

## **APPENDIX E**

### **GLOSSARY**

**Account:** A budget attribute used to group funds with a similar purpose, such as supplies, salaries or travel expenses. Sometimes referred to as the “object” of the expenditure, it means what the dollars will be spent on.

**Accrual Basis:** The accounting technique under which transactions are recognized when they occur, regardless of the timing of estimated cash flow.

**Accrued Expense:** Expense incurred and recorded on the books but not payable until a later date.

**Adopted Budget:** The budget ultimately approved and authorized by the Chicago Board of Education that authorizes spending for the fiscal year based on the appropriations in the budget.

**American Recovery and Reinvestment Act (ARRA):** The federal government’s national stimulus program adopted in 2009.

**Ancillary Classrooms:** Identified for elementary schools only. Refers to the number of allotted classroom spaces required for non-homeroom uses, such as science labs, computer labs, resource rooms, special education rooms, after school programs and/or community organization special programs. The number of ancillary classrooms can be identified by subtracting the number of allotted homeroom classrooms from the total number of classrooms.

**Appropriation:** An authorization to make expenditures and incur obligations for a specific purpose granted by a legislative body - in this case the Board of Education - for a specific time period.

**Assessed Valuation (AV):** The value placed on all taxable property for tax purposes. This amount is subject to the state equalization factor and the deduction of exemptions.

**Average Daily Attendance (ADA):** The aggregate number of pupil days of attendance divided by the number of days in the regular school session. Attending school for five or more clock hours while school is in session constitutes one pupil day of attendance. The best three months’ average daily attendance of the prior year is used in calculating General State Aid for the current year.

**Balance Sheet:** A statement of the financial position of an organization at a point in time. It includes assets, liabilities and fund balances.

**Bill (HB or SB):** Legislation drafted in the form of an Act for introduction into Illinois General Assembly and identified with a bill number. HB refers to a bill introduced into the House and SB refers to a bill introduced into the Senate. Bills are available on the General Assembly website at [www.ilga.gov](http://www.ilga.gov).

**Block Grant:** A state or federal grant program that consolidates several previously separate categorical grant programs into one larger grant. Block grants usually allow the recipient agency more flexibility in the use of the resources than would be allowed with separate grants.

**Bond:** A written promise to pay a specified sum of money - called the “face value” or “principal amount” - along with the periodic interest at a specified rate; the money is to be paid off at a specified date in the future.

**Bonded Debt:** The portion of indebtedness represented by outstanding bonds.

**Bond Rating:** An assessment of the credit risk of a specific bond issue.

**Bond Redemption and Interest Fund:** A debt service fund for the receipt and disbursement of the proceeds of annual tax levies for the payment of the principal and interest on specific bond issues.

**Budget:** An estimate of income and expenditure for a set period of time.

**Budget Classification:** A series of numerical codes used to categorize items of appropriation by unit, fund, account, program and grant.

**Budgetary Control:** The control or management of a governmental or enterprise fund in accordance with an approved budget to keep expenditures within the limits of available revenue appropriations.

**Capital Development Board (CDB):** the State of Illinois government organization that administers the School Construction program.

**Capital Outlay:** An expenditure that results in the acquisition of, or addition to, fixed assets. Capital outlay meets the following criteria: has an anticipated useful life of more than one year; can be permanently identified as an individual unit of property; belongs to land, buildings, structures & improvements or equipment; constitutes a tangible, permanent addition to the value of city assets; does not constitute repair or maintenance; not readily susceptible to loss.

**Capital Project:** A specific and identifiable improvement or purpose for which expenditures are proposed within the capital budget or capital improvement program.

**Capital Project Fund:** A fund created to account for financial resources to be used for the acquisition or the construction of major capital facilities or equipment.

**Categorical Revenue:** Funds from local, state, federal or private sources that can, by law, only be used for specific purposes (e.g., No Child Left Behind revenue or Supplemental General State Aid revenue).

**Change Orders:** Modifications of scope and/or costs related to a project.

**Chicago School Finance Authority (SFA):** A separate government body created in 1980 to sell bonds for the working capital, operating, and capital needs of the Chicago Board of Education, and to oversee the financial management of the Board. The SFA went out of existence in 2010.

**Chicago Board of Education:** The local government organization established to provide elementary and secondary education in the city of Chicago.

**Chicago Public Schools (CPS):** The K-12 school system that operates under the Chicago Board of Education.

**Chicago Teacher Pension Fund (CTPF):** The pension fund for Chicago teachers, principals and administrative staff with teaching certificates. Teachers, principals and administrative staff in the rest of the state belong to the Illinois Teacher Retirement System (TRS).

**Common Core State Standards (CCSS):** Describes what students are expected to learn at every grade level in order to be prepared for success in college and careers. CCSS is designed to be relevant to the real world and help students succeed in a global economy. Chicago Public Schools began the transition to CCSS in School Year 2011-12 and fully implemented during School Year 2014-15.

**Contingency:** A budgetary reserve set aside for emergencies or unforeseen expenditures.

**Continuous Improvement Work Plan (CIWP):** The two-year school improvement plan required of all CPS schools. The purpose of the CIWP is to establish each school's mission, its strategic priorities, and the steps the school will take to accomplish its goals.

**Corporate Personal Property Replacement Tax (CPPRT):** A tax instituted in 1979 to replace the Corporate Personal Property tax. It consists of a state income tax on corporations and partnerships and a tax on the invested capital of public utilities. The tax is collected by the Illinois Department of Revenue and distributed to over 6,000 local governments based on each government's share of Corporate Personal Property tax collections in a base year (1976 or 1977).

**Cost of Living Adjustment (COLA):** The "cost of living adjustment" commonly refers to the amount or percentage change to salary and/or benefits in order to protect income from being eroded by inflation.

**Debt Service:** The amount of money required to pay the principal and interest on all bonds and other debt instruments according to a predetermined payment schedule.

**Debt Service Fund:** A fund established to account for the accumulation of resources for, and the payment of, principal and interest on long-term debt.

**Deficit:** Excess of expenditures over revenues in a given period.

**Depreciation:** That portion of the cost of a capital asset that is charged as an expense during a particular period. This is a process of estimating and recording the lost usefulness, expired useful life or diminution of service from a fixed asset.

**Distinguished Budget Presentation Award:** A voluntary program administered by the Government Finance Officers Association to encourage governments to publish efficiently organized and easily readable budget documents, and to provide peer recognition and technical assistance to the fiscal officers preparing them.

**Effective Date:** The date on which a Public Act takes effect (i.e. the date it becomes generally enforceable.)

**Effective Tax Rate:** The ratio of taxes billed to the market value, generally expressed as a percentage.

**Encumbrance:** Obligation in the form of a purchase order and/or contract which is chargeable to an appropriation and which reserves a part of the fund balance because the goods or services have not been received. When paid, the encumbrance is liquidated and recorded as an expenditure.

**Enrollment Efficiency Range:** Ideal Enrollment less 20% through Ideal Enrollment plus 20%.

**Enterprise Fund:** A fund established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs

of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Equalization:** The application of a uniform percentage increase or decrease to assessed values of various areas or classes of property to bring assessment levels, on average, to a uniform level of market value.

**Equalization Factor (multiplier):** The factor that must be applied to local property assessments to bring about the percentage increase that will result in an equalized assessed valuation equal to one-third of the market value of the taxable property in a jurisdiction.

**Equalized Assessed Valuation (EAV):** The assessed value multiplied by the State of Illinois equalization factor minus adjustments for exemptions. This gives the property value from which the tax rate is calculated.

**Education Support Professionals (ESP):** Position classification for non-teacher/principal support staff. This category covers positions such as custodians, engineers and security guards as well as most central office departmental staff.

**Exemption:** The removal of property from the tax base. An exemption may be partial – like a homestead exemption – or complete. An example of a complete exemption is a church building used exclusively for religious purposes.

**Expenditure:** The outflow of funds paid for an asset or service obtained. This term applies to all funds.

**Extension:** The actual dollar amount billed to the property taxpayers of a district. All taxes are extended by the County Clerk.

**Federal No Child Left Behind Revenue:** Revenue from federal programs that support supplemental education programs.

**Federal Special Education I.D.E.A. Program Fund Revenue:** Provides supplemental programs for all students with disabilities for students ages 3-21.

**Federal Lunchroom Revenue:** Revenue from the federal program that supports free and reduced-price meals for children from low-income families.

**Fiscal Year:** The time period designated by the system signifying the beginning and ending period for recording financial transactions. The Chicago Public Schools fiscal year begins July 1 and ends June 30.

**Fixed Asset:** An asset of a long-term character that is intended to continue to be held or used, such as land, buildings, machinery and equipment.

**Focus Schools:** A designation referring to a Title I school that has a) the largest gaps between the highest- and lowest-achieving subgroups within its school, b) a subgroup or subgroups with low achievement OR c) a high school with low graduation rates. ISBE categorizes schools in the “focus” group if the school had a 3-year average state assessment composite between 26% and 45%

**Foundation Level:** A dollar level of financial support per student representing the combined total of state and local resources available as a result of the general state aid formula. The foundation level is dependent upon the State of Illinois appropriation for General State Aid.

**Full-Time Equivalent (FTE):** A unit that indicates the workload of an employed person in a way that makes workloads comparable across various contexts. An FTE of 1.0 means that the person is equivalent to a full-time worker, while an FTE of 0.5 signals that the worker is only half-time or works full-time for half a year.

**Fund:** A separate accounting entity with a self-balancing set of accounts that comprise its assets, fund equity, revenues and expenditures. Money and other fund assets are set aside in an account for specific purposes and activities in accordance with legal requirements. A school or department may have resources available from several funds. Examples include the General Fund, Workers' Compensation/Tort Fund and the Federal Title I Fund.

**Fund Accounting:** A governmental accounting system that organizes its financial accounts into several distinct and separate sets of accounts, or "funds," designated by their different functions.

**Fund Balance:** The assets of a fund minus liabilities, as determined at the end of each fiscal year. Any reservations of fund balance are deducted, leaving a remaining unreserved fund balance.

**GASB 24 – Governmental Accounting Standards Board Statement #24:** Establishes accounting rules for pass-through grants, food stamps and on behalf payments of fringe benefits and salaries. As it relates to "on behalf payments", GASB 24 requires payments made by other governments to be included as revenues and expenditures as long as they are for employee benefits. By law, the City of Chicago has been contributing to the Municipal Employees' Annuity and Benefit Fund of Chicago on behalf of the Board's educational support personnel (ESP).

**GASB 54 - Governmental Accounting Standard Board Statement #54:** In order to improve consistency and clarity in fund balance reporting, GASB 54 establishes a hierarchy of fund balance classifications categorized by the extent to which governments are bound by constraints on resources reported in the funds. The hierarchy includes:

1. Non-spendable fund balance: Amounts that cannot be spent such as inventories, prepaid amounts and the principal of a permanent fund. Also, long-term loans, notes receivables and property held for resale would be reported as non-spendable unless the proceeds are restricted, committed or assigned.
2. Restricted fund balance: Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.
3. Committed fund balance: Amounts constrained for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Formal action is also required by the same group to remove or change the constraints placed on the resources.
4. Assigned fund balance: For all governmental funds other than the general fund, any remaining positive amounts not classified as non-spendable, restricted, or committed. For the general fund, assigned fund balance is amounts constrained for the intent to be used for a specific purpose by a governing board, a body or official that has been delegated authority to assign such amount.

5. **Unassigned Fund Balance:** Amounts not classified as non-spendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance.

**Hyperion:** Performance management software owned and managed by Oracle. CPS implemented Hyperion in June of 2015 and utilizes the system for planning, budgeting and forecasting of revenue and expenditures.

**Generally Accepted Accounting Principles (GAAP):** A uniform minimum standard of, and guidelines to, financial accounting and reporting. GAAP governs the form and content of the basic financial statements of an entity, encompassing the conventions, rules and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. They provide a standard by which to measure financial presentations.

**General Fund:** The primary operating fund used to account for all revenue and expenditures except those related to specific programs that are accounted for separately in special purpose funds.

**General Obligation Bonds:** Bonds that finance public projects, such as new school buildings. The repayment of the bonds is made from property taxes and is backed by the full faith and credit of the issuing entity.

**General State Aid (GSA):** State revenue provided to school districts to support basic education programs. The amount that each school district receives depends upon the educational needs of the school district (as measured by the Supplemental General State Aid weighted average daily attendance), the size of the local tax base, the amount of tax effort by the local school district (in certain cases) and the foundation level. The General State Aid formula works so that every child in the state has access to resources for his or her education at least equal to the foundation level.

**Goals:** Specific plans that a department has for upcoming and future years. Goals identify intended end results but are often ongoing and may not be achieved in a single year.

**Government-Funded Funds and Special Grant Funds:** Funds established by the Board to account for programs that are fully reimbursable by the state or federal government and special grants.

**Governmental Accounting Standards Board (GASB):** Organization that establishes accounting standards for state and local governments in the U.S.

**Grant:** A contribution given by a government entity, private foundation or other type of organization to support a particular activity or function.

**Hold Harmless:** Under CPS's SBB model (see "Student Based Budgeting"), school funding levels are typically adjusted based on actual enrollment counts measured on the 20<sup>th</sup> day of the actual budgeting school year. However, in school year (SY) 14-15, CPS allowed schools that did not meet their enrollment targets to retain their SBB funding, essentially "holding schools harmless" against adverse financial impact that would have otherwise been caused by lower-than-expected enrollment figures. "Hold Harmless" was eliminated in the 2016 fiscal year budget.

**Homeroom Classrooms:** Refers to the number of allotted classroom spaces required for homeroom use. Homerooms are important for tracking daily attendance and distributing report cards. The number of

classrooms allotted for homeroom use is determined by multiplying the total number of classrooms by 0.769, rounding down to the nearest whole number.

**Ideal Program Enrollment (also referred to as Ideal Capacity):** For elementary schools, equals the number of Allotted Homeroom Classrooms multiplied by 30. For high schools, equals the total number of instructional classrooms multiplied by 30 multiplied by 80%.

**Illinois School-Based Health Services Program:** In September 1994, the Illinois Department of Public Aid (now the Illinois Department of Healthcare and Family Services) submitted a Medicaid State Plan Amendment, which expanded the range and scope of existing covered services and increased reimbursement rates. The program, based on 42 CFR 440.13D(d) of the Social Security Act, allows the district to receive reimbursements through Medicaid for certain services provided to eligible children.

**Illinois State Board of Education (ISBE):** The state organization created to oversee elementary and secondary education in Illinois.

**Individuals with Disabilities Education Act (IDEA) - PL 94-142:** Federal law which requires school districts to provide appropriate education services to children with disabilities. IDEA governs how states and public agencies provide early intervention, special education and related services to eligible infants, toddlers, children and youth with disabilities.

**Inter-government Agreement (1997 IGA) with City of Chicago - October 1, 1997:** The 1997 IGA represents a unique financing arrangement between the city of Chicago and the Chicago Public Schools to pay for the construction of new schools, school building additions and renovation of existing schools and equipment. The agreement provides that the city will help the Board to finance its Capital Improvement Program by providing it with funds to be used to pay debt service on bonds issued by the Board for such purpose. The amount to be provided by the city will be derived from the proceeds of ad valorem taxes levied in future years by the city on all taxable property.

**Inter-government Agreement using Tax Increment Financing (IGA-TIF):** This agreement secures revenues from certain eligible Tax Increment Financing districts, which will be used by the Chicago Public Schools to pay for the construction of new schools.

**Interest Earnings:** Earnings from available funds invested during the year in U.S. treasury bonds, certificates of deposit and other short-term securities consistent with our investment policies.

**Investments:** Securities and real estate held for the production of revenues in the form of interest, dividends, rentals or lease payments. The term does not include fixed assets used in governmental operations.

**Local School Councils (LSC):** Local School Councils are comprised of 6 parents, 2 community members, 2 teachers, 1 non-teacher staff, a school's principal and a student representative (high school LSCs only). The LSC is responsible for approving how school funds and resources are allocated, developing and monitoring the annual School Improvement Plan, and evaluating and selecting the school's principal.

**Levy:** Amount of money a taxing body authorizes to be raised from the property tax.

**Liabilities:** Debts or other legal obligations arising out of transactions in the past that must be liquidated, renewed or refunded at some future date.

**Long-term Debt:** Debt with a maturity of more than one year after the date of issuance.

**Lunchroom Fund:** A fund for the assets, liabilities, receipts and disbursements of the School Lunchroom Program.

**Maintenance:** All materials or contract expenditures covering repair and upkeep of buildings, machinery and equipment, systems and land.

**Medicaid Revenue:** Revenue from the federal Medicaid program that the Board receives as reimbursement for the provision of Medicaid-eligible services to eligible children.

**Miscellaneous Revenues:** Proceeds derived from notes and bonds sold by the Board, interest on investments and undistributed property taxes, collections from food service sales, rental of property, gifts, donations and sale of real estate owned by the Board.

**Mission Statement:** Designation of a department's purpose or benefits; how the department supports the overall mission of the system.

**Modified Accrual Basis:** An accounting method commonly used by government agencies that combines accrual- and cash-based accounting. Under this basis, revenues are recognized when they become both "measurable" and "available" to finance expenditures of the current fiscal period. Expenditures are recognized when the related fund liability is incurred, except when: (1) inventories of materials and supplies that may be considered expenditures, either when purchased or when used; (2) prepaid insurance and similar items that need not be reported; (3) accumulated unpaid vacation, sick pay and other employee benefit amounts that need not be recognized in the current period, but for which larger than normal accumulations must be disclosed in the notes to the financial statements; (4) interest on special assessment indebtedness that may be recorded when due rather than accrued, if offset by interest earnings on special assessment levies; and (5) principal and interest on long-term debt that are generally recognized when due.

**Multiplier:** See **Equalization Factor**.

**Multi-Tiered Systems of Support (MTSS):** A five-tiered performance system based on school performance metrics that together provide multiple lines of evidence for measuring school quality.

**Network:** Geographical grouping of schools for management and support purposes.

**No Child Left Behind Act (NCLB):** On January 8, 2002, President Bush signed into law the No Child Left Behind Act of 2001. This law provided for the most significant reform to the Elementary and Secondary Education Act (ESEA) since its inception in 1965. In December 2015, President Obama signed into law the Every Student Succeeds Act (ESSA), which updates and replaces NCLB and will go into full effect for School Year 2017-2018.

**Northwestern Evaluation Association Measures of Academic Progress (NWEA MAP):** Adopted by CPS in school year 2015-16 as the uniform assessment for all students applying to a selective enrollment school, academic center or gifted school.

**Object:** Specific nature or purpose of an expenditure. Object codes are common across all units, programs and projects. Examples of objects include professional services and teacher salaries. Also referred to as *accounts*.



**Office of Strategic School Support Services (OS4):** Ensures high-quality neighborhood schools for all students in every community by dramatically improving student achievement in underserved neighborhood schools. The department also seeks to increase school internal accountability and ensure effective school leadership and staff in all neighborhood schools.

**Operating Budget:** Financial plan outlining estimated revenues, expenditures and other information for a specified period (usually one fiscal year). Long-term costs, such as those related to capital projects, are typically excluded from the operation budget.

**Operating Expenses:** Proprietary fund expenses that are directly related to the fund's primary service activities.

**Operating Expense Per Pupil:** Gross operating cost of a school district for K-12 programs (excludes summer school, adult education, bond principal retired and capital expenditures) divided by the average daily attendance for the regular school term.

**Operations & Maintenance (O&M):** Represents the portion of taxes assessed for the maintenance and operations of the system's facilities. The O&M fund of the Public Building Commission covers O&M expenses for buildings leased by the school system from the commission.

**P.A.:** Abbreviation for "Public Act." Public acts are available on the General Assembly website at [www.ilga.gov](http://www.ilga.gov).

**P.A. 87-17:** Property Tax Extension Limitation Law that imposes a tax cap in Lake County, Will County, DuPage County, McHenry County and Kane County, as well as the prior year's EAV on Cook County. The tax cap limits the annual growth in total property tax extensions in the operating funds of a non-home rule government to either 5 percent or the percentage increase in the Consumer Price Index (CPI), whichever is less. The prior year EAV provision limits extensions in rate-limited funds to the maximum tax rate multiplied by the prior-year EAV for all property currently in the district.

**P.A. 88-593:** Public Act that requires all five state pension funds to reach 90 percent funding by the year 2045; also established a state goal of funding the Chicago Teacher Pension Fund at between 20 percent and 30 percent of state funding for the teacher retirement system.

**P.A. 89-1:** Property Tax Extension Limitation Law that imposes a tax cap in Cook County. The provisions of this tax cap are the same as in P.A. 87-17.

**P.A. 89-15:** Public Act that gives the mayor of Chicago effective control of the Chicago Board of Education; also changed the financial structure of the Board.

**P.A. 93-21:** Public Act that defines the current state poverty grant formula and defines the poverty count to be used for this grant as the unduplicated count of children in any one of four low-income programs (Medicaid, KidCare, TANF and food stamps); excludes children who are eligible for services from the Department of Children and Family Services.

**P.A. 93-845:** Public Act that authorized school districts to continue to file for adjustments of prior year GSA claims to reflect revenue lost due to property tax refunds.

**P.A. 94-976:** Property Tax Extension Limitation Law that set the maximum extension rate for funds subject to tax caps including the rate that requires voter approval. This does not allow a local government to exceed its total tax cap limit, but it does make it much less likely that tax rate limits in specific funds will prevent the local government from taxing up to its tax cap limit.

**P.A. 96-490:** Public Act that changed the value of the property tax bills mailed in the spring from 50 percent of the prior year's total bill to 55 percent of the prior year's total bill.

**P.A. 96-889:** Public Act that created a new second-tier pension plan for the state pension funds and the Chicago Teacher Pension Fund; changed the required funding schedule for the Chicago Teacher Pension Fund.

**P.A. 97-8 (SB 7):** Public Act that makes significant changes to teacher tenure, layoff and dismissal Policies; changes the process for resolving collective bargaining impasses.

**Partnership for Assessment of Readiness for College and Careers (PARCC):** PARCC is a consortium of states and the District of Columbia that are working to create and deploy a standard set of mathematics and English assessments for the purpose of measuring college and career readiness of students in grades K-12. The assessments are administered electronically and are closely aligned with the Common Core State Standards, and replace the former state ISAT exam. CPS first began administering PARCC during school year 2014-15 when the district focused on administering the assessment to elementary school students in grades 3-8 and high school students in English I and Algebra I / Integrated Math I courses.

**Penalty Date:** Date by which property tax bills are due and payable. In Cook County, the penalty date for first-half tax bills is normally March 1, and the penalty date for second-half tax bills is August 1.

**Pension:** A defined benefit amount paid regularly to a former employee during his or her retirement.

**Pension funded ratio:** A percentage measurement of actuarially-calculated assets compared to actuarially-determined pension liabilities.

**Pension Relief:** A legislative action by the Illinois General Assembly that temporarily reduced required pension contributions by CPS. The relief, which lasted three years, expired in FY2013.

**Performance Measures:** Specific measures of the workload and key outcomes of each department. These provide information about how effectively and efficiently the department is operating.

**Priority School:** A designation by the Illinois State Board of Education describing a Title I or Title I-eligible school that is a) among the persistently lowest performing 5% of all Title I schools within the state based on a 3-three-year average AND b) demonstrates a lack of progress OR c) is a Title I (participating or eligible) secondary school with a three-year average graduation rate of 60% or less.

**Program:** Instructional or functional activity.

**Program Description:** Describes the nature of service delivery provided at this level of funding. The description includes department/bureau mission, goals, accomplishments and performance measures as well as total expenditures and staff counts.

**Project:** An activity that usually has a given time period for its accomplishment and whose costs are generally reimbursed by the state or federal government.

**Property Tax Revenue:** Revenue from a tax levied on the equalized assessed value of real property.

**Proposed Budget:** Financial plan presented by the Chief Executive Officer for consideration by the Chicago Board of Education.

**Public Hearing:** A formal open meeting held to present information and receive public testimony on a local issue.

**Public Building Commission (PBC):** The Chicago municipal corporation from which local government taxing authorities lease facilities. The PBC issues bonds, acquires land and contracts for construction for capital projects of other local governments associated with the facilities that are being leased. Annual payments on these leases are included in the local government's tax extensions. The Chicago Board of Education is currently leasing many facilities from the Public Building Commission.

**Public Building Commission Lease/Rent Fund:** Debt service fund for the receipt and disbursement of the proceeds of an annual tax levy for the rental of school buildings from the PBC. Most of the rental payment is used by the PBC to make debt service payments on revenue bonds that were issued to finance capital projects in the schools that are leased from the PBC.

**Public Building Commission Operation and Maintenance Fund:** Fund for the receipt and disbursement of the proceeds of an annual tax levy for operation and maintenance of buildings leased from the PBC.

**Prior Year's EAV:** Provision of P.A. 87-17 which requires that extension limits for rate-limited funds for Cook County governments be determined using the EAV one year prior to the year of the levy.

**Rate Limited Fund:** Fund to account for the accumulation and use of revenue generated by a rate-limited tax levy. P.A. 89-15 collapsed all of the Board's rate-limited funds into the Education Fund as of FY1996.

**Reserve:** Account used to indicate that a portion of a fund balance is restricted for a specific purpose, or an account used to earmark a portion of a fund balance to indicate that it is not available for expenditure. A reserve may also be an account used to earmark a portion of fund balance as legally segregated for a specific future use.

**Revenue Bonds:** A municipal bond whose principal and interest are payable exclusively from a revenue source (rather than a tax source) that is pledged as the payment source before issuance.

**Safe Passage:** A program designed to increase children's safety as they walk to and from school by placing CPS employees along designated safe passage routes.

**Seal of Biliteracy:** The Seal of Biliteracy is an award given by a school, district or county office of education in recognition of students who have studied and attained proficiency in two or more languages by high school graduation. It is designed to function as a nationally-recognizable standard of achievement in bilingual education. In Illinois, the State Seal of Biliteracy will be designated on the high school diplomas and transcripts of graduating public school pupils attaining proficiency in one or more languages in addition to English.

**School Actions:** Significant changes to schools that require Board approval. Examples of school actions include consolidations, school moves and turnaround implementation.

**School Improvement Plan (SIP):** A two-year strategy and written plan for strengthening the core academic subjects and improving the overall academic status of schools that are placed on academic early warning or academic watch status by the Illinois State Board of Education.

**Social Impact Bond (SIB):** A debt instrument that commits a public sector entity to pay for improved social outcomes that result in public sector savings. Private investors inject capital into the specified social initiative and are paid a financial return by the public entity only if social outcomes are achieved. SIBs are also known as “Pay for Success Bonds” or “Social Benefit Bonds”.

**Space Use Status:** There are three Space Use Statuses: Underutilized, Efficient and Overcrowded. Underutilized is defined as School Enrollment less than the lower end of the Enrollment Efficiency Range, Efficient is defined as School Enrollment within the Efficiency Range, and Overcrowded is defined as School Enrollment greater than the upper end of Efficiency Range.

**Space Utilization Index:** A school's enrollment expressed as a percentage above or below the Ideal Program Enrollment of the facility.  $\text{Space Utilization Index} = (\text{Enrollment} - \text{Ideal Program Enrollment}) / \text{Ideal Program Enrollment}$ . Also communicated as Utilization Rate, which is equal to Space Utilization Index +100%.

**Special Revenue Funds:** A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**State Aid Pension Revenue:** Revenue from an annual state appropriation to fund a portion of the employer contribution to the Chicago Teachers’ Pension fund.

**State Statute:** A law enacted by the Illinois General Assembly and approved by the governor.

**Structural Deficit:** A deficit that exists even when the economy is at its potential. Structural deficits can only be addressed by explicit and direct government policies: reducing spending, increasing the tax base and/or increasing tax rates.

**Student Based Budgeting (SBB):** A flexible, per-pupil funding model giving principals more control over the resources they can use to best meet the needs of their students. Unlike the District’s prior Quota funding methodology, which provided specific positions for each school, Student Based Budgeting provides dollars based on the number of students at each school allowing principals to structure the school in the way that best serves its students. CPS moved to Student Based Budgeting in FY2014.

**Supplemental General State Aid Fund (SGSA) (formerly State Chapter I):** Fund for the receipt and disbursement of Supplemental General State Aid.

**Supplemental General State Aid Revenue (SGSA) (formerly State Chapter I):** Portion of general state aid which the Chicago Board of Education receives that is attributable to the number of low-income children in the school district and must be used to supplement and not supplant the basic programs of the district.

**Tax Base:** The total value of all taxable real and personal property in the city as of January 1 of each year, as certified by the Appraisal Review Board. The tax base represents net value after all exemptions.

**Tax Caps:** Abbreviated method of referring to the tax increase limitations imposed by the Property Tax Extension Limitation Laws (P.A. 87-17 and P.A. 89-1). A tax cap places an upper bound on the amount of government tax that an individual might be required to pay.

**Tax Increment Financing (TIF):** A public financing method of providing local property tax funding for economic development projects within a designated TIF area.

**Tax Rate:** The amount of a tax stated in terms of a percentage of the tax base.

**Tax Rate Limit:** Maximum tax rate that a county clerk can extend for a particular levy. Not all tax levies have a tax rate limit.

**Tax Roll:** Official list showing the amount of taxes levied against each taxpayer or property in the county.

**Title I Grant:** provides financial assistance to local educational agencies (LEAs) and schools with high numbers or high percentages of children from low-income families to help ensure that all children meet challenging state academic standards.

**Title II Grant:** Federal grant that seeks to increase student achievement by supporting the placement and development of highly qualified, effective leaders in every school.

**Tort Fund:** Used to collect tort fund revenue received from a special property tax earmarked to fund expenses related to tort judgment and settlement, liability, security, workers' compensation, unemployment insurance and risk management. The monies in this fund, including interest earned on the assets of this fund, should be used only for the purposes authorized under the Tort Immunity Act.

**Total Classrooms:** Refers to the number of classroom spaces (located within a permanent non-leased building) designed to be used as classrooms regardless of current use, including science labs, art rooms, resource rooms and special education rooms, but excluding spaces not designed as classrooms, such as offices, lunchrooms, libraries, gymnasiums and auditoria.

**Turnaround School:** An underperforming school participating in a reformation model that begins with new leadership, new teachers and staff – with many of them trained to teach in urban schools – new curriculum, additional after-school programs and newly renovated facilities. The same students return in the fall to the same school, with a new climate focused on success for every student.

**Turnover:** The anticipated savings resulting from the delay in staffing new positions and those positions that become vacant during the course of the school year.

**Unit:** Each school, central office department, network office, or other special operating entity represented by a five-digit number. Examples of units include the Law Department and DuSable High School.

**Uniform Pension System:** A standard pension system that treats all teachers and all taxpayers in a given state exactly the same. References to a "uniform pension system" as it relates to CPS expresses the desire for the Chicago Public School district to be treated exactly the same as other school districts within Illinois in terms of receiving funding from the state to cover annual teacher pension costs.