ILLINOIS STATE BOARD OF EDUCATION MEETING
April 30, 2003

TO: Illinois State Board of Education

FROM: Robert E. Schiller, Superintendent
David Wood, Director


Materials: Budget and Operations Summary Spreadsheets

Staff contact(s): David Wood

Purpose of Agenda Item
Review and discuss the impact of the Governor’s FY04 Budget recommendation.

Expected Outcome(s) of Agenda Item
The Board will understand the Governor’s FY04 Budget allocation and the implications for the agency and the elementary and secondary education system.

Background Information
At the August meeting, the Board reviewed the Budget Calendar and reviewed the financial and economic outlook for the FY04 Budget.

At the September meeting, the Board reviewed the Education Funding Advisory Board recommendations with EFAB Chairman Bob Leininger.

In September and October, the Board held four Budget Hearings and held other discussions of budget and policy issues with various representatives of the education community.

At the December Meeting, the Board reviewed and approved a “State of Education” document for distribution which reviews the status of the elementary and secondary education system in Illinois. This document was a precursor to the Annual Report/Budget document and much of it will be incorporated into that document. It is intended to layout the current situation and challenges in Illinois and outline options for policy and program activities to improve the current situation in the future. The Annual Report/Budget document identifies specific FY04 funding recommendations for various line items as a first step toward addressing these larger system issues.
At the January Meeting the Board adopted a FY04 Budget and it was subsequently submitted to the Governor and General Assembly. Following, its submittal, the Superintendent provided testimony on the budget to a number of legislative appropriation and substantive education committees.

The Governor recommended an increase of approximately $209 M over FY03 with increases in general state aid ($250 to the foundation level), mandated categoricals (maintains the FY03 pro-ration level of 91%), early childhood, and bilingual programs. These increases were funded through new money as well as reallocations of 24 categorical grants. The attached materials detail the line item allocation and the impact on agency operations.

The Governor’s budget proposal to eliminate 24 grants programs has significant implications for several state initiatives and processes, including district consolidation, GED, ROE, and IVHS among others. The main internal issue raised by the Governor’s proposal is the $9.3 M (34%) cut to personal services and related and the $9.5 M (28%) cut to contracts. This is exacerbated by the elimination of the Technology line which funded our large improvement contracts such as the e-Grant, Student Information System and Data Warehouse that will help us comply with NCLB and make our work with school districts more efficient. It is also exacerbated when you hold the assessment contracts and rent on our building harmless from cuts. The agency will have literally no other state funded contracts and we will have to lay off staff to live within the Governor’s budget proposal.

**Next Steps**
Continue to monitor the budget as it moves through the appropriation process.