



# CPS FY18 Budget

August 28, 2017



# FY17 Budget Recap

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- FY17 Amended Budget included \$5.41B of expenditures
- The Governor vetoed \$215M of state pension funding for CPS
- The State was delayed \$467M in block grant funding when CPS issued Grant Anticipation Notes in June 2016
- These actions equated to 10% of CPS' operating budget and don't even account for the fact that the State grossly underfunds CPS compared to other school districts
- ***CPS was able to manage through these shortfalls through active management creating internal efficiencies, increased revenue, and market access***



# Structural Budget Improvement

- CPS' budget deficit has declined from \$1.1B in FY16 to a \$544M beginning deficit in FY18
  - This is despite various cost increases which have been managed down through internal efficiencies
- CPS also secured \$454M in new revenues in FY17 from state and local resources
  - \$250M new pension levy which will grow based on EAV
  - \$102M new Equity Grant from the State within GSA
  - \$74M GSA hold harmless which would continue with SB1
  - \$28M increase in the Early Childhood Grant
- These incremental revenues are structural in nature which permanently reduces the budget deficit
- With the passage of SB1, CPS anticipates further **structural** reductions to the deficit



# FY18 Budget Overview

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- FY18 Budget includes \$5.75B in spending and \$5.75B in resources
- This budget protects investments in the classroom and provides a 5% increase in per-pupil funding to schools compared to FY17
- Budget includes an additional \$300M of state revenue as proposed in Senate Bill 1 and \$269M of new local resources



# School Funding Overview

- Schools have received \$1.9B through Student-Based Budgeting in their FY18 allocations
  - Schools receive the base rate of \$4,290 per student and weights based on grade level and diverse learner LRE categories
  - Schools also receive foundation positions (principal, counselor, clerk) and adjustments for teacher experience and multiple buildings
- Schools receive additional discretionary funding from the state (SGSA) and federal government (Title I), funds based on the percentage of low-income students at each school
- Funding for diverse learners - based on student IEP needs - and specialized programming (magnet, IB, bilingual) is allocated to schools in addition to the funding sources above

# FY18 Budget Protects Academic Achievements



- In a landmark study of statewide educational outcomes, the University of Illinois – Chicago found that CPS students are outperforming their peers in every major racial and ethnic group throughout the state.
- In its academic progress report, CPS reported dramatic improvements since 2011 on key metrics including participation in the arts, math and reading growth, graduation rates, freshman on-track to graduate, attendance, and dropout rates. For SY15-16, the freshman on-track rate hit an all-time high of 87.4 percent, the dropout rate was cut in half to 6.8 percent and the attendance rate was 93.4 percent.
- CPS students have achieved a record high graduation rate, with 73.5 percent of students earning a diploma. The graduation rate has steadily risen over the past six years, growing more than 16 percentage points since 2011 when just over half of CPS students earned a high school diploma.

# FY18 Budget Protects Academic Achievements

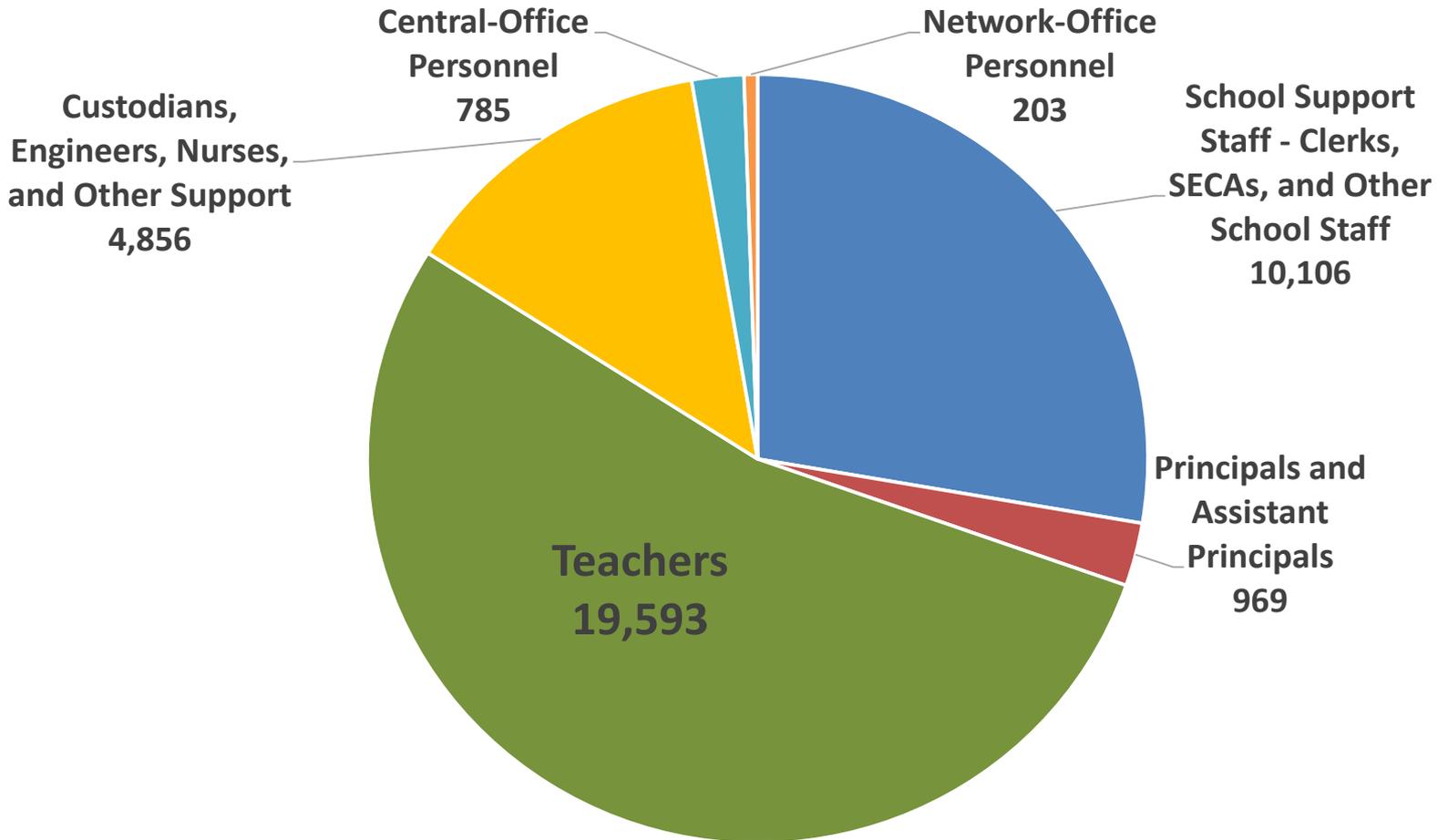


- CPS students outpace nationwide peers in graduation rate growth. While students nationally achieved a record high graduation rate of 83.2 percent for the 2014-15 school year, CPS students are outpacing their peers with a graduation rate that is growing more than three times faster than the national rate.
  - The national graduation rate for African American students grew 7.6 points, while CPS' rate went up 12.6 points.
  - The national rate for Hispanic students went up 6.6 points while CPS' rate went up 14.3 points.
- According to a University of Chicago study, roughly 42 percent of CPS graduates enroll in a four-year college or university – quickly approaching the national average of a 44 percent college enrollment rate.
- U.S. News and World Report heralded seven CPS high schools among the top ten schools in Illinois. Five of those schools were also ranked nationally.

# 97% of Staff Provide Direct Support to Schools



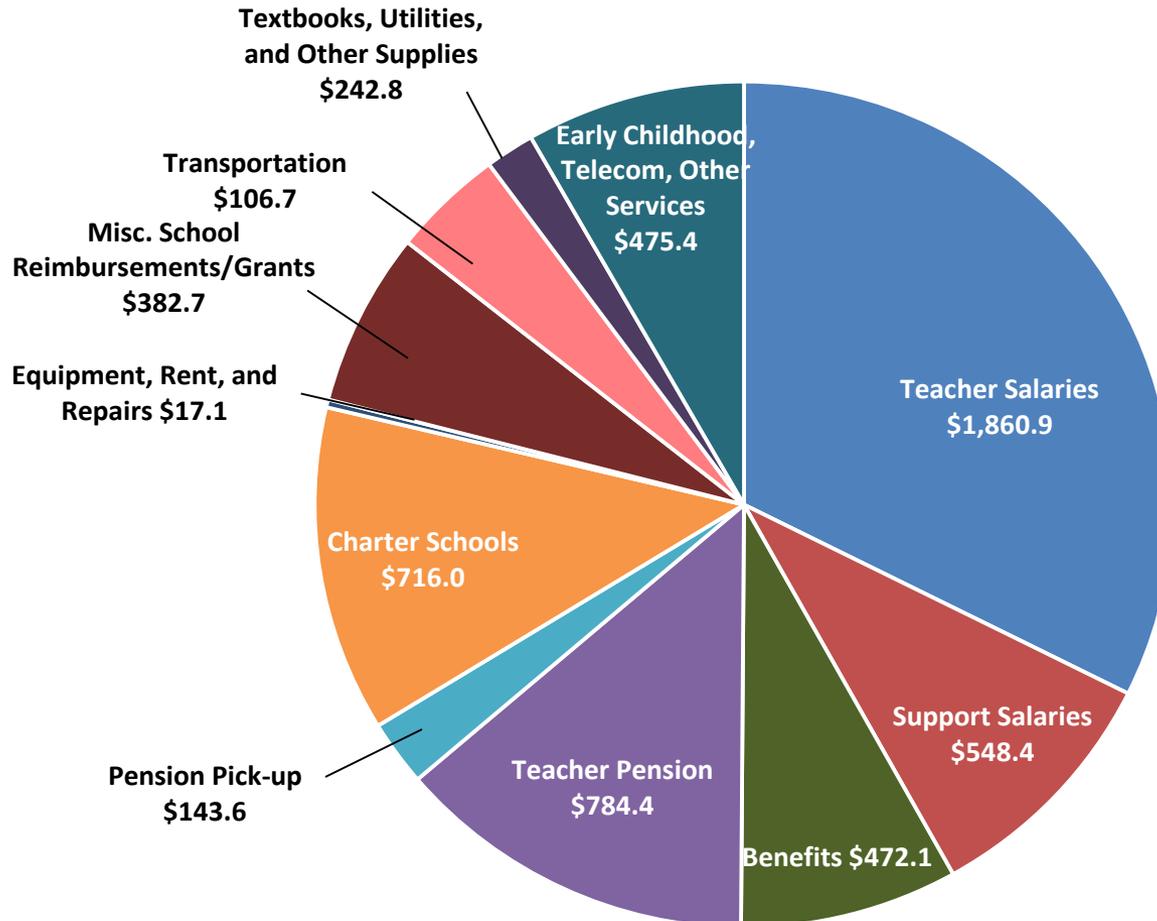
36,511 Total Positions





# FY18 Budget by Type of Spending

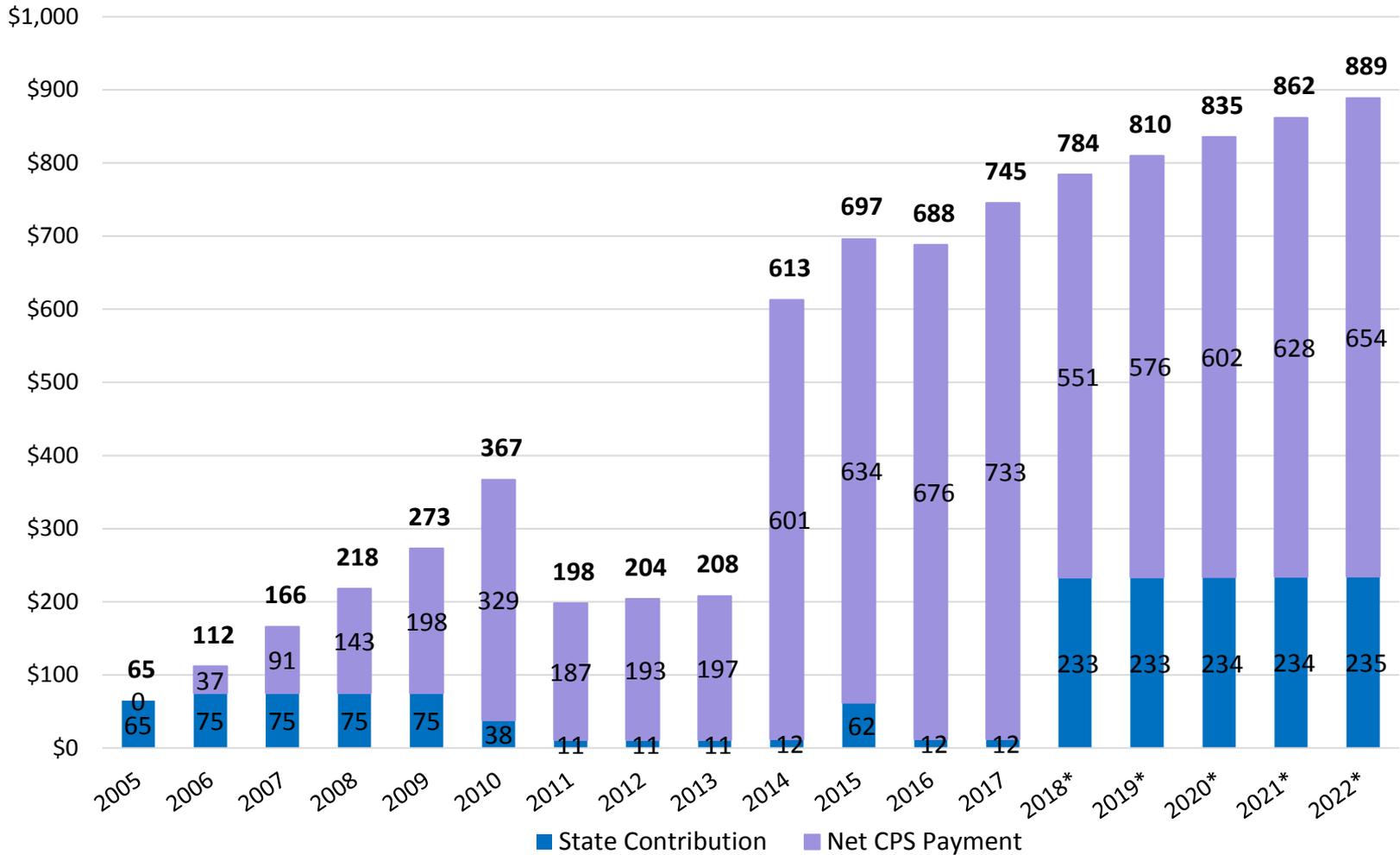
FY18 Budget: \$5,750M



**Salaries and benefits account for over 66% of the FY18 Budget.**

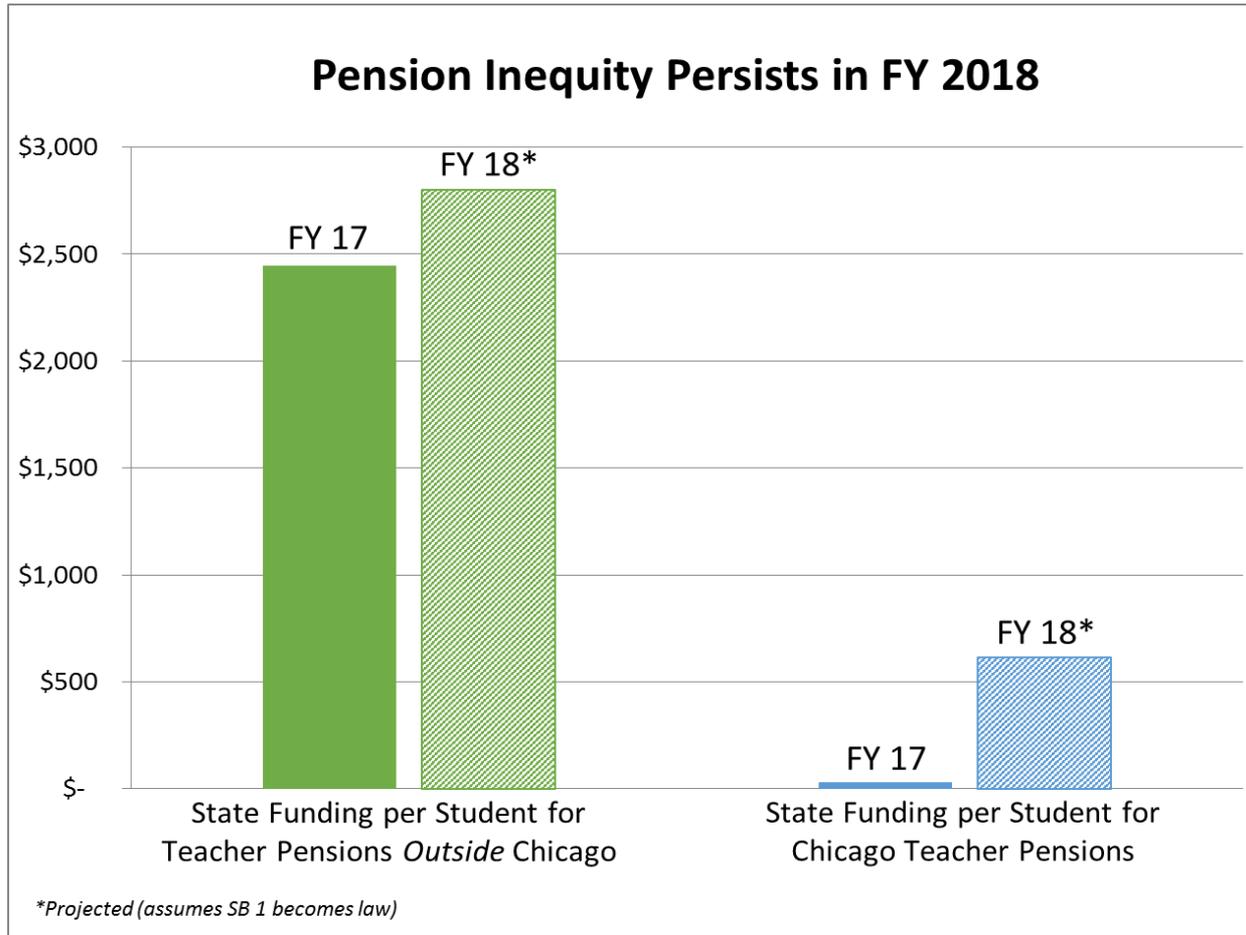
Totals in millions

# CPS Required Pension Contributions Grow Dramatically



\* Forecast based on CTPF 2016 actuarial valuation; assumes SB 1 becomes law and State \$12 million statutorily-required annual contribution remains

# State Contribution for Teacher Pensions



- CPS is the only school district in the State to fund its own pensions
- In FY17, the State contributed \$32 per CPS child for pensions versus \$2,447 per child to schools outside of CPS



# FY18 Capital Budget

- The FY18 capital budget is \$136M of largely emergency facilities repair and deferred maintenance
- In FY17, the Board approved a \$938M multi-year capital plan
  - This capital plan included \$194M of deferred maintenance projects, currently in the works
- CPS may seek to approve a supplemental capital plan
  - Additional clarity around SB1 and the other City local resources will help determine funding sources

Project	CPS Funded	Outside Funded
<b>Facility Needs</b>	<b>\$ 109,000,000</b>	<b>\$ -</b>
Priority Roof/Envelope/Mechanical Projects	\$ 73,000,000	
Emergency/Unanticipated Facility Repairs	\$ 30,000,000	
Maintenance Priorities	\$ 6,000,000	
<b>IT &amp; Security Investments</b>	<b>\$ 7,316,000</b>	<b>\$ -</b>
Student Information Systems Implementation	\$ 3,130,000	
Firewall Replacement	\$ 850,000	
Disaster Recovery	\$ 250,000	
Server Upgrade	\$ 186,000	
Accounts Payable System Emergency Upgrade	\$ 900,000	
Critical School Security Equipment	\$ 2,000,000	
<b>Capital Project Support Services</b>	<b>\$ 12,918,433</b>	<b>\$ -</b>
Program Management & Design	\$ 10,250,000	
Cost Estimator	\$ 750,000	
CPS Personnel	\$ 918,433	
Legal Fees	\$ 800,000	
Environmental Investigation for Potential Property	\$ 200,000	
<b>Potential Funding for Externally Funded Projects</b>	<b>\$ -</b>	<b>\$ 7,000,000</b>
<b>FY2018 Project Totals</b>	<b>\$ 129,234,433</b>	<b>\$ 7,000,000</b>
<b>Total FY2018 Capital Plan</b>	<b>\$</b>	<b>136,234,433</b>