



Illinois State Board of Education

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Jesse H. Ruiz
Chairman

Christopher A. Koch, Ed.D.
State Superintendent of Education

August 27, 2009

Dear Member of the General Assembly:

I wanted you to be aware of the status of the FY 10 budget for pre-K through 12 education, my concerns regarding the FY 11 budget and our plans and progress with respect to the Race to the Top application under the American Recovery and Reinvestment Act (ARRA) of 2009.

FY 10 Budget

On July 21, 2009, the State Board of Education engaged in the difficult process of allocating a lump sum budget for its FY 10 programs that amounted to approximately half of its budget for those same programs in FY 09. In doing so, and based on input from the education field, the Board prioritized certain programs (i.e., Bilingual Education received 75% of the FY 09 appropriation and Early Childhood Education received 68% of the FY 09 appropriation).

On July 31, 2009, the Governor added approximately \$150 million in discretionary dollars to ISBE's FY 10 budget to supplement some of these programs (see the "Restoration" column in the attached document). The Governor's addition also included funding certain projects that were not in the Board's FY 10 budget, such as Afterschool Matters at \$5 million, and Classroom Cubed at \$1 million.

Despite receiving the additional \$150 million from the Governor's discretionary funds, the unfortunate reality is that funding for ISBE grant programs are nearly \$300 million less this year than they were last year. Many fine programs are being cut by 50% or more. It will be difficult for those who administer the programs that have been cut to maintain services. In addition to programs experiencing reductions, payments to grantees continue to be made late, and thus programs have to "float" payments until they are reimbursed by the State. As such, many districts are required to borrow and pay interest and/or go into deficit spending. As of today, state payments on pre-K through 12 education vouchers are running approximately six months behind.

Our Agency staff has been working diligently to see that the FY 10 funding reaches school districts and other appropriate entities as soon as possible; however, State Board members and Agency staff are already looking toward developing the FY 11 budget. When times are tight, as undeniably is the case today, budgeting challenges increase exponentially and create what seems to be an endless budget cycle.

FY 11 Budget

As you know, Illinois utilized approximately \$1 billion in ARRA State Fiscal Stabilization Funds (SFSF) to cover the final five General State Aid payments in FY 09. Moreover, the General Assembly has appropriated in FY 10 the remaining \$1 billion in SFSF the State expects to receive. **In FY 2011, the SFSF funding is gone and there will therefore need to be an additional \$1 billion in state education funding just to stay at the FY 2010 level of funding.** I highlight this critical point because, in my almost 15 years at the State Board of Education, I have not seen a greater threat to pre-K through 12 education. If these funds are not replaced it would result in the reduction of programs and staff which ultimately impact student achievement.

Race to Top Funding

I know many of you have questions about the \$4.5 billion in ARRA Race to the Top funds for which states can compete. Race to Top funds cannot be used to stabilize state budgets, but are instead designed to drive education reform. While many states have already decided not to compete for these funds because of the tremendous amount of work involved, the State Board of Education has made clear its intent to apply. Your action to pass Public Act 96-0107 (SB 1828) earlier this year allowing us to develop a longitudinal data system and, in particular, to link student and teacher data, was a critical prerequisite for Illinois to be eligible to apply for Race to Top funding.

The Race to the Top competition requires that states demonstrate considerable reform around four areas: 1) internationally benchmarked standards and assessments; 2) data systems to support instruction; 3) great teachers and leaders; and 4) intervention in the lowest-performing schools and districts.

Illinois is well-positioned to meet the Standards and Assessments criteria. We joined the American Diploma Project last year, even before the federal stimulus and Race to the Top reforms were announced, and we have since committed to work towards an internationally benchmarked common core of state standards along with more than 40 other states.

As mentioned above, the recent passage of legislation establishing our longitudinal data system and the award earlier this year of a \$9 million federal grant for such a system positions us well to meet the second component of data systems to support instruction.

We have also made great strides in the third area, the preparation of highly effective teachers and leaders. This is exemplified by your support for and our Agency's commitment to solid induction and mentoring programs for both teachers and administrators. Our progress here will require continued effort and the State Board is working with stakeholders and intends to propose legislation in this area (regarding issues such as the evaluation of teachers and principals).

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The final area of reform is intervention with the lowest-performing districts and schools. We already have some of the necessary tools to be competitive in this area, but more work will be necessary. We will also need to engage stakeholders and develop private partnerships to be competitive. We will be working with the Innovation, Intervention and Restructuring Task Force that the General Assembly established earlier this year (P.A. 96-0109; SB 2119) to address this issue.

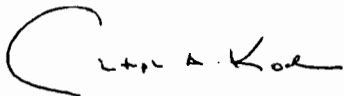
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To summarize, the State Board of Education is currently operating with a programmatic budget that is \$300 million less than the FY 09 level and payments are being made to grantees and vendors with a nearly six month lag. Of even greater concern is that fact that we face a significant funding "cliff" which creates a \$1 billion dollar shortfall for FY 11. The situation is dire. We will continue to pursue every federal dollar possible under ARRA and the Race to the Top competition in particular, and will be looking to all of you for support; however, again, this money cannot be used to stabilize the budget for FY 11.

I look forward to working together over the next year to address these significant challenges. Should I be able to provide any further clarifications, please do not hesitate to contact me.

Thank you for your leadership on behalf of Illinois students.

Sincerely,



Christopher A. Koch, Ed.D.
State Superintendent of Education

Enclosure

ISBE

FY10 Enacted and Management Plan

\$ in 000's

General Funds Only

Line Item	FY09 Approp	FY10 Revised Intro	FY10 Revised w/cuts	FY10 Enacted w/vetoes	Changes from FY10 Revised	FY10 Management Plan	Restoration	Agreed Budget
Personal Services & Related	\$17,375.8	\$21,486.0	\$19,405.7	\$18,395.2	(\$796.6)	\$18,609.1	\$0.0	\$18,609.1
Other Operations	\$6,874.7	\$7,940.4	\$7,940.4	\$0.0	\$0.0	\$7,940.4	\$0.0	\$7,940.4
Lump Sums	\$33,602.0	\$43,479.2	\$33,602.0	\$41,756.3	\$213.9	\$33,815.9	\$0.0	\$33,815.9
Student Assessments - Including Bilingual	\$29,982.0	\$32,514.2	\$29,982.0		(\$1,375.2)	\$28,606.8		\$28,606.8
Response to Intervention Initiative	\$2,000.0	\$2,000.0	\$2,000.0		(\$660.0)	\$1,340.0		\$1,340.0
Longitudinal Data System	\$0.0	\$2,000.0	\$0.0		\$250.0	\$250.0		\$250.0
American Diploma Project	\$0.0	\$2,000.0	\$0.0		\$500.0	\$500.0		\$500.0
Regional Super Services - Bus Driver Training	\$70.0	\$70.0	\$70.0		\$0.0	\$70.0		\$70.0
Community Residential Services Authority	\$575.0	\$600.0	\$575.0		\$0.0	\$575.0		\$575.0
Educator Misconduct Investigations	\$375.0	\$495.0	\$375.0		\$0.0	\$375.0		\$375.0
Strategic Plan	\$500.0	\$500.0	\$500.0		(\$250.0)	\$250.0		\$250.0
On-line Database	\$0.0	\$2,500.0	\$0.0		\$0.0	\$0.0		\$0.0
Regional Super & Asst. Compensation *	\$0.0	\$0.0	\$0.0		\$1,749.1	\$1,749.1		\$1,749.1
Deposit - Temp Relocation Exp RV GR	\$100.0	\$800.0	\$100.0		\$0.0	\$100.0		\$100.0
Grants	\$7,386,559.9	\$7,554,348.5	\$7,391,781.9	\$7,097,055.3	(\$294,940.6)	\$7,096,841.4	\$150,670.5	\$7,247,511.9
GENERAL STATE AID	\$3,542,574.0	\$3,809,529.4	\$3,806,305.0	\$3,809,529.4	\$3,224.4	\$3,809,529.4		\$3,809,529.4
GENERAL ST AID-HOLD HARMLESS	\$26,106.4	\$15,670.6	\$18,370.9	\$15,670.6	(\$2,700.3)	\$15,670.6		\$15,670.6
SFSF Education - GSA	\$1,038,987.6	\$601,717.2	\$601,717.2	\$601,717.2	(\$0.0)	\$601,717.2		\$601,717.2
SFSF General - GSA	\$0.0	\$295,743.8	\$192,282.8	\$189,058.5	(\$3,224.3)	\$189,058.5		\$189,058.5
Sp Ed - Summer School	\$11,000.0	\$11,700.0	\$11,700.0	\$11,700.0	\$0.0	\$11,700.0		\$11,700.0
Free Breakfast/Lunch Program	\$26,300.0	\$26,300.0	\$26,300.0	\$26,300.0	\$0.0	\$26,300.0		\$26,300.0
Orphanage Tuition	\$11,600.0	\$13,000.0	\$13,000.0	\$13,000.0	\$0.0	\$13,000.0		\$13,000.0
Sp Ed - Orphanage Tuition	\$101,800.0	\$120,200.0	\$120,200.0	\$120,200.0	\$0.0	\$120,200.0		\$120,200.0
Sp Ed - Private Tuition	\$151,600.0	\$181,100.0	\$181,100.0	\$181,100.0	\$0.0	\$181,100.0		\$181,100.0
Transportation Regular/Vocational	\$339,500.0	\$351,100.0	\$351,100.0	\$351,100.0	\$0.0	\$351,100.0		\$351,100.0
Sp Ed - For Children Req. Sp. Ed. Serv.	\$331,051.1	\$334,236.8	\$334,236.8	\$334,236.8	\$0.0	\$334,236.8		\$334,236.8
Sp Ed - Transportation	\$383,300.0	\$429,700.0	\$429,700.0	\$429,700.0	\$0.0	\$429,700.0		\$429,700.0
Sp Ed - Personnel Reimbursement	\$426,100.0	\$459,600.0	\$459,600.0	\$459,600.0	\$0.0	\$459,600.0		\$459,600.0
Awards & Grants LS SB 1216				\$364,755.4				
SFSF General - Ed Purp LS SB 1216				\$146,560.9				
Statewide System of Support	\$3,342.7	\$4,842.7	\$3,342.7		(\$1,671.3)	\$1,671.4		\$1,671.4
National Board Certified Teachers	\$11,485.0	\$11,485.0	\$11,485.0		(\$5,742.5)	\$5,742.5		\$5,742.5
Teacher/Admin Mentoring/Induction Prog.	\$14,000.0	\$14,000.0	\$14,000.0		(\$4,620.0)	\$9,380.0		\$9,380.0
Grow Your Own Teachers	\$3,500.0	\$3,500.0	\$3,500.0		(\$1,750.0)	\$1,750.0	\$1,400.0	\$3,150.0
Early Childhood Education	\$380,261.4	\$392,761.4	\$380,261.4		(\$123,333.4)	\$256,928.0	\$85,307.3	\$342,235.3
SFSF General - Early Childhood					\$0.0			\$0.0
Regional Superintendent Services	\$6,318.0	\$6,818.0	\$6,318.0		(\$2,084.9)	\$4,233.1		\$4,233.1
Regional Superintendents Services	\$102.0	\$102.0	\$102.0		(\$102.0)	\$0.0		\$0.0
Regional Super & Asst. Compensation *	\$9,100.0	\$9,919.0	\$9,919.0		(\$1,749.1)	\$8,169.9		\$8,169.9
Regional Superintendents - Early Retirement Option	\$0.0	\$400.0	\$400.0		(\$400.0)	\$0.0		\$0.0

ISBE
FY10 Enacted and Management Plan
\$ in 000's
General Funds Only

Line Item	FY09 Approp	FY10 Revised Intro	FY10 Revised w/cuts	FY10 Enacted w/vetoes	Changes from FY10 Revised	FY10 Management Plan	Restoration	Agreed Budget
Philip J Rock Center & School	\$3,577.8	\$3,577.8	\$3,577.8		\$0.0	\$3,577.8		\$3,577.8
Textbook Loans	\$42,826.5	\$42,826.5	\$0.0		\$0.0	\$0.0		\$0.0
Textbook Loan Reapprop	\$42,826.5	\$42,826.5	\$42,826.5	\$42,826.5	\$0.0	\$42,826.5		\$42,826.5
Tax-Equivalent Grants	\$222.6	\$222.6	\$222.6		(\$222.6)	\$0.0	\$222.6	\$222.6
District Consolidation Costs	\$7,850.0	\$3,700.0	\$3,700.0		\$0.0	\$3,700.0		\$3,700.0
Principal Mentoring Program	\$3,100.0	\$2,100.0	\$2,100.0		(\$23.0)	\$2,077.0		\$2,077.0
Growth Model Assessments	\$3,000.0	\$3,000.0	\$3,000.0		\$0.0	\$3,000.0		\$3,000.0
Re-Enrollment Student Program	\$4,000.0	\$4,000.0	\$4,000.0		(\$2,000.0)	\$2,000.0	\$1,600.0	\$3,600.0
Truant Alternative & Optional Ed Prg	\$20,078.1	\$20,078.1	\$20,078.1		(\$10,039.1)	\$10,039.0	\$8,031.3	\$18,070.3
School Breakfast Incentive Prog	\$723.5	\$723.5	\$723.5		(\$361.7)	\$361.8		\$361.8
Teacher of the Year	\$135.0	\$135.0	\$135.0		(\$135.0)	\$0.0		\$0.0
Summer Bridges Program	\$22,238.1	\$22,238.1	\$22,238.1		(\$1,522.8)	\$20,715.3		\$20,715.3
Teach for America	\$450.0	\$450.0	\$450.0		(\$225.0)	\$225.0		\$225.0
Autism Training & Technical Assistance	\$100.0	\$450.0	\$100.0		\$0.0	\$100.0		\$100.0
Blind & Dyslexic	\$1,218.8	\$1,218.8	\$1,218.8		(\$402.2)	\$816.6		\$816.6
Advanced Placement Classes	\$1,646.9	\$1,646.9	\$1,646.9		(\$823.4)	\$823.5		\$823.5
Visually Impaired/Ed Materials Coord	\$2,121.0	\$2,121.0	\$2,121.0		(\$699.9)	\$1,421.1		\$1,421.1
Children's Mental Health Partnership	\$3,000.0	\$3,000.0	\$3,000.0		(\$990.0)	\$2,010.0	\$690.0	\$2,700.0
Agricultural Education Prog	\$3,381.2	\$3,381.2	\$3,381.2		(\$1,690.6)	\$1,690.6	\$1,352.5	\$3,043.1
Charter Schools - Transition Impact Aid	\$3,421.5	\$3,421.5	\$3,421.5		(\$3,421.5)	\$0.0		\$0.0
Arts & Foreign Language	\$4,000.0	\$4,000.0	\$4,000.0		(\$2,000.0)	\$2,000.0		\$2,000.0
Technology for Success	\$4,169.7	\$4,169.7	\$4,169.7		\$0.0	\$4,169.7		\$4,169.7
Alternative Ed/Regional Safe Schools	\$18,535.5	\$18,535.5	\$18,535.5		(\$6,116.7)	\$12,418.8	\$4,263.2	\$16,682.0
Bilingual Education - Chicago	\$75,652.0	\$83,557.0	\$82,652.0		(\$25,913.0)	\$56,739.0	\$11,347.8	\$68,086.8
Career and Technical Education	\$38,562.1	\$38,562.1	\$38,562.1		\$0.0	\$38,562.1		\$38,562.1
Schl Safety & Ed Improve Blk Grt (ADA Block Grant)	\$74,841.0	\$74,841.0	\$74,841.0		(\$56,130.7)	\$18,710.3		\$18,710.3
Reading Improvement Block Grant	\$76,139.8	\$76,139.8	\$76,139.8		(\$38,069.9)	\$38,069.9	\$30,455.9	\$68,525.8
Afterschool Matters	\$500.0				\$0.0		\$5,000.0	\$5,000.0
Parental Participation Pilot Proj	\$100.0				\$0.0			\$0.0
Regional Superintendent Initiatives	\$500.0				\$0.0			\$0.0
Rural Technology Initiative	\$4,000.0				\$0.0			\$0.0
Targeted Interventions	\$4,000.0				\$0.0			\$0.0
Mentoring & Afterschool Programs	\$9,700.0				\$0.0			\$0.0
Chicago Aerospace Initiative	\$920.0				\$0.0			\$0.0
Metro East Consortium Child Advocacy	\$217.1				\$0.0			\$0.0
Jobs for Illinois Grads	\$4,000.0				\$0.0			\$0.0
IL Governmental Internship Program	\$129.9				\$0.0			\$0.0
Classroom Cubed	\$2,000.0				\$0.0		\$1,000.0	\$1,000.0
Tech Immersion Pilot Program	\$0.0				\$0.0			\$0.0
Hard to Staff Schools	\$3,000.0				\$0.0			\$0.0
Transition of Minority Students	\$578.8				\$0.0			\$0.0
Gifted Education	\$7,000.0				\$0.0			\$0.0
Transportation Reimburse Parents/Guard	\$11,954.7				\$0.0			\$0.0
IL Economic Education Program	\$250.0				\$0.0			\$0.0
Class Size Reduction Pilot Project	\$8,000.0				\$0.0			\$0.0
Healthy Kids/Healthy Minds - Chicago	\$3,000.0				\$0.0			\$0.0

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Line Item	FY09 Approp	FY10 Revised Intro	FY10 Revised w/cuts	FY10 Enacted w/vetoes	Changes from FY10 Revised	FY10 Management Plan	Restoration	Agreed Budget
Agudath Israel for School Transportation	\$1,200.0				\$0.0		\$0.0	\$0.0
Transitional Assistance	\$36,763.6				\$0.0			\$0.0
Fast Growth Schools	\$7,500.0				\$0.0			\$0.0
Healthy Kids/Healthy Minds - Cicero & Berwin	\$1,000.0				\$0.0			\$0.0
Chicago Principal & Admin Association	\$1,000.0				\$0.0			\$0.0
Homeless Education	\$3,000.0				\$0.0			\$0.0
Adler Planetarium	\$200.0				\$0.0			\$0.0
Museum of Science & Industry	\$200.0				\$0.0			\$0.0
586 Total GF	\$7,444,412.4	\$7,627,254.1	\$7,452,730.0	\$7,157,206.8	(\$295,523.3)	\$7,157,206.8	\$150,670.5	\$7,307,877.3