

April 12, 2011 ISBE Report to IBHE

ILLINOIS STATE BOARD OF EDUCATION SUMMARY

February 17, 2011

March 16-17, 2011

Committee discussions at the March meeting included:

- **The Governmental Relations Committee had an extensive discussion of the Independent Charter Authorizer Commission** – Staff discussed a piece of legislation which would establish an independent charter school authorizer, creating a new agency with separate staff. The independent authorizer would relieve ISBE staff of intensive research obligations related to charter school appeals that come to the state level and the additional responsibility that comes to ISBE if a state charter is granted. Board members had some concerns regarding relinquishing that authority and after further discussion, the Board determined it would remain neutral on proposed legislation.
- **The Governmental Relations Committee voted to support Senate Bill 3.** SB 3 is the Quinn administration's debt restructuring plan. The bill proposes to issue bonds to pay down the state's debt and repay those bonds over a period of time with .5 percent of the income tax increase that was passed earlier this year. Under the plan, the state doesn't take on new debt, but rather consolidates its current debt and pays off bills that are more than 60 days in arrears. Unless the state is able to move forward with this debt consolidation education funding could be reduced even further than what is currently proposed.
- **The Education Policy Planning Committee received a presentation on Early Childhood Education from Diana Rauner from The Ounce of Prevention Fund**, providing current research in early childhood education and the status and impact of ISBE funded early childhood programs across the State. The presentation also provided information regarding the Early Childhood Block Grant's relationship to the Governor's new Budgeting for Outcomes initiative and the kindergarten readiness planning process.
- **The Board Operations Committee reviewed Board Member Expenditures** to ensure they are continuing to reduce Board-related expenses by at least 10%. The Board is still maintaining a 29% reduction in Board member expenses when comparing July through February of FY11 to the same period in FY10.

The Committee also reviewed information about both Board Member Ethics Requirements as well as Procurement Code requirements for reporting ex-parte communications.

The Board took action in its February and March Plenary Sessions as follows:

- **Rules for Initial Review**
 - **Part 1 (Public Schools Evaluation, Recognition and Supervision)** These amendments encompass several aspects of these rules as summarized below.
 - **State Assessment.** Eliminates an obsolete reference to the administration of the Terra Nova assessment for students in grade 2.
 - **Annual Measurable Achievement Objectives (English language learners).** Sets forth the annual measurable achievement objectives (AMAOs) for educational agencies that use funds from Title III of the Act.
 - **Exemptions from Mandates.** This new section sets forth the requirements for the mandates appeal process.
 - **Supervisory and Administrative Qualifications.** Section 1.705 sets forth the qualifications for supervisory and administrative staff and must be updated to include consideration of the new principal's endorsement. Additionally, Section 1.705(g) is being corrected to

reflect requirements for special education director that are set forth in Section 226.800(g) of rules governing Special Education.

- **Part 350 (Secular Textbook Loan)** P.A. 96-1403, effective July 29, 2010, authorizes school districts to purchase electronic textbooks and technological equipment necessary to gain access to and use electronic textbooks under the Textbook Loan Program. New statutory language is being added to the definition of "Textbook" to include digitized materials.

- **Rules for Adoption**

- Part 151 (School Construction Program) P.A. 96-37, effective August 25, 2009, made several changes to the School Construction Program, including setting forth "green" building standards for any school construction projects for which school districts make application. The amendment provides clarity and ensures districts' awareness of all applicable requirements.
- Part 5001 (Access to Information of the State Board of Education under FOIA) P.A. 96-542, effective January 1, 2010, made several changes in the Illinois Freedom of Information Act (FOIA) that affect the agency's rules governing FOIA requests. While most of the changes in the law are specific and need no further edification in rules, changes to align the rules to statute are being proposed. Chiefly, Subpart D regarding an appeal of an agency's decision to deny a FOIA request is being repealed, as the responsibility for review is now housed with the Illinois Attorney General's Public Access Counselor. The proposal also provides that oral requests will not be accepted (although the law authorizes agencies to accept them) and that requests must indicate if they are being made for a commercial purpose, as these types of requests are treated differently under the law.

In addition, further clarification is being added in Section 5001.300 concerning the type of responses that the agency might provide to a request. The agency repealed the substance of these proposed changes in 2005 as part of the statutorily mandated requirement to review and "streamline" administrative rules but their inclusion is instructive to the reader. Finally, a provision waiving the fee for duplication if the total cost was \$10 or less is being removed since the law requires government agencies to provide the first 50 pages free, and State Board staff will waive any charges assessed beyond the first 50 pages that are \$7.50 or less.

- **Spring 2011 Waiver Report** – The Board approved the Spring 2011 Waiver Report, the thirty-second report to be submitted to the General Assembly. This report contained 82 requests to waive mandates of School Code provisions upon which the General Assembly must act. These requests addressed driver education fees (19 requests), daily physical education (15 requests), nonresident tuition (12 requests), limitation of administrative costs (11 requests), requests to use other practice driving methods in place of the required six hours of behind-the-wheel instruction in a dual control car on public roadways (nine requests), school improvement (eight requests), parent-teacher conferences (three requests), two requests each for content of evaluation plans and statement of affairs, and one request for General State Aid.
- **Election of Officers** – The Board re-elected Dr. Christopher Ward as Vice-Chairman and Dr. Vinni Hall as Secretary. Both will be serving a two-year term.
- **FY11 Mandated Categorical Transfers** - The State Board of Education approved transfers be made to reallocate the FY 2011 Mandated Categorical line items.
- **West Harvey-Dixmoor School District 147** – The State Board of Education authorized the State Superintendent to enter into a Grant Funds Recovery settlement agreement with West Harvey-Dixmoor School District #147 to include the following items, without limitation:
 - Beginning in April 2011 and over the next three years, ISBE will offset a total of \$1.3 million from General State Aid and/or federal and state grant awards,
 - The District must perform monthly reconciliations of all grant program accounts to its general ledger,
 - Grant staff and local board members must complete training at the District's expense,

- The training must consist of at least eight (8) hours per fiscal year and relate to federal and state grant program administration,
 - The District must contract with and pay for an independent third party monitor to oversee the District's grant administration, subject to ISBE's approval,
 - The monitor is in addition to a grant director who will likely be an employee of the District,
 - Required reports regarding training and the monitor's activities shall be sent to ISBE's General Counsel.
- **Approval Annual Financial Profile of School Districts** – The Financial Profile is based on data from Fiscal Year 2010, which ended June 30, 2010. The State Board of Education is required to calculate each district's finances to add late payments, thus removing any impact of late payments for mandated categoricals such as pupil transportation, special education and other expenditures due to the state and national recession. The school code was amended, effective August 2009, to specifically ensure that districts are not designated as being in financial difficulty solely due to delayed state payments.

ISBE developed the Financial Profile in 2003 to help monitor the finances of school districts and identify which ones are in or moving toward financial difficulty. The 2011 Financial Profile data provided to ISBE showed a 2.5 percent increase in the number of districts that achieved Financial Recognition, going from 63.3 percent of districts last year to 65.8 percent this year. The 2011 Financial Watch list – those districts facing the most severe financial problems – decreased to 32 or 3.7 percent from 39 districts or 4.5 percent last year.

For the 2011 Financial Profile of 868 districts, there are:

- 604 Financial Recognition school districts, based on FY10 revised data, up from 449 in 2005 and up from 578 with revised data in 2010.
- 188 Financial Review school districts, down from 249 in 2005 and down from 196 with revised data in 2010.
- 52 Financial Early Warning school districts, down from 111 in 2005 and down from 66 with revised data in 2010.
- 24 Financial Watch school districts, down from 79 districts in 2005 and down from 29 with revised data in 2010.

Results of the Financial Profile:

	FY 10 Financial Profile Based on FY 09 Revised Data		FY 11 Financial Profile Based on FY 10 Data		FY 11 Financial Profile Based on FY 10 Revised Data	
	#	%	#	%	#	%
Financial Recognition	578	66.5%	571	65.8%	604	69.6%
Financial Review	196	22.6%	203	23.4%	188	21.6%
Financial Early Warning	66	7.6%	62	7.1%	52	6%
Financial Watch	29	3.3%	32	3.7%	24	2.8%
Total	869	100%	868	100%	868	100%

The list is created by using five indicators of financial performance:

- Fund Balance to Revenue Ratio
- Expenditures to Revenues Ratio
- Days Cash on Hand
- Percent of short-term borrowing available
- Percent of long-term debt remaining

The 2011 Financial Profile for all districts in Illinois can be found online at <http://www.isbe.net/sfms/P/profile.htm>

- **Approve Special Education Expenditures & Receipts Report** – Section 2-3.145 of the School Code mandates that the that the Illinois State Board of Education submit to the General Assembly and Governor an annual report that designates school districts' special education expenditures, receipts, and net special education expenditures over receipts. The receipts are to be specified as local, state, and federal. The calculations utilize limited data the Agency receives on districts' Annual Financial Reports (AFR), Pupil Transportation Claims, Fall Housing Reports/Student Information System (SIS), and the Funding and Child Tracking System (FACTS) and is not a reflection of school districts' total special education expenditures and receipts.

The table below designates the highest ten schools. As conveyed in the report, the City of Chicago School District 299 has the highest amount of special education expenditures over receipts.

Highest Ten:	County	\$ (in the Millions)
City of Chicago School District 299	Cook	\$35.6
Indian Prairie Comm. Unit School District 204	DuPage	\$28.3
Valley View Comm. Unit School District 365U	Will	\$22.4
Plainfield School District 202	Will	\$22.1
Rockford School District 205	Winnebago	\$20.2
Township H.S. District 214 (Arlington Heights)	Cook	\$19.0
Schaumburg Comm. Cons. School District 54	Cook	\$15.8
Oswego Community Unit School District 308	Kendall	\$15.7
Township High School District 211(Palatine)	Cook	\$15.4
Waukegan Community Unit School District 60	Lake	\$15.2

The ten lowest school districts are as follows:

Lowest Ten:	County	\$ (in the Thousands)
Riverdale School District 14	Whiteside	\$11.4
Damiansville School District 62	Clinton	\$11.2
St. Libory Consolidated School District 30	St. Clair	\$10.8
Rankin Community School District 98	Tazewell	\$7.3
Akin Community Consolidated School District 91	Franklin	\$6.8
Geff Comm. Consolidated School District 14	Wayne	\$5.9
Hoyleton Cons. School District 29	Washington	\$4.1
Gifford Comm. Consolidated School District 188	Champaign	\$1.1
Scott-Morgan Community Unit School District 2	Scott	\$0.8
Irvington Community Consolidated District 11	Washington	\$0.8

There were 49 school districts that realized more special education revenue than incurred expenditures. This could be due to the timing of expenditures and receipts, the number of students served from one year to the next, or the accounting of expenditures and receipts within the Annual Financial Report. Excluding the City of Chicago School District 299, the average amount by which the expenditures exceed receipts is \$1.6 million.

- **Illinois Alliance for Arts Education Award Ceremony** – The Board adopted a resolution recognizing Nicole Maslow, Senior at Hinsdale South H.S. for winning the 2010-2011 Arts Education Week Poster Context. Ms. Maslow and other award winners were honored at the Executive Mansion on March 17.

The next meeting of the State Board of Education will be held on April 13 via video-conference utilizing facilities in the ISBE Springfield Office and the James R. Thompson Center.

Respectfully submitted,
Vinni M. Hall, Ph.D.