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Illinois Launches Financial Probe Into Chicago Public Schools.

CHICAGO — The Illinois State Board of Education initiated an investigation Thursday into the “financial stability” of the Chicago Public Schools (CPS), a move that builds off Republican Governor Bruce Rauner’s call for a state takeover of the cash-strapped district.

In a letter to CPS officials, Rauner’s appointed chairman of the state education panel, former state Senator James Meeks, and Illinois state Superintendent of Education Tony Smith set a March 4 deadline for the district to provide a litany of financial records, including three years worth of audits and financial projections, payroll data and “major contracts” that have received annual increases, among other things.

“Our sincere hope is that the forthcoming investigation will identify opportunities for actions to be taken that will improve the financial condition of Chicago Public Schools...and, most importantly, result in fiscal stability,” Meeks and Sanders wrote in their letter to CPS Chief Executive Officer Forrest Claypool and Chicago Board of Education Chairman Frank Clark.

The nation’s third-largest public school system, which is controlled by Mayor Rahm Emanuel, has a \$1.5 billion structural deficit and has asked Illinois’ gridlocked state government for \$480 million to help pay the system’s pension contribution for this fiscal year, which ends June 30. But the request has languished amid the nearly eight-month budget stalemate between Rauner and Democrats who control the state legislature.

Before the school system borrowed \$725 million in the municipal market earlier this month, Rauner and his GOP legislative allies called for legislation that would authorize a state takeover of CPS, which is not permitted under existing state law. The governor also backs legislation to permit the district to declare bankruptcy, which would enable it to restructure many of its debts. Democrats have vowed to block those initiatives.

A CPS spokeswoman said much of the information being sought by the Rauner Administration is publicly available, and renewed criticism that the governor single handedly drove up borrowing costs on the district’s recent bond sale as a result of his bankruptcy push.

“The last time Governor Rauner offered his financial advice for Chicago Public Schools, Chicago taxpayers were forced to pay even more for our bonds, and we cringe at what his latest venture could cost our children,” CPS spokeswoman Emily Bittner said in a prepared statement.

By REUTERS

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(Reporting By Dave McKinney, additional reporting by Karen Pierog; Editing by Michael Perry)

