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

Agenda Topic: Information Item: Fiscal Year 2004 Budget
Materials: Line Item Detail and Summary Spreadsheets
Staff contact(s): David Wood

Purpose of Agenda Item
Review the impact of the FY04 Budget appropriations passed by the General Assembly.

Expected Outcome(s) of Agenda Item
The Board will understand the FY04 Budget 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 presented his FY04 Budget in April recommending 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.

In May, the General Assembly passed a FY04 Budget for elementary and secondary education that was $392.3 M over FY03 including TRS and $330.3 M over FY03 excluding TRS. The attached spreadsheets summarize the major program changes.

The Governor can still take action to veto various items from the budget or reduce them from the level passed by the GA. If he eliminates an item the GA can override only with a 3/5ths vote. If he merely reduces an item the GA can override with a simple majority.

**Next Steps**
Continue to monitor the Governor's action on the budget and implement final appropriations as quickly as possible.