

Finance & Audit Committee of the Whole

June 17, 2009

12:45 p.m.

(This meeting will begin immediately following lunch.)

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

AGENDA (*timeframes are estimated for planning purposes*)

1. Roll Call
2. Board Member Participation by Other Means
3. Minutes of the May Finance & Audit Committee Meeting (**pp. 2-3**)
- *4. Contracts & Grants Over \$1 Million 12:45 – 1:05 p.m.
 - a. Illinois Interactive Report Card Contract Renewal (Connie Wise) (**pp. 4-5**)
 - b. ISAT development Contract Renewal (Connie Wise) (**pp. 6-7**)
 - c. ISAT administration Contract Renewal (Connie Wise) (**pp. 8-9**)
 - d. Shefsky and Froelich Contract Renewal (Darren Reisberg) (**pp. 10-12**)
 - e. School Improvement 1003g Grants (New & Continuing Grants) (Susie Morrison) (**pp. 13-16**)
- *5. Review of Proviso's Financial Plan (Deb Vespa) 1:05 – 1:35 p.m. (**pp. 17-38**)
6. Public Participation 1:35 – 3:30 p.m. (*Time allotment at Chair's discretion.*)
7. FY10 Education Budget (Superintendent Koch, Linda Mitchell) 3:30 – 4:30 p.m. (**materials to be inserted**)
8. Committee Agenda Planning/Additional Items (no committee meetings until September)
9. Committee Wrap-up – as needed (Superintendent Koch) 4:30 – 4:45 p.m.
10. Adjourn

* Items listed with an asterisk (*) will be discussed in committee and Board action may be taken in the plenary session.

FINANCE AND AUDIT COMMITTEE OF THE WHOLE

Illinois State Board of Education
100 North First Street
Springfield, Illinois
May 20, 2009

1. **ROLL CALL:** Chairman Clark called the meeting to order.

Members Present

Mr. Dean Clark, Chairman
Dr. Andrea Brown
Dr. David Fields
Dr. Vinni Hall
Ms. Joyce Karon
Ms. Lanita Koster
Mr. Jesse Ruiz
Dr. Chris Ward

Members Absent

None

Staff Present

Superintendent Koch
Linda Riley Mitchell
Lisa LaBonte
David Andel
Deb Vespa
Dennis Williams
Gina Hopper
Beth Hanselman

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

3. **PUBLIC PARTICIPATION:** None

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

5. **FY10 BUDGET UPDATE:** Ms. Linda Mitchell stated that part of the Education budget passed in the House Education Appropriation committee, but this year the House process is to view selected portions of the budget in other committees as well. The majority of the budget is General State Aid (GSA) and Mandated Categoricals. The committee passed a \$231 increase in the foundation level to \$6,190. The committee passed fully funding mandated Categoricals at approximately \$1.9 billion and the committee passed Hold Harmless at 50% as the Board proposed.

6. The Governor's office did their third draw down of the state fiscal stabilization funds, part of the ARRA money. To date, ISBE has received more than \$622 million in stimulus money. ISBE received the first draw on the IDEA funds from the Special Education of Peoria County Coop for IDEA. Peoria has spent \$74,000.

On May 18, the Governor announced a "doomsday budget" scenario. It includes a \$1.5 billion reduction in education; if there is no tax increase there would need to be huge cuts in budgets across all state agencies and education would not be excluded.

Ms. Mitchell also informed the Board that the United States Department of Education (ED) Office of Inspector General conducted an entrance conference with ISBE on Monday.

ISBE has been working with the Education Sub-committee of the Taxpayer Advisory Board. Since the last meeting with them, ISBE has been working with ED, GOMB, Comptrollers office, Treasurer's office and Northern Trust Bank to set up the accounts and assist the Governor's office in facilitating the draw down of federal funds.

ISBE has received signed applications from all of the school districts for funds under ARRA for GSA. ISBE has had two ARRA-related Webinars. Mr. Matt Vanover summarized the webinars.



Dr. Chris Koch spoke about the federal limitations with IDEA ARRA funds that would prohibit over 300 districts additional flexibility to use as local dollars due to having even one compliance issue. The

agency is pushing this issue with the U.S. Department of Education to afford Illinois districts additional flexibility.

- 6. FY08 FINANCIAL & COMPLIANCE AUDIT:** Ms. Lisa LaBonte summarized the Financial & Compliance Audit. There were three findings. The first relates to the Financial Statement reporting process. The second was non compliance with mandated duties. The third was non compliance with the fiscal control and internal auditing act.
- 7. CONTRACTS & GRANTS OVER \$1 MILLION:** All items were recommended for consideration in the May plenary session.
 - a. Illinois New Principal Mentoring Program Contract Amendment (Patrick Murphy)
 - b. ISU Contract: Component 1 of Illinois National Board Professional Preparation & Support System (Patrick Murphy)
 - c. 21st Century Community Learning Center Grants (Gina Hopper)
 - d. Illinois Statewide Technical Assistance Center (ISTAC) Grant (David Andel)
 - e. Illinois Service Resource Center (ISRC) Discretionary Grant (David Andel)
- 8. REVIEW OF PROVISO'S FINANCIAL PLAN:** Ms. Linda Mitchell stated that Proviso has still not turned in a revised financial plan. Ms. Deb Vespa stated that they have made some progress and have reduced staff. A Financial Oversight Panel (FOP) meeting is tentatively planned for June 8, so we may have something from them in time for the June State Board meeting.
- 9. COMMITTEE AGENDA PLANNING AND ADDITIONAL ITEMS:** Mr. Clark indicated that next month there would be a Joint Finance and Audit and Government Relations of the Whole. Contracts and Grants over \$1M, School Improvement Grants, School District Reorganization Update, Proviso Financial Plan, an ISBE budget update and end of session legislative recap.
- 10. COMMITTEE WRAP-UP:** Dr. Koch said the board had heard a detailed budget update on all actions regarding the General Assembly, Ms. Mitchell reported on the amount of stabilization funds, staff updated the Board on the Webinars and IDEA. Ms. LaBonte gave a detailed audit report. The Board also discussed contracts and grants over \$1 Million, and the deadline for submission of a financial plan by the Proviso FOP.
- 11. ADJOURNMENT:** Ms. Karon motioned to adjourn. Dr. Fields seconded the motion, and it passed unanimously.

ILLINOIS STATE BOARD OF EDUCATION MEETING
June 17, 2009

TO: Illinois State Board of Education

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

Agenda Topic: Approval of the Illinois Interactive School Report Card Contract
Exceeding \$1 million

Materials: None

Staff Contact(s): Marica Cullen, Division Administrator, Curriculum & Instruction

Purpose of Agenda Item

The Curriculum & Instruction Division requests that the contract with Northern Illinois University for the refinement and maintenance of the Illinois Interactive Report Card (IIRC) be renewed.

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

The IIRC is directly linked to 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 & Audit Committee of the Whole and then called for a vote at the plenary session. The Board will grant approval for the State Superintendent to amend the contract for three additional years with Northern Illinois University, with the total amount of the contract not to exceed \$6,922,016

Background Information

In partnership with the Illinois State Board of Education (ISBE), Northern Illinois University has designed and implemented an innovative website that provides the public and educators with an unmatched array of information tools to support school improvement in Illinois. IIRC has several notable features.

- It provides ready access through the Internet to an interactive, integrated archive of ISBE's School Report Card data from 1999-2008, displaying ten years of trend data.
- It incorporates a wide array of current information on many vital subjects for educators including test results on all state assessments, NCLB, curricular support materials (e.g., Assessment Frameworks, Illinois Learning Standards, Performance Descriptors, and lesson plans), demographic and financial information for all Illinois school districts.
- It features user-friendly navigation features and colorful, easily understood graphics that make sense of complex data. IIRC offers educators, policy-makers, parents, and community members an effective, public-access ramp to accountability information in a format that avoids data-overkill and encourages a focus on outcomes.

- New features included in the work plan for this contract include continued refinement and integration of e-Plans (District and School Improvement Plans, Technology Integration Plans, District Corrective Action Plans, School Restructuring Plans, Title I Plans and Special Education Compliance Plans), electronic peer review and approval processes and enhanced reporting and applications for individual student data reports.

Financial Background:

The amount funded for each fiscal year is as follows:

FY04	\$ 138,954
FY05	220,536
FY06	276,473
FY07	523,208
FY08	1,287,122
FY09	<u>997,814</u>
Total	\$3,444,107

The requested extension for FY10 \$1,502,599, FY11 \$995,771 and FY12 \$979,539 will increase the amount of the contract by \$3,477,909 for a maximum of \$6,922,016.

Effectiveness:

Last evaluation of the program: FY08 Contract Post Performance Review

Results of evaluation or effectiveness indicators: The Post Performance Review indicates Good to Excellent contractor performance on individual indicators and recommends continued contracting with Northern Illinois University.

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

Policy Implications: Approval of the contract renewal with NIU will allow the IIRC effort to continue to operate and provide a much needed vehicle for district personnel and the public to access data/information vital to effective district and school improvement planning.

Budget Implications: Federal and state 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 June Board meeting.

The Illinois State Board of Education hereby authorizes agency staff to extend the contract for the purposes of refining and maintaining the Illinois Interactive Report Card with Northern Illinois University through June 30, 2012, and increase of the contract's maximum amount not to exceed \$6,922,016.

Next Steps

Agency staff will complete final negotiations to renew and execute the contract.

ILLINOIS STATE BOARD OF EDUCATION MEETING
June 17-18, 2009

TO: Illinois State Board of Education

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

Agenda Topic: Illinois Standards and Achievement Test (ISAT) Development Contract
Renewal. Action Item

Staff Contact(s): Joyce Zurkowski, Division Administrator

Purpose of Agenda Item

To obtain approval for a one-year renewal of the NCS Pearson, Inc. contract for Illinois Standards and 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.

Expected Outcome of Agenda Item

It is expected that staff will receive the Board's authorization to renew the contract with NCS Pearson, Inc. for the Spring 2010 administration of ISAT.

Background Information

In fiscal year 2005, Harcourt Assessment, Inc. won a competitive bid to provide test development services for the ISAT. Harcourt Assessment, Inc. was subsequently acquired by NCS Pearson, Inc. The current contract allows for a renewal of the contract through September 30, 2010.

Financial Background

The current amount funded per fiscal year is as follows:

FY05	\$ 1,690,092
FY06	16,661,140
FY07	3,663,218
FY08	3,229,585
FY09	<u>5,265,278</u>
Total:	\$30,509,313

The requested renewal amount for FY10 will increase the contract by \$5,990,687 for a maximum amount not to exceed of \$36,500,000.

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

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

Budget Implications: Approval is being requested for an additional \$5,990,687 to renew the contract, through September 30, 2010, with total funding not to exceed \$36,500,000.

Superintendent's Recommendation:

I recommend that the following motion be adopted:

The Illinois State Board of Education hereby authorizes a renewal of the contract for the development of the Illinois Standards and Achievement Test with NCS Pearson, Inc. through September 30, 2010, with total funding not to exceed \$36,500,000.

Next Steps

Agency staff will complete final negotiations to renew and execute the contract.

ILLINOIS STATE BOARD OF EDUCATION MEETING
June 17-18, 2009

TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed. D., State Superintendent *CAK*
Connie Wise, Ph.D., Assistant Superintendent, Standards and Assessments *CW*

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

Staff Contact(s): Joyce Zurkowski, Division Administrator

Purpose of Agenda Item

To obtain approval for a one-year renewal of the NCS Pearson, Inc. contract for Illinois Standards and 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.

Expected Outcome of Agenda Item

It is expected that staff will receive the Board's authorization to renew the contract with NCS Pearson, Inc. for the Spring 2010 administration of ISAT.

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 current contract allows for a renewal through September 30, 2010.

Financial Background

The current amount funded per fiscal year is as follows:

FY 07	\$ 9,656,608
FY 08	12,270,939
FY 09	13,297,568
FY 10	<u>2,295,024</u>
Total	\$37,520,139

The requested renewal amount will increase the contract by \$13,379,861 for the maximum not to exceed of \$50,900,000.

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

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

Budget Implications: Approval is being requested for an additional \$13,379,861 to renew the contract for an additional one year term through September 30, 2010, with total funding not to exceed \$50,900,000.

Superintendent's Recommendation:

I recommend that the following motion be adopted:


The Illinois State Board of Education hereby authorizes a renewal of the contract for the administration of the Illinois Standards and Achievement Test with NCS Pearson, Inc. through September 30, 2010, with total funding not to exceed \$50,900,000.

Next Steps

Agency staff will complete final negotiations to renew and execute the contract.

ILLINOIS STATE BOARD OF EDUCATION MEETING
June 17-18, 2009

TO: Illinois State Board of Education

FROM: Christopher A. Koch, Ed.D., State Superintendent of Education
Darren R. Reisberg, General Counsel/Assistant Superintendent 

Agenda Topic: Approval of Shefsky & Froelich, Ltd. Contract

Materials: None

Staff Contact(s): Darren R. Reisberg, General Counsel/Deputy Superintendent
Jessica Riddick, Assistant Legal Advisor

Purpose of Agenda Item

The Office of General Counsel requests approval to increase and renew its contract with the law firm of Shefsky & Froelich, Ltd., which has been providing services related to investigation and prosecution of alleged educator misconduct.

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

Investigating and taking appropriate certificate action is directly linked to the following two Agency goals: 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

The Finance & Audit Committee will recommend that, at the June plenary session, the Board will authorize Agency staff to both increase the amount of contract authorization for FY09 as well as renew the contract for FY10.

Background Information

Article 21 of the School Code contains language regarding the Agency's authority to take action with respect to an educator's certificate. Section 21-23a contains "enumerated offenses", conviction of which results in automatic revocation of any and all certificates, without an opportunity for a hearing. The Agency, however, is also authorized to take action against an educator's certificate without the existence of a Section 21-23a conviction, if Agency staff is aware of evidence of, among other things, "unprofessional conduct," "immorality", or "incompetence". In such a case, though, an individual is afforded an opportunity for a hearing.

The State Board of Education and Agency staff have been working hard to streamline and improve the manner by which the Agency addresses allegations of educator misconduct. In FY09, the State Board proposed a line item devoted to "Educator Misconduct" and the final FY09 budget in fact contained such a line of \$375,000. Moreover, the State Board adopted as one of its legislative proposals SB2071, which passed both chambers this session, and, among

other things: (a) clarifies and streamlines the investigation and hearing system in those instances where the Agency receives notice of alleged educator misconduct; (b) improves the reporting mechanisms to allow the Agency to indeed receive notice of alleged educator misconduct; and (c) increases training of educators on issues such as teacher-student interaction

Integral to the streamlining and improvement of the educator misconduct system is the work of Shefsky and Froelich, Ltd. (“Shefsky”). In 2008, the Agency entered into a contract with Shefsky, utilizing the provisions of 30 ILCS 500/1-10(b) (procurement in anticipation of litigation). The attorneys at Shefsky working on educator misconduct matters have been designated Special Assistant Attorneys General by the Illinois Office of the Attorney General and, as such, bill at a maximum rate of \$200/hour.

Agency staff in the Certification and Educator Preparation and Recertification Divisions review information received by the Agency of potential educator misconduct and then present such information with recommendations to our Legal Department and Shefsky. Shefsky provides pre-hearing services including the further investigation of allegations of educator misconduct to determine with the Superintendent has sufficient evidence to warrant initiation of a certificate action; services related to the hearing, if an individual so requests one; and post-hearing services. For example, Shefsky retains outside investigators where appropriate, prepares our witness(es) for testimony at hearing and, after hearings, drafts post-hearing briefs, and, when necessary, exceptions in response to the hearing officer’s recommended decision. All of this work is done pursuant to the requirements of Article 21 of the School Code and parts 475 and 485 of ISBE’s rules (23 Ill. Adm. Code 475 and 23 Ill. Adm. Code 485).

In FY09, Shefsky was sent approximately 25-30 priority cases for review. Of those, the State Superintendent issued 18 Notices of Opportunity for Hearing, and investigation continues on the remaining files. A small percentage of cases did not require a hearing, either due to voluntary surrender or the certificate holder’s decision not to request a hearing within the 10 day deadline. We are, however, seeing a trend toward more educators requesting hearings and obtaining counsel, which increases the complexity of the hearings. Three hearings have concluded and we currently have 4-5 cases in front of hearing officers in the pre-hearing/discovery stage. We have 4 more cases where hearing officers will be appointed shortly. Shefsky has also taken on an administrative review of a STCB decision.

Related to their work on these specific matters, the Shefsky attorneys have provided tremendous value by, among other things, reviewing Agency procedures and making helpful suggestions on best practice, and helping to obtain for the Agency certified conviction records from federal courts (which often involve automatic revocations under Section 21-23a of the School Code).

Financial Background

The amount funded for each FY is as follows:

FY08	\$ 19,774
FY09	<u>\$ 100,000</u>
Total Contract	\$ 119,774

The amount spent in FY08 was \$19,774. At that time, the State Board placed a cap of \$100,000 on the contract. The Agency is asking that the cap be increased by \$30,000 for FY09

to cover services through June 30, 2009, and, further, that the contract be renewed through June 30, 2010, with a total maximum amount not to exceed \$249,774 (i.e., \$100,000 for FY10).

Effectiveness

The Contractor has provided excellent service as reflected in the FY09 Contractor Post Performance Review.

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

Policy Implications: Approval of the contract increase of FY09 and renewal for FY10 will continue the Agency's efforts to insure a safe and healthy learning environment for all Illinois students and to take appropriate certification action where it is demonstrated a certificate holder may not be meeting the standards expected of certified professionals.

Budget Implications: State funding currently supports this initiative. The State Board's budget request for the Educator Misconduct line item in FY10 was \$495,000.

Legislative Action: None required.

Communication: None required.

Pros and Cons of Various Actions

Pros: Approval of this requested action will enable the Agency's work in this regard to continue.

Superintendent's Recommendation

I recommend that the following motion be adopted:


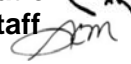
The State Board of Education hereby authorizes Agency staff to increase the maximum amount of its contract with Shefsky & Froelich by \$30,000 to cover services for FY09 and, further, to extend the contract through June 30, 2010, with the total maximum amount of the contract not to exceed \$249,774.

Next Steps

Agency staff will commence the process of preparing the appropriate contract amendments in accordance with the approved motion.

ILLINOIS STATE BOARD OF EDUCATION MEETING
June 17-18, 2009

TO: Illinois State Board of Education

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

Agenda Topic: Federal School Improvement Grant- Section 1003(g) Program
FY 2010 Grant Awards in Excess of One Million Dollars

Materials: None

Staff Contact(s): Gina Hopper, Division Administrator, Grants and Programs

Purpose of Agenda Item

Board approval will authorize the State Superintendent to approve the School Improvement Grant – Section 1003(g) grantees. These grants will total over 1 million dollars cumulatively over the three-year life of the grant.

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.
- Goal 2: Every school will offer a safe and healthy learning environment for all students.

The School Improvement Grant- Section 1003(g) [SIP 1003(g)] grants provide funding to support intensive school improvement efforts for those schools identified as being in federal academic status and in need of improvement based on the academic performance of their students. The purpose of the SIP 1003g is to improve student achievement, increase the number of schools that make Adequate Yearly Progress (AYP), and use data to inform decisions and create a system of continuous feedback and improvement. Due to the individualized needs and improvement efforts of the eligible schools, the collective of their improvement efforts address the three State Board's goals.

Expected Outcome(s) of Agenda Item

Motion to authorize the State Superintendent to award the School Improvement Grant – Section 1003(g) Grants.

Background Information

The legislation, Title I, Part A, Section 1003(g) of the No Child Left Behind Act of 2001 (NCLB), requires the state educational agencies to give priority to local educational agencies with the lowest-achieving schools that demonstrate:

- the **greatest need** for such funds, and
- the **strongest commitment** to ensuring that such funds are used to provide adequate resources to enable the lowest-achieving schools to meet the goals under school and local educational agency improvement, corrective action, and restructuring plans under Section 1116.

In addition, each local educational agency that applies for assistance under Section 1003(g) must describe how it will provide the lowest-achieving schools the resources necessary to meet goals under school and local educational agency improvement, corrective action, and restructuring plans under Section 1116. The SIP 1003(g) grant application opportunity applied to 558 eligible schools based on their 2008 federal academic status. Of these, 23 schools qualified for the second year of funding of the three-year grant

School districts receiving School Improvement Grant – Section 1003(g) funds must use the funds in schools identified for improvement to implement research-based data-driven strategies and practices that address the school improvement, corrective action or restructuring activities defined in the improvement plans under Section 1116. Funds are to be spent on practices that are designed to improve student achievement and positively affect the following measurable outcomes.

1. The number and percentage of students who score proficient in reading/language arts and mathematics as measured by the Illinois Standards Achievement Test (ISAT) in grades 3 through 8 or the Prairie State Achievement Examination (PSAE) in grade 11 will increase in school districts and schools that receive School Improvement Grant – Section 1003(g) funds.
2. School districts and schools that receive School Improvement Grant – Section 1003(g) funds will make adequate yearly progress and move out of improvement status.
3. School districts and schools that receive School Improvement Grant – Section 1003(g) funds will make decisions regarding the use of these funds that are based on data and will create systems of continuous feedback and improvement.

Schools are required to select one or more of the strategies required by the U.S. Department of Education (USDE) that it determined will be the most effective in building the school district's and funded school's capacity to improve student achievement and move the school out of improvement status.

The USDE Required Strategies are:

1. Schools will coordinate with Regional System of Support Providers (RESPRO) support teams to develop a professional development plan that is designed to build the capacity of the school staff and is informed by student achievement and outcome-related measures.

2. Schools will target research-based strategies to change instructional practice in order to address the academic achievement problems that led to the school being identified for improvement, corrective action, or restructuring.
3. Schools will create partnerships among external entities through the RESPROs or other external partners to obtain technical assistance, professional development, and management advice.
4. Schools must strengthen the parental involvement component of the school improvement plan and must work with their School Support Team members and other technical assistance providers to provide opportunities for parents to become more involved in the educational process.
5. Schools will implement other strategies determined by the school district, as appropriate, for which data indicate the strategy is likely to result in improved teaching and learning in schools identified for improvement, corrective action, or restructuring.

Due to the intensive and sustained efforts that must be implemented to improve academic achievement in the upper grades, the Grants and Programs staff assigned 10 bonus points to high schools if the school's student achievement scores, as measured by the PSAE, are in the bottom 3 percent of all high schools statewide and the school is in improvement status.

Summary of Grant Competition Recommendations

Rationale of FY 2010 School Improvement Grant- Section 1003(g) Grant recommendations:

As part of the award that the state receives, Section 1003(g) instructs the state to subgrant up to 95 percent of the funds to "eligible schools" based on a competitive grant process. The eligible schools are those identified as being in federal academic status based on the school's 2008 Report Card data. A district may apply on behalf of more than one of its eligible schools and be awarded more than one grant, but an individual proposal must be submitted for each eligible school. The school district's proposal is required to present a well-documented plan that meets the specific educational needs of the eligible school and demonstrate the district's and the school's commitment for successful implementation.

The proposal review process must include an expert panel of reviewers and specific criteria for selection. ISBE is to award funds to school districts for its eligible school(s) with the greatest need and greatest commitment for improvement and that can demonstrate evidence of successful implementation. While the School Improvement Grant – Section 1003(g) funds are allocated separately from Part A, Section 1003(a) of the NCLB, both funding sources must show programmatic coordination.

Grant amounts to school districts for the eligible schools must ensure that each grant is of sufficient size and scope to support the activities required under Sections 1116 and 1117 of NCLB, and awards may not be less than \$50,000 or more than \$500,000 per school. Grantees may apply for two additional one-year periods of level funding, subject to appropriations by U.S. Congress and each funded school meeting the goals in its school improvement plan developed under Section 1116 of NCLB. Grants are to be awarded equitably to schools within the ten regions of the statewide system of support.

Summary of Grant Competition Processes

On April 20, 2009, the agency released a Request for Proposals (RFP) for the FY 2010 School Improvement Grant - Section 1003(g) grant, with a deadline of May 28, 2009. One hundred and nineteen complete proposals were received from the field of eligible applicants requesting a total of \$29,791,296. The amount currently available for funding this year is \$16 million.

Proposals were read in two different sessions, June 1 and 2 and June 8 and 9 by 85 grant readers. Readers were chosen from the Regional System of Support Providers (RESPROs), Regional Offices of Education, deans and faculty of Illinois' accredited university and college Schools of Education, National Board Certified Teachers, and the Grants and Programs Division. The readers used scoring sheets that were aligned to the SIP 1003(g) grant criteria, and all scoring sheets and readers' comments are on file in the Grants and Programs Division in the Springfield office.

Effectiveness

Last Evaluation of the program: This is a new program. There is currently an RFSP being designed to contract for an external evaluator for the project.

Results of evaluation or effectiveness indicators: To be determined through RFSP deliverables.

Superintendent's Recommendation

The Superintendent recommends the following motion be adopted:



The State Board of Education hereby authorizes the State Superintendent to approve the School Improvement Grant- Section 1003(g) grantees.

Next Steps

Upon board approval and after funding recommendations are made to both Superintendent Koch and the Expenditure Review Committee, letters of award for this program bearing Superintendent Koch's signature will be sent to the successful applicants.

ILLINOIS STATE BOARD OF EDUCATION MEETING
June 17-18, 2009

TO: Illinois State Board of Education

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

Agenda Topic: Proviso High School District #209 Financial Plan

Materials: Proviso Financial Plan and Narrative

Staff Contact(s): Deb Vespa

Purpose of Agenda Item

The purpose of this agenda item is to review and approve the Financial Plan for Proviso Township High School District 209. Copies of the plan are attached.

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

The agenda item is linked to all three goals as the district is required to prepare a Financial Plan that reflects improvements to their financial position. Without a sound financial position, the district cannot ensure that they have adequate financial resources to assist students with academic achievement, hire highly effective teachers and school leaders, and ensure a safe and healthy learning environment.

Expected Outcome(s) of Agenda Item

Approval of the Financial Plan.

Background Information

Proviso Township High School District has an enrollment of approximately 5,000 students. The district schools are in Forest Park, Maywood and Hillside. At the October 2008 State Board of Education Meeting, they were certified as being in financial difficulty and in accordance with Section 1A-9 of the *School Code* were required to develop a financial plan within 45 days.

The district prepared a financial plan for review at the December 2008 State Board Meeting. Although the Board approved the Fiscal Year 2009 plan, additional information was requested for Fiscal Years 2010, 2011, and 2012. On November 17, 2008, Proviso Township High School District 209 petitioned the Illinois State Board of Education for a Financial Oversight Panel (FOP). The State Board approved the petition in accordance with Article 1B of the *School Code* at their December 2008 meeting. The first meeting of the FOP was January 7, 2009.

The district has labored to prepare the three year financial plan for much of the last five months. District administration developed committees composed of administrators, teachers, staff, and community members, to review the district's finances to identify costs that could be reduced or additional revenue opportunities that could be sought. The district administration also worked

extensively with FOP members to identify cost reductions. The FOP reviewed and approved the enclosed Financial Plan at a special meeting on June 8, 2009.

The plan recommendations are summarized below:

- Seventeen (17) positions for staff that were released for retirement or nonperformance will not be filled.
- RFP's were posted for a broker to review the districts health and life insurance and obtain a better rate and for an auditor for the audit of the Fiscal Year 2009 financial statements.
- The district's fee policy was reviewed and revised to obtain additional revenue.
- The FOP informed the district administrators they will not approve any bonuses for administrative positions beginning with the contracts that are brought forth before them for approval.
- The FOP reviewed the contract template that is utilized for administrative positions. In revising the template, bonus language and specified pay increases for future years was removed. The language for unused vacation and sick time was revised.
- District administration had implemented 9 district wide transportation programs prior to the establishment of the FOP. While transportation costs rose, the program attendance increased from 72% to 81%. This significantly enhances their ADA for General State Aid purposes and is expected to offset the cost of the transportation. Improvement in attendance may also result in higher test scores.

Additional assumptions incorporated within the plan are as follows:

- Local tax levies were held to CPI and estimated new property assessments.
- General State Aid foundation level was increased \$130 each year. However, other state funding was held at the Fiscal Year 2009 levels.
- Federal Funds were held consistent to Fiscal Year 2009 levels with the exception of ARRA IDEA and Title I funds. However, operating costs were increased to reflect the additional expenditures realized to utilize the ARRA IDEA and Title I funds.

Although significant progress has been made through the efforts of the FOP district administration, and the committees, continued review of the Financial Plan is needed for further improvements particularly in the operations and maintenance fund.

Additional items that will need to be incorporated in the plans in the future follow:

- Operations and maintenance represents the largest operating deficit the district is experiencing. All contracts need to be reviewed for efficiencies.
- The FOP will not approve new staff positions unless the revenue source can be identified. Staffing needs to be reviewed and staffing plans developed to determine position needed for administration, certified positions, and non-certified positions.
- The FOP will be assisted in their review of the district by a new Financial Administrator. ISBE is issuing an RFP for this function to aid the district in maintaining cost effective operations.

Summary of the Financial Plan:

	Audited FY 2008	Estimated FY 2009	Financial Plan for FY 2010	Financial Plan for FY 2011	Financial Plan for FY 2012
Beginning Fund Balance	10,711,210	3,321,229	18,673,285	15,348,480	15,289,530
Receipts/Revenue	60,927,483	63,151,608	67,299,826	70,543,839	73,763,211
Disburse./Expend.	68,317,464	63,520,318	70,624,631	70,602,789	70,677,477
Results of Operations	(7,389,981)	(368,710)	(3,324,805)	(58,950)	3,085,734
Other Sources & Uses	0	15,720,766	0	0	0
Ending Fund Balance	3,321,229	18,673,285	15,348,480	15,289,530	18,375,264

Effectiveness

It is the responsibility of the FOP to review the district's preliminary staffing and budgetary analyses annually prior to February 1. These staffing and budgetary plans must be aligned with the approved Financial Plan. The Financial Plan is to be reviewed annually by the FOP; modified and updated as needed.

Pros and Cons of Various Actions

Pros: If the plan is approved, the district is required to follow the plan, unless the plan is amended and approved by the State Board or FOP. Future budgets and staffing plans must be aligned with the approved plan and approved by the FOP.

Cons: If the plan is not approved, the district will be required to amend their plan and bring it before the State Board and FOP for approval. This delay in approval could impact future reductions the district may have implemented within their plan. If the plan is approved, educational programs will be monitored to determine any negative impact as a result of the plan.

Superintendent's Recommendation

I recommend that the following motion be adopted:

The Illinois State Board of Education hereby approves the Financial Plan submitted by Proviso Township High School District 209 for Fiscal Years 2009, 2010, 2011, and 2012. The FOP shall review the plan annually and revise as necessary so that the district will be able to obtain a balanced budget and financial soundness.

Next Steps

ISBE staff and FOP members will provide financial technical assistance to the district to assist with developing budgetary and staffing plans that align with the approved Financial Plan for Fiscal Years 2010, 2011, and 2012.

Proviso Township High Schools District #209
Financial Plan FY09-FY12
DRAFT

I. Summary Information

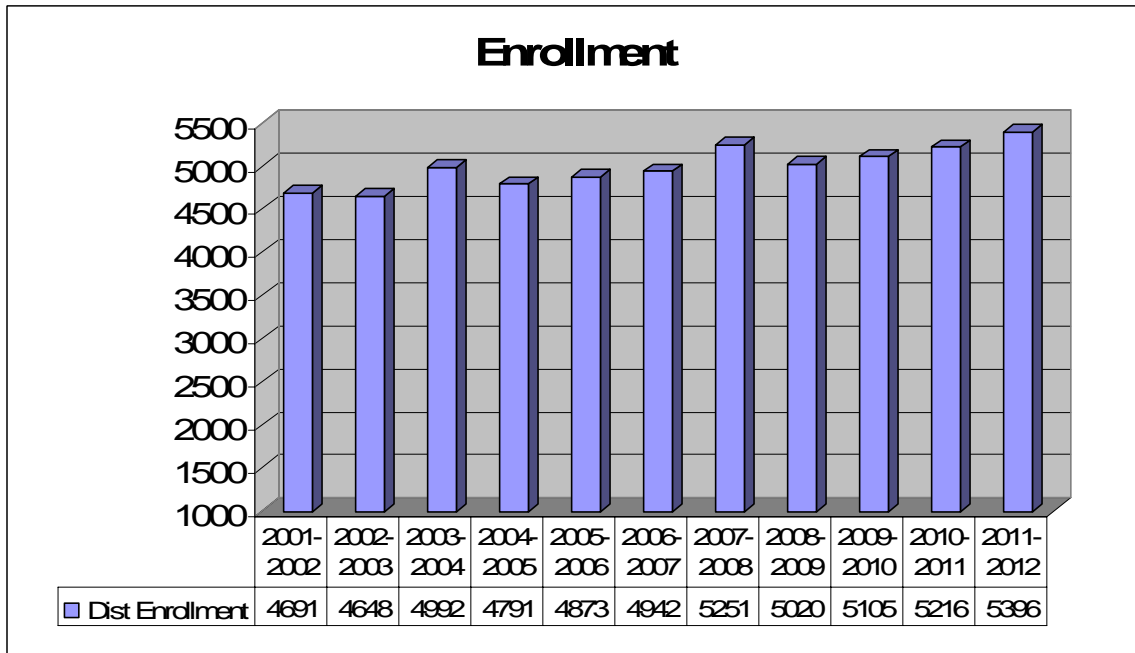
Proviso Township High Schools District 209 is a public High School District serving grades 9-12. The District covers ten communities (Bellwood, Broadview, Berkeley, Forest Park, Hillside, Maywood, Melrose Park, Northlake, Stone Park and Westchester) in the western suburbs of Chicago. The District offices are located in Forest Park, Illinois, approximately 19 miles west of downtown Chicago.

Student Enrollment

❖ Proviso Township High Schools District 209 has three High Schools with a total enrollment of approximately 4,882 students (as of SIS Fall Enrollment Count 9/30/08):

- Proviso East (1,794)
- Proviso West (2,492)
- Proviso Math & Science Academy (596) **716 projected for Fall 2009.*

As of May 6, 2009, the current enrollment is 5,020 students. Enrollment is expected to increase slightly but stabilize through the year 2012 to 5,396. As illustrated on the chart (*below*).



Employee Count

- ❖ The District currently employs approximately 555.4 people (as of April 2009 Board meeting):

Certified Faculty: 298.4
 Support Staff: 149
 Custodial/Maint. Staff: 81
 Administration: 27

District Staffing	# of Staff March 09	# of Staff April 09	Difference in Staffing	Salary Savings (approx.)	Benefit Savings (approx.)
Certified Faculty	315.4	298.4	(17)	\$ 1,081,665	\$ 172,107
Support Staff	151	149	(2)	\$ 43,013	\$ 6,699
O/M Staff	81	81	0	\$ 0	\$ 0
Administration	27	27	0	\$ 0	\$ 0
TOTAL	573.4	555.4	(19)	\$ 1,124,678	\$ 178,806

- This will provide a cost savings in the following operating funds:
 - Educational Fund approximately \$ 1,303,484 at FY09 salary/benefit rates.
 - O & M Fund \$ 0
 - Trans. Fund \$ 0

The FY10 Budget projections at current were developed using an average salary/benefit figure of \$48,170 for each support staff member and \$75,129 for each faculty member.

- At the May Board meeting, there was an additional decrease of 4 staff members (3 faculty and 1 O/M staff). These positions will also likely not be replaced; however, they are not currently included as non-replacements in the FY10 budget projections. The salary/benefit combined totals are:
 - Education Fund -\$129,457
 - O/M Fund - \$57,485
- It is important to note that staff may need to be replaced if necessary to accommodate schedules and graduation requirements. All efforts will be made to move faculty per certification first prior to rehiring.

Operating Expense per Pupil

- ❖ For FY07, the District's operating expenditure per pupil was approximately \$17,434. The instructional expenditure per pupil for the same time period was \$9,036. Both exceed the state averages of \$9,907 and \$5,808, respectively. For FY08, the operating expenditure per pupil was approximately \$16,982.

Internal/External Borrowing

- ❖ On September 23, 2008, the District issued Working Cash Bonds (Series 2008A and Series 2008B) with proceeds in the amount of \$13,744,835. This issuance consisted of a refunding of existing debt as well as removal of accumulated excess loss and cost dollars from the Bond & Interest Fund. The excess loss and cost amount of \$2,450,000 was transferred to the working cash fund. The issuance is within the long-term debt limitations per state statute. However, it has extended the District's long term debt from the year 2021 to the year 2027.

The District 209 has issued non-referendum bonds in the past as follows:

- 1979 Fire Prevention
- 1981 Fire Prevention
- 1989 Working Cash
- 1990 Life Safety
- 1991 (two Working Cash and one Advanced Refunding)
- 1993 Working Cash
- 1994 Tort Immunity
- 2002 Working Cash
- 2004 Working Cash

The proceeds from the 2008 issuance (as well as some of the prior year issuances) have been used to help offset the fund balance deficits in the operating funds. In addition, approximately \$2,615,207 accumulated interest will be transferred from the Bond & Interest Fund to the operating funds most in need as allowable by law. This transaction is pending final completion by the District's audit firm.

Cash Flow Analysis

During FY08, the District experienced a cash flow shortage due to diminishing fund balances from deficit spending (see historical analysis from 1996 to present) as well as the late receipt of property tax revenues from the Cook County Clerk's Office. As a result, tax anticipation warrants (TAW's) were

issued on October 2, 2007 in the amount of \$9,899,621.50. This loan was repaid in February 2008. The loan payments included interest of approximately \$190,000.

For FY09, the District issued a working cash bond (as noted above) and as a result, these funds were loaned to the operating funds in order to eliminate the need to issue additional tax anticipation warrants. There are currently no additional plans for borrowing for FY10-12.

Plan Objectives (Programmatic/Financial)

The objectives of this plan are to 1) enforce Board Policy 4:10 which requires the Board to balance the budget on or before July 1, 2008 (for FY09). The requirements for a balanced budget indicate that the estimated fund balance cannot be less than three times the amount of deficit spending; otherwise a deficit reduction plan must be filed with ISBE.

The FY09 budget submitted to ISBE showed an estimated operating fund balance of \$19,629,462 and a deficit in the operating funds (Ed, O&M, Trans, W/C) of \$5,922,111. As a result, a deficit reduction plan was not required for FY09. The FY08 audit has been completed, and therefore, the FY09 year end operating fund balance is estimated to be decreased to \$17,889,592. As a result, a balanced budget was still maintained by \$123,259.

It is also important to note that the FY09 budget included a working cash bond issue that restored the diminishing fund balances (without this, the balanced budget requirements as noted above would not have been met). If the District continues to approve deficit operating budgets, the fund balance will be depleted.

Due to the FY09 Working Cash Bond issue, the District cannot rely on further extending its long term debt. As a result, the District will not rely on this method of financing and will work towards reducing expenditures and increasing revenue.

II. Budget Plan

See attached charts for FY08-FY12.

Assumptions

For **Fiscal Year 2009**, the following amounts were actually incurred and/or projected by the district for the fiscal year:

➤ **Revenue**

▪ **Local Revenue**

- **Actual Equalized Assessed Valuation (EAV)**
 - FY08 (CY2006) \$ 2,683,355,880
 - FY09 (CY2007) \$ 2,828,191,143
 - 5.40% increase from 08 to 09
- **Actual New Property Growth**
 - FY08 \$12,369,975
 - FY09 \$28,696,255
 - 131.98% increase from 08 to 09 (based on historical trend data)
- **Tax revenue received April YTD (FY09)**
 - Education Fund \$36,471,420
 - Operation and Maintenance Fund \$5,962,617
 - Pupil Transportation Fund \$490,833
 - Working Cash Fund \$145,543
- **Interest Income received April YTD (FY09):**
 - Education Fund \$347,200
 - Operation and Maintenance Fund \$9,948
 - Pupil Transportation Fund \$39,691
 - Working Cash Fund \$14,379
- **Fees collected April YTD (FY09):**
 - Education Fund \$504,095
 - The District has early bird registration each year and we anticipate at least 25% participation prior to year end close.
 - This would be on target with the 2009 budget.
 - Operation and Maintenance Fund \$ 0
 - Pupil Transportation Fund \$ 0
 - Working Cash Fund \$ 0

▪ **State/Federal Revenue**

- **Federal funding**
 - FY08 Actual \$805,253
 - FY09 Projected \$2,939,921
 - This jump is due to FY08 NCLB Consolidated grant dollars being received in FY09. They were not accrued in the audit. In addition, there will be federal grant dollars from the MSAP grant and PEP grant received in FY09. These grants had little activity in FY08, however, the programs have been restored.
- **State Funding**

- General State Aid (Best 3 months ADA)
 - FY08 – 3679.02, \$4,466,390
 - FY09 – 3856.99, \$5,218,817
- Pupil transportation
 - FY08 Actual – \$951,235
 - FY09 Projected - \$779,376
- Special Education
 - FY08 Actual – \$1,854,407
 - FY09 Projected - \$ 1,944,380
- The above listed state, local and federal figures are on target with the 09 budgeted amounts.

- FY09 Total Estimated Revenue
 - Education - \$55,284,840
 - Operations & Maintenance - \$6,250,824
 - Transportation - \$1,317,731
 - Working Cash - \$298,213

➤ **Expenditures:**
Education Fund

- Salaries
 - Faculty contract is set to expire 6/30/09. The overall increase in the current 4-year agreement was 19% (5% for FY09 including steps).
 - Support staff contract was negotiated in FY08 and is set to expire 6/30/10. The increases negotiated were 8.5% total: 0% for FY 08, 3.5% FY 09 second year, and 5% third year FY 10, this is a decrease from 15% total increases in the prior agreement.
 - FY08 Actual Salaries - \$ 31,331,008
 - FY09 Projected Salaries - \$ 30,545,752
 - FY09 decrease - \$ 785,256
 - This decrease is reflective of positions not being filled.
 - Increased salaries and benefits due to implementing new programs and/or additional staff \$ 0

- Benefits
 - FY08 Actual - \$ 6,791,781
 - FY09 Projected - \$ 6,994,559
 - FY09 Increase - \$ 202,778

Operations and Maintenance Fund

- Salaries
 - Maintenance contract is set to expire 6/30/12 (negotiated yearly increases of 3% (down from 19% increase in previous agreement).
 - FY08 Actual Salaries - \$ 4,738,368
 - FY09 Projected Salaries - \$4,655,165
 - FY09 decrease \$ 83,203
 - This decrease is reflective of positions not being filled.
- Benefits
 - FY08 Actual - \$ 862,462
 - FY09 Projected - \$ 972,245
 - FY09 Increase - \$ 109,783

Transportation Fund

- Pupil transportation expenditures increased due to implementing a district-wide programs
 - FY08 Actual Expenditures \$ 1,485,199
 - FY09 Projected Expenditures \$ 1,660,151
 - FY09 Increase \$ 174,952
- Salaries
 - FY08 Actual - \$ 226,321
 - FY09 Projected - \$ 202,898
 - FY09 Decrease - \$ 23,423
 - This decrease is reflective of a decrease in overtime.
- Benefits
 - FY08 Actual - \$ 7,166
 - FY09 Projected - \$ 1,407
 - FY09 Decrease - \$ 5,759
 - This decrease is reflective of employees changing their benefit options.
- Historically, the District does not spend 100% of budgeted funds each fiscal year. For FY07, the District spent approximately 92% of its budget and 94% for FY08 in the operating funds. Therefore, we are conservatively projecting that for FY09, only 92% of the operating fund budget (approx \$69 mil) will be expended (approx \$63.5 mil). Revenues historically have been 95% and 101% for FY07 and FY08 respectively. We can conservatively project receipts for FY09 at 99% (approx. \$62.8 mil). This leaves a projected ending deficit of approximately \$700 thousand (which equates to an additional savings

of approximately \$5.2 mil due to unexpended budget accounts. The deadline for purchase orders in the District was Monday, March 2, 2009. By this date, all departments must have submitted all purchase requests for items through the end of the school year. All budget accounts were frozen after this date (with the exception of grants and/emergency purchases).

- The District budgeted \$2,000,000 in contingency funds for FY09. The district has \$911,935 remaining in contingency fund. If these funds remain unused, it will result in additional savings for this fiscal year.
 - Some of the uses of contingency funds were for:
 - Faculty new hires after budget completion due to increased student enrollment, which was an additional cost to the Education Fund of \$605,347 for 13 new employees.
 - Five central office administrative positions – to date only 3 positions have been filled. The remaining two have been placed on hold. This was a cost to the district of \$172,988.
 - One additional Assistant Principal was to be hired at Proviso West – this position has been placed on hold for FY09.

For **FY10 through FY12**, the District plans to reduce the budget by the following:

- The Superintendent established multiple budget committees chaired by each building principal, each Building Manager (O&M), the PAEC Director, the Assistant Superintendent for Finance/Operations, the Director of Information Technology and the Superintendent (for a total of ten committees). Each committee consisted of a combination of 10 to 12 faculty/staff members, parents and community members. They were charged with developing their particular budget and recommending a list of reductions.
 - All committees began with FY10 budgets funded at FY09 levels. Each committee is responsible for presenting to the Board of Education a list of reduction recommendations. It is the intent that some reductions will occur immediately in FY10, others will be phased in through FY12.

For **Fiscal Year 2010**, the following amounts are estimated to be incurred by the district (the FY10 budget amounts are still in draft form and will be revised as more information becomes available prior to final adoption). In addition, the increase amounts are based on the FY10 budget as compared to the FY09 budget. Comparison of the FY 10 budget to the actual year-end amounts for FY09 has not been completed at this time as the actual amounts for FY 09 are unknown at this point in the year:

➤ **Revenue**

▪ **Local Revenue**

- Average EAV growth increase 14.30%
 - FY09 EAV \$ 2,828,191,143
 - FY10 Estimated EAV \$3,232,622,476
- Average New Property Growth decrease 23.88%
 - FY09 New Property \$28,696,255
 - FY10 Estimated New Property \$21,843,589
- The tax levy/revenues increase/(decreased) by:
 - Education Fund \$ 1,947,349
 - Operation and Maintenance Fund \$ 478,250
 - Pupil Transportation Fund \$ 98,968
 - Working Cash Fund \$22,072
- Interest Income increased/(decreased) by (from FY09 budget to FY10 projected):
 - Education Fund \$ 0
 - Operation and Maintenance Fund \$(31,000)
 - Pupil Transportation Fund \$ (34,732)
 - Working Cash Fund \$ (74,157)
- Fees collected increased/decreased by (from FY09 budget to FY10 projected):
 - Education Fund \$ (62)
 - Operation and Maintenance Fund \$ 0
 - Pupil Transportation Fund \$ 0
 - Working Cash Fund \$ 0

▪ **State/Federal Revenue**

- Federal funds are anticipated to increase due to ARRA. However, expenditure should be increasing the same as well.

- State Funding increased/(decreased) by:
 - General State Aid attendance increased by 3.0 ADA, \$130 increase on the Foundation Level, and \$1,245,442
 - Pupil Transportation \$ 70,000
 - Special Education \$ 0

➤ **Expenditures:**

➤ **Education Fund**

- Salaries/Benefits combined
 - Instructional- \$29,163,861
 - Support- \$7,122,024
 - FY10 Total-\$36,285,885
 - FY09 Total-\$37,570,311

This equates to an overall projected decrease of \$1,254,426 in the Education Fund for salary and benefits combined. This is due primarily to not filling 17 positions.

The labor contract for faculty is currently being negotiated. These negotiations will also impact the administrative staff.

- The Budget Committees discussed FY10 budget reductions and the following reductions were incorporated into the FY10 tentative budget total:
 - Decrease in other salary areas:
 - Administrative Bonuses - \$37,500
 - Overtime-\$19,740
 - Capital Outlay – \$749,209
 - Contingency-\$250,000
 - Contracts-\$623,535
 - Consultants-\$155,188
 - Office Supplies-\$42,243
 - Classroom Supplies-\$116,691
- In addition, there was a reduction of special education cooperative costs/services (PAEC) and out of district placements by approximately \$1.2 million in the Educational Fund for FY10.
- Applying for the District-Wide Title I program due to increasing low income counts.
- Also, begin analyzing the cost/benefit of the District pulling out of the cooperative.

- **Operations and Maintenance**
 - Salaries - \$4,954,915
 - Benefits - \$1,069,470
 - FY10 Budgeted Total-\$6,024,385
 - FY09 Total-\$5,627,410

 - Increase of \$396,975 in the O/M Fund for salaries and benefits combined. This is due primarily to the labor contract already negotiated.

- The Budget Committees discussed FY10 budget reductions and the following reductions were incorporated into the FY10 tentative budget total:
 - Custodial Supplies -\$36,742
 - Maintenance Supplies-\$88,589
 - Capital Outlay-\$50,424
 - Contracts-\$4,000
 - Repairs & Maintenance-\$76,898

- **Transportation Fund**
 - Salaries - \$141,706
 - Benefits-\$1,500
 - Total-\$143,206
- This represents a decrease of \$61,099. This is primarily due to a reduction of one position and the amount of approved overtime. It is estimated that the overall transportation fund expenditures will increase \$1.7 million due to the implementation of the district-wide transportation program.

For **Fiscal Year 2011**, the following amounts are estimated to be incurred by the district:

- **Revenue**
 - Local Revenue
 - Average EAV growth decrease of 1.67%
 - FY10 Estimated EAV \$3,232,622,476
 - FY11 Estimated EAV \$3,178,637,681
 - Average New Property increase of 74.52%
 - FY10 New Property \$21,843,589
 - FY11 Estimated New Property \$38,121,432
 - The tax levy/revenues :
 - Education Fund increase of \$491,094
 - Operation and Maintenance Fund decrease of (\$107,970).

- Pupil Transportation Fund increase of \$ 40,925.
 - Working Cash Fund decrease of \$2,946.
- Interest Income increased/(decreased) by:
 - Education Fund \$(23,453)
 - Operation and Maintenance Fund \$31,030
 - Pupil Transportation Fund \$34,754
 - Working Cash Fund \$114,037
- Fees collected increased/(decreased) by:
 - Education Fund \$ 7,221
 - Operation and Maintenance Fund \$0
 - Pupil Transportation Fund \$0
 - Working Cash Fund \$0
- State/Federal Revenue
 - Federal funds are anticipated to increase due to ARRA. However, expenditures should be increasing the same as well.
 - State Funding increased/decreased
 - General State Aid attendance increased by 316 ADA, \$130 increase on the Foundation Level, and \$2,027,901. The increase in the ADA is due to an increase in the attendance rate that was realized with the implementation of the district-wide transportation program.
 - Pupil Transportation increase of \$ 1,607,900 due to implementation of full year of transportation program
 - Special Education increase of \$ 33,036
- **Expenditures**
 - **Education Fund**
 - Decrease in benefit costs through research of viable options with insurance companies for comparable services for an estimated savings of \$360,000.
 - Staffing ratio increase of 20 to 1 for certain departments which will result in a salary savings of \$627,384.
 - Elimination of bonus payment to teachers of \$100,000.
 - Elimination of PMSA extra calendar day bonus of \$170,000.
 - Elimination of in-district residency bonus of \$11,000.
 - Renegotiation of bargaining unit agreement. Unquantifiable at this time.

- **Operation and Maintenance Fund**
 - FY 2011 Operations/Maintenance Fund salary/benefit decrease of \$279,114 due to anticipation of attrition and non-replacement of personnel.
 - Continuation of all prior year reductions in FY10.

- **Transportation Fund**
 - Salaries - \$144,401
 - Benefits-\$1,800
 - Total-\$146,201
- This represents an increase of \$2,995.

For **Fiscal Year 2012**, the following amounts are estimated to be incurred by the district:

- **Revenue**
 - Local Revenue
 - Average EAV growth
 - 11' Estimated EAV \$3,178,637,681
 - 12' Estimated EAV \$3,269,546,719
 - Average New Property Growth
 - 11' Estimated New Property \$38,121,432
 - 12' Estimated New Property \$29,018,034
 - The tax levy/revenues increase/(decreased) by:
 - Education Fund \$1,198,117
 - Operation and Maintenance Fund \$508,773
 - Pupil Transportation Fund \$(145,296)
 - Working Cash Fund \$4,961.
 - Interest Income increased/decreased by:
 - Education Fund \$0
 - Operation and Maintenance Fund \$0
 - Pupil Transportation Fund \$0
 - Working Cash Fund \$0
 - Fees collected increased/decreased by:
 - Education Fund \$15,656
 - Operations and Maintenance Fund \$0
 - Pupil Transportation Fund \$0
 - Working Cash Fund \$0

 - State/Federal Revenue
 - Federal funds are anticipated to increase due to ARRA. However, expenditure should be increasing the same as well.

- State Funding increased/decreased
 - General State Aid attendance increased by 91 ADA, and \$1,317,733
 - Pupil Transportation program of \$13,158
 - Special Education Personnel and Pupil \$39,101

- **Expenditures**
 - **Education Fund**
 - Staffing ratio of 20 to 1 for certain departments which will result in a savings of \$553,471.
 - Decrease in benefits restructuring by \$600,000.

 - **Operation and Maintenance Fund**
 - FY 2012 Maintenance salary decrease of \$45,976.
 - Continued decrease of all prior year non salary/benefit reductions.
 - Renegotiation of bargaining unit agreement. Unquantifiable at this time.

 - **Transportation Fund**
 - Salaries - \$147,289
 - Benefits-\$1,981
 - Total-\$149,270
 - This represents an increase of \$3,068.

III. Educational Impact Analysis

Impact of Educational Mission

The District is currently underperforming academically and has not met AYP. As a result, East and West as well as the District are revising the School Improvement and Restructuring plans for submission to ISBE. These plans will outline how the District and each individual school plan to increase academic performance.

Program Limitations

The reductions noted above will adversely impact the education of students in many ways. All academic areas as well as athletic and performing arts programs will remain; however, funding to those areas will likely not increase. The District will seek funding from grants, partnerships and donations through an Educational Foundation to help supplement spending.

Through a student/teacher ratio analysis, building principals will have the flexibility to staff classes at varying levels depending on need; however, no additional allocations will be granted beyond the set ratio of 17 to 1 for school year 2010 and 20 to 1 for school year 2011 unless necessary to accommodate schedules or graduation requirements and approved by the Superintendent. The increase in the student-teacher ratio will likely result in some courses with higher class sizes and also a reduction of elective courses.

Special Education

Due to the increasingly strict regulations and laws regarding Special Education programs, it is difficult to decrease funding to these areas. However, the District is participating in cooperative agreement with PAEC and an analysis will be performed regarding the cost vs. benefit of servicing student needs in house.

FINANCIAL PLAN SUMMARY

Proviso Township HS District 209

District Name

Cook

County

14-016-2090-17

District Number

	Fiscal Year 2008 Actual	Fiscal Year 2009 Estimate Actual	Fiscal Year 2010 Budget	Fiscal Year 2011 Budget	Fiscal Year 2012 Budget
Educational Fund					
Receipts/Revenues	53,087,437	55,284,840	58,864,229	60,540,166	63,376,540
Disbursements/Expenditures	56,701,812	53,084,151	58,545,954	58,797,148	58,911,655
Other Financing Sources/Uses*	0	0	0	0	0
Excess of Receipts and Other Sources Over/Under Disbursements and Other Uses	(3,614,375)	2,200,688	318,275	1,743,018	4,464,885
Fund Balance – July 1	2,078,009	(1,536,366)	664,322	982,597	2,725,615
Fund Balance – June 30	(1,536,366)	664,322	982,597	2,725,615	7,190,500
Operations & Maintenance Fund					
Receipts/Revenue	5,808,907	6,250,824	6,625,745	6,548,775	7,057,548
Disbursements/Expenditures	9,896,966	8,776,015	8,826,710	8,547,595	8,501,621
Other Financing Sources/Uses*	0	7,210,754	2,200,965	1,998,820	1,444,073
Excess of Receipts and Other Sources Over/Under Disbursements and Other Uses	(4,088,059)	4,685,563	0	0	0
Fund Balance – July 1	(597,504)	(4,685,563)	(0)	(0)	(0)
Fund Balance – June 30	(4,685,563)	(0)	(0)	(0)	0
Transportation Fund					
Receipts/Revenue	1,542,223	1,317,731	1,369,535	3,018,360	2,886,222
Disbursements/Expenditures	1,718,686	1,660,151	3,251,967	3,258,046	3,264,201
Other Financing Sources/Uses	0	0	1,882,432	239,686	0
Excess of Receipts and Other Sources Over/Under Disbursements and Other Uses	(176,463)	(342,420)	0	(0)	(377,979)
Fund Balance – July 1	1,461,122	1,284,659	942,239	942,239	942,238
Fund Balance – June 30	1,284,659	942,239	942,239	942,238	564,259
Working Cash Fund					
Receipts/Revenue	488,916	298,213	440,317	436,538	442,901
Disbursements/Expenditures					
Other Financing Sources/Uses	0	8,510,012	(4,083,397)	(2,238,506)	(1,444,073)
Excess of Receipts and Other Sources Over/Under Disbursements and Other Uses	488,916	8,808,225	(3,643,080)	(1,801,968)	(1,001,172)
Fund Balance – July 1	7,769,583	8,258,499	17,066,724	13,423,644	11,621,675
Fund Balance – June 30	8,258,499	17,066,724	13,423,644	11,621,675	10,620,503
TOTAL FUND BALANCES (Four Funds Above)	3,321,229	18,673,285	15,348,480	15,289,529	18,375,263

BUDGET SUMMARY – FY 2010					
		Educational Fund	Operations & Maintenance Fund	Transportation Fund	Working Cash Fund
1. ESTIMATED FUND BALANCES July 1, 2009		664,322	(0)	942,239	17,066,724
RECEIPTS/REVENUES	Account No.				
2. Local Sources	1000	47,830,071	6,625,745	669,535	440,317
3. Flow-through Receipts/Revenue from One LEA to Another LEA	2000	9,714	0	0	
4. State Sources	3000	8,923,404	0	700,000	
5. Federal Sources	4000	2,101,040	0	0	
6. Total Receipts/Revenues		58,864,229	6,625,745	1,369,535	440,317
DISBURSEMENTS/EXPENDITURES	Function No.				
7. Instruction	1000	25,958,606			
8. Support Services	2000	21,067,415	8,826,710	3,251,967	
9. Community Services	3000	0			
10. Payments of Other Districts & Govt. Units	4000	9,769,933			
11. Debt Services	5000	0			
12. Provisions for Contingencies	6000	1,750,000			
13. Total Disbursements/Expenditures		58,545,954	8,826,710	3,251,967	
14. Excess of Receipts/Revenue Over/(Under) Disbursements/Expenditures		318,275	(2,200,965)	(1,882,432)	440,317
OTHER FINANCING SOURCES					
15. Transfers from Other Funds	7100		2,200,965	1,882,432	
16. Sale of Bonds	7200				
17. Sale or Compensation for Fixed Assets	7300				
18. Other Sources Not Classified Elsewhere	7990				
Total Other Financing Sources		0	2,200,965	1,882,432	0
OTHER FINANCING USES					
19. Transfers to Other Funds	8100				4,083,397
20. Other Uses Not Classified Elsewhere	8990				
Total Other Financing Uses		0	0	0	4,083,397
21. TOTAL OTHER FINANCING SOURCES AND (USES)		0	2,200,965	1,882,432	(4,083,397)
22. ESTIMATED FUND BALANCE June 30, 2010		982,597	(0)	942,239	13,423,644

BUDGET SUMMARY – FY 2011

		Educational Fund	Operations & Maintenance Fund	Transportation Fund	Working Cash Fund
1. ESTIMATED FUND BALANCES July 1, 2010		982,597	(0)	942,239	13,423,644
RECEIPTS/REVENUES	Account No.				
2. Local Sources	1000	48,200,780	6,548,775	710,460	436,538
3. Flow-through Receipts/Revenue from One LEA to Another LEA	2000	9,714	0		
4. State Sources	3000	10,228,632	0	2,307,900	
5. Federal Sources	4000	2,101,040	0	0	
6. Total Receipts/Revenues		60,540,166	6,548,775	3,018,360	436,538
DISBURSEMENTS/EXPENDITURES	Function No.				
7. Instruction	1000	25,842,181			
8. Support Services	2000	21,435,034	8,547,595	3,258,046	
9. Community Services	3000	0	0	0	
10. Payments of Other Districts & Govt. Units	4000	9,769,933	0	0	
11. Debt Services	5000	0	0	0	
12. Provisions for Contingencies	6000	1,750,000		0	
13. Total Disbursements/Expenditures		58,797,148	8,547,595	3,258,046	
14. Excess of Receipts/Revenue Over/(Under) Disbursements/Expenditures		1,743,018	(1,998,820)	(239,686)	436,538
OTHER FINANCING SOURCES					
15. Transfers from Other Funds	7100		1,998,820	239,686	
16. Sale of Bonds	7200				
17. Sale or Compensation for Fixed Assets	7300				
18. Other Sources Not Classified Elsewhere	7990				
Total Other Financing Sources		0	1,998,820	239,686	0
OTHER FINANCING USES					
19. Transfers to Other Funds	8100				2,238,506
20. Other Uses Not Classified Elsewhere	8990				
Total Other Financing Uses		0	0	0	2,238,506
21. TOTAL OTHER FINANCING SOURCES AND (USES)		0	1,998,820	239,686	(2,238,506)
22. ESTIMATED FUND BALANCE June 30, 2011		2,725,615	(0)	942,238	11,621,675

BUDGET SUMMARY – FY 2012

		Educational Fund	Operations & Maintenance Fund	Transportation Fund	Working Cash Fund
1. ESTIMATED FUND BALANCES July 1, 2011		2,725,615	(0)	942,238	11,621,675
RECEIPTS/REVENUES	Account No.				
2. Local Sources	1000	49,347,376	7,057,548	565,164	442,901
3. Flow-through Receipts/Revenue from One LEA to Another LEA	2000	9,714	0		
4. State Sources	3000	11,918,410	0	2,321,058	
5. Federal Sources	4000	2,101,040	0	0	
6. Total Receipts/Revenues		63,376,540	7,057,548	2,886,222	442,901
DISBURSEMENTS/EXPENDITURES	Function No.				
7. Instruction	1000	25,566,679			
8. Support Services	2000	21,825,043	8,501,621	3,264,201	
9. Community Services	3000	0			
10. Payments of Other Districts & Govt. Units	4000	9,769,933		0	
11. Debt Services	5000	0			
12. Provisions for Contingencies	6000	1,750,000			
13. Total Disbursements/Expenditures		58,911,655	8,501,621	3,264,201	
14. Excess of Receipts/Revenue Over/(Under) Disbursements/Expenditures		4,464,885	(1,444,073)	(377,979)	442,901
OTHER FINANCING SOURCES					
15. Transfers from Other Funds	7100		1,444,073		
16. Sale of Bonds	7200				
17. Sale or Compensation for Fixed Assets	7300				
18. Other Sources Not Classified Elsewhere	7990				
Total Other Financing Sources		0	1,444,073	0	0
OTHER FINANCING USES					
19. Transfers to Other Funds	8100				1,444,073
20. Other Uses Not Classified Elsewhere	8990				
Total Other Financing Uses		0	0	0	1,444,073
21. TOTAL OTHER FINANCING SOURCES AND (USES)		0	1,444,073	0	(1,444,073)
22. ESTIMATED FUND BALANCE June 30, 2012		7,190,500	0	564,259	10,620,503

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FINANCE & AUDIT COMMITTEE

Agenda Item 7 - FY10 Budget