Illinois State Board of Education

Finance & Audit Committee of the Whole
December 16, 2009
1:15 p.m.
(This meeting will begin immediately following lunch.)

All open meetings will be audio cast on the Internet at: www.isbe.net

AGENDA (timeframes are estimated for planning purposes)

I. Roll Call

II. Board Member Participation by Other Means

III. Public Participation 1:15 - 1:30 p.m.
   NOTE: Speakers should bring 20 copies of written testimony as speaking time will be limited. We ask Classroom Cubed speakers to wait to speak at the time the agenda item is called.

IV. Minutes of the October Finance & Audit Committee of the Whole Meeting (p. 2)

V. Contracts & Grants Over $1 Million 1:30 – 2:00 p.m.
   A. * Illinois Violence Prevention Authority Grant for Social Emotional Professional Development (pp. 3-5) (Beth Hanselman)
   B. * RFSP for General State Aid ARRA Audit (Linda Mitchell) (p. 6)
   C. * Classroom Cubed Grant (Connie Wise) (as needed – see handout)

VI. * Financial Status of Lemont-Bromberek Community School District #113A 2:00 – 2:20 p.m. (pp. 8-10) (Linda Mitchell; Deb Vespa; Dr. Tim Ricker, Superintendent, District #113A)

VII. Discussion of FY2011 Budget Recommendations (Linda Mitchell) 2:20 – 4:00 p.m. (pp.)

VIII. Committee Agenda Planning/Additional Items

IX. Committee Wrap-up – as needed (Superintendent Koch)

X. Adjourn

* Items listed with an asterisk (*) will be discussed in committee and Board action may be taken in the plenary session.
1. **ROLL CALL:** Chairman Karon called the meeting to order.

   **Members Present**  
   Ms. Joyce Karon, Chairman  
   Dr. Andrea Brown  
   Dr. David Fields  
   Ms. Lanita Koster  
   Mr. Jesse Ruiz  
   Dr. Chris Ward

   **Members Absent**  
   Vinni Hall

   **Staff Present**  
   Superintendent Koch  
   Scott Taylor  
   Darren Reisberg  
   Toni Waggoner  
   Jason Hall  
   Connie Wise

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

3. **PUBLIC PARTICIPATION:** Jack Wuest from the Alternative Schools Network spoke about Race to the Top.

4. **MINUTES OF THE SEPTEMBER FINANCE AND AUDIT COMMITTEE MEETING:** Ms. Lanita Koster moved that the minutes of the June Finance and Audit Committee be accepted. Dr. David Fields seconded the motion. The motion passed by unanimous voice vote.

5. **CONTRACTS & GRANTS OVER $1 MILLION:**
   b. Amendment to IBM contract for Student Information System (SIS) (Connie Wise, Terry Chamberlain)

   The Board will take action on the above in the plenary session.

6. **FY11 BUDGET HEARINGS:** Ms. Joyce Karon stated that the Board has held six of the eight budget hearings, attendance has been good and people have understood that we are not in control of financial condition of the State.

7. **FY11 BUDGET PREPARATION:** The Board received an update regarding financial condition of the State and about ISBE’s operating budget. The Board discussed suggested priorities for the FY 2011 Budget, including thoughts about the phase-out of Hold Harmless. Ms. Karon directed staff to proceed with two versions of a proposed budget, using the same priorities as last year. One version would reflect a robust needs budget and the other, a lean budget. Ms. Karon asked for the staff to keep the Board up to date on the cash management situation.

8. **COMMITTEE AGENDA PLANNING AND ADDITIONAL ITEMS:** Contracts & Grants and the Budget

9. **COMMITTEE WRAP-UP:** Dr. Koch said that staff plan to bring forth additional data on Special Education funding at the December meeting and present a couple of versions of the FY11 budget. He reviewed that the Board anticipates keeping the same terms for Hold Harmless that were laid out last year. The proposed scenarios will take into consideration the Chicago Block Grant and fast growth areas of the budget.

10. **ADJOURNMENT:** The meeting adjourned at 10:50 a.m.
TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
       Elizabeth Hanselman, Assistant Superintendent

Agenda Topic: Approval of Grant Exceeding $1 Million with Illinois Violence Prevention Authority for Social and Emotional Professional Development Project

Materials: Social and Emotional Learning Brochures

Staff Contact(s): Kelly Rauscher, Principal Consultant

Purpose of Agenda Item
To obtain approval for the continuation of a grant not to exceed $1,295,000 with the Illinois Violence Prevention Authority (IVPA) for the provision of the Social and Emotional Learning (SEL) Professional Development Project.

Relationship to/Implications for the State Board’s Strategic Plan
The SEL Professional Development Project addresses all three Board Goals.

GOAL 1: Every student will demonstrate academic achievement and be prepared for success after high school.

GOAL 2: Every student will be supported by highly prepared and effective teachers and school leaders.

GOAL 3: Every school will offer a safe and healthy learning environment for all students.

Expected Outcome(s) of Agenda Item
This agenda item will be discussed in the Finance and Audit Committee meeting and then called for a vote at the December plenary session.

Background Information
The Children’s Mental Health Act of 2003 (P.A. 93-0495) authorized the Illinois State Board of Education (ISBE) to develop and implement Social and Emotional Learning Standards for the purpose of enhancing and measuring children’s school readiness and ability to achieve academic success. This act also mandated schools to develop policies to incorporate the SEL Standards into their educational programs.

After the SEL Standards were developed, ISBE worked in collaboration with the Illinois Children’s Mental Health Partnership (ICMHP) and developed the SEL Professional Development Project to build the capacity of schools to meet the social and emotional learning needs of all students. The SEL Professional Development Project provides schools with a coordinating framework for school improvement in which explicit SEL skills instruction is provided to all students, kindergarten through grade twelve, in a safe, caring, learning environment. The SEL Professional Development Project also focuses on changing adult behavior by promoting the use of more effective instructional strategies and the development of meaningful relationships with students, parents, colleagues, and community members.
The benefits of SEL include, but are not limited to, improved academic achievement, improved social and emotional skill development of all students, safer schools, improved teacher/staff performance and professional satisfaction, and increased staff retention rates. Additional information about the Project is available on the attached brochure and can be accessed online at: [http://www.icmhp.org/icmhpproducts/files/SEL-SchoolLeaderLaserPrintF-11-03-09-1.pdf](http://www.icmhp.org/icmhpproducts/files/SEL-SchoolLeaderLaserPrintF-11-03-09-1.pdf).

Research has shown that the combination of SEL interventions has increased student academic performance and produced better grades and higher graduation rates (Durlak and Weissberg, 2005). SEL also affects teacher retention, relational trust, and improved instruction (CASEL, 2006).

In October 2006, ISBE entered into an intergovernmental agreement with IVPA, a collaborative partner of ICMHP, to provide fiscal administrative support for the project. ISBE has continued to enter into annual agreements with IVPA related to this project. In 2007, The SEL Professional Development Project began as a pilot program providing training and coaching to 39 school districts (grant sites) across the state. IVPA selected the districts through a competitive process and administered grants in FY07. Once administrative rules were adopted, authorizing ISBE to release funds under this program, the Agency assumed administration of the FY08 grants to school districts. These grantees are finishing their third year with the Project.

In FY10, the SEL Professional Development Project will continue to support select grant sites in their final year of the pilot program while infrastructure to support all Illinois schools’ SEL implementation is developed.

**Effectiveness**

Program evaluation to date has focused on the Project’s process in order to improve program implementation. A case study was completed by the Center for Research Prevention and Development following the first year of training, planning, and initial implementation. Findings from this study indicate that grant recipients had an enhanced awareness of the SEL Standards and the potential benefits of SEL-related programming. A number of perceived impacts were already being reported by the participating sites. Impacts described include positive changes in teachers and other school staff, changes in students, and changes in the broader school environment or climate.

ISBE has contracted with Loyola University since August 2008 to provide a comprehensive evaluation framework for this project that integrates with other ISBE initiatives. Loyola has worked with ISBE and collaborative partners, including the Illinois Department of Human Services (IDHS), in developing an evaluation plan and tools to measure program effectiveness. The tools are now integrated into the on-line VIMEO system that is used by other Illinois Statewide Technical Assistance Center (ISTAC) projects. As a result of collaborating with the IDHS, fifteen school climate items are now imbedded into the Illinois Youth Survey to assist the project with determining how SEL implementation impacts school climate over time. A more comprehensive report on the effectiveness of the program will be available in November 2010.

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

Policy Implications: Approval of a Continuation Agreement for the SEL Professional Development Project will allow the agency to meet the requirements set forth in the Children’s Mental Health Act of 2003. Approval will also allow state-level, interagency collaboration to continue with IVPA and the ICMHP.
Budget Implications: Funds are available in ISBE’s fiscal year 2010 budget in the amount of $2.7 million for the Children’s Mental Health Partnership.

Legislative Action: None Required

Communication: None Required

**Pros and Cons of Various Actions**
Approval of this discretionary grant to IVPA will allow for the continuation of the SEL Professional Development Project as it transitions from pilot to statewide implementation.

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

The State Board hereby authorizes Agency staff to enter into a continuation grant agreement with the Illinois Violence Prevention Authority through December 31, 2010 for the purpose of providing social and emotional learning professional development to schools throughout the state.

**Next Steps**
Agency staff will work with the Illinois Violence Prevention Authority to effectuate a continuation agreement in accordance with the Board’s approved motion.
TO: Illinois State Board of Education
FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
Linda Riley Mitchell, Chief Fiscal Officer

Agenda Topic: Approval to Issue a Request for Sealed Proposal for ARRA General State Aid Audit and Attestation Services Exceeding $1 million

Materials: None

Staff Contact(s): Ethelene Ferdinand, Division Administrator—External Assurance

Purpose of Agenda Item
To obtain approval to issue a Request for Sealed Proposal (RFSP) and enter into a contract with one or more certified public accounting firms to review local education agencies ensure compliance with 105 ILCS 5/18-8.05 and the American Reinvestment Recovery Act (ARRA), and other federal and state requirements. The firms will perform agreed upon procedures to verify Average Daily Attendance figures used in calculating the amount of General State Aid payments. They will analyze and review expenditure, employment and other ARRA reporting.

Expected Outcome(s) of Agenda Item
It is expected that this agenda item will be discussed in the Financial & Audit Committee and then called for a vote during the December Plenary Session to authorize Agency staff to release a Request for Sealed Proposal.

Background Information
During Fiscal Year 2009, approximately $1.038 billion from the American Recovery and Reinvestment Act (ARRA), State Fiscal Stabilization Funds (SFSF) Educational Services grant was utilized to fund General State Aid (GSA) payments to local educational agencies and state funded laboratory schools. The Education Department General Administrative Regulations (EDGAR), 34 C.F.R Part 80 contains provisions requiring States to monitor subrecipients to ensure compliance with applicable Federal requirements. In addition audits of GSA claims are required by 105 ILCS 5/2-3.32 of the Illinois School Code. External Assurance does not have sufficient staffing levels at this time to audit these claims within the needed timeframe to ensure compliance with the applicable monitoring and auditing requirements.

Financial Background
The funding for the project is anticipated to be up to $1,350,000 in FY10 and $1,150,000 in FY11. Funding will be from the General Revenue Fund (GRF).

Project Monitoring
There will be bi-weekly status calls to determine the progress of the project.

Effectiveness
The completed reviews will go through an internal review process to validate accuracy.
Analysis and Implications for Policy, Budget, Legislative Action and Communications

Policy Implications: Approval of the contract will allow ISBE to ensure compliance with ARRA requirements and other applicable federal/state requirements.

Budget Implications: Funding from ISBE General Revenue Funds Administrative budget

Communication: None required.

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

The State Board hereby authorizes the Agency staff to release a Request for Sealed Proposals to find one or more certified public accounting firms to perform services and to enter into a contract with the successful bidders through September 30, 2010 not to exceed $2,500,000 in total. The resulting contract will have two possible renewals terms.

Next Steps
Agency staff will issue a Request for Sealed Proposal.
TO: Illinois State Board of Education

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

Agenda Topic: Financial Status of Lemont-Bromberek Community School District (CSD) 113A

Materials: Lemont-Bromberek CSD 113A FACTS Report

Staff Contact(s): Deb Vespa

Purpose of Agenda Item

Under section 105 ILCS 5/1A-8 Powers of the Board in Assisting Districts Deemed in Financial Difficulties, it is being recommended that Lemont-Bromberek CSD 113A be certified in financial difficulty.

Relationship to/Implications for the State Board’s Strategic Plan

The financial stability of a school district directly impacts the ability of the district to successfully obtain all three goals of the State Board’s Strategic Plan.

Certification enables districts in financial difficulty to receive technical assistance from the Illinois State Board of Education in accordance with Article 1A-8 of the Illinois School Code. Districts in financial difficulty are assisted in developing a financial plan.

Expected Outcome(s) of Agenda Item

In accordance with 105 ILCS 5/1A-8, certify Lemont-Bromberek CSD 113A as being in financial difficulty.

Background Information

The FY 2010 Budget for Lemont-Bromberek Community School District 113A reflected negative beginning cash of $6.6 million and negative ending cash of $3.4 million. The budget was returned to the district to document any interfund loans and transfers they expected to realize to pay the reported expenditures and to alleviate the negative cash. ISBE also received phone calls from constituents of the school district reporting that a cash balance of only $250,000 in all funds. This cash balance was insufficient to meet the district’s upcoming $700,000 payroll and bond payments that were due December 1st. Three banks had denied the district’s request to issue Tax Anticipation Warrants (TAWs), a form of short-term borrowing where expected future uncollected taxes are used as collateral to meet current needs.

The district secured $5.8 million in TAWs to meet current cash flow needs. They have also secured $3.5 million in second year TAWs that are scheduled to close on December 15, 2009. The issuance of the second year TAWs qualifies the district to be certified as in financial distress. Depending upon the amount of budgetary reductions and future cash flow of the
districts, it is estimated the district will need to secure additional TAWs during the next six months.

Because of these concerns, it is recommended that Lemont CSD 113A be certified as in financial difficulty.

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

Policy Implications: If the Illinois State Board of Education certifies the district in financial distress, the district will be required to develop a financial plan within 45 days after certification. The plan will be reviewed by the State Board for approval. Once the plan is approved, the district must follow the plan in the development of their budget. If the plan is not followed, the State Board can place them under a Financial Oversight Panel.

Budget Implications: Additional staff time will be required to assist the district in the development of their financial plan and monitor the district.

Legislative Action: No legislative action is required at this time.

Communication: Within 14 days of certification, staff is required to communicate guidelines for developing a financial plan to the district. Staff will continue to work with the district following certification.

Pros and Cons of Various Actions
Pros: Certification of a district lends to the assistance from ISBE staff to district administration in the development of their financial plan. Staff also assists the administration in presenting the financial condition of the district and the plan to their school board and community; thus, assisting local school boards with making difficult decisions.

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

The State Board of Education hereby certifies the Lemont-Bromberek Community School District 113A in financial difficulty pursuant to the provisions of Section 1A-8 of the School Code.

Next Steps

ISBE staff will submit the Financial Plan Guideline to Lemont-Bromberek Community School District 113A within the next 14 days. The school district will have 45 days after the date of certification to submit their Financial Plan to the Illinois State Board of Education for approval. State Board staff will continue to provide technical assistance to the district to assist them with the development of their financial plan. The district should submit a financial plan to the State Board by February 1, 2010 to be presented before the Board at their February 2010 Board meeting.
**Superintendent:** Dr. Timothy Ricker  
**Number of Students:** 2,625  
**School Type:** Elementary  
**Number of Teachers:** 145  
**County:** Cook  
**Average Teacher Salary:** $50,985 (State $61,402)  
**Tax Cap School District:** YES  
**Average Administrator Salary:** $104,037 (State $106,217)  
**Low Income Rate:** 6.2% (State 42.9%)  
**Average Teacher Salary:** $50,985  
**Average Administrator Salary:** $104,037  
**Low Income Rate:** 6.2%  

### Overall Performance - All State Tests:

<table>
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<tr>
<th>Year</th>
<th>Performance</th>
<th>Grade</th>
<th>Score</th>
<th>State排名</th>
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<tbody>
<tr>
<td>2008-2009</td>
<td>86.3%</td>
<td>Kindergarten</td>
<td>26.3</td>
<td>State20.5</td>
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<tr>
<td>2007-2008</td>
<td>87.0%</td>
<td>First</td>
<td>22.5</td>
<td>State20.9</td>
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<td></td>
<td></td>
<td>Third</td>
<td>25.8</td>
<td>State21.8</td>
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<td></td>
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<td>Sixth</td>
<td>29.5</td>
<td>State22.6</td>
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<tr>
<td></td>
<td></td>
<td>Eighth</td>
<td>30.1</td>
<td>State21.4</td>
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### Revenue Sources

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<thead>
<tr>
<th>Source</th>
<th>Local %</th>
<th>State %</th>
<th>Federal %</th>
</tr>
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<tbody>
<tr>
<td>Local</td>
<td>85.0%</td>
<td>(State 65.0%)</td>
<td>12.0%</td>
</tr>
<tr>
<td>State</td>
<td>(State 7.4%)</td>
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<td>(State 7.4%)</td>
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<tr>
<td>Federal</td>
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### 2007 Tax Rates:

- Extended Rates: $1.454
- Education Fund: $1,125,545,789
- Operation & Maint. Fund: $0.137
- Transportation Fund: $0.027
- Working Cash Fund: $0.00

### SUMMARY OF OPERATING FUNDS

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<tr>
<td>Beginning Fund Balance</td>
<td>9,082,639</td>
<td>9,445,850</td>
<td>10,074,284</td>
<td>10,199,094</td>
<td>8,575,088</td>
<td>7,462,020</td>
<td>6,866,951</td>
<td>3,882,756</td>
<td>2,480,332</td>
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<tr>
<td>Revenues</td>
<td>13,249,852</td>
<td>14,586,752</td>
<td>15,363,932</td>
<td>15,837,476</td>
<td>18,360,089</td>
<td>18,944,113</td>
<td>20,437,345</td>
<td>20,694,595</td>
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<td>Expenditures</td>
<td>13,113,691</td>
<td>14,148,768</td>
<td>16,331,940</td>
<td>17,461,482</td>
<td>18,293,517</td>
<td>19,431,158</td>
<td>21,928,308</td>
<td>21,839,769</td>
<td>22,591,364</td>
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<td>Results of Operation</td>
<td>136,161</td>
<td>437,984</td>
<td>(968,008)</td>
<td>(1,624,006)</td>
<td>(1,113,068)</td>
<td>(595,069)</td>
<td>(2,984,195)</td>
<td>(1,402,424)</td>
<td>(1,896,769)</td>
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<td>Other Sources/Uses</td>
<td>227,050</td>
<td>190,450</td>
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<td>Other Changes to Fund Bal.</td>
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<td>(52,682)</td>
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<td>Fund Balances</td>
<td>9,445,850</td>
<td>10,074,284</td>
<td>10,199,094</td>
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<td>6,866,951</td>
<td>3,882,756</td>
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<td>583,563</td>
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### Tax Year

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<th>Year</th>
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<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
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<tbody>
<tr>
<td>EAV</td>
<td>$504,843,369</td>
<td>$574,803,179</td>
<td>$592,288,595</td>
<td>$735,488,965</td>
<td>$808,193,028</td>
<td>$995,904,884</td>
<td>$1,031,004,033</td>
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### School Year

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<tr>
<td>Enrollment</td>
<td>2,456</td>
<td>2,532</td>
<td>2,575</td>
<td>2,591</td>
<td>2,616</td>
<td>2,625</td>
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<td>Not Available</td>
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### Outstanding Debt

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<tbody>
<tr>
<td>Short-Term Debt</td>
<td>15,637,387</td>
<td>25,966,332</td>
<td>24,592,137</td>
<td>23,319,338</td>
<td>22,146,797</td>
<td>20,971,051</td>
<td>19,852,119</td>
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<td>Long-Term Debt</td>
<td>7,298,842</td>
<td>9,246,373</td>
<td>10,587,211</td>
<td>13,168,742</td>
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<tr>
<td>Short-Term Debt Limit</td>
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<td>40,867,913</td>
<td>50,748,739</td>
<td>55,765,319</td>
<td>68,717,437</td>
<td>71,139,278</td>
<td>77,662,659</td>
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### Profile Score

- FY 2002: 3.60  
- FY 2003: 3.55  
- FY 2004: 3.45  
- FY 2005: 3.45  
- FY 2006: 3.45  
- FY 2007: 2.75

**Profile Designation:** RECOGNITION RECOGNITION REVIEW REVIEW REVIEW WARNING