Finance & Audit Committee of the Whole
Wednesday, May 21, 2008
4:30 p.m.

Board Room, 4th Floor

Public Conference Call Number: 1-866-297-6391 (listen only)
Confirmation #: 2 1 6 4 7 8 4 5

AGENDA (timeframes are estimated for planning purposes)

1. Roll Call

2. Board Member Participation by Other Means

3. Public Participation 4:30 – 4:45 p.m.

4. Minutes of the April Finance & Audit Committee Meeting (pp. 2-4)

*5. Contracts & Grants Over $1 Million 4:45 – 4:50 p.m.
   a. SIS Phase II Applications Development Contract with IBM (pp. 5-6)
   b. Homeless Continuation Grants (pp. 7-11)
   c. Child Nutrition System (CNS) and Application and Claim Entry System (ACES) (p. 12)
   Contract Renewal
   d. Contract for Monitoring Early Childhood Block Grant Programs: Regional Office of Education #27 (Henderson, Mercer and Warren County ROE) (pp. 13-14)
   e. Special Education Grants
      1) Harrisburg Project (pp. 15-16)
      2) Illinois Service Resource Center (ISRC) (pp. 16-17)
      3) Illinois Statewide Technical Assistance Center (ISTAC) (pp. 19-21)
   f. Legislative Grants and Initiatives (pp.)

*6. Preview Cahokia School District #187 Financial Plan (Deb Vespa) 4:50 – 5:05 p.m. (pp. 22-29)

7. State Board of Education Budget Update 5:05 – 5:20 p.m. (p. 30)
   (Linda Mitchell, Ronny Wickenhauser)

8. Committee Agenda Planning/Additional Items

9. Adjourn

* Items listed with an asterisk (*) will be discussed in committee and Board action may be taken in the plenary session.
1. **ROLL CALL**
Dean Clark was absent. Due to the absence of the Committee chair, the meeting was chaired by Jesse Ruiz.

2. **BOARD MEMBER PARTICIPATION BY OTHER MEANS**
None

3. **PUBLIC PARTICIPATION**
None

4. **MINUTES OF THE FEBRUARY FINANCE & AUDIT COMMITTEE MEETING**
Motion passed.

5. **STATE BOARD OF EDUCATION BUDGET UPDATE**
Linda Mitchell stated that ISBE staff has not had a hearing with the Senate Appropriations Committee. There was one scheduled for March but it was postponed and has not been rescheduled yet. Ms. Mitchell also mentioned that since the last board meeting there have not been any more meetings with the House Appropriations Committee. ISBE staff has had some additional communications from the Governor’s Office of Management and Budget (GOMB).

GOMB has reiterated its concern over the state’s revenues this fiscal year. At one of the House Appropriations Committee meetings, Ginger Ostro from GOMB made a presentation to the committee on the status of revenues and the anticipated shortfall in the budget. At the House Appropriations Committee Hearing, ISBE staff shared with the committee that the agency had worked with GOMB to hold some grants included in the ISBE budget to help address the budget deficit. ISBE staff is continuing to hold some payments and has had some further conversations with GOMB about that issue and the timings of payments from this agency.

Ronny Wickenhauser informed the Board that his staff should have “final preliminary” GSA estimates done this week that will be used for the rest of the budget season upon which to build the GSA budget. Mr. Wickenhauser said that the Superintendent will be sharing those estimates with the Board members and make them available for all of the legislative staffs and Governor’s office.

Superintendent Koch stated that there continues to be a lot of concern about the $750 million deficit as well as the 23rd and 24th GSA payment.

6. **CONTRACTS & GRANTS OVER $1 MILLION**
   a. **Child Nutrition Application and Claim Entry System (ACES) and LAN-based Child Nutrition System Contract**: The State Board authorized staff to renew the contract with Ashbaugh Associates Inc. for a two year period and a maximum contract amount of $1,065,354, for the purpose of re-writing and supporting the CNS/ACES systems.
b. **IMSA Intergovernmental Agreement Illinois Virtual High School (Technology for Success Contract):** The Board approved an amendment to the intergovernmental agreement with IMSA to change the payment schedule for FY 08. IMSA serves as the fiscal agent for the administration of the Illinois Virtual High School (IVHS). The slowing of payment processing through the Comptroller’s Office would have jeopardized IMSA’s ability to hire teachers to offer a summer session if the payment schedule was not amended. Only the payment schedule was amended. No change was made in the amount of the agreement.

c. **IMSA Intergovernmental Agreement (Technology Immersion Pilot Project Professional Development):** The Board authorized staff to amend the additional fiscal year (FY 08) Intergovernmental Agreement with IMSA for the provision of professional development funded from the Technology Immersion Pilot Project (with the maximum amount of such agreement not to exceed $1,016,390).

IMSA and ISBE executed an Intergovernmental Agreement on January 9, 2008, and IMSA received an initial payment of $366,268 in March, 2008. IMSA did not begin delivering services outlined in the Intergovernmental Agreement until April 7, 2008. Further, IMSA and ISBE met on April 2, 2008, to discuss services IMSA would be able to provide for the TIPP professional development. IMSA later provided additional information indicating it would be unable to deliver professional development to schools in June 2008 and stated no additional payments would be requested beyond the initial payment of $366,268.

d. **Target Area Development Corporation Contract Renewal (Grow Your Own Illinois Contract):** The Board authorized staff to renew the contract with the Target Area Development Corporation for FY09 with, subject to appropriation, an increase of up to $350,000, to administer the GYO Statewide Outreach Program. The Grow Your Own Teacher Education Act (110 ILCS 48) established the “Grow Your Own” Teacher Education Initiative (GYO) to increase the diversity of teachers by race, ethnicity, and disability and prepare them for hard-to-staff positions and hard-to-staff schools in areas serving a substantial percentage of low-income students. The goal of GYO is to train and place 1,000 teachers in hard to staff schools and/or positions by 2016.

e. **Grow Your Own Grant:** The Board authorized staff to renew the Grow Your Own Teachers grant agreement for FY 09 for Chicago State University and Northeastern Illinois University, pending submission of their respective continuing applications, review and approval of those applications. Under GYO, funding is available to eligible consortia made up of four-year institutions of higher education that offer state-approved teacher education programs, targeted school districts or schools, and community organizations that seek to offer programs that enable candidates to obtain a bachelor’s degree in education and an Illinois teaching certificate. Working together, these entities are to identify paraprofessionals and parents who have been leaders in schools with hard-to-staff positions, in order to select a cohort of teacher education candidates to begin teacher training. The consortia are charged with the provision of financial and other support to the cohort that will be needed to complete teacher preparation programs. New teachers are then placed in positions in the schools targeted by the consortia. The goal is for each cohort member to remain in a hard-to-staff school or position for up to five years upon which any loans incurred during teacher education training will be forgiven.

f. **Teach for America Grant:** The State Board authorized staff to renew the Teach for America grant for FY 09 up to the amount of any appropriation received for such purpose in the FY09 budget.

Teach for America has two main priorities:

To recruit, select, train, and support corps members who effect “significant gains” in the academic achievement of their students.

To foster the ongoing leadership of our alumni throughout Chicago.
g. Legislative Grants and Initiatives: The State Board of Education approves funding for grantees that will receive more than $1 million. In the case of legislative grants and initiatives, and for reasons of administrative efficiency, Agency policy is that the Board will review projects when the list of new grantees exceeds $1 million in the aggregate. The Board approved two lists of projects in fiscal year 2008. The projects brought before the Board this month were projects the Agency had been notified about since the Board's last approvals. After much discussion, it was agreed that no action would be taken on these grants and initiatives at this time.

h. Amendment to IPA Contract for New Principal Mentoring Program: The State Board of Education authorized staff to increase the contract with the Illinois Principals' Association in the amount of $133,678 for a total of $2,033,678 for the managing of the New Principal Mentoring Program. The increase is intended to include support for the Office of Principal Preparation and Development of the Chicago Public School District #299 in order to meet the legislative intent of the New Principal Mentoring Program.

7. REPORT OF SCHOOL DISTRICT SPECIAL EDUCATION EXPENDITURES & RECEIPTS
Deb Vespa presented the Report of School District Special Education Expenditures and Receipts. Public Act 095-0555 mandates the State Board of Education to issue an annual report to the General Assembly and Governor identifying each school district's special education expenditures, receipts, and net special education expenditures over receipts. The calculations seem to reflect that there were eighty-five districts for which special education revenue exceeded the expenditures incurred by the district.

This report is based upon limited data received by ISBE (the Agency) and reflects only a partial amount of the special education expenditures and receipts that could be identified on reports submitted to the Agency. The report does not reflect building costs, operation and maintenance expenditures or receipts, or depreciation. The report also reflects only special education expenditures paid through the Education Fund. It does not reflect expenditures paid through the IMRF/FICA or other restricted funds as most times those expenditures are compensated by a reciprocating tax levy.

Dr Koch requested that Deb Vespa and her staff revise the report draft to reflect the fact that not all of the potential cost elements were reflected...

8. Committee Agenda Planning/Additional Items
Jesse Ruiz stated that Contracts and Grants over $1 million and the Budget will be on the agenda again next month.

9. ADJOURN
TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
Linda Riley Mitchell, Chief Financial Officer
Connie Wise, Ph.D., Assistant Superintendent

Agenda Topic: Approval of the Illinois Student Information System (SIS) Contract Exceeding $1 million

Materials: None

Staff Contact(s): Connie J. Wise, Ph.D., Assistant Superintendent
Terry Chamberlain, Division Administrator

Purpose of Agenda Item
The Data Analysis and Data Systems Divisions request that the contract with IBM for the enhancement, maintenance and support of the Student Information System (SIS) be amended for FY 2009 and renewed for FY 2010 through FY 2013. Previously, the contract had been for five years at $10,064,500. We are requesting the Board’s authorization for Agency staff to amend/renew its contract with IBM for a period of an additional five years. The requested renewal would increase the contract by $8,300,000 to a maximum amount of $18,364,500.

Relationship to/Implications for the State Board’s Strategic Plan
The SIS is directly linked to Goal 3 Expanding Data Informed School Management & Support Practices.

Expected Outcome(s) of Agenda Item
The Board will have an understanding of what will be accomplished during the next five years

Background Information
In partnership with the Illinois State Board of Education (ISBE), IBM has designed and implemented a statewide student information system and supporting assessment system that assists ISBE in meeting the requirements of the No Child Left Behind Act. SIS has several notable features:

- Over 2.1 million state student identification numbers have been issued by the system. Recently, ISBE added Chicago Public Schools students to the SIS system completing a full statewide deployment in all districts/schools. Student demographics, program indicators, enrollments, early childhood data and assessment pre-id information are collected from all districts.

- It incorporates a sub-system for collecting, correcting and reporting on the ISAT, IAA, ACCESS and PSAE student assessments. The assessment sub-system allows ISBE to monitor student performance spanning multiple years.

- New features requested for the expansion of SIS are to include:
  - Federal mandated race/ethnicity codes;
  - New assessment tests Explore, PLAN, Early Childhood Outcomes. Linguistically modified grades 3-8, Transadapted ISAT Math and Science grades 3-8, translated PSAE and Alternate Assessment;
Collection of individual program data for Special Education and Career Tech
eliminating current program collection systems and increasing data quality; and,

- Providing project management, programming, documentation updates, statewide
  training and help desk support for the current and revised SIS system.

**Financial Background:**

Previous five year contract through FY 2009: $10,064,500

Amended contract amounts requested:

- FY 2009: $2,000,000
- FY 2010: $2,320,000
- FY 2011: $1,580,000
- FY 2012: $1,200,000
- FY 2013: $1,200,000

Total amendments: $8,300,000

Total SIS contract: $18,364,500

**Project Monitoring:**

Weekly status meetings are held to track the progress of the project;
All deliverables and payments must be approved by both Data Analysis and Data Systems
division management.

**Analysis and Implications for Policy, Budget, Legislative Action and Communications**

Policy Implications: Approval of the contract renewal with IBM will allow the SIS effort to
continue to operate, expand its capabilities and to provide knowledgeable and professional
assistance to the districts and schools.

Budget Implications: A variety of funding sources currently support this effort.

Legislative Action: None required.

Communication: None required.

**Superintendent’s Recommendation**

I recommend that the following motion be adopted:

The State Board hereby authorizes the Agency staff to extend the contract with IBM
through Fiscal Year 2013 and to increase the maximum contract amount to $18,364,500,
for the purpose of expanding the capabilities and supporting the SIS system.

**Next Steps**

Agency staff will work with IBM to effectuate the contract extension in accordance with the
Board’s approved motion.
Illinois State Board of Education

TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
       Linda Tomlinson, Assistant Superintendent

Agenda Topic: Title X, Part C McKinney-Vento Homeless Education Assistance Act

Material:
- FY 08 Title X, Part C McKinney-Vento Homeless Education Assistance Act Grants Funding
- FY 09 Title X, Part C McKinney-Vento Homeless Education Assistance Act Funding

Staff Contact(s):
- Chris Schmitt, Accountability Division Administrator
- Peggy Dunn, Principal Education Consultant

Purpose of Agenda Item
To seek State Board approval of the FY 2009 Title X, Part C McKinney-Vento competitive grants exceeding $1M over the three (3) year grant cycle to the Chicago Public Schools.

Relationship to/Implications for the State Board’s Strategic Plan
Goal 3 Expanding Data Informed School Management & Support Practices – Collection of data regarding homeless children and the grades they attend statewide for each school district and to collect data on the outcomes of state testing and how well homeless children meet or exceed the state goals.

Expected Outcome(s) of Agenda Item
The State Board will approve funding of the Title X, Part C McKinney-Vento Homeless Education Assistance Act awardee – Chicago Public Schools FY 08 = $745,295. FY 09 = $780,295 (total for the first two years of the three year grant cycle = $1,525,590).

Background Information
Currently, $2,537,900 are available for FY 09 homeless education in Illinois. These are all federal funds. Note that the State Board of Education, in its FY09 budget request, sought $3,000,000 in state funds for a supplemental grant program.

The Title X, Part C federal grant funds are awarded to entities through a competitive grant process. Successful applicants are funded on a three year cycle.

For new applicants, evaluators will review and score the Title X, Part C applicants. As larger numbers of programs apply for Title X, Part C federal funding the evaluators will be recruited outside of ISBE. Currently three evaluators review and score the RFP for the new applicants. A total of 100 points can be awarded to the applicants to assist the State Superintendent in the determination of awarding the successful grants.

Eligibility for continuation in years two and three require that the grantee provide quarterly reports and a year-end completion report focused on progress in meeting the goals and objectives stated in the Request for Proposal (RFP), and quarterly fiscal reporting.
Analysis and Implications for Policy, Budget, Legislative Action and Communications
Policy Implications: Continue current policy

Budget Implications: None

Legislative Action: None

Communication: The Board’s approval of this action will allow the Agency to award the Chicago Public Schools grant funds to cover at least the second year of its three-year grant cycle.

Pros and Cons of Various Actions
Pro: The State Board approval allows the CPS #299 Homeless Education program to continue.

Superintendent’s Recommendation
I recommend that the following motion be adopted:

The State Board hereby approves the continuation of the Title X, Part C McKinney-Vento competitive grant to the Chicago Public Schools through FY2009 with a total maximum amount of $1,525,590, and authorizes continuation through FY2010 (the third year of the three year grant cycle), as long as Chicago Public Schools continues to meet the terms of the grant.

Next Steps
Release the FY 09 Title X, Part C McKinney-Vento Homeless Education Assistance Continuation Grant in Year 2.
NCLB Title X, Part C McKinney-Vento Homeless Education Assistance Act

Funding for FY 08 = $2,841,100
Funding for FY 09 = $2,537,900

Competitive RFPs were announced and accepted in FY 08 for a three-year grant period from FY 08-FY 10 with all eligible parties informed of the grant potential for this program. Those eligible entities included all Regional Offices of Education and all Illinois school districts. The following entities submitted completed RFPs for the FY 08 beginning grant period and funds were distributed in the following manner:

Federal Grant Award for FY '08 for Homeless Education for Illinois
The following successful competitive grant awards to provide services to over 20,000 homeless students in Illinois:

Area 1    Will County ROE    $438,461
Area 2    Lee/Ogle ROE    $297,199
Area 3    Hancock/McDonough ROE    $265,524
Area 4    Iroquois/Kankakee ROE    $163,020
Area 5    Bond/Fayette/Effingham ROE   $200,095
Area 6    Franklin/Williamson ROE   $155,503
Area 7    CPS 299 – Chicago    $745,295

Federal Grant Award for the FY '09 Homeless Education program Continuation grants

Area 1    Will County ROE    $438,461
Area 2    Lee/Ogle ROE    $320,918
Area 3    Hancock/McDonough ROE    $267,524
Area 4    Iroquois/Kankakee ROE    $163,020
Area 5    Bond/Fayette/Effingham ROE   $210,104
Area 6    Franklin/Williamson ROE   $165,503
Area 7    CPS 299 – Chicago    $780,295

Program History
Illinois has been receiving funding under the McKinney-Vento Homeless Education Assistance Act since Fiscal Year 03 with increased levels of Federal funding annually until Fiscal Year 09 when such funding will be reduced.

Illinois has been in the forefront of homeless education awareness since 1995, with the passage of the Illinois Education for Homeless Children Act which sough to ensure that all homeless children received a free public education in Illinois with immediate access to Illinois schools and removal of barriers to enrollment and registration.

Illinois began collecting data on recognized homeless students in 2004 with the following data collected in successive years:

2004 9,827
2005 14,464
2006 18,624
2007 22,321
2008 To date in the quarterly reporting instituted in 2008 21,375 children have been recognized and reported as homeless by the school district liaisons
as of February, 2008 with 3.5 months to complete the school year. The suspected total for 2008 = 25,000 + homeless children.

Based on research completed in the Northeastern states, it was estimated that between 4 – 8 % of all free lunch students in those states were homeless. When this data is extrapolated for Illinois for 2007 using October 2007 Free Lunch counts, the total of potential homeless children in Illinois may be 30,000 – 60,000.

Currently Illinois has seven lead liaison grantees and 54 competitive subgrantees providing services to families and their children and youth. The grant funded entities provide all sixteen services required under the NCLB Title X, Part C requirements, and a revised State Plan for homeless education was written and submitted to the U.S. Department of Education in 2007 to meet all the federal requirements. Copies of the Illinois State Plan are linked to the ISBE website at http://www.isbe.net/homeless/pdf/mckinney-vento_plan.pdf. Moreover, an updated homepage was completed in 2008 that included a homeless liaison locator to assist organizations, agencies, school districts, and families in identification and contact with the 855 school district homeless liaisons in Illinois to access services.
TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
       Linda Riley Mitchell, Chief Financial Officer

Agenda Topic: Approval of the Child Nutrition System (CNS) and Application and Claim Entry System (ACES) Contract Renewal exceeding $1 million

Materials: None

Staff Contact(s): Terry Chamberlain, Division Administrator
                 Chris Schmitt, Division Administrator

Purpose of Agenda Item
This item was presented to and approved by the Board last month. This item is being resubmitted because the final proposal received from the contractor exceeded the Board approved maximum amount by $43,736 over a two year period.

The current contract and amendments total $704,312. Data Systems and Child Nutrition are requesting the Board’s authorization for Agency staff to renew its contract with Ashbaugh for an additional two years. The requested renewal would increase the contract by $616,280 to a maximum amount of $1,320,592.

The amount in the Board’s motion has been adjusted to include this increase.

Superintendent’s Recommendation
I recommend that the following motion be adopted:

The State Board hereby authorizes the Agency staff to renew the contract with Ashbaugh Associates Inc. for a two-year period and a maximum contract amount of $1,320,592.00 for the purpose of re-writing and supporting the CNS/ACES systems.

Next Steps
Agency staff in Data Systems, Nutrition, Legal and Fiscal will work to renew the contract in accordance with any approved motion.
TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
       Rene Valenciano, Assistant Superintendent

Agenda Topic: Approval of contract for Monitoring of Early Childhood Block Grant Programs for Compliance and Program Improvement: Henderson, Mercer, Warren Regional Office of Education #27

Staff Contact(s): Kay Henderson

Purpose of Agenda Item
To secure Board approval of contract renewal. The renewal will result in the total contract amount exceeding $1 million over two years. The contract is to secure services to monitor the Early Childhood Block Grant Programs for Compliance and Program Improvement. The contractor currently performing services is the Henderson, Mercer, Warren Regional Office of Education #27

Relationship to/Implications for the State Board’s Strategic Plan
This contract will implement monitoring of programs that are part of the Early Childhood Block Grant, providing school readiness for birth to age 5 years and directly impacts GOAL 1 Enhancing Literacy; GOAL 2 Improving Educator Quality for All Children and GOAL 3 Expanding Data-Informed School Management & Support Practices of the Strategic Plan.

Expected Outcome(s) of Agenda Item
Board will approve this second year contract renewal that increases the cumulative total to more than $1 million. Each year of the contract is for $700,000 maximum.

Background Information
The purpose of this contract is to provide third party monitoring of Early Childhood Block Grant programs to determine compliance and program improvement needs. The third party subcontracts Accountability Liaisons to perform the program evaluations.

Program Evaluation
The purpose of the Preschool for All program evaluation is to assess the extent to which programs contribute to children’s development and readiness for school success. Preschool for All evaluation requirements come from three sources:

- The Illinois Legislature
- The Illinois State Board of Education
- Research based on best practices for children from 3 to 5 years.

The Illinois State Board of Education guidelines require the assessment of progress of children served by the program. Each program must have an evaluation plan that covers the implementation of all required program components. The following evaluative actions are in place.
**On-Site Monitoring Visits**
Programs will be periodically monitored through site visits. On-site visits will include the review of children’s records as well as a classroom observation utilizing the information outlined below under Administrative Records. This guidance is also published in the Early Childhood Implementation Manual.

All new Preschool for All programs will be visited each year for the first three years of funding. Continuing programs will be visited every three years or more if requested by the program or the ISBE. Programs, as well as the ISBE Early Childhood Division, receive a written report for each visit. In instances where program improvement is indicated, Early Childhood staff work with programs to implement an improvement plan.

**Superintendent’s Recommendation**
I recommend that the following motion be adopted:

The State Board of Education hereby authorizes the renewal of the early childhood monitoring contract with Henderson, Mercer, Warren Regional Office of Education #27 with an increase of the contract’s maximum amount to $1,400,000.

**Next Steps**
Finalize contract renewal with Henderson, Mercer, Warren Regional Office of Education #27
TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
       Elizabeth Hanselman, Assistant Superintendent for Special Education and Support Services

Agenda Topic: Special Education Discretionary Grant Exceeding $1 Million – Harrisburg Project

Staff Contact(s): Elizabeth Hanselman, Assistant Superintendent

Purpose of Agenda Item
The Division of Special Education and Support Services requests that the Board approve the renewal of grant with The Harrisburg Project to maintain and revise software used to collect and report special education data. The Harrisburg Project will create and maintain software for microcomputers allowing school districts and special education cooperatives to manage data on students with disabilities and special education personnel. Additionally, The Harrisburg Project will provide technical assistance and training for all software developed by the Project, including technical assistance and training to school districts and cooperatives regarding the successful transmission of data. The Harrisburg Project will enable and manage the exchange of data over the Internet between districts and cooperatives and the ISBE.

Relationship to/Implications for the State Board’s Strategic Plan
GOAL 2 Improving Educator Quality for All Children

Expected Outcome(s) of Agenda Item
This agenda item will be discussed in the Finance & Audit Committee and then called for a vote during the May Plenary Session.

Background Information
The Harrisburg Project was a recipient of a discretionary grant through FY06. Beginning with FY07 this project was handled as a contract for $667,005. This year’s renewal is for $735,000.

The Harrisburg Project has created and is maintaining software for microcomputers allowing special education cooperatives and districts to manage (input, use, and transmit to ISBE) data on students with disabilities and special education personnel. This allows ISBE to more efficiently and effectively manage special education information.

The requirement for special education data and reporting is contained in the Individuals with Disabilities Education Improvement Act of 2004, P.L. 108-446.

Analysis and Implications for Policy, Budget, Legislative Action and Communications
Policy Implications: Approval of the Harrisburg Project contract will allow the agency to meet the reporting requirements contained within the Individuals with Disabilities Education Improvement Act of 2004, P.L. 108-446.
Budget Implications: The amount of $735,000 is funded through IDEA Part B Discretionary funds.

Legislative Action: None required

Communication: None required

**Pros and Cons of Various Actions**
Renewal of the contract will assist the agency to its federal reporting requirements.

**Superintendent’s Recommendation**
I recommend that the following motion be adopted:

The State Board hereby approves the renewal of the Harrisburg Project increasing the total maximum amount of the contract to $1,402,005, to retain a contracting entity to manage the collection and reporting of special education data.

**Next Steps**
Upon approval, the agency will release the grant for continued funding.
TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
       Elizabeth Hanselman, Assistant Superintendent for Special Education
       and Support Services

Agenda Topic: Special Education Discretionary Grant Exceeding $1 Million:
              Illinois Service Resource Center (ISRC)

Staff Contact(s): Elizabeth Hanselman, Assistant Superintendent
                  Barbara Sims, Principal Consultant

Purpose of Agenda Item
The Division of Special Education and Support Services requests that the Board approve the
renewal of a discretionary grant with the Illinois Service Resource Center (ISRC).

Relationship to/Implications for the State Board’s Strategic Plan
GOAL 2 Improving Educator Quality for All Children

Expected Outcome(s) of Agenda Item
This agenda item will be discussed in the Finance & Audit Committee and then
called for a vote during the May Plenary Session.

Background Information
The ISRC was established in 1994 by P.A. 87-1127. The ISRC provides training, technical
assistance and resources for parents and educators of students who have a hearing loss and
behavioral/emotional challenges. The ISRC is the coordination center for a wide variety of
services tailored specifically for children who are deaf or hard of hearing and exhibit behavioral,
emotional or mental health challenges. The ISRC was recently recognized by the Council of
Educational Administrators Serving the Deaf (CEASD) as a model program for meeting mental
health needs of students who are deaf or hard of hearing. The states of Iowa, Wisconsin and
Minnesota have expressed interest in expanding the ISRC to a regional program.

Analysis and Implications for Policy, Budget, Legislative Action and Communications
Policy Implications: Approval of the ISRC grant will allow for the enhancement of technical
assistance and resources for parents and educators of students who have a hearing loss and
behavioral/emotional challenges.

Budget Implications: The amount of $477,200 is funded through IDEA Part B Discretionary
funds.

Legislative Action: None required

Communication: None required
Pros and Cons of Various Actions
Renewal of the grant will allow the agency to enhance technical assistance and resources for parents and educators of students who have a hearing loss and behavioral/emotional challenges.

Superintendent’s Recommendation
I recommend that the following motion be adopted:

The State Board hereby approves the renewal of the ISRC grant, thereby providing funding in the amount of $477,200 for Fiscal Year 09, for the enhancement of technical assistance and resources for parents and educators of students who have a hearing loss and behavioral/emotional challenges.

Next Steps
Upon approval, the agency will release the grant for continued funding.
TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
       Elizabeth Hanselman, Assistant Superintendent for Special Education
       and Support Services

Agenda Topic: Special Education Discretionary Grant Exceeding $1 Million: Illinois Statewide Technical Assistance Center (ISTAC)

Staff Contact(s): Elizabeth Hanselman, Assistant Superintendent
                 Barbara Sims, Principal Consultant

Purpose of Agenda Item
The Division of Special Education and Support Services requests that the Board approve the renewal of a discretionary grant with the School Association for Special Education in DuPage County (SASED) to serve as the fiscal agent and to coordinate the administration of the following projects: Illinois Statewide Technical Assistance Center (ISTAC); Positive Behavior Interventions and Supports (PBIS) PBIS Statewide Network; Illinois Autism Training and Technical Assistance Project (IATTAP); Project CHOICES-Children Have Opportunities in Inclusive Community Environments and Schools; and the Illinois Statewide Technical Assistance Center for Parents (ISTAC - Parents), resulting in a regionalized system of technical assistance and training.

Relationship to/Implications for the State Board’s Strategic Plan
GOAL 2 Improving Educator Quality for All Children

Expected Outcome(s) of Agenda Item
This agenda item will be discussed in the Finance & Audit Committee and then called for a vote during the May Plenary Session.

Background Information
In FY06 these discretionary grant projects mentioned above were combined under one fiscal agent to reduce administrative costs. As a result of this restructuring, and the development of the State Performance Plan, ISBE is poised to provide a fully coordinated statewide approach to technical assistance and support for the implementation of best practices.

Analysis and Implications for Policy, Budget, Legislative Action and Communications
Policy Implications: Approval of the ISTAC grant will allow for the enhancement of a regionalized system of technical assistance and training.

Budget Implications: The amount of $5,391,200 is funded through IDEA Part B Discretionary funds.
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<tr>
<th>Project</th>
<th>Funding</th>
<th>Priorities</th>
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| ISTAC                   | $507,396   | ISTAC  
This is basically the evaluation and administrative component of ISTAC. Expenditures include support of our Statewide Parent Consultant, our Statewide Transition Consultant, the Center for School Evaluation, Intervention and Training at Loyola University (including the development and implementation of VIMEO and SIMEO outcomes data systems), the ISTAC Research Consultant, and the administrative costs (4%) for SASED. |
| PBIS Network            | $2,920,425 | PBIS Network  
Provide training, technical assistance and support to promote:  
• Implementation of Illinois’ State Performance Plan  
• Regional/local structures and capacities for expansion  
• Implementation of all three tiers of the school-wide PBIS model  
• Implementation of wraparound facilitation and personnel  
• Integration with ISTAC projects for identified pilot projects  
• Participation with ISTAC common data collection/evaluation process  
• Collaboration with other statewide projects to increase schools’ capacity to provide effective early intervening strategies for at risk students  
• Collaboration with ISBE Focused Monitoring process |
| IATTAP                  | $724,679   | Illinois Autism Training and Technical Assistance Project  
Provide training, technical assistance and support to promote:  
• Implementation of Illinois’ State Performance Plan  
• Implementation of Focus Family Support for Autism Spectrum Disorders  
• Planning and development of a statewide IATTAP coaching network  
• Ensure continued implementation and expansion of web-based training  
• Family Resource Specialist Network  
• Expansion of Experiential Practicum Trainings  
• Integration with ISTAC projects for identified pilot projects  
• Participation with ISTAC common data collection/evaluation process  
• Collaboration with ISBE Focused Monitoring process |
| Project CHOICES         | $1,039,500 | Project CHOICES  
Provide training, technical assistance and support to promote:  
• Implementation of Illinois’ State Performance Plan  
• Implementation of a statewide coaching and support model to facilitate the increased participation of students with IEPs in general education and increased participation of students with IEPs in statewide assessments  
• Facilitation of parent involvement in educational programs  
• Integration with ISTAC projects for identified pilot projects |
- Participation with ISTAC common data collection/evaluation process
- Collaboration with ISBE Focused Monitoring process

<table>
<thead>
<tr>
<th>ISTAC-Parents</th>
<th>$199,200</th>
</tr>
</thead>
</table>

ISTAC Parents
- Provide training, technical assistance and support to promote:
  - Implementation of Illinois’ State Performance Plan
  - Facilitation of parent access to training, information, advocacy, and leadership.
  - Implementation of parent/school partnerships throughout the state in districts without parent mentor project grants.
  - Network of Parent Mentors
  - Implementation of toll-free parent survey technical assistance
  - Integration with ISTAC projects for identified pilot projects
  - Participation with ISTAC common data collection/evaluation process
  - Collaboration with ISBE Focused Monitoring process, including training of parent participants

Legislative Action: None required
Communication: None required

**Pros and Cons of Various Actions**
Renewal of the grant will allow the agency to implement the improvement activities identified within the State Performance Plan and report the progress of the LEAs.

**Superintendent's Recommendation**
I recommend that the following motion be adopted:

The State Board hereby approves the renewal of the ISTAC grant for a maximum amount of $5,391,200 for Fiscal Year 09, to provide a fully coordinated statewide approach to technical assistance and support for the implementation of best practices.

**Next Steps**
Upon approval, the agency will release the grant for continued funding.
TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
Linda Riley-Mitchell, Chief Financial Officer

Agenda Topic: Cahokia School District 187 Financial Plan

Materials: Financial Plan

Staff Contact(s): Deb Vespa

Purpose of Agenda Item
To obtain Board approval of the Financial Plan submitted by Cahokia Community Unit School District 187.

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 plan is a projection of the district’s financial estimates for three fiscal years. This along with the technical assistance provided to the district by ISBE staff will aide them in planning their financial position for the next several years. The estimates should assist them in making sound fiscal decisions

Expected Outcome(s) of Agenda Item
Approval of the Financial Plan

Background Information
On March 20, 2008, the Illinois State Board of Education certified Cahokia Community Unit School District 187 in financial difficulty. In accordance with Article 1A-8 of the Illinois School Code, school districts that have been certified in financial difficulty must submit a financial plan to the Illinois State Board of Education for approval. Once a district is certified, they have 45 days to submit their financial plan to ISBE. Cahokia Community Unit School District 187 had until May 5, 2008 to submit their financial plan. All of the district's corresponding budgets and financial decisions/actions must align with the approved plan.

Analysis and Implications for Policy, Budget, Legislative Action and Communications
Policy Implications: None

Budget Implications: None for ISBE. The district must align their respective budgets with the approved financial plan.

Legislative Action: None required at this time

Communication: Communicate to the district approval or denial of their financial plan.
**Pros and Cons of Various Actions**
Pros: The district will have an approved financial plan that will assist them in development of future budgets that should lead to financial stability.

Cons: The educational programs will need monitoring to determine if there is any impact.

**Superintendent's Recommendation**
I recommend that the plan be approved and that the following motion be adopted:

> The Illinois State Board of Education hereby approves the financial plan submitted by Cahokia Community Unit School District 187.

**Next Steps**
ISBE staff will continue to provide financial technical assistance to the district and review their records periodically to ensure continued alignment with the approved plan.
PART II

Assumptions

<table>
<thead>
<tr>
<th>Assumption</th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated EAV growth</td>
<td>3%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>$ increase in student foundation level</td>
<td>125</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>% Benefits increase</td>
<td>5.25</td>
<td>5.25</td>
<td>5.25</td>
</tr>
<tr>
<td>ADA 3 best months</td>
<td>4426.5</td>
<td>4504</td>
<td>4504</td>
</tr>
<tr>
<td>Salary increase</td>
<td>3%</td>
<td>3%</td>
<td>Unknown</td>
</tr>
</tbody>
</table>

The EAV projections are probably fairly accurate given the increase over the past couple of years. This is not true growth but for the most part only a reflection of the county multiplier.

For the 2008-2009 school year, we have estimated $125 per student increase on the foundation level based on technical advice of our ISBE support person, Carl Holman. Although this seems to be a little low based on the average increases the past few years, it makes sense given the state’s budget deficits and the large increase we may (or may not) receive this school year. For both the 2009-2010 school year and the 2010-2011 school year, we have projected an increase of $200 per student on the foundation level. Although this may be more in line with the historical averages the past five years, I am concerned that these projections are slightly risky at best.

The estimated 5.25% increase in benefits is the result of averaging a 6% insurance increase in 2008-2009 SY and a freeze on TRS costs. I believe that these figures may hold true, but the Cahokia School District has not seen double digit increases in insurance benefits for the past couple years, but I fear that they may yet come.

ADA estimates impact total GSA dollars and the estimated increases for FY 2010 and FY 2011 will require some effort on the district’s part to improve attendance rates at both the middle school and high school levels. However, the district is considering moving the start time for the high school one hour later based on research that shows improvement in tardy and absenteeism rates. In addition, the district has decided to restructure the middle school from grades 6, 7 & 8 and will be separating the 6th grade into their own building with an elementary type of structure creating a smaller learning community.

The current collective bargaining agreements (3) are in effect through FY 2010 and contain 3% increase across the board for all employees. During the summer of 2010 and in preparation for the 2010-2011 school year, negotiations will have to take place to determine the percentage increase for salaries, therefore this figure is unknown. We have estimated a 0% increase for now. The Cahokia School District Board members will have to make a commitment to maintain a balanced budget for FY 2011 when negotiating the agreements at that time.
Historical Overview

The District has had deficit fund balances the last nine years beginning in Fiscal Year 1999. Besides FY2002, FY2006, and FY2007, this district has had deficit operating margins for the last seven years (FY1998 thru FY2007). The District was able to produce a combined operating surplus of $2,506,504 in the last audited fiscal year - 2007. The projected 2008 budget shows another combined operating fund surplus of around $864,596 which the district should be able to maintain for this fiscal year. The District was on strike for nine days this past fall of 2007, settling for a three year contract of 3% each year (FY2008, 2009, & 2010). Step increases average an additional 2.25% each year of the contract. The District's Administrative staff has been diligent in holding down costs and the Superintendent and Chief Financial Officer has been fiscally conservative in all budget decisions. The District can provide further detail on the negotiated contract and how the resulting contract was finalized. Up until this point, this district was successfully maintaining surplus budgets the last three years to apply towards their deficit fund balances.

This District is a severely dependent General State Aid district. We have an extremely low, Equalized Assessed Valuation per pupil figure. Also, being a high poverty funded district, had the new poverty dollars not been phased in over four years, we would have received additional General State Aid dollars each year impacting their current operations and deficits. The Overall Tax Rate for this district is over $7.00 ranking it as being one of the highest taxed districts in Illinois.

The District has survived on Tax Anticipation Warrants to maintain cash flow throughout the year. So far, we have not had to resort to second year Tax Anticipation Warrants, but will be required to do so if we do not receive the last two GSA payments on time this summer '08. Through good cash management, we have been successful in meeting all payrolls and financial obligations. As long as State Reimbursement funding comes through, we should continue on 1st year Tax Anticipation Warrants.

Debt and Liabilities

The District has approximately 34% Long-Term Debt capacity remaining. We have most of the Long-Term Debt in Health/Life/Safety Bonds, with the remaining in QZAB bonds and re-funding bonds. The District is listed on the 2004 School Construction list for a new high school with the expectation that the local match will be approximately 25%. The District also is in need of improvements in technology and will need to institute purchases of new computers in order that the classrooms keep up with the technology.

The District's 2006 EAV has increased approximately $5M from the 2005 EAV. The District has approximately one-third of our EAV in Tax Increment Financing Districts. We do have a TIF agreement which the city would pay the district an amount each year, however, the city has not paid the district the last several years and the current liability is approximately $1.1M owed to the district. During the last contract negotiations, the Mayor has assured the district an additional $250K in property tax due to the city taking some residential property off the TIF rolls.
If the city agreement can be maintained, the district would receive an additional $250K per year from the TIF properties being added back to the tax rolls. The District has benefited from the Extraordinary Block Grant funding which increased over $300K in FY08 due to the formula being allocated 100% this year. Otherwise, this District is dependent upon any and all state and federal funding for future revenue increases.

**Current School Year**

The Cahokia School Board members did approve the elimination of personnel positions and reductions in staff for the next fiscal year (2009) at the March 2008 board meeting. The approximate amount being considered is $1.8M in personnel and benefits. This reduction includes 13 paraprofessionals, 12 teachers, 3 secretarial positions, 2 custodians, 6 hall monitors, 3 health aides, one Instructional Technologist, 2 Administrators, and a SRO. The administration is diligently trying not to affect the educational program but it is going to be difficult as this district feels the effect of NCLB and the children require additional support services.

In addition, the Cahokia School District is considering purchasing property that is located and adjacent to current district owned property from the Belleville Catholic Diocese which includes a former parochial school. The district is considering transforming these existing buildings into a School of Choice with grade levels kindergarten through grade twelve. The property including approximately 10 acres and 5 permanent buildings and 3 mobile buildings would cost $495,000 ($30,000 has been paid on an option to buy earlier in the school year). The district currently has $663,000 in site and construction fund that could be used to make a one time payment with no long or short term debt to purchase the property and remodel. These actions are in response to several parental requests and the opportunity to create a smaller learning community to help children. The district has conducted parent surveys throughout the school year and held a parent meeting on April 29, 2008. The district already has over 243 students enrolled in anticipation of the creation of the school. For every former charter school student enrolling, the district would be retaining the per capita cost now being paid to the charter school ($7,028 per student – 77 former charter students currently enrolled). The district believes that this is a win-win proposition in many more ways than just finance.

The district has no employees retiring for this school year that are known at this time.

**Future Years**

The district has taken action to maximize the effect of unrestricted tax levy categories such as tort and IMRF to help offset any deficits in those funds. In the future, the district will continue this practice to insure no deficit fund balances in unrestricted funds.

In addition, the school district, along with professional grant writers, have written and submitted three new federal grant applications for the 2008-2009 SY:

- Smaller Learning Communities grant – for high school reform, $257,571.30, multi-year
- Safe Schools/Healthy Students grant – for security, RtI Interventionists, health aides, $1,207,440.27 over a 5-year period
- Title II competitive grant – for technology, approximately $500,000, one year period

These grants would allow the district to increase their current security force, install more security cameras, bring back RtI teachers and health aide positions that were eliminated, create smaller learning communities at the high school, additional learning opportunities in the form of fine arts electives, replace current outdated technology and other scientifically research based teaching tools. Obviously any new revenue from these sources would be counterbalanced by the expenditures outlined in the grant budgets.

The District's 10 year H/L/S survey is due this year on 7 of our 10 current buildings and additional capital needs might be required for the buildings. A rough estimate of Health/Life/Safety concerns at the Cahokia High School is about $15 million. The district doesn’t even have enough bonding power to accomplish these improvements without a School Construction grant. However, if chosen as a recipient of a School Construction grant, the district does have enough bonding power to bond for their 25% match and would need to do so to create a safe learning environment for children.

The Cahokia School District does include the Fort Bowman Academy Charter School that houses about 263 students in grades K-12. The district expends approximately $1.8 million per year for the charter school. The enrollment of the charter school has slightly declined the past few years (5%), test scores are stagnant or falling, and the district, as well as, the ISBE have experienced several repeated compliance issues over the past few school years that continue. Numerous parent, charter school teachers, and community member complaints have been lodged. The charter expires at the end of the 2008-2009 school year and great care and consideration will have to be made when and if the charter school seeks recertification. The fact alone that the district receives GSA based on average daily attendance and the charter school receives revenue from the district based on per capita of students enrolled already drains the district of funds that rightfully belong to district enrolled students.

Some reductions may occur during FY 2010 and FY 2011 through the replacement of highly paid retiring employees. However, these retirements are limited in number at this time and are not reflected in the financial projections.

Other district expenditures in supplies and materials and purchased services, unless provided by grant funds, will be reduced. However, since we have placed a limit on these funds in years past, again this will not provide significant relief.

**Educational Impact**

Without the receipt of the federal grants for which we have written, our district will feel many negative effects on educational support systems and student learning. Creating a culture that supports and encourages daily learning is difficult when support staff such as teacher aides, RtI interventionists, and IT specialists have been eliminated; when the health and safety of our
students and staff suffer from the elimination of hall monitors, health aides, and custodians; when the support systems for staff are eliminated through less secretaries and administrators. By eliminating 43 positions from the budget for next school year, it will be interesting and I fear sad to see the impact on ISAT scores.

These are difficult times financially, but while we as a district suffer, the expectations for student achievement rise each school year! Our district has struggled to get up the mountain by reducing financial indebtedness and at the same time improving student achievement significantly, only to face the fear of sliding back down from the summit.
## BUDGET SUMMARY – FY 2009

<table>
<thead>
<tr>
<th>Account No.</th>
<th>RECEIPTS/REVENUES</th>
<th>Disbursements/Expenditures</th>
<th>Function No.</th>
<th>OTHER FINANCING SOURCES</th>
<th>OTHER FINANCING USES</th>
<th>Total Other Financing Sources</th>
<th>Total Other Financing Uses</th>
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<td>57,557</td>
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### 1. ESTIMATED FUND BALANCES July 1, 2008

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Educational Fund</th>
<th>Operations &amp; Maintenance Fund</th>
<th>Transportation Fund</th>
<th>Working Cash Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,480,905</td>
<td>(4,657,647)</td>
<td>(210,398)</td>
<td>399,682</td>
</tr>
</tbody>
</table>

### RECEIPTS/REVENUES

- Local Sources
- Flow-through Receipts/Revenue from One LEA to Another LEA
- State Sources
- Federal Sources
- Total Receipts/Revenues

### DISBURSEMENTS/EXPENDITURES

- Instruction
- Support Services
- Community Services
- Nonprogrammed Charges
- Debt Services
- Provisions for Contingencies
- Total Disbursements/Expenditures
- Excess of Receipts/Revenue Over/(Under) Disbursements/Expenditures

### OTHER FINANCING SOURCES

- Transfers from Other Funds
- Sale of Bonds
- Sale or Compensation for Fixed Assets
- School Technology Revolving Loan Program
- Other Sources
- Total Other Financing Sources

### OTHER FINANCING USES

- Transfers to Other Funds
- Other Uses
- Total Other Financing Uses

### ESTIMATED FUND BALANCE June 30, 2009

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Amount</th>
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<tbody>
<tr>
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<tr>
<td>Operations &amp; Maintenance Fund</td>
<td>(4,262,866)</td>
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<td>Transportation Fund</td>
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<tr>
<td>Working Cash Fund</td>
<td>457,239</td>
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TO: Finance and Audit Committee

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
       Linda Riley Mitchell, Chief Financial Officer

Agenda Topic: FY2009 Budget Update

Materials: None

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

Purpose of Agenda Item
To provide an update on the FY2009 budget to the Finance and Audit Committee.

Relationship to/Implications for the State Board’s Strategic Plan
The FY2009 budget supports various aspects of the goals outlined in the Board’s Strategic Plan.

Expected Outcome(s) of Agenda Item
None. This item is for informational purposes only.

Background Information
The State Board of Education adopted its FY2009 budget recommendation on January 17, 2008. This recommendation, in the form of the agency’s budget book, as well as through legislative budget forms, has been submitted to the General Assembly. Additionally, the Governor outlined his budget recommendation on February 20, 2008. The Governor’s budget has also been submitted to the General Assembly for their consideration.

The Finance and Audit Committee will be briefed on the agency’s appearances in front of the Senate Committee meetings should there have been any by the time of the Board meeting. Testimony in front of the Senate Appropriations Committee has not been scheduled.

Analysis and Implications for Policy, Budget, Legislative Action and Communications
None. This item is for informational purposes only.

Pros and Cons of Various Actions
None. This item is for informational purposes only.

Superintendent’s Recommendation
None. This item is for informational purposes only.

Next Steps
Staff will continue to update the Finance and Audit Committee on future testimony in front of the General Assembly, as well as on the overall progress of the FY2009 budget process.