Finance & Audit Committee of the Whole

Wednesday, March 15, 2006
2:30 p.m.
(This meeting will begin at the conclusion of the previous session.)

Board Room, 4th Floor
100 N. First Street, Springfield, IL

Public Conference Call Access Number: 1-866-297-6391 (listen only)
Confirmation # 1 4 0 7 8 7 8 0

AGENDA

1. Public Participation

2. Minutes of February Finance & Audit Committee Meeting (pp. 2-5)

3. FY 2007 Budget Update (Linda Mitchell, Ronny Wickenhauser) (pp. 6-16)

*4. Acceptance of Report on Financial Condition of School Districts (Debbie Vespa) (pp. 17-20)

5. School Restructuring, District Corrective Action, and Chronically Dysfunctional Districts (pp. 21-29)
   (Jon Furr, Ginger Reynolds)

6. Additional Items

7. Adjourn

* Items listed with an asterisk (*) will be discussed in committee and action may be taken in the plenary session.
FINANCE & AUDIT COMMITTEE
February 22, 2006
Board Room
Springfield, Illinois

Committee Members Present
Ed Geppert, Chair
Dr. Andrea Brown
Dean Clark
Brenda Holmes

Staff Present
Linda Riley Mitchell
Deb Vespa
Ronny Wickenhauser
Toni Waggoner

Other Board Members Present
Dr. Vinni Hall
Dr. David Fields
Joyce Karon
Jesse Ruiz
Dr. Chris Ward

Other Participants
Elliot Regenstein, Governor’s Office

1. PUBLIC PARTICIPATION
Chairman Geppert asked if there was anyone wishing to address the Committee.

- Paula Perdue – Chicago Public Education Fund
  Testimony provided on NBPTS. Testified that the NBPTS line item is $2.96 million short in FY06 and will need an additional $5.0 million in FY07.
- Nancy Schwartz – NBPTS
  Testified that Illinois has more Board certified teachers than 43 or 44 other states in the country. Stated that NBPTS needs to be fully funded.

Dr. Vinni Hall commented that she supported this program and mentioned that these teachers could help serve the goals of the Strategic Plan.

Joyce Karon asked about the number of NBPTS teachers.

2. MINUTES OF THE JANUARY FINANCE & AUDIT COMMITTEE MEETING
Chairman Geppert asked if anyone had objections or corrections to the January meeting minutes. No objections or corrections were stated and the minutes will be placed on file.

3. SCHOOL RESTRUCTURING DUE TO NCLB AND CORRECTIVE ACTION AGAINST CHRONICALLY DYSFUNCTIONAL DISTRICTS
Chairman Geppert stated that the conversation that took place on this subject in the Board Operations Committee would suffice for this agenda item.

4. TRACKING AND REPORTING SBE BUDGETED PROGRAMS TO ASSIST SCHOOL DISTRICTS
Linda Riley Mitchell stated that this agenda item was added to provide a forum for Board members to discuss how to evaluate the performance of school districts. Ms. Mitchell suggested one comparison might be to compare revenues in each district compared to student performance in each district or to measure average cost per student in a district and match that to test scores.

Chairman Geppert added that this agenda item was placed on the agenda to get guidance from other Board members on ways that school districts might be monitored.

Dr. Andrea Brown mentioned that this was discussed in the Education Policy and Planning Committee. Dr. Brown stated that we are already looking at various measures of school
district performance. Dr. Brown suggested that Ms. Mitchell work with Assistant Superintendent Ginger Reynolds on matching school performance with dollars.

Ms. Mitchell suggested that some data, though dated, is available from the EFAB study. Dean Clark mentioned that it would be a good starting point.

5. **FY07 BUDGET UPDATE**

Linda Riley Mitchell stated that ISBE had already had two appropriation hearings in the House. She stated that a hearing was scheduled in the Senate on the following day (February 23). Brenda Holmes and Dr. Andrea Brown attended the first hearing in the House. Ms. Mitchell directed Board members to the packet of information that they were provided that included information given to the appropriation committee and updated GSA information. Ms. Mitchell also mentioned that she and Dr. Dunn had attended a budget briefing on the Governor's budget. Ms. Mitchell stated that the Governor proposed a $400 million for education.

Ronny Wickenhauser discussed the changes between the December GSA estimate and the new GSA estimate and noted that the difference between the estimates was less than $1.0 million. Mr. Wickenhauser directed Board members to their packets to an item that compared the ISBE budget recommendation to the Governor’s budget recommendation, but noted that the Governor included a lump sum increase rather than a line item increase.

Brenda Holmes asked for clarification of what the Governor included in his budget. Mr. Wickenhauser noted the specific changes between the Governor’s budget and the ISBE budget.

Chairman Geppert noted that ISBE’s recommendation was not included in the Governor’s budget but that the Governor recommended $400 million for education, so there is nothing specific to suggest that ISBE’s recommendation will not be considered.

Mr. Wickenhauser walked the Board from the $347 million in general funds recommended by the Board compared to the $400 million requested by the Governor, noting that the Governor proposed an additional $15 million for early childhood to begin the Universal Preschool Program and $10 million for a Class Size Reduction initiative. Mr. Wickenhauser noted that these two items added to the Board allocation left approximately $28 million “unallocated” by the Board.

Chairman Geppert suggested that the Board give guidance to the Governor and the General Assembly on the additional $28 million. Chairman Geppert stated that the Board could recommend supporting the Governor’s new initiatives (Universal Preschool and Class Size Reduction) and perhaps make line item recommendations for the $28 million difference between the Board's recommended budget-including the Governor’s proposed initiatives-and the $400 million proposed by the Governor for education.

Brenda Holmes stated that she did not object to supporting the new programs if there was a better understanding of the Governor’s new programs. She commended the Governor for proposing $400 million for education, but indicated that she did needed more information on the Governor's new programs.

Dr. Randy Dunn stated that he could answer some questions and suggested that Elliot Regenstein of the Governor's Office was available to answer questions. Mr. Regenstein testified that there are potential initiatives that would make up the difference between the ISBE proposed budget and the Governor’s proposed budget. Mr. Regenstein spoke on the Class Size Reduction initiative, noting that there is specific legislation (Senate Bill 2822, House Bill 4974) detailing the proposal. Mr. Regenstein then summarized the Class Size Reduction pilot project.

Brenda Holmes asked for clarification on whether the “Board” or the “Agency” would be responsible for prioritizing the programs. Mr. Regenstein stated that the legislation did not clarify but obviously the “Board” could be involved as much or as little as they saw fit. Ms.
Holmes questioned when the initiative would start. Mr. Regenstein responded that it would start in the 2006-07 school year. Ms. Holmes then questioned whether or not this could happen in such a short time period. Joyce Karon mentioned that schools had already finished planning for the following year. Ms. Holmes asked if the funds could only be used on salaries. Mr. Regenstein responded that the intent of the money was to pay teacher salaries and benefits.

Mr. Regenstein also discussed the Governor’s Universal Preschool Program and indicated that there would be legislation but he did not know when it would be available. Mr. Regenstein stated that the basic change was expanding the current early childhood program from at-risk students to all 3 and 4 year old kids. He then summarized some of the details of the program.

Dr. Vinni Hall commented that targeted early childhood programs are not as successful as diverse programs. Dr. Hall asked about the impact of the Governor’s program on the Head Start program. Mr. Regenstein agreed that the program should be diverse and that Illinois should be spending money on early childhood rather than determining who should or should not be in preschool. Mr. Regenstein stated that Governor’s preschool program was built on the assumption that the Head Start program would not change. Mr. Regenstein noted that the Head Start people had been involved in the conversations on the Universal Preschool program.

Dr. Andrea Brown stated that there has not been a good job done at prioritizing at risk students and that there needs to be marketing of the program to ensure all at risk kids are being reached. Mr. Regenstein noted that a voluntary program will never reach everyone, but noted that outreach will continue to ensure that families that want their kids in preschool know that preschool is available.

Brenda Holmes conveyed her appreciation to Mr. Regenstein on the work that has been done.

Jesse Ruiz noted his support of preschool programs.

6. DISCUSSION OF DIVERNON COMMUNITY UNIT S.D. #13 FINANCIAL PLAN

Deb Vespa stated that she and staff have been working diligently with the Divernon school district on their pending consolidation question with Pawnee. Ms. Vespa also stated that there has been contact with the Pawnee school district as to whether they would ask for consolidation or dissolution/annexation of Divernon.

Ms. Vespa summarized the financial plan for Divernon, assuming that no consolidation/dissolution/annexation takes place.

Dr. Andrea Brown asked if the agency had provided a projection of the incentive funds to Pawnee. Ms. Vespa stated that those projections had been provided and that ISBE was continuing discussions with Pawnee. Dr. Brown asked if they had considered an elementary district and a high school district. Ms. Vespa stated that was not being considered.

Dean Clark asked why the projection of GSA foundation level revenue went down in the out years. Ms. Vespa stated it was based on estimated enrollment and EAV.

7. UPDATE ON SCHOOL FINANCIAL CONDITIONS

Linda Riley Mitchell stated that the purpose of the agenda item was to provide an update of this process to the Board and that the list would be brought before the Board next month.

Deb Vespa reported that all but four districts had submitted their Annual Financial Reports. Ms. Vespa directed the Board to information that summarizes how a district’s financial status is determined. Ms. Vespa indicated that there are four categories: Recognition, Review, Early Warning and Watch.
8. **ADDITIONAL ITEMS**
   Linda Riley Mitchell gave an update on the Illinois School Purchasing Network. Ms. Mitchell noted that 55% of the districts are participating. Ms. Mitchell noted that of the 477 districts participating, 280 have placed orders. Ms. Mitchell reported that the sales in the first six months of the fiscal year have been $5.4 million, with an estimated savings to the districts of $649,000. Ms. Mitchell also mentioned that there are 216 sites and 16,000 employees in Illinois of companies that are part of the Illinois School Purchasing Network.

   Ms. Mitchell stated that the Auditor General is finalizing the financial and compliance audit process and that as soon as it is done a report would be made to the Board.

9. **ADJOURN**
   A motion for adjournment by Jess Ruiz was made and seconded by Dean Clark and the Finance and Audit Committee adjourned with a unanimous vote.
ILLINOIS STATE BOARD OF EDUCATION MEETING  
March 15, 2006

TO: Illinois State Board of Education
FROM: Dr. Randy J. Dunn, State Superintendent of Education
Linda Riley Mitchell, Assistant Superintendent

Agenda Topic: FY07 Budget Update

Materials: Letters to House and Senate Appropriation Committees

Staff Contact(s): Ronny Wickenhauser, Division Administrator, Budget and Financial Management

Purpose of Agenda Item
To provide an update on the FY07 budget.

Relationship to/Implications for the State Board’s Strategic Plan
The FY07 budget recommendation contains many linkages to the Board’s Strategic Plan. The Board’s budget request specifically includes $4.4 million for implementation of the Strategic Plan.

Expected Outcome(s) of Agenda Item
This item is for information purposes only.

Background Information
Each year the State Board of Education must make a budget recommendation.

Analysis and Implications for Policy, Budget, Legislative Action and Communications
N/A

Pros and Cons of Various Actions
N/A

Superintendent's Recommendation
This item is for information purposes only.

Next Steps
Staff will continue to update the Board on the FY07 budget.
February 16, 2006

The Honorable Michael K. Smith
Chairperson
House Elementary and Secondary
   Appropriation Committee
253-S Stratton Office Building
Springfield, Illinois 62706

Dear Chairperson Smith:

Thank you for the opportunity to testify on February 14 about the State Board of Education’s budget request for Fiscal Year 2007. I look forward to working with you and the members of your committee as we move forward with the budget process.

During the committee hearing there were a few questions that were asked that we were unable to answer. I am addressing those questions in this letter.

**What has been funded with the Community Organization Programs line item?**

<table>
<thead>
<tr>
<th>Organization</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academy for Urban School Leadership</td>
<td>$140,000</td>
<td>Recruits mid-career and recent college graduates to participate in a 12 month teacher training program, including teaching residency at the Chicago Academy, the Chicago Academy High School or the Dodge Renaissance Academy. Upon completion of the program, participants receive an MA in Teaching from National Louis University and an Illinois Teaching Certificate. They are then placed in under-performing Chicago Public Schools for a minimum of 5 years.</td>
</tr>
<tr>
<td>Diversified Behavioral Services, Inc.</td>
<td>$300,000</td>
<td>Provides behavioral and mental health care to Chicago schools.</td>
</tr>
<tr>
<td>Giant Steps Illinois Autism Center*</td>
<td>$100,000</td>
<td>Provides therapeutic and educational services for children diagnosed with Autism.</td>
</tr>
<tr>
<td>O'Fallon Township High School District #203</td>
<td>$300,077</td>
<td>Funds will be used for after school programs, a study skills course, in-service training for faculty, a daily planner for students, two Title I U.S. History courses, staff development time for at-risk student preparation, a computer lab, 15 computer projectors, 15 Smartboard systems, security cameras, Vision monitoring software, student management software, install an automated parent notification service (i.e. for cancellations, etc.), purchase equipment for the chemistry labs and other science classes, install TI Presenters in math classrooms,</td>
</tr>
</tbody>
</table>
update TI calculators for math instructors, provide training for TI, purchase textbooks for Communications classes, purchase paperback books, purchase vocabulary textbooks, purchase Elmo projector systems for foreign language classes, and purchase equipment and update Family and Consumer Science labs.

| The Center - Resources for Teaching and Learning | $300,000 | Funding will provide Health and Life Safety software for PDAs for use by ROEs during Health and Life Safety inspections. Funding will also provide software for PDAs for the electronic collection of data for the Illinois Snapshot of Early Literacy (currently compiled in paper form). |
| Trinity Higher Education | $100,000 | Promotes, supports and facilitates the pursuit of higher education by under-served and under-represented populations within Chicago and the surrounding areas. Funds will support tutors, training and other resources. |

*Funding is pending*

**What is the Chicago Aerospace Education program?**

**Appropriation - $920,000**

The Chicago Aerospace Education Program provides access to Space Explorers, an internet-based K-12 program that has been developed around NASA missions. It allows Chicago Public Schools students to receive and manipulate actual spacecraft data via the internet. This unique multi-disciplinary educational program was designed to tap students’ natural curiosity and enthusiasm for space and technology. Through hands-on learning, it allows students to improve their understanding, proficiency, and skills in reading, math, science, and technology via the internet.

Teachers are provided with all the resources necessary to bring space education into the classroom by making available prepared curriculums that follow state guidelines. Students are able to access and manipulate NASA data and participate in scientific simulations.

The program prepares students for jobs in the 21st century that will require substantial computer literacy. It also seeks to provide opportunities for staff development, thereby integrating technology into classroom instruction as a tool for learning and teaching.

**Provide a detailed breakout of GRF contractual spending.**

<p>| Assessments Contracts | 9,269.9 |
| Spfld. Office Rental and Facility Maintenance | 1,625.7 |
| Student Information System | 830.0 |
| Legal Services | 539.9 |
| Teacher Certification Activities | 494.2 |
| Computer Services and Software | 268.1 |
| Publications and commissions fees | 239.6 |
| IL Learning Standards Evaluation | 200.0 |
| Mailing, Printing, Paper | 183.5 |
| Repairs, Equipment and Copier Maintenance | 177.5 |
| Training and other HR Contracts | 91.8 |
| Advisory Groups | 53.8 |</p>
<table>
<thead>
<tr>
<th>Other Miscellaneous Contracts</th>
<th>25.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Meetings</td>
<td>21.0</td>
</tr>
<tr>
<td>Indirect Cost Calculations</td>
<td>19.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>14,039.2</strong></td>
</tr>
</tbody>
</table>

If you have any further questions please do not hesitate to contact my office.

Sincerely,

Randy J. Dunn
State Superintendent of Education

cc: Members of the House Elementary and Secondary Education Appropriation Committee
February 21, 2006

The Honorable Michael K. Smith  
Chairperson  
House Elementary and Secondary   
Appropriation Committee  
253-S Stratton Office Building  
Springfield, Illinois 62706

Dear Chairperson Smith:

Thank you for the opportunity to continue our testimony on February 21 about the State Board of Education’s budget request for Fiscal Year 2007. Below are answers to questions we promised the committee we would follow up on. If you have further questions, please do not hesitate to contact my office.

What entities did the new dollars invested in Early Childhood Education go to over the past 3 years?

Out of the total $90.0 million new funds, ISBE had responsibility for $56.7 million (CPS gets the other 37% through the block grant). Of the ISBE total for the 3-year period, $20.2 million, or 35%, was awarded to non school entities. A detailed listing of the entities that received funding will follow shortly.

When were the Early Learning Standards adopted?

The Early Learning Standards were adopted by ISBE in 2004.

Is there something in agreements with Early Childhood providers that require them to follow the Early Learning Standards?

The Early Learning Standards were recently put into ISBE’s rules. Programs have been required to follow these standards since 2005.

What is the percentage of half-day kindergarten versus full-date kindergarten?

<table>
<thead>
<tr>
<th></th>
<th>Students</th>
<th>Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Day</td>
<td>55%</td>
<td>68%</td>
</tr>
<tr>
<td>Half Day</td>
<td>45%</td>
<td>32%</td>
</tr>
</tbody>
</table>
Please provide a list of the districts that are considering consolidation.

The following districts have conducted or are conducting feasibility studies in FY06:

- Pawnee/Divernon
- Payson/Berry/West Pike
- Catlin/Jamaica/Oakwood
- Warsaw/Nauvoo Colusa/Hamilton
- Medinah/Roselle
- Fulton SD 3 (Cuba)/Spoonriver Valley/Canton/Lewistown
- Yorkwood/United
- Yorkwood/Monmouth-Roseville
- Flanagan/Cornell HS/Cornell Elem

For the March 2006 election, there are three districts attempting to pass a reorganization:

- Prairieview/Ogden (Consolidation – effective 7-1-06 if successful)
- Fulton/Astoria/VIT (Consolidation – effective 7-1-06 if successful)
- LaHarpe/Dallas City/Carthage (Conversion – effective 7-1-07 if successful)

When do health exams, including eye screening, take place?

Section 5/27-8.1 of the School Code governs health examinations and immunizations. The School Code requires examinations to take place:

- Prior to the date of entering school (this includes nursery school, special education, headstart programs operated by elementary school systems or secondary level school units or institutions of higher learning; and students transferring into Illinois from out-of-state or out-of-country);
- Prior to the date of entering kindergarten or first grade;
- Prior to the date of entering the fifth grade; and
- Prior to the date of entering the ninth grade.

Vision screening is required for:

- All preschool children 3 years of age (or older) in any public or private educational program or licensed child-care facility.

- All school age children who are in kindergarten, second and eighth grades; in all special education classes; referred by teachers; and transfer students. Vision screening is recommended in grades 4, 6, 10 and 12. Such screening services shall be provided in all public, independent, private and parochial schools.

It should be noted that vision screenings do not necessarily have to be a full eye exam that is conducted by an optometrist or an ophthalmologist

How many children are being served by autism programs?

As of 2004, there were 6,116 children diagnosed with autism that were being served. This number represented 2.16% of the special education population.
What is the full implementation cost of the Class Size Reduction initiative?

Based on 2005 data, it is estimated that statewide implementation of the Class Size Reduction initiative would cost approximately $624 million.

Important items to note:

- The data this calculation is based on is a snapshot in time and does not reflect the ebb and flow of children that K-3 grade levels may experience from year to year.
- This calculation is based on statewide averages, thus the numbers may be deflated by districts with class sizes already below the 15:1 ratio.
- This calculation assumes a $50,000 grant per teacher for each additional class necessary to achieve a 15:1 ratio. The cost could be impacted if the grant were made based on actual salaries and benefits at each district.
- This calculation does not assume any capital costs if additional space is needed to add new teachers.

What are the transportation requirements for expanding the Early Childhood program?

There are already Early Childhood programs/options for special needs students that have been identified. Districts can claim the transportation of special needs students on their special education transportation claim. However, regular, at risk, Headstart, and pre-kindergarten students cannot be claimed on the pupil transportation claim. These grants do, however, allow for the transportation expenditures to be claim within the grant. As “regular” pre-school transportation is non-claimable on the pupil transportation claim, either the statute will have to be revised to allow transportation costs to be claimed or districts will have to be allowed to claim said expenditures within the funding provided for new program.

Sincerely,

Randy J. Dunn
State Superintendent of Education

cc: Members of the House Elementary and Secondary Education Appropriation Committee
February 24, 2006

The Honorable Mattie Hunter
Chairperson
Senate Appropriations III Committee
Senator, 3rd District
611 C Capitol Building
Springfield, Illinois 62706

Dear Chairperson Hunter:

Thank you for the opportunity to testify on February 23 about the State Board of Education’s budget request for Fiscal Year 2007. Below are answers to questions we promised the committee we would follow up on. If you have further questions, please do not hesitate to contact my office.

Please provide details on the Preschool for All program.

The Preschool for All program would be phased in over a three-year period, beginning in FY07. It is anticipated that 32,000 more four-year-olds and at-risk three-year-olds would be able to participate in preschool programs under this plan. This proposed expansion calls for an investment of $135 million over the next three years ($45 million per year), and would include the following components:

<table>
<thead>
<tr>
<th>Component</th>
<th>Cost</th>
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<tbody>
<tr>
<td>32,000 New Children (Slots)</td>
<td>$96 million</td>
</tr>
<tr>
<td>Preschool Quality Enhancements</td>
<td>$24 million</td>
</tr>
<tr>
<td>Infant/Toddler Set-Aside</td>
<td>$15 million</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$135 million</td>
</tr>
</tbody>
</table>

Funding set aside for preschool quality enhancements will include:

- Increasing per child expenditures by 2.3%
- Bringing under-resourced programs up to standards
- Increasing the supply of certified teachers (tuition support, cohorts)
- Ensuring accountability through monitoring and technical assistance
- Providing training for existing teachers on curriculum and other skills
- Evaluating the program
- Helping teachers learn how to address children’s social and emotional needs

Additionally, funding would be requested in FY10 and FY11 to finalize the expansion of preschool to include all three-year-old children.
Provide a detailed breakout by state, federal, and local resources of special education spending.

ISBE is gathering the information to meet this request. As soon as the information is available, we will pass it on to committee members.

Sincerely,

Randy J. Dunn
State Superintendent of Education

cc: Members of the Senate Appropriations III Committee
March 6, 2006

The Honorable Michael K. Smith
Chairperson
House Elementary and Secondary
Appropriation Committee
253-S Stratton Office Building
Springfield, Illinois 62706

Dear Chairperson Smith:

I understand that several questions arose during advocate testimony at the House Elementary and Secondary Education Appropriations Committee hearing on February 27 for which committee members requested a response from ISBE. Below are our responses to those questions.

**Mandated Categoricals**
The cost of funding Mandated Categoricals at 100% in FY07 would be $104.1 million (assuming a $170 increase in the foundation level. Funding at this level would require an additional $47.4 million to be added to ISBE’s recommended budget for Mandated Categoricals.

**Grow Your Own Teachers**
The goal of the Grow Your Own Teachers program is to recruit and prepare parent and community leaders and paraeducators to become effective teachers in hard-to-staff schools and in schools serving a substantial percentage of low income students.

The FY06 budget included $1.5 million to begin the Grow Your Own Teachers program. In January 2006, ISBE issued two Request for Proposals (RFP) which sought applications from a consortium or a variety of consortia that could engage in activities to prepare for full program implementation in FY07. An RFP for $400,000 was issued for planning grants to be awarded to up to 10 consortia (up to $40,000 each) to allow for feasibility studies on setting up a Grow Your Own Teachers program. Additionally, an RFP for $200,000 was issued for transitional grants to be awarded to up to 4 consortia (up to $50,000 each) to fund Grow Your Own Teacher type programs already in existence. ISBE has recently received proposals for these RFPs and is currently evaluating them for awards. ISBE has also committed approximately $500,000 for outreach for the Grow Your Own Teachers program. ISBE has an intergovernmental agreement with Chicago State University for approximately $180,000 to fund their current Grow Your Own Teacher type program. The State Board has also funded developmental coursework (i.e. courses needed prior to the start of the program) for individuals interested in completing the Grow Your Own Teachers program.

The budget request of $3.0 million for FY07 would fund the first class of 500 students in the Grow Your Own Teacher program. Participants would receive forgivable loans for tuition, fees and other costs of taking coursework to become a certified teacher. Additionally, funds would be...
used to fund any necessary child care for participants, program recruitment, program coordinators, and other related costs.

**National Board for Professional Teaching Standards (NBPTS)**
The NBPTS line item funds $3,000 per year stipends for teachers who earn National Board certification. Additionally, National Board certified teachers receive an additional $1,000 incentive payment for providing at least 60 hours of mentoring to teachers and an additional $3,000 incentive payment for providing up to 60 hours of mentoring to teachers in districts where 50% or more of the students receive free or reduced price lunches.

Based on current estimates, ISBE does not believe that a supplemental appropriation will be necessary in FY06 to fully fund the NBPTS program. However, ISBE does anticipate a shortfall of $2.7 million in FY07. This shortfall will be handled by funding the $3,000 stipends first (1st priority per rules) and then, if funds remain, providing funding for the incentive payment of $1,000 (2nd priority per rules), and finally funding the $3,000 incentive payment (3rd priority per rules). If in any case there is insufficient funding for any category the amount funded will be prorated.

It should be noted that Public Act 92-0796 changed the $3,000 stipend for teachers receiving National Board certification from a one-time stipend to an annual stipend. ISBE estimates that a total of 1,450 teachers will receive this stipend in FY06.

**Materials Center for the Visually Impaired**
ISBE currently contracts with the Chicago Lighthouse to provide educational materials and coordination for children with visual impairments. This service is required per Section 5/14-11.01 of the School Code. The Materials Center for the Visually Impaired provides items such as Braille and large-print textbooks and technology to assist visually impaired students and their teachers. In recent years, the Materials Center for the Visually Impaired has not been able to order items such as textbooks in time for students to receive them prior to the start of the next school year (schools normally order textbooks in the spring). Funding shortfalls have required the Materials Center for the Visually Impaired to wait for their new fiscal year appropriation to become available in July of each year to order textbooks. The additional funding requested in the FY07 budget would alleviate these funding shortfalls and allow the Materials Center for the Visually Impaired to order textbooks in a timely manner.

**Blind and Dyslexic**
ISBE has a contract with Recordings for the Blind and Dyslexic, Inc., to provide audio books on CD and playback equipment. The additional funds requested in FY07 would allow for 100 new memberships for schools (which allows each school access to 25 recorded books, training and technical support, digital recordings of specially requested books, and analysis and evaluation of the effectiveness of the program), as well as the production of 100 new books on CD.

Sincerely,

Randy J. Dunn
State Superintendent of Education

cc: Members of the House Elementary and Secondary Education Appropriation Committee
TO: Illinois State Board of Education  
FROM: Dr. Randy J. Dunn, State Superintendent of Education  
Linda Riley Mitchell, Chief Financial Officer  

Agenda Topic: Acceptance of Report on Financial Condition of School Districts  

Materials: Under a Separate Cover, the Listing of School Districts and Their Financial Profile Score, based upon their FY 2005 Annual Financial Reports  
Alphabetical Order  
County Order  
Financial Profile Score Designation Order  

Staff Contact(s): Debbie Vespa  

Purpose of Agenda Item  
To provide the Board the 2006 School District Financial Profile designations based on FY05 data, to have the Board approve the Financial Watch List, and to present information to the Board regarding the financial condition of school districts.  

Relationship to/Implications for the State Board’s Strategic Plan  
The agenda item is linked to Goal 3, Priority II – Develop a suite of services and interventions for assisting Illinois’ most chronically fiscally distressed school districts (along with their Financial Oversight Panels and School Finance Authorities) to resolve their financial crises.  

The Financial Profile is an instrument utilized by ISBE staff to assess school districts’ financial stability as of June 30 of each fiscal year. The Financial Watch List that is generated from the calculated designation scores on the Financial Profile is utilized to begin assessing district in financial distress. The Financial Profile assists with the assessment of districts that need to be reviewed and monitored by ISBE staff to determine which districts may be certified in Financial Distress as well as which districts’ Financial Profiles reflect improvement or deterioration in their financial condition from the previous years. ISBE staff will extensively review the financial reports of School Districts on the Financial Watch List and staff will meet with the district personnel to discuss the financial review with them. Utilization of the Financial Profile, the extensive financial review, and the meeting with the district personnel will assist staff in determining which school districts should be recommended to the Board for Certification in Financial Distress.  

Expected Outcome(s) of Agenda Item  
The Board’s approval of the 2006 School District Financial Profile designation scores and financial watch list. The Board will understand the services to be provided through the School Business and Support Service Division’s Regional Financial Consultants.
**Background Information**
Section 1A-8 of the School Code states, “To promote the financial integrity of school districts, the State Board of Education shall be provided the necessary powers to promote sound financial management and continue operation of the public schools.”

The School District Financial Profile was designed to better illustrate information on school district finances and to establish financial designation lists for all school districts. The designation categories in descending order are Financial Recognition, Financial Review, Financial Early Warning, and Financial Watch.

School finance is a complicated topic. Given this complexity and the financial and accounting differences among the 881 Illinois school districts, there will likely always be issues with how finances are characterized. Some districts claim that they are ranked higher than they should be. Other districts claim they are ranked lower than they should be. Some claim that their finances are misrepresented by the measures themselves while others claim the weightings and cut scores are the issue. Still others claim that the timing of the data collection is flawed. The issues most often identified include:

- Timing of revenues (e.g. early receipt of local taxes or late state payments)
- Including large one time expenditures as part of an annual operating deficit (e.g. capital improvements)
- Treatment of loans where the revenues are not included because they must be repaid but the expenditures for the end product are included (e.g. technology revolving loan)
- Weighting a deficit more than short term borrowing (incentive to borrow without really improving the financial condition)
- Treatment of sale and lease back situation where expenditures and revenues are not always consistent (e.g. buses)

Despite these issues, we believe the Financial Profile is a good snap shot of most districts at the end of FY02, FY03, FY 04 and FY 05. We will continue to work with school districts and others to see if there are other issues that may need to be addressed in the future.

While the score of any particular district can be argued, the overall view it provides of the financial condition of school districts is important. It is clear that looking at the changes between FY02 data and FY03 data more and more schools were starting to face tough financial decisions. As we begin to review the data FY 04 and FY 05, it is clear that districts have made some tough decisions reduce expenditures and/or incur additional long-term debt to assist with the balancing of the budgets. As the Financial Profile is a “snap shot” in time of a district’s finances, the data alone cannot give a holistic view of the districts’ financial picture and the districts’ comments are viewed as a crucial component of the Financial Profile.

The Financial Profile designation is merely one bit of information that school districts and communities should use to judge the financial management and condition of their school district. It is merely a starting point to provide some basic indication of where the school district stands and what it may be facing. If people do not read the entire Financial Profile, including the comments and go beyond the Financial Profile to review and analyze other information, they do the school district and its management a big disservice. As an example, it is important to note that the Financial Profile lags the real school finance system. For example this years FY06 designation system is based on FY05 financial data.
The overall purpose of the Financial Profile is to identify school districts with financial trends that could lead to financial crisis if they are not addressed. The goal is to not only characterize the financial situation of a school district but also to provide some consistent basic information that can be used, in addition to other more detailed information developed by the school district, to help the local community understand the situation and take appropriate local decisions necessary to return to and maintain financial health.

### Results of the Financial Profile

<table>
<thead>
<tr>
<th></th>
<th>FY03 Based on FY02 Data</th>
<th>FY04 Based on FY03 Data</th>
<th>FY05 Based on FY04 Data</th>
<th>FY06 Based on FY05 Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Recognition</td>
<td>431</td>
<td>356</td>
<td>449</td>
<td>488</td>
</tr>
<tr>
<td>Financial Review</td>
<td>240</td>
<td>241</td>
<td>249</td>
<td>225</td>
</tr>
<tr>
<td>Financial Early Warning</td>
<td>135</td>
<td>140</td>
<td>111</td>
<td>109</td>
</tr>
<tr>
<td>Financial Watch</td>
<td>87</td>
<td>156</td>
<td>79</td>
<td>59</td>
</tr>
<tr>
<td>Total</td>
<td>893</td>
<td>893</td>
<td>888</td>
<td>881</td>
</tr>
</tbody>
</table>

Of the 881 school districts operating during FY 2005, 877 submitted their Annual Financial Reports (AFRs). As of March 1, 2006 Gavin School District 37, North Chicago School District 187, Community Consolidated School District 168 (Sauk Village), and Consolidated School District 158 (Huntley) have not submitted their Annual Financial Reports. Since the financial data was not received, they automatically received a Financial Profile designation of Financial Watch.

**Deficit Spending**

Of the 877 school districts that have submitted their fiscal 2005 AFRs, 374 school districts, 42.6%, are deficit spending in their four operational funds; Education Fund, Operation and Maintenance Fund, Pupil Transportation Fund, and Working Cash Fund. In fiscal 2004 AFRs, 398 of 888 school districts, 44.8%, were deficit spending and from the fiscal 2003 AFRs, 686 of 893 school districts, 76.8%, were deficit spending.

**Certification**

One of the criteria for certifying a school district in Financial Difficulty is two or more consecutive years of negative fund balances for the four operational funds. For fiscal 2005, 23 school districts are candidates for being certified, compared to 25 school districts that were candidates in fiscal 2004. Ten (10) school districts that could have been certified last year now have a positive fund balance in the aggregate of their four operational funds.

**Financial Watch and Early Warning Designations**

School districts have been improving their financial status. The number of schools in the financial watch category has decreased dramatically each year from fiscal 2004 to fiscal 2005 and fiscal 2006.

- From the fiscal 2005 Financial Profile to the fiscal 2006 Financial Profile, the number of districts in the lowest designation category has decreased by 20 school districts or 25% from the previous fiscal year. From fiscal 2004 to fiscal 2005, there was a decrease of 77 districts or 49% (from 156 down to 79).
- About 18% of the school districts are now in the lowest two designation categories compared with 21% of the school districts last year and 33% two years ago.
**Analysis and Implications for Policy, Budget, Legislative Action and Communications**

- Policy Implications: None
- Budget Implications: None
- Legislative Action: None
- Communication: None

**Pros and Cons of Various Actions**

**Con:** The Financial Profile is a snapshot in time and reflective of the district’s financial condition on June 30 of the fiscal year. To assess a district’s true financial condition, the Financial Profile must be reviewed along with several other financial assessments of the district.

**Pro:** By approving the Financial Watch List as designated by the Financial Profile, ISBE staff can begin to utilize the Financial Profile “tool” along with other reviews of the districts’ finances to assess the districts’ financial status.

**Superintendent’s Recommendation**

The Superintendent recommends that the Board approve the 2006 School District Financial Profile Designation Lists based on FY05 data.

I recommend that the following motion be adopted:

> The Illinois State Board of Education approves the financial designations of school districts as set forth from FY 06 Financial Profile Scores that are calculated utilizing the data from the districts’ FY 05 Annual Financial Reports and that the districts designated on the Financial Watch List are those so identified from the FY 06 Financial Profile calculations.

**Next Steps**

Continue to review and monitor school districts on the Financial Watch List for financial improvement or decline and to assess potential certification to the Board.
TO: Finance and Audit Committee

FROM: Dr. Ginger M. Reynolds, Assistant Superintendent
       Jonathan Furr, General Counsel

Agenda Topic: Emerging Issue: Restructuring and Corrective Action

Materials: Three Documents are included in the packet for this issue

Staff Contact(s): Ginger Reynolds, Jon Furr

Purpose of Agenda Item
The purpose of this agenda item is to continue the discussion of possible Board and Agency action relative to schools in restructuring, districts in corrective action, and systemically noncompliant districts.

Expected Outcome(s) of Agenda Item
There are no specific expected outcomes at this time.

Background Information
Background information is included in the following additional documents:

- A matrix of possible actions for all three categories of schools/districts ranging from mild to strong intervention.
- An example of a school restructuring plan
- A theoretical example of a systemically noncompliant district
SCHOOL RESTRUCTURING, DISTRICT CORRECTIVE ACTION, AND SYSTEMICALLY NONCOMPLIANT DISTRICTS

The following is an outline of potential actions the Board might direct the Agency to undertake toward the three categories of schools/districts described below. The suggested actions are merely options, and are meant as a starting point for Board discussion. They are categorized into three levels of state involvement, ranging from mild to strong.

Categories of Schools/Districts

**Schools in Restructuring:** Districts are required to “restructure” schools under both state and federal law as the result of the school not making adequate yearly progress (AYP) for a certain number of years.

**Districts in Corrective Action:** Districts are subject to corrective action by ISBE under both state and federal law as the result of the district not making AYP for a certain number of years.

**Systemically Noncompliant Districts:** In addition to districts subject to corrective action as the result of not making AYP, ISBE must consider how to address districts with systemic compliance problems that do not relate solely to AYP but also involve fiscal or operational mismanagement or failure to abide by state or federal requirements.
### Schools in Restructuring

**Key Questions:**

- Will ISBE use mandatory or voluntary interventions?
- Will the restructuring approaches apply to all schools in restructuring, or only a subset? If only a subset, how will priority be established?
- What resources are needed for each type of intervention?

<table>
<thead>
<tr>
<th>Schools in Restructuring</th>
<th>Mild</th>
<th>Moderate</th>
<th>Strong</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>In general, the approach the agency has taken thus far with schools in restructuring (though many states do not collect or approve restructuring plans, which would be the most mild interaction, we must approve them per Illinois law)</td>
<td>Dedicated state money to increase site-based technical assistance</td>
<td>Procure and subsidize statewide contracts districts can use for technical assistance, management, and takeover options.</td>
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<tr>
<td></td>
<td>The agency has used Title I and State dollars to fund the RESPROs, who help districts with school restructuring plans.</td>
<td>Organize a vendor fair for districts to explore third-party technical assistance, management, and takeover options</td>
<td>Allow state takeover</td>
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<td></td>
<td>The agency approves all restructuring plans that it believes meet the minimum requirements of the law, so the onus for fundamental change lies with districts.</td>
<td>Limit approval of restructuring plans to those with more severe actions, and monitor their implementation</td>
<td>The following options are available under state law, after 7 years of not making AYP</td>
</tr>
<tr>
<td></td>
<td>• Procure and subsidize statewide contracts districts can use for technical assistance, management, and takeover options.</td>
<td></td>
<td>• Direct the State Superintendent to appoint an Independent Authority (trained educator or outside organization granted some level of decision-making authority) to operate the school</td>
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<td>• Allow state takeover</td>
<td></td>
<td>• Change the recognition status of the school to Nonrecognized</td>
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<td></td>
<td>• Authorize the State Superintendent to direct the regional superintendent to remove the local board members</td>
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<tr>
<td></td>
<td></td>
<td>• Authorize the State Superintendent to direct the reassignment of pupils or replacement of school district personnel</td>
<td></td>
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</tbody>
</table>
**Key Questions:**

Will ISBE use mandatory or voluntary interventions?

Will the corrective action approaches apply to all districts in this status, or only a subset? If only a subset, how will priority be established?

What resources are needed for each type of intervention?

<table>
<thead>
<tr>
<th><strong>Districts in Corrective Action</strong></th>
<th><strong>Mild</strong></th>
<th><strong>Moderate</strong></th>
<th><strong>Strong</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Offer site-based technical assistance</strong></td>
<td></td>
<td></td>
<td>The five options below are authorized under NCLB.</td>
</tr>
<tr>
<td><strong>Dedicate funds to increase district capacity</strong></td>
<td></td>
<td></td>
<td>• Defer programmatic funds or reduce administrative funds</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• Replace relevant district personnel</td>
</tr>
<tr>
<td></td>
<td></td>
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<td>• Remove individual schools from the district's jurisdiction and arrange for their public governance</td>
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<td></td>
<td></td>
<td></td>
<td>• Authorize students to transfer to a higher-performing public school operated by another district</td>
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<td></td>
<td></td>
<td></td>
<td>• Appoint a trustee to administer district affairs, in place of the district Superintendent and school board</td>
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<tr>
<td></td>
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<td></td>
<td>• Abolish or restructure the district</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>The following options are available under state law, after 7 years of not making AYP</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Authorize the State Superintendent to direct the regional superintendent to remove the local board members</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Direct the State Superintendent to appoint an Independent Authority to operate the district</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Change the recognition status of the district to Nonrecognized. It will automatically be dissolved on July 1 following the nonrecognition and its territory realigned with another school district or districts.</td>
</tr>
</tbody>
</table>
### Systemically Noncompliant Districts

(If a systemically noncompliant district also has failed to make AYP, the Board can use the state intervention and corrective action rights described above)

#### Key Questions:

- What measures will be used to prioritize these districts?
- What resources are needed for each type of intervention?

<table>
<thead>
<tr>
<th>Mild</th>
<th>Moderate</th>
<th>Strong</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Change recognition status to Pending Further Review</td>
<td>• If the district is eligible, provide incentives for the district to requests a voluntary Financial Oversight Panel</td>
<td>• If the district is eligible, establish an involuntary Financial Oversight Panel</td>
</tr>
<tr>
<td>• Dedicate funds to increase capacity and/or provide site-based technical assistance</td>
<td>• Under certain circumstances, a district’s recognition status may be changed to Probation</td>
<td>• If the terms of Probation are not met, the district’s recognition status may be changed to Nonrecognized. This results in the loss of GSA and SGSA. The district will automatically be dissolved on July 1 following the nonrecognition and its territory realigned with another school district or districts.</td>
</tr>
<tr>
<td>• Dedicate funds to perform financial and/or management review of the district’s operations</td>
<td>• Depending upon the specific noncompliance, certain funds may be withheld or directed for specific purposes</td>
<td></td>
</tr>
<tr>
<td>• Perform audits on a more frequent basis than the standard review cycle</td>
<td></td>
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</tbody>
</table>
Excerpt from a Restructuring Plan
Specific names have been deleted

Restructuring Plan
Approved by the Board February 9, 2006

According to the USDE Non-Regulatory Guidance, January 2005, restructuring is defined as a major reorganization of a school, making fundamental reforms, such as significant changes in the school’s staffing and governance. The purpose of restructuring is to improve student academic achievement and enable the school to make AYP as defined in the State’s accountability system.

District Y is planning school restructuring in addition to the requirements of offering public school choice, supplemental educational services and implementing Corrective Action strategies. Each school has also developed and is implementing approved School Improvement Plans.

In developing a plan for restructuring, the district reviews the strategies and options selected during its research of successful models for sustained academic improvement during the planning for Corrective Action. Working with the research compiled by Dr. Penny Billman for Northern Illinois University and ISBE, District Y has determined the key indicators for school improvement to be curriculum assessment, instruction, school climate, family and community support, professional development, leadership, organizational structures and planning. The district leadership team reviewed these components to determine the most effective strategies to increase student achievement. Now that the three schools in the planning stage of restructuring are implementing the selected Corrective Action strategies which are the basis of their School Improvement Plans, our attention is focused on reassignment of building leadership and staff to support ongoing improvement, creation of teaching teams capable of delivering quality instruction and maximizing parent and community involvement. Changes are based on data, documented needs and characteristics of the students in our district, and are best practice strategies that are appropriate in light of the school’s inability to make adequate yearly progress (AYP). The proposed restructuring plan is aligned to the schools’ improvement plans, Corrective Action options that were selected and implemented, and will promote increased achievement for all students while enabling the school to make AYP.

School X

After a thorough analysis, the option the district has determined will be most significant for School X is to replace most of the teaching staff and building administrators who are relevant to the failure of the school to make AYP. In exercising this option, district leadership will justify the staff transfers based on longitudinal achievement data of local and state assessments, teacher attendance, and an examination of the teaching competency of each of the teachers. The district will examine the credentials of the teachers in each school to ensure they are highly qualified as outlined in NCLB guidelines. Reassignments will include the district’s six National Board Certified Teachers being transferred from schools that are meeting expectations to those in restructuring status. Teaching assignments will be made according to a school-wide ethic of high expectations, strong work ethics and ability to work collaboratively in grade level teams. Each school’s teaching team will be critically examined in order to establish a quality teaching team willing to work to align curriculum to standards, work with grade level teams and dedicate themselves to the students. The specific staff to be reassigned at either school is to be determined and notified by May 1 (according to local contract). Although we assume all of our highly-qualified teachers have these characteristics, we understand that additional effort must be made in our lower-performing schools.
The leadership teams (principal and assistant principal) at School X will be reassigned with administrators from schools that are meeting AYP and have shown increased student achievement in the schools in which they have previously been assigned. Reassigned administrators have demonstrated their ability to increase academic improvement in the following ways:

Creating a shared vision
Assessing the climate and culture of the school, the families and the community
Creating a positive learning environment
Establishing shared responsibility with staff
Establishing strong relationships among administrators, teachers, students and community
Have been instructional leaders in model site locations for Academic Development Institute (Solid Foundations)

“A Distinguished Educator”, National Board Certified Teacher, hired as Director of School Improvement, has been designated to assist the schools in making changes necessary to further improve student performance. She has also been given authority to make significant changes from planning through implementation by working with each building’s school improvement team.

District Y presents this restructuring plan as an addition to the changes made at each school during the implementation of Corrective Action. We believe these additional changes to be sufficient in “extent and scope” to improve achievement for all students and will be substantial for each school to continue to see the growth that has begun toward achieving adequate yearly progress.

Approval Dialogue/Background:
Federal Grants and Program Staff reviewed test results from this school available at the Interactive Illinois Report Card site and clarified that the board had approved the plan that had been submitted in draft. District staff reported that corrective actions had not compensated for an ineffective leadership team. Climate changes were warranted. A longitudinal study of (initially) grade 3 and 5 teachers prompted the selection of replacing staff. A culture of staff mobility in the district helps ensure that union issues will not serve as a barrier. The district school improvement coordinator has authority to direct instruction and make necessary changes in the school.

Additional follow-up: All District schools have been engaged in Comprehensive School Reform for two years and the district is considering how a 21st Century Learning Community grant might play a part in the district’s improvement efforts. See the district’s discussion of these programs below submitted March 6, 2006.

District Y
Restructuring Plan
Addendum requested by ISBE

How will the schools in restructuring be affected by receiving the 21st Century Learning Community grant?
District Y understands school and community partnerships is the connection between schools and community individuals, organizations and businesses that work directly or indirectly to promote students’ social, emotional, physical and intellectual development. Although we are still in the early stages of planning for the implementation of the grant, we anticipate its positive
impact. The grant will provide resources needed for opportunities to provide more academic programs, fine arts, athletic activities, and student-centered activities. We envision being able to provide mentoring and tutoring programs, contextual learning opportunities, incentives and direct services for the students. Family-centered activities will focus on parents or entire families including but not limited to parenting workshops, GED, adult education classes, family counseling and family fun and learning nights. School-centered activities will benefit the school as a whole such as the donation of school equipment and materials, activities that benefit the faculty (staff development) and classroom assistance. Community-centered activities focus on community, its citizens, outreach, art exhibits and community revitalization projects. School-community partnerships lead to measurable outcomes for students and schools. Collaborations that are formed with the agencies involved with 21st CLC that focus on academic subjects will improve students' attitudes toward school as well as the attitudes of teachers and parents, and have a positive affect on grades, attendance and school persistence.

**How will the 3rd year of Comprehensive School Reform funding affect the schools in Restructuring?**

Funds allocated under Comprehensive School Reform support CSR/SIP plans and any costs associated with the implementation of our model. CSR funds are and will continue to be coordinated with local, state and other funding sources in order to continue to implement and sustain reform in the restructured schools. CSR funds have been used to implement corrective action strategies as written into the school’s School Improvement Plans. Most activities would not be possible without this funding. During the initial years of CSR, schools were able to implement student strategies and activities as well as professional development and parent involvement activities that were identified to increase student achievement through intense data analysis. Each year the level of funding has decreased and forced the schools to review and revise their SIPs according to the funding available. CSR funds have been integrated with Title funds and local revenues to provide necessary money for programs/strategies that are needed to improve student achievement. The third year of the CSR grant will provide, specifically the restructured schools, the funding needed to support the activities and strategies that have shown significant gains in student achievement.

**What will the relationship be between School X and District Y’s Restructured schools?**

As we begin planning with School X, our hope is that we continue the relationship that has been developed through the years. District Y envisions a system that will establish intense and sustained support and improvement to our schools. This system must be designed to increase opportunities for all students in our Title I district to meet state standards. We anticipate the establishment of school support teams to work especially with each of the three schools identified for restructuring. These teams would be made-up of persons knowledgeable about scientifically-based research and practice on teaching and learning. The team should also have members who are knowledgeable about successful school-wide projects, school reform and improving educational opportunities for low-achieving students. In addition to this assistance, we would also anticipate financial support for schools in improvement, corrective action and restructuring.
Example of Systemically Noncompliant District

The example below is not real. It does not reflect any particular district. Rather, it is a compilation of the sorts of compliance issues that we might find in a Systemically Noncompliant District, and is for Board discussion purposes.

Fiscal
- Financial management does not meet standards for financial reporting
- District certified in financial difficulty

Special Education
- History of non-compliance issues related to special education; many findings not resolved
- Improperly certified staff
- IEP not in effect for all eligible students
- Existing IEPs insufficient
- Lack of administrative oversight

Bilingual Program
- Not all staff appropriately certified
- Failed to complete all required professional development

NCLB
- District identified for improvement under NCLB and state law
- Schools in various stages of improvement for not making AYP

Other
- Electrical systems unsafe
- Cafeteria facility unsafe