

CPS Budget Update

Presentation to the Board

July 22, 2015



Update today will focus on two areas:

- Request for Bond Authorization
 - Bonds used to pay capital expenses, such as repairing roofs, masonry, boilers, investing in annexes or new STEM labs
 - Requires a multi-step process defined by state statute
 - First step is “Bond Authorization;” we will discuss this today
 - Request for approval of specific bonds will follow in coming months
- Report on School Budgets
 - Budgets released to principals on July 13
 - Later than usual, while we worked to address our budget deficit
 - Although no resolution yet, have to prepare for the start of school



Issuing bonds is a multi-step process governed by state statute



Bond Authorization is the first step

- First step is “Bond Authorization”
 - Describes broad purposes for bonds
 - Establishes maximum aggregate amount we can issue
 - Full amount may not be issued, but cannot *exceed* the Authorization
 - May cover up to three years of needs
 - Current Authorization expires Sept 2015 (adopted in 2012)
- Asking you to approve today new Bond Authorization



Bond Resolution is second step in the bond process

- In the Bond Resolution:
 - Board approves the amount and specific purposes of each issuance of bonds
 - Multiple Bond Resolutions may be adopted under one broader Bond Authorization
- We will likely ask for approval of the first Bond Resolution in August/September



Today asking approval of \$1.2B of Bond Authorization

- This Authorization *permits* bonds to:
 - Pay for capital projects already underway (\$600 - \$650M)
 - Replace variable rate debt with fixed rate and any associated swap payments for long-term stability (\$250 - \$300M)
 - Refinance existing debt to provide budgetary relief (\$150 - \$250M)
- Precise amount, purpose and timing of bonds is not final, but are best estimate today
- Issuing bonds does not eliminate the need for a comprehensive, structural solution to our deficit



REPORT ON SCHOOL BUDGETS

School Budget Overview

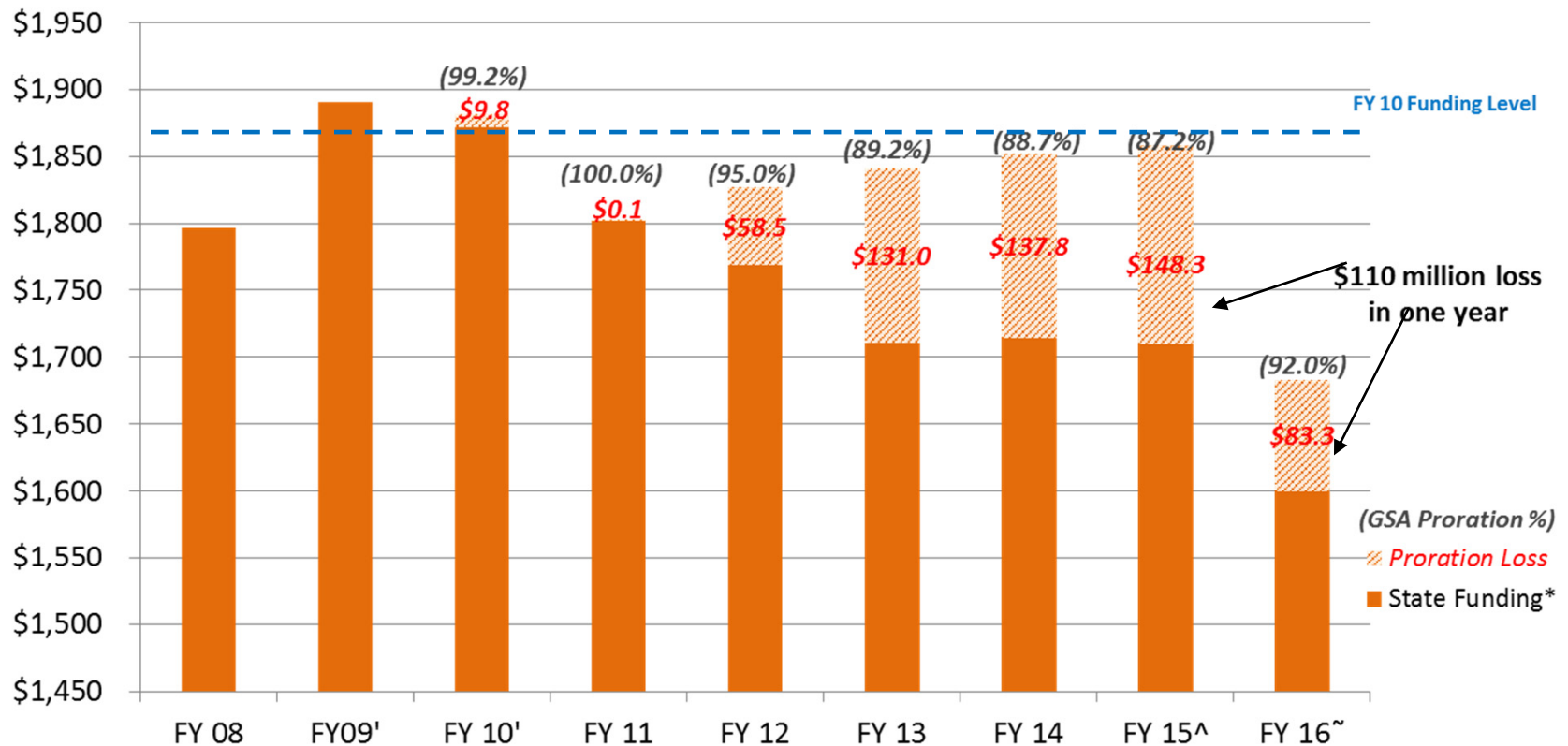
- July 13 we released budgets to principals
- July 20 we met with LSC members to provide a budget overview and answer questions
- July 24 schools will submit budgets so we can finalize the district-wide budget and prepare for start of school
- Context in which we prepared school budgets is a challenge; we shared this context with the principals and LSC members
 - Inequity in pension funding
 - State's failure to prioritize education funding



State funding continues to decline

Funding down over \$100M just since last year

State Funding for Chicago Public Schools
\$ in millions



* Includes GSA, Block Grants, Bilingual Funding, and State CTPF Contribution (for consistency in comparisons)

' Includes \$260.1M (FY 09) and \$166.7M (FY 10) of Federal stimulus funding

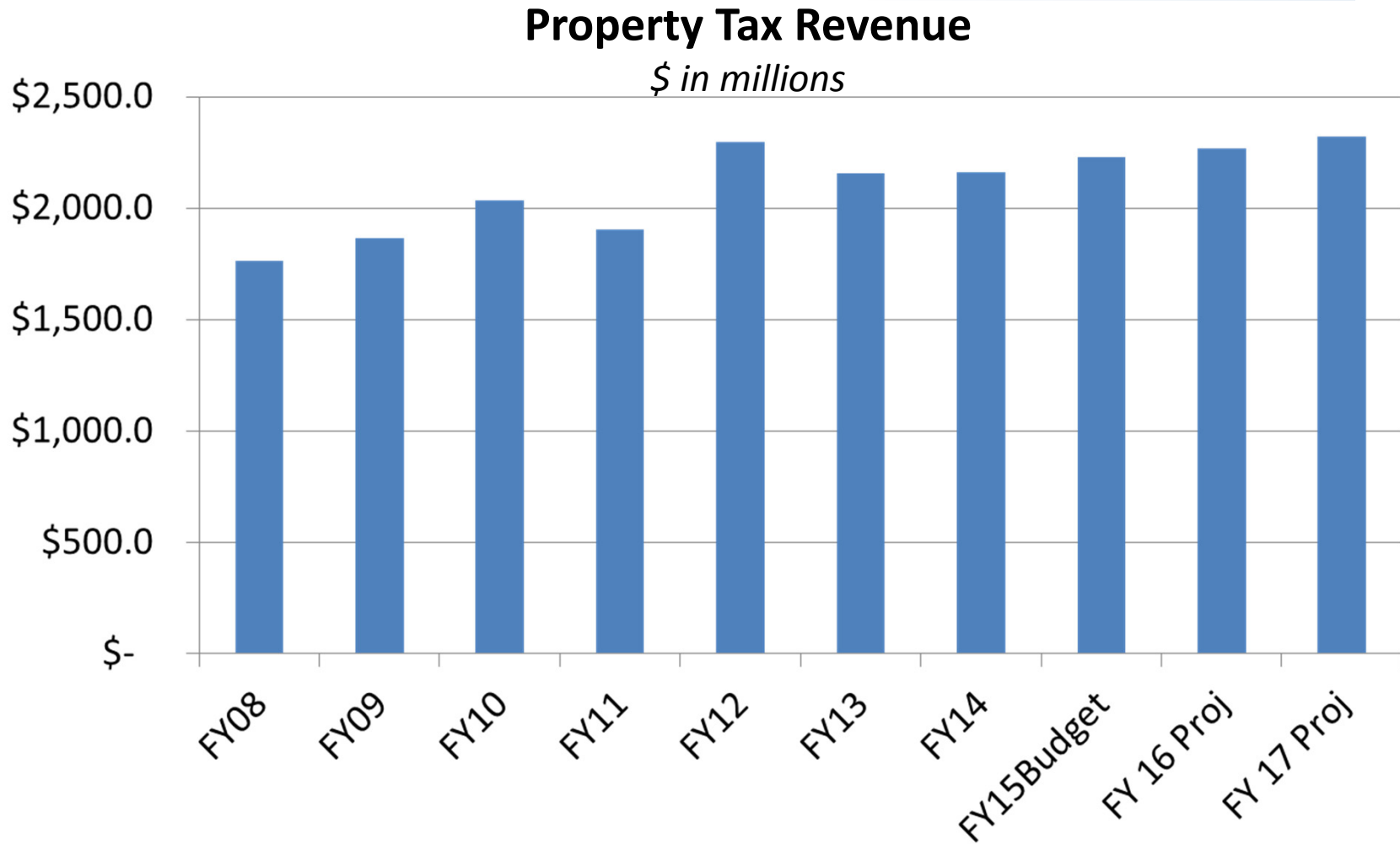
^ Includes funding reductions in PA 099-0001 and \$29.1M in Hold Harmless funding

~ Funding levels in PA 99-0005. Proration %, district claim, projected enrollment and ADA subject to change as newer data becomes available



We have few places to turn

Property tax increases are capped at the rate of inflation* and grow slowly

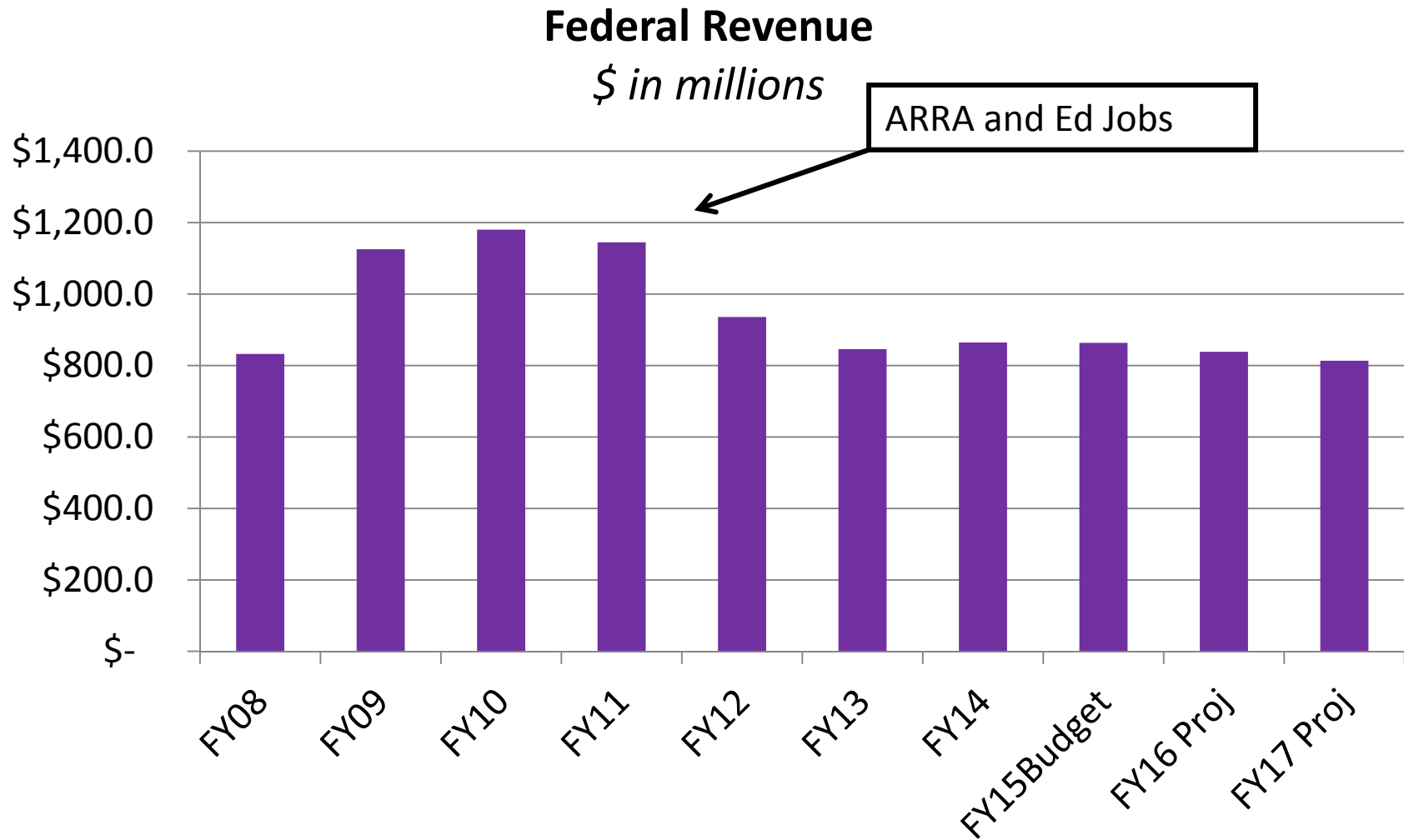


*New property is on top of the cap



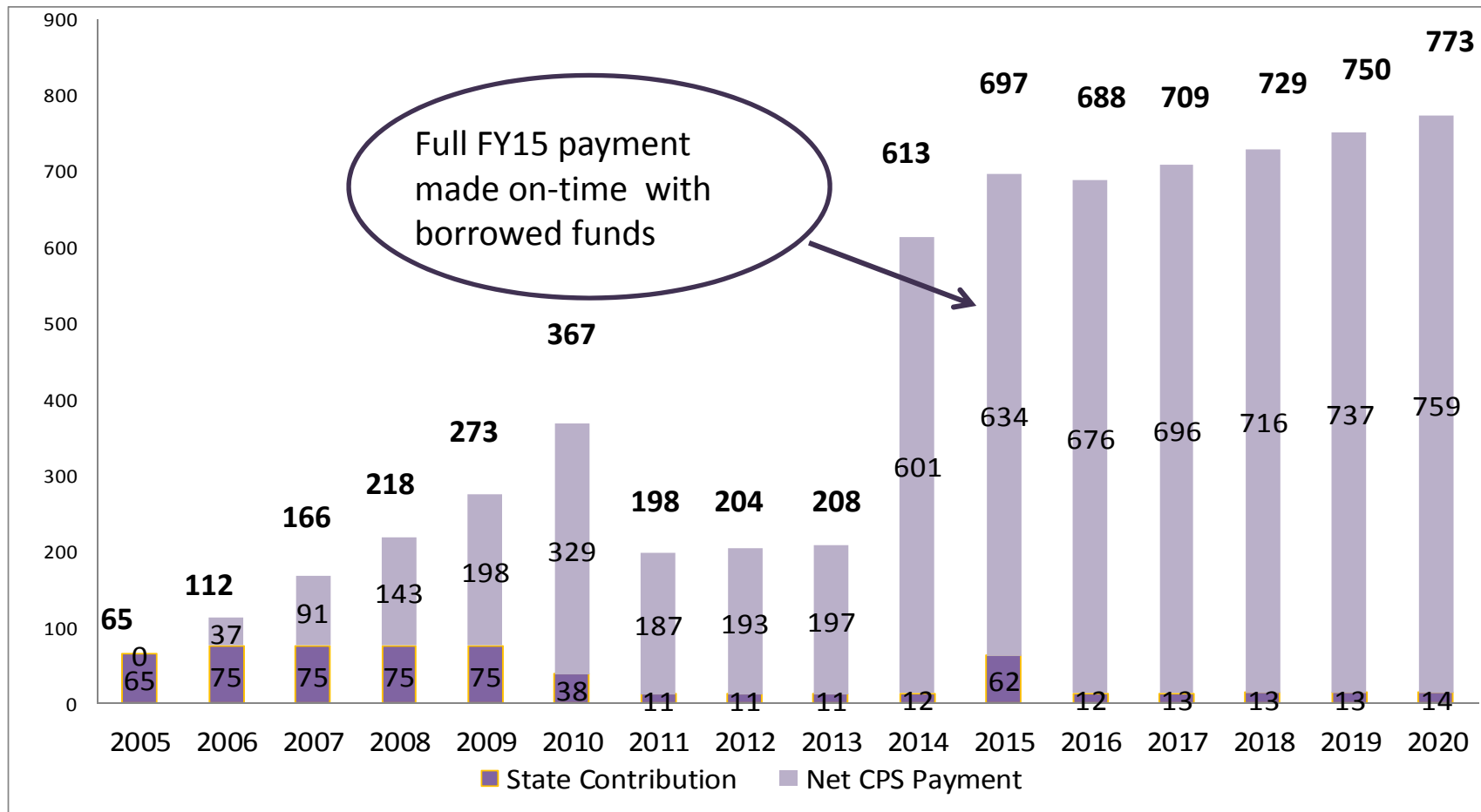
Federal formulas determine our funding

Other than Stimulus Funds, federal funds are flat



Last Year, CPS spent \$1,600 per student to pay pensions

State gave every other district \$2,066 per student for pensions v \$157 for CPS.



\$ in millions

6/30/14 actuarial valuation; FY 16 certified + projections
Assumes CPS nets state contribution from payment



\$740M in cuts away from the classroom since FY 11

An additional \$200M for FY 16

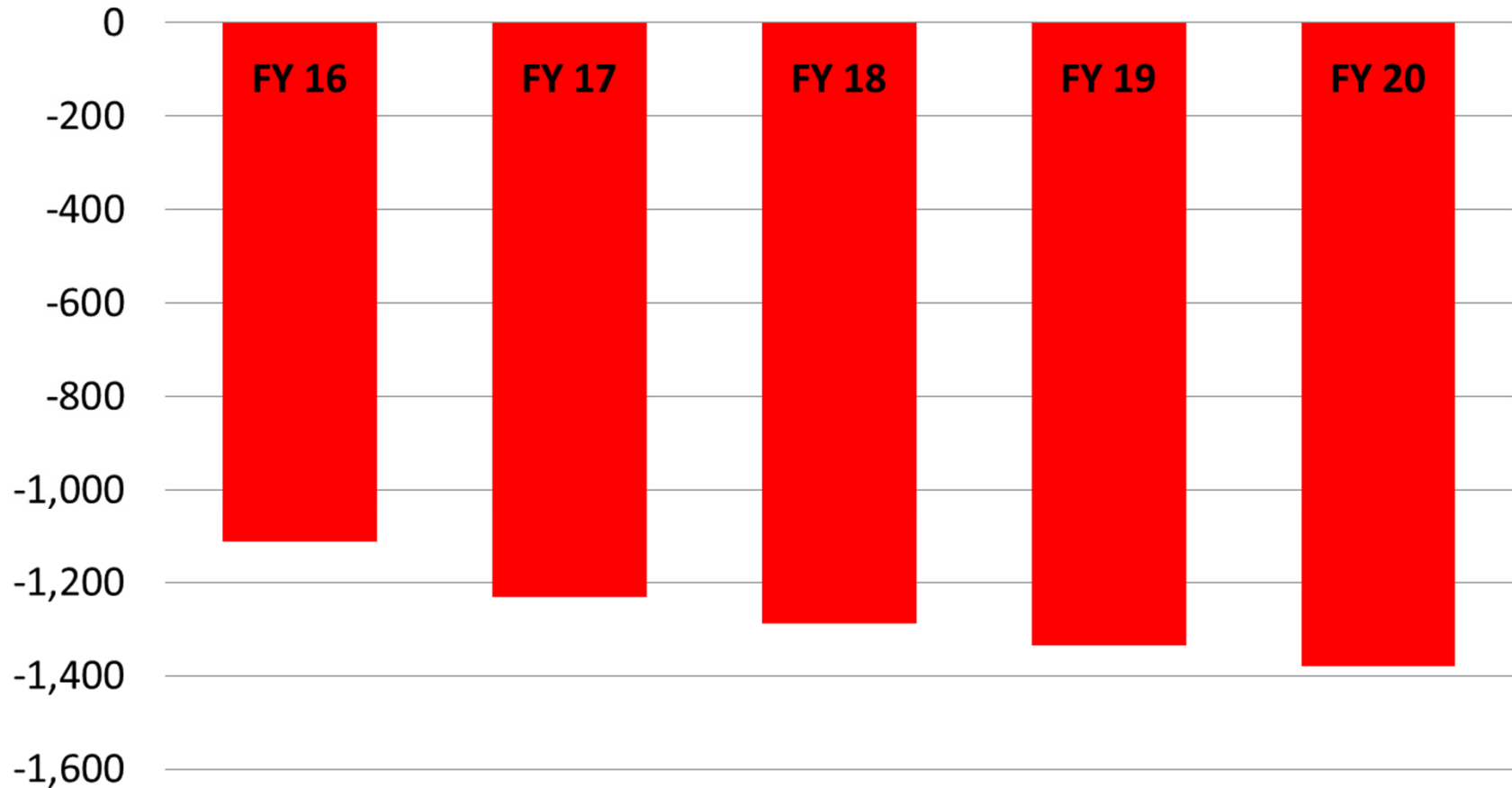
	FY 11	FY 12	FY 13	FY 14	FY 15	TOTAL
Administration	17.2	107.0	12.0	33.7	12.3	182.2
Operations	14.1	127.0	116.0	59.5	27.5	344.1
Programs	0.0	87.0	49.0	18.4	15.3	169.7
Debt Obligations*	44.0	--	--	--	--	44.0
TOTAL	75.3	321.0	177.0	111.6	55.1	740.0

* Initiatives to lower annual debt service expense adds to Operating Fund revenue



Our focus continues to be on working with Springfield on pension parity and more funding to end annual financial crisis

CPS Annual Budget Deficit



*Includes debt service that impacts operating budget. Excludes debt service with dedicated funding



Despite financial crisis, we continue to protect the classroom

- \$2.6B released to schools
- K-12 enrollment is projected to be down 812 students from last year to 372,275
- Because money follows the child, some schools see an increase in funding, while others see a decrease compared to FY 15
 - 238 schools receiving \$68.5M more
 - 416 schools receiving \$99.5M less
 - Net change is \$31.0M less



Funding shifts among schools because money follows the students

School Type	FY 15	FY 16	Difference
District SBB Schools	2,040.1	1,980.5	(59.6)
Charter/Contract Serving Traditional Students	516.6	540.0	23.4
Alternative Learning Opportunity Programs (Serving Options Students)	32.1	31.4	(.7)
Charter/Contract Serving Options Students	61.6	69.1	7.5
District Options/Specialty Schools	26.9	25.4	(1.5)
SAFE	.5	.5	--
Total	2,677.9	2,646.9	(31.0)



Student Based Budgeting (SBB) provides the same amount per pupil for all schools for core instruction

- SBB rates the same as FY 15
 - K-3rd Grade = \$4,697 per student
 - 4th – 8th Grade = \$4,390 per student
 - 9th – 12th Grade = \$5,444 per student
- Not all funds are distributed using SBB
 - \$35M in additional Title I funds; follows low income students
 - Supplemental General State Aid (SGSA) also follows low income students
 - Funding for ELL, Diverse Learners reflects specific student needs
 - Program dollars (such as Magnet/IB) reflect programmatic needs
- Computing an aggregate per pupil amount from individual programs leads to erroneous conclusions and misunderstanding



Conclusion

- CPS faces annual financial challenges until:
 - Permanent solution is found to address double-taxation for Chicago teacher pensions
 - Inadequate and declining State education funding is increased to meet the needs of students
- We have maximized resources for schools at this point, preserving funds for classrooms
- We need to partner with Springfield to come up with a sustainable solution to eliminate our deficit



LSC Principal Evaluation Form



LSC Principal Evaluation Form

- *The current process that Local School Councils (LSC) use to evaluate principals was last updated in 2002.*
- *The CPS Principal Evaluation Process was updated in 2012-13 in response to the Illinois Performance Evaluation Review Act (PERA).*
- *This update to the LSC Principal Evaluation Form will align both principal evaluations with each other and with Illinois School Code and with PERA.*



LSC Principal Evaluation Form

Recommendation: That the Board approve a new form for use by Local School Councils in conducting annual and cumulative evaluations of contract principals per the Illinois School Code.

The need for the recommendation:

1. Update the LSC Principal Evaluation Form that is more than ten years old and includes references to metrics (e.g., ISAT) no longer in use.
2. Align the observation measures evaluated by LSCs to the five competencies of principal performance used in CPS Principal Evaluation and consistent with Illinois School Code.

Impact on teaching and learning in our district:

Updating the LSC evaluation form will:

1. Facilitate a more accurate and meaningful assessment of principal performance by LSCs;
2. Bring consistency to principals' expectations concerning the evaluation of their performance by LSCs and the CPS Principal Evaluation Process by making the evaluations uniform.



NWEA



NWEA Contract

- *The Northwest Evaluation Association (NWEA) has provided the district computer-based adaptive assessments for all students in grades 2-8 in schools district-wide since the 2012-13 school year.*
- *Results from student performance and growth in grades 2-8 are used by teachers to improve classroom instruction and by the district in teacher, principal, and school evaluation.*



NWEA Contract

Recommendation: That the Board approve the one year agreement with the Northwest Evaluation Association to provide a computer-based adaptive assessment tool, implementation services, professional development services, technical support, data integration and reporting services.

The need for the recommendation:

1. Provide teachers in grades K-8 with information about their students' performance and growth in reading, math, and science (optional for grades 2-8) to guide instruction.
2. Maintain a consistent source of data on student performance and growth for district accountability measures including REACH, selective enrollment, and promotion policy.

Impact on teaching and learning in our district:

Approving the contract will:

1. Allow consistent data on student performance and growth to be available to students and their families, teachers, administrators, and the wider community.
2. Ensure continuity in growth metrics for teacher, principal, and school evaluation (SQRP).



Social Emotional Learning Supplemental RFP



Social and Emotional Learning (SEL) Supplemental RFP

- Original RFP process was run in 2012 to identify strategic source vendors for Social & Emotional Learning (SEL) professional development, curriculum, and direct service for schools to utilize. 61 highly qualified vendors were selected.
- In spring of 2015, a supplemental RFP identified 20 new vendors that offer additional services aligned with the district's expanded priorities of developing restorative discipline practices and ensuring greater access to all tiers of SEL support.
- Both the original 61 approved vendors and these 20 new vendors will help the district sustain substantial reductions in the use of out of school suspensions and expulsions, improvements in school climate metrics, as well as increased graduation rates.



Social and Emotional Learning (SEL) Supplemental RFP

Recommendation: Approve 20 vendors from 2015 Supplemental SEL RFP to ensure that services with SEL vendors may start at the beginning of the school year.

District priorities have expanded since 2012 RFP; additional vendors have been identified to support these priorities:

1. Revised Student Code of Conduct emphasizes restorative discipline practices
2. Need for increased access to direct service mental health providers
3. Multi-Tiered Systems of Support necessitates whole-school SEL approaches

Vendors recommended based on their demonstrated capacity to support schools to:

1. Sustain reductions in the use of out of school suspensions and expulsion
2. Improve school climate metrics
3. Develop restorative discipline practices
4. Strengthen multi-tiered systems of support



- 1.3-C Institute for Social Development
- 2. Adler Community Health Services**
- 3. AdvancePath Academics, Inc.**
4. Agile Mind
5. A Knock at Midnight
6. Albany Park Community Center
7. Alliance for Community Peace
8. Alternatives Inc.
- 9. American Institutes for Research**
10. Aspira Inc.
11. Assist Her Inc.
- 12. Be Strong Families, NFP**
13. Black Star Project
14. Bright Star Community Outreach
15. Brighton Park Neighborhood Council
16. BUILD Inc.
17. Carla Tantillo DBA Mindful Practices
18. Catholic Bishop of Chicago - Saint Sabina
- 19. Center for Supportive Schools**
20. Central States SER
21. Channing Bete Co.
22. Children's Home and Aid Society of IL
23. Children's Memorial Hospital DBA Lurie Children's Hospital
- 24. Children's Research Triangle**
25. Committee for Children
- 26. Communities in Schools of Chicago**
27. Community Organizing and Family Issues
28. Cornerstone Counseling Center of Chicago
- 29. DePaul University**
30. Developmental Studies Center (now Center for the Collaborative Classroom)
31. Dime Child Foundation
32. Educators for Social Responsibility (now Engaging Schools)
33. Enlace Chicago
34. Facing History and Ourselves
- 35. Flippen Group LLC**
36. Father Flanagan's Boys' Home
37. Franklin Covey
38. Gads Hill Center
39. Georgia Holdings Inc
- 40. Good Life Alliance PBC**
- 41. Guide Right Organization**
42. Healing Empowering and Learning Professionals
- 43. Healthcare Alternative Systems**
44. Healthy Heroes LLC
45. Human Resources Development Institute
46. IL Caucus for Adolescent Health
47. Inner Vision International
- 48. Insight Project for Kids**
- 49. Juvenile Protective Association**
50. Kagan Professional Development
51. Liberation Christian Center
52. Life Builders
53. Luster Learning Institute
54. Mental Health America of IL
55. Metropolitan Family Services
56. Mikva Challenge
- 57. NCS Pearson, Inc.**
58. Northeast Foundation for Children
59. Origins Program
- 60. Paulette Hines**
61. Perspectives Charter School
62. Phalanx Family Services
63. Planned Parenthood of IL
64. Positive Action Inc.
65. Prevention First
- 66. Ramapo for Children**
67. Ripple Effects
68. School Connect LLC
69. School Association for Special Education
70. SGA Youth and Family Services
- 71. Inspirit Group dba STOP!T**
72. Teaching Strategies Inc. DBA Safe & Civil Schools
73. Uhlich Children's Advantage Network
74. Umoja Student Development
75. Universal Family Connection Inc
76. WES Corporation
- 77. Wyman Center**
78. Youth Advocate Programs
79. Youth Guidance
- 80. Youth Outreach Services**
81. Zaner-Bloser Inc.

**20 new vendors
in red**



Student Code of Conduct and Anti-Bullying Policy Revisions



Student Code of Conduct (SCC) and Anti-Bullying Policy Revisions

- **CPS Anti-Bullying Policy first adopted in 2012 and updated in June 2014 as part of revised Student Code of Conduct.**
- **Policy prohibits bullying and harassment during any school-sponsored activity, during school and on school transportation, through CPS computers or technology while on school property, or when occurring off campus but seriously disrupts one's education.**
- **Policy defines bullying as severe or pervasive conduct that has or can be reasonably predicted to cause fear of harm, detrimental effect on student's health, and/or interfere with school activities.**
- **Policy is posted on the district website and distributed to all students, parents, and schools as part of the CPS Student Code of Conduct (SCC).**
- **Policy provides a protocol for administrators to investigate and respond to bullying allegations, and it requires all schools teach students what constitutes bullying and internet safety annually.**
- **Illinois state legislature passed two amendments to Illinois School Code last year that added (1) required components for bullying prevention policies and (2) provisions concerning cyberbullying at non school-related functions or from the use of personal devices outside of school time.**



Student Code of Conduct (SCC) and Anti-Bullying Policy Revisions

Recommendation: Adopt the Student Code of Conduct with revisions that amend the Anti-Bullying Policy to align with requirements under the Illinois School Code.

The Need:

1. Two amendments to Illinois School Code added required components for bullying prevention policies and cyberbullying provisions.
2. The CPS Anti-Bullying Policy (adopted in 2012 SCC, revised in 2014 SCC) does not mirror exactly the IL School Code bullying prevention statute.
3. Proposed changes do not amount to substantial shift in CPS policy but ensure alignment with School Code.

Impact on Teaching and Learning:

1. Schools will be responsible for responding to cyberbullying incidents that occur out-of-school and/or on non-CPS technology, when it impacts learning and is reported to staff.
2. Anti-Bullying Policy will be re-evaluated every 2 years, and evaluations of effectiveness posted online.
3. Explicitly prohibits retaliation against person who reports bullying.



Suspensions & Expulsions Data Summary

School Year	SY 12-13 EOY	SY 13-14 EOY	SY 14-15 EOY ²
SUSPENSIONS¹			
Number of Out of School Suspensions issued to PK-8th grade students	33,662	21,635	8,968
Number of Out of School Suspensions issued to 9th-12th grade students	35,832	28,047	15,466
Percentage of reported Misconducts resulting in Out of School Suspension	52%	41%	18%
Percentage of Out of School Suspensions issued to African American students (41% of students)	75%	74%	71%
EXPULSIONS			
Number of Students Expelled: District-Managed Schools (343,983 Enrollment in SY 14-15)	183	106	66
Number of Students Expelled: Charter Schools (52,700 Enrollment in SY 14-15)	306	332	300

1. Suspension data only included district-managed schools and charter schools following CPS Student Code of Conduct
2. SY 14-15 data is preliminary and subject to change



Proposed Real Estate Request to Sell Properties



Sale of former Near North, Von Humboldt and Overton

These three facilities were closed through the 2013 school actions process:

Near North

*739 N Ada St (Noble Square neighborhood))
Single school building*

Von Humboldt

*2620 W Hirsch St (Humboldt Park neighborhood)
Main building only; branch building at
1345 N Rockwell is part of a separate site/ward*

Overton

*221 E 49th St (Bronzeville neighborhood)
Includes main and annex buildings*

*The Alderman for each ward runs a **community engagement process**:*

- the neighborhood weighs in on acceptable uses*
- the Alderman directs CPS to put the property on the market subject to those acceptable uses*



Sale of former Near North, Von Humboldt and Overton sites

Recommendation: Approve the sale of the former Near North, Von Humboldt and Overton sites, for closings in the fall of 2015.

The need:

1. These facilities are no longer needed for CPS use.
2. Sites will be repurposed in alignment with the communities' input.

Impact on teaching and learning:

1. Sales generate over \$8.5 million in revenue, which provides resources for the classroom.
2. Further savings by eliminating cost of ongoing maintenance.

