AGENDA (timeframes are estimated for planning purposes)

I. Roll Call

II. Board Member Participation by Other Means

III. Public Participation (15 minutes) 2:00 – 2:15 p.m.

IV. Minutes of the March Finance & Audit Committee of the Whole Meeting (pp. 2-3)

V. *Grants Over $1 Million 2:15 – 2:25 p.m.
   A. Early Childhood Block Grants (Kay Henderson) (pp. 7-9)
   B. State Career & Technical Education Improvement & Agricultural Education (Action will be delayed until June meeting.)
   B. FY11 1003(g) School Improvement Grants (Monique Chism) (pp. 13-14)

VI. *Contracts Over $1 Million 2:25 – 2:35 p.m.
   A. Intergovernmental Agreement: Harrisburg Project (David Andel) (pp. 15-16)
   B. Request for RFSP: Center of School Improvement (Monique Chism) (pp. 17-18)
   C. Request for RFSP: Evaluator of School Improvement (Monique Chism) (pp. 19-20)
   D. Contract Renewal: Illinois Migrant Council (Robin Lisboa) (pp. 21-23)
   E. Contract Renewal: PSAE and EXPLORE/PLAN – ACT, Inc. (Joyce Zurkowski) (pp. 24-25)
   G. Contract Renewal – ISAT Administration – NCS Pearson, Inc. (Joyce Zurkowski) (pp. 28-29)
   H. Contract Renewal – ISAT Development – NCS Pearson, Inc. (Joyce Zurkowski) (pp. 30-31)
   I. Contract Renewal – Development of Web-Based Child Nutrition Application System – Capitol Strategies, Inc. (Terry Chamberlain, Chris Schmitt) (pp. 32-34)

VII. Round Lake School Finance Authority (Linda Mitchell, Deb Vespa, Ben Martindale, Round Lake Chief Executive Officer) (pp. 35-41) 2:35 – 3:15 p.m.

VIII. Qualified Zone Academy Bond (QZAB) Authorization(s) (Linda Mitchell, Deb Vespa) (pp. 42-57) 3:15–3:20 p.m.

IX. Update on the American Recovery and Reinvestment Act (verbal update) 3:20 – 3:30 p.m.

X. FY11 State Board of Education Budget – Discuss Prioritization of Funds (pp. 58 -) 3:30 – 4:30 p.m. (Linda Mitchell, Scott Taylor)

XI. Committee Agenda Planning/Additional Items

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 Baumann called the meeting to order.

<table>
<thead>
<tr>
<th>Members Present</th>
<th>Members Absent</th>
<th>Staff Present</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Jim Baumann, Chairman</td>
<td>Superintendent Koch</td>
<td></td>
</tr>
<tr>
<td>Dr. Andrea Brown</td>
<td>Linda Mitchell</td>
<td></td>
</tr>
<tr>
<td>Dr. David Fields</td>
<td>Scott Taylor</td>
<td></td>
</tr>
<tr>
<td>Mr. Steven Gilford</td>
<td>Toni Waggoner</td>
<td></td>
</tr>
<tr>
<td>Dr. Vinni Hall</td>
<td>Jason Hall</td>
<td></td>
</tr>
<tr>
<td>Ms. Lanita Koster</td>
<td>Lisa LaBonte</td>
<td></td>
</tr>
<tr>
<td>Ms. Melinda LaBarre</td>
<td>Deb Vespa</td>
<td></td>
</tr>
<tr>
<td>Mr. Jesse Ruiz</td>
<td>Darren Reisberg</td>
<td></td>
</tr>
<tr>
<td>Dr. Chris Ward</td>
<td>John Perkins</td>
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</tr>
</tbody>
</table>

2. BOARD MEMBER PARTICIPATION BY OTHER MEANS: None

3. PUBLIC PARTICIPATION: Sessy Nymen from Illinois Action for Children spoke on behalf of Early Childhood programs, and asked that the contractual components of Early Childhood administration which ensure the maintenance of a quality infrastructure in Illinois be maintained, even if the line item was cut in FY 2011. Greg Moats, Rick Cavalier and Missy Taylor from Belleville THSD 201 encouraged the Board to pursue modifying class size regulations in the Illinois Administrative Code and modify the definition of the general education class room until the state has the ability to make full state payments. Chris Nation and Jamie Sterbinsky from Springfield spoke on behalf of the Teen Parents as Teachers program. Kathie Raiborn from Rogys; Maurice Lyon from CUSD 205 Galesburg; Jill Grove and Jayne Joseph from Springfield Public Schools all spoke on behalf of Early Childhood programs. John Moss from Glenbard District 87 spoke on payment delays related to FY10 MCATs, asked that GSA be cut less than MCAT's in FY 2011, asked that Bilingual Education not be cut disproportionately in FY 2011, and indicated support for the testimony offered by participants from Belleville THSD 201.

4. MINUTES OF THE JANUARY FINANCE AND AUDIT COMMITTEE MEETING: Dr. Chris Ward moved that the minutes of the January 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: Dr. Vinni Hall recommended the following items be moved to the plenary session for action. The Board agreed.
   A. Early Childhood Education Contract with Erikson Institute (Evaluation of Early Childhood Systems) (Kay Henderson)
   B. Early Childhood Education Contract with Erikson Institute (Social/Emotional Training and Consultation) (Kay Henderson)
   C. Early Childhood Education Contract with ROE #27 (Block Grant Programs for Compliance and Program Improvement) (Kay Henderson)
   D. Principal Mentoring Contract with IPA (Patrick Murphy)

6. FY09 FINANCIAL AUDIT: For the benefit of the new members, Lisa LaBonte provided a brief synopsis of the duties of ISBE’s Chief Internal Auditor. She added that the Auditor General performs an annual financial audit of the Agency. The objectives of a financial audit are to determine if financial statements are fairly presented in accordance with Governmental Accounting Standards. In past years, both a financial audit and compliance examination were performed annually, but beginning with FY09 the Auditor General decided to perform the Compliance Examination on a
biannual basis. Since the compliance examination was not performed in FY09, auditors did not perform follow up on previously reported noncompliance with mandate findings nor perform any testing of mandate compliance. ISBE’s FY10 audit will once again include both the financial audit and compliance examination. The FY09 Financial and Compliance Audit report contains one finding: Inadequate Control Over the Financial Reporting Process. (Summary provided in Finance & Audit Committee packet.)

7. UPDATE ON AUDIT FINDINGS: Ms. LaBonte provided the Board with information on the progress the Agency has made in resolving audit findings from the FY2008 A-133 Statewide Single Audit and compliance findings from the FY2008 Financial Audit and Compliance Examination, performed by the Auditor General.

8. REVIEW ANNUAL FINANCIAL PROFILE OF SCHOOL DISTRICTS: Ms. Linda Mitchell stated that ISBE has been going through this process for about eight years of preparing a financial profile, and that ISBE evaluates the financial performance of school districts across the state. Ms. Mitchell spoke about the handouts that were given to the Board. The Committee agreed to forward this item to the plenary session for final consideration by the Board.

9. FINANCIAL PLAN FOR LEMONT-BROMBEREK COMMUNITY S.D.: Ms. Mitchell reminded the Board that on December 17, 2009, the State Board certified Lemont-Bromberek Community School District 113A in financial difficulty. In accordance with the School Code, districts that have been certified in financial difficulty must submit a financial plan to the Illinois State Board of Education for approval within 45 days. Ms. Mitchell stated that Ms. Deb Vespa and her staff have been working closely with the district and Superintendent Rick and his board have submitted a revised financial plan, which indicates some aggressive action including a reduction in force. The Committee forwarded this to the plenary session for final consideration by the Board.

10. SPECIAL EDUCATION EXPENDITURES & RECEIPTS: Ms. Mitchell indicated that this is the third year for this annual report. Ms. Vespa stated that the information is calculated from limited information from district annual reports, the Funding and Child Tracking System (FACTS) and the State’s Student Information System (SIS). Ms. Vespa added that this report is not a reflection of school districts’ total special education expenditures and receipts. The Committee forwarded this to the plenary session for final consideration by the Board.

11. UPDATE ON CALUMET PARK SCHOOL DISTRICT: Superintendent Koch stated that the Agency has been working with Calumet Park in an oversight role for several years. The State Board received an update on the status of the district’s progress and in May will discuss the possibility of terminating the oversight agreement.

12. FY11 BUDGET UPDATE: Ms. Mitchell stated that ISBE did not have a Finance Committee meeting in February; the last one was January 13, 2010. She indicated that the Superintendent and staff have provided testimony before the House Appropriations Committee on Elementary and Secondary Education and the Senate Appropriations Committee, as well as meeting with individual legislators. Members were reminded that the ARRA funds were used in FY 2009 and FY 2010. However, the lack of ARRA funds in FY 2011 creates about $1 billion cliff in our budget. These funds are used for portions of the GSA and Early childhood payments. Ms. Mitchell added that the Education Funding Advisory Board (EFAB) has been meeting every two months. The next meeting will be in Springfield on April 28.

13. COMMITTEE AGENDA PLANNING AND ADDITIONAL ITEMS: None discussed.

14. ADJOURNMENT: Dr. Vinni Hall moved to adjourn. Dr. David Fields seconded the motion. The motion passed.
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Pages 4-6 Intentionally left blank
TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
       Susan C. Morrison, Deputy Superintendent

Agenda Topic: Early Childhood Block Grant awards exceeding $1 million

Materials: N/A

Staff Contact(s): Kay Henderson, Division Administrator, Early Childhood
                Cindy Zumwalt, Principal Consultant, Early Childhood

Purpose of Agenda Item
To secure Board approval for Early Childhood Block Grant (ECBG) awards exceeding $1 million.

Board approval is sought at this time so once the State Budget is finalized funding notifications can be made.

Relationship to/Implications for the State Board’s Strategic Plan
The Early Childhood Block Grant programs relate to Goal 1: Every student will demonstrate academic achievement and be prepared for success after high school. In addition, providing Illinois students with a foundation of knowledge and skills allows them to be successful throughout their school experience.

Expected Outcome(s) of Agenda Item
ISBE approval for ECBG grants exceeding $1 million.

Background Information
Funding of Early Childhood Block Grant programs are anticipated to result in an initial or cumulative funding level exceeding $1 million for some grantees. Final funding amounts will be determined, and funding notifications sent with the completion of the FY 11 State Budget. The Board’s approval of this request will facilitate the notification process.

Funds are awarded to school districts and community-based organizations to implement a high quality preschool program for 3 and 4 year olds. Eleven percent of funds will be used to fund intensive intervention programs for at risk families with children in the 0-3 age range. Grant funds are used for staff salaries and benefits, curricular materials, equipment and supplies, administrative costs associated with the grant, and funds for parent involvement and education.

Financial Information
See attachment.

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

Budget Implications: Funds will be available through the Early Childhood Block Grant. Funding amounts are based on State Board Budget Recommendation of $381,161,400 for the ECBG. Funding levels for program grants will be adjusted as needed based on the finalized FY 11 State Budget.
Legislative Action: none

Communication: N/A

**Effectiveness**
An Early Childhood Statewide System Evaluation is currently being conducted and results are due at the end of FY 2011. Additionally, ISBE reports to the General Assembly on the progress of children who are enrolled in the program. The ISBE Illinois Prekindergarten Program 2008-2009 Evaluation Report contains data substantiating that “A majority of former prekindergarten students have sustained their high academic performance in the elementary grades.”

The following table provides information on the number of projects funded and 3 to 5 year old children served.

<table>
<thead>
<tr>
<th>Downstate Illinois Projects</th>
<th>FY 09</th>
<th>FY 10 (est)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birth to 3 Prevention Initiative and Parental Training Projects</td>
<td>274</td>
<td>268</td>
</tr>
<tr>
<td>3-5 Pre-K and Parental Training Projects</td>
<td>521</td>
<td>521</td>
</tr>
<tr>
<td>3-5 Preschool for All Projects</td>
<td>205</td>
<td>198</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3-5 Children Served</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Downstate</td>
<td>67,267</td>
</tr>
<tr>
<td>Chicago Public Schools</td>
<td>27,856</td>
</tr>
<tr>
<td>Total 3-5 Children Served</td>
<td>95,123</td>
</tr>
</tbody>
</table>

**Pros and Cons of Various Actions**
Approval of this request will allow ISBE to send out funding notification as soon as funds are available.

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

The State Board of Education hereby approves the award of Early Childhood Block Grant funds exceeding $1 million to qualifying entities and authorizes the State Superintendent to enter into grant agreements in excess of $1 million with such entities.

**Next Steps**
Funding amounts will be finalized with the completion of the FY 11 State Budget, grantees will be notified as soon as funds become available, and agency staff will commence the process of renewing the grants.
FY 2011 Early Childhood Block Grant Awards Exceeding $1 Million

### FY 11 ECBG Program Grants over $1 Million

<table>
<thead>
<tr>
<th>No.</th>
<th>Funding*</th>
</tr>
</thead>
<tbody>
<tr>
<td>14-016-1510-61</td>
<td>EXC CHILDREN HAVE OPPORTUNITIES 01</td>
</tr>
<tr>
<td>65-108-5520-51</td>
<td>FAMILY FOCUS 01</td>
</tr>
<tr>
<td>14-016-1300-02</td>
<td>COOK COUNTY SD 130 00</td>
</tr>
<tr>
<td>56-099-0860-05</td>
<td>JOLIET PSD 86 00</td>
</tr>
<tr>
<td>09-010-0040-26</td>
<td>CHAMPAIGN CUSD 4 00</td>
</tr>
<tr>
<td>02-091-0430-04</td>
<td>JONESBORO C C SCHOOL DIST 43 00</td>
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<tr>
<td>33-048-2050-26</td>
<td>GALESBURG CUSD 205 00</td>
</tr>
<tr>
<td>49-000-0000-00</td>
<td>ROCK ISLAND ROE 00</td>
</tr>
<tr>
<td>39-055-0610-25</td>
<td>DECATUR SD 61 00</td>
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<tr>
<td>09-010-1160-22</td>
<td>URBANA SD 116 00</td>
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<tr>
<td>31-045-1290-22</td>
<td>AURORA WEST USD 129 00</td>
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<tr>
<td>14-016-777P-00</td>
<td>THROUGH A CHILDS EYES 00</td>
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<tr>
<td>04-101-1220-22</td>
<td>HARLEM UD 122 00</td>
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<tr>
<td>14-016-0990-02</td>
<td>CICERO SD 99 00</td>
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<td>48-072-1500-25</td>
<td>PEORIA SD 150 00</td>
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<td>50-082-1890-22</td>
<td>EAST ST LOUIS SD 189 00</td>
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<td>21-100-0050-26</td>
<td>CARTERVILLE CUSD 5 00</td>
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<td>54-092-1180-24</td>
<td>DANVILLE CCSD 118 00</td>
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<td>31-045-1310-22</td>
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<td>SPRINGFIELD SD 186 00</td>
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<td>MURPHYSBORO CUSD 186 00</td>
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<td>SD U-46 00</td>
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<td>SCHAUMBURG CCSD 54 00</td>
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<td>04-101-2050-25</td>
<td>ROCKFORD SCHOOL DIST 205 00</td>
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<tr>
<td>14-016-0540-04</td>
<td>SCHAUMBURG CCSD 54 70</td>
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<tr>
<td>14-016-780P-00</td>
<td>ACTION FOR CHILDREN 70</td>
</tr>
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</table>

### Total Number of FY 11 ECBG Program Grants

#### Downstate Illinois Projects

<table>
<thead>
<tr>
<th>Grant Program</th>
<th>No.</th>
<th>Funding*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing 3-5 (At-Risk)</td>
<td>520</td>
<td>$159,951,134</td>
</tr>
<tr>
<td>Continuing 0-3 (PI &amp; PT)</td>
<td>240</td>
<td>$24,215,270</td>
</tr>
<tr>
<td>Preschool for All 3-5</td>
<td>208</td>
<td>$40,292,133</td>
</tr>
<tr>
<td>Preschool for All 0-3 (PI)</td>
<td>27</td>
<td>$5,107,480</td>
</tr>
</tbody>
</table>

#### Total 3-5 & 0-3 Grant Programs

<table>
<thead>
<tr>
<th>Grant Program</th>
<th>No.</th>
<th>Funding*</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>995</td>
<td>$229,566,017</td>
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</tbody>
</table>

### Note:
The above FY 11 ECBG Program Grant Totals include the grant amounts over $1M

#### Statewide Projects

<table>
<thead>
<tr>
<th>Grant Program</th>
<th>Funding*</th>
</tr>
</thead>
<tbody>
<tr>
<td>09-010-5450-51</td>
<td>University of Illinois Early Learning Project</td>
</tr>
<tr>
<td>09-010-5450-51</td>
<td>University of Illinois IECAM</td>
</tr>
<tr>
<td>14-016-335P-00</td>
<td>Ounce of Prevention (Training/Technical Assistance)</td>
</tr>
</tbody>
</table>

*Funding amounts are based on State Board Budget Recommendation of $381,161,400 for the ECBG Funding levels for program grants will be adjusted as needed based on the finalized FY 11 State Budget*
Pages 10-12 intentionally left blank
**Agenda Topic:** FY11 1003(g) School Improvement Grants Exceeding $1 Million

**Staff Contact(s):** Monique M. Chism, Ph.D., Division Administrator for Innovation and Improvement

**Purpose of Agenda Item**
The Division of Innovation & Improvement requests the Board to authorize the State Superintendent to enter into grant agreements in excess of $1 million with one or more local education agencies (LEA) for 1003(g) School Improvement Grants (SIG) in fiscal year (FY) 2011.

**Relationship to/Implications for the State Board’s Strategic Plan**
The 1003(g) School Improvement Grants will support the following Board goal.

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

**Expected Outcome(s) of Agenda Item**
This agenda item will be discussed in the Finance and Audit Committee and then called for a vote during the May Plenary Session. It is expected that the Board will authorize the State Superintendent to execute such grant agreements subject to staff recommendations.

**Background Information**
School Improvement Grants, as authorized under section 1003(g) of Title I of the Elementary and Secondary Education Act of 1965 (ESEA) and under the American Recovery and Reinvestment Act of 2009 (ARRA), are made available from the U.S. Department of Education (ED) to state education agencies (SEAs) to provide subgrants to local education agencies (LEAs) for use in Title I schools and Title I eligible secondary schools identified for improvement, corrective action, or restructuring.

The purpose of the grant program is to assist the state’s lowest performing schools that demonstrate the greatest need for the funds and the strongest commitment to use the funds to provide adequate resources in order to raise substantially the achievement of their students so as to enable the schools to make adequate yearly progress and exit improvement status. For each eligible school approved to receive funds under this grant, the LEA must implement one of four school intervention models approved by ED.

A request for proposals (RFP) is currently posted at [http://www.isbe.net/sos/htmls/sip_1003.htm](http://www.isbe.net/sos/htmls/sip_1003.htm) and invites eligible LEAs to submit proposals no later than June 14, 2010. Proposals will be reviewed and evaluated according to the criteria established in the RFP. Agency staff anticipate announcing grant awards in July so that districts can begin implementation at the beginning of school year 2010-2011.
The total amount of funding available over the term of the grant is $137 million. Annual grant awards to LEAs will range from not less than $50,000 to up to $2 million per participating school, subject to available funds. Actual allocations, however, will be based on the intervention model selected at the local level and program guidelines. During the term of the grant, it is anticipated that funds will be available for a one year grant period and two additional one-year continuation periods, except in the case of school closure. Funding in the two continuation periods will be contingent upon a sufficient appropriation for the program and satisfactory progress by the grantee in the preceding grant period.

Effectiveness
The four school intervention models endorsed by ED are supported by research for effectively improving student achievement. It is anticipated that LEAs which implement selected intervention models with fidelity will dramatically increase student achievement. An official program evaluation will be conducted during the term of the grant.

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

Policy Implications: There is considerable controversy in the field (both within and outside of Illinois) related to the four intervention models delineated by the federal government. Many districts feel they represent overreaching by the federal government into local control and that there is a lack of understanding for how soon the impact of a new principal can be seen with regard to student improvement. Conversely, many also see the need for meaningful and timely interventions on behalf of students in poorly performing schools.

Budget Implications: The SIG program is funded entirely by federal Title I and funds received under the American Recovery and Reinvestment Act (ARRA).

Legislative Action: None

Communication: None

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

The Board hereby authorizes the State Superintendent to enter into grant agreements with one or more local education agencies for receipt of the 1003(g) School Improvement Grants (SIG) in amounts to exceed $1 million over the term of the grant.

Next Steps
Upon Board authorization, Agency staff will conduct the grant competition including the evaluation of proposals and prepare grant recommendations for the State Superintendent’s approval. Grant agreements will be executed accordingly.
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: Contract exceeding $1 Million Dollars for Harrisburg Project

Staff Contact(s): Elizabeth Hanselman, Assistant Superintendent

Purpose of Agenda Item
The Division of Special Education Services requests that the Board approve the renewal of the contract with the Harrisburg Project to maintain and revise software used to collect and report special education data. Releasing an RFSP would not be economical to the agency since Harrisburg developed the software and, at this time, is maintaining the software.

Relationship to/Implications for the State Board’s Strategic Plan
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; and
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 and then called for a vote at the April Plenary session

Background Information
The requirement for special education data and reporting is contained in the Individuals with Disabilities Education Improvement Act of 2004, PL 108-446. The Harrisburg Project was created and is maintaining software for microcomputers allowing special education districts and cooperatives to manage (input, use and transmit to ISBE) data on students with disabilities and special education personnel. This allows ISBE to more efficiently manage special education information. Additionally, they provide technical assistance and training for all software developed by Harrisburg. The Harrisburg Project was a recipient of a discretionary grant through FY06. Beginning with FY07 this project has been handled as an Inter-Governmental Agreement.

Financial Background
The actual amount funded for each FY is as follows:

FY07 $667,005
FY08 681,243
FY09 735,000
FY10 745,725
Total Contract 2,828,973
Amendment #4 will extend the term of the contract to June 30, 2011 and increase the contract amount by $745,725 for a total contract amount of $3,574,698.

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 in the Individuals with Disabilities Education Act of 2004, PL 108-446.

Budget Implications: The additional amount of $745,725 for FY 2011 will be 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 allow the agency to meet its federal reporting requirements.

Superintendent’s Recommendation

I recommend that the following motion be adopted:

The State Board hereby authorizes the renewal of Regional Office of Education #20/Harrisburg Project contract through June 30, 2011 with an increase of the contract’s maximum amount not to exceed $3,574,698.

Next Steps
Agency staff will commence the process of amending the contract in accordance with the approved motion.
ILLINOIS STATE BOARD OF EDUCATION MEETING
May 20-21, 2010

TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
       Susan Morrison, Deputy Superintendent of Education

Agenda Topic: Request for RFSP– Center of School Improvement

Staff Contact(s): Monique M. Chism, Ph.D., Division Administrator for Innovation and Improvement

Purpose of Agenda Item
To obtain authorization to proceed with a Request for Sealed Proposal for the Center for School Improvement to be awarded in FY 11 for a maximum amount of $3 million the initial contract period.

Relationship to/Implications for the State Board’s Strategic Plan
The following action will support Goal 1 & 2 in the Board’s Strategic Plan. (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.

Expected Outcome(s) of Agenda Item
The agenda items will be discussed and then called for a vote to authorize Agency staff to release a Request for Sealed Proposal.

Background Information
We are making $3 million available from our Title I federal funds for the development of a Center for School Improvement which will provide and coordinate professional development, research and best practice and technical assistance for school improvement.

In collaboration with ISBE staff, this Center will oversee the Statewide System of Support in order to ensure coordination and coherence. The Center will offer technical assistance, professional development, resources, research and best practices in school improvement. The Center staff will also help with the coordination of the School Improvement Grant activities and identified Regional Service Providers. The Center will serve all districts in Illinois and target resources toward districts and schools that are in state or federal improvement status. The startup year for The Center will run through June 2011 with the expectation to begin full service operation in July 2011. The activities and the deliverable for this contract include a statewide implementation plan for the Illinois System of Support, 10 Professional Development Modules that focus on best practices for school and district improvement, 5 comprehensive training modules to support job-embedded professional development for regional service providers across the state, an operational manual that details the Statewide System of Support, and an evaluation plan for the Statewide System of Support.

ISBE will contract with the Center, coordinate its activities with ISBE divisions and programs, provide oversight and performance management of Center activities, and hold it accountable for
statewide implementation of the system of support. The Center will in turn be responsible for ensuring that effective practices are widely disseminated and replicated across regions of the State and that the regional delivery system provides effective support within the SSOS. The Center will ensure ISBE has the data and information necessary to hold regional providers accountable for effective local implementation. The Center for School Improvement will include a specific unit dedicated to effective turnaround implementation.

Eligible applicants will be universities, regional offices of education, and private or non-profit organizations that are experienced in working with comprehensive school and district improvement. The applicant will have to have as a partner one or more universities that support research and evaluation of education programs.

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

Policy Implications: The Center for School Improvement was proposed as part of our Phase I Race to Top application and will also be a critical component of our Phase II application due on June 1.

Budget Implications: This will be paid with Title I 1003(g) funds and any state funds if they become available.

Legislative Action: None

Communication: Please see next steps.

**Superintendent’s Recommendation**

I recommend that the following motion be adopted:

> The State Board hereby authorizes agency staff to proceed with a RSFP to contract for the Center for School Improvement. The total contact when awarded will not exceed $3 million.

**Next Steps**

Agency staff will commence the process of the RFSP in accordance with the approved motion and award a contract.
TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
       Susan Morrison, Deputy Superintendent of Education

Agenda Topic: RFSP for the Evaluation of the 1003(g) School Improvement Grant and the Center for School Improvement

Staff Contact(s): Monique M. Chism, Ph.D., Division Administrator for Innovation and Improvement

Purpose of Agenda Item
To obtain authorization to proceed with a Request for Sealed Proposal for the Evaluation of the 1003(g) School Improvement Grant and the Center for School Improvement to be awarded for an initial term and three renewal periods for $300,000 per year; total contract not to exceed $1.2 million.

Relationship to/Implications for the State Board's Strategic Plan
The following action will support Goal 1 & 2 in the Board’s Strategic Plan. (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.

Expected Outcome(s) of Agenda Item
The agenda items will be discussed and then called for a vote to authorize Agency staff to release a Request for Sealed Proposal.

Background Information
This contract will provide an evaluator for the new FY School Improvement Grant 1003(g) and for the Center for School Improvement. The evaluator will be responsible for collecting the baseline data and thus will need to start during the first year of the two programs mentioned above.

The School Improvement Grants, as authorized under section 1003(g) of Title I of the Elementary and Secondary Education Act of 1965 (ESEA) and under section 1003(g) of the American Recovery and Reinvestment Act of 2009 (ARRA), are made available from ED to state education agencies (SEAs) to provide subgrants to local education agencies (LEAs) for use in Title I schools and Title I eligible secondary schools identified for improvement, corrective action, or restructuring.

The Center for School Improvement will coordinate its activities with ISBE who will provide oversight and management of Center activities, and hold it accountable for statewide implementation of the system of support. The Center will in turn be responsible for ensuring that effective practices are widely disseminated and replicated across regions of the State and that the regional delivery system provides effective support within the Statewide System of Support.
**Analysis and Implications for Policy, Budget, Legislative Action and Communications**

Policy Implications: It is critical to include evaluation components for these school improvement efforts given the increased focus and necessity for providing meaningful interventions in our lowest performing schools. The Center for School Improvement was proposed as part of our Phase I Race to Top application and will also be a critical component of our Phase II application due on June 1.

Budget Implications: To be paid for with 1003 (g) and (a) funds.

Legislative Action: None

Communication: Please see next steps

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

The State Board hereby authorizes agency staff to proceed with a RSFP to contract for the evaluation of the 1003(g) School Improvement Grants and the Center for School Improvement. The contact when awarded will not exceed $300,000 per year. Total contract with all possible renewals will not exceed $1.2 million.

**Next Steps**
Agency staff will commence the process of the RFSP in accordance with the approved motion and award a contract.
TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
Don Evans, Director of Human Resources

Agenda Topic: Illinois Migrant Council Contract Exceeding $1 Million

Materials: None

Staff Contact(s): Robin Lisboa, Division of English Language Learning Administrator

Purpose of Agenda Item
To obtain approval for continuation of a contract with the Illinois Migrant Council (IMC) through August 31, 2011 to provide migrant recruiting, inter-state coordination, needs assessment, student records transfer, parent involvement, technical assistance and professional development for the Migrant Education Program in Illinois. The total award over a three year period will not exceed $1,473,000.

Relationship to/Implications for the State Board’s Strategic Plan
The IMC contract addresses all three 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.

The IMC identifies eligible migrant children and connects them with available local migrant education projects designed to support academic success and high school graduation. The IMC also provides extensive professional development to migrant teachers, administrators, recruiters and staff and offers individual technical assistance to local projects to ensure that they establish learning environments that meet the unique needs of migrant students.

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

Background Information
The Agency receives funding under Title I, Part C of No Child Left Behind for the Education of Migratory Children. The purpose of this program is to provide migrant children with supplemental educational services that address barriers to learning related to mobility and ensure that these students meet the state learning standards with an emphasis on reading and mathematics. Eligible migrants include children through the age of 21 who have not graduated from high school and have moved within the past three years across school district boundaries with a parent or guardian or on their own to find seasonal or temporary work in agriculture or fishing. In Illinois, Migrant Education Program (MEP) funds are distributed to local projects in
communities with documented migrant populations. Most services are provided during the summer months when the majority of migrant families are present in the State.

To effectively implement the MEP and meet the requirements of Title I, Part C, the Agency implements statewide and inter-state coordination activities to address the needs of migrant children. These include 1) identification and recruitment of all migrant children following federal guidelines for eligibility determination, recruiter training and quality control procedures; 2) collection of individual migrant student data that is uploaded onto a federal data base to facilitate inter-state coordination and student records transfer; 3) conducting and updating a comprehensive needs assessment to guide program development; 4) participating in inter-state coordination efforts; 5) involving migrant parents in their children's education; and 6) providing professional development, technical assistance and support to local MEP projects. In June of 2008, the agency issued an RFSP for a contract to provide coordination support in these areas to the MEP in Illinois. The Illinois Migrant Council (IMC) submitted the winning bid and was awarded a one-year contract with the possibility of four renewals.

**Financial Background**
The funding for each fiscal year is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY09</td>
<td>$387,167</td>
</tr>
<tr>
<td>FY10</td>
<td>$513,000</td>
</tr>
<tr>
<td>FY11:</td>
<td>$ 81,833</td>
</tr>
<tr>
<td>Total</td>
<td>$982,000</td>
</tr>
</tbody>
</table>

The requested amount will increase the contract by $491,000 for a maximum amount of $1,473,000.

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

Policy Implications: Approval of the IMC contract continuation will allow the Illinois State Board of Education to meet the requirements of the federal MEP. In addition, the State will have the resources needed to conduct statewide activities that improve education opportunities for highly mobile, at-risk migrant children and youth.

Budget Implications: The Illinois Migrant Council contract will continue to be funded with federal Migrant Education Program funds. The amount for the renewal period (September 1, 2010 – August 31, 2011) will be $491,000.

Legislative Action: None required

Communication: None required

**Effectiveness**
In the past two years, IMC has successfully fulfilled contract requirements. They have strengthened the state migrant eligibility determination system through systematic training of recruiters and dissemination of a recruiter handbook leading to a reduction in the recruiter error rate; provided highly rated professional development for teachers and other staff focusing on the unique educational needs of migrant children; and facilitated Illinois’ participation in the new federal inter-state electronic exchange of migrant children’s records through the Migrant Student Information Exchange (MSIX).
Pros and Cons of Various Actions
Approval of the IMC contract will allow this organization to continue providing components that are key to the effective implementation of the MEP in Illinois to address the educational needs of migrant children in accordance with federal guidance. Funding for this contract is available through the federal Title I, Part C MEP allocation to the State.

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

The State Board hereby authorizes the State Superintendent to renew the current agreement with the Illinois Migrant Council through August 31, 2011, with an increase of the contract's maximum amount not to exceed $1,473,000.

Next Steps
Once Board approval is obtained, the Agency will renew the IMC contract for the contract period.
TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
Connie Wise, Ph.D., Assistant Superintendent, Standards and Assessment

Agenda Topic: ACT, INC. for the Prairie State Achievement Examination (PSAE), EXPLORE and PLAN Assessments Contract Renewal

Materials: None required.

Staff Contact(s): Joyce Zurkowski, Division Administrator, Student Assessment

Purpose of Agenda Item
To obtain approval for a one-year renewal of the ACT, INC. contract for Prairie State Achievement Examination (PSAE), EXPLORE and PLAN assessment services.

Relationship to/Implications for the State Board’s Strategic Plan
GOAL 1: Every student will demonstrate academic achievement and be prepared for success after high school.

The Prairie State Achievement Examination (PSAE) measures the achievement of grade 11 and 12 students in reading, mathematics, science, and writing. Students take EXPLORE in 8th or 9th grade to guide their high school courses and to show their growth in preparing for the PSAE and college entrance exam, ACT, or to choose a career direction. The PLAN program helps 10th graders build a solid foundation for future academic and career success and provides information needed to address school districts’ high-priority issues. It is a comprehensive guidance resource that helps students measure their current academic development, explore career/training options, and make plans for the remaining years of high school and post-graduation years.

Expected Outcome(s) of Agenda Item
The Board will authorize the Superintendent to renew the amended contract with ACT, INC. for the PSAE, EXPLORE and PLAN contract for fiscal year 2011.

Background Information
In fiscal year 2006, ACT, INC. won a competitive bid to provide all services for the development and administration of the PSAE to students in grades 11 and 12, which includes the ACT assessment during Day 1 of the PSAE. In prior years the Illinois Legislature has allocated money for growth model of assessments. ACT, INC. provides two exams, EXPLORE and PLAN, that allow the State to track growth toward achievement on the PSAE Day 1 assessment. EXPLORE is generally given to students in grades 8 or 9, and PLAN is typically administered to students in grade 10. The Board has approved the used of up to $60,000,000 for the contract through June 30, 2010.
Financial Background
The contract was awarded in May 2006 and will extend through June 30, 2010. The funding for each fiscal year is as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY06</td>
<td>$5,388,252</td>
</tr>
<tr>
<td>FY07</td>
<td>$11,041,383</td>
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<tr>
<td>FY08</td>
<td>$13,673,862</td>
</tr>
<tr>
<td>FY09</td>
<td>$14,262,820</td>
</tr>
<tr>
<td>FY10</td>
<td>$15,151,820</td>
</tr>
<tr>
<td>Total</td>
<td>$59,518,137</td>
</tr>
</tbody>
</table>

The requested amount will increase the contract by $15,151,820 for a maximum amount of $74,669,957.

Effectiveness
Last Evaluation of the program: Professional and Artistic Contracts Post Performance Review for fiscal year 2010.

Results of evaluation or effectiveness indicators: Performance was found to be satisfactory.

Analysis and Implications for Policy, Budget, Legislative Action and Communications
Policy Implications: Approval of the renewal will help Assessment meet state and federal assessment and accountability requirements.

Budget Implications: Approval is requested for $15,151,820 to renew the PSAE, EXPLORE and PLAN contract through June 30, 2011, with total funding not to exceed $74,669,957.

Legislative Action: None required.

Communication: None required.

Pros and Cons of Various Actions
Pro: Authorization of this request for contract renewal will allow ISBE to continue to provide the state required PSAE under Illinois School Code: 105 ILCS 5/2 - 3.64.

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

The Illinois State Board of Education hereby authorizes the renewal of the Prairie State Achievement Examination (PSAE) administration and development contract, and the administration of the EXPLORE and PLAN assessments with ACT, INC for FY11 with an increase of the contract’s maximum amount not to exceed $74,669,957.

Next Steps
Agency staff will complete negotiations to renew and execute the contract.
TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
Connie Wise, Ph.D., Assistant Superintendent, Standards and Assessment

Agenda Topic: Illinois Alternate Assessment (IAA), Contract Renewal

Materials: None required.

Staff Contact(s): Joyce Zurkowski, Division Administrator, Student Assessment

Purpose of Agenda Item
To obtain approval for a one-year renewal of the NCS, Pearson Inc. contract for Illinois Alternate Assessment (IAA) services.

Relationship to/Implications for the State Board’s Strategic Plan
GOAL 1: Every student will demonstrate academic achievement and be prepared for success after high school.

The Illinois Alternate Assessment (IAA) is a performance-based assessment that uses on demand tasks, which are aligned to the Illinois Learning Standards. The IAA is based on alternate achievement standards in reading, mathematics, science and writing at the grades corresponding to ISAT and PSAE.

Expected Outcome(s) of Agenda Item
The Board will authorize the Superintendent to renew the amended IAA contract with NCS, Pearson Inc. through December 2, 2011.

Background Information
In fiscal year 2006, NCS, Pearson Inc. won a competitive bid to provide assessment testing services for the IAA. NCS, Pearson Inc. successfully provides professional expertise, test development and administration for the Illinois Alternate Assessment. The Board has approved the use of up to $10,668,742 for the contract through December 1, 2010.

NCS, Pearson Inc. has a proven track record nation-wide for delivering large-scale assessment programs comparable to IAA in an efficient, reliable and timely manner. Their systems operate under a quality management framework that is based on third-party certifications such as the International Organization for Standardization (ISO), the Capability Maturity Model (CMM), and Program Management Institute (PMI).
Financial Background
The contract was awarded in May 2006 and will extend through December 1, 2010. The funding for each fiscal year is as follows:

<table>
<thead>
<tr>
<th>FY</th>
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<td>06</td>
<td>$236,398</td>
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<tr>
<td>07</td>
<td>$1,229,925</td>
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<tr>
<td>08</td>
<td>$2,183,144</td>
</tr>
<tr>
<td>09</td>
<td>$2,996,382</td>
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<tr>
<td>10</td>
<td>$2,477,357</td>
</tr>
<tr>
<td>Current Total</td>
<td>$9,370,562</td>
</tr>
</tbody>
</table>

The requested amount will increase the contract by $2,697,958 for a maximum amount of $12,068,520.

Effectiveness
Last Evaluation of the program: Professional and Artistic Contracts Post Performance Review for fiscal year 2009-2010.

Results of evaluation or effectiveness indicators: Performance was found to be satisfactory.

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

Policy Implications: Approval of the renewal will help Assessment meet state and federal assessment and accountability requirements.

Budget Implications: Approval is requested for $2,697,958 to renew the IAA contract with NCS, Pearson Inc. through December 1, 2011, with total funding not to exceed $12,068,520. This contract will be funded through IDEA-Illinois Discretionary and State Standards, Assessment and Accountability funds.

Legislative Action: None required.

Communication: None required.

Pros and Cons of Various Actions

Pro: Authorization of this request for contract renewal will allow ISBE to continue to provide the state required IAA under Illinois School Code: 105 ILCS 5/2 -3.64

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

The Illinois State Board of Education hereby authorizes the renewal of the Illinois Alternate Assessment with NCS, Pearson Inc. through December 30, 2011, with an increase of the contract’s maximum amount not to exceed $12,068,520.

Next Steps
Agency staff will complete negotiations to renew and execute the contract.
TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
       Connie Wise, Ph.D., Assistant Superintendent, Standards and Assessment

Agenda Topic: Illinois Standards Achievement Test (ISAT), Administration Contract Renewal

Materials: None required.

Staff Contact(s): Joyce Zurkowski, Division Administrator, Student Assessment

Purpose of Agenda Item
To obtain approval for a one-year renewal of the NCS, Pearson Inc. contract for Illinois Standards Achievement Test (ISAT) administrative services.

Relationship to/Implications for the State Board’s Strategic Plan
GOAL 1: Every student will demonstrate academic achievement and be prepared for success after high school.

The Illinois Standards Achievement Test (ISAT) measures individual student achievement relative to the Illinois Learning Standards. The results give parents, teachers, and schools one measure of student learning and school performance.

Expected Outcome(s) of Agenda Item
The Board will authorize the Superintendent to renew the amended ISAT administration contract with NCS, Pearson Inc. through September 30, 2011.

Background Information
In fiscal year 2007, NCS, Pearson Inc. won a competitive bid to provide administrative services for the ISAT. These services include test printing, distributing, retrieval, scanning, scoring and reporting. The Board has approved the use of up to $50,900,000 for the contract through September 30, 2010.

NCS, Pearson Inc. has a proven track record nation-wide for delivering large-scale assessment programs comparable to ISAT in an efficient, reliable and timely manner. Their systems operate under a quality management framework that is based on third-party certifications such as the International Organization for Standardization (ISO), the Capability Maturity Model (CMM), and Program Management Institute (PMI).
The contract was awarded in October 2006 and will extend through September 30, 2010. The funding for each fiscal year is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
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<tbody>
<tr>
<td>FY 07</td>
<td>$9,656,607</td>
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<tr>
<td>FY 08</td>
<td>$12,270,938</td>
</tr>
<tr>
<td>FY 09</td>
<td>$13,426,805</td>
</tr>
<tr>
<td>FY 10</td>
<td>$13,272,568</td>
</tr>
<tr>
<td>FY 11</td>
<td>$2,270,792</td>
</tr>
<tr>
<td>Total</td>
<td>$50,897,710</td>
</tr>
</tbody>
</table>

The requested amount will increase the contract by $13,750,000 for a maximum amount of $64,647,710.

**Effectiveness**
Last Evaluation of the program: Professional and Artistic Contracts Post Performance Review for fiscal year 2009-2010.

Results of evaluation or effectiveness indicators: Performance was found to be satisfactory.

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

Policy Implications: Approval of the renewal will help Assessment meet the state and federal assessment and accountability requirements.

Budget Implications: Approval is requested for $13,750,000 to renew the administration contract with NCS, Pearson Inc. through September 30, 2011, with total funding not to exceed $64,647,710.

Legislative Action: None required.

Communication: None required.

**Pros and Cons of Various Actions**

Pro: Authorization of this request for contract renewal will allow ISBE to continue to provide the state required ISAT under Illinois School Code: 105 ILCS 5/2 -3.64

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

The Illinois State Board of Education hereby authorizes the renewal of the Illinois Standards Achievement Test (ISAT) administration contract with NCS, Pearson Inc. through September 30, 2011 with an increase of the contract’s maximum amount not to exceed $64,647,710.

**Next Steps**
Agency staff will complete negotiations to renew and execute the contract.
Illinois State Board of Education

May 20-21, 2010

TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
       Connie Wise, Ph.D., Assistant Superintendent, Standards and Assessment

Agenda Topic: Illinois Standards Achievement Test (ISAT), Development Contract Renewal

Materials: None required.

Staff Contact(s): Joyce Zurkowski, Division Administrator, Student Assessment

Purpose of Agenda Item
To obtain approval for a one-year renewal of the NCS, Pearson Inc. contract for Illinois Standards Achievement Test (ISAT) development services.

Relationship to/Implications for the State Board’s Strategic Plan
GOAL 1: Every student will demonstrate academic achievement and be prepared for success after high school.

The Illinois Standards Achievement Test (ISAT) measures individual student achievement relative to the Illinois Learning Standards. The results give parents, teachers, and schools one measure of student learning and school performance.

Expected Outcome(s) of Agenda Item
The Board will authorize the Superintendent to renew the amended ISAT development contract with NCS, Pearson Inc. through September 30, 2011.

Background Information
In fiscal year 2005, Harcourt Assessment, Inc. won a competitive bid to provide all test development and administration services for the ISAT. After FY2006, the contract with Harcourt was reduced due to test deliverable irregularities, and Harcourt only retained the test development and scoring. Harcourt Assessment, Inc. was subsequently acquired by NCS, Pearson Inc. who has successfully performed its obligations under the current contract. The Board has approved the use of up to $36,500,000 for the contract through September 30, 2010.

NCS, Pearson Inc. has a proven track record nation-wide for delivering large-scale assessment programs comparable to ISAT in an efficient, reliable and timely manner. Their systems operate under a quality management framework that is based on third-party certifications such as the International Organization for Standardization (ISO), the Capability Maturity Model (CMM), and Program Management Institute (PMI).
Financial Background
The contract was awarded in November 2004 and will extend through September 30, 2010. The funding for each fiscal year is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
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<td>FY 05</td>
<td>$1,690,092</td>
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<tr>
<td>FY 06</td>
<td>$16,661,140</td>
</tr>
<tr>
<td>FY 07</td>
<td>$3,663,218</td>
</tr>
<tr>
<td>FY 08</td>
<td>$3,229,585</td>
</tr>
<tr>
<td>FY 09</td>
<td>$5,037,185</td>
</tr>
<tr>
<td>FY 10</td>
<td>$5,643,128</td>
</tr>
<tr>
<td>Current total</td>
<td>$35,924,348</td>
</tr>
</tbody>
</table>

The requested amount will increase the contract by $5,900,000 for a maximum amount of $41,824,348.

Effectiveness
Last Evaluation of the program: Professional and Artistic Contracts Post Performance Review for fiscal year 2009-2010.

Results of evaluation or effectiveness indicators: Performance was found to be satisfactory.

Analysis and Implications for Policy, Budget, Legislative Action and Communications
Policy Implications: Approval of the renewal will help Assessment meet the state and federal assessment and accountability requirements.

Budget Implications: Approval is requested for $5,900,000 to renew the development contract with NCS, Pearson Inc. through September 30, 2011, with total funding not to exceed $41,824,348.

Legislative Action: None required.

Communication: None required.

Pros and Cons of Various Actions
Pro: Authorization of this request for contract renewal will allow ISBE to continue to provide the state required ISAT under Illinois School Code:105 ILCS 5/2 -3.64.

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

The Illinois State Board of Education hereby authorizes the renewal of the Illinois Standards Achievement Test (ISAT) development contract with NCS, Pearson Inc. through September 30, 2011 with an increase of the contract’s maximum amount not to exceed $41,824,348.

Next Steps
Agency staff will complete negotiations to renew and execute the contract.
TO: Illinois State Board of Education

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

Agenda Topic: 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
The Nutrition Programs and Data Systems Divisions request that the time and materials contract with Capitol Strategies Inc. for the support/enhancements of the current CNS/ACES system and the development/implementation of a new Web-based Illinois Nutrition System (WINS) be renewed. Previously, the contract had been for two years at $612,304. We are requesting the Board’s authorization for Agency staff to renew its contract with Capitol Strategies for a period of an additional three years. The requested renewal would increase the contract by $954,856 to a maximum amount of $1,567,160.

Relationship to/Implications for the State Board’s Strategic Plan
Supports Goal 3. Every school will offer a safe and healthy learning environment for all students. The contractor will build and establish a system to be compliant will all USDA federal regulations for all Nutrition Programs offered through the Illinois State Board of Education.

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 plenary session.

Background Information
The Child Nutrition System (CNS) was developed in 1997 to improve nutrition programs application and claim processing, improve monitoring of serving sites, and to report program data to the United States Department of Agriculture. The software took the contractor LRS approximately 3 years to develop.

Later, the Child Nutrition – Application and Claim Entry System (ACES) was developed to collect application and claim information from nutrition sponsors via the Internet. ACES eliminated paper forms processing of applications and claims. Also, the web application has reduced Agency staffing requirements and improved accountability by collecting additional program data. The project took a total of 18 months to develop.

The CNS/ACES systems support the school-based National School Lunch, School Breakfast and After School Snack Programs. The systems also support the community-based Child and Adult Care and Summer Food Service Programs. In the school-based programs there are 1,200 sponsoring organizations with 4,400 public and private sites. In the community-based
programs, there are 850 day care centers with 1,900 sites and 16 home providers with 12,000 sites.

On average, over 40 million breakfast, lunch, supper and snack supplements are served each month. CNS and ACES support the $450 million in Federal reimbursement to program participants on an annual basis. The ACES system is the Agency’s most heavily used web application averaging over 13,000 hits per month.

The current systems were written using Visual Basic 6.0 programming language, which will not be supported by Microsoft in the near future. Agency staff decided to re-write the systems utilizing current .NET language and technologies and enhance and expand the current system as well as implement federal changes as they occur. Contractual assistance is necessary to accomplish this goal. Additionally, the Agency must maintain and support the current system during the on-going development cycle.

Some of the enhancements to be implemented are:

- Enhance and improve the application process for school districts by changing the application process from the federal fiscal year format to the standard school year format, thereby making it easier for school districts to enter their applications and implement new programs.

- Enhance the data collection and accuracy of data collected and reported by moving to site-based reporting for all programs. This also improves the efficiency and accuracy in which program participants submit their monthly claims for reimbursement, eliminating claiming errors and potential review findings that lead to claim adjustments.

- Enhance and improve the process for submitting regulatory reports by changing the flow and format for the reports to be more user-friendly and eliminate some of the time and effort for program participants to submit accurate data by the required deadlines without having to contact us concerning the reports. It also will eliminate the time and effort for staff to follow-up with participants to submit the information and the time and effort of staff to evaluate the accuracy of the reports.

- Expand the management reporting capabilities of the system improving our ability to develop annual reports and provide program information to participants to improve their meal programs and improve our ability to provide information and answer questions from the general public and legislators.

- Enhance the capability for program participants to utilize their software packages to load data into our system eliminating any duplicate work for program participants.

**Financial Background**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
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<td>FY 08</td>
<td>$12,282</td>
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<tr>
<td>FY 09</td>
<td>$295,218</td>
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<tr>
<td>FY 10</td>
<td>$304,804</td>
</tr>
<tr>
<td>Current Total:</td>
<td>$612,304</td>
</tr>
</tbody>
</table>

The requested amount will increase the contract by $954,856 for a maximum amount of $1,567,160.
Analysis and Implications for Policy, Budget, Legislative Action and Communications
Policy Implications: Authorization of the contract renewal with Capitol Strategies will allow the CNS/ACES effort to continue to operate, expand its capabilities via the new WINS system and to provide knowledgeable and professional assistance to the Nutrition Programs providers.

Budget Implications: Federal funding sources currently support this effort.

Legislative Action: None required.

Communication: None required.

Superintendent’s Recommendation
I recommend that the following motion be adopted at the April Board meeting.

The State Board hereby authorizes the Agency staff to renew the contract with Capitol Strategies Inc. for a three year period and a maximum contract amount of $1,567,160 for the purpose of supporting the current CNS/ACES systems and implementation of the new WINS system.

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
Linda Riley Mitchell, Chief Financial Officer

Agenda Topic: Update on Round Lake School Finance Authority

Materials: FACTS Report and Chart
Round Lake School Finance Authority Annual Report (separate cover)
Intergovernmental Transition Agreement

Staff Contact(s): Deb Vespa

Purpose of Agenda Item
To update the Board on the Round Lake School Finance Authority and the financial condition of Round Lake School District 116.

Relationship to/Implications for the State Board's Strategic Plan
School Finance Authorities and School Financial Oversight Panels are directly related to all three of the State Board’s goals. If districts are not financially sound, they will not be able to obtain the curriculum and teachers necessary to assist students to obtain academic achievement, support student with the required effective and highly prepared teachers, and to provide a safe and healthy learning environment.

Expected Outcome(s) of Agenda Item
This is an informational presentation. No outcomes are expected.

Background Information
In April 2000, the district asked the State Board to create a Financial Oversight Panel to improve the financial condition of the district. At that time, the district had outstanding short-term debt of $10.5 million and long-term debt of $37 million. The Panel secured a $1.4 million grant for the school district and instituted several budget reductions.

To assure long-term viability for the district, the Panel held several public hearings to gather input on financial and organizational options for the district. The Panel concluded that a School Finance Authority was needed in order to borrow additional funds. In the spring of 2002, the Illinois General Assembly passed legislation authorizing a School Finance Authority for Round Lake School District. In fiscal 2002, the district realized their first balanced budget in over ten years.

The School Finance Authority (SFA) has the power to appoint top management of the district, including a Chief Executive Officer (CEO), a Chief Educational Officer (CEdO) in lieu of a Superintendent, and a Chief Fiscal Officer (CFO) in lieu of the School Business Official. The SFA also had the authority to negotiate collective bargaining agreements, to issue debt, and to establish a tax rate to pay off the debt. The School Finance Authority does not have to conform to some tax cap limitations. The SFA did not issue debt, but it did have a tax levy outside of the Tax Cap limitation for one year.
The SFA is comprised of five members appointed by the State Superintendent. Two of the members are required to be residents of the school district. The current members of the SFA are:

- Doug Parks, Chairman
- Hal Davis (resident member)
- Bish Krywko
- George Lingel (original member since the inception of the SFA)
- Rosa Reyes-Prosen (resident member)

Currently, Ben Martindale is the CEO, Jim Tenbusch is the CEdO and Mark Powell is the CFO.

Since the inception of the SFA in 2002, the school district has made much progress. The district has achieved the highest Financial Profile category, Financial Recognition, for each of the last four years. Short-term debt has been paid off and the school district has Working Cash funds that can be utilized for short-term cash flow needs. This debt was not associated with the SFA. Long-term debt was significantly paid down until fiscal year 2006. After a successful referendum in 2006, the school district sold construction bonds to renovate the Magee Middle School and renovate the high school. Enrollment had increased over the years and the district needed to re-open the previously shuttered Magee Middle School. Even though long-term debt has increased, this is tax backed debt that was utilized for capital needs. The school district has realized a balanced budget since fiscal year 2002 and their fund balance has increased substantially.

Because the school district's financial position has improved, the SFA has entered into an intergovernmental agreement with the school district to transition towards dissolution of the SFA. The intergovernmental agreement stipulates that the school district will hire their own superintendent and business manager. There will no longer be the CEO, CEdO, and CFO positions. The local board and the SFA jointly agreed to hire a district superintendent and business manager for school year 2011. The SFA also gave the local board “benchmarks” that must be accomplished before the SFA will recommend dissolution. For the next fiscal year, Ben Martindale will remain on contract as the liaison between the SFA and the school district. He will assist the new administration and provide continuity and historical perspective for decision making. He will also report to the SFA on progress towards the benchmarks to be realized by the local school board and administration. The benchmarks require such items as continued Financial Recognition status, balanced budgets, accurate and timely reports, ongoing local board training, and interaction with local community members.

Upon successful completion of this transition, it is expected that the SFA will recommend to the State Board dissolution of the SFA in July, 2011. This would be one year before the statutorily set dissolution date of August, 2012.

**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
Pros: The district will succeed and resume local control as the oversight authority will be dissolved.

Cons: If the benchmarks cannot be met, the SFA will not recommend dissolution of the SFA at the end of the transition year.

Superintendent's Recommendation
The Superintendent recommends that the SFA should continue as planned. No motion by the State Board is required at this time.

Next Steps
Continue with the transition process as specified in the SFA and Round Lake Board intergovernmental agreement.
FACTS Report

Round Lake Community Unit School District 116  34-049-1160-26

Superintendent:  Dr. Ben Martindale  Number of Students:  6,863
School Type:  Unit District  Number of Teachers:  390
County:  Lake  Average Teacher Salary:  $60,384  (State $61,402)
Tax Cap School District:  YES  Average Administrator Salary:  $91,883  (State $106,217)
Low Income Rate:  51.3%  (State 42.9%)

Overall Performance - All State Tests:
2007 - 2008  63.9%  (State 74.8%)
2008 - 2009  63.0%  (State 75.5%)

# of Schools in Improvement Status  3 of 5 Title 1 Schools

Revenue Sources
Local  49.1%  (State 65.0%)
State  46.2%  (State 27.6%)
Federal  4.7%  (State 7.4%)

2006 Tax Rates:  
Education Fund  $3.234
Operation & Maint. Fund  $0.508
Transportation Fund  $0.203
Working Cash Fund  $0.029

SUMMARY OF OPERATING FUNDS

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<td>1,601,522</td>
<td>5,395,265</td>
<td>7,898,514</td>
<td>13,791,316</td>
<td>18,546,317</td>
<td>20,735,946</td>
<td>24,857,610</td>
</tr>
<tr>
<td>Expenditures</td>
<td>38,501,679</td>
<td>42,442,047</td>
<td>44,700,931</td>
<td>46,682,059</td>
<td>50,246,514</td>
<td>56,417,662</td>
<td>58,131,623</td>
<td>63,666,423</td>
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<tr>
<td>Results of Operation</td>
<td>653,472</td>
<td>3,792,293</td>
<td>3,411,950</td>
<td>6,059,434</td>
<td>5,372,784</td>
<td>2,189,629</td>
<td>3,053,590</td>
<td>3,744,744</td>
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<td>Other Sources/Uses</td>
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<td>136,457</td>
<td>0</td>
<td>2,300</td>
<td>0</td>
<td>1,070,074</td>
<td>(1,508,306)</td>
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<td>Other Changes to Fund Bal.</td>
<td>0</td>
<td>0</td>
<td>(3,045,158)</td>
<td>(166,632)</td>
<td>(620,003)</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Fund Balances</td>
<td>1,601,522</td>
<td>5,395,265</td>
<td>7,898,514</td>
<td>13,791,316</td>
<td>18,546,317</td>
<td>20,735,946</td>
<td>24,857,610</td>
<td>27,094,048</td>
</tr>
</tbody>
</table>

Tax Year
2002  2003  2004  2005  2006  2007  2008
EAV  $358,971,320  $406,805,417  $417,799,345  $451,436,730  $489,266,526  $535,730,518  $559,936,303

School Year
Enrollment | 6,086  | 6,047  | 6,333  | 6,405  | 6,863  | 6,844  | 6,869  | 6,863  |

Outstanding Debt
Short-Term Debt 14,440,000  11,690,000  7,000,000  0  0  0  0  0
Short-Term Debt Limit 12,311,930  13,208,889  14,087,265  14,755,629  15,556,058  16,585,157  17,622,855  18,776,064
Long-Term Debt 42,131,458  42,888,819  39,908,173  37,213,290  54,357,036  51,511,293  48,037,518  45,125,472
Long-Term Debt Limit 45,532,528  49,538,042  56,139,148  57,656,310  62,298,269  67,518,780  73,930,811  77,271,210

Profile Score  2.60  2.50  3.15  3.25  3.60  3.60  3.70  3.70
Profile Designation  Watch  Watch  Review  Review  Recognition  Recognition  Recognition  Recognition

Finance & Audit Packet - Page 37a
Summary of Round Lake School District 116's Operating Funds
JOINT RESOLUTION OF BOARD OF EDUCATION
AND OF SCHOOL FINANCE AUTHORITY OF
ROUND LAKE COMMUNITY UNIT SCHOOL DISTRICT NO. 116
REGARDING GOVERNANCE TRANSITION

WHEREAS, the Illinois State Board of Education ("ISBE") established the School Finance Authority ("SFA") for Round Lake Community Unit School District No. 116, Lake County, Illinois ("District") on August 13, 2002 under the provisions of Article 1E of the School Code, to exercise financial control over the District and to furnish financial assistance as might be needed to enable the District to continue to provide public education within its jurisdiction while meeting its obligations to creditors and holders of its debt, and

WHEREAS, having issued no indebtedness, the SFA may recommend to the ISBE that the SFA be abolished at any time between now and August 12, 2012, on which date which the SFA will have been in existence for 10 years and will be abolished pursuant to 105 ILCS 5/1E-155, unless the SFA has indebtedness outstanding at that time; and

WHEREAS, the District, while operating for the past seven years under the financial control of the SFA and managed by SFA-selected Chief Executive, Educational, and Fiscal Officers, has eliminated its short-term debt; practiced budgetary discipline, sought out new revenue sources, and implemented fiscal controls so as to restore financial stability (notably, attaining full Financial Recognition Status in each of Fiscal Years 2007, 2008 and 2009); and

WHEREAS, the District during such period has also significantly improved labor relations with District employees and their collective bargaining representative, as evidenced by the infrequency of grievances and by the four-year contract extension in spring 2009 with the Education Association of Round Lake; renovated, enlarged and improved the condition of school facilities and grounds; expanded the availability and application of information technology for school management and educational purposes; implemented a wide range of school improvement measures focused on raising academic performance; and broadened community participation in and support for District 116 schools; and

WHEREAS, the District Board of Education has in recent years worked collaboratively with the SFA to achieve these gains, improve its governance practices, and develop goals and benchmarks (attached as Exhibit A to this Joint Resolution) for gauging the Board’s and District’s readiness for the transition to operations independent of SFA oversight and control; and

-1-

Finance & Audit Packet - Page 38
WHEREAS, the Board and SFA acknowledge that the District faces and will for the foreseeable future face significant financial, organizational and educational challenges, but nonetheless believe that the time has arrived to begin preparing for the restoration of full local governance of the District to the Board; and

WHEREAS, the Board and SFA further believe that prospects for the District’s continued forward progress in the areas cited above will be promoted by implementing a phased transition during FY 2010-11 ("Transition Year"), rather than by an abrupt change to post-SFA governance after the abolition of the School Finance Authority which the SFA currently intends to recommend to the ISBE should occur effective July 1, 2011;

NOW, THEREFORE, BE IT RESOLVED by the Board of Education and by the School Finance Authority of Round Lake Community Unit School District No. 116, as follows:

Section 1. Incorporation of preamble recitals. The preamble recitals set forth above are hereby found to be true and correct and are adopted and incorporated in this Resolution.

Section 2. Administration of District by Superintendent of Schools. Commencing on July 1, 2010, the District shall be administered by an appropriately certificated and otherwise qualified Superintendent of Schools employed by the Board of Education in consultation with the SFA pursuant to an employment agreement between the Superintendent and Board, approved by the SFA, with such other key administrators reporting directly to the Superintendent as the Board may additionally employ subject to SFA approval. The SFA shall not request the Board’s continued employment of individuals selected by the SFA in the positions of Chief Executive Officer, Chief Educational Officer, or Chief Fiscal Officer under School Code Article 1E.
resource to the Board and Superintendent of Schools during Transition Year 2010-11 and to assist the SFA in discharging its oversight function and other statutory responsibilities including preparation of the SFA’s Annual Report required by 105 ILCS 5/1E-130, with reasonable administrative support services to facilitate the Transition Consultant’s performance of these duties to be provided by the Board. The SFA further intends to retain legal counsel as in the past, to advise the SFA as may be needed on matters pertaining to the performance of its duties.

Section 4. SFA’s continuing exercise of statutory responsibilities. The SFA shall continue to exercise its statutory responsibilities during the Transition Year, following modified procedures in cooperation with the Board of Education as outlined below:

a. SFA meetings and consideration of Board actions requiring approval or ratification. The SFA shall meet bimonthly during the Transition Year, scheduling regular meetings for the third week in each of July, September, and November 2010, and January, March, and May 2011, and special meetings as may be required on occasion in light of SFA or Board concerns, and/or to take action with respect to time sensitive items such as approval or amendment of the District 116 and SFA annual budget or 2010 tax levy, or the issue and sale of bonds, debt certificates, and the like. At such regular or special meetings, the SFA shall receive reports from the Transition Consultant, shall review and approve the most recent School Treasurer’s reports, and shall review and approve or ratify, if the Board of Education has already taken approving action on these matters, the payment of monthly accounts payable, making of contracts, and creation of new staff positions.

b. Board meeting materials to SFA members and Transition Consultant. To facilitate timely and ongoing communication with the SFA, the Board shall provide SFA members, ISBE liaisons, and the Transition Consultant with Board meeting packets, concurrently with distribution of these materials to Board members.
Section 5. Transmittal of Joint Resolution to ISBE. The Chief Executive Officer shall transmit a certified copy of this Joint Resolution to the State Superintendent of Schools for information, review and comment as may be needed.

Section 6. Effective date. This Resolution shall take effective immediately upon approving action by both of the SFA and the Board of Education.

ADOPTED by roll call vote of the Board of Education on __/__/2010.

Ayes: 5
Nays: 2

ADOPTED by roll call vote of the School Finance Authority on ___/__/2010.

Ayes: 4
Nays: 0

BOARD OF EDUCATION OF
ROUND LAKE COMMUNITY UNIT
SCHOOL DISTRICT NO. 116,
LAKE COUNTY, ILLINOIS

President

ATTEST:

Secretary

SCHOOL FINANCE AUTHORITY OF
ROUND LAKE COMMUNITY UNIT
SCHOOL DISTRICT NO. 116,
LAKE COUNTY, ILLINOIS

Chairman

ATTEST:

Secretary
TO: Illinois State Board of Education

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

Agenda Topic: Recommendations for QZAB Bond Authorization

Materials: Approval Certificates

Staff Contact(s): Debby Vespa

Purpose of Agenda Item
To approve applications submitted by the districts listed below for designation of $13,923,899 in bonds from the calendar year 2009 allocation and $21,806,001 in bonds from the calendar year 2010 allocation as Qualified Zone Academy Bonds pursuant to the provisions of Section 1397E of the Internal Revenue Code of 1986, as amended. These requests will utilize the remaining authorized volume cap from 2009 of $13,928,899 from the $52,401,000 originally authorized. The total authorized volume cap for 2010 is $52,218,000 with $30,411,999 remaining for future allocations.

The allocation requests are summarized below:

<table>
<thead>
<tr>
<th>DISTRICT</th>
<th>Amt. of QZAB Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized Volume cap – 2009 and 2010</td>
<td></td>
</tr>
<tr>
<td>Less: Amounts previously authorized – August 2009 State Board meeting</td>
<td>$38,477,101</td>
</tr>
<tr>
<td>Amounts available for allocation</td>
<td>$13,923,899</td>
</tr>
<tr>
<td>Less: Requests for authorization</td>
<td>$13,923,899</td>
</tr>
<tr>
<td>Evanston THSD 202</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Alton CUSD 11 (Total)</td>
<td>$4,009,900</td>
</tr>
<tr>
<td>Rockdale SD 84</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Lincoln CHSD 404</td>
<td>$2,100,000</td>
</tr>
<tr>
<td>Arcola CUSD 306</td>
<td>$357,000</td>
</tr>
<tr>
<td>Sesser-Valier CUSD 196</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>Maywood-Melrose Park-Broadview SD 89</td>
<td>$4,500,000</td>
</tr>
<tr>
<td>Quincy SD 172</td>
<td>$4,575,000</td>
</tr>
<tr>
<td>Rantoul SD 137</td>
<td>$6,500,000</td>
</tr>
<tr>
<td>Vienna HSD 13-3</td>
<td>$1,938,000</td>
</tr>
<tr>
<td>Elgin SD U-46</td>
<td>$2,030,000</td>
</tr>
<tr>
<td>St. Elmo CUSD 202</td>
<td>$1,020,000</td>
</tr>
<tr>
<td>East Alton SD 13</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Requests for authorization</td>
<td>$35,729,900</td>
</tr>
<tr>
<td>Amount remaining to be allocated</td>
<td>$0</td>
</tr>
</tbody>
</table>
**Expected Outcome(s) of Agenda Item**
The Board will approve the allocation and thus allow local boards in education of the above named districts to issue bonds designated as Qualified Zone Academy Bonds.

**Background Information**
The Qualified Zone Academy Bonds program is a source of financial assistance to rehabilitate or repair public school facilities or provide equipment created under Section 226 of the Taxpayer Relief Act of 1997 (P.L. 105-34). The program permits school districts to borrow money from financial institutions at little or no interest cost by issuing Qualified Zone Academy Bonds. Proceeds of qualified zone academy bonds may be used for four purposes:

- repair or rehabilitation of school buildings,
- provision of equipment for the school,
- development of course materials, or
- training teachers and other school personnel.

These bonds may not be used for new construction. Bond purchasers receive federal tax credits instead of interest and the school district cost of borrowing is substantially reduced.

The local board must designate the school as a ‘zone academy.’ The school must be located in a federally designated empowerment zone or enterprise community; or at least 35% of schools students must be eligible for free or reduced-cost lunches. The school must establish a public-private partnership, and it must secure written commitments from private entities for substantial contributions. Substantial contributions are equal to 10% or more of the capital borrowed on behalf of the zone academy. The local Board must then receive an allocation of borrowing authority from ISBE and issue bonds for one or more of the qualified purposes indicated above.

In past years, Illinois was issued a volume cap of only $14 to $15 million. With the America Recovery and Reinvestment Act, Illinois has received a significantly higher volume cap. Since $30,411,999 remains to be authorized from the 2010 volume cap, another notice will be posted in the Superintendent’s Weekly Message. If the volume cap is not exhausted with the second notice, Chicago School District 299 will be contacted to determine if they can utilize the remaining volume cap. Currently Chicago School District receives a direct authorization from USDE for Qualified School Construction Bonds.

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

Policy Implications: See above.

Budget Implications: None

Legislative Action: None

Communication: Upon Board approval, districts will be notified.

**Pros and Cons of Various Actions**

Pros: Of the districts that submitted applications, the school districts that receive the Board’s approval to issue such bonds will be able to issue the bonds at a substantially reduced cost.

Cons: Only 13 school districts submitted applications.
**Superintendent’s Recommendation**
I recommend that the following motion be adopted:

I move that the Illinois State Board of Education approve the applications submitted by the districts as listed below for designation of $13,923,899 in bonds from the calendar year 2009 allocation and $21,806,001 in bonds from the calendar year 2010 allocation as Qualified Zone Academy Bonds pursuant to the provisions of Section 1397E of the Internal Revenue Code of 1986, as amended (the Qualified Zone Academy Bond Program.) The amount of $30,411,999 remains available for future allocations.

<table>
<thead>
<tr>
<th>DISTRICT</th>
<th>Amt. of QZAB Request</th>
<th>2009 Allocation</th>
<th>2010 Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evanston THSD 202</td>
<td>$4,000,000</td>
<td>$4,000,000</td>
<td></td>
</tr>
<tr>
<td>Alton CUSD 11 (Total)</td>
<td>$4,009,900</td>
<td>$4,009,900</td>
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</tr>
<tr>
<td>Rockdale SD 84</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
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<tr>
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<td>$2,100,000</td>
<td>$2,100,000</td>
<td></td>
</tr>
<tr>
<td>Arcola CUSD 306</td>
<td>$357,000</td>
<td>$357,000</td>
<td></td>
</tr>
<tr>
<td>Sesser-Valier CUSD 196</td>
<td>$1,200,000</td>
<td>$1,200,000</td>
<td></td>
</tr>
<tr>
<td>Maywood-Melrose Park-Broadview SD 89</td>
<td>$4,500,000</td>
<td>$756,999</td>
<td>$3,743,001</td>
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<tr>
<td>Quincy SD 172</td>
<td>$4,575,000</td>
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<td>$4,575,000</td>
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<tr>
<td>Rantoul SD 137</td>
<td>$6,500,000</td>
<td></td>
<td>$6,500,000</td>
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<tr>
<td>Vienna HSD 13-3</td>
<td>$1,938,000</td>
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<td>$2,000,000</td>
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<td>$2,000,000</td>
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<tr>
<td></td>
<td>$35,729,900</td>
<td>$13,923,899</td>
<td>$21,806,001</td>
</tr>
</tbody>
</table>

**Next Steps**
Inform districts of approval and provide certification of approval.
Qualified Zone Academy Bond Program application approval and certification pursuant to the provisions of Section 1397E of the Internal Revenue Code of 1986, as amended

School District: Evanston THSD 202

Designation: $4,000,000 in bonds as Qualified Zone Academy Bonds pursuant to the provision of Section 1397E of the Internal Revenue Code of 1986, as amended, from the calendar year 2009 authority.

_____________________________________________
Christopher A. Koch, Ed.D.
State Superintendent of Education

Approved by the Illinois State Board of Education this 21st day of May, 2010.
Qualified Zone Academy Bond Program application approval and certification pursuant to the provisions of Section 1397E of the Internal Revenue Code of 1986, as amended

School District: Alton CUSD 11

Designation: $4,009,900 in bonds as Qualified Zone Academy Bonds pursuant to the provision of Section 1397E of the Internal Revenue Code of 1986, as amended, from the calendar year 2009 authority.

______________________________
Christopher A. Koch, Ed.D.
State Superintendent of Education

Approved by the Illinois State Board of Education this 21st day of May, 2010.
Qualified Zone Academy Bond Program application approval and certification pursuant to the provisions of Section 1397E of the Internal Revenue Code of 1986, as amended

School District: Rockdale SD 84

Designation: $1,500,000 in bonds as Qualified Zone Academy Bonds pursuant to the provision of Section 1397E of the Internal Revenue Code of 1986, as amended, from the calendar year 2009 authority.

Christopher A. Koch, Ed.D.
State Superintendent of Education

Approved by the Illinois State Board of Education this 21st day of May, 2010.
Qualified Zone Academy Bond Program application approval and certification pursuant to the provisions of Section 1397E of the Internal Revenue Code of 1986, as amended

School District: Lincoln CHSD 404

Designation: $2,100,000 in bonds as Qualified Zone Academy Bonds pursuant to the provision of Section 1397E of the Internal Revenue Code of 1986, as amended, from the calendar year 2009 authority.

Christopher A. Koch, Ed.D.
State Superintendent of Education

Approved by the Illinois State Board of Education this 21st day of May, 2010.
Qualified Zone Academy Bond Program application approval and certification pursuant to the provisions of Section 1397E of the Internal Revenue Code of 1986, as amended

School District: Arcola CUSD 306

Designation: $357,000 in bonds as Qualified Zone Academy Bonds pursuant to the provision of Section 1397E of the Internal Revenue Code of 1986, as amended, from the calendar year 2009 authority.

_____________________________________________
Christopher A. Koch, Ed.D.
State Superintendent of Education

Approved by the Illinois State Board of Education this 21st day of May, 2010.
Qualified Zone Academy Bond Program application approval and certification pursuant to the provisions of Section 1397E of the Internal Revenue Code of 1986, as amended

School District: Sesser-Valier CUSD 196

Designation: $1,200,000 in bonds as Qualified Zone Academy Bonds pursuant to the provision of Section 1397E of the Internal Revenue Code of 1986, as amended, from the calendar year 2009 authority.

Christopher A. Koch, Ed.D.
State Superintendent of Education

Approved by the Illinois State Board of Education this 21st day of May, 2010.
Qualified Zone Academy Bond Program application approval and certification pursuant to the provisions of Section 1397E of the Internal Revenue Code of 1986, as amended

School District: Maywood-Melrose Park-Broadview SD 89

Designation: $756,999 in bonds from the calendar year 2009 authority, and $3,743,001 in bonds from the calendar year 2010 authority as Qualified Zone Academy Bonds pursuant to the provision of Section 1397E of the Internal Revenue Code of 1986, as amended.

_____________________________________________
Christopher A. Koch, Ed.D.
State Superintendent of Education

Approved by the Illinois State Board of Education this 21st day of May, 2010.
Qualified Zone Academy Bond Program application approval and certification pursuant to the provisions of Section 1397E of the Internal Revenue Code of 1986, as amended

School District: Quincy SD 172

Designation: $4,575,000 in bonds as Qualified Zone Academy Bonds pursuant to the provision of Section 1397E of the Internal Revenue Code of 1986, as amended, from the calendar year 2010 authority.

Christopher A. Koch, Ed.D.
State Superintendent of Education

Approved by the Illinois State Board of Education this 21st day of May, 2010.
Qualified Zone Academy Bond Program application approval and certification pursuant to the provisions of Section 1397E of the Internal Revenue Code of 1986, as amended

School District: Rantoul SD 137

Designation: $6,500,000 in bonds as Qualified Zone Academy Bonds pursuant to the provision of Section 1397E of the Internal Revenue Code of 1986, as amended, from the calendar year 2010 authority.

_____________________________________________
Christopher A. Koch, Ed.D.
State Superintendent of Education

Approved by the Illinois State Board of Education this 21st day of May, 2010.
Qualified Zone Academy Bond Program application approval and certification pursuant to the provisions of Section 1397E of the Internal Revenue Code of 1986, as amended

School District: Vienna HSD 13-3

Designation: $1,938,000 in bonds as Qualified Zone Academy Bonds pursuant to the provision of Section 1397E of the Internal Revenue Code of 1986, as amended, from the calendar year 2010 authority.

_____________________________________________
Christopher A. Koch, Ed.D.
State Superintendent of Education

Approved by the Illinois State Board of Education this 21st day of May, 2010.
Qualified Zone Academy Bond Program application approval and certification pursuant to the provisions of Section 1397E of the Internal Revenue Code of 1986, as amended

School District: Elgin SD U-46

Designation: $2,030,000 in bonds as Qualified Zone Academy Bonds pursuant to the provision of Section 1397E of the Internal Revenue Code of 1986, as amended, from the calendar year 2010 authority.

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Christopher A. Koch, Ed.D.
State Superintendent of Education

Approved by the Illinois State Board of Education this 21st day of May, 2010.
Qualified Zone Academy Bond Program application approval and certification pursuant to the provisions of Section 1397E of the Internal Revenue Code of 1986, as amended

School District: St. Elmo CUSD 202

Designation: $1,020,000 in bonds as Qualified Zone Academy Bonds pursuant to the provision of Section 1397E of the Internal Revenue Code of 1986, as amended, from the calendar year 2010 authority.

Christopher A. Koch, Ed.D.
State Superintendent of Education

Approved by the Illinois State Board of Education this 21st day of May, 2010.
Qualified Zone Academy Bond Program application approval and certification pursuant to the provisions of Section 1397E of the Internal Revenue Code of 1986, as amended

School District: East Alton SD 13

Designation: $2,000,000 in bonds as Qualified Zone Academy Bonds pursuant to the provision of Section 1397E of the Internal Revenue Code of 1986, as amended, from the calendar year 2010 authority.

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Christopher A. Koch, Ed.D.
State Superintendent of Education

Approved by the Illinois State Board of Education this 21st day of May, 2010.
ILLINOIS STATE BOARD OF EDUCATION MEETING
May 20-21, 2010

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

Agenda Topic: Prioritization of Delayed Payments

Materials: Letter to Assistant Comptroller—December 24, 2009

Staff Contact(s): Tim Imler
                  Robert Wolfe

Purpose of Agenda Item
To review the status of delayed payments, i.e. items already processed and vouchered by ISBE for payment that are currently being held by the Office of the Comptroller that remain unpaid due to the state of Illinois cash flow situation. The Board will review and determine whether the agency’s policy of emphasizing General State Aid and Mandated Categorical payments should be revised to add other categories as priorities. Besides these priorities, the Board will determine whether ISBE staff should attempt to intervene to make direct appeals for specific vendors on a case by case basis.

Expected Outcome(s) of Agenda Item
The Board will review the status of the Comptroller’s backlog and determine whether the payment priorities the agency has established with the Office of the Comptroller should be revised. The Board will determine whether ISBE staff should begin to make appeals for the payment of specific vendors and programs on a case by case basis.

Background Information
The agency has a long standing policy of emphasizing to the Office of the Comptroller that the payment of General State Aid (GSA), some $4.6 billion and 63% of the annual budget, is ISBE’s first payment priority. These payments have been emphasized because they provide the greatest flexibility to school districts to meet their local needs. While other payments have sometimes been delayed, the Office of the Comptroller has consistently made GSA payments on the statutory due dates.

On December 24, 2009, the State Superintendent also communicated to the Office of the Comptroller that the agency’s second payment priority was Mandated Categoricals, payments made primarily to support special education (Attachment).

As of May 17, 2010, the Office of the Comptroller’s backlog is as follows:

- The oldest ISBE voucher is dated October 2, 2009, more than seven months.
- This includes the second and third quarter Mandated Categorical vouchers.
- ISBE’s portion of the backlog is $1,401,555,108.
- The total backlog is $4,761,852,854.
Besides there vouchers, substantial debt service payments are due in May and June. The timing of these payments coincides with GSA payment dates and could possibly impact the availability of cash to make the GSA payments timely. There are short term borrowings totaling $553,360,555 that need to be paid in addition to these vouchers for a grand total $5,315,213,410. Other payments will need to be made in the coming weeks.

Due to the state’s cash flow situation, the agency has received numerous requests to expedite delayed payments. Examples of these requests include payments for:

- career and technical education employment services
- school districts that have larger percentage of wards of the state
- state schools such as the Philip Rock Center
- vendors for goods provided in FY 2009 that were reappropriated and still remain unpaid
- facilities with limited sources of other funding such as regional offices of education and early childhood providers.

As the state’s financial position has declined, the volume of these requests has increased dramatically. Appeals are directed to State Board members, the State Superintendent, the Chief Financial Officer, the agency Controller and other Division Administrators, and staff. The appeals come in the form of telephone calls, emails, letters and personal appeals.

In past years, ISBE has directed vendors to contact the Office of the Comptroller directly and state their case for prioritizing their payments in the form of a hardship letter (to the Office of the Comptroller). The Office of the Comptroller is no longer accepting these hardship letters.

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

Policy Implications: See above.

Budget Implications: None

Legislative Action: None

Communication: Upon Board approval of a new payment priority policy, the Office of the Comptroller would be notified.

**Pros and Cons of Various Actions**

Pros: School districts, programs and unpaid vendors would appreciate the State Board’s responsiveness to their respective cash flow situation.

Cons: The agency has consistently communicated to the Office of the Comptroller as well as to the General Assembly and the Governor that the General State Aid line item is the first priority in the ISBE budget. Mandated Categoricals are second. The nature of the agency’s programs is such that a case can be made to expedite payment for almost every budget line item. If the agency began to prioritize payments beyond GSA and Mandated Categoricals, agency staff would be consumed by charting these priorities following up with the Office of the Comptroller and responding to an ever increasing volume of calls from vendors, school districts and programs. This would lead to voucher processing delays. Given the state’s current financial position, assisting one program at the expense of another in attempt to “move to the head of the line” would only result in the line getting even longer.
**Superintendent’s Recommendation**
The Superintendent recommends the following motion be adopted:

The State Board of Education hereby recommends that the Agency maintain its practice of prioritizing only General State Aid and Mandated Categoricals.

**Next Steps**
Inform the Office of the Comptroller of any changes in agency payment priorities.
December 24, 2009

Mr. Rick Cornell
Assistant Comptroller
Cash Management/Fiscal Policy
State House
Springfield, Illinois 62706-0001

Dear Mr. Cornell:

In your letter dated December 11, 2009 you noted the growing volume of unpaid bills in the Office of the Comptroller and requested assistance from state agencies in determining the urgency of payment requests. The Illinois State Board of Education has consistently stated that our first payment priority is General State Aid. To that end, the Office of the Comptroller has made these payments without fail. General State Aid payments are required to be released on the 10th and 20th of the month. We strongly re-emphasize here that the absolute priority of the Illinois State Board of Education remains General State Aid. It is critical that such payments continue to be made timely and in full.

In your letter and in subsequent conversations, you have requested additional guidance from our agency. Mandated categorical payments such as transportation and special education would be the agency’s second priority in the disbursement of payments. Together, General State Aid and mandated categoricals are the primary funding formula for education in Illinois and are the foundation of state supported education funding. After making timely payments of General State Aid, please pay the mandated categorical items in the order in which they are received.

In your letter you also noted the need for collaborative action. The State Board of Education (ISBE) has aggressively pursued federal funds through the American Recovery and Reinvestment Act—State Fiscal Stabilization Fund (ARRA-SFSF) and other funding sources. Earlier this year, ISBE expeditiously completed the ARRA-SFSF Phase I application for funds. In fact, due to the commitment of agency staff, Illinois was one of the first four states in the nation to receive ARRA-SFSF Phase I funds. Similarly, we have submitted the application for ARRA-SFSF Phase II funds on December 11, 2009, one month before the January 12, 2010, deadline. Combined, ARRA-SFSF funding represents more than $2 billion of cash to Illinois, which has helped to reduce the demand on state funds for other programs.

The State Board of Education is greatly concerned about the impact of payment delays on local school districts. We appreciate your ongoing commitment to make General State Aid payments timely. ISBE staff will continue to work with the Office of the Comptroller and others to coordinate payment processing. As noted above, the State Board of Education will also try to secure federal grants and other sources of revenue to benefit local education agencies across the state.

If you have any questions with respect to the foregoing, please do not hesitate to contact our Chief Financial Officer, Linda Mitchell, at 217/782-0249 or via email at lmitchel@isbe.net.

Sincerely,

Christopher A. Koch, Ed.D.
State Superintendent of Education

cc: The Honorable Daniel Harris

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