TO: Illinois State Board of Education  
FROM: Robert E. Schiller, Superintendent  
David Wood, Director  

Agenda Topic: Action Item: Finance, Audit and Agency Operations Status  

Materials: Appropriations and Spending by Program  
Federal Applications and Awards (did not change from November and December)  
Financial Status Report (Contract & Grant Detail)  
$1 M Contract – IVHS and Reading First Evaluation (both are described in this memo)  
Monthly Headcount Graph  
Staff Detail  
Personnel Transactions (with attached ERI list)  

Staff Contact(s): David Wood, Lynne Curry, Vivian Najim, and Chris Koch.  

Purpose of Agenda Item: To provide the Board standard reports with key information on fiscal and administrative activities of the state agency. The Board will review and understand the proposed IVHS Portal/Platform and Reading First Evaluation contracts.  

Expected Outcome(s) of Agenda Item: The Board will receive and approve baseline data from a series of reports on fiscal and administrative activities which provide one basis for gauging agency progress over time. The Board will approve the proposed IVHS Portal/Platform and Reading First Evaluation contracts.  

Background Information: In June 2002, the State Board adopted bylaws outlining a new committee structure under which fiscal, audit and operations issues will be handled by the Fiscal and Audit Committee. Superintendent Schiller requested that the agency organize and standardize the financial and headcount data provided to the Board for their future policy work and decision-making.  

Currently the following Reports are provided or are being developed.
1. Budget / Annual Report (Annually in January)
2. Condition of Public Education (December)
3. Comptroller SEA Report (Annually in February)
4. Appropriation and Expenditure (Monthly)
5. Financial Status Report - Contract/Grant Detail (Monthly)
6. Business Plans at the Director Level (Quarterly)
7. Headcount Reports (Monthly)
   - Personnel Transactions
   - Staff Detail by Division
   - Monthly Headcount Graph

The first and third reports have been provided for several years. These provide an overview of the elementary and secondary education system, the Board Goals, and the programs operated by the agency. This year the Condition of Public Education document was added to review the status of the elementary and secondary education system in Illinois. It is a precursor to the Annual Report/Budget document and much of it is 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 Monthly or Quarterly Fiscal and Headcount Reports were first provided to the Board in August 2002. These provide information regarding staffing and funding as well as details of contracts over $50 thousand and grants the agency is processing.

Agency Business Plans were first implemented in FY01 to help the Board and Management provide context to the larger education system and the Board Goals and to walk between these and the detailed funding information at the Division level. The FY03 Business Plans are not yet complete. Initially, they were postponed until the agency could complete Risk Assessment Training, Staff/Function Analysis, and Performance Measurement Training. Most of this is now complete but the system is being amended to establish specific Agency Goals and Measures aligned to the Board Goals at the Director level. Since that process is still ongoing, the Business Plan report, originally scheduled for the end of the first quarter of FY03 has been rescheduled.

The Board specifically approves all proposed contracts over $1M prior to the issuance of an RFP. This month there are two such proposed contracts:

   - IVHS Portal/Platform Renewal.
   - Reading First Evaluation.

**IVHS**

The Illinois Virtual High School (IVHS) delivers a wide range of quality high school class content online to Illinois students. In August, 2000, the Board approved a policy framework for the IVHS and it was launched in January 2001.
As part of this, the strategic decision was made to license a portal/platform application service provider to build, host, and maintain the IVHS website as well as to provide web content. A competitive procurement resulted in eCollege, Inc. Denver, Colorado being awarded a 3 year contract through June 30, 2003. Major accomplishments in the first three years include:

- The IVHS web campus and online enrollment system were created and launched;
- 36 Illinois owned semester courses were developed; and
- Over 300 high schools have joined IVHS; and more than 4,000 students (course enrollments) have been served.

The next three year contract is expected to cost $750,000 per year beginning July 1, 2003 (FY04) and ending June 30, 2006 (FY06) for a total of $2,250,000. Major annual services include:

- IVHS portal platform Application Service Provider/Learning Management System license serving 4,000, 8,000, and/or 12,000 enrollments (minimum requirements applicable);
- Maintain Web portal IVHS home page and online course enrollment and reporting system;
- Direct and manage 14 semesters of IVHS online course content, including, authoring, design, development, and beta testing;
- Migrate/translate 60 (18 weeks ea.) semester courses from eCollege platform to vendor’s platform;
- Broker course sharing opportunities with IVHS and other VHS’ utilizing common platform authoring system;
- Three days of IVHS online teacher, administrator and participating school training in system use and course content enhancement;
- 24X7 help desk for platform users;
- Data warehouse for reporting user login, progress, and achievement;
- Semester online student course evaluation reports;
- User manuals for Students, Teachers, Administrators; and
- 14 semester courses aligned to Illinois Learning Standards at the direction of ISBE.

**Reading First**

ISBE is required by the federal Reading First legislation and our proposal to the US Department of Education to provide an external evaluation of the Illinois Reading First program. Our federal proposal consisted of the following three main components:

**Assessment and Evaluation of Local Programs**

- Evaluation of Implementation
o determine the extent the program features scientifically based reading research (SBRR) in kindergarten, first and second grade in participating classrooms,
o evaluate classroom-level assessments, core reading programs, professional development, instructional leadership and policy priorities, and
o how classroom literacy instruction observations, teacher surveys, and school portfolio evaluation are used.

- Evaluation of Student Achievement
  - disaggregation of student data, and
  - variations for implementation.
- Evaluation of Program Effectiveness
  - determine whether the numbers of students reading below grade level are reduced.

**State Reporting Requirements**
- Review the collaborative development of state annual, mid-term and final reports.

**National Evaluation Requirements**
- Review assistance concerning responses for national external evaluation.

In addition, the external evaluator will provide technical assistance to Illinois schools regarding data collection and data-driven decision-making for improving student achievement and responding to teacher and leadership needs and solutions.

The proposed three-year contract is estimated to cost $1,050,000, including development and baseline determinations in FY03 for $250,000 and on-going costs of $400,000 in FYs 04 and 05.

**Superintendent’s Recommendation**
The Superintendent recommends that the Board accepts and approves these monthly reports and the proposed IVHS Portal/Platform and Reading First Evaluation contracts.

**Next Steps**
Continue to provide these reports pursuant to the schedule above and publish the RFP for the IVHS Portal/Platform and Reading First Evaluation on the state Procurement Bulletin.