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  
Financial Status Report (Contract & Grant Detail)  
$1 M Contract – State Assessment Program  
Monthly Headcount Graph  
Staff Detail  
Personnel Transactions

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

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 contract changes necessary for the proposed State Assessment system.

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 contract changes necessary for the proposed State Assessment system.

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)
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 is one such proposed contract:

**State Assessment**

Two things are going on with the state assessment system and contracts – first, the current contracts are being extended generally for a two year period and second, a multi-year RFP will be issued in March 2003, to hire a contractor or contractors to develop and implement an enhanced state assessment system that follows the newly adopted testing schedule. To help develop this new RFP, the agency intends to extend the existing contract it has with Accountability Works which was already under contract to review an agency drafted RFP and test items. This additional assistance is necessary for three reasons – agency staff last wrote an RFP for the state assessment system over 5 years ago and significant changes have occurred in such assessment systems since then; the assessment system is an extremely high stakes and high-visibility product; and the ultimate five-year contract will cost many millions of dollars.
The new assessment system must:
• possess a high level of credibility, validity, and reliability;
• comprehensively measure the Illinois Learning Standards;
• align with Illinois’ assessment framework;
• address assessment requirements contained in No Child Left Behind (NCLB) Act of 2001;
• accommodate students with disabilities;
• provide timely results that are meaningful and useful to educators, parents, and the broader community;
• provide reliable information about the achievement of individual students with respect to the Illinois Learning Standards;
• be vertically and horizontally equated from one year to the next;
• provide continuity from the current state assessment system; and
• be developed on a timeline that allows full implementation by spring 2006.

Similar to the existing assessment system, one or more contracts will be awarded to provide products and services in the areas of:
• test development;
• test production, scoring, and reporting;
• open-ended scoring;
• quality control/technical services; and
• ancillary support services.

As recommended by the Assessment and Accountability Task Force and adopted by the State Board, the selected contractor(s) would provide the following in the area of test development:
• an existing norm-referenced, multiple-choice test that measures (or can be customized to measure) the Illinois Learning Standards for reading, mathematics, and writing at grades 3-8;
• multiple-choice test items that measure the Illinois Learning Standards for science at grades 4, 7, and 11 and for social science at grades 5, 8, and 11;
• multiple-choice test items that measure the Illinois Learning Standards for physical development and health at grades 4, 7, and 9/10 and for fine arts at grades 5, 8, and 9/10;
• extended-response test items that measure the Illinois Learning Standards for reading and mathematics at grades 3-8;
• extended-response prompts that measure the Illinois Learning Standards for writing at grades 3, 4, 6, 8, 10, and 11;
• accommodated multiple-choice tests for LEP students (IMAGE) that measure the Illinois Learning Standards for reading at grades 3-5, 6-8, and 9-11, for mathematics at grades 3-8 and 11, and for science at grades 4, 7, and 11; and
• accommodated extended-response prompts for LEP students (IMAGE) that measure the Illinois Learning Standards for writing at grades 3-5, 6-8, and 9-11.
Test production, scoring, and reporting includes:
   printing, distribution, and retrieval of tests;
   multiple-choice scanning and scoring; and
   printing and distribution of score reports.

Open-ended scoring includes development of scoring rubrics and the scoring of student responses to reading and mathematics extended-response items and student responses to writing prompts.

Quality control/technical services includes:
   • validity, reliability, and bias reviews;
   • test security and data checks and corrections;
   • data disaggregation, trend data maintenance, and scaling and equating; and
   • bridge studies to be conducted in 2005.

Ancillary support services includes public engagement and professional development activities related to successful implementation of the enhanced system.

The RFP will contain specifications for all products and services, timelines for performance, quality and responsiveness criteria, mid-course correction opportunities, the process for evaluating the proposals, and a preferred cost proposal method.

Superintendent’s Recommendation
The Superintendent recommends that the Board accepts and approves these monthly reports and the proposed changes to the State Assessment system contracts.

Next Steps
Continue to provide these reports pursuant to the schedule above, extend the existing State Assessment contracts, and publish the RFP for the new State Assessment contracts on the state Procurement Bulletin.