

FY2021 CPS Budget Overview

August 2020



FY2021 budget reflects first of its kind community engagement

- This winter, CPS engaged in a robust community dialogue around school funding
- Over 500 community members attended six school funding workshops in January and February, engaging in discussion and presenting feedback on the state of school funding
- A working group composed of parents, principals, school funding experts, and other stakeholders turned this feedback into recommendations that informed funding decisions and school support, leading to:
 - \$100K for all neighborhood schools in economic hardship areas through the FY2021 equity grant
 - Additional supports for principals and LSCs in funding allocation decisions
 - A district commitment to ongoing stakeholder engagement around school funding



FY2021 Budget overview

- The district is allocating **\$75 million** in resources to specifically address challenges created by COVID-19, which includes a variety of resources that support both remote learning and preparations for an in-person hybrid model, including computing devices, cleaning supplies, PPE and more.
- The district will invest **\$653 million** for building improvements at more than 250 schools. Priority projects include:
 - Over \$306 million to address facility needs and strengthen high-quality neighborhood schools throughout the city;
 - \$202 million in building improvements to support modern science labs, Pre-K classrooms and spaces for new high-quality academic programs; and
 - The launch of a five-year commitment to invest \$100 million in improved ADA accessibility.



FY2021 Budget overview

- For FY2021, CPS provided school leaders their budgets in April 2020, the third straight year schools received budgets in spring with funding levels guaranteed against fall changes in enrollment
- School budgets included over \$125 million in new investments, including:
 - Growing the investment in the district's equity grants to \$44 million
 - Increasing special education funding by \$97 million, the district's largest single year increase
 - Investing \$18 million to expand free, full-day pre-K
 - Providing an additional position for 30 high-needs schools to fund restorative justice coordinators, librarians, additional counselors, or other school-chosen positions
 - Continuing the district's multi-year investment in case managers by adding 40 new FTE
 - Adding 55 nurses and 44 school social workers to reach all-time high levels for each position

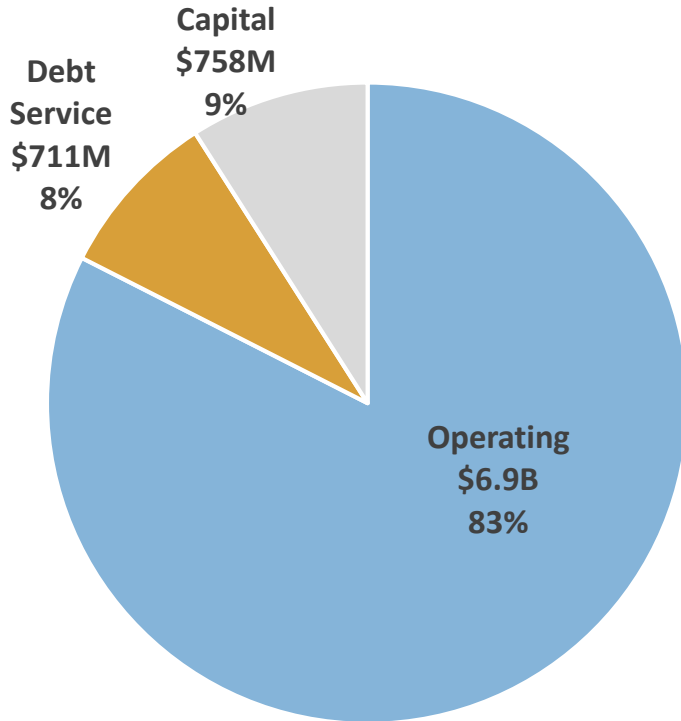


FY2021 Budget overview

- Funding for School Resource Officers in FY21 will be reduced by over 50 percent compared to last year's budget
- The FY2021 budget includes \$343 million of anticipated federal funding to close the short-term budget gap created by COVID-19
- This anticipated revenue represents a conservative estimate of potential federal funding, as proposals from both parties include K-12 funding packages that would well exceed the amount included in CPS's FY2021 budget
- The funding provides necessary support to cover emergency expenses related to remote learning and school reopening, and short-term losses in anticipated revenue driven by the state's financial position



The total CPS FY2021 Budget is \$8.4 billion



Operating Budget, \$6.9B

- Pays for the day-to-day operations
- Primarily funded through local tax revenues and state and federal funding
- The operating budget includes the following non-discretionary items:
 - \$3.7B salaries and benefits, largely governed by collective bargaining
 - \$886M in teacher pension contributions, which are governed by state statute

Capital Budget, \$758M

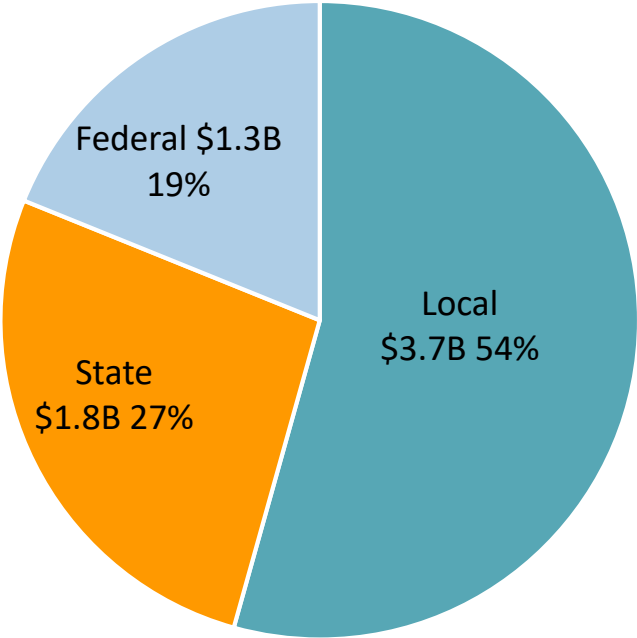
- Pays for the renovation and expansion of existing schools
- 85% of the funds are generated from the issuance of bonds

Debt Service Budget, \$711M

- Pays interest and principal on bonds
- Primarily funded through state revenues and Personal Property Replacement Tax



State revenues comprise 27% of operating revenues



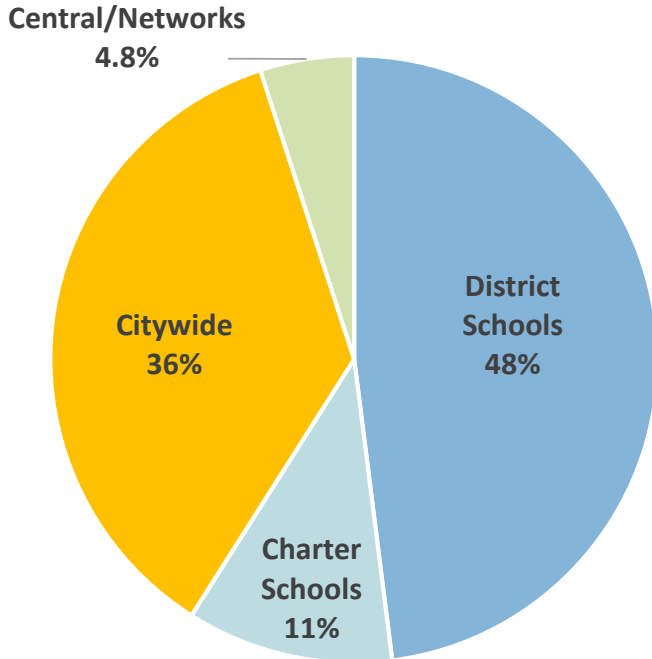
Local: 54% (\$3.75B) of operating revenues come from local sources - primarily property tax, personal property replacement tax, and TIF surplus

State: 27% (\$1.85B) of operating revenues come from the state, including EBF funding, teacher pension normal costs, and categorical grants

Federal: 19% (\$1.3B) of operating revenues come from federal sources; these include Title funding and lunchroom funding and primarily support low-income students, plus anticipated federal revenues



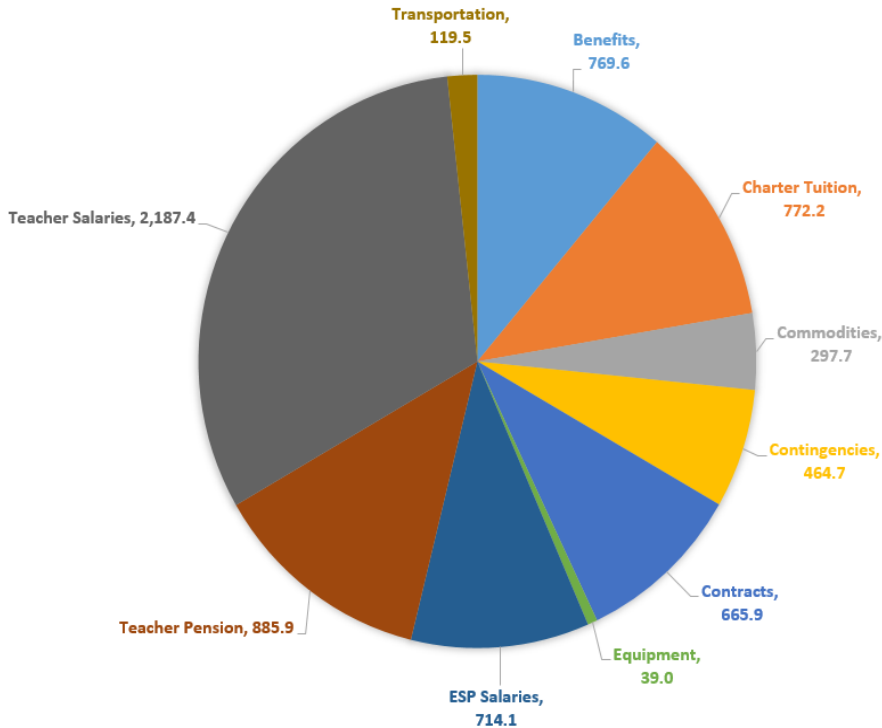
95% of the operating budget directly supports schools



- Over 95 percent of the CPS operating budget directly supports schools
- 59 percent of the budget is funding allocated directly to district, charter, and contract schools
- Citywide funding allocations (36 percent) provide centrally managed support directly to schools - including custodians, nurses, social workers, security, and other functions - and include funds transferred to schools after the start of the year (i.e. fall enrollment funding adjustments, potential grants, etc.).
- Less than 5 percent of the CPS operating budget covers central office and network costs



Salaries & benefits comprise 77% of CPS operating budget



Totals in millions

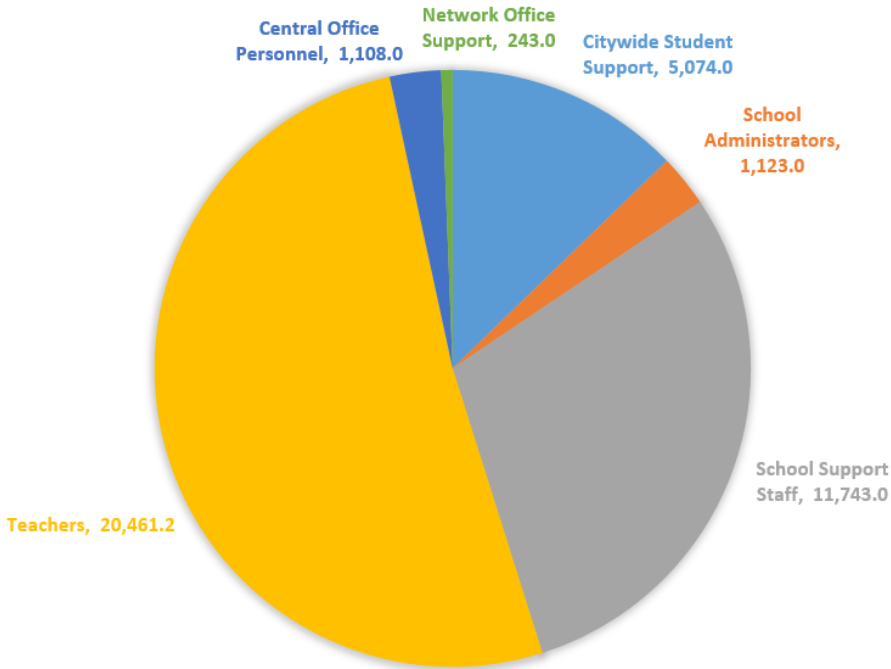
The total spent on personnel salaries and benefits is 77% when funding for charter tuition - which primarily funds salaries and benefits for charter school staff - is included.

The remaining 23% of our budget is used to pay for non-personnel expenses, including:

- Commodities, such as food and utilities
- Instructional supplies, equipment, and software
- Student transportation and building repair
- Contractual services, such as facilities management and Safe Passage



97% of FY2021 positions directly support schools

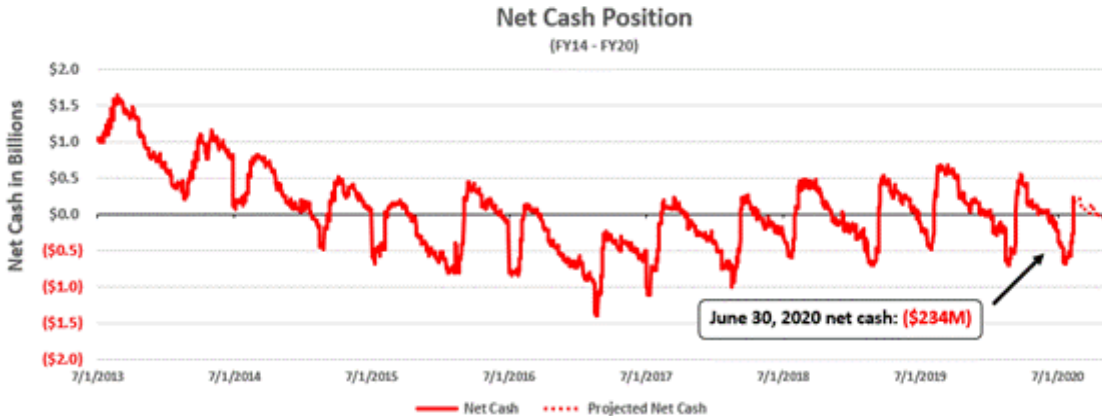


The CPS FY2021 budget includes over 39,000 FTEs, **97% of which directly support schools.**

Teachers, school support staff, and school administrators make up **84%** of CPS employees, while another **13%** provide citywide support services to schools. Less than **3%** of positions are central office administrative positions.



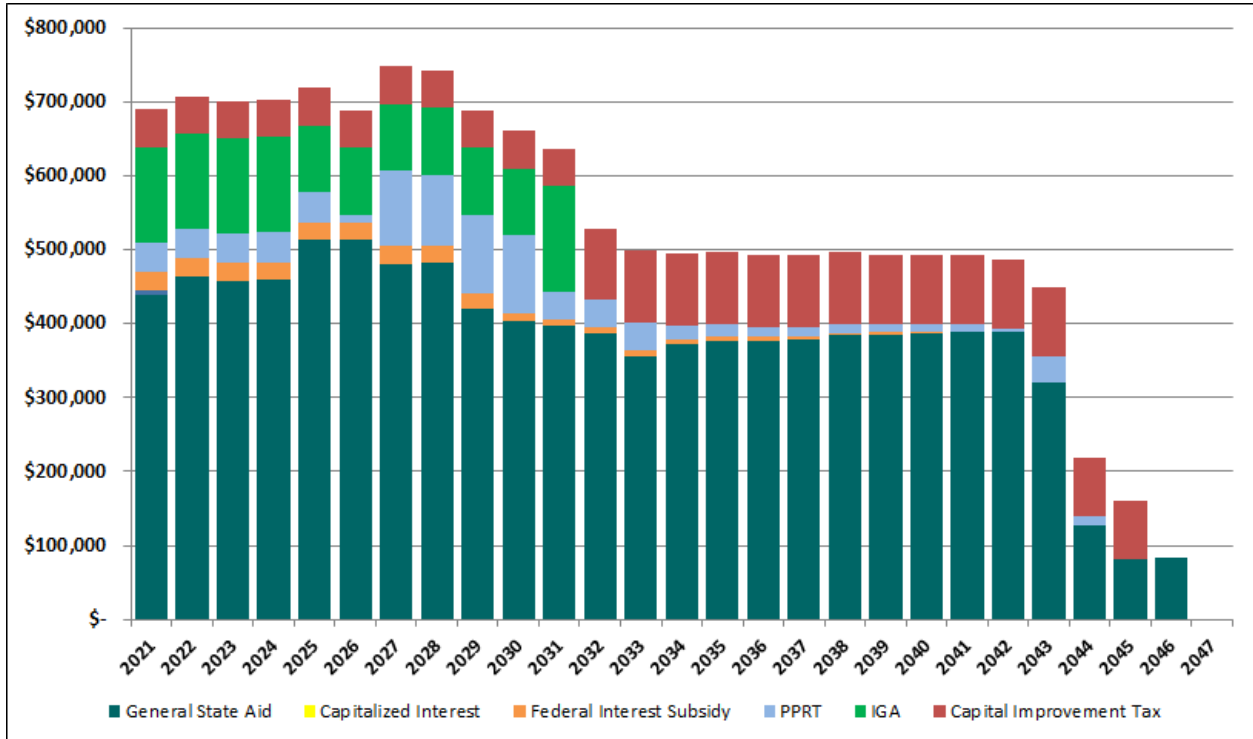
Despite an improved financial position, the district still borrows to meet cash obligations



- As of 6/30, the district's net cash position was (\$234M) and consisted of \$266M in cash balances minus \$500M of outstanding tax anticipation notes (TANS)
- \$18 million of short-term interest costs is included in the FY2021 budget
- Projecting a net negative cash position during the majority of FY2021



Payments on the district's \$8.1 billion outstanding long-term debt used to fund capital improvements

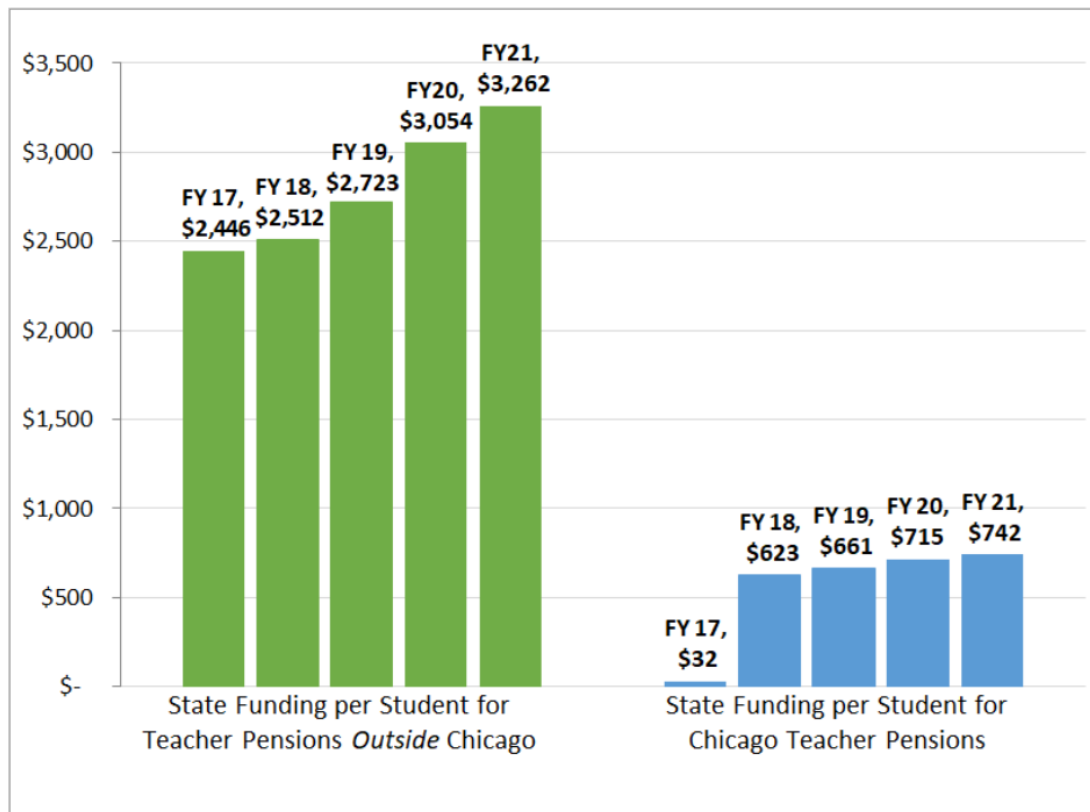


Note: Does not include future long-term bond financings

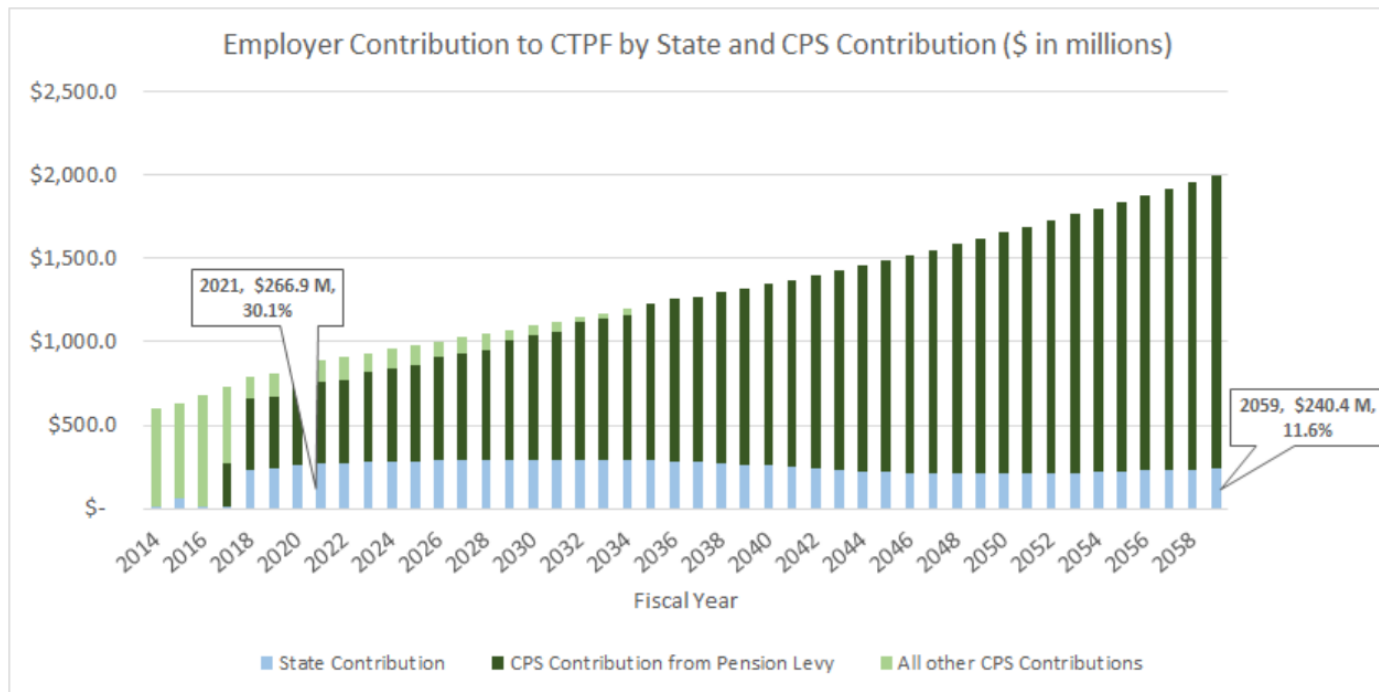
\$711 million of long-term interest costs is included in the FY2021 budget



Pension inequity between Chicago and other school districts in Illinois persists



CPS's employer pension contribution will steadily grow through FY2059



Options for balancing the budget without \$343M on federal support

- Utilize a series of financial strategies including use of debt service stabilization funds, grant contingencies, and other one-time funding options to cover costs in FY 2021
- Significant impact on the district's financial position in FY2022
- We may revisit funding decisions, as this budget fully funds schools and departmental functions
- It is essential for the federal government to protect schools across the country



FY2021 Capital budget

The FY2021 budget for Chicago Public Schools (CPS) includes a capital budget totaling \$758 million of investments that will focus on priority facilities needs at neighborhood schools; full-day Pre-K expansions; ADA accessibility; and continued expansion of technology upgrades, modern science labs, and other academic priorities.

To support schools throughout the city, the FY2021 capital plan provides funding in six main areas: critical facility needs, interior improvements, programmatic investments, overcrowding relief, site improvements, and IT and security upgrades.

FY2021 Capital Budget by Category	Budget (Millions)
Facility Needs	\$314.7
Educational Programming	\$202.0
IT, Security, & Building System Investments	\$37.0
Site Improvements	\$22.3
Overcrowding Relief	\$40.0
Interior Improvements	\$11.0
Capital Project Support Services	\$26.0
Potential State Capital Funded Projects	\$50.0
Potential External Funded Projects	\$55.0
Total	\$758.0



FY2021 Capital plan funding strategy

- The FY2021 capital budget includes \$653 million in guaranteed resources backed by anticipated bond offerings and other committed funding sources
- The plan also includes \$50 million in state funding for the construction of a new near south high school and \$55 million in other potential external funding that may arise from TIF, aldermanic menu funding, or other outside sources.

FY2021 Capital Funding Sources	Budget (Millions)
Anticipated Bond Offerings and Other Capital Funds	\$653.0
Potential State Capital Funding	\$50.0
Other Potential External Funding	\$55.0
Total	\$ 758.0

