



CPS FY18 Budget

August 28, 2017



FY17 Budget Recap

- FY17 Amended Budget included \$5.41B of expenditures
- The Governor vetoed \$215M of state pension funding for CPS
- The State 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

- 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.

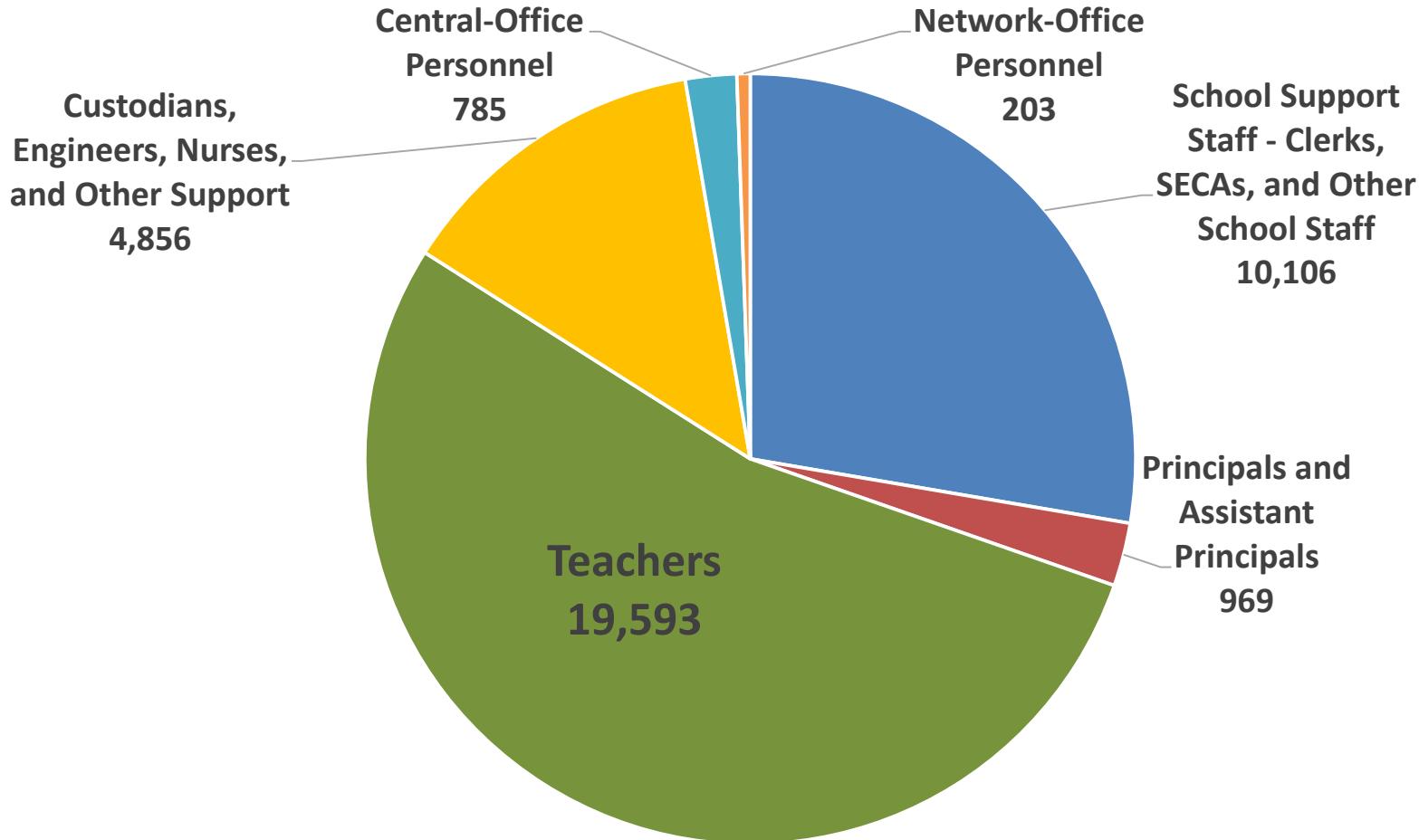


FY18 Budget Protects Academic Achievements

- 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

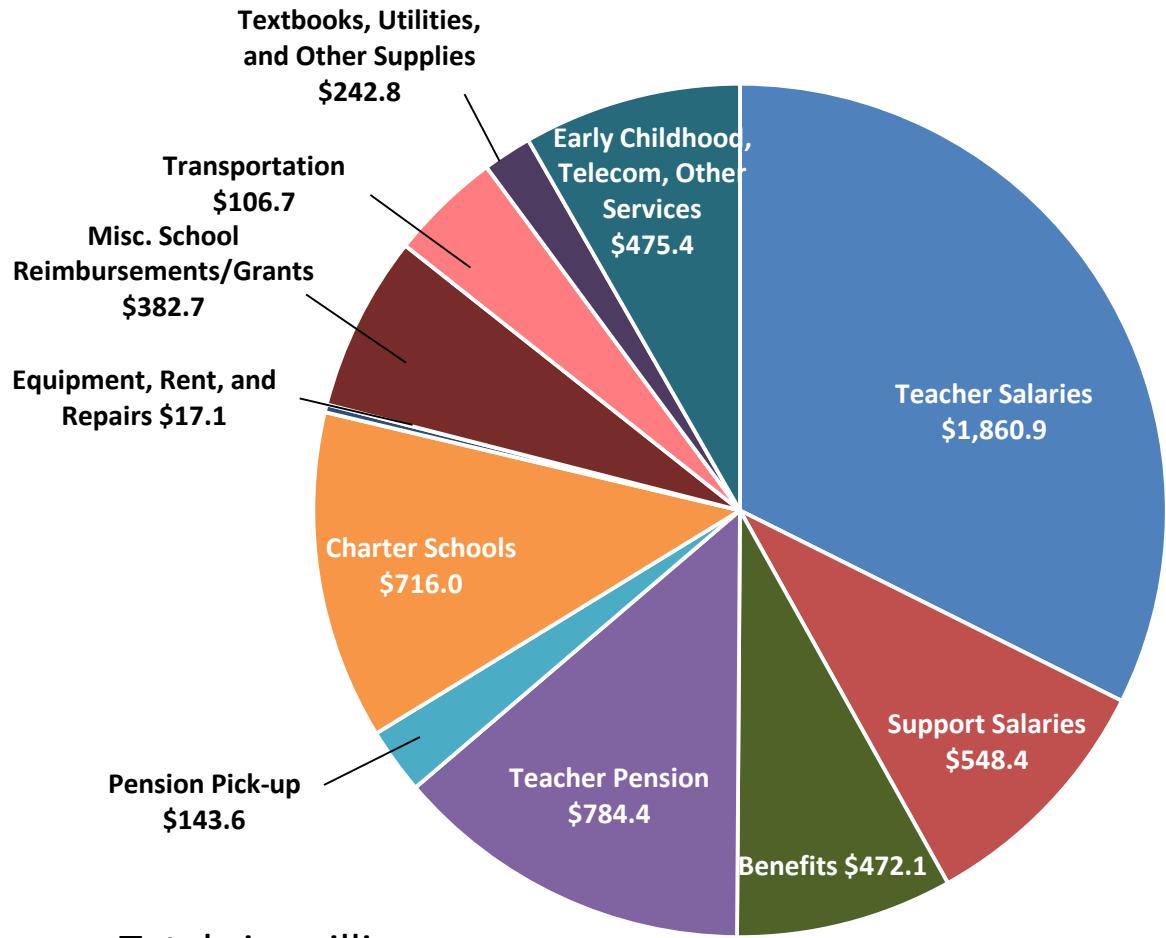
36,511 Total Positions





FY18 Budget by Type of Spending

FY18 Budget: \$5,750M

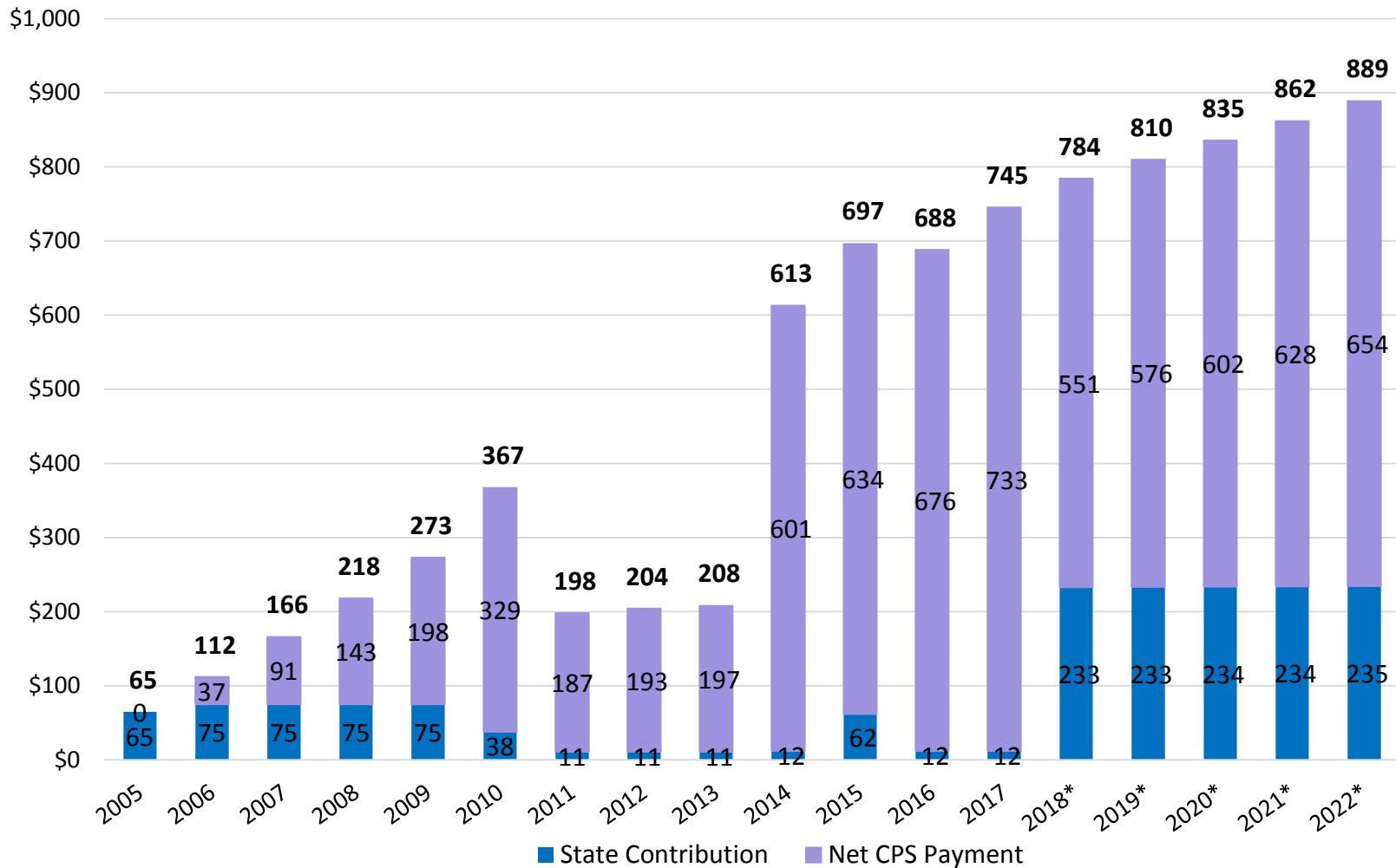


Salaries and benefits account for over 66% of the FY18 Budget.

Totals in millions



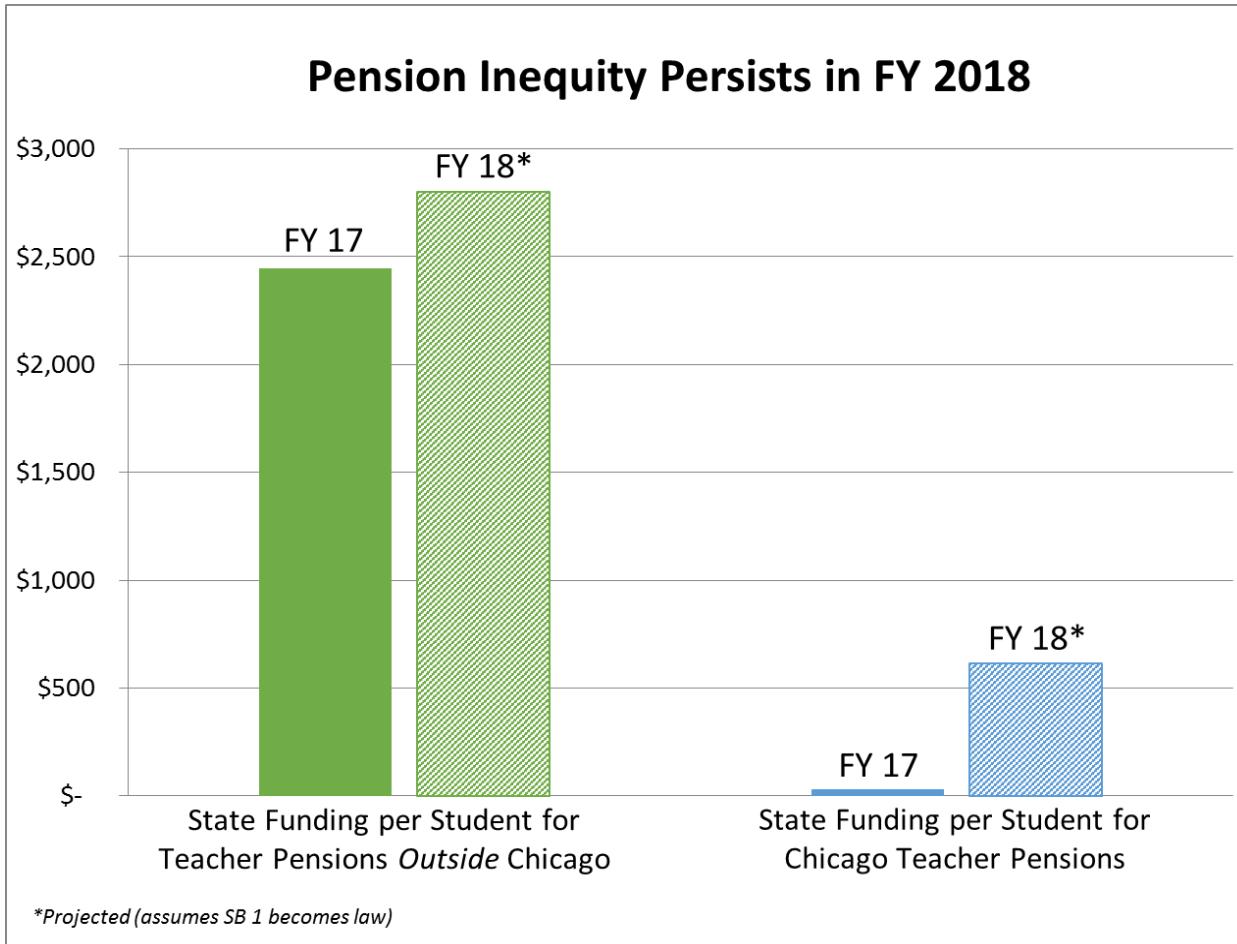
CPS Required Pension Contributions Grow Dramatically



* 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 |
|---------------------------------------------------------|-----------------------|----------------|
| Facility Needs | \$ 109,000,000 | \$ - |
| Priority Roof/Envelope/Mechanical Projects | \$ 73,000,000 | |
| Emergency/Unanticipated Facility Repairs | \$ 30,000,000 | |
| Maintenance Priorities | \$ 6,000,000 | |
| IT & Security Investments | \$ 7,316,000 | \$ - |
| 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 | |
| Capital Project Support Services | \$ 12,918,433 | \$ - |
| 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 | |
| Potential Funding for Externally Funded Projects | \$ - | \$ 7,000,000 |
| FY2018 Project Totals | \$ 129,234,433 | \$ 7,000,000 |
| Total FY2018 Capital Plan | \$ 136,234,433 | |