

**AMEND BOARD REPORT 00-1115-PR13
APPROVE EXERCISING THE FINAL OPTION TO EXTEND THE AGREEMENT WITH
PUBLIC CONSULTING GROUP, INC.**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the final option to extend the Agreement with Public Consulting Group, Inc. (PCG) for a one-year period, at a cost for the option period not to exceed ~~\$2,100,000~~ \$2,200,000. A written document exercising this option is currently being negotiated. No payment during the final option period shall be made to PCG prior to the execution of the written option document. The authority granted herein shall automatically rescind in the event a written document is not executed within 90 days of the date of this Board Report. Information pertinent to this option is stated below.

This amendment is necessary to expand the scope of services to include the management of the TANF Programs for CPS and develop business and reporting systems for these programs, and to increase the dollar amount of the contract by \$100,000. A written amendment to the contract is currently being negotiated. No payment for these additional services shall be made prior to the execution of the written amendment. The authority granted in this amended Board Report shall automatically rescind in the event a written amendment is not executed within 90 days of the date of this amended Board Report.

Specification No: 00-250234

CONSULTANT: Public Consulting Group, Inc.
100 West Monroe Street, 12th Floor
Chicago, IL 60603
Stephen Skinner/ Principal
312/425-0550
Vendor # 27249

USER: Office of School Financial Services
125 S. Clark St.
Chicago, IL 60603
Daryl Okrzesik, Controller
773/553-2727

TERM: The original Medicaid Reimbursement Management Program Services Agreement (authorized by Board Report 96-1217-FNI) was for a term commencing February 1, 1997 and ending January 31, 1999 with 3 one-year options to extend. Pursuant to Board Report 99-1027-PR23, the Agreement was extended for the period commencing February 1, 1999 and ending January 31, 2000. Pursuant to Boards Report 00-0126-PR28, the Agreement was extended for the period commencing February 1, 2000 and ending January 31, 2001.

OPTION PERIOD: The term of this Agreement is being extended for one year commencing February 1, 2001 through January 31, 2002.

OPTION PERIODS REMAINING: There are no option periods remaining.

SCOPE OF SERVICES: PCG shall continue to provide those services contained in the original Agreement and all extension Agreements. PCG shall also perform the following services: develop the necessary systems to process claims, manage dollars and report TANF fund activity. TANF programs include: Cradle to Classroom, Light House After School, and Safer Schools-Youth Outreach and Smart Programs.

OUTCOMES: Consultant's services shall result in the improved delivery of health services to over 50,000 children enrolled in special education at CPS and enhanced educational opportunities for all CPS students. Medicaid reimbursement has increased from \$1.5million in FY94 to \$49 million in FY00 and processing costs have decreased from \$8 million in FY96 to \$2.1 million in FY00. Expenditures and revenues are expected to stay the same in FY01. New services will result in new processes and procedures for claim reimbursement expenses to

improve delivery of Programs directed at providing assistance to teenage mothers and reducing out-of-wedlock births. CPS will receive \$9 million in federal funds for Temporary Assistance to Needy Families (TANF) in FY01 and potentially \$10-30 million in FY02. These funds will support CPS-provided social services.

DELIVERABLES: Consultant shall provide deliverables as defined in the existing contract. In addition, Consultant shall provide new system and business processes to manage identified TANF programs and develop state and federal reporting guidelines for CPS. Consultant will also manage existing processes for recipients of TANF programs.

COMPENSATION: Consultant shall be paid during this option period as follows: Not to exceed the sum of ~~\$2,100,000~~ \$2,200,000 for the option period payable in increments not to exceed \$175,000 per month.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written Agreement. Authorize the President and Secretary to execute the agreement.

AFFIRMATIVE ACTION: Vendor agrees to comply with and be bound by the provisions of the Revised Remedial Plan for Minority and Women Business Enterprise Economic Participation (M/WBE Plan).

LSC REVIEW: Local school Council approval is not applicable to this report.

FINANCIAL: Charge to Office of School Financial Services: \$2,100,000.00 + \$100,000.00
 Budget Classification: 0950-210-681-2922-5410- ~~\$875,000.00~~ +\$100,000.00 (FY2001)
 Budget Classification: 0963-0950-210-681-2922-5410- \$1,225,000.00 (FY2002)
 Source of Funds: 210 General Operating Fund

GENERAL CONDITIONS:

Inspector General – Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their terms of office.

Indebtedness – The Board's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:


 Natalye Paquin
 Chief Purchasing Officer

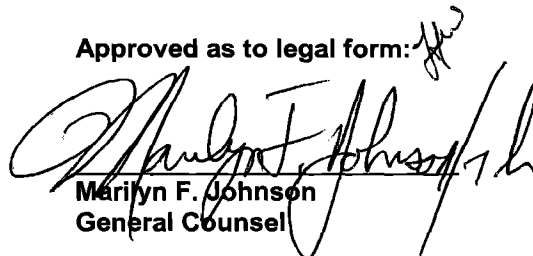
Within Appropriation:


 Kenneth C. Gotsch
 Chief Fiscal Officer

Approved:


 Paul G. Vallas
 Chief Executive Officer

Approved as to legal form:


 Marilyn F. Johnson
 General Counsel