



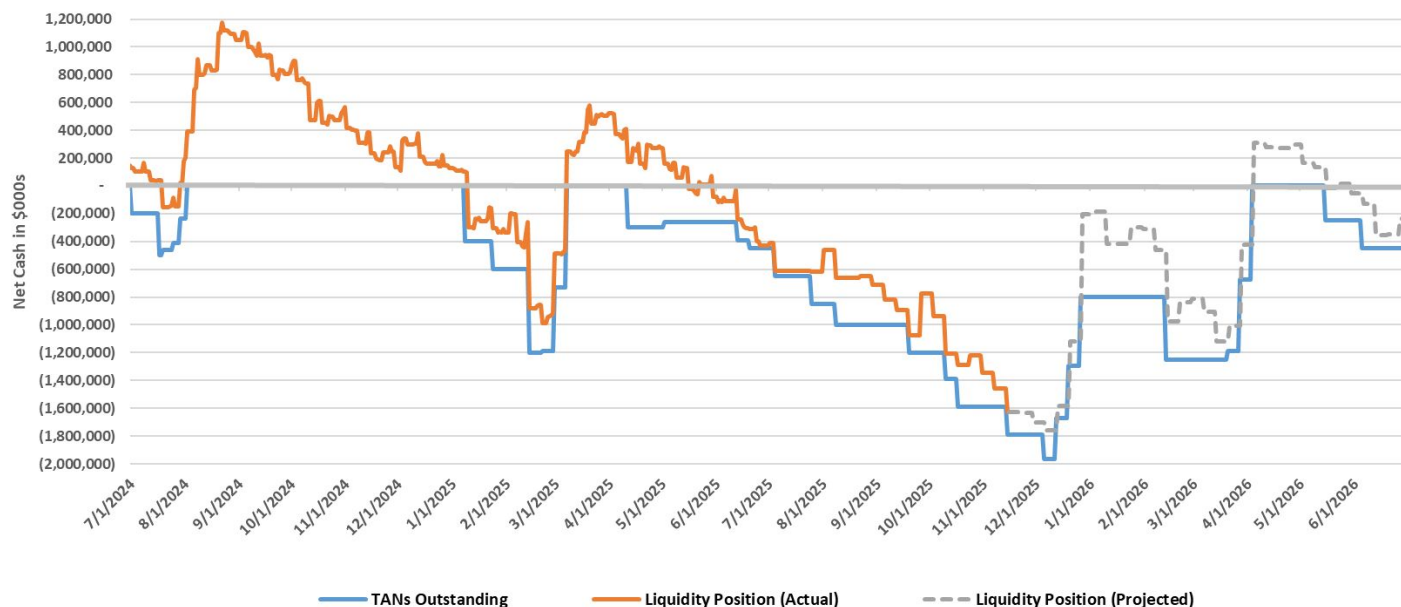
FY26 Finance Update

Special Board Meeting December 29, 2025

Cash Flow Pressures Persist for CPS

- **FY25 ended with Net Negative Net Cash of **-\$339M** which was **-\$485M** worse than FY24.**
 - Based on **\$450M** in TANS owed and a **\$111M** Operating Account bank balance.
 - Short-term borrowing (tax anticipation notes or TANS) against property taxes are used to manage and provide liquidity in between property tax due dates.
- The Current Net Negative Net Cash position grew to **\$1.982B** as of **12/26/25** before we started to receive property taxes that have been past due for 4.5 months.
- **Cook County property tax billing delays have cost CPS over \$33M in expenses** between TANS interest (\$18.9M) and CTPF interest (\$13.4M); or approx. \$220K per day.

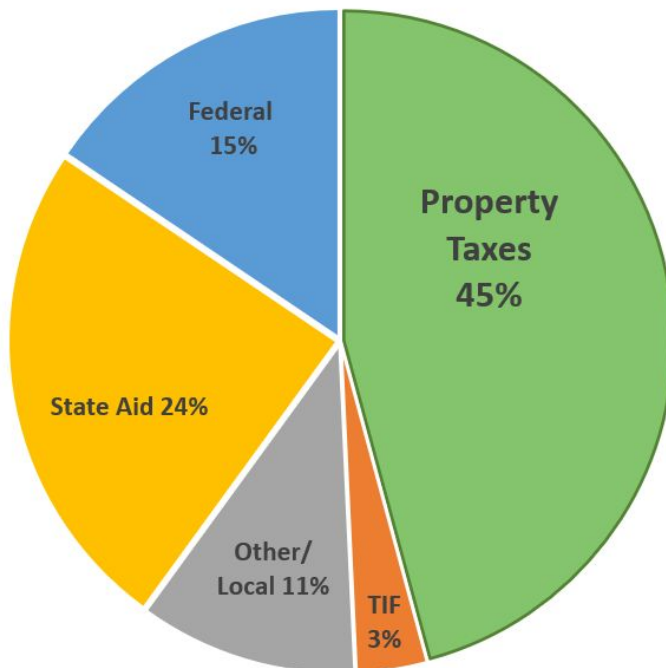
FY25-26 Liquidity Position and TANS Outstanding



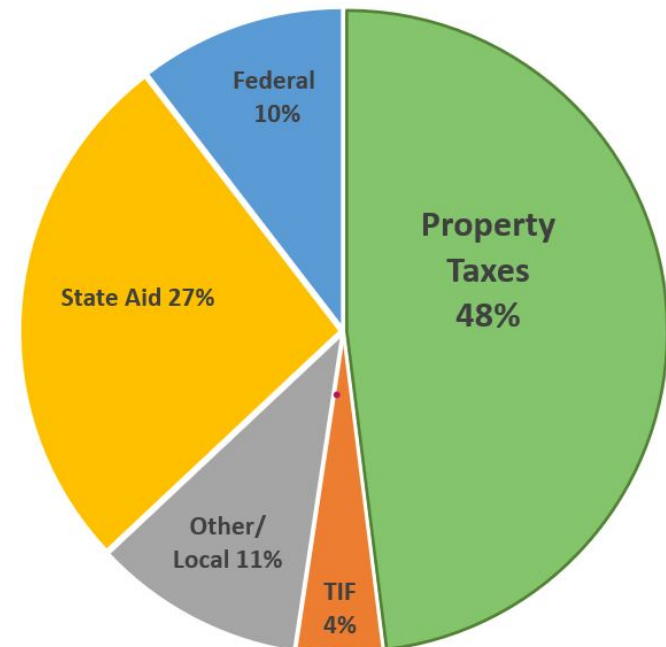
The Largest CPS Revenue Source is Property Taxes

- **Historically, Property Taxes have been the largest source of annual operating revenues at nearly 50%~ of all budgeted amounts;**
 - Property Taxes represent monies received by CPS from Cook County's assessment of tax on real estate (commercial and residential) in the City of Chicago.
 - All budgeted FY26 operating revenues totaled \$8.657B; with property tax consisting of \$4.156B or 48% of the total.

FY25 Budget



FY26 Budget



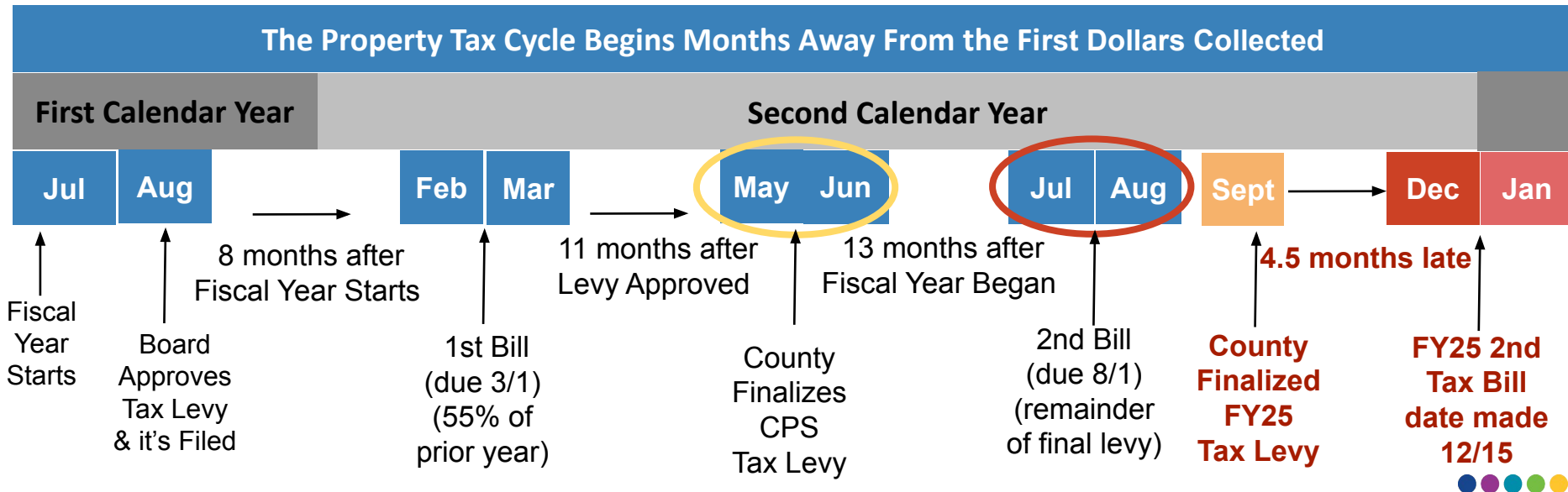
Property Tax Extension Limitation Law (PTELL)

- Property taxes equal approximately half of CPS' annual operating revenue.
- For all Illinois school districts, property taxes are the single largest source of revenue, and there is no current option for substituting them with other revenues.
- Property taxes are used to fund all CPS educational programs, pay teacher salaries and pensions, maintain buildings and provide student transportation.
- The Property Tax Extension Limitation Law (PTELL) or “Tax Cap” limits annual growth in the CPS tax levy request on existing property vs. the prior year to the lesser of the increase in the Consumer Price Index (CPI) or 5%.
- **The CPI tax cap limit for property tax increase on existing property in FY26 will be 2.9%.**

History of CPI used for the PTELL			
Calendar Year	CPI Factor	Tax Levy Year	Year Taxes Paid
2008	0.10%	2009	2010
2009	2.70%	2010	2011
2010	1.50%	2011	2012
2011	3.00%	2012	2013
2012	1.70%	2013	2014
2013	1.50%	2014	2015
2014	0.80%	2015	2016
2015	0.70%	2016	2017
2016	2.10%	2017	2018
2017	2.10%	2018	2019
2018	1.90%	2019	2020
2019	2.30%	2020	2021
2020	1.40%	2021	2022
2021	7.00%	2022	2023
2022	6.50%	2023	2024
2023	3.40%	2024	2025
2024	2.90%	2025	2026

Annual Property Tax Cycle Timeline

- Each fiscal year's budget, tax levy, and tax anticipation note authorization is typically approved each year in July or August; the levy is then filed with each county clerk.
- Cook County Property Taxes should then be due in two installments the following year:
 - The 1st installment is (typically) March 1st; it equals 55% of the prior year's total tax distribution (hence, taxpayers pay this corresponding amount).
 - The 2nd installment is (typically) due August 1st; it equals the remaining amount necessary to derive the total tax requested by the various units of local government.
- Last year's FY25 tax levy information and distribution was delayed by Cook County by over 4.5 months; affecting cash flow and the ability to more precisely estimate the FY26 tax levy



FY26 Property Levy Amendment

- The FY25 tax levy (used as the base to project FY26) was finalized by Cook County 4.5 months late and past when the Board needed to approve the FY26 tax levy.
- The tax base or EAV (equalized assessed value) of Chicago increased by approx. 10%, and was most in the last 6 years and was greater than the est. of 3.75% average used.
- The growth allows additional FY26 revenues while remaining within the tax cap limits.
- After the PTELL tax cap calculation by Cook County, the proposed revised levy with an increase of ~\$40M, could result in approx. ~\$20-25M of additional FY26 revenue.

	FY25 Extension		FY26 Extension	
	<i>Projected</i>	FINAL	Original	Amended
Operating Funds Levy*	\$3,244.7	\$3,253.1	\$3,366.8	\$3,396.7
Capital Improvement Tax Levy	106.7	106.7	106.7	106.7
Teacher Pension Tax Levy	586.2	581.1	612.6	623.2
Totals	\$3,937.6	\$3,940.9	\$4,086.1	\$4,126.6
Est. % Increase over Prior Year	4.27%	4.38%	3.80%	4.78%

* The FY26 operating levy includes, the Education, tort and special education transportation levies.



Outline of Primary Property Tax Components

- **The main components of the Proposed \$4.126B Property Tax Levy are:**
 - 1. Teacher Pension Levy (revised by ~\$11M from \$612M to \$623M requested)**
 - CPS started levying annually for teacher pensions in 2018 after receiving State approved legislation to levy at a “capped” rate of 0.567 on the CPS tax base.
 - The proposed levy aims to maintain the 0.567 tax rate.
 - 2. Capital Improvement Tax Levy (no change, \$106M requested, includes bonds of \$82M)**
 - CPS started levying this CIT levy in 2016 and may continue levying annually, increasing at rate of inflation or CPI*.
 - This levy partially supports the CPS capital budget and projects across the District.
 - The CIT levy is its own levy and it does not reduce Board’s ability to levy for operating funds, but it is within the Truth-in-Taxation calculations.
 - 3. Operating Funds Tax Levy (revised by ~\$29M from \$3.366B to \$3.396B requested)**
 - Operating funds are the Education, Tort and Special Education Transportation Levies.
 - The tax cap limits the Education and Tort levies; the transportation levy is capped at tax rate of .005% of the CPS EAV.
 - CPI has historically been the dominating limiting factor for CPS tax increases, except for 2021 and 2022, it has been less than 5% for about the past 25 years.

*Note: state statute stipulates a different time period for CPI used in PTELL and for CIT



Breakdown of Revised FY26 Property Tax Levy

- The revised FY26 CPS property tax levy request is approx. \$4.126 billion and represents an 4.78% increase over the prior year's final levy.
- The levy request is higher than the CPI limit of 2.9% to allow to accommodate an allowance of new property growth.

Corporate and Special Purpose Property Taxes (\$ in millions)	
Prior Fiscal Year 2026 Property Tax Extension	
Education Funds Levy (Operating)	\$3,304.2
Tort/ Workers Compensation Tax Levy (Operating)	86.8
Special Education Transportation Tax Levy (Operating)	5.7
Capital Improvement Tax Levy	106.7
Teacher Pension Tax Levy	623.2
Total	\$4,126.6
Percentage Increase over Prior Year	4.78%
Est. Tax Impact per \$250,000	\$8

