AGENDA

1. Public Participation

2. Minutes of May Finance & Audit Committee Meeting (p. 2-7)

3. Winthrop Harbor S.D. Financial Update (Debbie Vespa) (Plenary pp. 401-421)


5. Additional Items

6. Adjourn

* Items listed with an asterisk (*) will be discussed in committee and action may be taken in the plenary session.
Committee Members Present
Brenda Holmes, Chair  
Ed Geppert, Chair  
Chris Ward  
Jesse Ruiz  
Dean Clark  
Vinni Hall  
Wickenhauser  
David Fields  
Joyce Karon  
Andrea Brown

Other Board Members
Randy Dunn  
Linda Riley Mitchell  
Jon Furr  
Nicole Wills  
Josh Jacobs  
Ronny  
Becky Watts

Staff Present

1. PUBLIC PARTICIPATION:
No public participation.

2. MINUTES OF THE GOVERNMENTAL RELATIONS COMMITTEE MEETING
Committee member Chris Ward moved to accept the minutes of the April Governmental Relations Committee meeting and Chairman Jesse Ruiz seconded the motion. Motion passed.

3. MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Committee Chair Ed Geppert motioned to accept the minutes of the April Finance and Audit Committee meeting and Brenda Holmes seconded the motion. Motion passed.

4. LEGISLATIVE UPDATE

General Assembly Legislation:
- Chairwoman Holmes requested that for the next Governmental Relations Committee meeting staff prepare a list of bills still pending in the 94th General Assembly, a list of bills that passed by the effective date and a list of bills with potential financial impact on districts or the agency.
- Four out of five ISBE initiatives passed both chambers: SB 2336 (School Breakfast Clean-up), SB 2795 (Reorganization/Consolidation), SB 2829 (Less Red Tape) and HB 5550 (Textbook Bonding Requirements). SB 2796 (Due Process Procedures) had timing issues because of two amendments in the House that must be concurred upon by the Senate. There was not enough time for the amendments to be posted for committee and heard on the floor in time for the General Assembly to adjourn May 4th. The Senate sponsor indicated that he would move for the concurrence of the amendments during the November Veto Session.
- Staff highlighted a few bills from each chamber of particular interest because of potential fiscal impact, savings or appropriation in the budget:
  - HB 1463 (Rep. Flider – Sen. Watson) is effective July 1, 2007 and ISBE is impacted minimally by this legislation. The bill states that students under the age of 18 can have their driver’s license revoked or not-issued if they are chronic or habitual truants unless they meet specific exemptions. ISBE is only asked to provide comparison data for truancy and dropout rates. School districts and the
Secretary of State will have to work out a reporting mechanism to transmit the data, which is part of the reason why the effective date is not until July 1, 2007. The Secretary of State will be the point agency on the bill, not ISBE.

- **HB 2734** (Rep. Eddy – Sen. Righter) During the negotiations on the Less Red Tape bill with regards to the Statement of Affairs publication requirements, this initiative was suggested by the Press Association as a way to limit some costs school districts incur for publication. It provides that the minimum rate shall be 20 cents per column line for each insertion of a document by an official body or board in a newspaper and that the maximum rate for each insertion of a document by a public body or board in a newspaper will not exceed the newspaper's annually published rate for comparable local advertising space. This may mean some savings for districts that have been charged more than the maximum line rates allowed in this legislation.

- **HB 4365** (Rep. Black – Sen. Haine) Allows cooperative high schools to receive some of the same supplementary state aid that newly consolidated districts receive. Cooperative high schools would be eligible to receive two of the four incentives: the salary differential calculation and the $4,000 payment per full time, certified staff person. Like any consolidations that are eligible for incentive monies, there will be some cost to this bill, but it will be known in advance and can be planned for in the budget.


- **SB 176** (Sen. Schoenberg – Rep. Hannig) Education Budget Implementation Bill. There are no additions to the BIMP bill that could be considered programmatic requirements, as there was in the FY 06 BIMP bill which reinstated the requirement for writing testing.

- **SB 585** (Sen. Cullerton – Rep. Flider) Amends the Open Meetings Act by redefining "meeting" to include telephone conference, email, instant messaging or video or audio conference. The bill requires that the number of public body members necessary to constitute a quorum must be physically present at an open meeting and permits participation and voting by other members by audio and video conference. Staff spoke to the sponsor and prepared a proposed amendment to address certain concerns that would impact the Board on Board Operations calls, special and emergency meetings and closed meetings over the phone, but the proposed amendment was rejected by the sponsor.

- **SB 860** (Sen. Demuzio – Rep. Smith) This legislation establishes the requirements for a principal mentoring program. There was $800,000 in the FY 07 budget for these purposes and the bill is effective immediately. It requires ISBE to establish a principal mentoring program beginning July 1, 2007 (subject to appropriation) to allow experienced principals to serve as mentors to new principals during their first year as a principal. It also provides for an alternative route to administrative certification for certain National Board certified teachers and creates a teacher leader endorsement. ISBE is required to certify an organization to establish a master principal designation program. Establishes a task force to review the Illinois Administrators' Academy and recommend revisions to the program. Requires that all school districts (except Chicago) establish a principal evaluation plan.

- **SB 1497** (Sen. Lightford – Rep. Currie) This legislation establishes the Preschool for All Program laid out by the Governor’s Office. The total increased appropriation for the Early Childhood Program in the FY 07 budget is $45 million.
• **SB 2191** (Sen. Collins – Rep. Yarbrough) Expands consumer education to provide that instruction must include an understanding of the basic concepts of financial literacy, including installment purchasing, budgeting, savings and investing, banking, understanding simple contracts, State and federal income taxes, personal insurance policies and the comparison of prices (now, the instruction must include installment purchasing, budgeting and the comparison of prices). Provides for a Financial Literacy Fund, for which funds can be used to award grants for purposes of increasing financial literacy. The legislation also urges ISBE, on the next comprehensive review of the Illinois Learning Standards, to include the basic principals of personal insurance and understanding simple contracts.

• **SB 2235** (Sen. Martinez – Rep. Golar) This legislation makes changes to the Grow Your Own Teacher Act. There was a total appropriation in the FY 07 budget of $3 million.

• **SB 2546** (Sen. del Valle – Rep. Soto) Requires ISBE to collect information on the number of individuals taking and passing the basic skills test and the number of subject-mater tests. Much of this information is collected already, but now it will have to be compiled and transmitted to the General Assembly and the Governor and be made available to the public.

• **SB 2630** (Sen. Lightford – Rep. Lang) Allows each school district to make suitable provisions for instruction in bullying prevention in all grades and include such instruction in the courses of study regularly taught. School Boards may also collaborate with a community-based agency providing specialized curricula in bullying prevention whose ultimate outcome is to prevent sexual violence. ISBE may assist in developing instructional materials and teacher training in relation to bullying prevention. "Bullying prevention" includes instruction in intimidation, student victimization, sexual harassment, sexual violence and strategies for student-centered problem solving regarding bullying. The FY 07 budget included a $1 million appropriation for this purpose.

• **SB 2882** (Sen. Link – Rep. Smith) This legislation creates a pilot K-3 class size reduction grant program. Grants shall be awarded to schools to defray the costs and expenses of operating and maintaining classes of no more than 15 pupils per teacher per class. The FY 07 budget included a $10 million appropriation for this purpose.

• **HR 905** (Rep. Jefferson) Establishes the Truants' Alternative and Optional Education Task Force for the purpose of recommending a best model for the distribution of Truant's Alternative and Optional Education Program grant funds to ensure that limited resources reach the students most in need. This task force shall have 11 members and submit a report to the Clerk of the House by January 1, 2007.

• **HR 1148** (Rep. Coulson) This resolution directs ISBE to prepare a report to the Governor and General Assembly surveying school districts to determine the funding needed to reduce class sizes in grades K through 3 to no more than 20 students. This would include the costs of hiring additional teachers and staff and providing additional physical classroom space. The report on the findings is due to the Governor and General Assembly by December 31, 2006.

• **HJR 87** (Rep. Giles – Sen. Lightford) Creates the "Task Force on Re-enrolling Students Who Dropped Out Of School" in order to examine and develop ways to address the growing issue of students who left school before earning a high school diploma. The task force is to examine policies, programs and other issues related to developing a variety of successful approaches using best program practices to re-enroll, teach, and graduate students who left school before earning a high school diploma.
school diploma. The task force has approximately 27 members and must hold public hearings around the state, compare Illinois’ drop-out information nationally, look at funding for other states for drop-out prevention programs and submit a report to the Governor and General Assembly by January 10, 2007.

- **SJR 87** (Sen. Hunter – Rep. Dunkin) Creates a No Child Left Behind Growth-Model Task Force to examine growth models proposed by other states and to explore the potential for a growth model in Illinois. The Task force will be comprised of 10 members and ISBE shall provide staff assistance. The Task force must hold a minimum of four meetings with at least one in Chicago and one in Springfield. As mentioned at the April Committee meeting, this is something staff was already working on.

- **HJR 119**, which created the Accountable Schools Taskforce, and **HJR 118**, which required a taskforce to look at special education funding, both passed the House, but did not have enough time to move in the Senate before adjournment.

- The Governor has signed one education related bill, which is **SB 2728**. It requires the Department of Public Health to make available information on meningitis education.

- Board member Joyce Karon urged staff to hold off the study required by **HR 1148** until the next school year when information from the schools would be more accurate. Karon also requested that while working on the task force for re-enrolling drop out students, members look at other states definitions of a dropout.

- Board member Andrea Brown requested staff check to see if there is a resolution or bill regarding a Jane Adams memorial day.

- Chairwoman Brenda Holmes asked if there is any money in the budget to pay for the resolutions. None of the resolutions require traveling reimbursement to taskforce members. However, since ISBE is required to facilitate the task forces, related expenses would be incurred by ISBE.

- Chairwoman Holmes asked if there was additional money elsewhere in the budget for arts education outside of the line-item in ISBE’s budget. Ronny Wicknehauser indicated that he was unaware of any additional monies, besides what might be included in the Arts Council budget. Chairwoman Holmes also asked if SB 861 was a new initiative. Staff stated that the bill deals with New Horizons Private Business Vocational School acquiring a security bond. There is no cost to this legislation. It will allow the PBVS to secure a bond and would provide securities for ISBE if the school defaulted on the bond. It is specific to this school and has a sunset of January 1, 2007. Staff clarified for Chairwoman Holmes that SB 2630 and the attached appropriation is not specific to Chicago.

5. **FY 2007 Budget**

The meeting continued with an update of the FY 2007 Budget by Chief Financial Officer Linda Riley Mitchell and Budget & Financial Management Division Administrator Ronny Wicknehauser. Ms. Mitchell noted that the State Board of Education made a budget recommendation to the Governor and General Assembly in January 2006 to request a $347 million increase in the General Funds appropriation. She added that the final FY07 budget that passed includes an increase of $410 million in General Funds, which is $63 million above the Board’s request.

Mr. Wicknehauser discussed with the Board members the following analysis and implications for Policy, Budget, Legislative Action, and Communications.
Policy
Several new programs that must be implemented by the State Board of Education include the Class Size Reduction Pilot Project, the Principal Mentoring Program, the Teacher Mentoring Pilot Project, Bullying Prevention, Security for Schools, the Parental Participation Pilot Project, and Building with Books. Additionally, the Board will have to make decisions regarding the implementation of the Strategic Plan, as it was funded at $500,000 rather than the $4.4 million requested by the State Board.

Budget
Budget staff will confer with agency staff on detailed FY07 budget needs, (i.e., contracts, travel) and will set allocations for each division. Mr. Wickenhauser noted that the agricultural education line item funding should show an increase of $500,000 not $1 million as printed in the Board meeting materials. He discussed in detail with the Board members the final funding of the State Board’s FY07 General Funds.

Legislation Action
None

Communication
A copy of the budget has been posted on the Agency’s website (www.isbe.net).

Ms. Holmes inquired if the State Board asked for any final report or audit of the after-school mentoring projects. Mr. Wickenhauser said that each entity that receives funding from the State Board’s budget has to provide a quarterly, semi-annual or annual expenditure report and also a final report so that the agency can verify that the funding was spent in accordance with the entity’s written grant agreement. He noted that these grant agreements include a budget, and the agreement is reviewed and signed by the Agency’s Legal Department.

Ms. Holmes and Mr. Geppert thanked staff for their many updates and information relative to the budget.

Mr. Geppert commented regarding the budget hearing process and stated that testimony was heard from people all over the State and the items that were selected for endorsement were successful and a good foundation for discussions regarding the budget. He also commented regarding the Strategic Plan funding and the Board’s support to continue its endorsement for fully funding this line item.

Mr. Geppert noted that school districts around the state face the reality that there are always many more funding requests than there are resources and he also voiced his concern about sufficient staffing levels at the Agency in order to meet the demands that are out there.

Ms. Mitchell thanked the Board for their support and active participation in the budget process.

Dr. Chris Ward suggested tracking the FY06 budget allocations to see trend data which could help with the Board’s future budget recommendations. Mr. Wickenhauser noted that Superintendent Dunn had suggested that staff present the Board with detailed, research information so that they can make the most informed budget recommendations. Superintendent Dunn also reported that Lisa LaBonte, the Agency’s new Chief Internal Auditor, would be involved in that process.
Mr. Wickenhauser announced that there is additional funding for schools that is not included in the ISBE budget. He said that the Agency will be the administrator of the $5 million dollar Technology Immersion Pilot Program in the Capitol Development Board’s budget that will be used to purchase computers.

Ms. Mitchell told the Board that the Agency has received Huntley School District’s Annual Financial Report and this means that all of the Reports have been received and the report data is now complete. She noted that the four districts that were late were not in the financial watch category – one was in recognition, two were in review, and one was in early warning. Dr. Brown asked if there was any information regarding the state aid for these districts for next year. Mr. Wickenhauser noted that this information is not yet available.

Mr. Geppert motioned for adjournment of the Joint Governmental Relations/Finance & Audit Committee Meeting and it was seconded by Dr. Vinni Hall. The motion passed unanimously.