



The Civic Federation

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CHICAGO PUBLIC SCHOOLS TRANSPARENCY IN BUDGET DOCUMENTS, WEBSITES AND GOVERNMENT PROCEEDINGS

An Issue Brief of the Civic Federation Task Force on the Chicago Public Schools

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The Civic Federation is an independent, non-partisan government research organization working to maximize the quality and cost-effectiveness of government services in the Chicago region and State of Illinois.

TABLE OF CONTENTS

| | |
|--|-----------|
| OVERVIEW | 3 |
| CHICAGO BOARD OF EDUCATION MEETINGS | 3 |
| PUBLIC COMMENT | 4 |
| DISCUSSION OF AGENDA ITEMS | 4 |
| VIDEO AND AUDIO RECORDINGS | 5 |
| CHICAGO PUBLIC SCHOOLS WEBSITE FINANCIAL TRANSPARENCY | 5 |
| LACK OF CERTAIN TYPES OF INFORMATION ON WEBSITE | 7 |
| BUDGET PRESENTATION AND FORMAT TRANSPARENCY | 8 |
| LACK OF INFORMATION ABOUT TAX INCREMENT FINANCING (TIF) | 8 |
| LACK OF INFORMATION ON INTERGOVERNMENTAL AGREEMENTS | 9 |
| LACK OF COMPLETE AND CONSISTENT CHARTER SCHOOL INFORMATION | 9 |
| DATA DISCREPANCIES BETWEEN ONLINE INTERACTIVE REPORTS AND BUDGET BOOK | 10 |
| RECOMMENDATIONS | 10 |
| TRANSPARENCY IN BOARD OF EDUCATION MEETINGS | 10 |
| <i>Board of Education Members Should Engage in Public Dialogue at Hearings</i> | <i>10</i> |
| <i>Livestream Board of Education Meetings</i> | <i>10</i> |
| WEBSITE TRANSPARENCY | 11 |
| <i>Include Information on How to Contact Administrative Officials</i> | <i>11</i> |
| <i>Include Press Releases and FAQs on the Home Page Site Map</i> | <i>11</i> |
| BUDGET BOOK TRANSPARENCY | 11 |
| <i>Detail How Tax Increment Financing (TIF) Tax Dollars Are Used</i> | <i>11</i> |
| <i>Explain Intergovernmental Agreements (IGAs)</i> | <i>12</i> |
| <i>Provide Consistent Financial Reporting for Charter Schools</i> | <i>12</i> |
| <i>Provide a Popular Budget Summary</i> | <i>12</i> |

OVERVIEW

The Civic Federation's mission includes a focus on improving government transparency and accountability. Since 1932, we have regularly evaluated budget documents, websites and government proceedings of eight Chicago area local governments to determine the level of transparency in these governments.¹

Open governments are those that allow concerned citizens access to a broad range of information and data. Transparency enables citizens to hold public officials accountable for policy decisions and spending priorities. Conversely, a lack of information impedes the public's ability to make informed choices about government policies. The Civic Federation believes that transparency is essential for good governance.

In this report, we examine three key aspects of transparency:

1. Transparency in meetings;
2. Website transparency; and
3. Budget presentation and format transparency.

CHICAGO BOARD OF EDUCATION MEETINGS

Making meetings accessible to citizens at every level of government increases transparency and accountability. The Government Finance Officers Association recommends that governments incorporate public participation efforts in planning, budgeting and performance management results processes.² Transparency experts Piotrowski and Borry identify six reasons why governments should have open meetings:³

1. Open meetings provide information to the public that is necessary to the democratic process;
2. Individuals who attend meetings are able to disseminate information to a larger audience;
3. Government officials are often more responsive when the public participates;
4. Elected officials are able to gain insight and information;
5. Individuals may gain a better understanding of policy outcomes; and
6. Open meetings encourage better reporting of governmental activities.

The Chicago Board of Education complies with the requirements of the Illinois Open Meetings Act.⁴ Thus, it provides the opportunity for the public to participate in its monthly meetings,

¹ The Civic Federation annually evaluates the budgets of the City of Chicago, Cook County, Chicago Public Schools, the Forest Preserve District of Cook County, the City Colleges of Chicago, the Chicago Park District, the Chicago Transit Authority and the Metropolitan Water Reclamation District.

² Government Finance Officers Association. "Public Participation in Planning, Budgeting, and Performance Management," Best Practice Approved February 2009 at <http://www.gfoa.com/public-participation-planning-budgeting-and-performance-management>.

³ S.J. Piotrowski and E. Borry. (2010). An analytic framework for open meetings and transparency. *Public Administration and Management*, 15(1), p. 142.

⁴ Illinois General Assembly, Illinois Compiled Statutes, 5 *ILCS 120*, 1957. Available at: <http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=84&>.

provides notice of regularly scheduled meetings at the start of every fiscal and calendar year, makes available an agenda for each regular meeting posts any changes made to regularly scheduled meetings ten days prior to the meeting, and keeps minutes of all meetings.⁵ *However, the Board does not comment on input provided by stakeholders during the public participation portion of the meeting.* Rather, the Board encourages the public to schedule a 15-minute time block with a Board member to discuss various matters.”⁶

Public Comment

The Board allows public comment and provides detailed participation guidelines for those wishing to provide commentary.⁷ The registration process opens at exactly 10:30 a.m. two days prior to the regularly scheduled meeting. Spots to attend or speak at the meeting are filled quickly by advocacy and lobbying groups. Public comment is limited to 60 individuals and the Board Secretary groups speakers who comment on the same topic. Speakers from the previous Board meeting are not allowed to speak. The Board also prepares a list of speakers, the topic that will be addressed and the organization the speaker represents.

However, the Board members rarely engage with or ask questions of public speakers so stakeholders are not able to discern how impactful public comment is in the decision-making process. Board members seldom communicate with other Board members or ask administrative staff questions about District issues. For example, the Board did not discuss the \$725.0 million debt issuance on February 2, 2016, at a meeting that took place only days before. As a result, the public was not provided with an opportunity to understand the Board’s decision-making processes or engage in dialogue with Board members to understand their rationale for making decisions.

Discussion of Agenda Items

The CPS Board of Education is the only local government governing body of the eight major Chicagoland governments the Civic Federation regularly monitors that rarely discusses agenda items. After the conclusion of the public participation portion of the meeting, the meeting agenda includes a separate discussion of public agenda items. The Board members rarely discuss any of the agenda items, even when they pertain to important fiscal matters such as passing the annual budget or authorizing large amounts of long-term debt issuance.

After the public participation and discussion of the public agenda items, the Board meeting moves into a closed executive session. The closed session often lasts up to an hour or longer.

⁵ Illinois General Assembly, Illinois Compiled Statutes, 5 ILCS 120, 1957, p. 1. Available at: <http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=84&>.

⁶ The Chicago Board of Education offers monthly office hours as an additional opportunity for stakeholders to connect with a Board of Education member. Typically office hours are held the week before the Board meeting but vary from month to month, depending on Board member availability. Citizens interested in scheduling a 15-minute time block with a Board member can call the Board office or submit an office hours inquiry via the contact form on the CPS website. See Chicago Public Schools at <http://www.cpsboe.org/meetings/office-hours>.

⁷ Chicago Board of Education, <http://www.cpsboe.org/meetings/participation-guidelines>.

After the closed session, the Board reopens the meeting to the public to vote on the agenda items that require Board member action.

Video and Audio Recordings

The Illinois Open Meetings Act requires that all closed session discussions be recorded via video or audio and then transcribed into the minutes for the closed session. The Board follows the rules for closed meetings and includes the closed meeting minutes in the “proceedings” document. The latter allows the public to see discussion items which aligns with the statutory requirements. Although not required by statute, the Board also provides video of meetings at a later date. However, the Board adds this caveat, “The Board of Education reserves the right to edit any and all portions of the taped meeting.” In addition, the Board meeting room often fills up quickly, relegating other attendees to an “overflow” room. Only the City Colleges of Chicago joins CPS in failing to provide livestreaming of board or committee meetings. This is in contrast to other local governments that the Civic Federation monitors. The Metropolitan Water Reclamation District of Greater Chicago, Forest Preserve District of Cook County, Cook County and Chicago Transit Authority all livestream their committee and board meetings. The City of Chicago and Chicago Park District livestream council or board meetings, but not committee meetings.

| Local Government Livestreaming Practices | | |
|--|--------------------|----------------|
| Government | Committee Meetings | Board Meetings |
| Metropolitan Water Reclamation District | Yes | Yes |
| Forest Preserve District of Cook County | Yes | Yes |
| Cook County | Yes | Yes |
| Chicago Transit Authority | Yes | Yes |
| City of Chicago | No | Yes |
| Chicago Park District | No | Yes |
| City Colleges of Chicago | No | No |
| Chicago Public Schools | No | No |

Source: Civic Federation Review of Local Government Public Meetings.

CHICAGO PUBLIC SCHOOLS WEBSITE FINANCIAL TRANSPARENCY

Technology allows governments to provide information quickly and efficiently. Their websites have the potential to reach large audiences and the ability to disseminate a great deal of information.

The Sunshine Review, a nonprofit organization dedicated to government transparency, has developed specific criteria used to evaluate the transparency of school district websites. The Civic Federation evaluated the CPS website based on these criteria.⁸ We found that CPS does a good job of providing the public with financial and administrative information on its website. The only item that the website does not provide is contact information for its leadership team.

⁸ The website Ballotpedia acquired content from the Sunshine Review in 2013 and publishes that information on its website at https://ballotpedia.org/School_transparency_checklist.

In addition to providing current and archived budgets and annual financial reports, the District provides links to the capital plan, capital expenditures report and the District’s Master Plan, which identifies its real estate and capital improvement needs.⁹

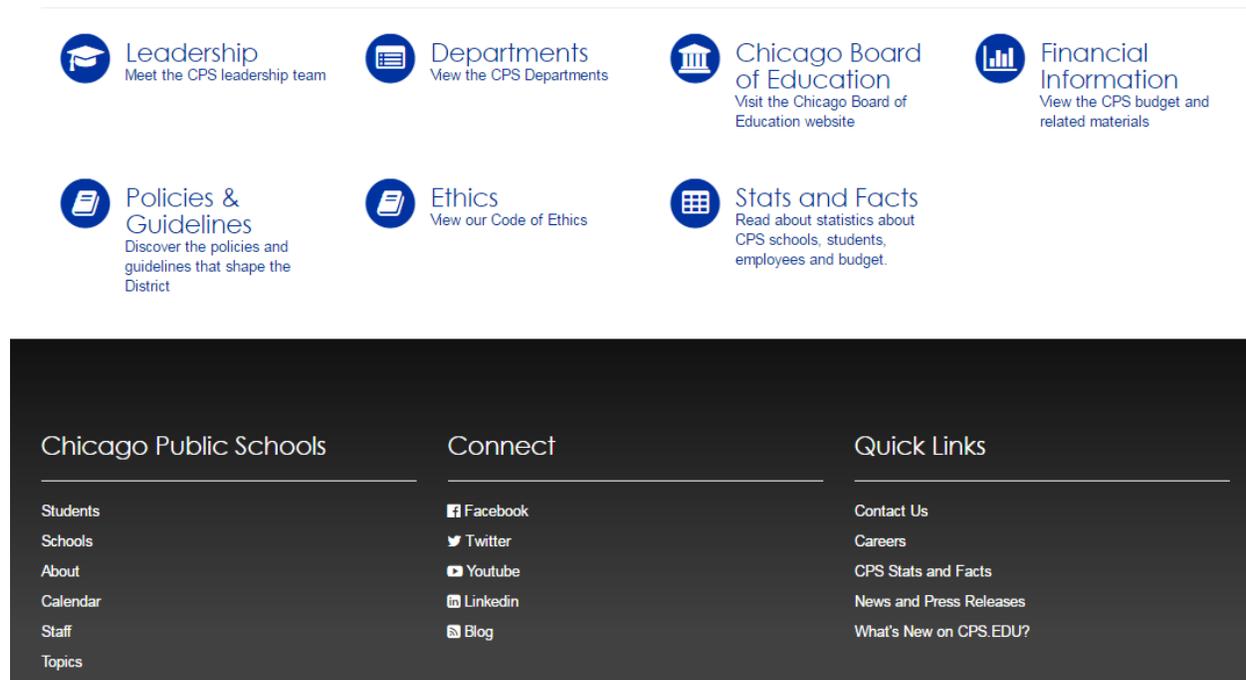
| School District Transparency Checklist | | |
|---|--|---|
| Checklist Items | School District Website Features | Are Features Present on CPS Website? |
| Budgets | Annual budgets, check registers and superintendent salary. | Yes |
| Open Meeting Laws | Board and committee meeting schedules and agendas, meeting minutes, board policies, board and administrative contact information. | Yes |
| Elected Officials | List of school board president, members and superintendent. | Yes |
| Administrative Officials | Contact information for school district administrative officials. | No |
| Audits | Information about regular financial and performance audits. | Yes |
| Contracts | Contracts and bids with a union, vendor or supplier, as well as teacher contracts and pay schedules. Formal board and union proposals in current negotiations. | Yes |
| Public Records | Information for filing a FOIA request. | Yes |
| Taxes | Property tax rates (millage), income or other tax rates. | Yes |

Source: Ballotpedia at https://ballotpedia.org/School_transparency_checklist.

The Board also provides detailed Interactive Reports on its website that display funds from a practical spending perspective rather than from a strict accounting perspective. This is useful for citizens who are interested in gaining an overview of the District’s finances rather than becoming enmeshed in accounting details.

⁹ 21st Century School Fund, PK-12 Public Educational Facilities Master Plan Evaluation Guide. Available at: <http://www.21csf.org/csf-home/Documents/21CSFMFPEvaluationChecklistAugust2011.pdf>.

The website is intuitive, meaning that finding information is easy and it is located in a logical location. CPS provides a tool which can help the user find information quickly if they know useful keywords. The District website also has a user-friendly site map which is shown below. It should be noted that we are assuming a moderate level of digital competency. Because of the magnitude of information available, the CPS website does have the potential to overwhelm users with limited computer skills.



Lack of Certain Types of Information on Website

While the CPS website is very user friendly and transparent, it does lack a few elements.

The website provides the names of its Chief Executive Officer and Chief Education Officer and their biographies, but does not provide direct contact information for its leadership (e.g. email, phone or address). The potential for the public to reach out to government officials to ask questions or to request information is, therefore, restricted. Further, the District’s departments and offices listing discloses a phone number for individual departments and in some cases an email option, but does not provide names of department heads. Staff listings are provided for only a few of the departments. The website also does not provide any comment boxes which reduces the interactivity function of the website.

The District has Frequently Asked Questions (FAQs) on its website but does not include these questions on its home page. Finding answers to questions in a timely fashion requires using the search tool, which decreases user convenience.

Finally, CPS provides news and press releases in its website quick links, which gives timely information to the public. However, this information is not included on the site map on the home page.

BUDGET PRESENTATION AND FORMAT TRANSPARENCY

A budget's format should facilitate public understanding of a government's priorities, its financial condition, its financial strategies for meeting program goals and its ability to attain objectives or meet challenges. Effective budget formats enable governments to achieve the following goals:

- Clearly specify available resources;
- Describe the allocation of funds for anticipated expenditures and contingencies;
- Explain the effects of policy decisions on finances and on the attainment of program goals;
- Explain key financial assumptions;
- Compare financial performance over time;
- Relate annual operating goals to long-term capital and strategic plans;
- Communicate budgetary controls, policies, and processes; and
- Describe performance measures and their use in making personnel, staffing and other planning decisions.

The National Advisory Council on State and Local Budgeting (NACSLB) notes that "Budget documents and related materials should be made available to stakeholders and should be presented in a clear and comprehensible format."¹⁰

Overall, CPS does a good job in providing stakeholders with financial information in its online budget presentations. The District has been a recipient of the Government Finance Officers Association's Distinguished Budget Presentation Award, which is a strong recognition that it has prepared a high quality budget format that is accessible to stakeholders.¹¹ However, there are some areas where the District could provide additional important information and clarification.

Lack of Information about Tax Increment Financing (TIF)

In FY2016 CPS utilized an \$87.2 million in Chicago TIF surplus funds to help close its budget deficit. In addition, approximately 13.5%, or \$24.0 million of the FY2016 capital budget, was derived from TIF funding. Thus, TIF funding is a significant fiscal resource for CPS. Yet, there is a great deal of misinformation among members of the public about how TIF works and how TIF funds are used by local governments. Consequently, significant public concern is being voiced at public hearings and in other forums regarding the ability to access TIF funds. The Civic Federation believes that it is important to provide taxpayers with a more complete and

¹⁰ National Advisory Council on State and Local Budgeting. Recommended Practice 10.1g: Present the Budget in a Clear, Easy-to-Use Format. Government Finance Officers Association, 1998, p.60 and Government Finance Officers Association, "Making the Budget Document Easier to Understand," Best Practice Approved February 2014 at <http://www.gfoa.com/making-budget-document-easier-understand>.

¹¹ Chicago Public Schools at <http://cps.edu/FY16Budget/Pages/FY16Budget.aspx>.

accurate picture of how tax increment financing does and does not work as well as how their tax dollars are being used by CPS.

Lack of Information on Intergovernmental Agreements

CPS has intergovernmental agreements with the City of Chicago, the Public Building Commission and other jurisdictions. These agreements provide significant resources for the District's capital program as well as operational savings and support. However, CPS provides little information on how these agreements impact their annual budgets or long-term financial stability. The Civic Federation believes that CPS should provide citizens with a more complete picture of how these intergovernmental agreements operate and what benefits they provide or obligations they impose on the District's finances.

Lack of Complete and Consistent Charter School Information

Chicago charter schools are public schools. They are primarily funded by public tax dollars. Therefore, the public has the right to obtain complete information about the finances and operations of these schools. Unfortunately, a lack of consistent reporting requirements and the refusal or inability of some schools to provide planning documents such as board development plans, strategic plans, fundraising plans, capital improvement plans and long-term financial plans is troubling.

Currently, charter schools are not required to report revenue or expense information in their audited financial reports in a consistent manner. Different schools use different categories for revenues and expenses. This lack of standardized, consistent categories for Chicago charter school financial reporting makes it very difficult for stakeholders to analyze the financial data and trends associated with these taxpayer funded schools.

The Civic Federation conducted a financial evaluation of selected charter schools in 2014.¹² This was a follow-up to two previous charter school reports. The second portion of the study was to have been a qualitative analysis that would have included a review of key plans such as plans for board development, strategic plans, fundraising plans, capital improvement plans and long-term financial plans. Conducting the analysis would have required obtaining copies of key charter school plans and interviewing budget and fiscal officers. It would also have required interviewing key management and fiscal staff. However, a lack of cooperation from the charter schools to provide what should be public documents and to speak to us made it impossible to complete the second portion of the study and to develop recommendations for improvement.

¹² Civic Federation. See *Financial Viability of Chicago Charter Schools: Financial Analysis Of Selected Chicago Charter Schools*, October 6, 2014

https://www.civicfed.org/sites/default/files/REPORT_FinancialAnalysisOfChicagoCharterSchools.pdf.

Data Discrepancies between Online Interactive Reports and Budget Book

CPS funds are grouped slightly differently in the online interactive budget¹³ as compared to the CPS FY2017 Budget Book. According to CPS, the online Interactive Reports display funds from a practical spending perspective rather than a strict accounting perspective. For instance, there are four Special Revenue Funds included in the General Fund in the Budget Book, but they are broken out into separate funds, although though they are still part of the General Fund, in the Interactive Budget. The Special Revenue Funds include the School Generated Fund, Lunchroom Fund, No Child Left Behind Fund, and Other Grants. These funds are classified under the General Fund from an accounting perspective, but funds are earmarked for special purposes and are limited to use by the schools that generated them.

The District believes this modification in fund grouping is easier to understand and will help the interactive budget be more user-friendly for the public. However, having numbers that do not match between the budget book and the online interactive budget can be very confusing for readers and analysts.

RECOMMENDATIONS

The Civic Federation offers the following recommendations to increase the transparency of Chicago Public Schools outreach to citizens.

Transparency in Board of Education Meetings

The Civic Federation provides the following recommendations to increase transparency at Chicago Board of Education meetings.

Board of Education Members Should Engage in Public Dialogue at Hearings

Public comment sessions can be beneficial as government officials can gain a better understanding of public opinion and members of the public have the opportunity to address issues that might have otherwise not been considered. The Board of Education members should engage stakeholders who attend meetings by acknowledging their concerns, explaining actions they have taken, asking questions or discussing the issues presented among themselves while the public is present. They should also engage with staff, who could answer some of the questions posed by the public. This would put CPS in the mainstream of major local governments.

Livestream Board of Education Meetings

One of the best practices for transparency is for local governments to provide real-time, electronic meeting access to the public. To increase openness, CPS should livestream the non-executive session portions of its Board meetings like many of the other governments the

¹³ The interactive portion of the CPS Proposed FY2016 Budget can be found online on the CPS budget website: <https://supplier.csc.cps.k12.il.us/analytics/saw.dll?Dashboard>.

Federation monitors. Unedited real-time Board meetings should be made available to all stakeholders, not just those who have the availability to physically attend a Board meeting.

Website Transparency

The Federation has the following recommendations for the District that would increase transparency on the Chicago Public Schools' website.

Include Information on how to Contact Administrative Officials

Giving the public the ability to identify and contact the administrators who work for each department within Chicago Public Schools would increase transparency and accountability. The District should provide the names of department directors, telephone numbers and e-mail addresses for the public to reach these officials. Several departments have e-mail addresses listed on the CPS website. However, every administrative department should provide an e-mail option so that anyone contacting the District has a record of communication.

Include Press Releases and FAQs on the Home Page Site Map

CPS provides news and press releases in its quick links which provides timely information to the public. However, it would be useful to include this information on the site map on the home page. The District does have FAQs on the website but, again, does not include these questions on its home page. Finding answers to questions in a timely manner requires using the search tool which decreases user convenience. If CPS included these two measures on its home page, it could provide information to the public more quickly.

Budget Book Transparency

In the following, we provide further details and recommendations about transparency in the District's budget book.

Detail How Tax Increment Financing (TIF) Tax Dollars Are Used

The Civic Federation recommends that the District create a detailed budget section on tax increment financing. This section should explain and provide data on:

- How TIF equalized assessed value (EAV) becomes available outside the property tax cap for one year following dissolution of the TIF and thus provides additional revenue if the District levies for it;
- How and when TIF surplus revenues have been distributed, either when surplus was declared by the City of Chicago or when TIF districts with fund balances expired or were terminated;
- How TIF does not affect the maximum property tax levy available to CPS; and
- How much TIF revenue CPS receives in the form of new schools and facilities on an annual basis.

Explain Intergovernmental Agreements (IGAs)

The Civic Federation recommends that CPS create a detailed budget section on intergovernmental agreements. This section should explain financial arrangements that CPS has with other units of government, such as:

- Capital support from the City of Chicago in the form of the Modern Schools Across Chicago program and other facilities construction;
- The relationship between the Public Building Commission and CPS;
- The City of Chicago's Infrastructure Trust;
- Any joint purchasing agreements with other governments; and
- Any services provided by or to other governments, such as Chicago Police officers in schools.

Provide Consistent Financial Reporting for Charter Schools

The lack of standardized, consistent categories for Chicago charter school financial reporting makes it very difficult for stakeholders to analyze the financial data and trends associated with these taxpayer funded schools.

The Civic Federation believes that CPS should require all charter schools to prepare and publish their financial reports in a consistent manner, grouping individual line items into revenue and expense categories that are comparable across schools and with CPS financial categories. These categories should correspond to the categories in the CPS Statement of Activities in the District's Comprehensive Annual Financial Reports. This will allow for greater financial transparency and accountability as the schools' financial performance can be regularly assessed and compared by all stakeholders.

In addition, all charter schools should be required to provide complete information on board development plans, strategic plans, fundraising plans, capital improvement plans and long-term financial plans.

Provide a Popular Budget Summary

Many governments provide citizens with a short budget-in-brief or popular budget summary that highlights key points from the major budget document. The NACSLB recommends that all governments prepare such a summary that focuses on issues most likely to be of importance to the public such as:

- Government fiscal and programmatic priorities;
- Key decisions made;
- Major changes in tax policy;
- Projected service levels and changes and the reasons for such changes;
- Important financial issues such as economic changes;
- Increased use of fund balance or other one-time resources; and

- Where to find additional information in other budget documents.¹⁴

CPS used to provide a popular budget summary. It should move to once again create a popular budget summary in addition to the budget book and online interactive data portal. In this way, the interactive budget could serve as an extension of the budget book by providing more detailed data while the popular budget summary would serve as a practical summary of the District's spending plans for the general public.

¹⁴ National Advisory Council on State and Local Budgeting. Recommended Practice 1.1f: Prepare a Budget Summary. Government Finance Officers Association, 1998, p.59.