

APPENDIX B SCHOOL FUNDING FORMULAS

This appendix provides the funding formulas used to allocate resources to schools. This presentation is organized in the following sections:

- Student Based Budgeting
- Allocations of Special Education Teachers and Aides
- Special Education Funding for Charter/Contract Schools
- Allocations of Supplemental Bilingual Teachers for English Language Learners
- Allocations of Discretionary Funds

STUDENT BASED BUDGETING (SBB)

Student Based Budgeting is used to determine the base amount of resources that a school receives for core instruction. Introduced for the first time in FY2014, SBB replaces all previous quota formulas and per-pupil allocations. We implemented this funding methodology, which has been in place in many large urban school districts for many years, because it provides more clarity and equity in the distribution of funds to schools.

Calculation of SBB Allocation

For FY2014, the SBB allocation is \$1,961,280,000. This is the amount that has been distributed to 507 District schools, 106 charter schools, and 10 contract schools for core instruction.

To determine the size of the SBB allocation, the Office of Budget and Grants Management started by estimating the FY2013 expenditures in all of the categories that would be covered by Student Based Budgeting, including:

- Quota positions
- Per-pupil funding for performance and per-pupil pilot schools
- Relevant portion of the tuition rate for charter and contract schools
- FY2013 College Ready funds
- FY2013 Full School Day positions
- Full-day Kindergarten positions
- Funding for summer clerks and programmers

The estimate of FY2013 expenditures was then modified to account for expected changes in FY2014, as shown in the following chart:

Calculation of FY2014 SBB "Steady State" Allocation	Amount (in \$000's)
FY2013 expenditures in equivalent categories	\$1,993,991
Substitute teachers (for SBB teachers)	\$20,159
Custodial (Fund 230) supplies	\$5,236
Teacher salary increases for FY2014	\$33,327
Teacher benefit rate reductions for FY2014*	(\$9,976)
Total	\$2,042,737

*The FY2014 rates for health care, unemployment, and workers' compensation are lower than in FY2013 because of lower projected spending, reducing the total cost of each position.

The FY2014 SBB "Steady State" allocation, which we rounded up to \$2.043 billion, reflected the best estimate of the amount of funds needed for schools to have the same "buying power" as they did in FY2013. However, given the \$1 billion deficit the district was facing in FY2014, this amount was reduced, striking a balance between deficit reduction and preservation of school budgets.

Calculation of FY2014 SBB Allocation	Amount (in \$000's)
FY 14 "Steady State" Allocation	\$2,043,000
Reduction	(\$81,720)
FY2014 SBB Allocation	\$1,961,280

Almost \$13.7 million was subsequently added back into the SBB pot for changes made after the release of budgets to schools, which are discussed later in this appendix. These additional funds bring down the total reduction of the SBB Allocation to just over \$68 million.

Distribution of SBB Allocation

A significant portion (\$260 million) of the SBB allocation is dedicated to the administrative base positions (i.e., a quota position for principal, counselor, and clerk) and the teacher salary adjustments at district schools, or the equivalent in per-pupil funds for charter/contract schools (described later in this chapter). An additional small portion (\$15 million) of the SBB allocation has been kept in contingency to cover adjustments for schools that increase enrollment and for other unexpected events.

The following chart shows the allocation of SBB funds to the various components:

Distribution of FY2014 SBB Allocation	Amount (in \$000's)
Distributed on Per-Pupil Basis	\$1,683,080
Administrative Base at District Schools	\$175,000
Per-Pupil Equiv. of Admin Base for Charter/Contract	\$33,600
Administrative Base for Closing Schools	\$16,800
Teacher Salary Adjustment for District Schools	\$31,700
Per-Pupil Equiv. of Teacher Salary Adjustment for Charter/Contract	\$6,100
Contingency	\$15,000
Total	\$1,961,280

Note that the SBB "Steady State" allocation was built on FY2013 expenditures, which included a principal, counselor, and clerk at 550 District schools. The decision to close 45 SBB schools means that these administrative base positions are being provided to fewer schools – a savings of \$16.8 million. This is considered a savings due to school actions, and these funds are being used to invest in the cost of

school transitions and welcoming schools. This amount, therefore, has been removed from the SBB allocation.

Calculation of Base Rate

The FY2014 SBB base rate is \$4,140.03, which was calculated by taking the total amount to be distributed and dividing by the weighted total enrollment of all SBB students.

Amount to be Distributed on Per-Pupil Basis	\$1,683,080,000
Total Weighted Enrollment	406,537.70
FY 14 SBB Base Rate	\$4,140.03

The total enrollment was based on the FY2014 enrollment calculated by the Demographics team within the Office of Strategy Management. The projections are based on five years of enrollment data and the cohort survival ratios for each school. The cohort survival ratio compares the number of students in a particular grade at a particular school to the number of students in the previous grade in the previous year. Ratios are calculated for each grade progression and are then used to project future enrollments.

Enrollment totals include the number of students at closing schools. This is based on the assumption that the students will go to other CPS schools, but stay within the District. Enrollment totals do not include the number of students projected to attend new schools. This is based on the assumption that students at new schools come from other CPS schools within the District, and do not add to the overall District total.

The total K-12 enrollment at SBB schools is projected to be 378,042. The total enrollment is weighted as follows:

Enrollment Category	SBB Weighting	Unweighted Total	Weighted Total
K-3 Gen Ed / LRE 1 / LRE 2	1.07	121,005	129,475.35
4-8 Gen Ed / LRE 1 / LRE 2	1.00	137,867	137,867.00
6-8 Gen Ed /LRE 1 students at the HS rate	1.23	3,231	3,974.13
9-12 Gen Ed / LRE 1	1.23	104,106	128,050.38
K-3 LRE 3	40% of 1.07	2,604	1,114.51
4-8 LRE 3	40% of 1.00	2,938	1,175.20
9-12 LRE 2	70% of 1.23	4,840	4,167.24
9-12 LRE 3	40% of 1.23	1,451	713.89
Total		378,042	406,537.70

Note: In July 2013, a late decision was made to increase the high school rate by \$40 per pupil, effectively increasing the HS weighting to almost 1.24. The weighted total enrollment, however, was calculated before this decision.

Calculation of Per-Pupil Equivalents for Charter Schools

Charter schools receive a per-pupil equivalent for the administrative base positions that all District schools receive, and for the teacher salary adjustments that go to some District schools. These per-pupil rates were calculated as follows:

Calculation of Per-Pupil Equivalents	Administrative Base	Teacher Salary Adjustment
Amount Reserved for District Schools	\$175,000,000	\$31,700,000
Total Weighted Enrollment for District Schools	345,141.73	345,141.73
Per-Pupil Equivalent for Charter/Contract	\$507.04	\$91.85

Changes Made After Release of Budgets to Schools

District schools received their FY2014 budgets between June 5-7, 2013, and charter schools received their FY2014 allocations on June 10, 2013. Based on feedback received from school principals, LSC members, and school communities, the following changes were made to SBB funding:

1. Administrative support for schools with multiple buildings

We provided an additional \$1.4 million in SBB funds to 26 schools that have a branch building that is a sizable distance from the main school building. No additional funding was given to schools with multiple buildings that are on the same block or on the same campus, where the buildings are within walking distance of each other, even if the school had been given an additional quota clerk in the past. For schools that did qualify for additional funding, the amount given was based on the size of the school. Larger schools were given smaller amounts because larger schools benefit from economies of scale in Student Based Budgeting, and they have more ability to provide administrative support for the branch building than smaller schools.

The following chart shows the formula for the multiple building allocation:

Projected Enrollment of School	Amount
750 or fewer students	\$75,000
751 to 1000 students	\$50,000
More than 1000 students	\$25,000

2. Transition adjustments for certain elementary schools

We provided additional SBB funds to certain District elementary schools that experienced reductions in multiple areas of their instructional budgets. Schools received amounts of either \$35,000, \$70,000, or \$100,000 in funding, which was added to their SBB allocation. In all, 135 schools received a total of \$8.8 million in additional funding.

Adjustments were based on an analysis of all schools' budgets. To qualify, schools had to meet one of two tests. Either:

- The school saw a decrease in SBB funding that exceeded the change in projected enrollment by more than 4%, and also experienced a significant reduction in supplemental bilingual resources and/or magnet cluster positions.
- The school saw a decrease in SBB funding that exceeded the change in projected enrollment by more than 2%, and the school falls below a certain threshold in the per-pupil amount of local funds allocated to the school. Local funds include SBB (excluding the administrative base), SGSA, and all board-funded programs.

The additional funds are intended as one-time adjustments to help schools make the transition to Student Based Budgeting in a year when schools’ budgets are decreasing.

3. Increase of high school SBB rate by \$40 per pupil

We increased the per-pupil rate for high school students by \$40 per pupil to help alleviate the challenges they have experienced in the current budget environment. The per-pupil increase applies to charter and contract schools, as well as District schools.

The rate increase added approximately \$4.6 million to 93 District high schools and approximately 50 charter high schools.

4. Addition to SBB Allocation

In order to fund these changes, almost \$13,668,000 was added to the SBB allocation. Approximately \$1 million of the SBB contingency was also used to fund these adjustments.

Summary of SBB Rates for District and Charter/Contract Schools

The following charts give the FY2014 SBB rates for all schools. District schools receive the per-pupil amount that all schools receive, but also receive three administrative base positions and are eligible for a teacher salary adjustment. Charter and contract schools receive per-pupil equivalents for the administrative base and teacher salary adjustment.

When school budgets were released in early June, the high school per-pupil rate was \$5,092.24. In July, the rate was increased by \$40.

SBB Rates	Elem K-3	Elem 4-8	HS 9-12
Weighting	1.07	1.00	1.23
Per-Pupil Amount for All Schools	4,429.84	4,140.03	5,132.24 5,092.24
Admin. Base Equivalent	542.53	507.04	623.66
Teacher Adjustment Equiv.	98.28	91.85	112.98
Total Amount for Charter/Contract	5,070.65	4,738.92	5,868.88 5,828.88

An adjustment after budgets were released added \$40 to the HS per-pupil rate. The weighting of 1.23 was not changed for the Admin. Base or Teacher Adjustment equivalents.

SBB Rates for SPED Students	K-3 LRE3	4-8 LRE3	HS LRE2	HS LRE3
Weighting	40% x 1.07	40% x 1.00	70% x 1.23	40% x 1.23
Per-Pupil Amount for All Schools	1,771.94	1,656.01	3,592.57 3,564.57	2,052.90 2,036.90
Admin. Base Equivalent	217.01	202.82	436.56	249.46
Teacher Adjustment Equiv.	39.31	36.74	79.09	45.19
Total Amount for Charter/Contract	2,028.26	1,895.57	4,108.22 4,080.22	2,347.55 2,331.55

Non-SBB Rates for Charter/Contract Schools

Charter and contract schools receive a per-pupil equivalent for services that are provided in-kind to District schools, including operations & maintenance, security, board-funded programs (e.g., magnet, selective enrollment), and Central Office departments that do not serve charter and contract schools.

The following chart shows the FY 14 non-SBB rates:

Non-SBB Rates (Gen Ed and SPED)	Elem K-3	Elem 4-8	HS 9-12
Weighting	1.07	1.00	1.23
Per-Pupil Amount for All Schools	1,758.02	1,643.01	2,020.90

The non-SBB rate was based on an estimated non-SBB allocation of \$705 million. An analysis of the FY2013 budget showed that the amount budgeted for non-SBB categories was \$770.6 million. This amount was adjusted downward for expected changes in the FY2014 budget. The non-SBB rate was set before the completion of the FY2014 budget, and used all the information available at the time to correctly estimate the size of the non-SBB allocation.

The FY2014 non-SBB base rate is \$1,643.01, which was calculated by taking the total amount of non-SBB spending and dividing by the weighted total enrollment of all students.

Amount to be Distributed on Per-Pupil Basis	\$705,000,000
Total Weighted Enrollment (Non-SBB)	429,090.25
FY2014 Non-SBB Base Rate	\$1,643.01

Total weighted enrollment for the non-SBB rate is not the same as the total weighted enrollment for the SBB rate. It is higher for two reasons:

- Diverse learner students are counted the same as general education students in the non-SBB rate. Some diverse learners receive a different rate in SBB because so much of their instruction is provided by special education teachers, which are funded outside of SBB. Since the non-SBB rate is based on the administrative and operational support provided to schools, general education and diverse learner students are counted the same way.

- Pre-K students are counted as half-day students (weight of 0.5) in the total enrollment count. This is consistent with the methodology used to set charter/contract tuition rates in FY2013: pre-K students were counted only for the non-instructional components of the rates.

Chargeback for Employer Pension Charges

Charter/contract schools will be expected to reimburse the District for its employer pension costs for all charter/contract school employees who participate in the Chicago Teachers Pension Fund. Schools will be charged 10.6% of the salary costs of participating employees. Pension payments shall be deducted from quarterly tuition payments. Pension charges shall not apply to special education teachers, aides, or clinicians.

ALLOCATIONS OF SPECIAL EDUCATION TEACHERS AND PARAPROFESSIONALS

To determine if a student is eligible to receive special education services, an evaluation is conducted, followed by the development of an Individualized Education Program (IEP). The IEP lists the special education and related services needed to ensure that the student receives a free, appropriate public education in the Least Restrictive Environment (LRE). If a student has a disability but does not qualify for special education services, a 504 plan may be developed. The 504 plan lists the accommodations and modifications that the student is to receive.

As in previous years, special education teachers and classroom paraprofessionals are allocated to schools in accordance with Illinois state regulations and CPS policy. The CPS special education staffing formulas take into account a variety of factors including the disability (or disabilities) of individual students; the required instructional minutes, LRE classification and ages of the students (see formulas below); and the total number of students by disability to be served. In all cases, the formulas are in accordance with, or more generous than, state formulas. Additional staff may be allocated to a school based on specific criteria that is not addressed by the formula, such as paraprofessional support needs identified in a student’s IEP.

Special education positions are allocated based on the formula below:

- **Amount of Required Services (ARS)** - based on the total minutes per week (“mpw”) of instructional time
 C = Less than 750 minutes of instructional time per week
 F = 750 or more minutes of instructional time per week
- **Location of Services (LRE = Least Restrictive Environment)**
 1 = Less than 20 percent of week removed from General Education Setting (0-300 minutes per week)
 2 = 21-60 percent of week removed from General Education Setting (301-900 mpw)
 3 = More than 60 percent of week removed from General Education Setting (901+ mpw)

FY2014 CPS Special Education Staffing Formula				
Primary Disability Category	Least Restrictive Environment Code	Amount of Required Service Code	No. of Students to Qualify for 1 Teacher	No. of Students to Qualify for 1 Teacher + 1 Para
Resource (0-300 minutes per week)	1	C	1-15	16-17

FY2014 CPS Special Education Staffing Formula				
Primary Disability Category	Least Restrictive Environment Code	Amount of Required Service Code	No. of Students to Qualify for 1 Teacher	No. of Students to Qualify for 1 Teacher + 1 Para
Cross-Categorical* (301-900 mpw)	2	C or F	1-10	11-15
Cross-Categorical* (901+ mpw)	3	F	1-8	9-13
EC Autism	3	C or F	-	5-7; 2 paras
Primary Autism	3	C or F	-	5-9; 2 paras
Intermediate/Upper & HS Autism	3	C or F	-	5-10; 2 paras
Severe Profound	3	C or F	-	4-8; 2 paras
Trainable Mentally Handicapped	3	C or F	-	8-13
Hearing Impaired (Elem)	3	C or F	6-8	-
Hearing Impaired (HS)	3	C or F	6-10	-
Visually Impaired (Elem)	3	C or F	6-8	-
Visually Impaired (HS)	3	C or F	9-12	-
Pre-School (all disabilities except HI, VI, and Aut)**	3	C or F	-	5-20 ***am/pm

* Cross-Categorical includes the following categories: learning disabilities (LD), emotional behavioral disturbance (EBD), traumatic brain injury (TBI), other health impairment (OHI), educable mentally handicapped (EMH), and physical disabilities (PHY), as well as low-incidence disabilities that are not self-contained.

** Schools utilizing a Pre-School Blended Model should account for this in their projection appeal narrative.

*** Not to exceed 10 students per section.

Additionally, CPS may allocate clinicians (e.g., nurses, social workers, psychologists, etc.) to a school based on services required by students' IEPs.

SPECIAL EDUCATION FUNDING FOR CHARTER/CONTRACT SCHOOLS

Charter and contract schools are assigned special education teacher and paraprofessional positions using the same staffing formulas as district schools. However, charter and contract schools hire their own special education personnel and are reimbursed for their expenses at the following rates:

Special Education Reimbursement	FY2014 Budget
\$90,000 average per allocated teacher (cert. required), with no individual teacher exceeding \$110,000.	\$51.7 million
\$40,000 average per allocated paraprofessional (cert. required), with no individual paraprofessional exceeding \$53,000.	
\$90,000 average per allocated clinician, with no individual clinician exceeding \$110,000.	
Stipend of \$1,477.23 per semester for one qualified case manager.	
See additional details below.	

1. The charter and/or contract school will hire its own special education teacher(s) based on the school's population of students with disabilities. Chicago Public Schools (CPS) will reimburse the charter and/or contract school on a quarterly basis. This reimbursement will be based on CPS's determination that each special education teacher possesses the proper certification(s) as required by the State of Illinois and that the number of full-time equivalent teacher positions for reimbursement does not exceed the CPS-approved allocation for the charter and/or contract school. For the 2013-2014 school year, the maximum reimbursement rate for any full-time equivalent special education teacher is \$110,000 per year. The maximum reimbursement rate for all full-time equivalent special education teachers for each charter operator is an average per-teacher reimbursement rate of \$90,000 per full-time equivalent special education teacher. The quarterly reimbursement to the charter and/or contract school for full-time equivalent special education teachers will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved, full-time equivalent teachers for the percentage of the quarter's instructional days for which the teacher was employed; or (ii) aggregate sum of the actual salaries and benefits paid to CPS-approved, special education teachers employed at the charter and/or contract school for the percentage of the quarter's instructional days for which the teacher was employed.
2. The charter and/or contract school will hire its own paraprofessionals to provide the necessary supports required by its students' IEPs. Chicago Public Schools (CPS) will reimburse the charter and/or contract school on a quarterly basis. This reimbursement will be based on CPS's determination that each special education paraprofessional providing instructional support is highly qualified in accordance with NCLB standards and that the number of full-time equivalent paraprofessional positions for reimbursement does not exceed the CPS-approved allocation for the charter and/or contract school. For the 2013-2014 school year, the maximum reimbursement rate for any full-time equivalent special education paraprofessional is \$53,000 per year. The maximum reimbursement rate for all full-time equivalent special education paraprofessionals for each charter operator is an average per-paraprofessional reimbursement rate of \$40,000 per full-time equivalent paraprofessional. The quarterly reimbursement to the charter and/or contract school for full-time equivalent special education paraprofessionals will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved, full-time equivalent paraprofessionals for the percentage of the quarter's instructional days for which the paraprofessional was employed; or (ii) aggregate sum of the actual salaries and benefits paid to the CPS-approved, special education paraprofessionals employed at the charter and/or contract school for the percentage of the quarter's instructional days for which the paraprofessional was employed.
3. If clinicians are required by the students' IEPs, the charter and/or contract school will hire its own clinicians to provide the necessary supports. The charter and/or contract school may have the Board furnish clinicians to serve the charter and/or contract school's students with disabilities, only if a waiver is given by CPS. If the charter and/or contract school hires its own clinicians, then Chicago Public Schools (CPS) will reimburse the charter and/or contract school on a quarterly basis. This reimbursement will be based on CPS' determination that each clinician possesses the proper certification(s) as required by the State and that the number of full-time equivalent clinicians does not exceed the CPS-approved allocation for the charter and/or contract school. For the 2013-2014 school year, the maximum reimbursement rate is \$110,000 per year. The maximum reimbursement rate for all full-time equivalent clinicians for each charter operator is an average per-clinician reimbursement rate of \$90,000 per full-time equivalent clinician. The quarterly reimbursement to

the charter and/or contract school for full-time equivalent clinicians will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved full-time equivalent clinicians at the charter and/or contract school for the percentage of the quarter's instructional days for which the clinician was employed; or (ii) aggregate sum of the actual salaries and benefits paid to the CPS-approved clinicians at the charter and/or contract school for the percentage of the quarter's instructional days for which the clinician was employed.

- The charter and/or contract school shall appoint and pay a salary and benefits to its own qualified case manager. In this case, Chicago Public Schools (CPS) will provide the charter and/or contract school with a stipend of \$1,477.23 per semester, per school for such a qualified case manager for the 2013-2014 school year. A case manager shall be deemed qualified if he or she has (1) a Type 10 (special), Type 03 (elementary), or Type 09 (secondary) ISBE certificate endorsed in a special education area, or with a special education teaching approval or supervisory approval, OR (2) a Type 73 (school service personnel) ISBE certificate endorsed as a school social worker, school psychologist, guidance specialist, or speech-language pathologist or have a supervisory endorsement. At least two years experience in the field of special education is recommended/preferred. The amount of the stipend is subject to the terms of the agreement between the Board and the Chicago Teachers Union.

Allocations of Supplemental Bilingual Teachers for English Language Learners

Allocation of supplemental bilingual education program teacher(s) is formula-based. The formula takes into account the actual number and/or the adjusted number of English Language Learners (ELLs) in each school.

The adjusted number of ELLs is based on the level of bilingual education program services an ELL student receives as reported by the school. The following chart show how ELL students are counted in the adjusted count:

Number of periods per week of bilingual or English as a Second Language (ESL) instruction	Adjusted ELL count for KG students	Adjusted ELL count for grades 1-12
Less than 5	Not counted	Not counted
5 to 9	1.0	0.5
10 or more	1.0	1.0

The adjustment number of ELLs is used to determine the allocation of supplemental bilingual teachers based on the following tables:

Transitional Bilingual Education (TBE)*	Adjusted Number of ELLs (Same Language Background)	Supplemental Teacher Allocation
Elementary School TBE Program	1- 44.5	0.0
	45-249.5 (adjusted number)	0.5
	250 or more (adjusted number)	1.0
High School TBE Program	1- 44.5	0.0
	45 or more	1.0

* = 20 or more ELLs of the same language background

Transitional Program of Instruction (TPI) **	Adjusted Number of ELLs	Supplemental Teacher Allocation
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Elementary School TPI Program	0 – 29.5	0.0
	30- 249.5	0.5
	250 or more	1.0
Elementary School TPI Program	0 – 29.5	0.0
	30 or more	1.0

** = Fewer than 20 ELLs of the same language background

ALLOCATIONS OF DISCRETIONARY FUNDS

Supplemental General State Aid (SGSA)

Supplemental General State Aid is part of the General State Aid that CPS receives from the State and is required by law to distribute directly to schools. SGSA funds are designed to supplement regular and basic programs supported by the General Education Fund. The amount of SGSA funds is based upon the concentration level of children from low-income households. Funds are distributed to the schools in proportion to the number of pupils enrolled who are eligible to receive free or reduced-price meals under the federal Child Nutrition Act of 1966 and the National School Lunch Act as of the 10th day of the school year.

Once data is collected, CPS establishes a flat rate per-pupil amount and calculates the SGSA allocation based on the number of eligible students for each qualifying school.

All schools have received a preliminary SGSA allocation based on the number of students qualifying for free and reduced meals in FY2013. However, the final allocation will be determined based on the number of qualifying students at each school on the 10th day of the current school year. If schools have fewer qualifying students than in FY2013, the SGSA allocation will likely be reduced.

For FY2014, the preliminary per-pupil rate is \$794.00, which was calculated by dividing \$261 million by the number of free and reduced meal students in FY2013:

Amount to be Distributed	\$261,000,000
FY2013 Total Count of Free/Reduced Meal Students	328,718
FY2014 SBB Base Rate	\$794.00

Schools receive SGSA funding for each qualifying student. If a school has only one student eligible for free or reduced meals, the school will receive an allocation of \$794.00 for that student.

Charter and contract schools, like District-run schools, receive SGSA funding from CPS.

NCLB Title I

CPS allocates NCLB Federal Title I funds to schools with high concentrations of low-income children to provide supplementary services for educationally disadvantaged students. The formula used to determine a school's eligibility for these funds is based on the ratio of TANF (Temporary Assistance to Needy Families) and free and reduced-price lunch school data as a percentage of enrollment. CPS uses poverty data generated yearly by the number of students, ages 5-17, who are eligible to receive free or reduced lunch (60 percent weight), and the number of children, ages 5-17, from families that receive financial assistance through TANF (40 percent weight). The data are taken at one point in time for the entire school system (i.e., the end of September). Once data is collected, CPS ranks schools and allocates additional funding to those schools serving a population with greater than 40 percent poverty.

It is important to remember that the poverty rate calculations for Title I are more stringent than for SGSA. SGSA looks only at the number of students who qualify for free and reduced meals, and it is not unusual for CPS schools to have poverty rates of 99% or 100% by that measure. The Title I poverty measure also looks at the number of students who qualify for TANF, and far fewer CPS students meet this standard.

Schools with a poverty index below 40 percent do not receive Title I funds, even if the school has eligible students. Moreover, the per-pupil allocation rate increases as the poverty index for the schools increases. A school with a 40 percent poverty rate receives an allocation of \$430 per eligible student. As the poverty rate increases by 1 percent, the per-pupil allocation increases by \$24 per pupil. A school with a poverty index of 41 percent receives \$454 per pupil. A school with a poverty index of 50 percent receives \$670 per pupil.

Thus, poorer schools receive significantly more Title I funding, not only because they have more eligible students, but also because they receive more funds per eligible students. This is illustrated in the following chart:

Poverty Index Examples	Allocation Rate	Eligible Students (assume total school enrollment of 1,000)	Total Allocation
35%	\$0 (below threshold)	350	\$0
40%	\$430	400	\$172,000
41%	\$454	410	\$186,140
55%	\$790	550	\$434,500
69%*	\$1,126	690	\$776,940

*Highest poverty rate of any CPS school.

Schools can budget SGSA and NCLB Title I funds at their discretion but must remain in compliance with regulations and guidelines.