enrollment HS	33	6	\$3.7 M
Regional Gifted Centers	25.5	2	\$2.8 M
Montessori Programs	11.5	23	\$2.1 M
Classical Schools	25	1.3	\$1.9 M

Other Grant-Funded Programs

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

Grant-Funded Program	No. of Schools	FY2013 Budget
Title II	159	\$12.3 M
School Improvement Grants (SIG)	10	\$10.7 M

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

Discretionary Funds

As mentioned at the beginning of this chapter, \$100 million was budgeted at schools in the College Ready fund. These funds, which are new for FY2013, are general education funds, giving principals the maximum amount of flexibility on how those dollars are spent. All schools except for charter and contract schools received College Ready funds.

Supplemental General State Aid (SGSA) is part of the General State Aid that the district receives from the State of Illinois. SGSA funds are designed to supplement regular and basic programs supported by the General Education Fund. SGSA funds are distributed to schools in proportion to the number of students enrolled who are eligible to receive free or reduced-price lunch under federal statutes. Over \$277 million of SGSA funds have been budgeted at schools in FY2013.

Title I of the federal No Child Left Behind (NCLB) Act provides funds to schools with high concentrations of low-income children to provide supplementary services for educationally disadvantaged students. Approximately 85 percent of CPS schools qualify for Title I discretionary funding. The FY2013 budget contains \$153.4 million in Title I discretionary funding for CPS schools.

Teacher FTEs Obtained with Discretionary Funds	FY2012 Current	FY2013 Projected
College Ready Fund		276
SGSA	1,035	1,136
Title I	698	848
Total	1,733	2,260

Non-Education Expenses

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

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

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

Private Schools

Student, teachers and parents of private schools are eligible for federal support through No Child Left Behind (NCLB). CPS must set aside a share of the federal funds it receives to make services available to eligible students, teachers and parents, but funds do not go to the private schools. Instead, CPS operates the programs on behalf of the eligible students, teachers and parents of private schools.

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

The following chart shows the proportionate shares directed to private schools for each of the federal programs. FY2012 amounts are actual amounts. FY2013 amounts are projections; the final amounts will be determined only after CPS's FY2013 application is approved by the Illinois State Board of Education.

Federal Program	FY2012	FY2013
Title I (Improving Academic Achievement of Disadvantaged Students)	\$15,207,825	\$14,000,000
Title IIA (Improving Teacher Quality)	2,691,691	2,600,000
Title IIA (Leadership Grant)	50,000	50,000
Title III (English Language Learners)	316,730	316,000
Individual Disabilities Education Act (IDEA)	4,971,801	4,400,000
Total	\$23,238,047	\$21,366,000

Networks/Collaboratives

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

Each Network has a family and community engagement manager focusing on community relations, data strategist focusing on analytics, early childhood specialist, bilingual specialist, and instructional support leaders for each content area. Network chiefs are responsible for ensuring they are building effective schools with effective leaders by developing a professional development plan, collecting and assessing data to drive interventions, collaborating on best practices with other Networks and enhancing community and parental involvement.

All Network chiefs and their offices report to the Office of Network Support.

The following chart shows the size of each Network, including the number of schools and students served as well as the FY2013 budget and staff size:

Network	No. of Schools	Projected FY2013 Enrollment	FY2013 FTE's	FY2013 Budget
Austin-North Lawndale Elementary Network	32	12,783	14.0	\$2,053,167
Burnham Park Elementary Network	36	13,735	10.0	\$1,740,043
Englewood-Gresham Elementary Network	33	13,238	9.0	\$1,496,416
Fullerton Elementary Network	41	29,776	11.0	\$1,698,650
Fulton Elementary Network	30	11,834	12.0	\$1,834,711
Garfield-Humboldt Elementary Network	28	11,433	15.0	\$2,191,112
Midway Elementary Network	36	30,841	10.0	\$1,579,212
O'Hare Elementary Network	42	29,321	10.0	\$1,600,778
Pershing Elementary Network	31	19,205	8.0	\$1,370,953
Pilsen-Little Village Elementary Network	26	16,891	12.0	\$1,840,729
Ravenswood-Ridge Elementary Network	40	27,411	11.0	\$1,855,626
Rock Island Elementary Network	29	11,721	10.0	\$1,545,528
Skyway Elementary Network	40	16,502	11.0	\$1,800,380
Far South Side K-12 Network	37	19,812	15.5	\$2,356,590
North-Northwest Side High School Network	25	33,928	12.0	\$1,889,397
South Side High School Network	19	13,077	13.0	\$1,855,615
Southwest Side High School Network	19	17,624	12.0	\$1,709,867
West Side High School Network	27	16,051	14.0	\$2,043,148
Alternative Schools	6	1,603	13.5	\$1,622,605
Total	577	346,786	223.0	\$34,084,527

Department Narratives Overview

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

For FY2013, all departments engaged in a strategic budget planning process that yielded cuts to non-essential programs and services, allowing the district to devolve more than \$100 million of additional funds to the Networks and schools.

These narratives contain tables that show the total dollars, by fund, associated with each department's mission and major programs. If a department is comprised of multiple central office and citywide units, their budgets have been aggregated.

An example of a department's budget summary is provided below:

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	73,898,173	76,183,092	75,871,257	75,478,673	1,572,427
NCLB Federal	5,414,492	2,063,427	1,453,050	1,405,032	1,299,018
Other Grants	7,643,548	8,808,271	8,266,524	8,080,138	77,791,338
Total Department	86,956,213	87,054,790	85,590,831	84,963,844	80,662,783
Held In Contingency	9,000,000	25,653,874	11,300,000	-	-
Budgeted at Schools	99,926,539	119,383,024	131,559,115	131,356,308	128,312,018
Grand Total	195,882,752	232,091,688	228,449,946	216,320,152	208,974,801

Starting with the columns:

Amounts shown by funding source include **2011 Actual Expenses**, which represent the amount spent by the department during FY2011. It is provided as a reference to show how spending has trended over time.

The **2012 Adopted Budget** represents the budget as adopted by the Board in August, 2011.

During the course of the fiscal year, reorganizations may take place or grants may be awarded that were not anticipated at the time. The **2012 Ending Budget** reflects those changes.

In addition to reporting what we budgeted the department to spend, the **2012 Estimated Expenditures** reflect the amount projected to be spent by the end of at end of FY2012.

The **2013 Proposed Budget** represents the amount allocated to the department for the fiscal year starting July 1, 2012.

In certain instances, an amount may have been budgeted as a **Contingency** if a funding source was uncertain.

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

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

Accountability

MISSION

The Office of Accountability promotes data-based strategy development and execution across the district by providing principals, teachers, Central Office and the public with the necessary information to drive student learning and ensure that all students are prepared for success in college and career.

MAJOR PROGRAMS

- **Performance Data & Accountability:** Aims to ensure that school, teacher and student performance is measured via a common, transparent set of benchmarks and assessments; also works to provide Networks, schools, and Central Office departments with access to timely and accurate data to inform instruction, strategy and practice
- **Strategy, Research & Analytics:** Supports continuous improvement across the Central Office by providing systems and supports to ensure that work is grounded in strategy and high-quality evidence, with clearly identified goals and outcomes; the group’s ongoing research and analytic work aims to provide district leadership with actionable insights on student achievement, school climate and program implementation
- **Internal & External Partnerships:** Tasked with the development of a research agenda designed to leverage the support of external research partners in studying issues related to key district initiatives; also responsible for creating a transparent and efficient process to promote external partners’ access to District data

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	3,094,977	2,824,858	2,306,454	1,219,860	1,834,293
NCLB Federal	1,392,665	1,228,927	1,536,675	1,607,063	2,271,579
Other Grants	1,079,597	1,554,784	266,080	329,367	178,286
Total Department	5,567,239	5,608,569	4,109,209	3,156,290	4,284,158

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	15.5	6.5	6.5
NCLB Federal	8.5	22.5	19.5
Other Grants	14.0	0.0	0.0
Total Department	38.0	29.0	26.0

MAJOR ACCOMPLISHMENTS

- Updated parent-focused school progress report with new metrics aligned to college and career readiness standards to provide parents and the public with user-friendly information about each school
- Led a strategic planning process across the newly restructured Office of Curriculum and Instruction that assisted departments in creating strategic plans, goals, and metrics that are aligned to the district's overall priorities
- Provided leadership with comprehensive analyses on key topics including summer learning loss and remediation, attendance and truancy, college and career readiness and students in need of alternative pathways
- Led the identification and validation of value-added student growth metrics for use in new comprehensive teacher evaluation system
- Facilitated the first district-wide publication of the annual student and teacher surveys of school climate to provide all stakeholders with qualitative information connected to each school
- Established Professional Development structure and professional learning community for Network data strategists
- Created interim tools identifying Chief of Schools Dashboard content and function resulting in the deployment of an automated dashboard
- Provided schools and Networks with a more streamlined and strategic school planning process by replacing the SIPAAA with the Continuous Improvement Work Plan (CIWP)

KEY BUDGET INITIATIVES

- Provide strategic analytics to inform major district initiatives, such as teacher evaluation, principal performance and family and community engagement
- Continue to build quantitative student growth metrics aligned to new district-wide growth assessments
- Implement a new performance policy aligned to new assessments and college and career readiness goals
- Redesign parent surveys and associated survey reports
- Deploy an automated dashboard for schools

Corporate Accounting

MISSION

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

MAJOR PROGRAMS

Under the direct supervision of the Chief Financial Officer, the Controller's Office consists of six bureaus: Corporate Accounting, Accounts Payable, Grants Claims, Accounts Receivables, Children and Family Benefits Unit and Student Attendance Reporting and Compliance. These comprehensive areas provide financial services needed by schools and employees, maintain the fiscal integrity of the organization, monitor and analyze budgetary activity, centralize disbursements and receivables, and provide financial leadership to the Board according to state and federal legislation, governmental regulations, Board policies and sound financial practices.

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	5,782,784	6,427,951	6,307,290	5,812,120	6,105,643
NCLB Federal	136,424	141,220	434,014	434,486	623,600
Tort Fund	51,340	-	-	-	-
Total Department	5,970,547	6,569,171	6,448,510	6,246,606	6,729,243
Held in Contingency	1,132,127	1,849,822	1,571,236	1,946,338	1,673,500
Grand Total	7,102,674	8,418,993	8,019,746	8,192,944	8,402,743

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

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	63.0	63.0	61.0
NCLB Federal	2.0	7.0	7.0
Total Department	65.0	70.0	68.0

MAJOR ACCOMPLISHMENTS

- Received an unqualified audit opinion, prepared and filed timely the Comprehensive Annual Financial Report, State Annual Financial Report and Federal Single Audit Report; enhanced financial analysis applications; and implemented GASB 54 Fund Balance Reporting and Governmental Fund Type Definitions
- Expanded Oracle Financial Accounting and Reporting system functionality with the implementation of centralized financial reporting and stronger internal controls for management of over \$35M in school internal account funds and more than \$450 million in fixed assets

- Identified new sources of revenue and enhanced existing revenue streams. This included increasing Poverty Grant revenue from \$667 million in FY2011 to \$704 million in FY2012 and being on track to receive at least \$83 million in Medicaid reimbursement, up from \$72 million in FY2011. The department also implemented stronger internal controls to protect the \$1.2 billion in General State Aid claims based on student attendance records
- Maintained the timely processing of invoices; 90 percent were paid within 30 days; 95 percent within 60 days and 97 percent within 90 days. The Department also has made progress toward its goal of moving 10 additional vendors to electronic processing. The number of manual invoices processed decreased by 20,000 from FY2011 to FY2012

KEY BUDGET INITIATIVES

Corporate Accounting

- Continue to shift more vendors to electronic invoicing, enabling the unit to streamline processing and continue to improve the timeliness of invoice payments
- Implement the General Accounting Standards Board Statement no.64 - Derivative Instruments: Application of Hedge Accounting Termination Provisions, which will improve financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider, is replaced
- Procure, pilot and roll out a Radio-Frequency ID (RFID)-based asset tracking solution for a more cost-effective way to manage more than \$450 million in assets

Revenue Initiatives

- Although some revenue initiatives will require an initial investment for FY2013, they are intended to result in increased revenue or savings in future fiscal years.
- Implement billing procedures for third-party student transcript requests
- Establish out-of-district student and home hospital services billing
- Identify and develop non-traditional revenue enhancements from the State of Illinois' Supplemental Nutrition Assistance Program Outreach claim, which enables states to conduct outreach, screening and application assistance activities and receive 50 percent federal reimbursement
- Increase the participation rate of CPS families in food stamps and health insurance, which increases state revenue to CPS and adds to the overall health of the student population

Streamline Operations

- Eliminated two positions for retirees and redistributed their workload across remaining staff, saving \$235,000
-

Audit Services

MISSION

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

MAJOR PROGRAMS

- **Internal Audits:** Application of standard business consulting techniques in the review of departments, processes, internal controls and other department or district initiatives for the purpose of identifying opportunities, mitigating risk, and/or improving effectiveness and efficiency. Findings are developed into action plans, which are then reported to executive management and the Board and monitored through to implementation

- **School Audits:** Reviews of individual school's internal accounts (cash handling, purchasing, payroll, fixed assets, etc.). These audits serve as a deterrent to fraud and to monitor of compliance with various Board financial policies

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	1,014,362	1,153,307	1,121,580	1,119,196	977,842
Total Department	1,014,362	1,153,307	1,121,580	1,119,196	977,842

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	5.0	5.0	7.0
Total Department	5.0	5.0	7.0

- Strengthened internal controls regarding payments to outside vendors, realizing recovery of \$982,000, with the expectation of additional savings prospectively
- Identified significant cost-savings opportunities via the elimination of excess busing routes
- Recovered/redeployed approximately \$1.05 million in excess inventory
- Initiated the use of data mining techniques to identify fraud and improve internal controls
- Uncovered scheme to misappropriate \$320,000 in funds from a high school
- Identified and recovered dozens of missing laptops as a result of school audits

KEY BUDGET INITIATIVES

- Replace outside vendors with internal audit staff, thereby reducing the budget by 15 percent (\$168,000) and increasing capacity by 30 percent
- Execute Annual Internal Audit Plan, which includes audits of Sports Administration, Special Education and other major departments
- Execute Annual School Audit Plan, which includes audits of approximately 170 schools

Chicago Board of Education

MISSION

The Chicago Board of Education is responsible for the governance, organizational and financial oversight of Chicago Public Schools (CPS). It establishes policies, standards, goals and initiatives to ensure accountability and provide a world-class education that prepares our students for success in college and career.

MAJOR PROGRAMS

The Board of Education Office supports the Chicago Board of Education to advance their goals and objectives by facilitating ongoing and efficient communication systems to improve Board engagement; maintaining Board Rules & Policies for the Board of Education; executing contracts, agreements and legal instruments approved by the Board for the district; holding monthly Board Meetings on the fourth Wednesday of every month (except in November and December, during which meetings are typically held on the third and second Wednesday, respectively); providing support and services to key stakeholders; and managing the archive for CPS.

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	1,199,232	2,566,823	2,072,046	1,158,178	1,239,955
Total Department	1,199,232	2,566,823	2,072,046	1,158,178	1,239,955

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	15.0	10.0	8.0
Total Department	15.0	10.0	8.0

MAJOR ACCOMPLISHMENTS

Reduced the operating budget by \$1,326,868 (51.7 percent) while enhancing the service capabilities of the department

KEY BUDGET INITIATIVES

Streamline the department to operate more efficiently, enhance access and transparency of Board meeting materials, increase service to stakeholders and improve internal processes and communication routines, all at a reduced cost to the district

Office of Budget and Grants Management

MISSION

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

MAJOR PROGRAMS

- **Budget Development, Implementation and Monitoring:** The Office manages the annual budget planning and appropriation process, engaging all departments and schools to ensure that resource allocation is aligned to strategic priorities, and that reductions are targeted to areas that do not support the classroom. During the course of the year, the Office monitors spending to ensure it is within budgeted amounts and makes recommendations for spending adjustments, as necessary

- **Grant Development, Monitoring, and Reporting:** The Office is responsible for developing applications, amendments and reports for all federal and state formula grants, totaling approximately \$1.2 billion annually. While applications for competitive grants are not directly out of this Office, it manages the grant monitoring and reporting once competitive grants are received, serving as the primary liaison with state and federal grant auditors, and has a team that regularly monitors schools to ensure grant requirements are being met

- **Private School Program Management:** Under the federal No Child Left Behind (NCLB) law, CPS is required to provide equitable services of certain federal entitlement programs to eligible private school students, teachers and parents. Each year, this Office oversees and manages services for approximately 240 private schools and 60,000 students, with expenditures totaling approximately \$30 million. In addition, the Office oversees services for children who attend seven Neglected Residential sites that specialize in serving children in the child welfare system (DCSS)

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	7,759,136	5,156,495	4,870,022	2,956,620	3,101,672
NCLB Federal	5,211,809	3,780,117	3,303,522	2,868,208	2,300,842
Other Grants	956,201	-	-	-	-
Total Department	13,927,146	8,936,612	8,173,544	5,824,828	5,402,514

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	42.0	23.0	28.0
NCLB Federal	30.0	21.0	17.0
Other Grants	-	-	-
Total Department	72.0	44.0	45.0

MAJOR ACCOMPLISHMENTS

- Reorganized, downsized and consolidated the Office of Budget Management and the Office of Grants Management and Administration, leading to a reduction of 26 staff and a recurring savings of \$4.2 million (47 percent reduction)
- Launched new Hyperion budget planning tool, with Phase I of implementation allowing Central Office users an easier tool to enter non-personnel budget information for the FY2013 budget development process. All reporting and budget tracking was completed through Hyperion tools. Phase II, to be implemented for the FY2014 budget cycle, will allow all users (Central Office, Networks and schools) to use Hyperion for all budgeting, reporting and planning tasks
- Updated process by which schools receive their budgets and for the first time ever, the Office held a series of principal briefing meetings in conjunction with the School Support Centers and the Office of Network Support to provide an overview of the budget and key initiatives and to present individual school budgets. The individual budgets were presented as a one-page summary, providing essential information in an easy-to-access format. Staff was on-hand at the briefings to answer individual principal questions
- Released FY2013 capital budget in new format on the web to provide additional transparency and accessibility in response to new legislation requiring CPS to publish a one- and five-year capital budget on May 2. We chose to provide unprecedented access to information by making detailed information (including photos) available on our website for each capital project that is currently under way, as well as for the projects proposed for the one-year and the five-year (FY2013 – FY2017) plans. Additional information about spending on each project was provided, as well. All of the information is searchable, sortable and can be downloaded for user access. The website address is <http://www.cps.edu/Pages/CapitalPlan.aspx>
- Restructured the budget book and designed new web-based tool, beginning the transformation of how we provide CPS budget information with the FY2012 budget book. We updated language, changed the organization and provided more summary information. We also moved from expensive, hard copy printed books, to more access to information on the CPS website. By doing so, we reduced printing costs by \$25,000 [VERIFY]. For the FY2013 budget presentation, we have pushed our use of technology further, providing interactive tools on the website to allow users easier access to the specific information they are seeking
- Received 20 the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for CPS's presentation of the FY2012 budget
- Automated federal employee time reporting, in compliance with the federal government's requirement to certify semi-annually that employees who were paid with federal funds worked on those federal projects. This requires supervisors to sign a semi-annual or monthly certification. Previously, this was a manual process, with thousands of pages faxed to Central Office and compiled by hand. This year, we implemented an electronic signature, where the certification comes electronically via email to the approver. By typing in his/her name and with a

quick click of a button, the approver completes the certification, and it is automatically entered into a database

KEY BUDGET INITIATIVES

- Fully implement Hyperion budget planning tool. Based on the successful launch of Phase I of this IT implementation, all users (Central Office, Networks and schools) will prepare their FY2014 budgets using this new online system. Even before that, users will have access to real-time expenditure information in an easy-to-use format to help them manage their budgets throughout the year
- Implement monthly budget versus actual reporting. During FY2012, we built a reporting mechanism to begin to track budget versus actual expenditures. In FY2013, we will update and complete the reporting process using Hyperion, and make this important financial information available
- Implement monthly management planning to ensure departments are meeting their FY2013 budget targets. With the challenging fiscal circumstances CPS is facing, we must ensure that budget initiatives for both investments and reductions are on track. The Office will take the lead in managing this process for all departments

Office of Business Diversity

MISSION

The Office of Business Diversity (OBD) is responsible for the administration and monitoring of the Minority and Women Owned Business Enterprises (M/WBE) program. The M/WBE program helps create and sustain an equitable business environment by promoting M/WBE participation in public contracting and procurement. Chicago Public Schools (CPS) is a leader in this area, and continues to be dedicated to its goals.

MAJOR PROGRAMS

The Office of Business Diversity formulates and enforces the rules and regulations of the M/WBE Program, working with user departments to establish contract-specific goals for each eligible solicitation. We keep in contact with our M/WBE companies to make sure they are aware of upcoming contracting opportunities. We also monitor each contract to ensure compliance with contract goals.

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	282,878	331,232	247,365	222,667	372,368
NCLB Federal	56,990	-	-	-	-
Total Department	339,868	331,232	247,365	222,667	372,368

The increase in the budget is a result of the Director position being vacant for 75 percent of FY2012.

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	3.0	3.0	3.0
Total Department	3.0	3.0	3.0

MAJOR ACCOMPLISHMENTS

- Maintained our W/MBE goals in the construction and goods and services industries. The goals for the program are 30 percent MBE and 7 percent WBE
- The M/WBE Program from construction sunset at the end of December 2011; we successfully renewed our Program for Construction for the next five years

KEY BUDGET INITIATIVES

- Implement software system currently used by the City of Chicago and other sister agencies to provide timely and accurate compliance data to ensure goals are being achieved and eliminate the need for manual data entry, saving an estimated \$65,000 per year
- Continue to produce Annual Supplier Diversity Report to report compliance goals for all major industries
- Improve communication and collaboration with vendors by hosting vendor fairs three times a year

Chief Administrative Office

MISSION

The Chief Administrative Office ensures that all operations of the school district run smoothly, and directed toward supporting schools and driving student achievement. The office strives to ensure fiscal stability and accountability, focusing on short-range and long-range financial planning.

MAJOR PROGRAMS

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

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

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	2,990,778	761,027	471,754	403,624	357,940
NCLB Federal	2,256,443	-	35,700	35,700	-
Total Department	5,247,220	761,027	507,454	439,324	357,940

The Chief Administrative Office has undergone a significant restructuring from FY2011 (where it included LSC Relations) to FY2012 (where it included Family & Community Engagement); both are now included in Public & Community Affairs.

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	2.0	2.0	2.0
Total Department	2.0	2.0	2.0

MAJOR ACCOMPLISHMENTS

- Oversaw major spending reductions:** Each department under the Chief Administrative Officer underwent significant restructuring to streamline and achieve \$10 million in savings that had been assumed in the budget but not specifically identified. The Office of Budget and Grants Management achieved \$4.7 million of savings and the Facility and Operations and Management department reduced eight positions for \$596,000 in savings. Information Technology reduced operating costs by nearly \$6 million. Similar restructuring and reductions are underway in the other departments
- Rebuilt operations team to improve service at reduced cost:** New leadership was installed in key departments such as Information Technology, Procurement, Budget, Finance, Safety and Security, Nutrition and Transportation. This team brings improved business discipline to CPS and is strategically focused on streamlining processes, reducing costs and improving service

KEY BUDGET INITIATIVES

- **Further streamline the Central Office:** As the district empowers principals and devolves resources to them, support structures at the central office should be leaner and more focused. We will undertake a comprehensive review of all departments to identify consolidations, eliminations, and reductions that should take place
- **Work with vendors to realize substantial cost savings:** We will conduct a strategic review of each major category to understand cost drivers and select vendors who can help us lower our cost of running the district
- **Provide enhanced support to principals and staff to help them with school operations:** Our goal is to improve overall operations (facilities, food service, security, transportation) while providing principals more flexibility to focus on instruction and family engagement
- **Eliminate inefficiencies from all processes and procedures:** By working with a LEAN team (provided pro bono by Boeing) and other outside support, we are restructuring the district's fundamental approach to procurement, interacting with vendors and approving contracts
- **Enhance school safety through better training and a more holistic approach**
- **Engage the Pathways organization to link security efforts and social/emotional supports**
- **Improve efficiency through more rational resource allocation**

Chief Education Office

Mission

The mission of the Chief Education Office is to prepare all students for college and career by providing rigorous educational experiences.

MAJOR PROGRAMS

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

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	222,737	925,056	772,877	772,877	542,502
NCLB Federal	5,068,673	5,241,714	4,727,807	4,490,878	-
Other Grants	459,325	-	-	-	-
Total Department	5,750,736	6,166,770	5,500,684	5,263,755	542,502

**Additional Learning Opportunities Program funded from Title I ended in FY12.*

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	6.0	6.0	4.0
NCLB Federal	7.0	-	-
Total Department	13.0	6.0	4.0

MAJOR ACCOMPLISHMENTS

- Realigned area offices into 14 elementary school and five high school Networks. Re-allocated funding from Central Office to Networks and schools by eliminating duplicative programs and operational efficiencies
- With the Office of Talent, developed a teacher evaluation system that will provide teachers with tools and support to improve their practice and better drive student learning

KEY BUDGET INITIATIVES

- Close the achievement gap by supporting high quality curricular options, differentiated instruction and increased supports to targeted student populations
- Increase academic expectations by providing challenging opportunities to deepen student learning
- Use data to drive decision making at the classroom, school, and central level to drive continuous improvement
- Build capacity of Network Chiefs, principals and teachers to create a strong learning community

Chief Executive Officer/Chief of Staff

MISSION

The Chief Executive Officer is responsible for developing the mission and vision of the Chicago Public Schools (CPS) which is to ensure that every student in every neighborhood has access to a world-class education that prepares them for success in college and career.

The Chief of Staff is responsible for coordinating the efforts of the district's departments and officers to ensure that their work aligns with the goals of the Chief Executive Officer.

External Affairs & Partnerships functions as the primary liaison to the business, philanthropic and government funding communities to garner resources in the form of grants, sponsorships and in-kind contributions to support CPS priorities.

MAJOR PROGRAMS

- **Executive Administration:** Lead the district in developing programs, policies and procedures that ensure provision of a high quality, world-class education so every student is college and career ready
- **Chief of Staff:** Coordinates the endeavors of senior leadership across departments to ensure strategic harmony in achieving the CPS mission
- **Competitive Grant Writing:** External Affairs develops strategies and writes competitive grant applications in order to gain financial support for district priorities

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Current Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	3,475,165	3,606,782	3,149,996	3,085,896	3,354,404
NCLB Federal	43,251	-	-	-	-
Total Department	3,518,416	3,606,782	3,149,996	3,085,896	3,354,404

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	29.0	27.0	27.0
Total Department	29.0	27.0	27.0

MAJOR ACCOMPLISHMENTS

- Launched multi-year initiative for the implementation of Common Core State Standards
- Introduced new accountability tools, including revised School Progress Reports
- Developed a comprehensive teacher evaluation system that will provide teachers with tools and support to improve their practice and better drive student learning

- Secured net contributions of \$144 million in FY2012 (which includes partnership cash contributions, competitive grant contributions and in-kind)
- Launched the Chicago Leadership Collaborative to achieve the goal of having a high performing principal in every school
- Expanded effective school models by approving new charter school options and creating new Early College STEM Schools
- Developed an enhanced Family and Community Engagement Office that will provide parents and community members with an avenue to provide input on district policy and strategy

KEY BUDGET INITIATIVES

- Implement Full School Day at every school in the district, providing students with the necessary time for academics, enrichment and social development
- Expand International Baccalaureate programs within every high school network
- Develop a single accountability system that outlines performance standards for all schools, including charter and contract schools
- Engage families and communities in developing Master Education Facilities Plans for each community
- Implement a single high school enrollment system to help students choose and enroll in their school of choice

Office of the Chief Financial Officer

MISSION

The Chief Financial Officer (CFO) oversees all activity related to finance, treasury, budget, grants management, children and family benefits, business diversity and internal audit services.

MAJOR PROGRAMS

See individual units reporting to the CFO for further detail.

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	577,079	617,511	564,082	483,002	739,483
Total Department	577,079	617,511	564,082	483,002	739,483

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	2.0	2.0	2.0
Total Department	2.0	2.0	2.0

MAJOR ACCOMPLISHMENTS

- Supported ongoing efforts to reduce Central Office overhead
- See individual units reporting to the CFO for more specific accomplishments

KEY BUDGET INITIATIVES

- Continue to oversee the financial stability of the district, including driving additional costs out of system while continuing to invest in initiatives that boost student achievement, improving efficiencies and formalizing a plan to rebuild fund reserves to the Board's established policy levels
- Develop a strategic plan to drive increased participation in Medicaid and food stamp programs that will benefit qualifying students and families; collect the corresponding increase in state funding for the district
- Support principal autonomy as more funds are deployed to the schools through the budget process

Chief Instruction Office

MISSION

The mission of the Chief Instruction Office is to set clear standards for school quality (e.g. curriculum, instruction, assessment, intervention, professional learning, etc.), provide diagnostics to measure program quality for targeted populations/programs (e.g. Special Education, English Language Learners, Career and Tech Ed) and to provide tools and resources to help educators implement effective practices aligned with the standards. The Chief Instruction Office is also tasked with documenting and disseminating innovative practices and resources to drive improvement. As a standards-setting and knowledge sharing organization, the Chief Instruction Office will help drive educator effectiveness to ensure all students have the supports they need to graduate college and career ready.

MAJOR PROGRAMS

- The core team in the Chief Instruction Office coordinates work across the central office instructional team and ensures that education policy and procedures align with district priorities
- The Chief Instruction Office directly manages five major content offices: Special Education and Supports, Early Childhood Education, Curriculum and Instruction, Pathways to College and Career and Student Health and Wellness. The Chief Instruction Office also leads three additional functions that leverage the resources of content offices to support Networks and schools:
 - **Professional Learning:** Institutes standards for professional learning, builds capacity of Network teams, evaluates professional learning effectiveness and manages external partnerships and CPS's learning management system, CPS University (CPSU)
 - **Knowledge Management and Effective Practices:** Provides online information repository for educators to access critical documents across priority instructional areas
 - **School Improvement:** Leverages all resources from the office to support low-performing schools

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	-	-	1,577,390	1,412,610	1,222,738
NCLB Federal	-	-	200,000	137,445	-
Total Department	-	-	1,777,390	1,550,055	1,222,738

Office was newly created during FY2012.

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	-	12.0	9.0
Total Department	-	12.0	9.0

MAJOR ACCOMPLISHMENTS

- **Full School Day:** The office gathered the input of parents, community members and educators at every level, in addition to working closely across all central office teams to address both educational and operational issues. This process will result in clear parameters and content guidelines for a school day and school year that provides students time to engage deeply in Common Core-aligned instruction and teachers' time to plan collaboratively on an ongoing basis
- **Common Core State Standards:** The office facilitated the launch of the Common Core State Standards across all CPS schools. The Office ensured that all levels of the organization learned about Common Core (Chiefs of Schools, Network teams, principals and their instructional leadership teams, and teachers) in preparation for implementation of a Common Core-aligned curriculum in literacy and mathematics for the 2012-2013 school year. The office also launched Universal Design For Learning through institute for Network teams to ensure a differentiated approach to implementation of the Common Core
- **REACH Students:** The office played an integral role in the design and launch of the new teacher evaluation system. Specifically, the office supported the revision of the framework for teaching, designed all initial professional development for principals and instructional leadership teams and led the development of beginning and end-of-year performance tasks for teacher teams

KEY BUDGET INITIATIVES

- **Education Policy and Procedures:** The office will be updating key education policies – like the promotion policy – to align with the district's instructional improvement strategy. It will also improve the communication of related procedures

Office of Communications

MISSION

The mission of the Office of Communications is to inform and engage CPS internal and external stakeholders of the district's goals and priorities through a variety of communication tools, better empowering them to become active participants in the effort to create a world-class education for every child in every community that prepares them for college and career.

MAJOR PROGRAMS

The Office of Communications is responsible for all external and internal communications needs district-wide, including day-to-day and long-term planning. Communications provides system-wide support for all CPS departments through a one-stop shop for all media, external, internal and digital communications.

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	932,146	1,992,763	2,007,495	1,619,945	2,361,322
Total Department	932,146	1,992,763	2,007,495	1,619,945	2,361,322

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	9.0	19.0	20.0
Total Department	9.0	19.0	20.0

MAJOR ACCOMPLISHMENTS

- Unified communications-related positions from other central office departments in order to run more efficient and responsive external and internal communications
Created a new internal communications operation to better inform and engage internal stakeholders while providing support services to departments throughout the district
- Created new internal communications tools, such as a weekly CEO Newsletter, parent and teacher Tele-town halls and a Parent Newsletter, among others. Revamped internal email policy to improve email content and dramatically reduce unnecessary district-wide email communications
- Created the district's first ever Social Media Director position to better utilize social media vehicles and tools as a means to foster direct and two-way communications with parents and other stakeholders that serve to address questions and concerns

KEY BUDGET INITIATIVES

- Continue to increase level and improve content quality of communication with stakeholders through multiple vehicles to keep them informed of and engaged in district-wide initiatives
- Increase back-to-school attendance for second year in a row

- Create new online tools to help parents access key information about their child's school and useful district-wide data

Office of Curriculum and Instruction

MISSION

The mission of the Office of Curriculum and Instruction is to empower educators to improve instructional quality by providing clarity of expectations across disciplines and aligned resources to meet the expectations. This office supports all Networks, principals and teachers in grades PK-12 by communicating clear and measurable content standards, and recommending and supporting standards-based curricular programs, aligned assessments, and research-based interventions, all to better prepare students for college and career.

MAJOR PROGRAMS

- **Department of Literacy:** The Department of Literacy supports capacity building and curriculum development to promote student comprehension, communication and development of content knowledge. The department's primary workstreams include defining CPS's approach to the English Language Arts Common Core standards (including literacy in the sciences and social science), creating content frameworks and aligned tools that define this approach (developed in partnership with Early Adopter pilot teachers) and building capacity of Network teams to lead this work with their schools. The department also leads similar framework creation, tool development and capacity building in the social sciences through the SS 2.0 Framework
- **Department of Mathematics and Science:** The Department of Mathematics and Science supports capacity building and curriculum development to promote student critical thinking, problem solving and application to real world context. The primary work streams include defining CPS' approach to the Mathematics Common Core standards and the Next Generation Science Standards, creating Content Frameworks and aligned tools that define this approach, and building capacity of Network teams to lead this work with their schools. The department is also responsible for working with university partners to lead professional development on instructional materials and manage CPS's Algebra Initiative
- **Department of Arts Education:** This department supports high-quality arts education through development of a robust arts curriculum, teacher capacity building and promoting policies to ensure equitable access to arts programming. The department's primary workstreams include coordinating citywide arts programming, developing a comprehensive arts framework and providing opportunities for teacher professional development and collaboration
- **Department of Magnet, Gifted, Talented:** Magnet, Gifted and Talented creates opportunities for students to engage in a full spectrum of programmatic options and provides resources to ensure these programs/models meet design expectations. The department's primary workstreams include providing start-up curriculum support and ongoing professional development for teachers and administrators in Advanced Placement, Magnet, IB and Gifted/Classical schools
- **Department of Student Assessment:** The Department of Student Assessment is responsible for designing, procuring and implementing a comprehensive assessment system that supports both instruction and accountability throughout the district. Its primary work streams include administering state-required summative assessments and procuring/creating assessments for evaluation and instructional purposes across the Pre-K-12 spectrum

- Department of Educational Technology and Tools:** This department prepares all students for college and career success by supporting teachers and principals in the development of rigorous standards-aligned instruction with cutting edge technology, digital and print resources, and other collaboration tools. Its primary work streams include providing courses to students through virtual learning, vetting instructional materials and making them available for school purchase, providing a digital media repository for teacher use and conducting professional development for teachers and librarians on the use of these tools and resources
- Department of Language and Cultural Education:** The Department of Language and Cultural Education exists to guide and support teachers in providing high-quality education that is attentive to a culturally- and linguistically-diverse community of students, families and educators. It recognizes bilingualism and inter-cultural competence as key contributors to all students' academic success and preparation for higher education, career and participation in the global community. Its primary work streams include professional development, implementation of a dual language initiative, world language programmatic supports, managing federal and state grant programs and parent Bilingual Advisory Committee training

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	10,096,561	6,407,004	12,113,736	14,485,999	15,050,843
NCLB Federal	25,335,867	22,493,388	31,306,871	23,729,073	13,032,332
Other Grants	9,001,415	6,901,895	10,126,300	3,573,418	10,143,543
Total Department	44,433,843	35,802,287	53,546,907	41,788,490	38,226,718
Budgeted at Schools	47,488,183	93,089,118	89,856,876	85,042,410	88,664,035
Grand Total	91,922,026	128,891,405	143,403,783	126,830,900	126,890,753

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	34.0	38.0	31.0
NCLB Federal	55.2	55.2	68.5
Other Grants	2.8	7.8	7.5
Total Department	92.0	101.0	107.0
School Based	883.6	885.1	892.2
Grand Total	975.6	986.1	999.2

MAJOR ACCOMPLISHMENTS

- Developed the Literacy and Mathematics Content Frameworks aligned to the Common Core State Standards and developed performance assessments for mathematics and science in grades 6-12
- Provided opportunities through all-city programming to secure millions of dollars in visual arts scholarships to colleges and universities
- Incubated and supported expansion of citywide magnet elementary and secondary programs, International Baccalaureate Primary and Middle Years Programs, and International Baccalaureate Diploma Programs, bringing the total FY2012 enrollment to nearly 125,000

- Implemented first district-wide high school interim assessment system aligned to College Readiness Standards and streamlined early grades assessment system to facilitate common measures across all schools
- Procured a common accountability assessment for grades 3-8. Facilitated the development of REACH teacher evaluation performance tasks aligned to Common Core or other relevant standards sets for nearly all subjects/grades in elementary school and core courses in high school
- Initiated development of English Language Learner (ELL) program quality rubrics to clearly articulate minimum district standards for bilingual programs and research-based goals for optimal language development

KEY BUDGET INITIATIVES

- Develop curriculum supports and assessments for math and science aligned to Common Core standards K-12. Develop Science Framework based on the Next Generation Science Standards
- Create the district's first Arts Education Plan to increase opportunities for high-quality arts education for all students
- Support the addition of seats in magnet (522), International Baccalaureate (1,120), selective enrollment (96) and S.T.E.M. (870) schools
- Develop a comprehensive assessment framework that provides teachers and administrators with clear guidance on uses of different types of assessments and resulting student data
- Provide support for blended learning, and continue to provide virtual learning courses to approximately 3,000 students and webinar content to teachers and students
- Development of metrics to determine the quality of bilingual and dual-language programs within schools
- Pilot level implementation and program evaluation of language programs to support English language development, Spanish language development and instruction in all content areas
- Network partnerships to identify, support and hone model pathways for English Language Learners (ELLs) to expand quality options in the multilingual community
- Establish a new Literacy and Language framework that supports all language learners and provides clear guidance for teachers to plan and deliver effective instruction

Office of Early Childhood Education

MISSION

The mission of the Office of Early Childhood Education is to ensure all children from birth to age 5 have equal access to high-quality program options and educational support on a developmental continuum that puts them on a path to college and career.

MAJOR PROGRAMS

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

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

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

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

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

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

Prevention Initiative – Home Visiting: Through community-based providers, CPS reaches over 5,000 families with children ages birth to age 3. Pregnant and parenting teens in 45 CPS High Schools are included in these home-based services. These services are partially funded by the Illinois Early Childhood Block Grant.

Program Summary

	Slots	Rooms	Schools/Sites
Programs for Age 3-5			
Preschool for All	14,900	393	240
Community-Based Preschool for All	9,000	481	229
Head Start	7,300	246	129
Child Parent Centers	1,200	30	10
Tuition Based Preschool	540	27	17
Birth – 3 Programs			
Community-Based 0-3	3,800	370	119
Prevention Initiative: Home Visiting	5,000		

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	73,898,173	76,183,092	75,871,257	75,478,673	1,572,427
NCLB Federal	5,414,492	2,063,427	1,453,050	1,405,032	1,299,018
Other Grants	7,643,548	8,808,271	8,266,524	8,080,138	77,791,338
Total Department	86,956,213	87,054,790	85,590,831	84,963,844	80,662,783
Held In Contingency	9,000,000	25,653,874	11,300,000	-	-
Budgeted at Schools	99,926,539	119,383,024	131,559,115	131,356,308	128,312,018
Grand Total	195,882,752	232,091,688	228,449,946	216,320,152	208,974,801

The Early Childhood State Block Grant was included in the General Education Fund in FY2011 and FY2012. It was moved to the Early Childhood Development Fund for FY13 as a result of a change in state law that requires separate reporting.

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	84.0	87.5	0.0
NCLB Federal	3.0	3.0	3.0
Other Grants	74.0	74.5	156.0
Total Department	161.0	165.0	159.0
School Based	1505.7	1646.7	1636.0
Grand Total	1666.7	1811.7	1795.0

The increase in positions during FY2012 is primarily due to the Full-Day Kindergarten Initiative which greatly increased the number of full-day kindergarten programs throughout the City.

MAJOR ACCOMPLISHMENTS

- Improved Average Language and Literacy scores. Nearly 90 percent of observed classrooms (558) in FY2012 ranked moderate to high quality. This number is up from 78 percent in FY2011
- Expanded professional development opportunities for school-based and support staff through the use of a detailed needs assessment. Over 1,400 preschool teachers and assistants participated in five-session special interest groups covering 31 different topics, including early literacy and math, social emotional development, classroom management and child assessment
- Over 800 staff members attended each of the three Legends of Early Childhood Lecture Series presentations, with 99 percent of the evaluations scoring positively

- Continued to maintain an 89 percent attendance rate for preschoolers. Collaborated with Chicago Consortium of School Research (CCSR) to identify the causes of absenteeism in preschool to work towards increasing the attendance rate
- Increased the percentage of low-income children served from 85 percent in FY2011 to 88 percent in FY2012

KEY BUDGET INITIATIVES

- Despite cut of \$9 million in state block grant funding and \$10 million in Illinois Department of Commerce and Economic Opportunity funding, CPS maintained its preschool slots. This was achieved by eliminating more than \$4 million in administrative spending and supplementing with \$15 million in local funding
- Maintained Full-Day Kindergarten initiative funding at the same level as FY2012

Department of Facilities Operations and Maintenance

MISSION

The Department of Facilities Operations and Maintenance creates and maintains educational environments that are safe, clean and comfortable while encouraging learning opportunities for more than 400,000 Chicago Public Schools (CPS) students and faculty in more than 600 facilities. The Department proactively identifies maintenance and construction action plans that address CPS facility needs and preserves the value of CPS assets. The Department also communicates with CPS stakeholders to alert them of facilities-related maintenance and construction activities in their buildings in order to prevent educational disruptions.

MAJOR PROGRAMS

The Department of Facility Operations and Maintenance is divided into Asset Management, Real Estate and Capital Construction. A description of each group and a listing of their major programs are below.

- **Asset Management:** Assists schools in the day-to-day physical operation of their building by providing engineers, custodians, facility managers and utility services (gas and electric). The Asset Management group strives to reduce the maintenance costs and energy use of each school while providing a comfortable classroom that drives student learning. In addition, Asset Management supports schools in identifying and addressing maintenance needs that may impact safety or the learning environment. Asset Management also is responsible for developing energy efficiency measures and policies to reduce district-wide energy consumption and cost
- **Real Estate:** Manages property owned and leased by CPS effectively and efficiently with the goals of supporting schools and their programming, engaging the community and generating discretionary income for the schools, if possible
- **Capital Construction:** Facilitates the new construction and major renovation of schools within the district. Capital Construction is responsible for managing and monitoring facility-related construction, renovation, assessment, maintenance, furniture acquisition and usage policies. This area also ensures that new and existing educational and extra-curricular programs are offered in accessible locations, and that policies allow those offerings to be accessible to students and others with disabilities where possible

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	225,766,111	135,279,885	223,412,760	221,818,711	313,393,053
Tort Fund	300,000	-	-	-	-
Total Department	226,066,111	135,279,885	223,412,760	221,818,711	313,393,053
Budgeted at Schools	150,619,131	252,808,477	161,373,927	158,487,519	36,486,029
Grand Total	376,685,242	388,088,362	384,786,687	380,306,230	349,879,082

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	102.0	99.0	792.0
Total Department			
School Based	1503.0	1428.0	827.0
Grand Total	1605.0	1527.0	1619.0

MAJOR ACCOMPLISHMENTS

Reorganization of Asset Management

- Aligned operational hierarchy with school networks/collaboratives to ensure adequate coverage, reduced response times and a clear understanding of the Central Office staff serving their school
- Hired highly qualified facility managers to assist schools in management of engineers and custodians

Adjustments to the private custodian contract

- Reduced custodial spending by \$6 million over FY2011 by analyzing utilization and enrollment data to better align facility staffing while still providing the same level of cleaning services

Significant energy savings realized

- Implemented an Energy Shared Savings Program, an initiative to share savings with schools that reduce their energy usage; the initiative provided more than \$450,000 in energy savings for the district with half of the savings being reinvested directly back to the schools
- Energy costs were reduced by more than \$4 million dollars compared to FY2011 due to successful price management and reduced district-wide usage, partially the result of favorable weather patterns

Implemented district-wide Oracle Enterprise Asset Management System in all facilities

- Tracks the performance and cost of servicing mechanical assets such as boilers
- Enhances our ability to enforce warranty claims
- Provides electronic preventative work order program, which will reduce equipment breakdown and vendor cost

Decreased capital construction change order rate from 12 to 5 percent in three years

- All change orders are now reviewed by an independent cost consultant
- Facilitated modification to the Board's policy for paying change orders, which sharply reduces the time to pay change orders

Secured outside funding for capital projects

- Obtained \$18 million in TIF dollars to support 11 Americans with Disabilities Act (ADA) school renovation projects
Submitted grant applications totaling more than \$140 million for Early Childhood Construction, School Maintenance Grants, Illinois Department of Commerce and Economic Opportunity, Capital Development Board Grants and other public/private funding sources
- Distributed more than \$1.5 million in grant funds to charter schools in non-CPS facilities to make those facilities ADA accessible

KEY BUDGET INITIATIVES

Custodial efficiencies (anticipated savings: \$5 million)

- Bolster custodial productivity and accountability through the use of a Lead Custodian, who will be responsible for the supervision of custodial crews at schools

- Scheduling enhancements will allow the same level of cleaning services to be delivered using less manpower

Utilize existing resources more efficiently

- Leverage existing Engineer staff to perform work that would otherwise be completed by outside contractors (Anticipated savings: \$9 million)
- Prioritize critical repairs and maintenance services at all CPS schools, deferring non-essential repairs (Anticipated savings: \$4 million)

Energy savings and enhancements

- Retrofit lighting at 300 schools, targeting a reduction in energy usage(anticipated savings: \$3 million)
- Optimize mechanical equipment, lighting and related controls in the largest, most inefficient schools (6.9 million square feet), targeting 15 percent energy savings
 - Install Energy Dashboards at all schools to provide real-time energy data for better energy management(expected to reduce district energy consumption by 3-5 percent)

Real estate optimization

- Increase rent received from school license agreements by 3 percent
- Sell surplus property to generate additional revenue for the district

Capital construction savings and assessments

- Complete 2012 ADA-TIF initiative by identifying \$8.2 million in ADA projects that can be funded by TIF by obtaining support from city agencies and the Chicago City Council
- Implement biennial assessment tool as required by Public Act 097-0474, which will result in up-to-date facility data and allow the district to focus limited capital funding on the most time-sensitive projects
- More effectively partner with procurement for savings in the construction bidding process

Information & Technology Services (ITS)

MISSION

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

MAJOR PROGRAMS

Information & Technology Services (ITS) directly contributes to the district's goal of preparing students for college and career by providing the finest K-12 IT services in the country.

DEPARTMENT GOALS

- Ensure all students across the district have equitable access to the technology resources necessary that are aligned to the Common Core State Standards (CCSS) to fulfill all college-ready requirements
- Empower our educators with the tools and technology to improve the quality of instruction for their students
- Reduce the time spent by our educators on administrative tasks, thereby increasing the amount of time available for instruction
- Provide our administrators and leaders, both in our schools and in Central Office, with the information required to effectively manage our organization
- Provide access to tools to drive direct engagement with our educators, parents and community members
- Provide additional learning opportunities for all students interested in expanding their knowledge of technology and its impact on our society and culture

CORE FUNCTIONS

- **Organization Services**
Responsible for IT project management, business services, communications on IT-related topics, organization change management, training and process management competencies; also responsible for our corporate and non-profit partnerships and junior talent initiatives
- **Enterprise Architecture**
Responsible for strategy, processes, information and IT assets
- **Enterprise Applications**
Responsible for the district's core applications including those supporting student information, financial services, HR IT, web services and data analytics and reporting
- **Collaboration & End User Services**
Responsible for end user support for CPS schools and business units, including support related to client computing services, the Customer Support Desk, field support services and technology acquisitions

- **IT Operations & Infrastructure Services**

Responsible for the district's technology infrastructure, including telecommunications, network services, enterprise server and software and enterprise database administration

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Current Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	49,366,466	31,863,716	58,066,135	52,820,732	46,265,235
NCLB Federal	2,473,679	450,890	590,912	571,884	-
Other Grants	2,960,927	65,108	412,695	1,929,946	640,000
Total Department	54,801,072	32,379,714	59,069,742	55,322,562	46,905,235

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	188.0	184.0	168.0
NCLB Federal	4.0	4.0	0.0
Total Department	192.0	188.0	168.0

MAJOR ACCOMPLISHMENTS

- Established an executive committee including the Chief Administrative Officer (CAO), Chief Information Officer (CIO), Chief Financial Officer (CFO) and Chief Procurement Officer (CPO) to approve major project requests that include technology
- Established a new consortium for E-Rate funding for five charter schools that is expected to start July 1, 2012; federal funding of \$238,065 was requested, which is in addition to the annual E-Rate application for the district (more than \$46 million)
- Provided the technical capability to support key district initiatives, including:
 - Allowed students to test at their neighborhood CPS location for programs offered by City Colleges for the Early College initiative
 - The annual shut-down of the financial systems was eliminated, and the speed of the school budgeting was improved
 - Continued infrastructure improvements for networking upgrades to additional schools
 - Implemented a new internal system for responding to IT Service Desk calls
 - Implemented the new Hyperion budget tool
 - Implemented new project control system for the Facilities Department to manage construction work
 - Modified all data and reporting systems to reflect the new Network structure
- Updated CPS's primary public web presence www.cps.edu to include integration with social media applications such as Facebook, Twitter and Google+, meaning that site content can now be easily shared with parents, teachers, students and administrators using these popular social media services
- Launched the CPS Capital Plan website, which increased public transparency by providing a searchable, GIS-enabled (Google Maps) interface that details all CPS capital investments

- Launched “HR4U” portal in partnership with the Talent Office; new portal replaced other employee tools with a new interface and 24/7 self-service access to critical human resource information and resources

KEY BUDGET INITIATIVES

- Reduce external consulting expenditures(\$5.9 million savings) by:
 - Eliminating support for non-critical projects
 - Negotiating reduced rates with vendors
 - Insourcing positions to realize cost savings or service improvements
- Reduce external software and services vendor expenditures (\$3.2 million savings) by:
 - Reducing non-client impacting service levels
- Implement new Google email and collaboration system to the district (\$1.2 million savings)
- Provide the technical capability to support key district initiatives, including:
 - The new Teacher Performance System (REACH) for Teacher Assessments and the new Northwest Evaluation Association (NWEA) district-wide measurement of student growth
 - New programs using software in the classroom to support the CCSS.
 - Upgrades to existing management data dashboards and accountability systems to ensure they can support the needs of the district
- Support the Talent Office to implement a new Talent Acquisition Management System (employee recruiting software)
- Implement the ITS “change plan” to reorganize the department for improved customer interaction, productivity, consistency and efficiency
- Reduce operational expenses by eliminating vacant positions, non-critical active positions and non-personnel expenditures that are not aligned to ITS’s FY2013 strategy and long-term objectives (\$ 1.13 million savings)

Office of the Inspector General

MISSION

The mission of the Office of the Inspector General (OIG) is to ensure integrity in the operations of Chicago Public Schools by conducting meaningful, accurate and thorough investigations into allegations of waste, fraud, financial mismanagement and employee misconduct. The OIG also reviews CPS systems, practices and procedures to determine their efficacy in preventing waste, fraud and financial mismanagement.

MAJOR PROGRAMS

Investigations

Pursuant to state statute, the OIG is mandated to conduct investigations into allegations of waste, fraud and financial mismanagement. All OIG funds are utilized to perform that function.

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	1,808,614	1,919,618	1,812,909	1,482,743	1,824,744
Total Department	1,808,614	1,919,618	1,812,909	1,482,743	1,824,744

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	17.0	17.0	17.0
Total Department	17.0	17.0	17.0

MAJOR ACCOMPLISHMENTS

- Completed investigations revealing that school personnel and administrators misappropriated funds from school and department accounts, resulting in the termination of offending employees
- Recommended that the Board rescind a residency waiver granted to a high-level administrator to ensure a consistent tone-at-the-top
Investigated and referred for prosecution employees responsible for stealing and misappropriating Board funds from a central office department
- Revealed that two high-level CPS administrators had inappropriate relationships with vendors
- Established that a selective-enrollment high school principal fraudulently enrolled students
- Continued to investigate and report on significant control deficiencies and fraud in a federally funded program

KEY BUDGET INITIATIVES

- In FY2013, the OIG will continue to perform its mandated function to ensure that CPS employs honest employees, managing its programs with limited risk of fraud

Department of Knowledge Management & Quality Practices

MISSION

The Department of Knowledge Management & Quality Practices helps ensure all students graduate college and career ready by creating, publishing, and maintaining an interactive library of educational tools, resources and exemplars for school leaders and teachers.

MAJOR PROGRAMS

The Department of Knowledge Management & Quality Practices helps to develop, publish, and maintain a library of critical tools, resources, and exemplars. Major programs include:

- Knowledge Management
- Knowledge Management Portal
- District Research Agenda
- Quality Practices

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	-	-	-	-	861,791
NCLB Federal	-	-	-	-	556,233
Total Department	-	-	-	-	1,418,024

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	-	-	7.0
NCLB Federal	-	-	2.0
Total Department	-	-	9.0

- Launched the Instructional Knowledge Center website for school leaders and teachers to access critical resources related to Common Core State Standards, CPS Framework for Teaching and Full School Day
- Created and published 100-plus resources for school leaders and teachers, including Common Core State Standard Content Frameworks for Literacy and Mathematics and the Full School Day Principal Guides

KEY BUDGET INITIATIVES

- Work with Networks, principals, teachers, and parents to refine the School Effectiveness Framework, creating a district-wide definition of a quality school

- Collaborate with Chief Education Office departments to create and publish district-wide standards as well as critical tools and resources aligned to the revised School Effectiveness Framework
- Consult with teachers and principals to launch a new interactive teacher and principal knowledge management portal
- Develop a research agenda that is aligned with the District priorities and work with external partners to implement agenda
- Identify, evaluate and share examples of exemplary practices found within district schools and classrooms

Office of Law

MISSION

The Office of Law's mission is to provide the highest quality legal advice and guidance; effective representation of the Board, schools and department officials in litigation; and assistance in transactional matters.

MAJOR PROGRAMS

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

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	10,247,951	12,598,956	12,280,773	11,594,705	12,779,994
NCLB Federal	36,757	-	-	-	-
Tort Fund	214,615	406,211	384,320	321,239	417,755
Total Department	10,499,324	13,005,167	12,665,093	11,915,944	13,197,749
Held in Contingency	6,465,316	11,412,002	11,397,312	8,369,476	8,983,965
Grand Total	16,964,640	24,417,169	24,062,405	20,285,420	22,181,714

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	72.0	68.0	72.0
Tort Fund	4.0	4.0	4.0
Total Department	76.0	72.0	76.0

MAJOR ACCOMPLISHMENTS

- Successfully defended Board's position on a labor law issue that could have cost the district up to \$50 million
- Prevailed in suit by the Chicago Teachers Pension Fund that sought more than \$32 million
- Prevailed in a \$30 million commercial litigation case
- Prevailed in a Title VII sexual discrimination trial in which the claimed damages and fees were approximately \$750,000

KEY BUDGET INITIATIVES

- Saved the district over \$2.4 million by renegotiating insurance premiums with new vendors while maintaining the coverage necessary to mitigate risks with significant fiscal impact
- Invested \$478,766 to manage student expulsion process
- Preserved more than \$36 million in tax revenue (through 5/31 of FY2012) by defending the Board in property tax appeal hearings

Office of Network Support

MISSION

The Office of Network Support is responsible for ensuring that all chiefs of elementary and high schools have the available tools and programs to assist in developing high-performing, autonomous principals.

MAJOR PROGRAMS

Network Support oversees 14 elementary school networks and five high school networks containing a total of 683 schools. Each network has a family and community engagement manager focusing on community relations along with a data strategist focusing on analytics, an early childhood specialist, a bilingual specialist and instructional support leaders for each content area. The chiefs are responsible for ensuring that they are building effective schools with effective leaders by creating a professional development plan, collecting and assessing data to drive interventions, collaborating on best practices with other networks and enhancing community and parental involvement.

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

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	388,259	206,158	164,882	321,781	311,568
NCLB Federal	1,243,032	1,097,568	2,419,290	1,788,535	-
Total Department	1,631,291	1,303,726	2,584,172	2,110,316	311,568

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	1.3	3.8	2.0
NCLB Federal	4.7	1.2	-
Total Department	6.0	5.0	2.0

KEY BUDGET INITIATIVES

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

Nutrition Support Services

MISSION

The mission of Nutrition Support Services is to provide nutritiously balanced and appealing meals to every student on every school day to ensure students have the services and support needed to drive academic achievement and lead healthy lifestyles.

MAJOR PROGRAMS

Chicago Public Schools (CPS) receives federal funds to support six programs to provide meals and snacks to students in need.

- **School Breakfast Program:** Each day, CPS serves approximately 160,000 breakfasts to students
- **National School Lunch Program:** The program enables CPS to provide nutritionally balanced, low-cost or free lunches to approximately 250,000 children each school day. Students are eligible for a free or reduced-cost lunches based on their family's income. Approximately 85 percent of our students are eligible for subsidized lunches through this program
- **Fresh Fruit and Vegetables Program:** Through this grant program, CPS provides additional fresh fruits and vegetables to children at no cost. The goal of this program is to increase fresh fruit and vegetable consumption in elementary schools participating in the National School Lunch Program
- **Child and Adult Care Food Program:** Meals are provided for children who participate in afterschool educational programs. Sites must be located in an area/school in which at least 50 percent of the enrolled children are approved for free and reduced-price meals in the National School Lunch Program. Costs are reimbursed by the United States Department of Agriculture (USDA)
- **After-School Care Program:** Children participating in after-school programs can receive snacks. Students must be participating in a formal program that provides educational or enrichment activities that help reduce involvement in juvenile crime or high-risk behavior
- **Seamless Summer Program:** Under this program, CPS provides meals free of charge in schools operating in the summer where at least 50 percent of the students are eligible for free and reduced-priced school meals. This program is open not only to students enrolled in the summer programs, but also to children in the community up to age 18

Health and Wellness initiatives include:

- Promote and assist schools in achieving the rigorous criteria of the USDA's Healthier U.S. School Challenge, one of the four key pillars of Michelle Obama's "Let's Move" initiative
- Promote nutrition education for all students
- Encourage healthy school fund raising (e.g., Jamba Juice pilot for Summer LunchStop)
- Continue implementation of FoodShare, LunchStop and Farm to School to reduce food insecurity, increase summer lunch participation and improve nutrition

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	2,771,375	4,102,340	3,876,154	2,864,873	12,651
Lunchroom Fund	126,099,829	29,943,867	137,838,000	123,699,793	144,445,762
Other Grants	-	-	357,143	357,143	84,636
Total Department	128,871,204	34,046,207	142,071,297	126,921,809	144,543,049
Budgeted at Schools	98,797,201	212,171,475	103,960,365	108,020,197	100,700,059
Grand Total	227,668,405	246,217,682	246,031,662	234,942,006	245,243,108

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	27.0	28.0	-
Lunchroom Fund	339.0	346.0	340.0
Other Grants	-	4.0	1.0
Total Department	366.0	378.0	341.0
School Based	3391.0	3217.0	3208.0
Grand Total	3757.0	3595.0	3549.0

MAJOR ACCOMPLISHMENTS

- The new CPS nutrition standards exceed the Gold Standard Menus for the Healthier U.S. School Challenge and provide increased access to healthier food for all our students
- Assisted 55 schools in achieving certification for the Healthier U.S. School Challenge
- Universal Breakfast in the Classroom program increased the number of student breakfast meals by approximately 30 percent
- Adapted breakfast in the classroom model to five pilot high schools and increased breakfast participation by an average of 300 percent
- Planned and executed LunchStop Summer Food pilot program at four schools. LunchStop is a summer food pilot program that aims to increase free summer meal participation by moving lunch service to an outdoor location and collaborating with program partners to provide free health and wellness programming to participants
- FoodShare piloted at approximately 40 schools. The FoodShare program addresses school food waste and combats food insecurity by identifying and measuring leftover fruit and non-perishables from CPS school meals and redistributes these items to students, families and/or community members throughout Chicago
- Fresh local produce procurement topped approximately \$2.3 million dollars in FY 2012
- Expanded professional development training in FY2012 to include training session for lunchroom attendants, cooks and porters and beginner computer training to School Dining Managers in preparation for Point of Sale (POS) implementation. The POS system will automate the count of students who receive meals

KEY BUDGET INITIATIVES

- Increase participation in the breakfast, lunch, snack and summer meal programs by 2 percent through the creation of more appetizing and healthier menus
- Implement the Community Eligibility Option program as an alternative to collecting, approving, and verifying household eligibility applications in order to increase participation rates through streamlined reimbursement tracking
- Increase efficiency by closing positions, reducing unnecessary professional development days and increasing meals served per hour
- Design and implement pilot program for Meal Management (POS) system
- Increase FoodShare to 200 schools
- Pilot “family style” serving for 14 schools to increase student participation
- Launch a competitive bidding process and negotiate discounted pricing in conjunction with food service vendor contract renewals

Office of Pathways to College and Career

MISSION

The Office of Pathways to College and Career supports school leaders by defining student pathways to success and providing the models, tools and resources to support student growth in academic, social emotional and asset development at every stage of the K-12 continuum, to ensure that all students graduate prepared for success in college and career.

MAJOR PROGRAMS

- **Career and Technical Education:** Twelve areas of industry-focused coursework serving 18,000 students in 200+ programs across 60+ CPS high schools are aimed at preparing students for their postsecondary path by incorporating work-based learning experiences, as well as providing access to industry certifications and college credit
- **Early College Dual Enrollment:** Provides college-level academic coursework to students allowing them to earn dual credits at both high school and college levels to promote HS graduation, reduce remedial needs in college and increase college attendance levels
- **Out of School Time and 21st Century Community Schools:** Supports before- and after-school academic enrichment and enhancement program options for students K-12
- **Recovery, Intervention, and Acceleration Programs:** Provides academic supports including summer school and credit recovery which are designed to ensure students are on track for graduation
- **Academic Coursework:** Develops K-12 academic and behavioral milestones and the articulation of multiple pathways by which students can graduate from high school prepared for college and career
- **Interscholastic Competitions:** Facilitates citywide academic competitions including debate, decathlon, science fair and spelling bee
- **Behavioral Interventions:** Therapeutic strategies with focused skill development specifically designed to positively impact a student or small group of students with specific social-emotional barriers to learning
- **Social Emotional Learning, School Culture and Climate:** Provides guidance on evidence-based programs and positive behavior supports for school staff to teach, model and consistently enforce clear expectations throughout the school to create a safe, positive learning environment for all students
- **K-12 Counseling and Advising:** Supports schools in implementing comprehensive developmental guidance programs that incorporate the evidence-based ASCA National Model framework, which promotes success for all students by focusing on academic achievement, college and career planning and social and emotional development

- **College and Career Advising:** Provides curricular and enrichment strategies to address student awareness, readiness, access and success relative to college and career and postsecondary transition
- **Students in Temporary Living Situations:** Dedicated to ensuring that the over 15,000 students in temporary living situations have equal access to the same free and appropriate educational opportunities as students who are permanently housed
- **Attendance and Truancy:** Supports and guides CPS staff, students, families and community in efforts to increase attendance, decrease truancy, strategically address barriers that result in truancy and ultimately enhance the academic success

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	16,907,622	23,828,606	28,534,093	28,094,402	37,135,803
NCLB Federal	50,032,645	73,621,131	89,871,587	87,949,357	82,997,785
Other Grants	12,095,025	15,491,211	23,602,002	22,830,427	16,099,012
Total Department	79,035,292	112,940,948	142,007,682	138,874,186	136,232,600
Budgeted at Schools	8,675,572	2,293,903	15,410,901	10,032,182	7,751,556
Grand Total	87,710,864	115,234,851	157,418,583	148,906,368	143,984,156

OPCC Department underwent a major reorganization in October 2011, and various programs were added to its FY2012 budget from Special Education, Early Childhood, and Safety and Security.

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	78.0	99.5	72.8
NCLB Federal	37.7	50.0	36.5
Other Grants	40.8	54.5	55.8
Total Department	156.5	204.0	165.0
School Based	25.5	32.0	27.3
Grand Total	182.0	236.0	192.3

MAJOR ACCOMPLISHMENTS

- **K-12 Counseling and Advising:** Launched electronic transcript and expanded the implementation of the AutoGrad technology tool, which maps student courses taken to graduation requirements; both assist in ensuring students are on-track to meet high school graduation requirements and improve the college admissions process
- **Early College and Career:** Launched dual credit and dual enrollment program and executed 13 articulation agreements with City Colleges of Chicago (CCC) to provide CPS students entering CCC with college credit for qualifying high school career and technical education course work
- **Academic and Learning Supports:** Launched Summer Acceleration program to transition from the Achievement Academy model to provide overage students comprehensive and appropriate supports to successfully enter high school

- **Youth Development and Positive Behavior Supports:** Completed revision to student code of conduct and expanded reach of evidence-based programs to over 380 schools and 500 clinician staff related to school climate, classroom management and behavioral intervention strategies
- **Alternative Schools and Pathways:** Launched Pathways to Accelerated Student Success (PASS), an accelerated credit attainment program for reengaging and graduating recent dropouts; graduated 21 students who otherwise would not have been enrolled in school

KEY BUDGET INITIATIVES

- Launch five early college STEM Schools with a unique collaboration between industry and postsecondary partners. Schools will enable students to earn significant college credit and the most advanced students will be able to earn an Associate's degree within their four years of high school; \$6 million in grant funding for FY2013 will be used for these schools
- Utilize Truants' Alternative and Optional Education Program (TAOEP) funding to launch reengagement centers for out-of-school youth. The reengagement center is a community-based collaborative focused on chronically truant students and those who have left school. It will serve as a location for families and children seeking support to re-enroll in school; \$3.77 million in grant funding will be used to support reengagement centers with expert staff and services
- Continue promising practices from Culture of Calm by providing schools options for tiered behavioral interventions and school culture and climate programs to create a balance of externally-provided programs and in-school capacity building. CPS is budgeting \$5.8 million to support programs
- Devolve more than \$1.3 million in centrally-managed funds to schools for college and career coaches in order to increase support for principals and to improve college readiness, college enrollment and success rate
- Eliminate central office spending on the AVID (Advancement via Individual Determination) program, representing a savings of nearly \$930,000. Schools may continue to invest in AVID using discretionary funds
- Expand dual credit and dual enrollment programs to allow students to earn college credit while in high school. CPS has budgeted roughly \$910,000 in FY2013 to meet this goal
- Devolve funds from out-of-school-time programs to support principals in developing school and community partnerships at the local level; \$6.0 million of Title I funds was transferred to schools to give principals more autonomy with their spending
- Realign programs (ex. Service Learning, Academic Competitions) to appropriate units to support collaboration of like programs and services and reduce overlap and duplication of effort

Payroll Services

MISSION

The mission of the Chicago Public Schools (CPS) Payroll Department is to process accurate and timely payrolls to:

- Ensure that all employees of CPS are paid in a timely manner with the correct withholdings and deductions
- Efficiently maintain and transmit confidential data to employees, departments, financial institutions and external agencies
- Actively audit to ensure compliance with appropriate state and federal tax laws and regulations

MAJOR PROGRAMS

The Payroll Services Department oversees preparation of the organization's bi-weekly payroll for all employees, which includes:

- Strict adherence to federal, state and other laws and regulations to process accurate and timely payments to all employees
- Accurate withholding of health and welfare deductions, pension, union dues and other voluntary payroll deductions
- Maintaining the Kronos Workforce Central Timekeeping System, the PeopleSoft Payroll for North America module and the Supplemental Pay System

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	-	-	2,376,450	2,325,981	4,156,004
Total Department	-	-	2,376,450	2,325,981	4,156,004

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	-	42.0	42.0
Total Department	-	42.0	42.0

MAJOR ACCOMPLISHMENTS

- **Enhanced Kronos Timekeeping**
Built system enhancements that create time and attendance reports that are easier for employees to track, allowing for collection and reporting of data to Central Area officers, principals, teachers and Central Office administration for strategic planning; several online exception reports were built as well

- **Established Time Keeper Central Team**
Centralized clerk duties within Central Office and eventually will do the same for schools; team is responsible for supporting our professionals during their employee life cycle to ensure they are paid properly
- **Streamlined payroll processes**
Streamlining of payroll processes has increased the accuracy of payroll payments

KEY BUDGET INITIATIVES

- Improve internal and external customer service by increasing first call resolution to 98 percent
- Increase the percentage of processing payments on-time and accurately to 99 percent
- Implement new technological processes to improve efficiencies and cost savings
- Improve self-service, such as providing employees with the ability to submit state W-4 forms electronically and improving how employees submit requests for time off, in order to allow employees greater access and control over their payroll data

Portfolio Office

MISSION

The Portfolio Office’s mission is to create and expand high quality school options for every student in every community. We work toward the goal of having 100 percent of our students in high performing, fully utilized schools, and we recognize that improving performance and utilization of our schools will require a collective effort.

MAJOR PROGRAMS

- **Portfolio Planning & Strategy:** Responsible for developing the strategic multi-year plan to simultaneously address the utilization and quality challenges facing each network of schools, and develops and executes school actions, with the aim of ensuring that all students attend high performing, efficiently utilized schools
- **New Schools and Programs:** Responsible for recruitment, authorization and start-up support for all new schools in the district and also is focused on finding innovative education models to pilot and replicate, aiming to create a pipeline of high quality operator and program options and provide performance accountability and ongoing support for all schools not reporting to a district network
- **Enrollment and Access:** Responsible for ensuring that all students in district-run schools are efficiently enrolled through an equitable, high integrity process, and for running a centralized enrollment process for many of our high demand programs, ensuring quality and transparency in the process; also works to continuously improve the process through enhanced capabilities and streamlined systems, including online applications
- **Department of JROTC/Service Leadership Programs:** Responsible for overseeing 44 JROTC programs in high schools, 12 middle school programs and six full military high schools. There are 162 instructors on staff who are retired military veterans and are cost-shared with the Department of Defense. Centrally, we organize and run professional development, program evaluation, strategic planning for growth, measurement and marketing of the JROTC program, as well as a wide variety of city-wide sports competitions, summer camps, college field trips and community service/co-curricular events

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	3,756,543	5,600,669	7,584,697	6,989,430	83,506,632
NCLB Federal	960,578	709,389	265,300	352,663	4,875,203
Other Grants	327,116	313,890	87,991	55,810	-
Total Department	5,044,237	6,623,948	7,937,987	7,397,904	88,381,835
Budgeted at Schools	15,051,298	15,702,706	15,794,960	15,794,960	15,718,875
Held in Contingency	-	13,583,162	10,826,123	-	-
Grand Total	20,095,535	35,909,816	34,559,070	23,192,864	104,100,710

Increase reflects transfer of funds and responsibility for school start-up, expansion and actions to this office in FY 2013.

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	35.0	74.0	60.2
NCLB Federal	6.5	-	8.0
Other Grants	2.0	-	-
Total Department	43.5	74.0	68.2

MAJOR ACCOMPLISHMENTS

- Worked with key charter school operators to develop the Gates Compact, which includes common accountability, a single application process and funding equity
- Gave approximately 7,500 students higher quality school options by closing or turning around 17 of our lowest performing schools
- Completed another smooth application and enrollment season for more than 450 of our district schools, maintaining high integrity and quality
- Authorized 12 new charter campuses to open over the next two years that will provide increased school options for almost 9,000 students, with 2,765 students starting in FY2013
- Enrolled nearly 11,000 students in JROTC program classroom and co-curricular activities focused on leadership development, self-discipline, service learning, and college and career readiness
- Created a “fact base” of school demographics, performance and utilization data to help guide department decisions

KEY BUDGET INITIATIVES

Call for quality schools: This is a national call to bring high quality school operators into the district. In this call, we are agnostic to operator type (e.g., charter, contract, performance school types) and are specifically seeking innovative models, alternative education providers and turnaround operators. Successful applicants to the call will be announced in September, with a Board vote in October

- **Single application:** This is a key district initiative to provide a single, unified, user-friendly application process for all school options, including charter schools, magnet schools, selective enrollment schools, military academies, JROTC programs and magnet cluster programs. A single application simplifies the process for parents and improves choice and equitable access. It will also provides our New Schools and Planning teams with granular demand data to help assess what kinds of operators we should be recruiting, authorizing and working with the community to place, based on parent demand. High school single application roll-out is targeted for fall 2013 for the 2014-15 school year; single application roll-out for elementary schools is targeted for fall 2014 for the 2015-16 school year
- **School start-ups, expansions and actions:** The FY2013 Portfolio budget includes funding for opening of new schools, adding expansion grades to existing schools, and closing, phasing out or turning around underperforming and underutilized schools. Going forward, the Portfolio Office will manage these activities, and so the funding has been consolidated in Portfolio’s budget. This is largely a redistribution of funds that had previously been placed in other budget lines, not a significant increase in spending
- **10-Year Neighborhood Vision:** This is a strategic planning document aiming to define the educational priorities for the district over the next 10 years and provide a roadmap for ensuring that our facilities will support the execution of those priorities in each neighborhood. It is an important component of our capital planning process, discussed separately in the Capital

chapter. In line with the 10-Year Neighborhood Vision, Portfolio will propose district, charter and contract school actions based on performance evaluations, executing approved actions to ensure smooth transitions to high quality educational options

- **Gates Compact:** Implement actions that were agreed to in the Gates Compact, including common accountability, a single application process and funding equity

Procurement & Contracts

MISSION

Partner with schools and Chicago Public Schools (CPS) departments to ensure that every student has the tools and supplies necessary for a high quality education that prepares them for success in college and career. The Department works to ensure that all CPS schools and departments receive excellent customer services and quality goods at the lowest possible cost from responsible suppliers through our solicitation process. Furthermore, the Department attains the Board’s Minority and Women Business Enterprise (M/WBE) policy, which is currently set at 7 percent and 30 percent, respectively, for women and minority-owned business.

MAJOR PROGRAMS

The Department works in coordination with all CPS schools and departments to procure goods and services through competitive solicitation processes. The Department strives to provide high quality goods and services at the lowest cost while consistently monitoring contracts and processes for efficiency improvements and cost savings. The Department reviews new vendor applications as well as current vendor performance.

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	3,369,077	2,805,073	2,731,614	2,693,484	3,407,570
Total Department	3,369,077	2,805,073	2,731,614	2,693,484	3,407,570

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	25.0	25.0	30.0
Total Department	25.0	25.0	30.0

MAJOR ACCOMPLISHMENTS

- Simplified approval process with the Board of Education to provide the Chief Procurement Officer (CPO) with enhanced authority
- Defined and began to implement a spending assessment and sourcing execution plan to generate cost savings and avoid future increased costs
- Conducted workshops to identify process and productivity improvements using the well-known LEAN methodology. The LEAN methodology focuses on maximizing customer value while minimizing waste in processes. These processes will ultimately result in a faster, more efficient, cost-effective means of procuring goods and services
- Began conversion from a paper-based purchase order process to an electronic-based process, reducing ordering time and achieving cost savings by shifting buyer time from administrative tasks to negotiation with vendors
- Increased focus on training principals and various Central Office departments in order to improve compliance

KEY BUDGET INITIATIVES

- Improve procurement capabilities in order to increase the District's financial stability and better provide the goods and services needed to ensure CPS students are on a path toward success in college and career
- Streamline our process with a 50 percent time reduction target using LEAN methodology. The Department will continue to improve our procurement IT capabilities, specifically to move to paperless processes (both internal and with our vendors)
- Improve the Department's professionalism and expertise by recruiting procurement professionals and structuring our organization by type of spending (e.g., Construction, Professional Services, Goods and Services) to be better aligned with our end-user departments
- Establish structured communication channels with school principals to improve our contract compliance rate and with our suppliers to better engage them in cost-reduction initiatives
- Drive the cost of purchasing goods and services down through benchmarking our costs against best practices, coordinating with sister agencies and school districts to increase the volume of goods or services being procured, and renegotiating contracts systematically where we identify cost gaps versus best practices
- Achieve ambitious goal of \$20 million in savings in addition to the savings already projected in partnership with user departments out of a total base of \$1.122 billion in spending

Department of Professional Learning

MISSION

The Department of Professional Learning’s mission is to support educators across the district in providing a high quality learning experience for all students. This department is responsible for setting standards and creating high-quality instructional tools and resources for educators that will support them in their practice and prepare students for success in college and career.

MAJOR PROGRAMS

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

- Professional Development Design
- Professional Development Network Support
- Professional Development Evaluation and Effectiveness
- External Partnership Management
- CPS University/Learning Management System

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	-	-	50,804	50,804	1,668,067
NCLB Federal	-	-	1,525,549	1,515,000	1,205,915
Department	-	-	1,576,353	1,565,804	2,873,982

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	-	4.0	2.0
NCLB Federal	-	17.0	10.0
Total Department	-	21.0	12.0

MAJOR ACCOMPLISHMENTS

Building Leadership Capacity: Empower and Support School Leaders

- Provided Professional Development and built capacity on Common Core State Standards across the district by facilitating 128 quarterly ILT trainings and collaborating on the development of resources for teachers
- Designed and delivered professional development on the CPS Framework for Teaching to school administrators and teacher leaders in all 19 Networks (approximately 2,350 participants)
Supported ISBE-required teacher and principal evaluation certification training and assessments by piloting assessments, creating study guides, collaborating with ISBE and troubleshooting the process

Continuously Improving Schools

- Collaborated and supported the Recognizing Educators Advancing Chicago Students (REACH Students) overview for principals (584 administrators and over 140 Network and Central Office staff in attendance)
- Created teacher resource guides on the CPS Framework for Teaching, including further definition of each Framework component, guiding reflection questions and sample artifacts
- Phase I of the CPS University “Ease of Use” enhancements completed, including release of *Quick Create*, which yielded a 90% satisfaction rate with users
- Recommendation made and accepted to leverage existing CPS technology (Google) as platform for Knowledge Management System (KMS), yielding \$4 million in savings, reduction in overall system sprawl and an increase in technology/systems alignment and utilization

KEY BUDGET INITIATIVES

- Set the professional learning standards for the district and develop the professional learning framework
- Provide online Framework for Teaching modules, tools, and resources that support the improvement of teacher practice
- Integrate Safari Montage and CPS University for single-sign on and tracking of online professional development
- Manage an external professional development provider group from which schools can partner and purchase services

Office of Public and Community Affairs

MISSION

The Office of Public and Community Affairs, a newly-created department, serves as the key liaison between CPS, public officials and the community at large. Its mission is two-fold: in public affairs, the office shapes the dialogue between key national, state, and local leaders, advocating for legislation on terms favorable to the Board; in the community, the office proactively listens and responds to stakeholders' concerns, enlisting civic participation in improving educational choices and opportunities for our children.

MAJOR PROGRAMS

- **Department of Intergovernmental Affairs:** Represents the interests of CPS and the students it serves before other governmental bodies, including the city of Chicago, the Illinois General Assembly and various state offices. These services include working with schools and departments at CPS to provide information on district programs and initiatives to public officials and agencies
- **Office of Family and Community Engagement (FACE):** Works to increase parental engagement at the school level and manages citywide outreach efforts through focus groups and community-based informational and training sessions. FACE also supports the efforts of Community Action Councils and serves as a liaison for faith-based organizations
- **Local School Council Relations (LSCR):** Supports and facilitates the Local School Councils at almost 600 schools. LSCR provides oversight of LSC elections and membership eligibility, guides a school's LSC through the principal selection/evaluation process, provides training to LSC on school budgets and continuous improvement work plans (CIWPs), and provides mediation services when needed

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	3,405,864	5,111,013	5,566,744	5,051,805	6,450,364
NCLB Federal	412,757	369,265	1,153,159	788,610	1,156,802
Other Grants	179,737	180,000	180,000	144,752	180,000
Total Department	3,998,359	5,660,278	6,899,903	5,985,168	7,787,166

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	35.4	47.4	46.4
NCLB Federal	3.6	3.6	3.6
Other Grants	-	-	-
Total Department	39.0	51.0	50.0

MAJOR ACCOMPLISHMENTS

- Opened five Parent Support Centers—one in each Collaborative—which reviewed and resolved over 650 parent inquiries and concerns in the first three months of operation. Parent Support Centers provide a “one-stop shop” for parents to resolve inquiries and concerns. They coordinate with central office departments to resolve issues, clarify district processes and increase parent awareness of district resources
- Development of community-based school improvements plans from our first set of community Action Councils. Community Action Councils serve as a vehicle of empowerment for parents, community members and other stakeholders to improve the quality of education in their communities by creating, submitting and implementing a strategic plan for educational success within their communities
- Creation of the FACE Network Manager position, which focuses on parental engagement at the school level within each network
- Successful execution of the Safe Haven program during summer, winter and spring intercessions. The Safe Haven program serves students in some of our most needy communities by providing healthy meals, engaging activities, reading programs, tutoring and performing arts in partnership with Catholic Charities. In addition, the programs include workshops focusing on anger management, conflict resolution and anti-bullying
- Provided trainings and professional development to over 1,000 parents helping their children meet the CPS academic standards
- Recruited 6,775 LSC candidates and over 1,300 election judges for the 2012 LSC Election
- Conducted LSC elections in 557 schools, including the general LSC election in April 2012, and for the first time, a supplemental election in May 2012 for schools that had not recruited a sufficient number of candidates to meet the quorum requirements for the new 2012-2014 term
- Trained 925 LSC members on roles and responsibilities, effective meetings, school improvement plan, budget, principal evaluation, retention and principal selection
- Assisted 42 LSCs to renew their principals’ four year contracts and 115 LSCs to select a new contract principal

KEY BUDGET INITIATIVES

- Monitor all city council resolutions/ordinances and state and federal bills related to education and CPS directly
- Use \$800K to fund Safe Haven programs in FY2013. This will allow 60 churches to provide services to more than 2,500 children during summer 2012 alone. Program will also provide services in winter and spring intercessions
- Expand the number of Adopt-a-School programs, which are partnerships between faith-based organizations and schools
- Expand awareness and increase utilization of the Parent Support Centers
- Provide ongoing Parent Advocacy Trainings to ensure parents understand new initiatives and resources. Trainings to be given at least once per quarter in each collaborative, with additional targeted trainings to be given when and where necessary
- Attend and monitor LSC meetings to provide advice and assistance to ensure compliance with legal requirements
- Train LSC members on roles and responsibilities, effective meetings, school improvement plan, budget, principal evaluation, retention and principal selection

Office of Safety and Security

MISSION

The mission of the Office of Safety and Security (OSS) is to support the Chicago Public Schools in providing a safe and secure learning environment that is conducive to learning. This team supports principals and school staff for over 400,000 students in over 600 facilities. The department is responsible for identifying and addressing safety concerns within the school while partnering with other stakeholders such as the Chicago Police Department (CPD) to identify risks in the community that will also affect the safety of the school. This team uses a combination of methods including prevention, intervention and enforcement to proactively address issues that might affect the students and staff.

MAJOR PROGRAMS

The Office of Safety and Security is divided into three teams: Network Safety, Strategic Safety Initiatives and Central Office Resources.

The Network Safety Team serves as the overall safety support structure for each Network. Every school will have an identified point of contact from this team who is accountable for assisting in areas ranging from safety strategy development to security staff support to incident investigation and response.

The Network Safety Team strives to work with each school to identify and address safety issues within the school and in the neighboring communities. Key responsibilities include:

- Working with schools to develop school safety plans
- Support and training school-based security staff and performance optimization
- Conducting safety audits
- Partnering with Chicago Police Department and community stakeholders to support school safety plans

The Strategic Safety Initiatives Team is responsible for developing longer-term, big -picture strategies, such as anti-violence initiatives and the Safe Passage program, which provides an adult presence along school routes for students traveling to and from school. This team also manages the technology strategy and implementation for cameras, metal detectors, CTA Bus Trackers and the CPS Student Safety Center (also known as the 24x7 Operations Center). Key responsibilities include:

- Developing and implementing district-wide safety programs such as anti-violence initiatives
- Collaborating with other city agencies to ensure we are synchronized on our approaches
- Supporting other CPS departments in areas where safety consultation is required
-
- Implementing and supporting maintenance of technology systems
- Overseeing the Student Safety Center

The **Central Office Resources Team** manages the resources that are responsible for safeguarding administrative offices such as the central office headquarters, warehouses, and other CPS-run offices. Key responsibilities include:

- Managing and monitoring the entry protocols for key CPS offices
- Supporting key meetings and functions that involve the participation of CPS staff, such as Board meetings, special events, etc.

- Overseeing the employee intake process, including issuance of ID cards and specific background checks

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	48,784,070	3,178,096	2,550,264	2,414,431	-
NCLB Federal	22,528,490	25,363,350	8,806,652	8,560,591	7,400,000
Other Grants	-	-	818,200	250,072	500,000
Tort Fund	10,051,391	17,142,847	16,571,859	13,302,497	22,688,284
Total Department	81,363,951	52,563,726	52,311,822	52,111,255	52,563,726
Budgeted at Schools	-	6,400,000	6,400,000	2,263,132	-
Grand Total	81,363,951	104,648,019	87,458,797	78,901,978	83,152,010

In a reorganization, several programs were transferred out of Safety and Security, which accounts for the \$16.4m decrease in the FY2012 adopted budget.

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	6.0	3.0	0.0
NCLB Federal	16.0	1.0	0.0
Other Grants	0.0	0.0	0.0
Tort Fund	84.0	87.0	94.0
Total Department	106.0	91.0	94.0
School Based	1381.0	1295.0	1305.0
Grand Total	1473.0	1385.0	1396.0

MAJOR ACCOMPLISHMENTS

Reorganized Office of Safety and Security

- Clarified roles and promoted functions to be more effective and proactive
- Reinforced a culture of dedication to promoting the safety of all CPS students
- Aligned operational hierarchy with school networks/collaboratives to ensure that schools have a point of contact that is accountable to supporting the safety needs of the school
- Recruited high performing talent from within and from outside of CPS

Implemented Safe Passage Program

-

Camera Installations

- Installed over 1,200 HD cameras in 14 high schools one month ahead of schedule
- Enhanced camera monitoring protocols; costing \$7 million
- Revised the camera monitoring protocols in the Student Safety Center to drive more proactive monitoring to anticipate and address significant issues

CTA Bus Tracker Installations

- Facilitated safe routes for students who use public transportation by installing systems that communicate the arrival times of CTA buses in 35 high schools

CPS/CPS CompStat Launch

- Conducted joint sessions for 10 high schools to review trends within the school and across the community
- Reinforced communication links between principals and commanders
- Facilitated the sharing of best practices

Implemented Harper High School Summer Engagement Program

- Collaborated with school staff and community leaders to place over 200 students in employment or summer programs to enable them to have a safe summer

KEY BUDGET INITIATIVES

- Refine security allocation model to rationalize the appropriate coverage of school-based security staff across all schools (anticipated savings: \$1 million)
-
- Create “centralized flex-team” that will allow OSS to dispatch substitutes to assist schools in covering absences for security officers who are sick or on vacation
- Implement new accountability standards for school-based security staff across district to improve consistency across schools
- Reinvent CPS security training to ensure CPS security officers are trained to support a safe school environment, while ultimately optimizing the use of staffing levels
- Conduct training that moves beyond reactive approaches towards more preventative and proactive strategies
- Execute security strategies that clarify roles and responsibilities while eliminating duplicative roles where they exist
- Coordinate with the Chicago Police Department to analyze and re-assess the levels and use of school-based police resources
- Assess current CPD placements and work with CPD leadership to refine and optimize the roles and placements of CPD officers within the schools
- Optimize processes for how we use technology to anticipate issues and protect assets.
- Implement processes to do proactive monitoring to anticipate incidents such as fights so that staff can intervene if possible
- Refine camera monitoring in conjunction with the alarm monitoring to prevent “break-ins”
- Expand Safe Passage Program: add volunteer parent patrol across more schools and strategically partner with CPS volunteer patrol
- Launch “Break the Code of Silence” campaign: Partner with other city agencies such as CPD, Department of Family and Support Services and the Department of Public Health to launch a mass media and grass roots campaign to educate young people on the importance of reporting information that might deter violence

Office of School Improvement

MISSION

In support of the district's effort to graduate all students and ensure they are college and career ready, the Office of School Improvement (OSI) proactively supports struggling CPS schools to re-position themselves on a path toward sustainable success through structured guidance in planning and ongoing review of work progress and key performance indicators as well as a range of leadership, educational and operational support options. OSI supports are tailored to the needs of each school served. The department does so by focusing on building sustainable in-school capacity and draws upon the tools and resources contained in the district's best practices knowledge management system.

MAJOR PROGRAMS

- Offers schools supports related to curriculum and instruction, culture and climate and student development, college and career preparation, community engagement, leadership development and performance management
- Oversees CPS School Improvement Grant (SIG) awardees. In Illinois, SIGs are currently focused on serving the lowest performing 5 percent of schools in the state. Schools awarded a SIG must implement an approved reform program (e.g., turnaround, transformation, re-start or closure) with the support of a Lead Partner. As overseer of CPS SIG, OSI drives the strategic planning process behind SIG investments and leads monitoring and reporting on ongoing progress versus goals for all SIG schools and Lead Partners. OSI also serves as Lead Partner for several SIG schools through its in-house Office of School Turnaround and Office of Transformation Support
- Turnaround high schools supported by OSI as Lead Partner:
 - Harper
 - Fenger
 - Marshall
 - Tilden
 - CVCA
- Transformation high schools supported by OSI as Lead Partner:
 - Juarez
 - Julian
 - Kelvyn Park
 - North Lawndale College Prep
- Turnaround and Transformation schools supported by external Lead Partners:
 - Phillips (AUSL, Turnaround)
 - Hancock and Wells (Network for College Success, Transformation)
 - Richards (America's Choice, Transformation)

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	1,638,622	1,524,946	906,788	587,380	935,814
NCLB Federal	907,544	40,900	45,680	45,680	-
Other Grants	2,517,440	2,683,759	3,627,360	3,345,111	3,409,349
SGSA	-	987	-	-	-
Total Department	5,063,606	4,250,592	4,579,829	3,978,171	4,345,163
Budgeted at Schools	11,164,906	13,175,226	31,075,467	24,588,871	16,957,412
Grand Total	16,228,512	17,425,818	35,655,296	28,567,042	21,302,575

The FY2012 current budget includes eight transformation grants that were awarded in September 2011, after the approved budget was finalized.

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	3.0	4.0	2.0
Other Grants	28.5	35.0	35.0
Total Department	31.5	39.0	37.0
School Based	89.5	209.2	108.5
Grand Total	121.0	248.2	145.5

MAJOR ACCOMPLISHMENTS

- Awarded \$48 million in School Improvement Grants in FY2012 to support eight schools
- Strong performance in OSI Lead Partner Transformation schools:
 - All four schools increased ACT composite scores
 - Three out of four schools met or exceeded SIG goals for percent of students with 20 or above on the ACT
 - All four schools are on track to meet graduation rate growth and misconduct reduction targets
- Featured in 2012 publications by national experts such as Advance Illinois and Mass Insight, OSI was recognized as a thought leader in driving whole school reform
- In collaboration with teachers and school leaders, OSI developed a comprehensive four-year high school course of study and curriculum – including core academic and elective courses – to support efforts to heighten rigor at the high school level. The document includes blended learning and online training components, and provides the foundation to assist schools in transition to Common Core State Standards
- Developed more than 25 best practice ‘products’ related to curriculum and instruction, social emotional development, performance management and family and community engagement as part of efforts to institutionalize best practices and support school-based self-sustainability; these products provide schools with practical reference guides and tools to implement research-based strategies
- Conducted rigorous hiring process to entirely reconstitute two high schools and two elementary schools, filling more than 300 positions in five months

KEY BUDGET INITIATIVES

- Apply for SIG funding to support five or six Transformation schools and one Turnaround school (up to \$2 million per school); school improvement investments will be tailored to each school's needs
- Scale back investment in three existing Turnaround schools to move toward school-based capacity building and focused sustainability planning
- Incubate and support two additional school turnarounds (Tilden and CVCA)
- Expand capacity to support leadership development and principal ownership in school improvement by investing in consultants to coach principals in whole-school transformation
- Build comprehensive plan to proactively serve a broader range of struggling schools and engage in a variety of whole-school transformation partners
- Increase investment in college and career coaching supports to drive stronger post-secondary outcomes in OSI-partner schools
- Refine approach to performance management to build sustainable in-school capacity

School Support Center

MISSION

The School Support Center (SSC) serves as a liaison between Central Office departments and school staff by providing training, contact center support, premium services and advocacy in all areas relating to school business operations, enabling principals to focus primarily on instruction and drive student learning.

MAJOR PROGRAMS

The SSC is responsible for serving as a one-stop-shop support center for principals to provide them with support services including instructor-led and web-based training, contact center assistance, problem solving, and advocacy. We provide this support in the areas of budget, procurement, finance, talent, and school safety and emergency planning.

The three School Support Center locations are SSC North serving the North/Northwest Side and West Side collaboratives, SSC South serving the Southwest Side and Far South Side collaboratives and SSC Central serving the South Side collaborative and Alternative Schools.

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	2,206,927	2,207,947	2,256,166	2,399,889	2,728,398
NCLB Federal	-	1,502	185,704	58,584	181,279
SGSA	778,628	1,503	962,125	877,972	501
Tort Fund	-	-	70,318	52,256	179,592
Total Department	2,985,555	2,210,952	3,474,313	3,388,701	3,089,770

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	25.0	28.0	28.0
NCLB Federal	-	-	2.0
SGSA	9.0	9.0	9.0
Tort Fund	-	2.0	2.0
Total Department	34.0	39.0	41.0

MAJOR ACCOMPLISHMENTS

- Launched the School Support Center in November 2011, expanding significantly the offerings from the Business Service Centers to include the Office of Talent, and School Safety & Emergency Planning' accordingly the budget was increased to include one Data Strategist, one Training Specialist, Manager of Field Services, two Regional Security Facilitators and one Project Manager for Emergency Planning

- Expanded Service Offerings to schools, effectively implementing a phone hotline to create a single point of contact for school customers to provide improved accessibility and responsiveness to school principals and Networks
- Organized district-wide FY2012 Network Principals' Budget meetings in collaboration with the Office of Network Support, Budget & Grants Management and Information Technology Services; for the first time, there was representation from all operations departments to address questions related to the budget and other areas of school operations
- Increased customer participation with Premium Service (PS) option, which provides an alternative to school principals to receive site-based support, consultation and training in all areas of school finance and budget for a shared fee; also increased the level of customer participation for FY2013 by 20 percent, with 152 schools now participating in our Premium Service customer support option

KEY BUDGET INITIATIVES

- Continue expansion of SSC model to further simplify the district's approach to customer service for our schools, and expand training support to Networks and school staff in collaboration with Information Technology Services and Payroll Departments
- Define and communicate standards and documents for each function and Central Office/ SSC partnership to improve partnership collaboration
- Develop assessment tool to determine the quality of school emergency plans in collaboration with the Departments of Safety & Security and Facilities, Operations and Maintenance; share with principals and Network Chiefs to drive improvement in the viability of plans district-wide

Office of Special Education and Supports

MISSION

The Office of Special Education and Supports (OSES) strives to be a leader in effective special education practices and a valued partner for schools, parents, students and community agencies. OSES works collaboratively with schools, students, parents and other external stakeholders to provide the tools, guidance, supports and services necessary to ensure that all students with disabilities are successful and graduate prepared for success in college and career.

MAJOR PROGRAMS

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

Instructional Strategies and Systems: Includes programs for students with more severe disabilities that are placed together in a single “cluster;” programs include evening school, instruction based on disability, home and hospital instruction and assistive technology.

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

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

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

Operations: Provides overall operations support including data management and analysis, professional development, resource allocation, compliance and reporting and communications.

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	169,191,833	169,146,278	165,266,832	165,099,247	223,948,194
NCLB Federal	7,584,650	10,523,624	8,575,046	8,287,691	-
Other Grants	17,665,315	22,319,947	23,363,511	22,673,324	19,889,552
SGSA	-	-	-	-	213,928
Tort Fund	96,751	270,770	270,770	256,354	133,864
Total Department	194,538,549	202,260,619	197,476,159	196,316,615	244,185,538
Held In Contingency	50,071,578	77,270,000	53,320,071	52,688,167	-
Budgeted at Schools	509,230,495	502,616,621	525,468,223	525,337,380	532,506,430
Grand Total	753,840,622	782,147,240	776,264,453	774,342,162	776,691,968

The Special Education State Block Grant was included in the General Education Fund in FY11 and FY12. It was moved to a separate Special Education Fund for FY2013.

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	1579.6	1577.7	1565.0
NCLB Federal	11.3	5.3	-
Other Grants	109.1	104.5	101.5
Total Department	1700.0	1687.5	1666.5
School Based	6458.1	6786.5	6443.6
Grand Total	8158.1	8474.0	8110.1

MAJOR ACCOMPLISHMENTS

- Common Core training provided to more than 1000 teachers in over 600 schools
- Successfully launched Full School Day initiative relative to Individualized Education Plan (IEP) development and training
- Developed citywide Travel Training Initiative to teach students with disabilities how to navigate the public transportation system, thereby providing an essential life skill that will assist in college/career readiness and reduce school bus expenses. In FY2012, 39 students successfully completed the pilot program
- Secured grant funding of nearly \$1.4 million to implement person-centered transition planning models in FY2012-13
- Improved due process case resolution percentage from 85 percent in FY2011 to 96 percent in FY2012

KEY BUDGET INITIATIVES

- Provide \$239 million in support for special education services above the amount received through State Block Grant Funds to ensure that students' needs are met
- Continue to use the flexibility provided by Block Grant funding to serve students in the least restrictive setting and with the array of services that best meet their needs

- Improve Medicaid reimbursement by \$5 million by recovering funding for personal care attendants
- Increase the number of students with disabilities who are successfully travel-trained by 100, for an estimated savings of \$2 million
- Increase pre-referral interventions for students at-risk to determine what preventive measures can be applied
- Launch a school scheduling pilot to promote efficiencies in the use of school-based resources, which is expected to save \$2 million
- Transferring 48 Vision and Hearing Technician positions to the newly-created Office of Student Health and Wellness

Office of Strategy Management

MISSION

The Office of Strategy Management will be launched in FY2013 to assist the CEO in carrying out his agenda of reform for the district: empowering principals as leaders of their schools, increasing access to high performing school options and engaging families. This office will ensure that each strategy has a solid design, is monitored closely to remain on target and is effective.

MAJOR PROGRAMS

Strategic Initiatives: This team will help design approaches to achieving each of the three levers of reform, drawing on best practices, solid research and effective strategies.

Analytics and Evaluation: This area will review data and conduct evaluations to ensure that the strategies the district has adopted are rigorous, effective and effectively make progress toward their goals.

Project Management: This team will ensure that each strategy has a solid implementation plan, is well-monitored and meets all timelines and benchmarks.

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	-	-	-	-	1,212,236
Total Department	-	-	-	-	1,212,236

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	-	-	10.0
Total Department	-	-	10.0

KEY BUDGET INITIATIVES

- Manage ongoing refinement and execution of the overall district strategy
- Provide project leadership for key initiatives by establishing clear goals, metrics and accountabilities
- Provide timely and complete performance updates and facilitate action-oriented performance dialogues to ensure progress
- Support CPS leadership team in problem-solving and removing barriers to achieving district-wide goals

Office of Student Health and Wellness

MISSION

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

MAJOR PROGRAMS

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

Student Health

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

Student Wellness

- Physical Education
- Recess
- Nutrition Education
- Healthy Food Access
- Healthier US School Challenge

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	-	-	304,350	35,000	5,249,226
Lunchroom	-	-	-	-	114,091
Other Grants	-	-	-	-	717,564
Total Department	-	-	304,350	35,000	6,080,881

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	-	-	54.0
Lunchroom	-	-	1.0
Other Grants	-	-	9.0
Total Department	-	-	64.0

MAJOR ACCOMPLISHMENTS

Student Health

- Developed and implemented Diabetes Management Policy and Asthma Management Policy
- Amended Medication Management Policy to include purchase of Epi-Pens for schools district-wide
- Provided chlamydia and gonorrhea education, screening and treatment to students at 29 schools
- Developed a rule-based model for evaluation of potential SHC locations
- Provided on-site immunizations to 15 schools in partnership with local health care providers
- Expanded dental program to high schools and provided all CPS schools with access to onsite oral health exams, cleanings, fluoride treatment and sealants
- Provided vision screenings and exams to approximately 12,000 students

Student Wellness

- Assisted 40-plus schools in achieving the rigorous standards of HealthierUS School Challenge, a key component of Michelle Obama's *Let's Move* initiative
- Identified nearly 500 Wellness Champions to serve as school-based advocates for student wellness
- Disseminated and analyzed School Wellness Survey for over 400 schools to establish baseline for wellness policies and programming
- Launched the Physical Education Leadership Team, which planned and executed professional development for over 250 P.E. teachers District-wide
- Developed and launched FoodShare and LunchStop – pilot programs aimed at increasing healthy food access
- Developed recommendations for updated Local School Wellness policy and new "Snacks, Beverages and Foods Sold or Provided on School Grounds" policy
- Launched student engagement project to galvanize student support for wellness initiatives
- Disseminated over \$30,000 of grant funds to assist schools in fostering healthy school environments

KEY BUDGET INITIATIVES

Student Health

- Provide stipends to Delegated Care Aids (DCA), up to \$1000 per DCA, in accordance with the Diabetes Management Policy
- Purchase and distribute Epi-Pens to all school for 2012/2013
- Implement food allergy public awareness campaign
- Manage ongoing daily vision clinic at Princeton Elementary to provide all students access to vision services
- Support the implementation of the Family Life and Comprehensive Sexual Health Education
- Policy that mandates students in grades 5-12 receive comprehensive sexual health education every year and provide curriculum and instruction training to school staff
- Support implementation of the Asthma and Food Allergy Management Policies including training for school staff, guidance to schools to implement the tobacco-free school board rule and asthma education to student and families
- Implement STI project in up to 60 schools
- Manage and support work of 50 Vision and Hearing Screening Technicians

Student Wellness

Undertake two-year plan to develop, pilot and scale standardized curriculum and assessment for K-12 physical education.

- Integrate nutrition education into classroom curriculum
- Support schools in implementing and maximizing mandatory recess
- Launch campaign to increase awareness, implementation and maintenance of updated Local School Wellness Policy and new “Snacks, Beverages and Foods Sold or Provided on School Grounds” policy
- Promote access to healthy food, including promoting participation in school meal programs and expanding FoodShare to 200 schools
- Implement management process for partner organizations to match school need to external resources
- Assist 50 schools in achieving HealthierUS School Challenge certification

Office of Talent

MISSION

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

MAJOR PROGRAMS

The Office of Talent is responsible for all aspects of the life cycle of CPS employees. This includes sourcing, recruiting, selecting and on-boarding talented teachers and school and district leaders, including those in the Network and central offices. In addition, the Office of Talent provides induction and mentoring support for new educators, which includes student teachers and leadership development opportunities for emerging leaders. Finally, the Talent Office manages supportive performance evaluation processes, and plans compensation and benefits strategies that support our workforce efficiently and effectively.

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	21,391,295	22,151,893	18,991,466	16,689,996	26,470,125
NCLB Federal	15,405,311	19,985,648	19,938,914	17,228,858	19,319,175
Other Grants	12,666,444	3,347,971	2,791,969	2,445,314	99,107
SGSA	-	-	-	-	365
Tort Fund	255,234	383,253	330,254	210,270	200,883
Total Department	49,718,284	45,868,765	42,052,603	36,574,438	46,089,655
Held in Contingency	1,132,127	11,800,412	3,732,639	2,110,322	-
Budgeted at Schools	-	2,074,028	2,074,028	1,866,625	-
Grand Total	50,850,411	57,669,177	45,785,242	40,551,385	46,089,655

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	147.0	104.4	168.0
NCLB Federal	100.0	74.3	104.0
Other Grants	5.0	2.3	-
Tort Fund	4.0	-	3.0
Total Department	256.0	181.0	275.0

MAJOR ACCOMPLISHMENTS

- Finalized Recognizing Educators Advancing Chicago Students (REACH Students,) a new, comprehensive teacher evaluation system that will better support and evaluate all teachers
- Expanded employee benefit options to include short-term disability and wellness services

- Created HR Generalist function, pushing services closer to schools in order to improve principal support and increase efficiency
- Launched HR4U self-service portal to provide employees with easy access to their personal HR information
- Underwent departmental restructuring, reducing positions and cutting non-essential services to save the district \$2.4 million

KEY BUDGET INITIATIVES

- Implement REACH Students system to support and evaluate all teachers beginning in SY12-13
- Empower principals and district managers with a talent acquisition system to help improve individual hiring decisions and the overall hiring process
- Ensure effective implementation of Chicago Leadership Collaborative (CLC) to build ever-stronger principal pipelines to CPS
- Expand induction and mentoring support to all new teachers
- Kickoff Employee Assistance Program, which provides employees with support during difficult personal times

Student Transportation Services

MISSION

Department of Student Transportation Services strives to improve student achievement by providing safe, timely and cost-effective transportation for all eligible students.

MAJOR PROGRAMS

Special Education Transportation

Provide transportation for more than 9,800 special education students whose Individualized Education Plans (IEP) have transportation services listed as a related service. Additional services based on individual needs of students may include: a bus aide, a nurse, a lift-equipped vehicle for wheelchairs, air-conditioned vehicle, car seat and harness/restraint systems. Some special needs transportation is dictated by Office of Special Education and Supports placement.

Non-Special Education Transportation

Provide transportation for more than 13,000 regular education students via Options for Knowledge programs including: Magnet Elementary Schools, Regional Gifted Centers, Classical Schools, Academic Centers, International Gifted Programs, and the No Child Left Behind Program.

Summer School Transportation

- Summer Bridge/Bilingual Bridge Grades 3, 6, and 8: These programs are designed for students who do not meet the minimum promotion criteria
- The Extended School Year (ESY): This program refers to special education and related services provided beyond the traditional 180-day school year, in accordance with the student's IEP
- Non-Public Special Education: This program refers to CPS special education students who are served in specialized private schools (in and out of district) who require services beyond the traditional 180-day school year, in accordance with the student's IEP

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	94,081,515	24,997,463	100,131,269	103,254,100	109,786,615
NCLB Federal	5,763,777	-	4,451,578	5,100,000	5,500,000
Other Grants	376,234	-	339,386	339,386	500,000
Total Department	100,221,526	24,997,463	104,922,233	108,693,486	115,786,615
Held in Contingency	3,282,625	3,982,630	5,340,367	5,340,362	3,043,000
Budgeted at Schools	22,697,752	104,618,329	18,191,405	18,192,422	18,527,534
Grand Total	126,201,903	133,598,422	128,454,005	132,226,270	137,357,149

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	18.0	18.0	18.0
Total Department	18.0	18.0	18.0
School Based	1089.4	1083.0	1077.5
Grand Total	1107.4	1101.0	1095.5

MAJOR ACCOMPLISHMENTS

- Developed and implemented the Stranded Student Protocol, accomplishing better accountability from the parents, schools and bus companies. It requires that the bus company, aide and parent to work together for safer transportation of students with disabilities by refusing to release the student without an authorized person available to receive him/her at the end of the bus route
- Implemented the eligibility module in Student Information Management (SIM) system to build eligibility determination directly into the SIM system, which involved the standardization and synchronization of data in SIM and the Edulog routing system. Outcomes include vastly improved data for the routing of students for 2012-2013 and the determination that approximately 1,500 students are no longer eligible for transportation and should be removed from service
- Remained within budget despite changes that added service days for a number of new and expanded programs

KEY BUDGET INITIATIVES

- Improve route optimization skills and resources. Department staff, with the assistance of Omicron and Edulog, will consolidate approximately 150 routes by improved sharing and pairing of routes. Resulting savings will exceed \$6 million in 2012-2013
- Solicit smaller vehicles for routes that carry fewer than students. This initiative should save \$2 million during FY2013

Treasury Department

MISSION

The Treasury Department manages operations and debt-financing activities to optimize cash flow and investment earnings. The Department also obtains the most efficient financing for capital projects, given the Board’s available resources and risk tolerance.

MAJOR PROGRAMS

The Treasury Department is responsible for managing the Board’s \$5.9 billion debt portfolio, including raising new capital when needed and managing existing debt within acceptable risk metrics; managing and forecasting daily cash flow; investing available resources to safeguard principal, ensuring adequate liquidity and maximizing yield as appropriate; and providing services relating to school banking needs and checking accounts.

Budget Summary

	2011 Actual Expenses	2012 Adopted Budget	2012 Ending Budget	2012 Estimated Expenditures	2013 Proposed Budget
General Fund	2,717,935	2,881,956	2,778,366	2,579,421	2,495,242
Total Department	2,717,935	2,881,956	2,778,366	2,579,421	2,495,742

Position Summary

	2012 Budgeted Positions	2012 Actual Positions	2013 Proposed Positions
General Fund	9.0	9.0	9.0
Total Department	9.0	9.0	9.0

MAJOR ACCOMPLISHMENTS

- Successfully issued \$402 million of bonds to support capital program
- Replaced existing debt liquidity agreements and replacing them with less expensive alternatives, saving the Board \$5.5 million annually; these agreements were with a provider that exited the debt business, causing investors to demand a premium for holding those bonds or banks that charged fees above current market rates
- Transitioned school consolidated banking, including all individual school checking accounts to new vendor to improve service delivery for schools
- Renewed existing banking contracts, extracting savings below contract pricing for all treasury vendors, saving approximately \$20,000
- Doubled budgeted investment earnings in operating fund, increasing earnings to \$4.2 million from the budgeted \$2.1 million and increasing debt and project fund earnings to \$4.8 million, compared to \$3.5 million earned in the prior year

KEY BUDGET INITIATIVES

- Achieve operational efficiencies in currency transport services by reducing armored car pickups from a set schedule to one that more accurately reflects demand; expected to save approximately \$40,000, or 20 percent of annual spending
- Enhance backup support and cross-training for treasury functions
- Reorganize the department, eliminate the Deputy Treasurer position and redistribute work load; replacing position with office clerk will achieve approximately \$40,000 in annual savings
- Reduce or eliminate all discretionary spending, including travel; expected to save approximately \$60,000
- Aim to successfully sell bonds to raise proceeds for capital improvement plan published in May 2012
- Evaluate debt opportunities for potential budget relief

Pensions

Like most public entities, the growing cost of employee pensions is the biggest financial challenge facing Chicago Public Schools (CPS). By FY2014 under existing legislation, CPS will be required to spend \$534 million (more than 10 percent of its operating budget) on contributions to the Chicago Teachers Pension Fund (CTPF). This represents an increase of \$338 million from the FY2013 contribution, the last year of legislative pension relief. Even at this contribution level, CTPF will still have a funded ratio below 60 percent, considered weak by many observers, and an unfunded liability of approximately \$8 billion. Without reform from the state, CPS's required annual contributions will continue to grow, and by FY 2040 will exceed \$1 billion annually. At that point, the funded ratio is still estimated only to be 66 percent. Significant reform is essential to ensure that pension benefits continue to be available to CPS retirees.

Background

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

Table I: CTPF v. TRS

	CTPF	TRS
Number of Retirees	21,977	90,967
Average Monthly Benefit	\$3,788	\$3,871
Average Age	72	70
Average Years of Service	28	28

Source: CTPF: Actuarial Valuation as of 6/30/11 and CPS; TRS: Comprehensive Annual Financial Report for Fiscal Year Ending 6/30/11

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

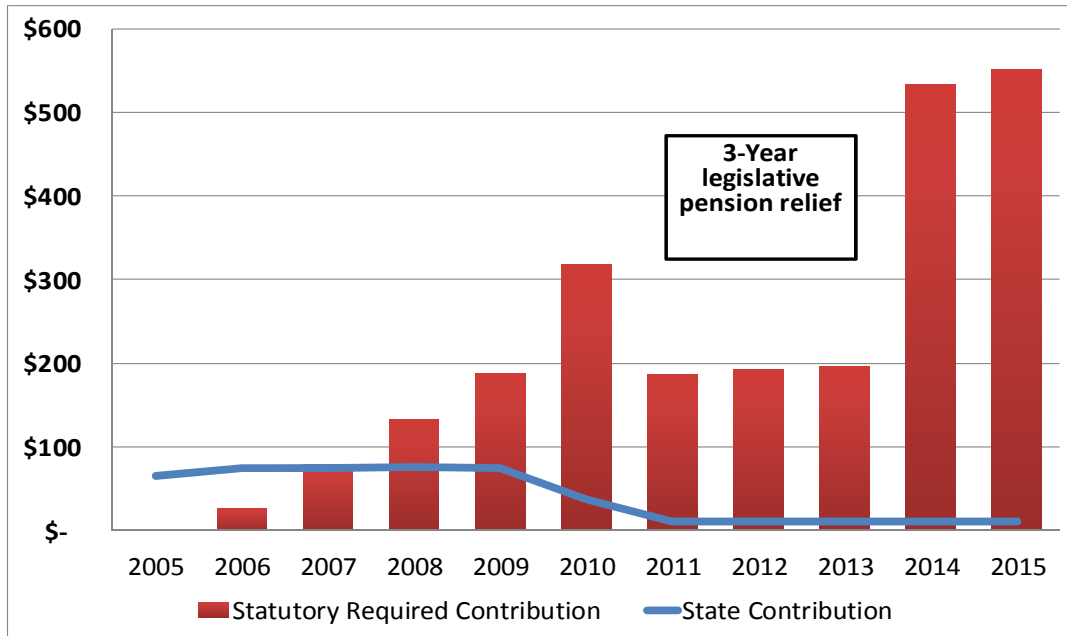
These factors and other demographics are used by actuaries to calculate the cost of benefits into the future. Based on this future cost (referred to as "actuarial liability"), an annual contribution amount is calculated to be invested for the future, which is the "employer contribution." The funding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

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

Funded Ratio Decline Led to Increased CPS Contributions

As recently as June 30, 2001, CTPF had a funded ratio of 100 percent and, according to state law, CPS did not have to make an employer contribution. By June 30, 2004, the funded ratio had dropped to 86 percent (it has continued dropping since that time), and CPS was statutorily required in FY2006 to begin making employer contributions. Since then, the annual pension contribution has skyrocketed. Had the legislature not granted CPS temporary relief from those contributions, the amounts owed in FY2011-2013 would have been much higher than the approximately \$195 million it has been.

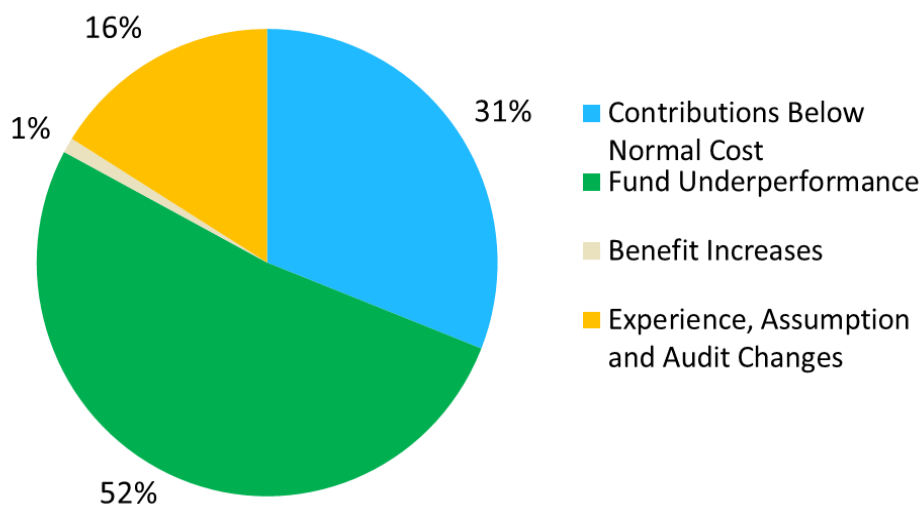
Chart 1: CPS Statutorily Required Employer Contributions to CTPF grows dramatically



The funded ratio decrease from 100 percent in 2001 to 60 percent in 2011 was due to a number of factors, as a review of the data by Aon Hewitt for CPS shows:

- More than half (52 percent) of the decrease is due to investment returns below what was projected
- About one-third (31 percent) is due to statutory employer contributions set below what was required to cover “normal cost” (i.e., the value of the benefits earned by employees each year)
- 16 percent is due to experience and assumption changes in the actuarial model (such as life expectancy)
- 1 percent is due to benefit increases

Chart 2: Causes of Decrease Funded Ratio 6/30/01 to 6/30/11

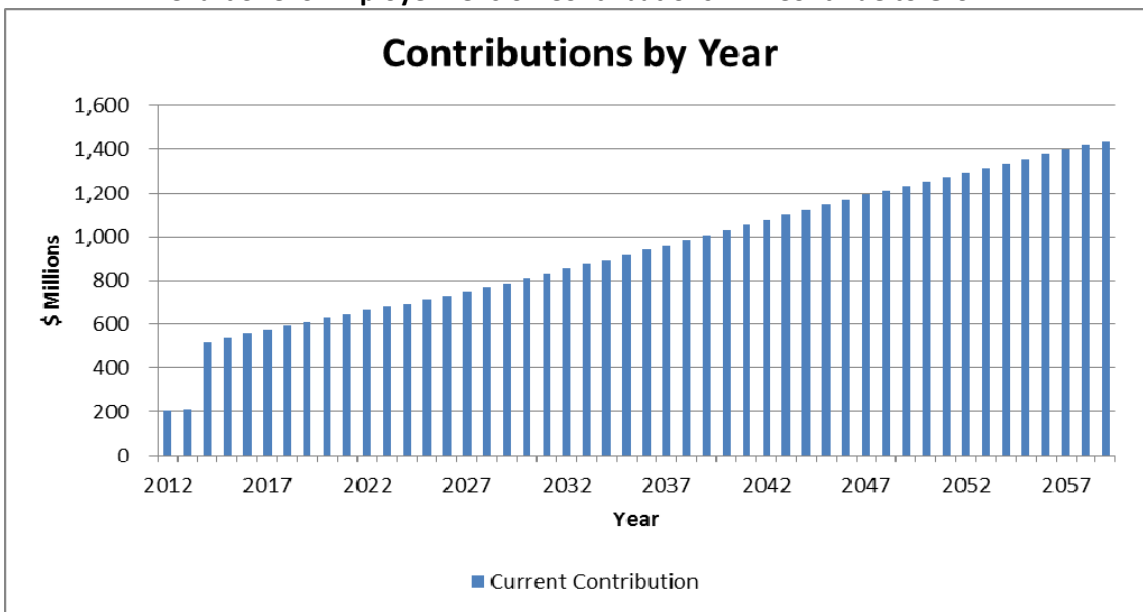


The bottom line is that, independent of the reason for the decline, CPS must make up the shortfall through increased employer contributions. This is where CTPF and TRS are most dramatically different. **No Illinois school district other than CPS is required to support its pension system.** The state of Illinois makes nearly all the employer contributions for TRS, while CPS must make virtually all employer contributions for CTPF. The state only makes a nominal \$10 million contribution to CTPF (as shown in Chart 1), but will make a \$2.7 billion contribution to TRS this year.

Pension Contributions Continue to Grow

The financial pressure from pensions threatens to crowd out spending in the classroom, as pensions take an increasing share of the annual budget. In the long term, pension contributions will continue to grow, yet the stability of the pension fund, as measured by the funded ratio, will not reach 70 percent until 2047, when CPS is projected to owe about \$1.2 billion per year in contributions.

Chart 3: CPS Employer Pension Contributions Will Continue to Grow



FY2013 Budget

The FY2013 budget reflects an employer contribution to CTPF of \$196 million, the equivalent of 10.6 percent of salaries. However, this amount is artificially low and was set in statute as part of the three-year pension relief provided by the General Assembly in 2010. As illustrated in Chart 1 above, FY2013 is the last year of legislative pension relief, and in FY2014, CPS will be facing an estimated \$338 million *increase* in employer contribution, as the contribution returns to the actuarially established contribution of \$534 million.

In addition to the employer contribution, employees also are required by statute to contribute 9 percent of their salary to pensions (called the “employee contribution”). However, CPS pays 7 percent of the 9 percent for a total of \$127 million budgeted in FY2013 for participants in CTPF. Non-teacher employees are part of a separate, municipal pension system. CPS also pays 7 percent of the 8.5 percent employee contribution at a cost of \$40 million in FY2013.

Importance of Reform

The governor and state legislature have recognized that pensions are a huge burden for the state and have been actively engaged in discussions around pension reform. Various proposals for reform have been put forward and CPS recognizes that without legislative support and action, overcoming the financial obstacles created by pensions is nearly impossible.

Capital

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

The FY2013 Capital Budget addresses the most critical infrastructure needs, including areas of health and safety, as well as key capital priorities designed to support student achievement. While smaller in comparison to previous years' budgets, the FY2013 Capital Budget balances addressing the district's most pressing necessities with remaining fiscally prudent given the district's limited resources and current fiscal crisis.

Combined with \$765 million in capital projects in the pipeline from prior years, there are nearly 200 projects planned or under way to address the needs of hundreds of schools throughout the district. The FY2013 Capital Budget totals \$110 million and will be funded by a combination of CPS resources (\$69 million), Chicago Infrastructure Trust funds (\$40 million) and outside grants (\$1 million).

The FY2013 capital budget was assembled as part of the district's Five-Year Capital Plan, Ten-Year Master Education Facility Plan, and Public Act 097-0474. The Five-Year Capital Plan, released on May 2, 2012, details specific projects the district plans on carrying out through 2017. The Five-Year Capital Plan, as well as project level detail for the FY2013 budget can be found at www.cps.edu/capitalplan.

Below is a summary of the major initiatives within the FY2013 Capital Budget.

MAJOR INITIATIVES

Early College Science, Technology, Engineering and Math (STEM)

Math, science and technology academies provide high quality educational options for students and establish a rigorous program of mathematics, science and technology courses that build a solid foundation for students to graduate prepared for success in college and career. Approximately \$4.5 million in lab build-out and equipment is proposed to prepare Michele Clark, Corliss and Lakeview high schools for the specialized Science, Technology, Engineering and Mathematics (STEM) programs they will offer to incoming freshman students beginning this fall.

Career and Technical Education

Made up of approximately 40 different programs of study, Career and Technical Education (CTE) is offered as a series of classes focused on preparing students for high-demand industries. Courses incorporate rigorous classroom instruction, hands-on training, real work experience and extra student supports into a college or career curriculum to prepare students for future success. The FY2013 Capital Budget expands CTE offerings at Roosevelt High School and Southside Occupational through a \$1.15 million investment for lab build-outs.

Teach To One

The Teach To One program reimagines the role of educators, the use of time, the configuration of physical space and the use of data and technology so that students can learn in ways that are personalized to their particular academic needs and strengths. The capital projects include removing walls between classrooms, which will result in larger, more open classrooms –as well as technology upgrades for the new classrooms. CPS will invest \$1.175 million in Gray Elementary and Spencer Academy to implement the new Teach To One model.

Playgrounds

Recess is a key component of the new Full School Day, as it provides elementary students with the opportunity to release energy, re-boot and return to the classroom ready to learn. To ensure children have access to a safe place for recess, CPS has a five-year, \$18 million plan to invest in playgrounds through 2017. The FY13 budget proposes spending the first \$3.6 million installment to construct or replace 12-15 playgrounds at schools yet to be determined, in addition to 39 new or replacement playgrounds that are in the pipeline as part of the FY2012 capital budget.

Improvements and Repairs to Chimneys

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

Building Envelope Renovations

Two neighborhood schools, Oriole Park and Higgins Academy, will receive major building renovations. These two schools were identified in the budget because they are in need of imminent repair after years of temporary fixes. At Oriole Park, \$2.5 million is budgeted for roofing, masonry repair and window replacement. At Higgins, \$2 million will pay for roofing work, landscaping, parking lot repairs, fencing and other site improvements.

Mechanical and Electrical

Camras Elementary will receive mechanical and electrical upgrades in FY2013 to replace components of a failing mechanical system and improve controllability for student comfort. CPS has budgeted \$3 million to complete this project.

Building Interior

The Building Interior category consists of Americans with Disabilities Act (ADA) projects, and furniture, fixtures and equipment (FF&E) purchases. ADA projects are completed as needed and include items such as accessible ramps, signage, modifying bathrooms to include accessible stalls and renovating individual classrooms/programs to become accessible. FF&E purchases in the Building Interior category support new programmatic teaching spaces. The FY2013 Capital Budget includes \$3.3 million in ADA and FF&E projects.

Facility Site Improvements/IEPA Rainwater Grant

Friends of Goethe School and CPS were awarded a \$950,000 IEPA Rainwater Grant to create a sustainable schoolyard for Goethe Elementary in Logan Square. The project addresses the impairment of waterways from urban runoff, the dangers of standing water in a children's sports field, combined sewage overflow events, and flooding in local homes and businesses.

Information Technology Upgrades

As schools increase utilization of online curriculum and web-based applications to complement more traditional teaching methods, the district's network infrastructure must be upgraded to provide the bandwidth required of the latest technological tools. The FY2013 Capital Budget includes more than \$13 million of information technology investments or upgrades, including additional bandwidth for the wireless network at 100 schools and in-school network upgrades for 120 schools, along with the

upgrade or replacement of failing network and data center equipment. This also includes the funds required to install the new Google Apps system that will help drive student performance. These investments will be supported by federal E-rate funds.

Energy Performance Program

Approximately \$39.9 million, largely funded with grants and the City of Chicago's Infrastructure Trust, will be dedicated to a district-wide Energy Performance Program that supports the Mayor's "Retrofit Chicago" initiative. We estimate the cost will be recaptured in 3-5 years. The program's components include:

- Installing energy dashboards that will provide real-time energy usage information available both to schools and the Central Office.
- Retrofitting existing lighting at 320 schools with new high-efficiency lighting systems. After July 1, the T-12 bulbs used at many schools no longer will be available, making the transition to higher efficiency T-8 bulbs necessary as well as fiscally prudent.
- Conducting energy audits of facilities to identify potential energy conservation and efficiency measures at the district's top 100 most inefficient facilities. All building mechanical systems and controls will be recommissioned to ensure systems are operating efficiency and effectively.

PROJECTS UNDER WAY

In addition to the FY2013 Capital Budget, CPS has \$765 million in ongoing projects addressing the most pressing structural and programmatic needs at nearly 200 schools throughout the district. These projects were started at various times over the last several budget years and include major renovations, new facility construction, Building Interior projects, programmatic additions, information technology build-outs and early childhood expansion, just to name few. Details of the district's ongoing capital projects can be found at www.cps.edu/capitalplan.

SOURCES AND USES

The FY2013 Capital Budget totals \$109,652,391 and will be funded by a combination of CPS resources, Chicago Infrastructure Trust funds and outside grants. Below is a summary of the Sources and Uses of the FY2013 Capital Budget by project type.

Sources

Bond Proceeds	\$ 68,802,391
Chicago Infrastructure Trust	\$ 39,900,000
IEPA Rainwater Grant	\$ 950,000
Total FY13 Capital Budget Sources	\$ 109,652,391

Uses

Building Envelope Renovations	\$ 14,500,000
Mechanical & Electrical	\$ 3,000,000
Building Interior	\$ 43,179,000
Early College Science Technology Engineering and Mathematics Schools (ECSS)	\$ 5,150,000
Career and Technical Education	\$ 1,150,000
Teach To One	\$ 1,175,000
Facility Site Improvements	\$ 4,781,450
Contingency	\$ 10,000,000
IT, Educational Programming and Other Projects	\$ 13,716,941
Capital Project Support Services	\$ 7,400,000
Legal/Regulatory Requirements	\$ 5,600,000
Total FY13 Capital Budget Uses	\$ 109,652,391

IMPACT OF FY2013 CAPITAL PROJECTS ON OPERATING BUDGET

All projects considered for inclusion in the annual capital budget are analyzed for projected impact on the district's operating budget. Due to fiscal constraints, CPS asks departments to reallocate operating funds in order to accommodate any additional operating need resulting from the award of a capital project. For projects with operating savings, such as energy efficiency improvements, CPS is able to capture the savings for the benefit of the district. The FY2013 Capital Budget is estimated to generate operating savings of \$12.2 million for the district. Below are details of the operating impact by project type, with savings expressed as a negative number in parentheses, and additional operating costs expressed as a positive number.

Building Envelope Renovations

Energy Savings

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

Mechanical and Electrical

Energy Savings

The Camras Mechanical and Electrical project will reduce energy costs as inefficient or out-of-service machines are replaced or upgraded with more efficient equipment. This frees up CPS resources for other mechanical systems in need of attention, and reduces operating expenses due to the improved energy efficiency of the new/repaired system (although energy savings are difficult to quantify).

Building Interior

No Impact

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

Energy Performance Program **(\$5.4 Million)**

Energy efficiency projects result in savings related to the district’s utility expenses. While the FY2013 Energy Efficiency projects should generate approximately \$5.4 million in savings, these savings will go toward debt repayment for the next several years, fully offsetting any operating savings.

Early College Science Technology Engineering and Math **No Impact**

The FY2013 STEM projects are being completed to support programs being funded with operating funds. The completion of these projects does not trigger any additional operating expenses related to the STEM program. For more details on the STEM program, please visit http://www.cps.edu/Programs/Academic_and_enrichment/MathandScience/Pages/MathScienceandTechnologyAcademies.aspx.

Career and Technical Education **No Impact**

The FY2013 CTE capital projects are being completed to support programs being funded with operating funds. The completion of these projects does not trigger any additional operating expenses related to the CTE program. For more details on the CTE program, please visit http://www.cps.edu/Programs/Pathways_to_success/CollegeCareer/CTE/Pages/CTE.aspx.

Teach To One **No Impact**

The FY13 Teach To One capital projects are being completed to support programs being funded with operating funds. The completion of these projects does not trigger any additional operating expenses related to the Teach To One program.

Facility Site Improvements/Playgrounds **No Impact**

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

Capital Project Support Services **(\$7.4 Million)**

Capital Support Services are paid out of capital funds because of their sole focus on capital-funded projects. Due to this funding classification, the district’s operating budget is able to spread the cost of the Support Services over the life of the project, saving nearly \$7.4 million in operating expenses in FY2013.

Information Technology, Educational Programming and Other Projects **\$603,000**

Many of the Information Technology (IT) and Educational Programming projects consist of infrastructure, hardware or software implementation that do not trigger any additional operating costs. However, the projects listed below require ongoing support totaling \$603,000. The sponsoring department, in conjunction with the IT department, will absorb any ongoing operating cost increases with current available staff, resulting in no increase to the district’s operating budget. The Enterprise Email Solution will result in operating savings of approximately \$200,000 annually compared with the district’s current email solution.

Local Area Network System Improvement	\$51,000
Opteman Network Upgrades	\$260,000
Enterprise Email, Collaboration and Archiving Solution	(\$200,000)
Capital Project Assessment	\$32,000
Talent Acquisition Mgmt and Employee Onboarding	\$321,000
Distribution Server Upgrade	\$139,000

CAPITAL PROJECTS FUNDS

The Summary of Capital Projects Funds table shows FY2013 capital revenues and capital outlays (expenses) to be incurred in FY2013 regardless of the year the project was appropriated. The Fund Balance (unspent revenues received in prior years) accounts for the difference in expected FY2013 capital outlay versus revenues. For example, the district raised approximately \$400 million in bond proceeds during FY2012, but will only expense roughly \$305 million in the same time period. The remaining \$95 million is carried in the Fund Balance for use during FY2013.

FY2011 - FY13 Summary of Capital Projects Funds (In Millions)

	FY2011 Actual	FY2012 Estimate	FY13 Budget
Beginning-Year Fund Balance	\$263.4	\$182.9	\$114.2
Revenues:			
Local Revenue	93.4	59.3	41.0
State Revenue	2.8	1.2	60.9
Federal Revenue	4.4	0.5	0.0
Total Revenue	100.6	61.0	101.9
Expenditures:			
Capital Outlay	563.4	533.3	672.3
Bond Issuance	382.3	403.6	500.0
End-of-Year Fund Balance	\$182.9	\$114.2	\$43.8

Local revenue of \$39.9 million is expected from Chicago Infrastructure Trust receipts related to the district's Energy Efficiency Program.

The state revenue total is comprised of \$59.9 million in anticipated Capital Development Board grants, and a \$1 million Illinois EPA grant for a stormwater management program at Goethe School.

CAPITAL SPENDING BY YEAR FY2009 – FY2013

	Total Appropriations	Spending by Year (Cash Paid Out)					Remaining Spend
		FY2009A	FY2010A	FY2011A	FY2012E	FY2013E	
Prior Year/Other Expenditures		414.2	248.1	7.2	-	-	-
FY2009 Capital Budget	757.0	0.7	309.6	339.9	96.4	10.5	-
FY2010 Capital Budget	382.1	-	2.9	99.9	117.9	126.5	35.0
FY2011 Capital Budget	456.0	-	-	86.6	284.5	75.0	9.9
FY2012 Capital Budget	659.9	-	-	-	24.9	340.4	294.6
FY2013 Capital Budget	109.7	-	-	-	-	87.8	21.9
Modern Schools Across Chicago*	446.0	233.4	131.2	29.9	9.6	32.0	9.8
Total Spend by Year		\$ 648.3	\$ 691.8	\$ 563.4	\$ 533.3	\$ 672.3	\$ 371.2

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

A=Actual E = Estimated

All values in millions

Debt Management

Chicago Public School's (CPS) Capital Improvement Program includes the rehabilitation and maintenance of existing facilities as well as the construction of new schools when appropriate. The Capital Improvement Plan, described in the Capital chapter, is funded primarily through the issuance of bonds. Bonds are debt instruments that are similar to a loan, requiring annual principal and interest payments. Most of these bonds are repaid from General State Aid. Since General State Aid is also a major revenue source to support core academic priorities, we face a continuing challenge to balance the day-to-day classroom needs with the need for quality education facilities.

DEBT OVERVIEW

The Board of Education currently has \$5.9 billion of outstanding debt. The FY2013 budget includes appropriations from the Debt Service Funds of \$381.5 million for payments on existing debt. CPS continually reviews the affordability of its capital program, minimizes debt issuance costs and monitors existing debt for any cost-saving opportunities as part of its efforts to meet budget challenges.

In addition to the \$381.5 million of existing debt appropriations, CPS anticipates selling new bonds during FY2013 to finance the capital program. These bonds, expected to total approximately \$500 million, will fund ongoing capital projects from FY2012 and FY2013. While the capital program, as described more fully in the Capital chapter, has been significantly scaled back for FY2013-FY2015, the FY2013 bond issue reflects the amounts needed to cover capital expenses paid out during FY2013, including for projects started in prior years. These new bonds have not been included in the debt projections below and will increase debt service costs in the future.

Debt Profile

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

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

Types of Obligations

The Board is authorized by state law to issue notes and bonds and to enter into lease agreements for capital improvement projects. General Obligation Bonds are a type of financing tool frequently used by local governments and school districts, which are typically repaid from a property tax levied specifically to repay those obligations. However, CPS uses only non-property tax revenues to repay its bonds, which keeps the property tax burden low. Legally, CPS bonds have two dedicated revenue sources: property taxes and specific alternative revenue. Thus, CPS bonds are a special kind of general obligation bonds: Alternate Revenue General Obligation Bonds. The Board is authorized to issue Alternate Revenue Bonds after adopting a resolution and satisfying public notice publication and petition period requirements in lieu of a voter referendum, which is typical in other school districts.

The non-property tax revenue supporting CPS bonds are General State Aid, Personal Property Replacement Taxes, and revenues derived from intergovernmental agreements with the City of Chicago. The majority of CPS bonds are backed by General State Aid. No property taxes have been used to pay

CPS-issued bonds, although the Public Building Commission (PBC), a local government entity, has sold a modest amount of bonds in the past to fund schools which do rely on property tax levies. These PBC bonds are CPS's responsibility and represent the only CPS obligations that rely solely on property tax levies. The FY2013 budget includes \$52 million in payments for principal and interest on these bonds.

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

Finally, when available, CPS uses a state revenue source for its bonds. CPS receives state revenue for school construction through the state's Capital Development Board (CDB). This funding is modest, not predictable each year and can be subject to delays, but since 2002, CPS has received \$450 million from the CDB. In the current budget, CPS projects it will receive approximately \$54 million in CDB funds which will be used to fund debt service costs.

FY2013 Debt Service Costs for all Obligations

As shown in the table below, FY2013 includes appropriations of \$13 million for new debt and \$381.5 million for existing alternate bonds and PBC payments (included with existing bonds) for a total of \$394.5 million for debt service. This represents an increase relative to FY2012 due to the inclusion of FY2013 new bonds; in FY2012, estimated actual expenditures were below budget due to lower FY2012 new bond expense and reduced variable interest rate costs.

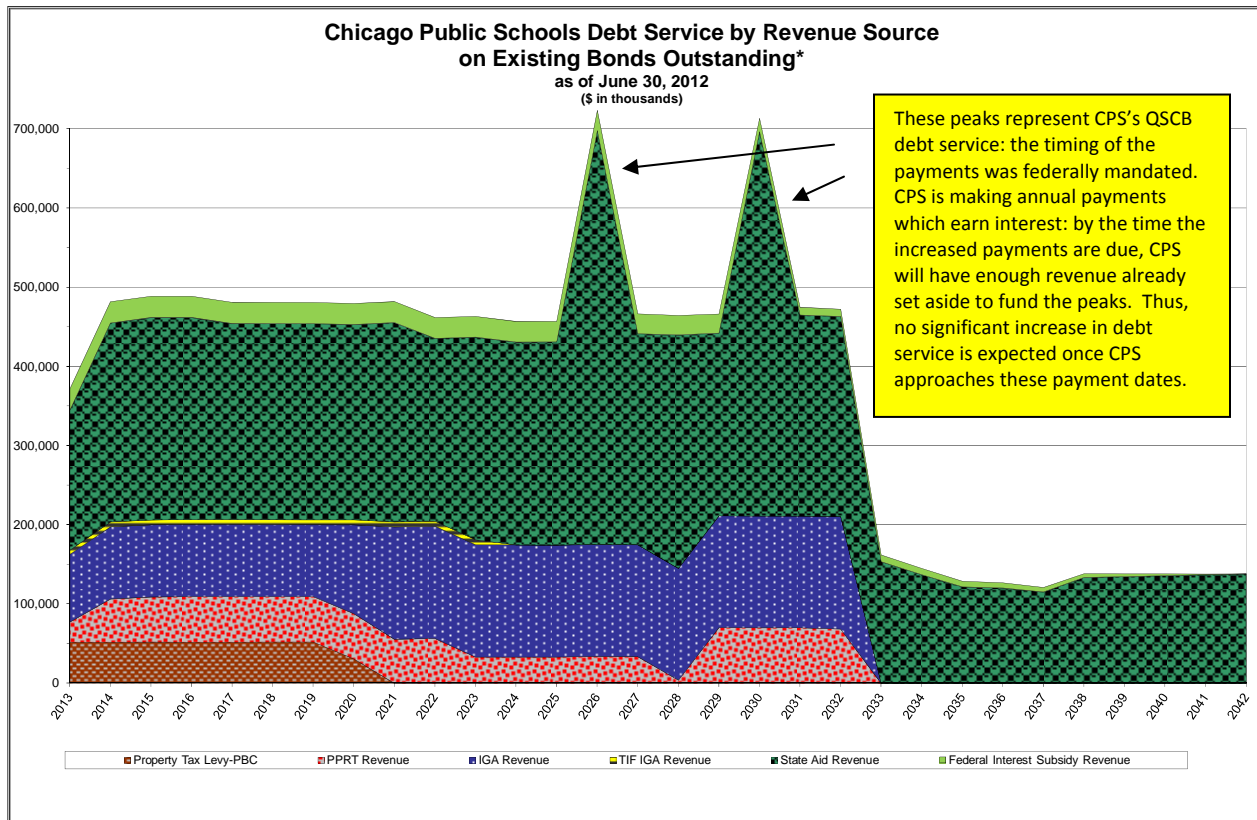
CPS is required to set aside debt service nine months to one year and a half (depending on the revenue source) prior to the actual date that payments are due to the bondholders. These payments are held in trust with an outside trustee, as required by the bond indentures. Hence, each year that debt service costs are increasing, the amount of revenue needed will necessarily exceed the amount expended and is so reflected in the budget.

**FY2010 - FY2012 Summary of Debt Service Funds
(In Millions)**

	FY2011 Actual	FY2012 Estimated Actual	FY2013 Budget
Beginning Year Fund Balance	\$499.8	\$503.1	\$575.7
Restricted Fund Balance	(375.2)	(271.6)	(316.2)
Assigned Fund Balance	<u>(124.6)</u>	<u>(231.5)</u>	<u>(246.1)</u>
Fund balance to be appropriated	0.0	0.0	13.4
Revenues:			
Property taxes	32.5	51.9	53.2
PPRT	25.4	55.1	57.7
General State Aid	252.4	149.4	213.2
State capital reimbursement	0.0	60.9	54.1
Other local (City IGA)	114.1	88.5	92.1
Federal interest subsidy	19.1	50.3	26.8
Total Revenue	443.5	456.1	497.1
Expenditures:			
Existing Bond Principal payment	70.8	88.5	74.9
Existing Bond Interest payment	<u>250.0</u>	<u>284.1</u>	<u>298.1</u>
Total Existing Bond Debt Service	320.8	372.6	373.0
FY2013 New Bond Debt Service			13.0
Fees	11.3	10.9	8.5
Total Appropriation	332.1	383.5	394.5
Other Financing Sources/(Uses)			
Restricted Fund Balance	271.6	316.2	432.2
Assigned Fund Balance	<u>231.5</u>	<u>259.5</u>	<u>246.1</u>
End-of-Year Fund Balance	\$503.1	\$575.7	\$678.3

Long-Term Fiscal Challenges

The graph below illustrates the fiscal challenges stemming from CPS's debt obligations. After a dip in debt service payments in FY2011 and FY2012, debt service increases to nearly \$475 million in FY2014. Because we are legally required to set aside the revenue to fund debt service nine months to one year and a half in advance of actual debt payment due dates, the impact of this jump will be felt in FY2013. As a result, the amount of debt service paid from General State Aid will jump from \$149 million in the current year to over \$200 million in FY2013. The graph below shows the debt service payments for the outstanding bonds only; this graph does not show the impact of the \$500 million of new bonds proposed in the FY2013 budget or any future bonds required to support future capital budgets. Resources needed to pay bondholders are in direct competition with resources needed to ensure we continue to fund priorities that drive academic achievement.



Measuring Debt Burden

External stakeholders such as taxpayers, unions, parents, government watchdog groups, rating agencies, and bondholders frequently review CPS's debt profile to gauge its size and structure as a crucial component of CPS's financial position. In addition to evaluating the total amount of debt outstanding and the annual debt service payments, those evaluating CPS's financial picture also look at our "debt burden." The purpose is to gauge how much taxpayers bear in debt costs and determine how much debt is affordable for residents, which establishes true debt capacity. Several methods of measuring debt burden are commonly employed for school districts; these include comparing existing debt to legal debt limits, measuring debt per capita and measuring debt as a percentage of operating expenditures.

Legal Debt Limit

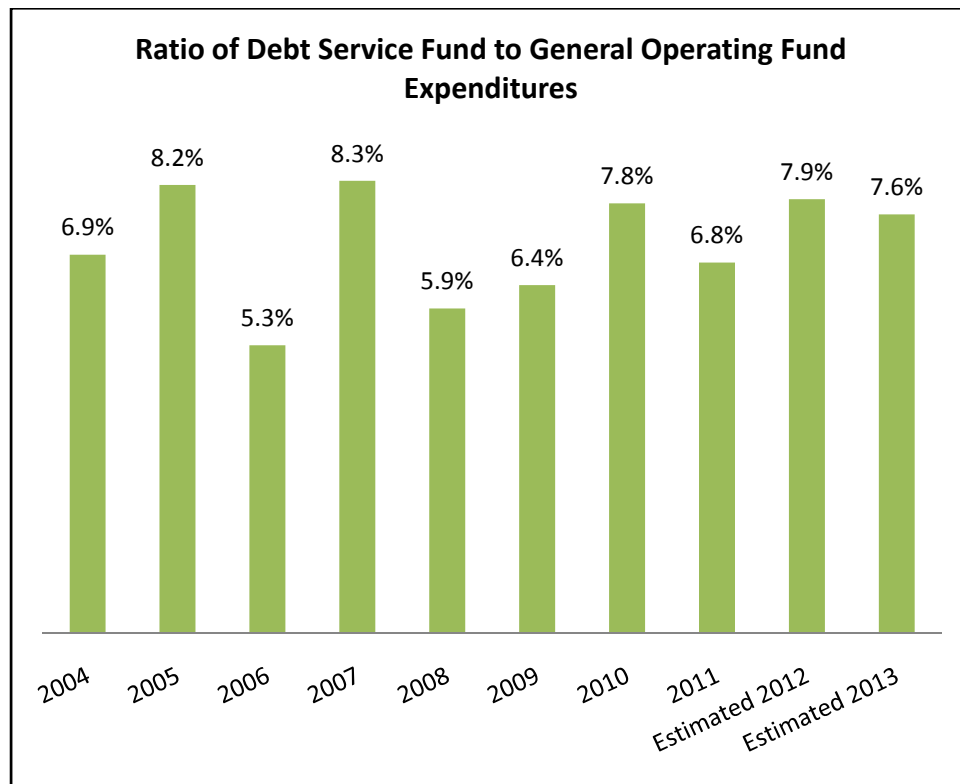
The Illinois School Code imposes a statutory limit of 13.8 percent on the ratio of the total outstanding property tax-supported debt that a school district may borrow compared with a school district's equalized assessed value, which generally represents a fraction of total property value in the district. Because the Board has issued alternate revenue bonds for which property tax levies are not extended, these bonds do not count against the legal debt limit imposed by the Illinois School Code. Total property tax supported debt was extremely low at less than 1 percent of the legal debt limit because CPS pays debt service from sources other than property taxes to keep the property tax burden low.

Debt Per Capita

The Board's per capita debt burden, or total debt divided by the City of Chicago's population, has increased in the last decade. As reported in the FY2011 Comprehensive Annual Financial Report, debt per capita in FY2002 was \$930; by FY2011, debt per capita reached \$1,947. This is considered moderate to slightly above average relative to other comparable school districts; nonetheless, the rate of increase is significant.

Debt as a Percent of Operating Expenditures

Another way of measuring the total debt burden is by dividing annual debt service expenditures by operating fund expenditures. Based on this method, the debt burden for FY2012 and FY2013 are estimated at 7.9 and 7.6 percent of total operating expenditures respectively, reflecting the increased debt burden as a result of the FY2012 and proposed FY2013 bond issues.



Credit ratings and Debt Management Policy

The Debt Management Policy of CPS provides guidance for debt management as well as capital planning and supports the Board's ability to manage its debt in a conservative and prudent manner. One of the goals of the policy is to ensure that CPS maintains the highest possible credit rating among the three credit agencies. These agencies are independent entities and their purpose is to give investors, or bondholders, an indication of the creditworthiness of a government entity. A high credit score can lower the cost of debt issuance, much the same way a strong personal credit score can reduce the interest costs of loans and credit cards. Ratings consist of a letter "grade", such as AA or A, and a credit "outlook", or expectation of the direction of the letter grade. Thus, a "negative outlook" anticipates a downgrade to a lower letter grade, a "stable outlook" means the rating is expected to remain the same, and a "positive outlook" may signal an upgrade to a higher, better rating.

CPS meets frequently with the credit rating agencies about its budget, audited financial results, debt plan, and management initiatives to ensure the agencies have the most updated information possible. The primary rating factors for CPS concern management, debt profile, financial results and economic and demographic factors, including student enrollment.

In FY2012, the credit ratings for CPS remained at "AA-" by Standard & Poor's and "A+" by Fitch Ratings. Moody's Investors Service lowered its rating to "Aa3" from "Aa2" with a "stable outlook" in October

2011. Although Standard & Poor's and Fitch Ratings' actual credit ratings themselves did not change in FY2012, Standard & Poor's outlook improved to "stable" from "negative" and Fitch Ratings maintained its "stable outlook." Moody's ratings action reflected budgetary pressures, including increased pension requirements and an above-average debt burden, compounded by a slow amortization and substantial additional capital needs. Just as a high credit rating can mean lower borrowing costs, deterioration in credit rating will increase interest expenses.

As part of the Debt Management Policy, CPS is authorized to use a number of tools to manage its debt portfolio. Some of the tools and techniques employed are refunding of existing debt, using derivative instruments, issuing fixed or variable-rate bonds, and issuing short-term or long-term debt. These tools are used to manage various types of risks, to generate cost savings, and to assist capital asset planning.

Typically, CPS issues fixed-rate bonds which pay a set, agreed-upon interest rate according to a schedule established at the time of debt issuance. However, about 20 percent of CPS's debt is variable rate, which means that the interest rate is not set and can fluctuate. The interest rate on variable rate debt is often lower than what can be achieved in a fixed rate market, but the rate can be highly volatile: CPS uses interest rate swaps to reduce the volatility inherent in variable rate debt, yet still achieves cost savings when compared to traditional fixed rate debt. An interest rate swap is an agreement between two parties (known as counterparties) where one stream of future interest payments is exchanged for another based on a specified principal amount. The Board generally pays a *fixed* rate to a counterparty and receives a *variable* rate from the same counterparty, which is intended to offset the amount paid to its variable rate bondholders. CPS only enters into transactions with a highly rated, credible and diverse group of counterparties.

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

**OUTSTANDING DEBT
as of June 30, 2012**

Debt Outstanding at 6/30/12 Chicago Public Schools	Closing Date	Maturity Date	Principal Outstanding	Pledged Funding Source for Debt Service
PBC Series A of 1992	1/1/1992	1/1/2020	\$186,525,000	Property Tax
PBC Series B of 1999	3/1/1999	7/1/2018	113,255,000	Property Tax
Unlimited Tax G.O. Series 1997A*	12/3/1997	12/1/2030	30,653,579	IGA / PPRT
Unlimited Tax G.O. Series 1998B-1*	10/28/1998	12/1/2031	286,395,386	IGA / PPRT
Unlimited Tax G.O. Series 1999A*	2/25/1999	12/1/2031	467,683,966	IGA / PPRT
Unlimited Tax G.O. Series 2000BC D	9/7/2000	3/1/2032	95,100,000	State Aid
QZAB Series 2000E	12/19/2000	12/18/2013	13,390,000	State Aid
QZAB Series 2001B	10/24/2001	10/23/2015	9,440,000	State Aid
Unlimited Tax G.O. Series 2002A	9/24/2002	12/1/2022	40,225,000	IGA
Unlimited Tax G.O. Series 2003A	2/13/2003	12/1/2016	6,795,000	State Aid
QZAB Series 2003C	10/28/2003	10/27/2017	4,585,000	State Aid
Unlimited Tax G.O. Refunding, Series 2004A	4/6/2004	12/1/2020	202,420,000	PPRT / State Aid
Unlimited Tax G.O. Series 2004G	12/1/2004	12/1/2022	12,240,000	IGA
Unlimited Tax G.O. Series 2005AB	6/27/2005	12/1/2032	246,180,000	PPRT / State Aid
QZAB Series 2006A	6/7/2006	6/1/2021	6,852,800	State Aid
Unlimited Tax G.O. Series 2006B	9/27/2006	12/1/2036	320,775,000	State Aid
Unlimited Tax G.O. Series 2007BC	9/4/2007	12/1/2024	203,385,000	IGA / PPRT
Unlimited Tax G.O. Series 2007D	12/13/2007	12/1/2029	203,865,000	State Aid
Unlimited Tax G.O. Series 2008A	5/13/2008	12/1/2030	262,785,000	IGA / PPRT
Unlimited Tax G.O. Series 2008B	5/13/2008	3/1/2034	214,175,000	State Aid
Unlimited Tax G.O. Series 2008C	5/1/2008	12/1/2032	464,655,000	State Aid
Unlimited Tax G.O. Series 2009A	3/18/2009	3/1/2026	130,000,000	State Aid
Unlimited Tax G.O. Series 2009BC	6/25/2009	3/1/2031	75,410,000	State Aid
Unlimited Tax G.O. Series 2009D	7/29/2009	12/1/2022	63,210,000	State Aid
Unlimited Tax G.O. BAB Series 2009E	9/24/2009	12/1/2039	518,210,000	State Aid / Federal Subsidy
Unlimited Tax G.O. Series 2009F	9/24/2009	12/1/2016	23,750,000	State Aid / Federal Subsidy
Unlimited Tax G.O. QSCB Series 2009G	12/17/2009	12/15/2025	254,240,000	State Aid
Unlimited Tax G.O. Series 2010A	2/17/2010	3/1/2035	48,910,000	State Aid
Unlimited Tax G.O. Series 2010B	2/17/2010	3/1/2036	157,055,000	State Aid
Unlimited Tax G.O. QSCB Series 2010C	11/2/2010	11/1/2029	257,125,000	State Aid
Unlimited Tax G.O. BAB Series 2010D	11/2/2010	12/1/2040	125,000,000	State Aid
Unlimited Tax G.O. Refunding Series 2010F	11/2/2010	12/1/2031	183,750,000	State Aid
Taxable Unlimited Tax G.O. Refunding Series 2010G	11/2/2010	12/1/2017	72,915,000	State Aid
Unlimited Tax G.O. Series 2011A	11/1/2011	12/1/2041	402,410,000	State Aid
Unlimited Tax G.O. Refunding Series 2011C	12/20/2011	3/1/2032	95,100,000	State Aid
Unlimited Tax G.O. Refunding Series 2011D	12/16/2011	3/1/2032	95,000,000	State Aid
Total Principal Outstanding			\$5,893,465,731	

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

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY*

(\$ in Thousands)

Fiscal Year Ending June 30	Total Existing General Obligation Bond Principal	Total Existing General Obligation Bond Interest	Total Existing G.O. Bond Debt Service	PBC Leases	TOTAL
2013	40,973	278,907	319,880	51,963	371,843
2014	147,632	282,108	429,740	51,982	481,722
2015	157,542	279,060	436,602	52,029	488,631
2016	161,191	275,452	436,643	51,997	488,639
2017	157,518	271,431	428,949	52,020	480,969
2018	172,767	256,098	428,865	52,069	480,934
2019	178,875	249,760	428,635	52,099	480,733
2020	191,621	257,247	448,868	30,636	479,504
2021	216,950	265,254	482,204		482,204
2022	203,398	258,290	461,688		461,688
2023	212,098	251,062	463,160		463,160
2024	216,997	239,743	456,740		456,740
2025	225,483	231,367	456,850		456,850
2026	502,773	220,510	723,283		723,283
2027	258,915	207,396	466,311		466,311
2028	268,245	195,451	463,696		463,696
2029	227,667	237,756	465,423		465,423
2030	491,232	221,283	712,515		712,515
2031	270,124	204,579	474,703		474,703
2032	235,916	236,350	472,266		472,266
2033	106,205	55,586	161,791		161,791
2034	94,275	50,596	144,871		144,871
2035	82,920	45,819	128,739		128,739
2036	85,330	41,265	126,595		126,595
2037	84,370	36,472	120,842		120,842
2038	107,220	30,990	138,210		138,210
2039	113,535	24,484	138,019		138,019
2040	120,230	17,666	137,896		137,896
2041	127,175	10,522	137,697		137,697
2042	134,510	3,425	137,935		137,935
	\$5,593,689	\$5,235,929	\$10,829,618	\$394,793	\$11,224,411

* Does not reflect anticipated FY2013 new debt issuance.

Organizational Overview

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

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

Board of Education

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

Inspector General

The mission of the Office of the Inspector General (OIG) is to ensure integrity within CPS operations by conducting meaningful, accurate and thorough investigations into allegations of waste, fraud and financial mismanagement. OIG also reviews the Board's systems, practices and procedures to determine their efficacy regarding the proper use of funds. OIG is an independent unit that reports directly to the Board of Education.

Office of Law

The Office of Law aims to provide the highest quality legal advice and guidance and to effectively represent the Board, school and department officials in civil litigation and legal transactions to save taxpayer dollars. It promotes a fiscally sound, safe and stable environment for student academic achievement. Like the Inspector General, the Office of Law reports directly to the Board of Education.

Chief Executive Officer

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

Chief Education Officer

The Chief Education Officer (CEdO) supports the CPS mission by directing educational services and support to schools across the city. Key functions like framework design, bilingual education programs, specialized services for students in need and after-school activities serve to increase academic achievement. Reporting to the Chief Education Officer is the Chief Instruction Officer, who is tasked with designing a Common Core State Standards curriculum to ensure that all students are college and career ready. Other departments that report to the Chief Instruction Officer include Curriculum and Instruction, Special Education & Supports, Early Childhood Development, Language and Culture, Pathways to College and Career and Health and Wellness.

Office of Network Support

A new unit created for FY2013, the Office of Network Support is responsible for ensuring that all Network chiefs have the available tools and programs they need to develop high performing, autonomous principals. Under the purview of the Office of Network Support are 14 Elementary School

Networks and five High School Networks, with a total of 683 schools. Each Network is responsible for building effective schools with effective leaders by developing a professional development plan, collecting and assessing data to drive interventions, collaborating on best practices with other Networks and enhancing community and parental involvement.

Chief Administrative Officer

The Chief Administrative Office ensures that all operations of the school district run smoothly, and are directed toward supporting schools and driving student achievement. The office strives to ensure fiscal stability and accountability, focusing on short-range and long-range financial planning. Departments that report to the Chief Administrative Officer include the School Support Centers, Chief Financial Officer, Facility Operations and Management, Transportation, Nutrition Services, Information Technology Services, Safety and Security, Procurement and Payroll.

Office of Strategy Management

The Office of Strategy Management will be launched in FY2013 to assist the CEO in carrying out his ambitious agenda of reform for the district, which includes empowering principals as leaders of their schools, increasing access to high-performing school options and engaging families. This Office will ensure that each strategy has a solid design, is monitored closely to remain on target and is effective.

Office of Public & Community Affairs

The Office of Public & Community Affairs is the key liaison between CPS, public officials and the community at large. Its mission is two-fold: in public affairs, the office shapes the dialogue between key national, state and local leaders, advocating for legislation on terms favorable to the Board. In the community, the office proactively listens and responds to stakeholders' concerns, enlisting civic participation in improving educational choices and opportunities for our children. Under the Office of Public & Community Affairs are the Office of Family and Community Engagement, Intergovernmental Affairs and the Local School Councils.

Office of Communications

The Office of Communications enhances the image and brand of CPS, restoring the trust between the district and stakeholders through a variety of communication methods that display the organization's dedication to creating a world-class education for every student in every community that prepares them for success in college and career.

Office of Talent

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

Office of Portfolio

Emphasizing equity, choice, and collaboration, the Office of Portfolio seeks to expand school options for every student in every community by addressing both performance and utilization issues across the city. Departments under Portfolio include Portfolio Planning & Analytics, Military Programs, Enrollment and Access, and New Schools and Programs.

District Goals for FY2013 and Beyond

All CPS schools, departments and offices work toward meeting our overall mission to ensure that every student in every community is on track to graduate college and career ready. Hence, our six key priorities for FY2013 and beyond are:

Ensuring College and Career Readiness

- Achieve an average ACT score of 21 and graduation rate of 75 percent by 2016
- Implement Common Core State Standards in English Language Arts and math
- Apply the college-aligned accountability framework

Improving School Quality

- Increase the number of students attending quality schools to more than 90 percent by 2016
- Expand the sourcing and recruitment of high performing teachers and school leaders
- Continue the closure or turnaround of historically underperforming schools

Offering Real School Choice

- All communities have quality school options by 2016

Enhancing Principal Autonomy

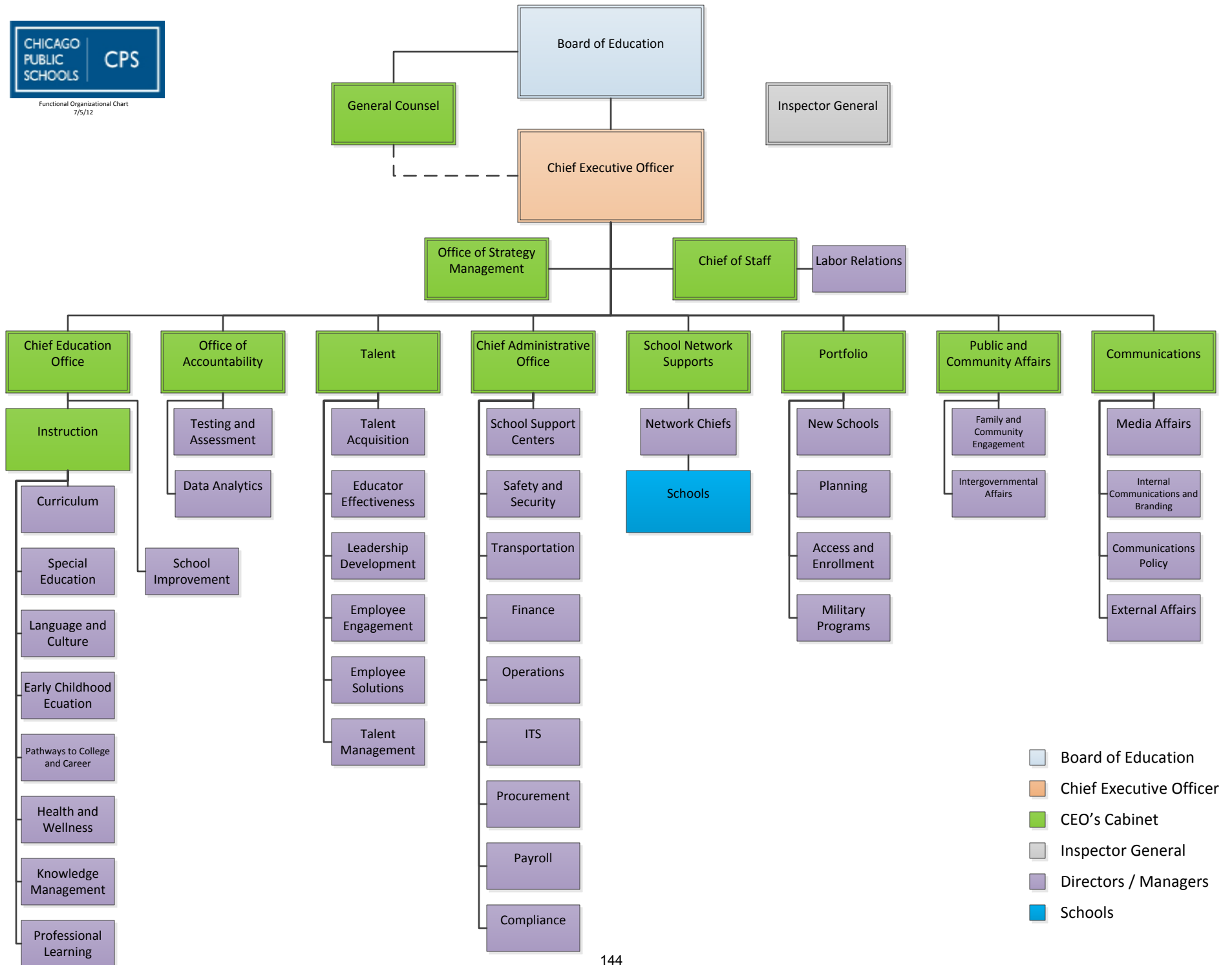
- Devolve funding to schools and away from central office; 90 percent of school budget is controlled by the principal in 2016
- Improve talent pipeline and build principal capacity through the Chicago Leadership Collaborative
- Advance the tools available for teacher evaluation through the Recognizing Educators Advancing Chicago Students (REACH) system

Securing Long-Term Financial Stability

- Realize targeted reductions of more than \$80 million in operations/administration expenses
- Address structural deficits through a strategic allocation of resources to mandated and essential programs
- Work with key stakeholders and partners to minimize future costs and to address the growing unfunded pension liability

Inform and Engage Families and Community

- Provide a single enrollment system
- Engage families to shape options
- Engage families to support student learning at home



- Board of Education
- Chief Executive Officer
- CEO's Cabinet
- Inspector General
- Directors / Managers
- Schools

FY2013 Fund Balance Statement

Maintaining a minimum fund balance, or financial reserve, enhances financial stability for any individual or organization. Just as individuals keep a certain minimum balance in their checking accounts in case of emergencies, Chicago Public Schools (CPS) needs to maintain a minimum amount of funds within its operating account to ensure smooth day-to-day operations. Additionally, financial reserves provide a cushion for year-to-year fluctuations in financial performance. External stakeholders consider a minimum fund balance as a hallmark of prudent financial management and a best practice for governmental organizations.

CPS adopted the Fund Balance and Budget Management policy (Board Report 08-0827-PO6) in August 2008. The goals of this policy are to maintain adequate fund balances in the various funds to provide sufficient cash flow for daily financial needs, to offset significant economic downturns or revenue shortfalls, to provide funds for unforeseen expenditures related to emergencies, and to secure and maintain strong credit ratings. The definition of fund balances in this context is assets in excess of liabilities that can be spent in times of need. As a practical measure to achieve these goals in the General Fund, the Board established the Stabilization Fund, which should carry a minimum 5 percent of the operating and debt-service total budget in the following year's budget. The stabilization fund is equivalent to an assigned fund balance under Governmental Accounting Standard Board Statement No. 54.

It is important to note that 5 percent is a minimum level of reserves as determined by external stakeholders, such as government watchdog groups and rating agencies. Rating agencies commonly view fund balances in excess of 5 percent as appropriate, and the Government Finance Officers Association recommends fund-balance levels between 5 percent and 15 percent of spending. While CPS acknowledges the importance of maintaining a minimum level, it must balance this importance with advancing its core mission of ensuring that every child graduates college and career ready. Accordingly, as described fully in the next section, CPS will exhaust those reserves and will develop a plan to replenish them.

FY2013 Estimated Beginning-Year Fund Balance and its Targets

The General Fund carried \$475.6 million of unrestricted fund balance as of June 30, 2011, and the FY2012 adopted budget was balanced with the use of \$181.3 million out of \$475.6 million for the General Fund. CPS currently estimates that we will use only \$113.8 million due to several favorable events.

Property taxes are estimated to generate \$16.6 million higher than budget due to the growth in new property. The Personal Property Replacement taxes are expected to generate \$18.1 million higher than the budget. Because of the timing with new bond issues and debt restructuring, state revenues are forecast to come in higher than budget by \$35.1 million. Finally, due to the state's processing of retroactive rate adjustments, Medicaid reimbursement is projected to come in higher than budget by \$23.7 million. Offsetting these positive events, the state changed federal grant payment from pre-payment to the reimbursement. Reimbursement will delay federal reimbursement by two months beyond June 30, resulting in a one-time revenue reduction of \$53 million in FY2012.

As a result of these events, the fund balance at the beginning of FY2013 is projected at \$349.0 million or 6.2 percent of operating funds and debt service appropriations. The FY2013 budget projects using all \$349.0 million.

The table below summarizes the fund-balance targets in the policy and estimated fund balances for relevant funds for FY2013. The General Fund will not meet the fund-balance targets at the end of FY2013. CPS will ask the Board to extend the deadline to replenish the fund balance for FY2013 and FY2014 while it prepares a long-term plan to return financial stability to the district.

Appropriable Fund Balance Status at June 30, 2012
(in millions)

Fund Type	FY2013 Fund Balance Target	Estimated Balance at 6/30/2012	Estimated Balance at 6/30/2013
General Fund-Stabilization	\$277.8 (5%)	\$349.0	\$0.0
Workers' Comp/Tort Fund	\$51.6 (1% - 2%)	\$85.5	\$60.5
Debt Service Funds	Enough to cover risks	\$223.4	\$223.4

State Payment Delay Status at the end of FY2012

CPS recognizes revenues when cash is collected within 30 days after a fiscal year ends. As of June 20, 2012, the state's overdue payments are projected at \$164.9 million, slightly lower than \$176.1 million as of July 30, 2011. Currently, the state owes CPS about three months of payments. The FY2013 budget assumes the same three months of delay as in the previous year.

History of State Year-End Obligation to CPS

(In Millions)	2004	2005	2006	2007	2008	2009	2010	2011	2012
Amount Owed on 6/30	3.1	21.5	7.0	19.0	23.3	173.0	369.4	327.5	164.9
Amount Owed on 7/31	2.7	5.2	6.9	3.7	1.2	173.0	236.2	176.1	
Amount Owed on 8/31	0.0	0.0	0.0	0.0	0.0	0.0	102.2	70.0	

Historically, the state paid its prior-year obligations to CPS within 60 days (lapse period) after the start of the new fiscal year. For FY2012 obligations, the state's lapse period is again extended to December 2012. Therefore, the state payment of \$164.9 million could be delayed until December 31, 2012.

FY2013 Plans for Replenishing the Fiscal Stabilization Fund

In addition to developing a long-term strategic plan to restore fiscal stability, CPS will implement the following policies in FY2013:

- Freeze hiring on non-instructional employees at the Central Office, effective July 1, 2012.
- Encourage the state to resume a regular payment schedule.
- Perform the 20th day position adjustment and monitor quota positions carefully.
- Execute debt restructuring, if economically beneficial.
- Minimize capital investment, consistent with the proposed FY2013-2017 Capital Improvement Program and seek outside sources of funding wherever feasible.
- Secure private foundation grants to pay for enrichment programs as much as possible.
- Work with the Chicago Teachers Union, the Chicago Teachers Pension Fund, the governor and the General Assembly to develop and implement pension reform to reduce the prospective pension obligations of CPS.

Fund Descriptions

The Board adopts legal budgets for all governmental fund types. The acquisition, use and balances of the government’s expendable financial resources and the related current liabilities are accounted for through governmental funds. Governmental funds that Chicago Public Schools (CPS) utilizes are divided into four types: General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds. A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

To control the budget and to comply with rules and regulations, accounts are organized into governmental funds, each of which is considered a separate accounting entity. Funds are the control structures that ensure that public monies are spent only for those purposes authorized and within the amounts appropriated. Expenditures within each fund are further delineated by grant, program and account to more fully reflect the planned activities of the fund. The level of budgetary control is established for each individual fund and within the fund by object and program.

CPS Fund Structure

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

General Fund

The General Fund is the primary operating fund of the Board. It was created in response to the provision of P.A.89-15, which consolidated all of the rate-limited tax levies into the Board’s general education tax levy. The General Fund consists of the Education Fund and the Operations and Maintenance Fund. The Education Fund includes Special Education Fund (114), Regular Education Fund (115), Tuition-based Preschool Fund (117) and School Special Income Fund (124). The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

- **Education Fund (Funds 114, 115, 117, 124)**

The Education Fund is used to account for the revenues and expenditures of the educational and service programs that are not accounted for in any other funds. It includes the cost of instructional, administrative and professional services; supplies and equipment; library books and materials; maintenance of instructional and administrative equipment; and other costs pertaining to the educational programs. The Education Fund contains the Special Education Fund (114), Regular Education Fund (115), Tuition-based Preschool Fund (117) and School Special Income Fund (124). The

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

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

The Building Operations and Management Fund supports repair and maintenance of buildings at CPS. The fund is used to account for expenditures for the minor improvement and repair of buildings and property, including the cost of improvement, repair, replacement and maintenance of building fixtures. The fund also pays for ongoing maintenance costs such as the salaries and benefits of engineers and custodial employees; all costs of fuel, lights, gas, and telephone service; and custodial supplies and equipment.

Special Revenue Funds

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

Supplemental General State Aid Fund (SGSA Fund 225)

The SGSA Fund was created to provide supplemental instructional services to students from low-income families. CPS is legally required to contribute funds from its General State Aid revenues. Prior to FY1990, this funding supported basic as well as supplemental programs. With the passage of the Chicago Public Schools Reform Act of 1989, funding for supplemental programs increased for five years until it reached \$261.0 million in FY1995, eliminating at the same time any funding for basic programs. Under the 1995 Chicago School Reform legislation, SGSA funding is mandated at a minimum of \$261.0 million per year, effective FY1996.

Each school receives its share of the SGSA funds based on the number of students who receive free and reduced-price lunch. With the approval of Local School Councils, school principals develop programs in accordance with their school improvement plans as required by the Act. The SGSA revenue supports programs that supplement the basic educational programs for economically disadvantaged students. Recommended programs are early childhood programs, class-size reduction, education enrichment programs, attendance improvement and remedial assistance.

Workers' Compensation/Tort Fund (Fund 210)

The Tort Fund is established pursuant to the Tort Immunity Act (745 ILCS 10/1-101 et seq.) and the Illinois School Code (105 ILCS 5/34-1 et seq.). Property taxes constitute the primary funding source, and Section 9-107 of Tort Immunity Act authorizes local public entities to levy a property tax to fund expenses for tort judgment and settlement, liability, security, Workers' Compensation, unemployment insurance and risk management. The monies in this fund,

including interest earned on the assets of this fund, should be used only for the purposes authorized under the Tort Immunity Act.

School Lunch Funds (Funds 312, 314)

The School Lunch Funds account for school breakfast, lunch and dinner for all children who participate in the programs during the school year. The National School Breakfast and Lunch Programs (Fund 312) are voluntary programs available to all public schools, private schools and residential child-care institutions that agree to operate a non-profit program offering lunches meeting federal requirements to all children in attendance. Children must meet the federal income guidelines for free or reduced-price meals or be determined as categorically eligible for free meals as members of Food Stamp or Temporary Assistance to Needy Families (TANF) households. The federal government provides a minimum level of reimbursement for all lunches and breakfasts, while the Illinois Free Breakfast and Lunch Program also provides limited funding. In addition to the reimbursement, the federal government provides commodities in lieu of cash based on the number of meals served.

Since FY1998, CPS has also been providing dinner for children under the Childcare and Adult Food Program, and this activity is accounted for in Fund 314. The Childcare and Adult Food Program establishes a fixed reimbursement amount per meal for eligible students from 3 to 12 years of age who participate in after-school programs.

Federal and State Grant Funds (Funds 220, 324-369)

Grant funds account for monies that have restrictions on their use imposed by grantors such as federal and state governments. Each specific project should be accounted for separately using a complete group of self-balancing accounts. Care should be taken in establishing each group of self-balancing accounts so that the accounting and reporting requirements of the grantors are met. If the grantor provides an accounting manual, it should be followed for the group of self-balancing accounts.

Debt Service Funds (Funds 514-699)

Debt service funds are established to account for annual property-tax levies and other revenues that are used for the payment of principal, interest, lease payment, and other related costs. The Board is authorized by state law to issue notes and bonds and to enter into leases for capital-improvement projects and cash requirements. The debt service funds are required if taxes are levied to retire bonds or if other revenue is pledged to pay principal, interest, or service charges on other long-term debt instruments. CPS is required to establish a separate debt service fund for each bond issue, although they can be aggregated for reporting purposes.

PBC Lease Funds (Funds 514, 516, 518)

These funds account for property tax revenues and lease payments to the Public Building Commission (PBC). The Board has lease agreements with the PBC. The lease payments to the PBC consist of principal, interest and administrative fees for revenue bonds that the PBC issued to finance capital projects for schools that the Board leases from the PBC. These bonds rely solely on property tax levies. The current lease payments support PBC bonds issued in 1992 and 1993, and refunding bonds issued in 1999. All of these revenue bonds will mature by 2020.

Alternate Revenue Bond Funds (Funds 606-699)

To support construction and renovation of school buildings, the Board has been issuing alternate revenue bonds since 1996. These funds account for pledged revenues and payments of principal, interest and related fees on any alternate bonds. The Local Government Debt Reform Act of the State of Illinois allows the Board to issue alternate revenue bonds based on dedicated revenue sources. A separate debt service fund must be established for each bond issue.

Capital Projects Fund (Funds 401-499)

The Capital Projects Funds are used to account for financial resources to be used for major capital acquisition or construction activities. Financial resources result from bond issues, receipts from other long-term financing agreements or construction or maintenance grants to be used for school capital projects and capital leases. The Board is required to account for proceeds from each bond issue in a separate capital projects fund. However, an aggregated capital projects fund group is sufficient for the purpose of external financial reporting.

APPENDIX A

DISTRICT AND COMMUNITY DEMOGRAPHICS

The following section provides detailed information about the makeup of the district, school population, and employees, as well as a snapshot of the larger community in which our students and their families reside. The information is meant to provide a broad picture of factors that influence and inform our services to students and the entire school community of parents, partners, and constituents of the City of Chicago.

Membership

The Chicago Public Schools is the nation’s third largest school district, having served 404,151 students in the 2011-2012 school year, and projected to serve 402,078 students in the 2012-2013 school year; the decrease of 1,443 students represents approximately 0.5 percent. Factors that have historically contributed to the changes in membership trends include:

- Transfers to/from public and nonpublic schools
- Changes in Hispanic, Asian and European migration rates
- Changes in birth rates
- Changes in administrative and educational policies that affect grade progression, retention and graduation rates
- Public perception of school reform initiatives.

CPS Student Membership

School Type	Actual Fall 2005	Actual Fall 2006	Actual Fall 2007	Actual Fall 2008	Actual Fall 2009	Actual Fall 2010	Actual Fall 2011	Actual Fall 2012	Projected Fall 2013
Preschool	21,205	21,363	21,388	23,325	24,370	24,247	23,705	24,232	22,911
Elementary K - 8	290,645	280,767	274,672	271,464	269,139	269,010	265,336	266,046	256,900
High School	109,132	111,564	112,541	113,166	115,770	115,314	113,640	113,873	122,897
Total	420,982	413,694	408,601	407,955	409,279	408,571	402,681	404,151	402,708

Data source: Accountability

The majority of students attend traditional public elementary and high schools, while many students attend one of the non-traditional schools, which include charter, performance and contract schools.

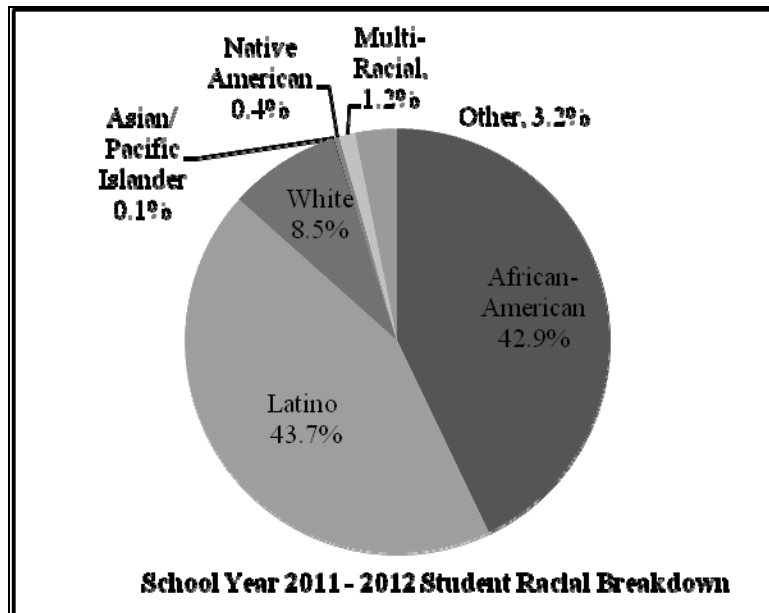
2013 Schools by Type

Type	Elementary	High School	Total
Quota	427	82	509
Charter	55	42	97
Performance	22	9	31
Specialty	10	4	14
Per Pupil Pilot	13	-	13
Achievement Academy	-	7	7
Contract	3	4	7
Alternative	-	6	6
Total	530	154	684

The chapter on school budgets defines each school type in detail.

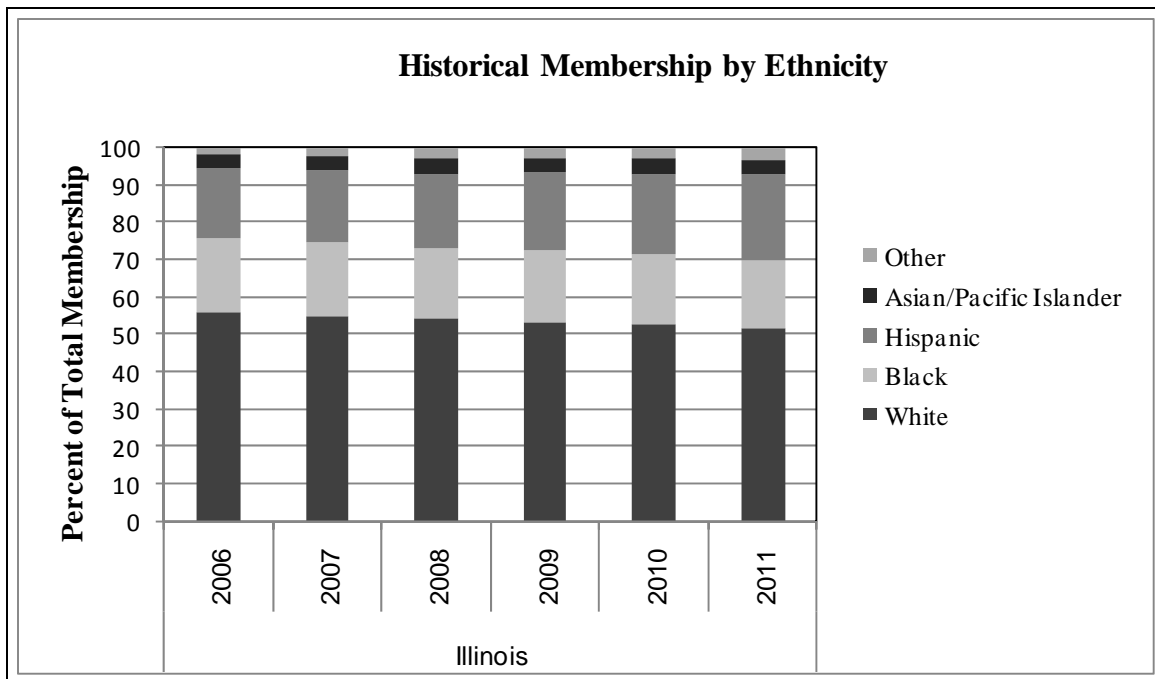
Student Racial and Ethnic Diversity

CPS serves a student population that is diverse in many ways and reflects the geographic concentration of various ethnic and racial groups in the city's neighborhoods. CPS recognizes the rich contributions of all students from varying racial, ethnic and socioeconomic backgrounds. A breakout of the racial composition of the district's students is displayed below.



Data Source: Accountability

The graphs below show the total CPS student membership for Chicago compared to Illinois by ethnicity from 2006 - 2011. The trends show that while white and black membership is declining, Hispanic and multi-ethnic membership is on the rise in both Chicago and Illinois.



Characteristics

Other characteristics distinguish CPS students from students in the rest of the state. CPS students are disproportionately low income, English Language Learners, have a higher mobility rate, lower graduation rate, higher dropout rate and higher chronic truancy rate.

School Year 2011-2012 Student Population Characteristics

	Chicago	Illinois
Low-Income Students	86.0%	48.1%
English Language Learner Students	15.8%	8.8%
Student Mobility Rate	17.6%	12.8%
High School Graduation Rate	*73.8%	83.8%
Dropout Rate	5.5%	2.7%
Chronic Truancy Rate	7.4%	3.2%

Data source: 2011 Illinois District Report Card

*High school graduation rate for Chicago as reported by ISBE is historically higher than CPS's calculation. CPS does not count students who transferred in from another school or entered high school earlier and are not part of the original five-year cohort.

Low-income students

Socioeconomically, CPS students are disproportionately low-income as compared to the rest of the state. Students defined as low-income are those students, aged 3 through 17, who come from families receiving public assistance, live in institutions for neglected or delinquent children, are supported in foster homes with public funds, or are eligible to receive free or reduced-price lunches. Approximately 86% of CPS students came from low-income families in 2012, as compared to about 48% of students across Illinois.

English Language Learners

In school year 2011- 2012, approximately 63,895 CPS students, or 15.8 percent, were English Language Learners (ELL), up from 14.26 percent in the 2010-2011 school year. In the state of Illinois, 8.8 percent of the students were identified as ELL students in 2011. ELL students are those eligible for transitional bilingual education, and for which English is not considered their native language. CPS offers bilingual education programs in 14 languages, including Spanish, Mandarin, Cantonese, Polish, Ukrainian, Arabic and Urdu, to address the needs of ELL students. In addition to bilingual education programs, transitional language programs serve students from 109 different language backgrounds.

Student mobility rate

The student mobility rate is based on the number of times students enroll in or leave a school during the school year. The mobility rate of students in CPS was 17.6 percent. Students who left more than once were counted multiple times.

Graduation rate (five-year cohort)

Using statewide data, CPS's graduation rate was 73.8 percent, while the statewide rate was 83.8 percent. While CPS compares poorly to the rest of the state using the Illinois State Board of Education calculation, CPS uses an even more conservative measure when evaluating graduation rates. Using the CPS measure, the 2010-2011 CPS graduation rate was 58.3 percent, which represents a 2.5 percent increase compared with the prior year rate of 55.8 percent. The five-year cohort graduation

rate follows a group of students who enter Chicago Public Schools (CPS) as freshmen and calculates the percent of these students who graduate within five years after their freshman year. For example, the 2011 rate tracks ninth-grade students who started in CPS in the 2006-2007 school year and graduated from CPS by August of the 2010-2011 school year. The projected graduation rate for the 2011-2012 school year is 60.6 percent. CPS has been implementing various programs to promote graduation among its students and increase the high school graduation rate.

Dropout rate (one year)

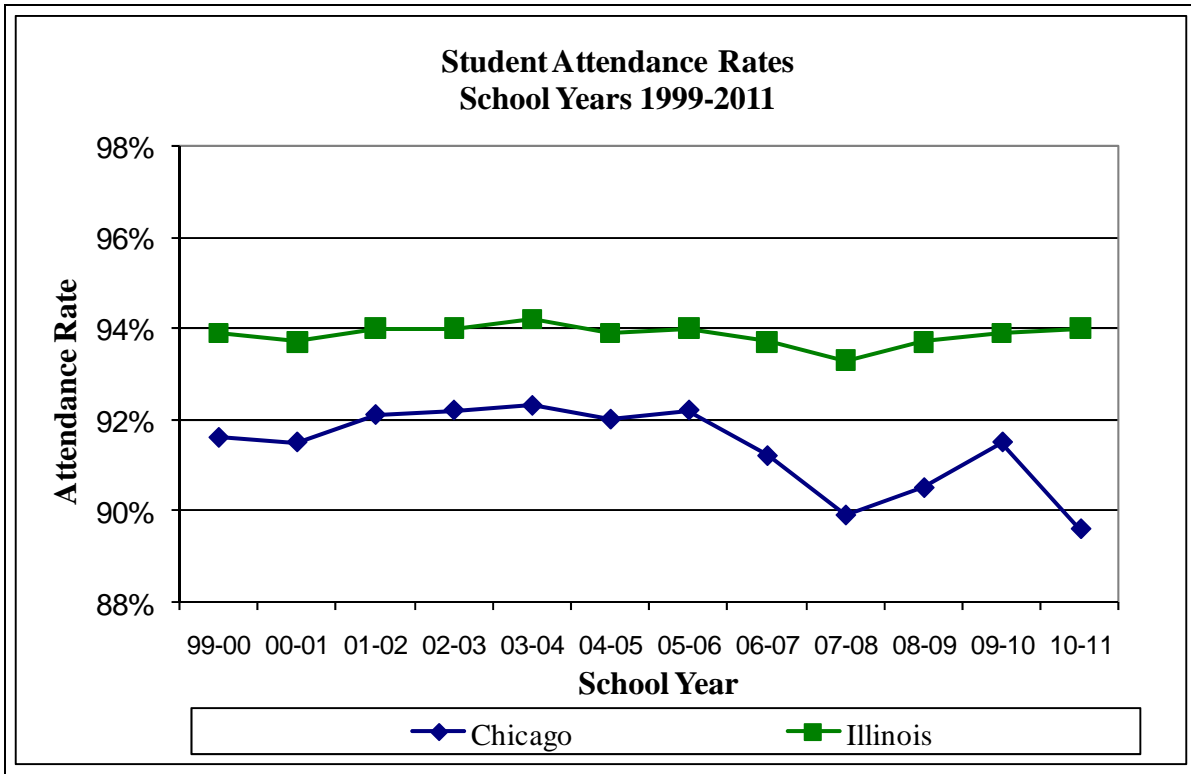
Dropouts include students in grades 9-12 whose names have been removed from the district-housed roster for any reason other than death, extended illness, graduation/completion of a program of study, transfer to another public/private school or expulsion. The dropout rate for CPS was 5.5 percent for 2011, which represents a 4.7 percent decrease compared with 2010. The state dropout rate also decreased from 3.6 percent in 2010 to 2.7 percent in 2011.

Chronic truancy rate

Chronically truant students are students with low attendance over extended periods of time. The chronic truancy rate for Chicago decreased from 11.2 percent last year to 7.4 percent. The rate for Illinois also decreased from 3.6 percent to 3.2 percent. This data is used to help assess the need for special programs that target students with low attendance, as these students have a tendency to drop out of school or fail courses.

Student attendance trends

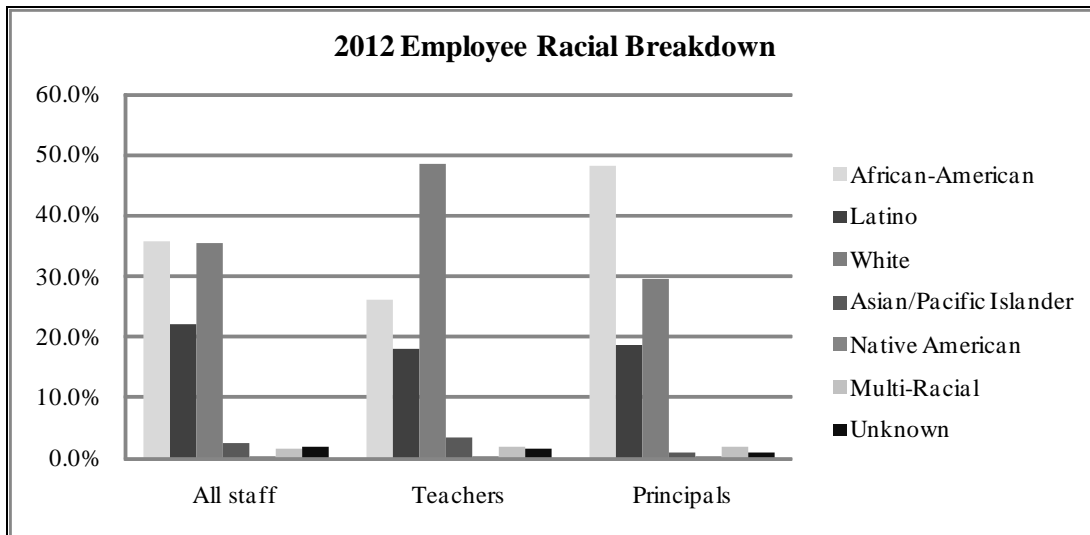
The graph below shows attendance rates for 1999 – 2011, not including preschools or special schools. CPS' student attendance rate for the 2011 – 2012 school year decreased to 89.6% from 91.5% in the 2010 – 2011 school year. This is lower than the state's attendance rate at 93.9%.



District governance and employees

The Chicago Board of Education is responsible for the oversight of CPS. The Board establishes policies, standards, goals and initiatives to ensure accountability.

As of June 21, 2012, CPS had 39,360 staff on board, including 22,525 teachers and 567 principals. The District is one of the largest employers in the City of Chicago. The table below shows a breakdown of CPS employees by race.



Data Source: Office of Talent, June 21, 2012.

Community characteristics

Chicago is the third largest city in the United States. Located in Cook County, Illinois, the city is home to nearly 2.7 million people living in a 228-square mile area throughout 77 ethnically diverse neighborhoods.

2010 Statistics	
Total Population by Race	2,695,598
White	45%
Black or African American	32.9%
Asian	5.5%
Two or more races	2.7%
American Indian or Alaska Native	0.5%
Native Hawaiian or Other Pacific Islander	0.03%
Other	13.4%
Population by Hispanic or Latino Origin	
Not Hispanic or Latino	71.1%
Hispanic or Latino	28.9%
Income*	
Median Household Income	\$46,911
Persons below Poverty Level	20.6%
Gender	
Female	51.5%
Male	48.5%
Age	
Children under Age 5	6.9%
Adults 65 and over	10.4%
Median Age	32.9

Data Source: U.S. Census Bureau

Economy

Chicago is a national center for manufacturing, transportation and tourism. According to the city's 2012 budget overview and revenue estimates, more than 45 million domestic and overseas visitors visited the city, including 32 million domestic leisure travelers and 11.7 million domestic business travelers, contributing nearly \$12 billion to Chicago's economy. The area is home to several of the world's largest corporations; top employers include city, state and county governments, universities, airports and banks. However, the overall economic status of the nation has impacted Chicago locally in terms of both revenue and expenditures.

The economic downturn has been reflected in Chicago's job market over the past few years, although the number of jobless appears to be decreasing in 2012. The unemployment rate of Chicago, as tracked by the U.S. Bureau of Labor Statistics, was 8.6 percent in May 2012, compared to 10.1 percent in May 2011. The unemployment rate for Illinois in May 2012 was down one percentage point from May 2011 at 8.4 percent. The national unemployment rate is decreasing as well, down to 7.9 percent in May 2012 from 8.7 percent in May 2011.

Historical Unemployment Rates

Year	Chicago	Illinois	U.S.
2001	6.8%	5.4%	4.7%
2002	8.3%	6.5%	5.8%
2003	8.1%	6.7%	6.0%
2004	7.5%	6.2%	5.5%
2005	7.1%	5.8%	5.1%
2006	5.3%	4.6%	4.6%
2007	5.8%	5.1%	4.6%
2008	7.0%	6.4%	5.8%
2009	10.9%	10.1%	9.3%
2010	11.0%	10.3%	9.6%
2011	9.5%	8.7%	9.0%
2012 (May)	8.5%	8.6%	8.2%

Data Source: U.S. Bureau of Labor Statistics

APPENDIX B

SCHOOL FUNDING FORMULAS

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

- Quota Allocations for Elementary Schools
- Quota Allocations for High Schools
- Per-Pupil Rates for Performance and Per-Pupil Pilot Schools
- Per-Pupil Rates for Charter/Contract 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

The first four sections determine the base amount of resources that a school receives, the number of teachers and support staff positions for quota schools and the amount of general education funds for per-pupil-funded schools. These resources are allocated based on enrollment projections calculated by the Office of Strategy, Planning, and Demographics within the Portfolio Office. The projections are based on five years of enrollment trend data and the cohort survival ratio 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 during the previous year. Ratios are computed for each grade progression and are then used to project future enrollments.

QUOTA ALLOCATIONS FOR ELEMENTARY SCHOOLS

To ensure equitable distribution, the number of quota teachers and support staff allocated to a school is calculated using staffing formulas that incorporate student enrollment projections and other inputs established by Board policy. It is important to note that quota positions are adjusted based on actual enrollment once the school year begins. Additional positions are allocated (based on formula) if actual school membership exceeds the projected enrollment. Similarly, positions may be closed if actual school membership is below the projected enrollment, although no positions can be closed after the 20th day of the school year.

Classroom Teachers

The following ratios are used to calculate an elementary school's quota teacher allocation:

Grade Level	Target Pupil-Teacher Ratio
Intermediate/Upper (4-8)	31:1
Primary (1-3)	28:1
Kindergarten*	56:1

* Note that kindergarten is a half-day program with enrollment based on 56 students (28 x 2), with assigned teachers holding both a morning and afternoon class each day.

Assistant Principals

Each elementary school is entitled to one Board-funded teaching assistant principal. However, the school does not receive a separate quota allocation for this position. The teaching assistant principal position is included as one of the classroom teacher quota positions.

Physical Education Teachers and Librarians

Elementary physical education and librarian positions are allocated based on the total number of a school's quota teachers plus the number of special education teachers who teach in self-contained classrooms. While the exact allocation amount is given in the chart below, a school is generally provided a minimum of one elementary PE/librarian position for every 15 teachers. Principals have the discretion to use this allocation for either PE teachers, librarians or both.

Art/Music Teachers

Elementary art and music positions are based on the total K-8 membership of a school. Pre-K students are not counted. Schools with a K-8 membership of greater than 750 students receive a 1.0 art and music position, while schools which have a K-8 membership of 750 or fewer students receive a 0.5 art and music position.

School Counselors

All elementary schools receive at least one counselor position. Schools that have a K-8 membership between 1,200 and 1,799 students receive 1.5 counselor positions, while schools with memberships of 1,800 or more students receive two counselor positions.

School Clerks

School clerks, like physical education teachers and librarian positions, are allocated based on the total number of a school's quota teachers plus the number of special education teachers who teach in self-contained classrooms. One school clerk is provided to all elementary schools. Schools containing between 46-75.5 quota classroom teachers receive a second clerk, and schools with 76 or more quota classroom teachers receive a third clerk.

Summary of Elementary Quota Formulas:

Number of Classroom Teachers + SPED Teachers in Self-Contained Classrooms	PE/Librarian Allocation
≤ 15	1.0
15.5 - 16	1.5
16.5 - 30	2.0
30.5 - 37	2.5
37.5 - 45	3.0
45.5 - 52	3.5
52.5 - 60	4.0
60.5 - 67	4.5
67.5 - 75	5.0
75.5 - 82	5.5
82.5 - 90	6.0
90.5 - 97	6.5

Number of Classroom Teachers + SPED Teachers in Self-Contained Classrooms	School Clerks Allocation
1 – 45.5	1.0
46 – 75.5	2.0
76 +	3.0

K – 8 Membership	Art/Music Allocation
0 – 750	0.5
751 +	1.0

K – 8 Membership	Counselor Allocation
Up to 1,199	1.0
1,200 – 1,799	1.5
1,800 +	2.0

Example: Application of Elementary Formula

ABC Elementary School has a projected fall membership of 498 students, which break down as follows:

ABC Elementary School	Pre-K	KG	Primary	Int/Upper	Special Ed	Total
Projected Enrollment	0	52	151	254	41	498

Given this scenario, the following chart shows the quota positions to which ABC Elementary would be entitled and the calculations used to determine the allocations:

Entitled positions	Calculations
8 Intermediate/Upper teachers	$254 \text{ Int/Upper} \div 31 = 8.2$. Round down to 8. ($8 \times 31 = 248$. $254 - 248 = 6$; we will use this number in our primary teacher calculation).
6 Primary teachers	$151 \text{ Primary} + 6 \text{ from above} = 157$. $157 \div 28 = 5.6$. Round up to 6.
1 Kindergarten teacher	$52 \text{ KG} \div 56 = 0.9$. Round up to 1.
3 Special Education teachers	Special education needs vary by widely by school; please refer to the diagram "CPS Special Education Formula" for specific staffing formulas. To simplify, we will assume ABC elementary school is entitled to 3 special education positions based on its projected membership of 41 special education students.
2 PE/Library positions	$8 \text{ Int/Upper} + 6 \text{ Primary} + 1 \text{ Kindergarten} + 3 \text{ self-contained Special Ed} = 18$ total quota classroom and special education teacher positions. This corresponds to 2 PE/Librarian positions.
0.5 Art/Music position	Based on projected K-8 membership of 498 students.
1 School Counselor	Based on projected K-8 membership of 498 students.
1 School Clerk	$8 \text{ Int/Upper} + 6 \text{ Primary} + 1 \text{ Kindergarten} = 15$ general education quota teacher positions.

QUOTA ALLOCATIONS FOR HIGH SCHOOLS

Classroom Teachers

The formulas used to allocate quota high school classroom teachers take into account targeted student-teacher classroom ratios and the typical school model for including students with special education needs in general education classrooms, according to least restrictive environment (LRE) classifications.

In the proposed FY2013 budget, quota teachers for the four core subjects (math, English, science and social studies) are allocated using a student-teacher ratio of 28:1, and quota teachers for the three elective subjects are allocated using a student-teacher ratio of 31:1.

Special education students are included in the student count depending on their LRE classification. LRE 1 students, who spend no more than 20 percent of the school day outside of a general education classroom, are included in the student count for all components of the high school classroom teacher formula. They are treated the same as general education students. LRE 2 students, who spend between 20 and 50 percent of the school day outside of a general education classroom, are not included in the student count for the Math/English component of the quota formula, but they are included for the other components. LRE 3 students, who spend more than 50 percent of the school day outside of a general education classroom, are included in the student count only for the elective subjects.

Thus, quota classroom teachers are calculated as follows:

Category of Teachers	Number of Positions
Math and English	(Projected General Education students + projected students with LRE1 classification)*2/28/5
Science and Social Studies	(Projected General Ed Students + projected students with + LRE1 and LRE2 classifications)*2/28/5
PE, Music, Electives	(Total School Membership*3)/31/5

The number of teachers is added together and rounded up to the nearest 0.2 FTE. Within the overall high school classroom quota teacher category, school administrators may allocate teachers at their discretion across subject areas.

Note that in the above formula, seven categories of teachers (math, English, science, social studies, and three electives) are added together, but the calculation in each category is divided only by a factor of five. This is how the formula incorporates the standard number of subjects each student takes (seven) and the standard number of classes each teacher must instruct (five).

Librarians

All high schools receive one librarian. Schools with a membership greater than 1,500 students receive a second librarian position.

School Counselors

High schools receive one counselor position for every 360 students, with a maximum of twelve counselor positions.

High School Membership	Number of Counselors
Up to 360	1
361 – 720	2
721 – 1,080	3
1,081 – 1,440	4
1,441 – 1,800	5
1,801 – 2,160	6
2,161 – 2,520	7
2,521 – 2,880	8
2,881 – 3,240	9
3,241 – 3,600	10
3,601 – 3,960	11
3,961 and above	12

Assistant Principals

Assistant principal (AP) positions are granted to schools with a membership of greater than 500 students. Additionally, high schools with a membership exceeding 1,500 students receive a second AP position, high schools with a membership exceeding 2,500 students receive a third AP position and high schools with a membership exceeding 3,500 students receive a fourth AP position.

Total school membership excluding pre-school	Number of Assistant Principals
501 – 1,500	1
1,501 – 2,500	2
2,501 – 3,500	3
3,501 and above	4

School Clerks

School clerks are allocated based on the total number of a school's quota teachers, plus the number of special education teachers who teach in self-contained classrooms. The allocations are given according to the following chart:

Number of Classroom Teachers + SPED Teachers in Self-Contained Classrooms	Number of School Clerks
< 55	1
55.1 to 100	2
100.1 to 145	3
145.1 to 190	4
190 +	5

PER-PUPIL RATES FOR PERFORMANCE AND PER-PUPIL PILOT SCHOOLS CPCS has two sets of schools that receive funding for core instruction on a per-pupil basis, rather than following the quota formula.

Performance Schools

Under this model, there is one per-pupil rate for elementary schools and another per-pupil rate for high schools.

Type of School	FY 2013 Per-Pupil Rates
Elementary School	\$6,126 / student
High School	\$7,658 / student

Per-Pupil Pilot Schools

Under this model, which includes only elementary schools, the rates are tiered, with smaller schools receiving a higher per-pupil rate and larger schools receiving a smaller per-pupil rate.

Number of Students	FY 2013 Per-Pupil Rates
0-300 students	\$6,969/student
301-450 students	\$5,845/student
451-900 students	\$5,077/student
> 900 students	\$4,531/student

Rates for both performance and per-pupil pilot schools are unchanged from FY2012.

The fact that there are two sets of per-pupil rates is a historical accident that the district plans to address in the next year. The goal is to have a single, unified per-pupil model that would apply to all per-pupil funded schools district wide.

PER-PUPIL RATES FOR CHARTER/CONTRACT SCHOOL Charter and contract schools receive their base general education funding on a per-pupil rate. Payments are made quarterly and adjusted to the school's 20th day enrollment (for the first two quarter payments) and 10th day of second semester enrollment (for the last two quarter payments).

The following chart shows the FY2013 per-pupil rate for charter and contract schools:

Base General Education	FY2013 Per-Pupil Rate*	FY2013 Expected Enrollment**	FY2013 Anticipated Per Pupil Tuition Spend
Elementary	\$6,070	25,489	\$154,178,174
High School	\$7,587	28,669	\$212,928,767
Total		54,158	\$367,106,941

*Rates are based on Gates Compact.

**Expected enrollment is based on FY2013 project enrollment, but adjusted for expected changes in second semester enrollment and expected enrollment counts for new charter schools.

ALLOCATIONS OF SPECIAL EDUCATION TEACHERS AND AIDES

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

Special education teachers and classroom paraprofessionals are allocated to schools in accordance with Illinois state regulations and CPS policy. The CPS special education staffing formulas take into account a variety of factors including the disability (or disabilities) of individual students; the required instructional minutes, LRE classification and ages of the students (see formulas below); and the total number of students by disability to be served. In all cases, the formulas are in accordance with, or more generous than, state formulas. Additional staff may be allocated to a school based on specific criteria that is not addressed by the formula, such as paraprofessional support needs identified in a student's IEP.

Special education positions are allocated based on the formula below:

- **Amount of Required Services (ARS)** - based on the total minutes per week of instructional time
 - C = Less than 750 minutes of instructional time per week
 - F = 750 or more minutes of instructional time per week
- **Location of Services (LRE = Least Restrictive Environment)**
 - 1 = Less than 20 percent of week removed from General Education Setting (0-300 minutes per week)
 - 2 = 21-60 percent of week removed from General Education Setting (301-900 mpw)
 - 3 = More than 60 percent of week removed from General Education Setting (901+ mpw)

FY2013 CPS Special Education Staffing Formula				
Primary Disability Category	Least Restrictive Environment Code	Amount of Required Service Code	No. of Students to Qualify for 1 Teacher	No. of Students to Qualify for 1 Teacher + 1 Aide
Resource (0-300 minutes per week)	1	C	1-15	16-17
Cross-Categorical* (301-900 mpw)	2	C or F	1-10	11-15
Cross-Categorical* (901+ mpw)	3	F	1-8	9-13
EC Autism	3	C or F	-	5-7; 2 aides
Primary Autism	3	C or F	-	5-9; 2 aides
Intermediate/Upper & HS Autism	3	C or F	-	5-10; 2 aides
Severe Profound	3	C or F	-	4-8; 2 aides
Trainable Mentally Handicapped	3	C or F	-	8-13
Hearing Impaired (Elem)	3	C or F	6-8	-
Hearing Impaired (HS)	3	C or F	6-10	-
Visually Impaired (Elem)	3	C or F	6-8	-
Visually Impaired (HS)	3	C or F	9-12	-
Pre-School (all disabilities except HI, VI, and Aut)**	3	C or F	-	5-20 ***am/pm

* Cross-Categorical includes the following categories: learning disabilities (LD), emotional behavioral disturbance (EBD), traumatic brain injury (TBI), other health impairment (OHI), educable mentally handicapped (EMH), and physical disabilities (PHY), as well as low-incidence disabilities that are not self-contained.

** Schools utilizing a Pre-School Blended Model should account for this in their projection appeal narrative.

*** Not to exceed 10 students per section.

Additionally, CPS may allocate clinicians (e.g., nurses, social workers, psychologists, etc.) to a school based on services required by students' IEPs.

SPECIAL EDUCATION FUNDING FOR CHARTER/CONTRACT SCHOOLS

Charter and contract schools are assigned special education teacher and aide positions using the same staffing formulas as quota schools. However, charter and contract schools hire their own special education personnel and are reimbursed for their expenses at the following rates:

Special Education Reimbursement	FY2013 Budget
\$90,000 average per allocated teacher (cert. required), with no individual teacher exceeding \$110,000.	\$40.6 million
\$40,000 average per allocated paraprofessional (cert. required), with no individual paraprofessional exceeding \$53,000.	
\$90,000 average per allocated clinician, with no individual clinician exceeding \$110,000.	
Stipend of \$1,462.32 per semester for one qualified case manager.	
See additional details below.	

1. The charter and/or contract school will hire its own special education teacher(s) based on the school's population of students with disabilities. Chicago Public Schools (CPS) will reimburse the charter and/or contract school on a quarterly basis. This reimbursement will be based on CPS's determination that each special education teacher possesses the proper certification(s) as required by the State of Illinois and that the number of full-time equivalent teacher positions for reimbursement does not exceed the CPS-approved allocation for the charter and/or contract school. For the 2012-2013 school year, the maximum reimbursement rate for any full-time equivalent special education teacher is \$110,000 per year. The maximum reimbursement rate for all full-time equivalent special education teachers for each charter operator is an average per-teacher reimbursement rate of \$90,000 per full-time equivalent special education teacher. The quarterly reimbursement to the charter and/or contract school for full-time equivalent special education teachers will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved, full-time equivalent teachers for the percentage of the quarter's instructional days for which the teacher was employed; or (ii) aggregate sum of the actual salaries and benefits paid to CPS-approved, special education teachers employed at the charter and/or contract school for the percentage of the quarter's instructional days for which the teacher was employed.
2. The charter and/or contract school will hire its own paraprofessionals to provide the necessary supports required by its students' IEPs. Chicago Public Schools (CPS) will reimburse the charter and/or contract school on a quarterly basis. This reimbursement will be based on CPS's determination that each special education paraprofessional providing instructional support is highly qualified in accordance with NCLB standards and that the number of full-time equivalent paraprofessional positions for reimbursement does not exceed the CPS-approved allocation for the charter and/or contract school. For the 2012-2013 school year, the maximum reimbursement rate for any full-time equivalent special education paraprofessional is \$53,000 per year. The maximum reimbursement rate for all full-time equivalent special education paraprofessionals for each charter operator is an average per-paraprofessional reimbursement rate of \$40,000 per full-time equivalent paraprofessional. The quarterly reimbursement to the charter and/or contract school for full-time equivalent special education paraprofessionals will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved, full-time equivalent paraprofessionals for the percentage of the quarter's instructional days for which the paraprofessional was employed; or (ii) aggregate sum of the actual salaries and benefits paid to the CPS-approved, special education paraprofessionals employed at the charter and/or contract school for the percentage of the quarter's instructional days for which the paraprofessional was employed.
3. If clinicians are required by the students' IEPs, the charter and/or contract school will hire its own clinicians to provide the necessary supports. The charter and/or contract school may have the Board furnish clinicians to serve the charter and/or contract school's students with disabilities, only if a waiver is given by CPS. If the charter and/or contract school hires its own clinicians, then Chicago Public Schools (CPS) will reimburse the charter and/or contract school on a quarterly basis. This reimbursement will be based on CPS' determination that each clinician possesses the proper certification(s) as required by the State and that the number of full-time equivalent clinicians does not exceed the CPS-approved allocation for the charter and/or contract school. For the 2012-2013 school year, the maximum reimbursement rate is \$110,000 per year. The maximum reimbursement rate for all full-time equivalent clinicians for each charter operator is an average per-clinician reimbursement rate of \$90,000 per full-time equivalent clinician. The quarterly reimbursement to the charter and/or contract school for full-time equivalent clinicians will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved full-time

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

- The charter and/or contract school shall appoint and pay a salary and benefits to its own qualified case manager. In this case, Chicago Public Schools (CPS) will provide the charter and/or contract school with a stipend of \$1,462.32 per semester, per school for such a qualified case manager for the 2012-2013 school year. A case manager shall be deemed qualified if he or she has (1) a Type 10 (special), Type 03 (elementary), or Type 09 (secondary) ISBE certificate endorsed in a special education area, or with a special education teaching approval or supervisory approval, OR (2) a Type 73 (school service personnel) ISBE certificate endorsed as a school social worker, school psychologist, guidance specialist, or speech-language pathologist or have a supervisory endorsement. At least two years experience in the field of special education is recommended/preferred. The amount of the stipend is subject to the terms of the agreement between the Board and the Chicago Teachers Union.

Allocations of Supplemental Bilingual Teachers for English Language Learners

Allocation of supplemental bilingual education program teacher(s) is formula-based. The formula takes into account the actual number and/or the adjusted number of English Language Learners (ELLs) in each school. The adjusted number is based on the level of bilingual education program services an ELL receives as reported by the school. ELLs in kindergarten who receive at least five periods a week of bilingual education or English as a Second Language (ESL) count as one. ELLs in first through 12th grades who receive at least five but less than ten periods a week of bilingual education or ESL count as 0.5. ELLs in first through 12th grades who receive at least ten periods a week of bilingual education or ESL count as one.

The adjustment number of ELLs is used to determine the allocation of supplemental bilingual teachers based on the following tables:

		Number of ELLs (Same Language Background)	Supplemental Teacher Allocation
Transitional Bilingual Education (TBE)*	Elementary School TBE Program	1- 19	0.0
		20 – 49.5 (adjusted number)	0.5
		50 or more (adjusted number)	1.0
	High School TBE Program	1- 19	0.0
		20 or more	1.0

* = 20 or more ELLs of the same language background

		Number of ELLs	Supplemental Teacher Allocation
Transitional Program of Instruction (TPI) **	Elementary School TPI Program	0 – 15.5 (adjusted number)	0.0
		16- 49.5 (adjusted number)	0.5
		50 or more (adjusted number)	1.0
	High School TPI Program	0 – 40.5 (adjusted number)	0.0
		41 or more (adjusted number)	1.0

** = Fewer than 20 ELLs of the same language background

For example, a school with 30 ELLs of the same language background as described in the boxes below will have an adjusted ELL count of only 24 students. The adjusted count would determine the number of supplemental teachers the school will receive.



Six ELL kindergarten students who receive at least 5 periods of bilingual or ESL instruction per week (1 each)

Total adjusted number: 6



Twelve ELL 1st-12th grade students who receive between 5 and 9 periods of bilingual or ESL instruction per week (0.5 each)

Total adjusted number: 6



Twelve ELL 1st-12th grade students who receive at least 10 periods of bilingual or ESL instruction per week (1.0 each)

Total adjusted number: 12

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 during the immediately preceding year. The poverty data is taken at one point in time for the entire school system (i.e., end of September). Once data is collected, CPS establishes a flat rate per-pupil amount and calculates the SGSA allocation based on the number of eligible students for each qualifying school. For FY2013, the per-pupil rate is \$745.67.

Schools receive SGSA funding for each qualifying student. If a school has only one student eligible for free or reduced-price (F/R) meals, the school will receive an allocation of \$745.67 for that student.

Charter and contract schools, like district-run schools, receive SGSA funding from CPS.

In FY2013, a one-time supplemental amount was given to district schools at a rate of \$90.19 per student eligible for F/R meals. This supplemental amount was funded by adjustments from prior years. The supplemental SGSA funding was not given to charter and contract schools.

NCLB Title I

CPS allocates NCLB Federal Title I funds to schools with high concentrations of low-income children to provide supplementary services for educationally disadvantaged students. The formula used to determine a school's eligibility for these funds is based on the ratio of TANF (Temporary Assistance to Needy Families) and free and reduced-price lunch school data as a percentage of enrollment. CPS uses poverty data generated yearly by the number of students, ages 5-17, who are eligible to receive free or reduced lunch (60 percent weight), and the number of children, ages 5-17, from families that receive financial assistance through TANF (40 percent weight). The data are taken at one point in time for the

entire school system (i.e., the end of September). Once data is collected, CPS ranks schools and allocates additional funding to those schools serving a population with greater than 40 percent poverty.

Schools with a poverty index below 40 percent do not receive Title I funds, even if the school has eligible students. Moreover, the per-pupil allocation rate increases as the poverty index for the schools increases. A school with a 40 percent poverty rate receives an allocation of \$430 per eligible student. As the poverty rate increases by 1 percent, the per-pupil allocation increases by \$22 per pupil. A school with a poverty index of 41 percent receives \$452 per pupil. A school with a poverty index of 50 percent receives \$650 per pupil. A school with a poverty index of 99 percent receives \$1,728 per pupil.

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

Poverty Index Examples	Allocation Rate	Eligible Students (assume total school enrollment of 1000)	Total Allocation
35%	\$0 (below threshold)	350	\$0
40%	\$430	400	\$172,000
41%	\$452	410	\$185,320
55%	\$760	550	\$418,000
99%	\$1,728	990	\$1,710,720

Charter and contract schools, like district-run schools, receive SGSA funding from CPS.

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

College-ready Funding

In FY 2013, CPS created a new pool of discretionary funds given to all district-run schools. The College-ready funding is part of the General Education Fund, which means that schools have the maximum flexibility on how to use the allocated amounts. College-ready funding included new funding to support instructional priorities, such as Common Core State Standards, teacher evaluation and Full School Day. It also included the per-pupil allocations that schools traditionally received for non-personnel items such as textbooks, supplies, repairs, furniture and equipment.

APPENDIX C

HISTORICAL REVENUE/EXPENDITURE TABLES

**EXPENDITURE HISTORY: ALL FUNDS
BY MAJOR CATEGORIES: FY2007 - FY2013
(In Millions)**

	ACTUAL					ESTIMATE	
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY 2013
EXPENDITURE							
Teacher Salaries	\$ 1,924.1	\$ 1,885.4	\$ 1,975.9	\$ 2,026.3	\$ 2,023.5	\$ 2,012.5	\$ 1,943.5
Ed Support Personnel Salaries	535.1	559.7	597.5	604.0	610.7	625.2	628.7
Energy	77.1	86.8	92.4	78.7	83.4	79.9	84.2
Food	83.8	83.3	89.6	93.1	93.8	106.4	117.5
Textbooks	65.8	89.5	86.4	70.6	70.2	53.0	82.4
Supplies	45.9	46.0	44.6	48.0	51.1	48.6	61.5
Other Commodities	1.1	0.9	1.0	0.9	0.5	0.6	0.7
Professional & Contractual Svc	463.3	549.3	440.9	381.9	450.1	400.6	411.9
Transportation	97.1	102.8	109.4	109.3	107.5	113.3	121.6
Tuition	63.1	65.1	320.0	388.9	436.9	466.2	485.8
Telephone	13.7	17.7	19.4	18.2	19.8	19.9	21.3
Other Services	13.3	13.3	13.9	15.7	11.8	11.3	13.3
Educational Equipment	34.6	39.0	34.5	33.7	41.9	37.6	47.8
Repairs and Replacements	33.0	37.0	34.8	31.9	37.4	35.0	37.2
Capital Outlay	345.0	463.1	648.3	691.8	563.4	533.6	169.8
Teachers' Pension	282.5	350.5	392.8	475.6	306.1	333.3	343.3
Career Service Pension	83.3	89.8	93.8	96.9	102.2	97.9	100.5
Hospital and Dental Insurance	250.8	260.4	299.2	311.0	353.9	330.1	360.2
Medicare & Social Security	25.3	31.1	33.7	34.8	23.0	36.8	37.3
Unemployment Compensation	8.2	5.8	8.6	16.0	22.0	16.4	16.7
Workers' Compensation	24.6	29.8	28.1	28.2	25.9	28.6	29.8
Space Rental	13.0	11.0	12.0	12.1	11.9	12.2	12.1
Debt Service and Other	342.2	282.1	302.2	386.6	332.1	383.5	394.5
Other Charges	6.4	18.9	13.3	17.5	14.4	10.0	205.2
TOTAL: All Funds	\$ 4,832.3	\$ 5,118.2	\$ 5,692.3	\$ 5,971.8	\$ 5,793.5	\$ 5,792.7	\$ 5,726.6

* Because of rounding, minimal differences may occur in totaling rows and columns.

** All funds include the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds.

**EXPENDITURE HISTORY FOR OPERATING FUNDS
BY MAJOR CATEGORIES: FY2007 - FY2013
(In Millions)**

	ACTUAL					ESTIMATE	
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY 2013
EXPENDITURE							
Teacher Salaries	\$ 1,924.1	\$ 1,885.4	\$ 1,975.9	\$ 2,026.3	\$ 2,023.5	\$ 2,012.5	\$ 1,943.5
Ed Support Personnel Salaries	535.1	559.7	597.5	604.0	610.7	625.2	628.7
Energy	77.1	86.8	92.4	78.7	83.4	79.9	84.2
Food	83.8	83.3	89.6	93.1	93.8	106.4	117.5
Textbooks	65.8	89.5	86.4	70.6	70.2	53.0	82.4
Supplies	45.9	46.0	44.6	48.0	51.1	48.6	61.5
Other Commodities	1.1	0.9	1.0	0.9	0.5	0.6	0.7
Professional & Contractual Svc	463.3	360.3	440.9	381.9	450.1	400.6	411.9
Transportation	97.1	102.8	109.4	109.3	107.5	113.3	121.6
Tuition	63.1	254.1	320.1	388.9	436.9	466.2	485.8
Telephone	13.7	17.7	19.4	18.2	19.8	19.9	21.3
Other Services	13.3	13.3	13.9	15.7	11.8	11.3	13.3
Educational Equipment	34.6	39.0	34.5	33.7	41.9	37.6	47.8
Repairs and Replacements	33.0	37.0	34.8	31.9	37.4	35.0	37.2
Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.3	0.0
Teachers' Pension	282.5	350.5	392.8	475.6	306.1	333.3	343.3
Career Service Pension	83.3	89.8	93.8	96.9	102.2	97.9	100.5
Hospital and Dental Insurance	250.8	260.4	299.2	311.0	353.9	330.1	360.2
Medicare/Social Security	25.3	31.1	33.7	34.8	35.0	36.8	37.3
Unemployment Compensation	8.2	5.8	8.6	16.0	22.0	16.4	16.7
Workers' Compensation	24.6	29.8	28.1	28.2	25.9	28.6	29.8
Space Rental	13.0	11.0	12.0	12.1	11.9	12.2	12.1
Debt Service and Other	1.3	21.7	1.0	2.7	-	-	-
Other Fixed Charges	6.4	18.9	13.3	17.5	14.4	10.0	205.2
TOTAL OPERATING FUNDS	\$ 4,146.4	\$ 4,394.7	\$ 4,742.8	\$ 4,896.1	\$ 4,910.0	\$ 4,875.9	\$ 5,162.3

* Because of rounding, minimal differences may occur in totaling rows and columns.

** Operating Funds include the General Fund and Special Revenue Funds.

EXPENDITURE HISTORY: GENERAL FUND
BY MAJOR CATEGORIES: FY2007 - FY2013
(In Millions)

	ACTUAL					ESTIMATE	
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY 2013
Teacher Salaries	\$ 1,580.8	\$ 1,544.2	\$ 1,629.6	\$ 1,642.6	\$ 1,557.8	\$ 1,672.3	\$ 1,609.0
Ed Support Personnel Salaries	222.6	242.4	275.2	257.4	242.1	281.4	273.9
Energy	0.5	0.2	2.8	0.6	0.2	0.3	0.4
Food	0.5	0.7	0.8	0.8	0.7	0.9	0.5
Textbooks	25.6	40.9	46.6	32.6	23.9	26.1	28.3
Supplies	17.9	15.8	14.4	14.1	16.0	16.7	17.1
Other Commodities	0.2	0.2	0.3	0.3	0.3	0.5	0.4
Professional & Contractual Svc	234.9	291.8	141.6	116.6	165.0	123.2	76.3
Transportation	83.1	90.7	96.5	94.9	94.5	101.5	109.4
Tuition	55.5	58.1	279.7	345.6	378.3	412.1	481.1
Telephone	1.2	0.3	0.3	0.9	0.3	0.4	0.0
Other Services	5.3	6.5	6.9	6.0	5.0	5.3	6.7
Educational Equipment	12.2	15.6	14.4	14.2	14.4	15.0	34.5
Repairs and Replacements	4.3	3.6	3.3	2.6	3.0	2.5	3.5
Capital Outlay	-	0.0	0.1	0.0	0.0	0.2	-
Teachers' Pension	250.9	296.5	336.2	397.7	246.2	288.0	291.2
Career Service Pension	33.7	39.2	43.2	41.3	40.2	43.6	43.2
Hospital and Dental Insurance	167.3	176.1	205.7	210.5	225.6	228.2	239.2
Medicare/Social Security	17.0	22.4	24.7	24.7	23.6	26.7	27.0
Unemployment Compensation	6.2	4.3	6.6	11.9	15.4	12.5	12.4
Workers' Compensation	18.5	22.4	21.2	20.6	18.1	22.1	22.2
Space Rental	1.5	1.2	1.7	1.6	1.4	2.1	0.4
Debt Service and Other	-	20.6	-	-	-	-	-
Other Charges	(18.4)	(5.7)	(23.5)	(11.7)	4.0	(7.5)	45.6
TOTAL GENERAL FUND	\$ 2,721.5	\$ 2,888.4	\$ 3,128.2	\$ 3,225.9	\$ 3,076.0	\$ 3,274.1	\$ 3,322.6

* Effective July 1, 2008, the General Fund includes the Special Education Fund (114), General Education Fund (115), Tuition-based Pre-school Fund (117), School Special Income Fund (124), and Building Operation & Maintenance Fund (230). This table contains expenditures for Fund 114, Fund 115, Fund 117, and Fund 124. The Building Operation & Maintenance Fund (230) should be added to have a total expenditure for the General Fund.

EXPENDITURE HISTORY: BUILDING OPERATIONS & MAINTENANCE FUND
BY MAJOR CATEGORIES: FY2007 - FY2013
(In Millions)

EXPENDITURE	ACTUAL					ESTIMATE	
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY 2013
Teacher Salaries	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ -	\$ -
Ed Support Personnel Salaries	79.3	83.3	86.8	89.3	93.1	94.3	96.5
Energy	76.6	86.5	89.5	78.1	83.1	79.6	83.7
Food	-	-	-	-	-	-	-
Textbooks	0.6	4.1	4.1	5.1	4.3	5.7	5.7
Supplies	6.8	7.1	7.3	8.9	9.0	9.0	6.8
Other Commodities	0.4	0.4	0.5	0.4	-	-	-
Professional & Contractual Svc	108.5	122.7	131.6	124.4	124.9	128.0	115.1
Transportation	0.0	0.1	0.1	0.1	0.1	0.1	0.5
Tuition	-	-	-	-	-	-	-
Telephone	12.5	17.4	19.1	17.3	19.5	19.5	21.3
Other Services	0.1	0.2	0.1	0.3	0.0	0.0	0.0
Educational Equipment	2.7	3.9	3.8	1.0	0.5	0.8	0.2
Repairs and Replacements	24.8	30.2	28.5	26.6	31.6	30.0	31.5
Capital Outlay	-	0.2	-	-	-	0.0	-
Teachers' Pension	0.0	0.0	0.0	-	-	-	-
Career Service Pension	13.0	13.9	14.1	14.9	16.1	15.3	16.1
Hospital and Dental Insurance	9.4	9.8	11.7	12.2	13.9	13.8	15.4
Medicare	0.8	0.9	0.9	1.0	1.0	1.2	1.4
Unemployment Compensation	0.3	0.2	0.3	0.5	0.8	0.6	0.6
Workers' Compensation	0.8	1.0	1.0	1.0	0.9	1.0	1.1
Space Rental	11.2	9.5	10.0	10.3	10.2	9.9	11.1
Debt Service and Other	1.3	1.1	1.0	2.7	-	-	-
Other Fixed Charges	0.1	-	-	0.1	-	-	(11.2)
TOTAL Building O&M	\$ 349.3	\$ 392.6	\$ 410.4	\$ 394.1	\$ 409.1	\$ 408.7	\$ 396.0

Effective July 1, 2008, Building Operation and Maintenance Fund is part of the General Fund.

EXPENDITURE HISTORY: IDEA SPECIAL EDUCATION
BY MAJOR CATEGORIES: FY2007 - FY2013
(In Millions)

	ACTUAL					ESTIMATE	
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY 2013
EXPENDITURE							
Teacher Salaries	\$ 48.9	\$ 59.9	\$ 58.5	\$ 58.3	\$ 56.0	\$ 54.6	\$ 52.1
Ed Support Personnel Salaries	15.9	10.3	10.0	9.5	9.5	13.7	13.5
Energy	-	-	-	-	-	-	-
Food	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Textbooks	0.5	0.3	0.2	0.2	0.0	0.0	0.0
Supplies	0.7	0.6	0.4	0.3	0.2	0.3	0.3
Other Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Professional & Contractual Svc	2.2	3.1	1.3	1.1	1.1	2.7	5.1
Transportation	1.0	0.5	0.4	0.6	0.5	0.3	0.3
Tuition	1.8	2.1	2.5	2.0	10.0	1.5	1.5
Telephone	-	-	-	-	-	-	-
Other Services	0.8	0.5	0.2	0.3	0.2	0.2	0.2
Educational Equipment	0.2	0.1	0.1	0.7	0.7	0.7	0.6
Repairs and Replacements	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay	-	-	-	-	-	-	-
Teachers' Pension	4.3	11.4	11.7	13.7	8.1	9.1	9.0
Career Service Pension	2.7	1.7	1.7	1.6	1.7	2.3	2.3
Hospital and Dental Insurance	7.2	7.2	7.6	7.6	8.6	8.9	9.1
Medicare/Social Security	0.7	0.9	0.9	0.9	0.9	0.9	0.9
Unemployment Compensation	0.2	0.2	0.2	0.4	0.6	0.5	0.4
Workers' Compensation	0.7	0.9	0.8	0.7	0.7	0.8	0.8
Space Rental	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Debt Service and Other	-	-	-	-	-	-	-
Other Charges	0.1	-	0.0	(0.8)	(0.0)	-	4.1
TOTAL IDEA GRANTS	\$ 88.1	\$ 99.9	\$ 96.8	\$ 97.3	\$ 98.6	\$ 96.5	\$ 100.4

* Because of rounding, minimal differences may occur in totaling rows and columns.

**EXPENDITURE HISTORY: OTHER GOVERNMENT FUNDED FUNDS
BY MAJOR CATEGORIES: FY2007 - FY2013
(In Millions)**

EXPENDITURE	ACTUAL					ESTIMATE	
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY 2013
Teacher Salaries	\$ 75.6	\$ 74.4	\$ 80.9	\$ 67.7	\$ 63.4	\$ 60.9	\$ 100.8
Ed Support Personnel Salaries	23.2	25.9	25.4	26.7	21.2	27.0	37.7
Energy	-	-	-	-	-	-	-
Food	0.8	0.8	0.7	0.5	0.6	0.6	0.8
Textbooks	11.8	13.3	10.7	8.9	6.6	2.7	3.0
Supplies	4.3	4.5	4.9	3.1	3.5	2.5	4.6
Other Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Professional & Contractual Svc	28.0	23.2	27.9	25.8	21.2	25.2	75.8
Transportation	2.9	3.1	4.1	4.1	2.6	2.0	1.9
Tuition	5.5	4.9	4.7	5.4	4.2	5.6	2.9
Telephone	0.0		0.0	-	-	0.0	-
Other Services	2.4	2.1	2.7	2.3	2.1	2.2	2.3
Educational Equipment	6.5	7.2	5.6	5.0	5.8	3.5	2.5
Repairs and Replacements	0.3	0.2	0.3	0.1	0.1	0.1	0.2
Capital Outlay	0.0	-	-	-	-	-	-
Teachers' Pension	6.2	12.1	13.2	13.8	7.9	8.0	16.5
Career Service Pension	3.7	3.8	3.8	4.1	3.4	4.1	5.9
Hospital and Dental Insurance	8.4	8.4	9.6	9.2	9.5	8.8	18.0
Medicare/Social Security	1.2	1.3	1.4	1.3	1.2	1.3	2.1
Unemployment Compensation	0.3	0.2	0.3	0.5	0.6	0.5	0.9
Workers' Compensation	0.9	1.1	1.0	0.9	0.7	0.8	1.6
Space Rental	0.3	0.3	0.3	0.1	0.1	0.1	0.5
Debt Service and Other	-	-	-	-	-	-	-
Other Fixed Charges	0.2	0.0	0.8	0.6	(0.0)	-	77.9
TOTAL OTHER GOVNT	\$ 182.3	\$ 186.8	\$ 198.1	\$ 180.1	\$ 154.6	\$ 155.8	\$ 355.8

* Because of rounding, minimal differences may occur in totaling rows and columns.

EXPENDITURE HISTORY: SUPPLEMENTAL GENERAL STATE AID FUND
BY MAJOR CATEGORIES: FY2007 - FY2013
(In Millions)

EXPENDITURE	ACTUAL					ESTIMATE	
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY 2013
Teacher Salaries	\$ 101.4	\$ 87.0	\$ 84.3	\$ 84.0	\$ 79.8	\$ 82.3	\$ 88.6
Ed Support Personnel Salaries	72.1	70.1	68.5	67.2	65.6	62.9	65.4
Energy	-	-	-	-	-	-	-
Food	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Textbooks	8.2	8.0	8.2	7.3	7.1	6.7	24.6
Supplies	8.8	8.5	9.5	9.4	9.7	9.1	20.9
Other Commodities	0.3	0.1	0.2	0.1	0.1	0.1	0.2
Professional & Contractual Svc	19.9	24.3	10.3	9.6	10.3	11.2	16.4
Transportation	2.0	1.8	2.2	2.1	2.5	2.6	2.6
Tuition	0.2	0.0	19.0	23.3	28.0	32.0	0.0
Telephone	0.0	0.0	-	-	0.0	0.0	-
Other Services	1.7	1.2	1.4	1.4	1.4	1.8	1.7
Educational Equipment	6.7	5.7	6.8	6.9	10.8	11.0	5.9
Repairs and Replacements	2.6	2.1	2.1	1.9	2.0	2.1	1.5
Capital Outlay	-	-	0.0	-	-	0.1	0.0
Teachers' Pension	13.6	15.5	15.4	17.9	11.1	11.9	13.7
Career Service Pension	10.8	11.4	10.7	10.6	10.6	9.6	9.9
Hospital and Dental Insurance	20.6	19.9	20.7	20.9	23.1	19.9	23.4
Medicare/Social Security	2.4	2.2	2.2	2.2	2.1	2.3	2.4
Unemployment Compensation	0.6	0.4	0.5	0.9	1.2	0.8	0.9
Workers' Compensation	1.7	1.9	1.6	1.5	1.4	1.3	1.6
Space Rental	-	0.0	-	0.0	-	-	-
Debt Service and Other	-	-	-	-	-	-	-
Other Fixed Charges	0.3	0.1	0.1	0.1	0.0	(0.5)	45.2
TOTAL SGSA	\$ 273.8	\$ 260.1	\$ 263.7	\$ 267.5	\$ 266.8	\$ 267.1	\$ 325.0

* Because of rounding, minimal differences may occur in totaling rows and columns.

**EXPENDITURE HISTORY: ESEA FEDERAL FUNDS
BY MAJOR CATEGORIES: FY2007 - FY2013
(In Millions)**

	ACTUAL					ESTIMATE	
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY 2013
EXPENDITURE							
Teacher Salaries	\$ 117.4	\$ 119.9	\$ 122.6	\$ 107.9	\$ 112.9	\$ 100.5	\$ 93.0
Ed Support Personnel Salaries	27.5	28.9	28.0	26.2	26.2	30.0	28.1
Energy	-	-	-	-	-	-	-
Food	0.1	0.3	0.2	0.2	0.2	0.2	0.4
Textbooks	19.0	22.7	16.5	14.1	15.9	11.7	20.7
Supplies	6.9	9.1	7.6	10.5	11.5	9.4	8.6
Other Commodities	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Professional & Contractual Svc	57.8	66.0	123.5	86.5	66.9	84.4	101.0
Transportation	8.0	6.2	6.0	7.5	7.0	6.8	6.7
Tuition	0.1	6.6	0.6	11.0	15.0	14.5	0.3
Telephone	-	0.0	-	-	-	0.0	-
Other Services	2.5	2.1	2.1	2.0	1.4	1.6	1.9
Educational Equipment	4.8	5.9	3.4	3.4	5.7	5.0	4.1
Repairs and Replacements	0.9	0.8	0.5	0.5	0.6	0.3	0.4
Capital Outlay	-	-	-	-	-	0.0	0.0
Teachers' Pension	7.4	15.0	16.3	18.4	12.2	10.5	12.9
Career Service Pension	4.1	3.8	4.1	3.8	4.1	4.2	4.2
Hospital and Dental Insurance	10.7	10.7	11.8	11.6	14.4	11.5	15.0
Medicare/Social Security	1.9	1.9	2.0	1.8	1.9	1.9	1.8
Unemployment Compensation	0.4	0.2	0.4	0.6	0.9	0.6	0.6
Workers' Compensation	1.0	1.3	1.1	1.1	1.1	1.0	1.2
Space Rental	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Service and Other	-	-	-	-	-	-	-
Other Fixed Charges	6.5	2.3	13.0	1.2	(1.3)	-	25.4
TOTAL ESEA	\$ 277.3	\$ 303.9	\$ 359.9	\$ 308.5	\$ 296.9	\$ 294.1	\$ 326.2

* Because of rounding, minimal differences may occur in totaling rows and columns.

EXPENDITURE HISTORY: SCHOOL LUNCH FUNDS
BY MAJOR CATEGORIES: FY2007 - FY2013
(In Millions)

EXPENDITURE	ACTUAL					ESTIMATE	
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY 2013
Teacher Salaries	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ -	\$ 0.0	\$ -
Ed Support Personnel Salaries	61.0	63.5	65.9	66.6	68.3	71.0	72.9
Energy	-	-	-	-	-	-	-
Food	82.3	81.5	87.8	91.5	92.1	104.6	115.8
Textbooks	-	-	-	-	-	-	-
Supplies	0.5	0.1	0.3	0.5	1.1	1.2	3.1
Other Commodities	-	-	-	-	-	-	-
Professional & Contractual Svc	2.7	2.7	3.0	3.2	2.7	2.2	5.5
Transportation	0.0	-	0.0	0.0	0.0	0.0	0.1
Tuition	-	0.0	-	0.1	-	-	-
Telephone	-	-	-	-	-	-	-
Other Services	0.6	0.5	0.4	0.8	0.5	0.3	0.4
Educational Equipment	1.2	0.2	-	-	-	-	0.0
Repairs and Replacements	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Teachers' Pension	0.0	0.0	0.0	-	-	-	-
Career Service Pension	10.3	10.7	10.8	11.1	12.0	11.9	12.1
Hospital and Dental Insurance	20.9	21.7	24.5	20.6	23.3	25.0	29.8
Medicare/Social Security	0.8	0.8	0.9	0.9	0.9	1.0	1.1
Unemployment Compensation	0.2	0.2	0.2	0.4	0.6	0.5	0.5
Workers' Compensation	0.6	0.8	0.7	0.7	0.7	0.8	0.9
Space Rental	-	-	-	-	-	-	-
Debt Service and Other	-	-	-	-	-	-	-
Other Fixed Charges	12.3	13.1	14.7	13.6	4.6	12.0	7.4
TOTAL SCHOOL LUNCH	\$ 193.5	\$ 196.0	\$ 209.3	\$ 210.1	\$ 206.9	\$ 230.5	\$ 249.5

* Because of rounding, minimal differences may occur in totaling rows and columns.

EXPENDITURE HISTORY: WORKERS' COMPENSATION & TORT IMMUNITY FUND
BY MAJOR CATEGORIES: FY2007 - FY2013
(In Millions)

	ACTUAL					ESTIMATE	
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY 2013
EXPENDITURE							
Teacher Salaries	\$ -	\$ -	\$ 0.0	\$ 0.0	\$ -	\$ 0.0	\$ -
Ed Support Personnel Salaries	33.6	35.3	37.8	41.3	41.1	41.6	40.5
Energy	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-
Textbooks	-	0.1	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.3	0.3	0.3	0.3	0.3	0.1
Other Commodities	-	0.0	0.0	0.0	-	0.0	0.0
Professional & Contractual Svc	9.2	9.2	15.1	9.0	4.4	22.3	16.8
Transportation	0.0	-	0.0	0.0	0.0	0.0	0.0
Tuition	-	0.0	-	-	-	-	-
Telephone	-	-	-	-	-	-	-
Other Services	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Educational Equipment	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Repairs and Replacements	0.0	0.0	-	0.0	0.0	-	0.1
Capital Outlay	-	-	-	-	-	-	-
Teachers' Pension	-	-	0.0	0.0	0.0	0.0	-
Career Service Pension	5.0	5.2	5.5	6.1	6.6	6.5	6.7
Hospital and Dental Insurance	6.2	6.5	7.6	8.5	10.1	9.6	10.2
Medicare/Social Security	0.6	0.6	0.8	0.9	0.8	0.8	0.6
Unemployment Compensation	0.1	0.1	0.1	0.2	0.3	0.3	0.3
Workers' Compensation	0.3	0.4	0.8	0.8	0.4	0.4	0.5
Space Rental	-	-	-	-	-	-	-
Debt Service and Other	-	-	-	-	-	-	-
Other Fixed Charges	5.4	9.0	8.2	11.4	7.9	6.0	10.9
TOTAL TORT FUND	\$ 60.6	\$ 67.1	\$ 76.3	\$ 78.7	\$ 72.0	\$ 87.9	\$ 86.9

* Because of rounding, minimal differences may occur in totaling rows and columns.

**EXPENDITURE HISTORY: ARRA ESEA FEDERAL GRANTS
BY MAJOR CATEGORIES: FY2007 - FY2013
(In Millions)**

EXPENDITURE	ACTUAL					ESTIMATE	
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY 2013
Teacher Salaries				\$ 65.7	\$ 153.6	\$ 41.9	\$ -
Ed Support Personnel Salaries				19.9	43.7	3.4	-
Energy				-	-	-	-
Food				0.1	0.1	0.0	-
Textbooks				2.4	12.3	0.1	-
Supplies				1.1	-	0.2	-
Other Commodities				-	0.0	-	-
Professional & Contractual Svc				5.7	53.6	1.5	-
Transportation				-	0.2	0.0	-
Tuition				1.5	1.4	0.6	-
Telephone				-	-	-	-
Other Services				2.6	1.3	0.1	-
Educational Equipment				2.1	4.0	1.4	-
Repairs and Replacements				-	0.0	0.0	-
Capital Outlay				-	-	-	-
Teachers' Pension				14.2	20.6	5.8	-
Career Service Pension				3.4	7.4	0.5	-
Hospital and Dental Insurance				9.9	25.3	4.4	-
Medicare/Social Security				1.1	2.6	0.6	-
Unemployment Compensation				0.5	1.6	0.2	-
Workers' Compensation				0.9	1.9	0.4	-
Space Rental				0.0	0.1	-	-
Debt Service and Other				-	-	-	-
Other Fixed Charges				3.0	(0.8)	-	-
TOTAL ESEA	\$ -	\$ -	\$ -	\$ 134.0	\$ 328.8	\$ 61.2	\$ -

* Because of rounding, minimal differences may occur in totaling rows and columns.

** ARRA ESEA federal grants include all one-time grants awarded under the ARRA such as Title I, IDEA Flow-through, IDEA pre-school, Neglected and Delinquent, and other miscellaneous grants. These will expire September 30, 2011.

EXPENDITURE HISTORY: CAPITAL PROJECTS FUNDS

BY MAJOR CATEGORIES: FY2007 - FY2013

(In Millions)

	ACTUAL					ESTIMATE	
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY 2013
EXPENDITURE							
Capital Outlay	\$ 345.0	\$ 463.1	\$ 648.3	\$ 691.8	\$ 563.4	\$ 533.4	\$ 169.8
TOTAL CAPITAL	\$ 345.0	\$ 463.1	\$ 648.3	\$ 691.8	\$ 563.4	\$ 533.4	\$ 169.8

EXPENDITURE HISTORY: DEBT SERVICE FUND

BY MAJOR CATEGORIES: FY2007 - FY2013

(In Millions)

	ACTUAL					ESTIMATE	
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY 2013
PBC Lease & Grant Anticipation No	\$ 51.8	\$ 51.8	\$ 51.8	\$ 51.8	\$ 51.9	\$ 51.9	\$ 53.2
Bond Redemption and Interest	289.1	208.6	249.3	332.1	280.2	331.6	341.4
TOTAL DEBT SERVICE	\$ 340.9	\$ 260.4	\$ 301.2	\$ 383.9	\$ 332.1	\$ 383.5	\$ 394.5

* Because of rounding, minimal differences may occur in totaling rows and columns.

**REVENUE HISTORY FOR ALL FUNDS
BY MAJOR CATEGORIES: FY2007-FY2013
(In Millions)**

	ACTUAL					ESTIMATE	
	FY 2007	FY2008	FY2009	FY 2010	FY 2011	FY 2012	FY 2013
LOCAL REVENUE							
Property Taxes	\$ 1,767.8	\$ 1,813.9	\$ 1,896.5	\$ 2,047.2	\$ 1,936.7	\$ 2,106.0	\$ 2,106.0
Replacement Taxes	201.5	215.5	188.5	152.5	197.8	175.5	163.4
Investment Income	116.9	85.9	43.7	12.5	13.4	11.9	4.5
Lunchroom Sales	8.8	8.5	8.2	6.9	6.4	6.0	6.1
Other Local Revenue	277.4	172.5	245.1	352.7	411.2	272.1	260.4
Sub-total	<u>\$ 2,372.4</u>	<u>\$ 2,296.3</u>	<u>\$ 2,382.1</u>	<u>\$ 2,571.8</u>	<u>\$ 2,565.3</u>	<u>\$ 2,571.5</u>	<u>\$ 2,540.4</u>
STATE REVENUE							
General State Aid (GSA)	\$ 762.8	\$ 830.1	\$ 666.8	\$ 766.9	\$ 886.1	\$ 859.2	\$ 815.0
Supplemental GSA	261.0	261.0	212.9	218.6	261.0	261.0	261.0
Flat Grant by ADA	14.4	12.8	12.6	1.6	1.6	-	-
State Teacher Pension Aid	75.3	74.8	74.8	37.4	43.0	10.4	10.9
General Ed Block Grants	155.0	166.5	133.9	68.8	122.3	124.1	114.3
Ed Services Block Grants	394.8	447.4	358.7	421.3	564.9	493.7	495.9
CDB Capital Reimbursement	-	-	-	-	29.7	62.1	115.5
Other State Revenue	38.2	53.3	52.2	37.5	41.2	41.4	38.9
Sub-total	<u>\$ 1,701.6</u>	<u>\$ 1,846.0</u>	<u>\$ 1,511.9</u>	<u>\$ 1,552.1</u>	<u>\$ 1,949.8</u>	<u>\$ 1,852.0</u>	<u>\$ 1,851.4</u>
FEDERAL REVENUE							
ESEA Title I, V	\$ 269.4	\$ 350.5	\$ 369.4	\$ 307.3	\$ 271.9	\$ 240.1	\$ 326.2
ARRA Stabilization Funds	-	-	260.1	278.7	-	-	-
ARRA ESEA Grants	-	-	-	119.4	261.6	32.2	-
Ed Jobs Fund Program	-	-	-	-	47.7	48.3	-
Lunchroom	147.4	150.4	139.2	178.8	175.8	178.5	197.7
IDEA	81.7	106.1	95.2	96.2	88.1	88.5	100.4
Medicaid Reimbursement	24.3	31.2	50.8	34.9	72.3	83.7	57.0
Federal Revenue - Other	223.2	194.4	211.0	164.8	227.5	156.3	256.4
Sub-total	<u>\$ 746.0</u>	<u>\$ 832.5</u>	<u>\$ 1,125.6</u>	<u>\$ 1,180.2</u>	<u>\$ 1,144.9</u>	<u>\$ 827.5</u>	<u>\$ 937.7</u>
ALL FUNDS REVENUE	<u>\$ 4,820.0</u>	<u>\$ 4,974.8</u>	<u>\$ 5,019.6</u>	<u>\$ 5,304.0</u>	<u>\$ 5,660.1</u>	<u>\$ 5,251.0</u>	<u>\$ 5,329.4</u>
OTHER FINANCING SOURCES							
Debt Issuances & Premium	\$ 370.2	\$ 241.7	\$ (0.7)	\$ 801.0	\$ 384.0	\$ 403.6	\$ 500.0
Transfers in/(out) and others	25.7	6.4	1.2	(0.0)	0.2	-	-
Total Other Financing Sources	<u>395.9</u>	<u>248.1</u>	<u>0.5</u>	<u>801.0</u>	<u>384.2</u>	<u>403.6</u>	<u>500.0</u>
TOTAL ALL FUNDS	<u><u>\$ 5,215.9</u></u>	<u><u>\$ 5,222.9</u></u>	<u><u>\$ 5,020.1</u></u>	<u><u>\$ 6,105.1</u></u>	<u><u>\$ 6,044.2</u></u>	<u><u>\$ 6,038.9</u></u>	<u><u>\$ 5,829.4</u></u>

* Due to rounding, minimal differences may occur in totaling rows and columns.

** These tables include only revenues and other financing sources. Fund balance is not included.

**REVENUE HISTORY FOR OPERATING FUND
BY MAJOR CATEGORIES: FY2007-FY2013
(In Millions)**

	ACTUAL					ESTIMATE	
	FY 2007	FY2008	FY2009	FY 2010	FY 2011	FY 2012	FY 2013
LOCAL REVENUE							
Property Taxes	\$ 1,716.5	\$ 1,763.3	\$ 1,867.4	\$ 2,035.9	\$ 1,904.2	\$ 2,053.4	\$ 2,052.8
Replacement Taxes	147.4	159.8	132.8	96.8	172.4	120.4	105.7
Proceeds of SFA Debt							
Investment Income	61.6	40.9	21.4	3.1	1.9	4.2	3.5
Lunchroom Sales & Other	8.8	8.5	8.2	6.9	6.4	6.0	6.1
Miscellaneous Local Revenue	86.7	88.3	93.9	105.1	215.0	109.4	128.3
Sub-total	<u>\$ 2,021.0</u>	<u>\$ 2,060.8</u>	<u>\$ 2,123.7</u>	<u>\$ 2,247.8</u>	<u>\$ 2,299.9</u>	<u>\$ 2,293.3</u>	<u>\$ 2,296.4</u>
STATE REVENUE							
General State Aid - Regular	\$ 610.9	\$ 676.5	\$ 471.8	\$ 582.6	\$ 663.4	\$ 709.8	\$ 601.8
Supplemental General State A	261.0	261.0	261.0	218.6	261.0	261.0	261.0
Flat Grant by ADA	14.4	12.8	12.6	1.6	1.6	-	-
State Teacher Pension Aid	75.3	74.8	74.8	37.4	43.0	10.4	10.9
General Ed Block Grants	155.0	166.5	133.9	68.8	122.3	124.1	114.3
Ed Services Block Grants	384.1	447.4	358.7	421.3	564.9	493.7	495.9
Other State Revenue	48.8	53.3	20.3	37.5	38.4	41.4	39.3
Sub-total	<u>\$ 1,549.5</u>	<u>\$ 1,692.4</u>	<u>\$ 1,333.2</u>	<u>\$ 1,367.8</u>	<u>\$ 1,694.6</u>	<u>\$ 1,640.4</u>	<u>\$ 1,523.2</u>
FEDERAL REVENUE							
ESEA Title I, III, V	\$ 269.4	\$ 350.5	\$ 369.4	\$ 307.3	\$ 271.9	\$ 240.1	\$ 326.2
Stabilization Funds - ARRA	-	-	260.1	278.7	-	-	-
ESEA Grants under ARRA	-	-	-	119.4	261.6	32.2	-
Ed Jobs Fund Program	-	-	-	-	47.7	48.3	-
Lunchroom	147.4	150.4	139.2	178.8	175.8	178.5	197.7
IDEA	81.7	106.1	95.2	96.2	88.1	88.5	100.4
Medicaid Reimbursement	24.3	31.2	50.8	34.9	72.3	83.7	57.0
Federal Revenue - Other	189.1	194.4	208.3	145.0	204.1	156.3	229.6
Sub-total	<u>\$ 712.0</u>	<u>\$ 832.5</u>	<u>\$ 1,122.8</u>	<u>\$ 1,160.4</u>	<u>\$ 1,121.5</u>	<u>\$ 827.5</u>	<u>\$ 910.8</u>
OPERATING FUND REVENUE TOTAL							
	<u>\$ 4,282.5</u>	<u>\$ 4,585.7</u>	<u>\$ 4,579.7</u>	<u>\$ 4,776.1</u>	<u>\$ 5,115.9</u>	<u>\$ 4,761.3</u>	<u>\$ 4,730.5</u>
OTHER FINANCING SOURCES							
Transfers in/(out) and other	<u>\$ 1.9</u>	<u>\$ 3.8</u>	<u>\$ 20.4</u>	<u>\$ 17.9</u>	<u>\$ 110.0</u>	<u>\$ -</u>	<u>\$ -</u>
OPERATING FUND TOTAL	<u><u>\$ 4,284.4</u></u>	<u><u>\$ 4,589.5</u></u>	<u><u>\$ 4,600.1</u></u>	<u><u>\$ 4,793.9</u></u>	<u><u>\$ 5,225.9</u></u>	<u><u>\$ 4,761.3</u></u>	<u><u>\$ 4,730.5</u></u>

* Due to rounding, minimal differences may occur in totaling rows and columns.

REVENUE HISTORY: GENERAL FUND
BY MAJOR CATEGORIES: FY2007-FY2013
(In Millions)

	ACTUAL					ESTIMATE	
	FY 2007	FY2008	FY2009	FY 2010	FY 2011	FY 2012	FY 2013
LOCAL REVENUE							
Property Taxes	\$ 1,639.5	\$ 1,694.2	\$ 1,785.8	\$ 1,959.8	\$ 1,818.2	\$ 1,973.4	\$ 1,995.1
Replacement Taxes	127.1	134.0	91.6	92.7	168.5	94.9	74.7
Investment Income	58.6	38.9	20.1	2.9	1.8	4.0	3.3
Other Revenue	68.8	71.3	76.7	87.8	196.4	92.4	111.0
Total - Local Revenue	<u>\$ 1,894.1</u>	<u>\$ 1,938.4</u>	<u>\$ 1,974.2</u>	<u>\$ 2,143.2</u>	<u>\$ 2,184.9</u>	<u>\$ 2,164.7</u>	<u>\$ 2,184.1</u>
STATE REVENUE							
General State Aid - Regular	\$ 610.9	\$ 676.5	\$ 471.8	\$ 582.6	\$ 663.4	\$ 709.8	\$ 601.8
Flat Block Grant by ADA	14.4	12.8	12.6	1.6	1.6	-	-
Teacher Pension	71.4	71.3	71.1	36.1	35.6	10.0	10.6
Gen Ed Block Grants	155.0	166.5	133.9	68.8	122.3	124.1	-
Ed Service Block Grants	373.5	436.8	345.4	408.0	524.5	480.4	464.6
State Revenue Other	28.6	34.4	48.7	23.0	51.1	34.2	33.0
Total - State Revenue	<u>\$ 1,253.8</u>	<u>\$ 1,398.4</u>	<u>\$ 1,083.5</u>	<u>\$ 1,120.1</u>	<u>\$ 1,398.5</u>	<u>\$ 1,358.5</u>	<u>\$ 1,110.0</u>
FEDERAL REVENUE							
Stabilization Fund - GSA	\$ -	\$ -	\$ 228.5	\$ 124.3	\$ -	\$ -	\$ -
Stabilization Fund - Pre-K	-	-	-	112.0	-	-	-
Medicaid Reimbursement	24.3	31.2	50.8	34.9	72.3	83.7	57.0
JROTC & Other	23.0	30.3	4.6	21.3	29.1	18.5	18.5
Total - Federal Revenue	<u>\$ 47.2</u>	<u>\$ 61.5</u>	<u>\$ 283.9</u>	<u>\$ 292.5</u>	<u>\$ 101.4</u>	<u>\$ 102.2</u>	<u>\$ 75.5</u>
GENERAL FUND REVENUE	<u>\$ 3,195.1</u>	<u>\$ 3,398.3</u>	<u>\$ 3,341.6</u>	<u>\$ 3,555.8</u>	<u>\$ 3,684.8</u>	<u>\$ 3,625.4</u>	<u>\$ 3,369.5</u>
OTHER FINANCING SOURCES	<u>\$ 1.9</u>	<u>\$ 3.8</u>	<u>\$ 4.8</u>	<u>\$ 17.4</u>	<u>\$ 18.4</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL GENERAL FUND RESOURCES	<u>\$ 3,197.0</u>	<u>\$ 3,402.1</u>	<u>\$ 3,346.4</u>	<u>\$ 3,573.2</u>	<u>\$ 3,703.2</u>	<u>\$ 3,755.5</u>	<u>\$ 3,369.5</u>

*The General Fund includes the General Education Fund (115), Tuition-based Pre-school Fund(117), School Special

REVENUE HISTORY: SPECIAL REVENUE FUNDS
BY MAJOR CATEGORIES: FY2007-FY2013
(In Millions)

	ACTUAL					ESTIMATE	
	FY 2007	FY2008	FY2009	FY 2010	FY 2011	FY 2012	FY 2013
TORT LIABILITY FUND							
Property Taxes	\$ 77.0	\$ 69.1	\$ 81.6	\$ 76.1	\$ 86.0	\$ 80.0	\$ 57.7
Investment Income	3.0	2.0	1.3	0.1	0.1	0.2	0.2
Other Revenue	3.3	3.2	3.3	3.8	4.3	3.9	4.0
Sub-total	\$ 83.3	\$ 74.3	\$ 86.2	\$ 80.1	\$ 90.4	\$ 84.1	\$ 61.9
LUNCHROOM FUNDS							
PPRT Subsidy	\$ 20.3	\$ 25.8	\$ 41.2	\$ 4.1	\$ 3.9	\$ 25.5	\$ 31.0
Lunchroom Sales	8.8	8.5	9.2	6.9	6.4	6.0	6.1
Local - Other	6.2	6.5	6.4	6.7	7.5	7.2	7.4
State Revenue	10.8	10.8	13.5	13.6	13.3	13.3	7.3
Federal Revenue	147.4	150.4	139.1	178.8	175.8	178.5	197.7
Sub-total	\$ 193.5	\$ 202.1	\$ 209.3	\$ 210.1	\$ 206.9	\$ 230.5	\$ 249.5
SUPPLEMENTAL GENERAL STATE AID FUND							
General State Aid	\$ 261.0	\$ 261.0	\$ 212.9	\$ 218.6	\$ 261.0	\$ 261.0	\$ 261.0
ARRA Stabilization GSA	-	-	48.1	42.4	-	-	-
State Teacher Pension Aid	3.7	3.7	3.2	1.3	1.7	0.4	0.4
Local Other	6.3	6.9	6.4	6.4	6.6	5.7	5.8
	\$ 271.0	\$ 271.7	\$ 270.6	\$ 268.7	\$ 269.3	\$ 267.1	\$ 267.2
OTHER GOVERNMENT FUNDED FUNDS							
Local Revenue - Other	\$ 2.1	\$ 0.3	\$ 0.2	\$ 0.3	\$ 0.2	\$ 0.0	\$ 0.1
State Aid - Other Misc.	20.3	18.4	20.1	14.2	20.1	7.4	144.64
Federal Aid - ARRA	-	-	-	119.4	261.6	32.2	-
Federal Aid - Ed Jobs	-	-	-	-	47.7	48.3	-
Federal Aid - ESEA	269.4	350.5	369.4	307.3	271.9	240.1	326.2
Federal Aid - Other Misc.	166.2	164.1	187.1	123.7	175.0	137.8	211.1
Federal Special Ed: IDEA	81.7	106.1	95.2	96.2	88.1	88.5	100.4
Sub-total	539.7	639.4	671.9	661.3	864.5	554.2	782.4
SPECIAL REVENUE TOTAL	\$ 1,087.4	\$ 1,187.4	\$ 1,238.0	\$ 1,220.2	\$ 1,431.1	\$ 1,135.9	\$ 1,360.9

REVENUE HISTORY: CAPITAL PROJECT FUNDS
BY MAJOR CATEGORIES: FY2007-FY2013
(In Millions)

	ACTUAL					ESTIMATE	
	FY 2007	FY2008	FY2009	FY 2010	FY 2011	FY 2012	FY 2013
CAPITAL ASSETS FUND							
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Revenue - Other	0.3	-	-	-	-	-	-
State Revenue	-	-	-	-	-	-	-
Sub-total	\$ 0.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Equipment Fund							
Investment Income							
State Revenue							
Sub-total							
CAPITAL IMPROVEMENT PROGRAM FUNDS							
Local Interest Income	\$ 35.6	\$ 26.0	\$ 12.5	\$ 2.0	\$ 2.0	\$ 5.1	\$ 1.0
Local Other Misc	36.6	60.5	126.4	83.1	91.4	54.2	40.0
State Aid	18.1	0.1	-	-	-	-	-
State CDB /Other Grants	-	-	-	-	2.8	1.2	60.9
Federal Grants	34.1	43.5	2.8	12.3	4.4	0.5	-
Sub-total	\$ 124.4	\$ 130.0	\$ 141.7	\$ 97.4	\$ 100.6	\$ 61.0	\$ 101.9
OTHER FINANCING SOURCES							
Bond issuances and Premiums	\$ 370.2	\$ 252.6	\$ -	\$ 803.8	\$ 382.1	\$ 403.6	\$ 500.0
Sale of capital assets & Transfers	25.7	6.4	1.2	(46.8)	0.2	-	-
Total Other Financing Sources	\$ 395.9	\$ 259.0	\$ 1.2	\$ 757.0	\$ 382.3	\$ 403.6	\$ 500.0
CAPITAL FUNDS TOTAL	\$ 520.5	\$ 389.0	\$ 142.9	\$ 854.4	\$ 482.9	\$ 464.7	\$ 601.9

REVENUE HISTORY: DEBT SERVICE FUND
BY MAJOR CATEGORIES: FY2007-FY2013
(In Millions)

	ACTUAL					ESTIMATE	
	FY 2007	FY2008	FY2009	FY 2010	FY 2011	FY 2012	FY 2013
BOND REDEMPTION AND INTEREST FUND: Alternate G.O. & Other Debt							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Taxes	54.1	55.7	55.7	55.7	25.4	55.1	57.7
Investment Income	17.8	17.9	9.2	7.4	9.4	2.6	-
Other Local Revenue	153.8	23.8	24.9	164.6	104.7	108.5	92.1
State Revenue- GSA	134.0	153.6	178.7	184.3	222.7	149.4	213.2
State Revenue- CDB	-	-	-	-	29.7	60.9	54.1
Federal Interest Subsidy	-	-	-	7.5	19.1	26.8	26.8
Sub-total	<u>\$ 359.7</u>	<u>\$ 251.0</u>	<u>\$ 268.4</u>	<u>\$ 419.4</u>	<u>\$ 411.0</u>	<u>\$ 403.5</u>	<u>\$ 443.9</u>
PUBLIC BUILDING COMMISSION LEASE							
Property Taxes	\$ 51.2	\$ 50.6	\$ 29.2	\$ 11.2	\$ 32.5	\$ 52.6	\$ 53.2
Investment Income	2.0	1.1	0.6	0.0	0.0	-	-
State Aid	-	-	-	-	-	-	-
Local Revenue - Other	-	-	-	-	-	-	-
Sub-total	<u>\$ 53.2</u>	<u>\$ 51.8</u>	<u>\$ 29.8</u>	<u>\$ 11.3</u>	<u>\$ 32.5</u>	<u>\$ 52.6</u>	<u>\$ 53.2</u>
TOTAL REVENUE DEBT SERVICE FUNDS	<u>\$ 412.9</u>	<u>\$ 302.7</u>	<u>\$ 298.2</u>	<u>\$ 430.6</u>	<u>\$ 443.5</u>	<u>\$ 456.1</u>	<u>\$ 497.1</u>
OTHER FINANCING SOURCES							
Proceeds from swaps, refunding	\$ -	\$ (10.9)	\$ (0.7)	\$ (2.8)	\$ 1.9	\$ -	\$ -
Transfers in /(out)	(1.9)	(3.8)	(20.4)	28.9	(110.0)	-	-
Total Other Financing Sources	<u>\$ (1.9)</u>	<u>\$ (14.7)</u>	<u>\$ (21.1)</u>	<u>\$ 26.1</u>	<u>\$ (108.1)</u>	<u>\$ -</u>	<u>\$ -</u>
DEBT SERVICE TOTAL RESOURCES	<u>\$ 411.0</u>	<u>\$ 288.1</u>	<u>\$ 277.1</u>	<u>\$ 456.8</u>	<u>\$ 335.4</u>	<u>\$ 456.1</u>	<u>\$ 497.1</u>

APPENDIX D

BUDGET PROCESS

The Board is required by the Illinois School Code to adopt an annual school budget for each fiscal year no later than 60 days after the beginning of the fiscal year. The Chicago Public Schools' (CPS) fiscal year starts July 1 and ends June 30.

The budget process and calendar for CPS is consistent with legal requirements in the Illinois School Code:

- A proposed budget must be prepared and made available for public review at least 15 days prior to its finalization.
- The Board is required to hold at least two public hearings at least five days after copies of the proposed budget are made available for review.
- Notice of budget hearing dates must be published in Chicago newspaper at least five days prior to the time of the hearing.
- The Board must adopt a budget within the first 60 days of each fiscal year.

Copies of the budget are made available for review at the Board office and online at www.cps.edu.

Budget Calendar and Process Development

In November 2011, the Office of Budget and Grants Management (OBGM) prepared a preliminary budget calendar and by December, projected revenues and expenditures for FY2013. The office also prepared an analysis of the major types of District spending to identify areas for future reductions.

Budget Planning

January: The OBGM engaged in strategic planning with departments at the Central Office to develop preliminary FY2013 budgets based on critical initiatives identified by senior leadership and the Board. The goal was to shift discretionary funds to schools and networks, allowing principals and school communities more flexibility to make investments that drive student achievement. The funding was to be realized in part through targeted cuts and efficiencies to non-classroom operations and administrative spending, as well as re-prioritizing centrally directed programs.

March: Each CPS school develops a school improvement plan every two years. This plan –required by Illinois state law –establishes a school's mission, its strategic priorities for the next two years and the specific actions that the school will take to accomplish its goals. In March 2012, CPS introduced a new school improvement planning template called the Continuous Improvement Work Plan (CIWP). The CIWP replaces the prior template (SIPAAA) with a more streamlined planning process, providing better tools for monitoring the school's implementation of the plan, and making necessary adjustments.

April: OBGM, in conjunction with the School Support Centers and the Office of Network Support, held a series of briefing meetings for principals to provide an overview of the budget and key initiatives, as well as present individual school budgets. Central Office departments continued to refine their unit budgets to align with updated revenue projections.

Budget System Training and Submission

May: OBGM and Information Technology Services launched a new Hyperion budget planning tool in FY2012. The first phase of the implementation allowed Central Office users an easier tool to enter non-

personnel budget information for the FY2013 budget development process. Schools used the old system to enter their detailed budget line items and Chief Network Officers reviewed and approved the school budgets for adherence to their CIWPs by May 31.

Proposed Budget

June: Once the submissions were entered, the budget information was summarized and submitted to senior leadership for review beginning in June. Adjustments were made to incorporate into final recommendations.

Public Involvement

July: The proposed budget – in compliance with the Illinois School Code – was made available for review by the public, reform groups and the press before being presented in public hearings.

Board Adoption of the Budget

The Board is anticipated to act on the FY2013 Proposed Budget at their meeting on July 25, 2012.

APPENDIX E

FINANCIAL POLICIES

Chicago Public Schools (CPS) is responsible for pre-school through 12th grade education in the city of Chicago. It is an independent local government with its own power to levy property taxes. The fiscal year starts July 1 and ends June 30. The Board is directed by the Illinois School Code (105 ILCS 5/34-43) to adopt an annual school budget for each fiscal year no later than 60 days after the beginning of the fiscal year. The annual budget includes a set of policies to be followed in managing the financial and budgetary matters, allowing the Board to maintain its strong financial condition now and in the future.

Balanced Budget Policy

The Board is required by the Illinois School Code to balance its budget each year within standards established by the Board, consistent with the provisions of Article 105 ILCS 5/34-43. The Board defines a "balanced budget" as when the total resources, including revenues and spendable prior-year fund balances, equal or exceed the total budgeted expenditures, and a "structurally balanced budget" as when the total projected revenues that the Board accrues in a fiscal year are equal to or greater than the total expenditures. Revenues and expenditures are defined in accordance with generally accepted accounting principles. The Board's current policy is that all funds should be structurally balanced unless they include the spendable prior-year fund balance that is available under the terms of the Board's Fund Balance Policy.

- **General Fund:** Although a structurally balanced budget is our goal for the General Fund, the prior-year spendable fund balance can be appropriated in the following budget year for one-time expenditures if the spendable fund balance exceeds 5 percent of the operating and debt service budget for the new fiscal year. The one-time expenditures are listed under the Fund Balance Policy.
- **Workers' Compensation Tort Fund:** The restricted fund balance in the Workers' Compensation Fund can be used only for expenses specified by the Illinois School Code 105 ILSC 5/18-8.05, such as unanticipated large tort, property loss, workers' compensation or liability claims.
- **Grant Funds:** All grant funds shall be structurally balanced.
- **Supplemental General State Aid Fund (SGSA):** The Illinois School Code 105 ILSC 5/18 requires that all spendable fund balances be re-appropriated in the subsequent year to all schools that did not spend their allocation in the prior years. The reserved, but spendable, fund balance shall equal the unused SGSA revenues from the previous year.
- **Capital Projects Funds:** All unreserved, undesignated fund balances in the Capital Projects Funds will be re-appropriated in the following year for eligible construction and renovation projects.
- **Debt Service Funds:** Funds reserved for debt service are monies held as required by a bond indenture or similar agreement and maintained mostly with escrow agents. Unreserved fund balances represent reserves to cover potential risks related with variable-rate derivative bonds.

Both reserved and unreserved fund balances can be re-appropriated depending on debt service schedules or refinancing of the bonds.

Fund Balance Policy

Section 5/34-43 of the Illinois School Code authorizes the Board to accumulate an unreserved fund balance in the General Fund. The stated goals of maintaining a fund balance are to provide adequate working capital to ensure uninterrupted services in the event of budgetary shortfalls, to provide for capital improvements and to achieve a balanced budget within a four-year period. It is the policy of the Board to require that sufficient funds always be retained to achieve these goals for operating funds. To achieve this stable financial base, CPS manages its financial resources by establishing fund-balance policies for governmental funds, which consist of the General Fund, special revenue funds, Capital Projects Funds and debt service funds.

- **Fund-Balance Target**

Fund-balance targets are established for the General Fund, the Tort Fund, Debt Service Funds and Capital Projects Funds. The set amounts differ for each fund and will require an annual review. Factors included in the determination of fund-balance targets include predictability of revenues, legal requirements, bond indentures, potential volatility of expenditures and liquidity requirements. The operating and debt service budget for the new fiscal year is the basis for calculating the ratio of undesignated fund balance to proposed expenditure. In essence, the current fiscal year's budgeted expenditures will determine the prior fiscal year's designated fund balance.

- **General Fund**

- **Unreserved, Designated Fund Balance (Stabilization Funds):** This policy will require the Board to maintain an unreserved, designated fund balance (assigned fund balance) of a minimum of 5 percent and a maximum of 10 percent of the operating and debt service budget for the new fiscal year as a stabilization fund in the General Fund at the annual adoption of the budget. The 5 percent is estimated to be the historical minimum cash requirement to provide sufficient cash flow for stable financial operations. The Chief Financial Officer (CFO) will propose to the Board a reasonable target amount that is within this range during the budget process. It is the Board's goal that this stabilization fund will not be utilized unless there is an unforeseen financial emergency and a corresponding consensus decision among the Board members.
- **Use of Excess Fund Balance above the Stabilization Fund:** When the stabilization fund is adequately established, any excess above the required stabilization funds will be “unreserved, undesignated fund balance (unassigned fund balance).” If necessary, this fund balance in the General Fund can be appropriated in the following budget year for one-time expenditures or under certain circumstances as outlined below:
 - To offset a temporary reduction in revenues from local, state and federal sources.
 - When the Board decides to not increase the city of Chicago property taxes to the maximum allowable property tax cap.
 - To retire the Board's debt.
 - To fund major legal settlements or liability claims made against the Board.

- To fund necessary one-time equipment or capital spending required for the Board.
 - To pay for costs related to an unforeseen emergency or natural disaster.
 - To pay for specific education initiatives lasting no more than three years.
- **Unreserved Fund Balance Replenishment:** It is the policy of the Board to maintain a range of 5 percent to 10 percent of its operating and debt service budget in the stabilization fund and to allow unreserved, undesignated fund balances above the stabilization to be used for the purposes listed in Section I. In the event that the stabilization fund decreases below 5 percent of the upcoming operating and debt service budget, the CFO will prepare and present to the Board a plan to replenish the reserve requirement. If necessary, any surplus that CPS generates will first go toward replenishing the stabilization fund until the minimum 5 percent goal is achieved and then to the unreserved, undesignated fund balance. The Board must approve and adopt a plan to restore these balances to the target levels within a 12-month period. If restoration of the reserve cannot be accomplished within such a period without severe hardship, then the CFO or Budget Director may request that the Board approve an extension of this restoration deadline. Because of the financial stress the district is facing, the CFO and Budget Director will request an extension of the deadline while they develop a long-term plan to restore the fund balance.
- **Workers' Compensation/Tort Fund:** The reserved but spendable fund-balance target for the Workers' Compensation/Tort Fund shall be no less than 1 percent and no more than 2 percent of the operating budget. The FY2013 budget will draw down approximately \$25 million of fund balance, but the balance will remain within the target.
 - **Supplemental General State Aid Fund (SGSA):** The reserved but spendable fund balance shall equal the unused SGSA revenues from the previous year. According to the Illinois School Code 105 ILSC 5/18, all spendable fund balances will be re-appropriated in the subsequent year to all schools that did not spend their allocations in the prior years.
 - **Capital Projects Funds:** Unreserved fund balance shall equal the unused bond proceeds, revenues and available fund balances from the previous fiscal year. All unreserved, undesignated fund balances in the Capital Projects Funds will be re-appropriated in the following year for eligible construction and renovation projects.
 - **Debt Service Funds:** Funds reserved for debt service are monies held as required by a bond indenture or similar agreement and maintained mostly with escrow agents. Unreserved funds in the debt service funds represent the Board's efforts to cover risks related with swap options, variable-rate bonds or auction-rated bonds. The unreserved fund balance range for the Debt Service Funds shall be sufficient to cover potential risks such as termination, counterparty, and basis points. The Treasury Department will determine a proper level of funds every year.

Monitoring and Reporting

The CFO shall annually prepare a statement about the status of the fund balance in relation to this policy and present to the Board his findings in conjunction with the development of the annual budget. Should the CFO disclose that the stabilization funds decline below 5 percent of the upcoming operating and debt service budget, a recommendation for fund-balance accumulation shall be included in the annual statement. For FY2013, with the known reduction of the stabilization fund below 5 percent, the CFO will periodically report to the Board on its progress to reduce expenses below budgeted amounts as well as an update on the long-term plan to replenish fund balance to the prescribed 5percent level.

One-Time Revenue Policy

Revenue shall be considered to be one-time if it was not present in the prior fiscal year, and if it is unlikely that it will be available in the following fiscal year. The Board's One-Time Revenue Policy requires that the CPS shall not use one-time revenues to fund ongoing expenditures. To do so might mean that CPS would be unable to make up the gap created by the expiration of the one-time revenues in the next budget period, a situation that could lead to service cuts. One-time revenues will support only one-time expenditure items described below:

- To retire the Board's debt.
- To fund major legal settlements or liability claims made against the Board.
- To fund necessary one-time equipment or capital spending required for the Board.
- To pay for costs related to an unforeseen emergency or natural disaster.
- To pay for specific education initiatives lasting no more than three years.
- To increase the size of CPS's budget-stabilization fund.

Due to the financial condition of CPS, the FY2013 budget will rely on one-time revenues to support operating expenses. The long-term plan to replenish the fund balance also will include strategies to reduce reliance on one-time revenues.

Budget Amendments/Supplemental Budgets

The Illinois School Code (105 ILCS 5/34-47 and 48) authorizes the Board to make additional or supplemental expenditures rendered necessary to meet emergencies or unforeseen changes. After the adoption of the annual school budget, the Board may, by a vote of two-thirds of its voting members, pass an additional or supplemental budget, thereby adding appropriations to those made in the annual school budget; such a supplemental or additional budget is considered an amendment of the annual budget for that year. However, any appropriations thus made shall not exceed the total revenues that the Board estimates it will receive in that year from all revenue sources and any fund balances not previously appropriated. In case of emergencies such as epidemics, fires, unforeseen damages or other catastrophes happening after the annual school budget has been passed, the Board, by a concurring vote of two-thirds of all the members, may make any expenditure and incur any liability. The Board is required to hold two public hearings both on budget amendments and supplemental budgets.

Basis of Budgeting

The budgeting and accounting policies of the Board are based on generally accepted accounting principles. The Governmental Accounting Standards Board is the standards-setting body for establishing accounting and financial reporting. These governing bodies require accounting by funds so that limitations and restrictions on resources can be easily explained.

Budgets are presented using the modified accrual basis of accounting. Revenues are recorded when they become measurable and available. Property taxes are recognized as current revenues as long as they are available within 30 days after a fiscal year ends. Federal, state and local grants are recognized as revenues when eligible requirements imposed by grantors have been met and as long as they are collected within 30 days of the end of a fiscal year. Expenditures are recorded when the related liability is incurred, regardless of the timing of related cash outflows. One exception is that debt service expenditures are recorded only when payment is due. Only revenues and expenditures anticipated during the fiscal year are included in the budget. Unexpended funds in the General Fund, Workers' Compensation/Tort Fund, and SGSA Fund revert to the fund balance at the close of a fiscal year. Unexpended capital funds are carried forward from year to year until projects are completed.

Budgetary Control and Budget Transfer

Budgetary control is exercised at the school-, department-, and system-wide levels with the adoption of the budget, and at the line-item level through accounting control. The monitoring of expenditures and revenues is a crucial component of the management of the budget. In the event of an unexpected decline in revenue, certain non-essential expenses would be the first to be identified and frozen to ensure a balanced budget at year-end.

Because a budget is only a plan, it is usually necessary to allow transfers between line items during the year. All budget transfers should follow an established fund-transfer policy and its approval process. All transfers requiring Board approval will be reported at the monthly Board meeting. Depending on the transfer type, transfers require a different combination of approval among the Director of Office of Management and Budget, the Board, the Regional Controllers, School Improvement Coordinators and program managers; however, all transfers require approval by department heads, principals or assistant principals. The following are a few of the guidelines for making transfers:

- Funds may be transferred within a fund, between units or between objects. Transfers within a fund and between account groups and purposes must be recommended by the Office of Management and Budget and approved by the Board.
- No transfer may be made between any of the statutory funds supported by property taxes.
- Central Office units and citywide units are allowed to transfer funds between accounts with approval of the Director of Management and Budget and/or the Board, depending on the transfer type.
- A fund transfer between accounts of different series requires approval of the Director of Management and Budget or his/her designated person and the Board.
- Additionally, such transfers shall not exceed 10 percent of the fund during the first half of the fiscal year, and no appropriation shall be reduced below an amount sufficient to cover all obligations that will be incurred against the appropriation.

Cash and Investment Management Policy

In accordance with the Illinois School Code (105 ILCS 5/34-28) and Public Funds Investment Act (30 ILCS 235/1), the Board adopted an investment policy that provides guidelines for the prudent investment of all public funds and outlines the policies for maximizing efficient cash management. The ultimate goal is to manage public funds in a manner that will meet cash flow needs, ensure security and provide the

highest investment return while complying with all state and local requirements governing the investments of public funds. To achieve these goals, the Treasury maintains cash-flow forecasts that closely match cash on hand with projected disbursements. To minimize the potential risk and losses, the Board limits investments to the safest types of securities, pre-qualifies the financial institutions and diversifies the investment portfolios. The Treasury evaluates and monitors the portfolio regularly. The Investment Policy detail can be accessed by going to <http://policy.cps.k12.il.us/documents/403.1.pdf>.

Debt Management Policy

The Board established a debt management policy that sets forth the parameters for issuing debt and managing the outstanding debt portfolio. Additionally, the policy provides guidance for the debt-payment structure that directly affects the Board's finances, the types and amounts of permissible debt, the timing and method of sale that may be used, and the structural features that may be incorporated. The purpose of this policy is to enhance the Board's ability to issue and manage its debt in a fiscally conservative and prudent manner and to ensure the Board's continued access to the capital markets. The Board will match the term of the borrowing to a useful life of projects and will seek the best possible credit rating in order to reduce interest costs. Every project proposed for debt financing should be accompanied by amortization schedules that best fit within the existing debt structure and minimize the impact on future operating and maintenance costs of the tax and debt burden on the General Fund and the overlapping debt of other local governments. The Treasury will determine the mix of variable- and fixed-rate debt that best manages its overall interest costs while considering risks and benefits associated with each type of debt. The following link provides details about the debt management policy, visit <http://policy.cps.k12.il.us/documents/404.1.pdf>.

APPENDIX G

GLOSSARY

Account: a budget attribute used to group funds with a similar purpose, such as supplies, salaries or travel expense.

Accrual Basis: The accounting technique under which transactions are recognized when they occur, regardless of the timing of estimated cash flow.

Accrued Expense: Expense incurred and recorded on the books but not payable until a later date.

Adopted Budget: The budget ultimately approved and authorized by the Chicago Board of Education that authorizes spending for the fiscal year based on the appropriations in the budget.

American Recovery and Reinvestment Act (ARRA): The federal government's national stimulus program adopted in 2009.

Appropriation: An authorization to make expenditures and incur obligations for a specific purpose granted by a legislative body - in this case the Board of Education - for a specific time period.

Assessed Valuation (AV): The value placed on all taxable property for tax purposes. This amount is subject to the state equalization factor and the deduction of exemptions.

Average Daily Attendance (ADA): The aggregate number of pupil days of attendance divided by the number of days in the regular school session. Attending school for five or more clock hours while school is in session constitutes one pupil day of attendance. The best three months' average daily attendance of the prior year is used in calculating General State Aid for the current year.

Balance Sheet: A statement of the financial position of an organization at a point in time. It includes assets, liabilities and fund balances.

Bill (HB or SB): Legislation drafted in the form of an Act for introduction into Illinois General Assembly and identified with a bill number. HB refers to a bill introduced into the House and SB refers to a bill introduced into the Senate. Bills are available on the General Assembly website at www.ilga.gov.

Block Grant: A state or federal grant program that consolidates several previously separate categorical grant programs into one larger grant. Block grants usually allow the recipient agency more flexibility in the use of the resources than would be allowed with separate grants.

Bond: A written promise to pay a specified sum of money - called the "face value" or "principal amount" - along with the periodic interest at a specified rate; the money is to be paid off at a specified date in the future.

Bonded Debt: The portion of indebtedness represented by outstanding bonds.

Bond Rating: An assessment of the credit risk of a specific bond issue.

Bond Redemption and Interest Fund: A debt service fund for the receipt and disbursement of the proceeds of annual tax levies for the payment of the principal and interest on specific bond issues.

Budget: An estimate of income and expenditure for a set period of time.

Budget Classification: A series of numerical codes used to categorize items of appropriation by unit, fund, account, program and grant.

Budgetary Control: The control or management of a governmental or enterprise fund in accordance with an approved budget to keep expenditures within the limits of available revenue appropriations.

Capital Development Board (CDB): the State of Illinois government organization that administers the School Construction program.

Capital Outlay: An expenditure that results in the acquisition of, or addition to, fixed assets. Capital outlay meets the following criteria: has an anticipated useful life of more than one year; can be permanently identified as an individual unit of property; belongs to land, buildings, structures & improvements or equipment; constitutes a tangible, permanent addition to the value of city assets; does not constitute repair or maintenance; not readily susceptible to loss.

Capital Project: A specific and identifiable improvement or purpose for which expenditures are proposed within the capital budget or capital improvement program.

Capital Project Fund: A fund created to account for financial resources to be used for the acquisition or the construction of major capital facilities or equipment.

Categorical Revenue: Funds from local, state, federal or private sources that can, by law, only be used for specific purposes (e.g., No Child Left Behind revenue or Supplemental General State Aid revenue).

Change Orders: Modifications of scope and/or costs related to a project.

Chicago School Finance Authority (SFA): A separate government body created in 1980 to sell bonds for the working capital, operating, and capital needs of the Chicago Board of Education, and to oversee the financial management of the Board. The SFA went out of existence in 2010.

Chicago Board of Education: The local government organization established to provide elementary and secondary education in the city of Chicago.

Chicago Public Schools (CPS): The K-12 school system that operates under the Chicago Board of Education.

Chicago Teacher Pension Fund (CTPF) – The pension fund for Chicago teachers, principals and administrative staff with teaching certificates. Teachers, principals and administrative staff in the rest of the state belong to the Illinois Teacher Retirement System (TRS).

College Ready Fund: \$100 million in flexible funds to be used at principals' discretion. More than \$70 million of new funding was added to support instructional priorities, including Common Core State Standards, teacher evaluation and Full School Day. The College Ready fund includes the \$30 million in funding that we have traditionally given to schools for non-personnel items, such as books, supplies, furniture, equipment and repairs.

Corporate Personal Property Replacement Tax (CPPRT): A tax instituted in 1979 to replace the Corporate Personal Property tax. It consists of a state income tax on corporations and partnerships and a tax on the invested capital of public utilities. The tax is collected by the Illinois Department of Revenue and distributed to over 6,000 local governments based on each government's share of Corporate Personal Property tax collections in a base year (1976 or 1977).

Contingency: A budgetary reserve set aside for emergencies or unforeseen expenditures.

Debt Service: The school system's obligation to pay the principal and interest on all bonds and other debt instruments according to a predetermined payment schedule.

Debt Service Fund: A fund established to account for the accumulation of resources for, and the payment of, principal and interest on long-term debt.

Deficit: Excess of expenditures over revenues in a given period.

Depreciation: That portion of the cost of a capital asset that is charged as an expense during a particular period. This is a process of estimating and recording the lost usefulness, expired useful life or diminution of service from a fixed asset.

Devolve: The process of transferring control of funds from central office to the schools. By 2016, 90 percent of each school's budget will be controlled directly by the principals.

Distinguished Budget Presentation Award: A voluntary program administered by the Government Finance Officers Association to encourage governments to publish efficiently organized and easily readable budget documents, and to provide peer recognition and technical assistance to the fiscal officers preparing them.

Effective Date: The date on which a Public Act takes effect (i.e. the date it becomes generally enforceable.)

Effective Tax Rate: The ratio of taxes billed to the market value, generally expressed as a percentage.

Encumbrance: Obligation in the form of a purchase order and/or contract which is chargeable to an appropriation and which reserves a part of the fund balance because the goods or services have not been received. When paid, the encumbrance is liquidated and recorded as an expenditure.

Enterprise Fund: A fund established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Equalization: The application of a uniform percentage increase or decrease to assessed values of various areas or classes of property to bring assessment levels, on average, to a uniform level of market value.

Equalization Factor (multiplier): The factor that must be applied to local assessments to bring about the percentage increase that will result in an equalized assessed valuation equal to one-third of the market value of the taxable property in a jurisdiction.

Equalized Assessed Valuation (EAV): The assessed value multiplied by the State of Illinois equalization factor minus adjustments for exemptions. This gives the property value from which the tax rate is calculated.

Education Support Professionals (ESP): Position classification for non-teacher/principal support staff. This category covers positions such as custodians, engineers and security guards as well as most central office departmental staff.

Exemption: The removal of property from the tax base. An exemption may be partial – like a homestead exemption –or complete. An example of a complete exemption is a church building used exclusively for religious purposes.

Expenditure: The outflow of funds paid for an asset or service obtained. This term applies to all funds.

Extension: The actual dollar amount billed to the property taxpayers of a district. All taxes are extended by the County Clerk.

Federal No Child Left Behind Revenue: Revenue from federal programs that support supplemental education programs.

Federal Special Education I.D.E.A. Program Fund Revenue: Provides supplemental programs for all students with disabilities for students ages 3-21.

Federal Lunchroom Revenue: Revenue from the federal program that supports free and reduced-price meals for children from low-income families.

Fiscal Year: The time period designated by the system signifying the beginning and ending period for recording financial transactions. The Chicago Public Schools fiscal year begins July 1 and ends June 30.

Fixed Asset: An asset of a long-term character that is intended to continue to be held or used, such as land, buildings, machinery, and equipment.

Foundation Level: A dollar level of financial support per student representing the combined total of state and local resources available as a result of the general state aid formula. The foundation level is dependent upon the State of Illinois appropriation for General State Aid.

Full-Time Equivalent (FTE): A unit that indicates the workload of an employed person in a way that makes workloads comparable across various contexts. An FTE of 1.0 means that the person is equivalent to a full-time worker, while an FTE of 0.5 signals that the worker is only half-time or works full-time for half a year.

Fund: Resources set aside for specific purposes and activities in accordance with legal requirements. A school or department may have resources available from several funds. Examples include the General Fund, Workers' Compensation/Tort Fund and the Federal Title I Fund.

Fund Accounting: A governmental accounting system that organizes its financial accounts into several distinct and separate sets of accounts, or "funds", designated by their different functions.

Fund Balance: The assets of a fund minus liabilities, as determined at the end of each fiscal year. Any reservations of fund balance are deducted, leaving a remaining unreserved fund balance.

GASB 24 – Governmental Accounting Standards Board Statement #24: Requires that “on-behalf” payments made by other governments should be included as revenues and expenditures as long as they are for employee benefits. By law, the City of Chicago has been contributing to the Municipal Employees’ Annuity and Benefit Fund of Chicago on behalf of the Board’s educational support personnel (ESP).

GASB 54 - Governmental Accounting Standard Board Statement #54: To improve consistency and clarity in reporting the components of fund balance, governments are required to adopt new fund balance reporting requirements under GASB #54, effective June 30, 2011. A hierarchy of fund balance classification has been created based primarily on the extent to which governments are bound by constraints on resources reported in the funds. The hierarchy of five classifications of fund balance is:

1. Non-spendable fund balance: Amounts that cannot be spent such as inventories, prepaid amounts, and the principal of a permanent fund. Also, long-term loans, notes receivables and property held for resale would be reported as non-spendable unless the proceeds are restricted, committed or assigned.
2. Restricted fund balance: Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.
3. Committed fund balance: Amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources.
4. Assigned fund balance: For all governmental funds other than the general fund, any remaining positive amounts not classified as non-spendable, restricted, or committed. For the general fund, assigned fund balance is amounts constrained for the intent to be used for a specific purpose by a governing board, a body or official that has been delegated authority to assign such amount.
5. Unassigned Fund Balance: Amounts not classified as non-spendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance.

Generally Accepted Accounting Principles (GAAP): The uniform minimum standard of, and guidelines to, financial accounting and reporting. They govern the form and content of the basic financial statements of an entity, encompassing the conventions, rules, and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. They provide a standard by which to measure financial presentations.

General Fund: The primary operating fund used to account for all revenue and expenditures except those related to specific programs that are accounted for separately in special purpose funds.

General Obligation Bonds: Bonds that finance public projects, such as new school buildings. The repayment of the bonds is made from property taxes and is backed by the full faith and credit of the issuing entity.

General State Aid (GSA): State revenue provided to school districts to support basic education programs. The amount that each school district receives depends upon the educational needs of the school district (as measured by the Supplemental General State Aid weighted average daily attendance), the size of the local tax base, the amount of tax effort by the local school district (in certain cases) and the foundation level. The General State Aid formula works so that every child in the state has access to resources for his or her education at least equal to the foundation level.

Goals: Specific plans that a department has for upcoming and future years. Goals identify intended end results but are often ongoing and may not be achieved in a single year.

Government-Funded Funds and Special Grant Funds: Funds established by the Board to account for programs that are fully reimbursable by the state or federal government and special grants.

Governmental Accounting Standards Board (GASB): Organization that establishes accounting standards for state and local governments in the U.S.

Grant: A contribution by a governmental or other type of organization to support a particular function. Typically, these contributions are made to the system from the state and federal governments and from private foundations.

Illinois School-Based Health Services Program: In September 1994, the Illinois Department of Public Aid (IDPA) submitted a Medicaid State Plan Amendment, which expanded the range of existing covered services, expanded the scope of covered services and increased reimbursement rates. The new program is based on 42 CFR 440.13D(d) of the Social Security Act. This program allows the district to receive reimbursements through Medicaid for certain services we provide to eligible children.

Illinois State Board of Education (ISBE): The state organization created to oversee elementary and secondary education in Illinois.

Individuals with Disabilities Education Act (IDEA) - PL 94-142: Federal law which requires school districts to provide appropriate education services to children with disabilities.

Inter-government Agreement (1997 IGA) with City of Chicago - October 1, 1997: The 1997 IGA represents a unique financing arrangement between the city of Chicago and the Chicago Public Schools to pay for the construction of new schools, school building additions and renovation of existing schools and equipment. The agreement provides that the city will help the Board to finance its Capital Improvement Program by providing it with funds to be used to pay debt service on bonds issued by the Board for such purpose. The amount to be provided by the city will be derived from the proceeds of ad valorem taxes levied in future years by the city on all taxable property. The city will impose property tax levies when the current debt issued by the School Finance Authority and PBC expires. Property owners, therefore, will not see any net increase in their future property tax bills resulting from the 1997 IGA debt.

Inter-government Agreement using Tax Increment Financing (IGA-TIF): This agreement secures revenues from certain eligible Tax Increment Financing districts, which will be used by the Chicago Public Schools to pay for the construction of new schools.

Interest Earnings: Earnings from available funds invested during the year in U.S. treasury bonds, certificates of deposit and other short-term securities consistent with our investment policies.

Investments: Securities and real estate held for the production of revenues in the form of interest, dividends, rentals or lease payments. The term does not include fixed assets used in governmental operations.

Levy: Amount of money a taxing body authorizes to be raised from the property tax.

Liabilities: Debts or other legal obligations arising out of transactions in the past that must be liquidated, renewed or refunded at some future date.

Long-term Debt: Debt with a maturity of more than one year after the date of issuance.

Lunchroom Fund: A fund for the assets, liabilities, receipts and disbursements of the School Lunchroom Program.

Maintenance: All materials or contract expenditures covering repair and upkeep of buildings, machinery and equipment, systems and land.

Medicaid Revenue: Revenue from the federal Medicaid program that the Board receives as reimbursement for the provision of Medicaid-eligible services to eligible children.

Miscellaneous Revenues: Proceeds derived from notes and bonds sold by the Board and the SFA, interest on investments and undistributed property taxes, collections from food service sales, rental of property, gifts, donations and sale of real estate owned by the Board.

Mission Statement: Designation of a department's purpose or benefits; how the department supports the overall mission of the system.

Modified Accrual Basis: The accrual basis of accounting adapted to the governmental fund type spending measurement focus. Under this basis, revenues are recognized when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred, except when: (1) inventories of materials and supplies that may be considered expenditures, either when purchased or when used; (2) prepaid insurance and similar items that need not be reported; (3) accumulated unpaid vacation, sick pay and other employee benefit amounts that need not be recognized in the current period, but for which larger than normal accumulations must be disclosed in the notes to the financial statements; (4) interest on special assessment indebtedness that may be recorded when due rather than accrued, if offset by interest earnings on special assessment levies; and (5) principal and interest on long-term debt that are generally recognized when due.

Multiplier: See **Equalization Factor**.

Network: Geographical grouping of schools for management and support purposes.

No Child Left Behind Act (NCLB): On January 8, 2002, President Bush signed into law the No Child Left Behind Act of 2001. This law provides for the most significant reform to the Elementary and Secondary Education Act (ESEA) since its inception in 1965. Under the new law, states and school districts are required to develop strong accountability systems based on student performance and to test students in grades 3-8 on reading, math, and science. Each state, school district, and school will be expected to make adequate yearly progress toward meeting state standards. Parents of children in failing schools have the option to transfer their children to better-performing schools and/or obtain supplemental

services such as tutoring paid for by Federal Title I funds. The new law also gives states and school districts increased local control and flexibility in the use of federal education funds.

Object: Specific nature or purpose of an expenditure. Object codes are common across all units, programs and projects. Examples of objects include professional services and teacher salaries. Also referred to as *accounts*.

Operating Budget: Financial plan outlining estimated revenues, expenditures and other information for a specified period (usually a fiscal year).

Operating Expenses: Proprietary fund expenses that are directly related to the fund's primary service activities.

Operating Expense Per Pupil: Gross operating cost of a school district for K-12 programs (excludes summer school, adult education, bond principal retired and capital expenditures) divided by the average daily attendance for the regular school term.

Operations & Maintenance (O&M): Represents the portion of taxes assessed for the maintenance and operations of the system's facilities. The O&M fund of the Public Building Commission covers O&M expenses for buildings leased by the school system from the commission.

P.A.: Abbreviation for "Public Act." Public acts are available on the General Assembly website at www.ilga.gov.

Penalty Date: Date by which property tax bills are payable. In Cook County, the penalty date for first-half tax bills is normally March 1, and the penalty date for second-half tax bills is August 1; historically these dates have been delayed to September 1 or later.

Performance Measures: Specific measures of the workload and key outcomes of each department. These provide information about how effectively and efficiently the department is operating.

Program: Instructional or functional activity.

Program Description: Describes the nature of service delivery provided at this level of funding. The description includes department/bureau mission, goals, accomplishments, and performance measures as well as total expenditures and staff counts.

Project: An activity that usually has a given time period for its accomplishment and whose costs are generally reimbursed by the state or federal government.

Property Tax Revenue: Revenue from a tax levied on the equalized assessed value of real property.

Proposed Budget: Financial plan presented by the Chief Executive Officer for consideration by the Chicago Board of Education.

P.A. 87-17: Property Tax Extension Limitation Law that imposes a tax cap in Lake County, Will County, DuPage County, McHenry County and Kane County, as well as the prior year's EAV on Cook County. The tax cap limits the annual growth in total property tax extensions in the operating funds of a non-home rule government to either 5 percent or the percentage increase in the Consumer Price Index (CPI),

whichever is less. The prior year EAV provision limits extensions in rate-limited funds to the maximum tax rate multiplied by the prior-year EAV for all property currently in the district.

P.A. 88-593: Public Act that requires all five state pension funds to reach 90 percent funding by the year 2045; also established a state goal of funding the Chicago Teacher Pension Fund at between 20 percent and 30 percent of state funding for the teacher retirement system.

P.A. 89-1: Property Tax Extension Limitation Law that imposes a tax cap in Cook County. The provisions of this tax cap are the same as in P.A. 87-17.

P.A. 89-15: Public Act that gives the mayor of Chicago effective control of the Chicago Board of Education; also changed the financial structure of the Board.

P.A. 93-21: Public Act that defines the current state poverty grant formula and defines the poverty count to be used for this grant as the unduplicated count of children in any one of four low-income programs (Medicaid, KidCare, TANF and food stamps); excludes children who are eligible for services from the Department of Children and Family Services.

P.A. 93-845: Public Act that authorized school districts to continue to file for adjustments of prior year GSA claims to reflect revenue lost due to property tax refunds.

P.A. 94-976: Property Tax Extension Limitation Law that set the maximum extension rate for funds subject to tax caps including the rate that requires voter approval. This does not allow a local government to exceed its total tax cap limit, but it does make it much less likely that tax rate limits in specific funds will prevent the local government from taxing up to its tax cap limit.

P.A. 96-490: Public Act that changed the value of the property tax bills mailed in the spring from 50 percent of the prior year's total bill to 55 percent of the prior year's total bill.

P.A. 96-889: Public Act that created a new second-tier pension plan for the state pension funds and the Chicago Teacher Pension Fund; changed the required funding schedule for the Chicago Teacher Pension Fund.

P.A. 97-8 (SB 7): Public Act that makes significant changes to teacher tenure, layoff and dismissal Policies; changes the process for resolving collective bargaining impasses.

Public Hearing: Portions of open meetings held to present evidence and provide information on an issue.

Public Building Commission (PBC): The Chicago municipal corporation from which local government taxing authorities lease facilities. The PBC issues bonds, acquires land and contracts for construction for capital projects of other local governments associated with the facilities that are being leased. Annual payments on these leases are included in the local government's tax extensions. The Chicago Board of Education is currently leasing many facilities from the Public Building Commission.

Public Building Commission Lease/Rent Fund: Debt service fund for the receipt and disbursement of the proceeds of an annual tax levy for the rental of school buildings from the PBC. Most of the rental payment is used by the PBC to make debt service payments on revenue bonds that were issued to finance capital projects in the schools that are leased from the PBC.

Public Building Commission Operation and Maintenance Fund: fund for the receipt and disbursement of the proceeds of an annual tax levy for operation and maintenance of buildings leased from the PBC.

Prior Year's EAV: Provision of P.A. 87-17 which requires that extension limits for rate-limited funds for Cook County governments be determined using the EAV one year prior to the year of the levy.

Rate Limited Fund: Fund to account for the accumulation and use of revenue generated by a rate-limited tax levy. P.A. 89-15 collapsed all of the Board's rate-limited funds into the Education Fund as of FY1996.

Reserve: Account used to indicate that a portion of a fund balance is restricted for a specific purpose, or an account used to earmark a portion of a fund balance to indicate that it is not available for expenditure. A reserve may also be an account used to earmark a portion of fund balance as legally segregated for a specific future use.

Revenue Bonds: Bonds whose principal and interest are payable exclusively from a revenue source pledged as the payment source before issuance.

School Actions: Significant changes to schools that require Board approval. Examples of school actions include consolidations, school moves and turnaround implementation.

Special Revenue Funds: A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

State Aid Pension Revenue: Revenue from an annual state appropriation to fund a portion of the employer contribution to the Chicago Teachers' Pension fund.

State Statute: A law enacted by the Illinois General Assembly and approved by the governor.

Structural Deficit: A deficit that exists even when the economy is at its potential. Structural deficits can only be addressed by explicit and direct government policies: reducing spending, increasing the tax base and/or increasing tax rates.

Sundry Charges: Includes items that are not in the supply or maintenance category. These charges may be for services provided by private business organizations, by public utilities, for contract labor, for outside consultants, for payment of claims and damages against the system or for services provided by some other department or activity.

Supplemental General State Aid Fund (formerly State Chapter I): Fund for the receipt and disbursement of Supplemental General State Aid.

Supplemental General State Aid Revenue (formerly State Chapter I): Portion of general state aid which the Chicago Board of Education receives that is attributable to the number of low-income children in the school district and must be used to supplement and not supplant the basic programs of the district.

Tax Base: The total value of all taxable real and personal property in the city as of January 1 of each year, as certified by the Appraisal Review Board. The tax base represents net value after all exemptions.

Tax Caps: Abbreviated method of referring to the tax increase limitations imposed by the Property Tax Extension Limitation Laws (P.A. 87-17 and P.A. 89-1).

Tax Increment Financing (TIF): A method of providing local property tax funding for economic development projects within a TIF area.

Tax Rate: The amount of a tax stated in terms of a percentage of the tax base.

Tax Rate Limit: Maximum tax rate that a county clerk can extend for a particular levy. Not all tax levies have a tax rate limit.

Tax Roll: Official list showing the amount of taxes levied against each taxpayer or property in the county.

Turnover: The anticipated savings resulting from the delay in staffing new positions and those positions that become vacant during the course of the school year.

Unit: Each school, central office department network office or other special operating entity represented by a five-digit number. Examples of units include the Law Department and DuSable High School.