

# FY2020 CPS Budget Overview

August 28, 2019



# FY2020 Financial Overview

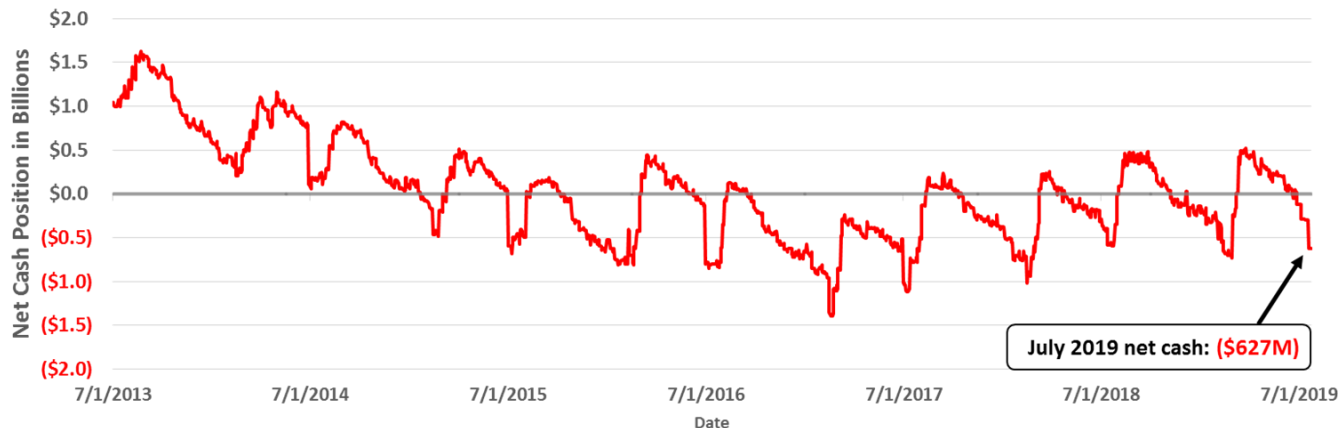
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- FY2020 budget remains balanced without major revenue risk for the third year in a row.
- The shift to the Evidence Based Formula (EBF) in FY2018 provides state revenue stability, but CPS still requires \$1.92B of additional funding from the state in order to be considered fully funded per the state's adequacy targets.
- Fund balance has been restored to positive levels and is nearing CPS' fund balance targets.
- By lowering our borrowing costs, the market has clearly stated that CPS' financial position has improved.
- Cash improved in FY2019, with short-term borrowing reduced by \$250M. CPS, however, ended the year with a net negative cash balance of (\$115M), and is projected to have a net negative cash position for the majority of FY2020.
- The Civic Federation supports the CPS budget for the second year in a row.



# Cash and TANs - Negative Cash Flow

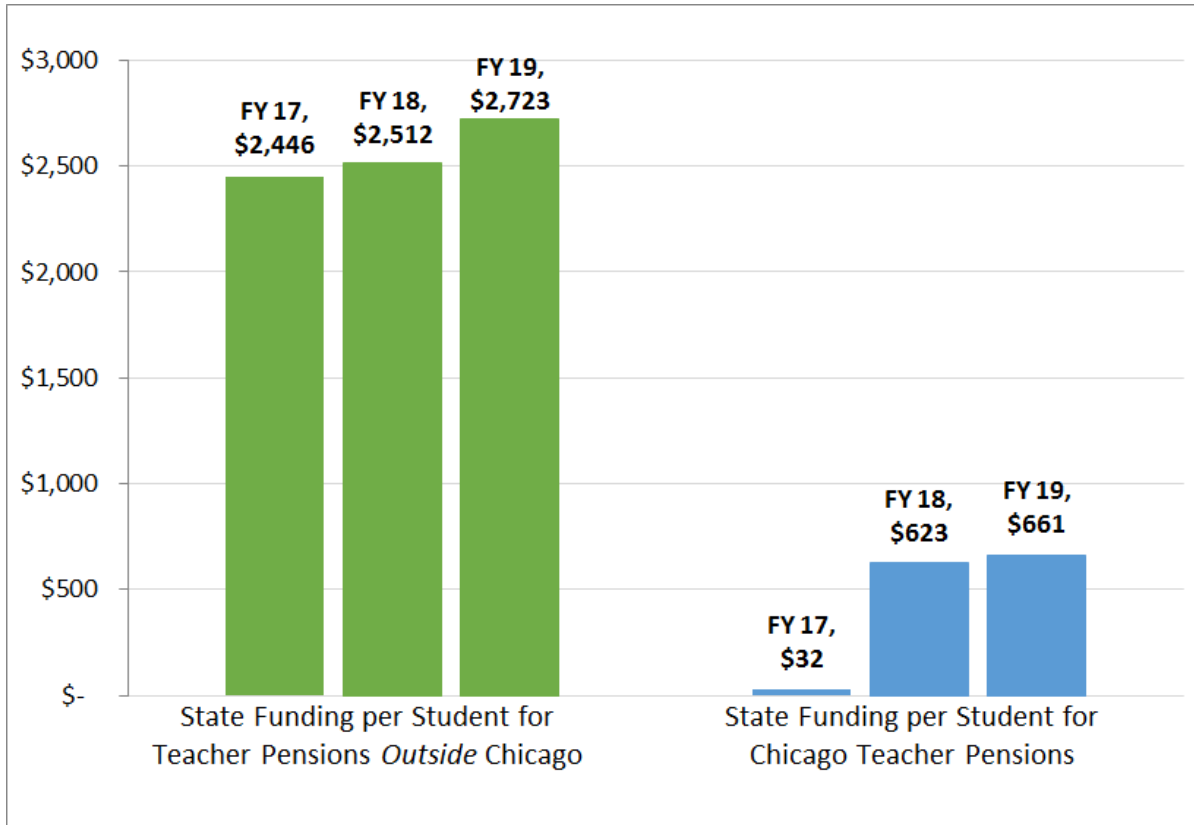
## FY14 to FY19 Net Cash Position



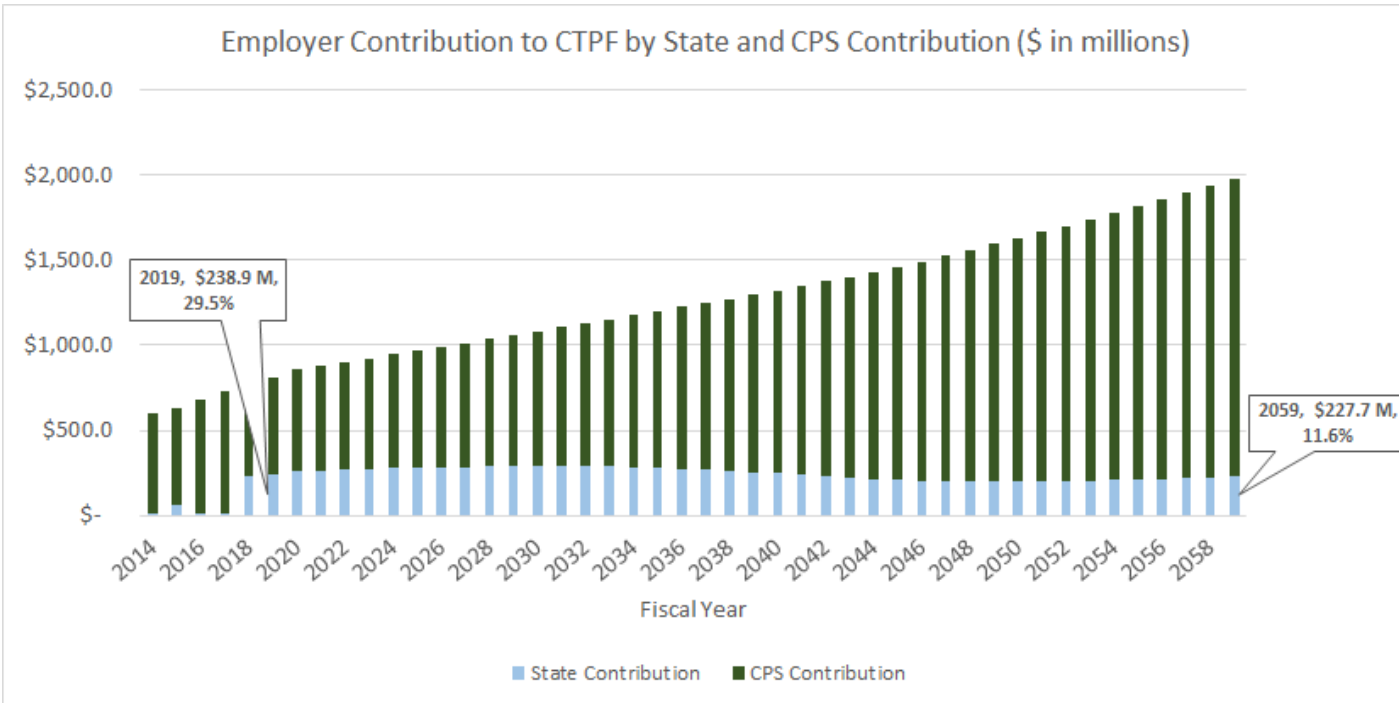
*Currently, we are also projecting a net negative cash position during the majority of FY20.*



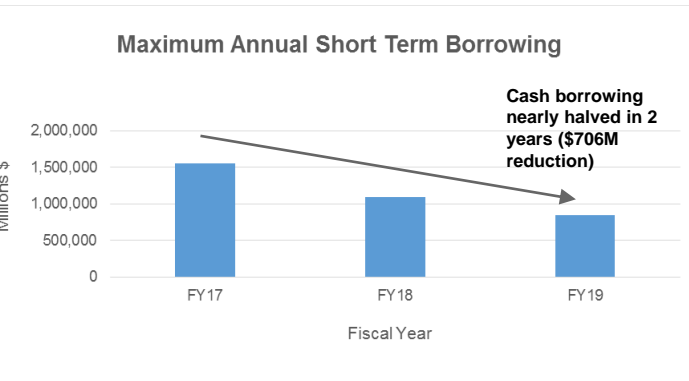
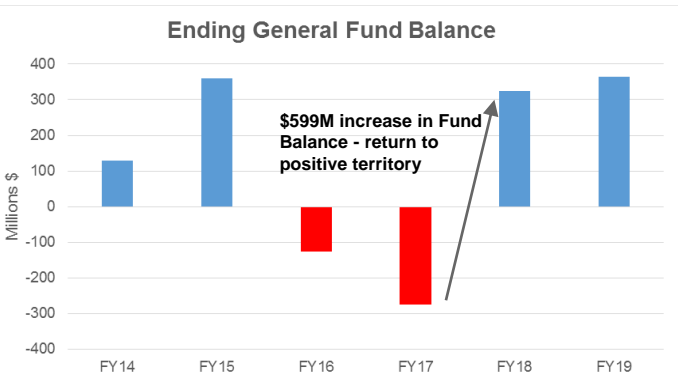
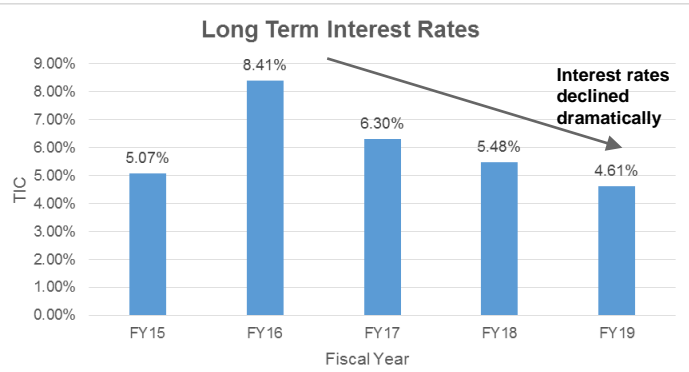
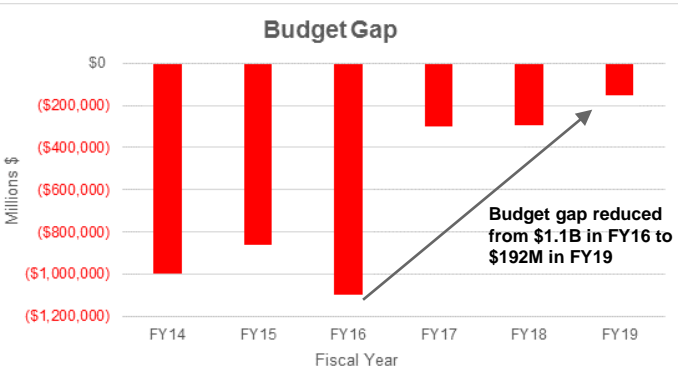
# Pension inequity between Chicago and other school districts in Illinois persists



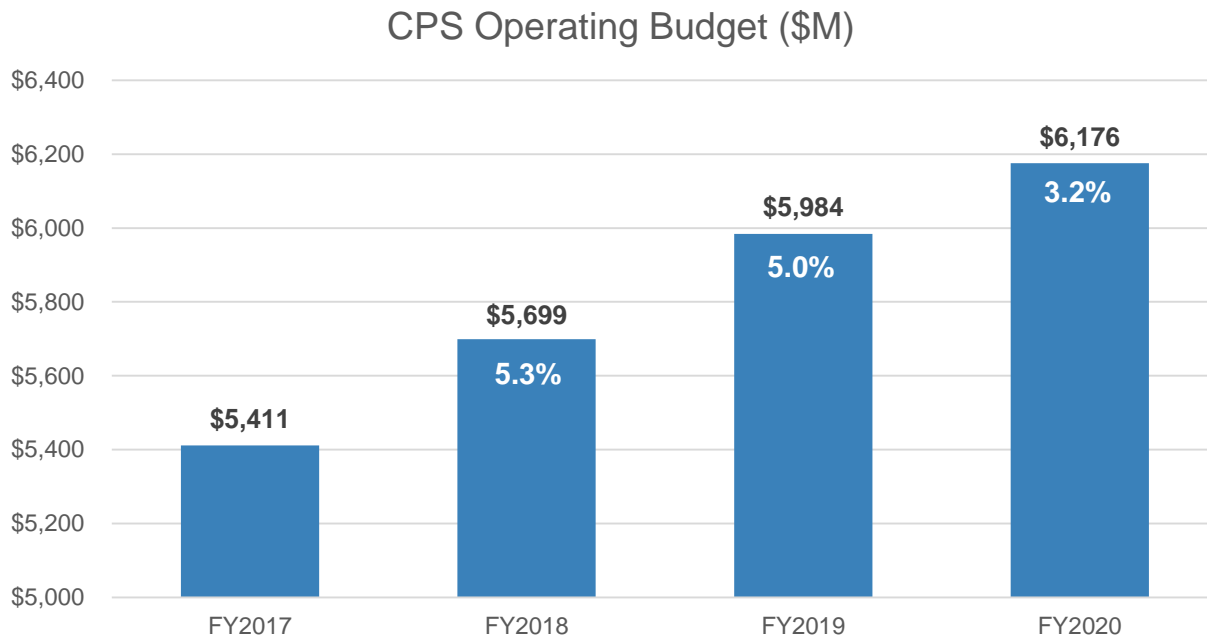
# CPS's employer pension contribution will steadily grow through FY2059



# CPS' Financial Condition Continues to Improve – By the Numbers



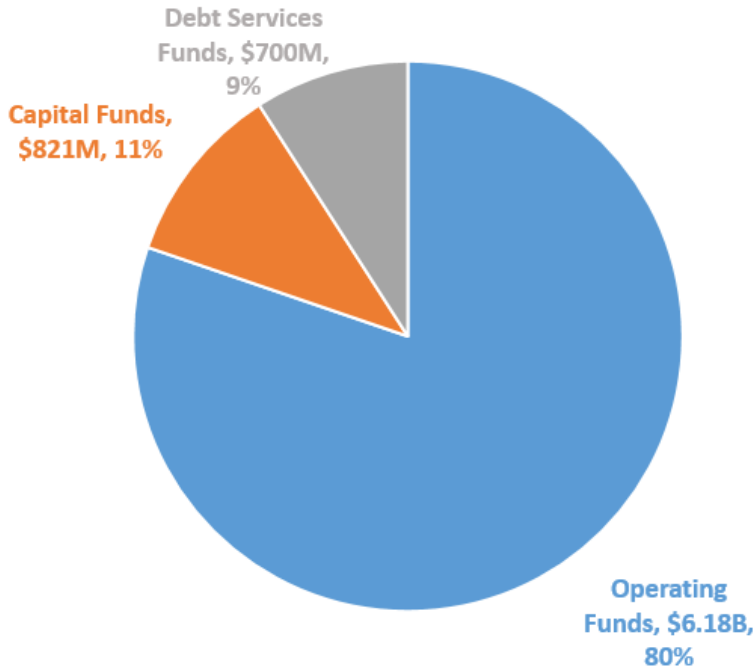
# Operating Budget Expenditures Year-Over-Year Comparison



*Percentage in bar reflects change from prior year.*



# Total CPS FY2020 Budget is \$7.7B



## Operating Budget, \$6.18B

- 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:
  - \$3.3B salaries and benefits, largely governed by collective bargaining
  - \$855M in teacher pension contributions, which are governed by state statute

## Capital Budget, \$821M

- Pays for the renovation and expansion of existing schools
- Generated largely from the issuance of bonds

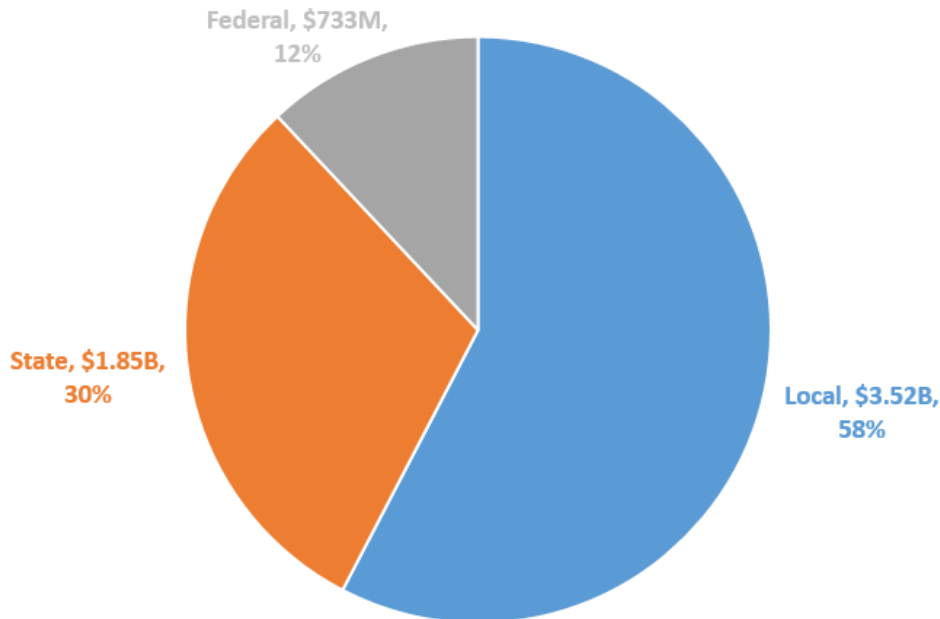
## Debt Service Budget, \$700M

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





# State Revenues Comprise 30% of Operating Revenues



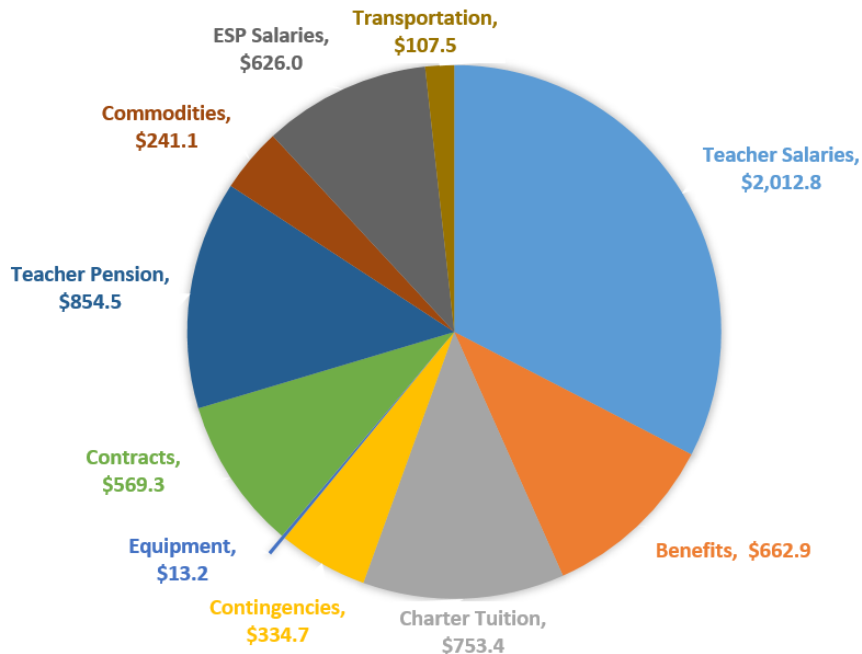
**Local:** 58% (\$3.52B) of operating revenues come from local sources - primarily property tax, personal property replacement tax, and TIF surplus

**State:** 30% (\$1.85B) of operating revenues come from the state, including EBF funding, teacher pension normal costs, and categorical grants

**Federal:** 12% (\$0.7B) of operating revenues come from federal sources; these include Title funding and lunchroom funding and primarily support low-income students



# Salaries & Benefits Comprise 80% of CPS Operating Budget



Totals in millions

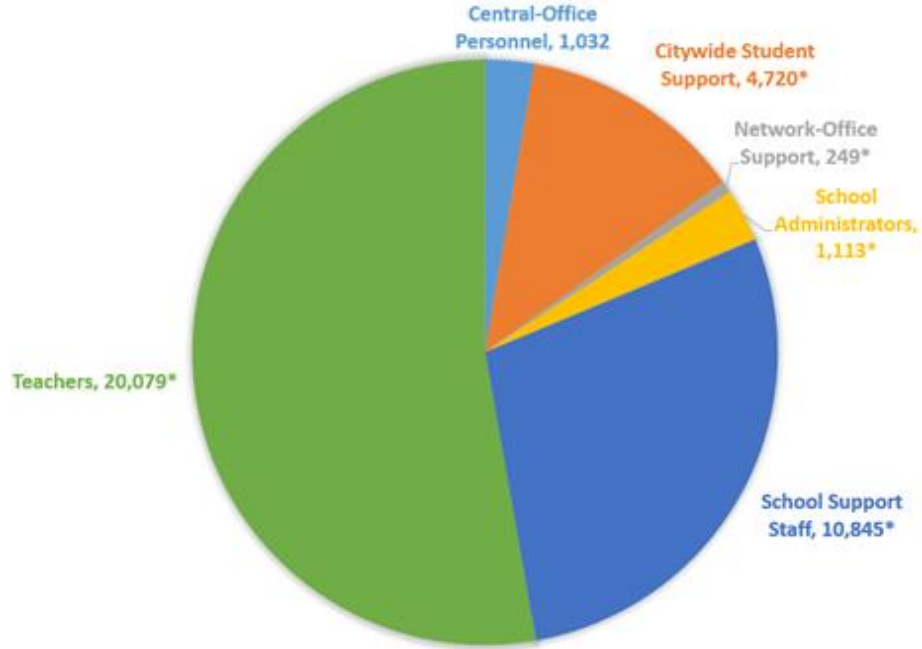
The total spent on personnel salaries and benefits is 80% when funding for charter tuition - which primarily funds salaries and benefits for charter school staff - is included.

The remaining 20% 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 FY2020 Positions Directly Support Schools



The CPS FY2020 budget includes over 38,000 FTEs, **97% of which directly support schools.**

Teachers, school support staff, and school administrators make up **85%** of CPS employees, while another **12%** provide citywide support services to schools. Less than **3%** of positions are central office administrative positions.



# Proposed FY2020 Budget Focuses on Equity

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**Critical building improvements for more than 300 schools** across the city, with 93 percent of the \$619 million in guaranteed capital funding going to schools that serve majority low-income students

\$263 million in funding for **critical maintenance projects and interior improvements** including roof, envelope, and mechanical repair and replacement, and critical interior repairs

\$30 million to launch the second phase of its **high school science lab modernization** project to add, upgrade or renovate science labs in 29 high schools.

\$85 million in **devices and infrastructure modernization** at over 130 schools to continue expanding access to modern technology

\$10.5 million for **ADA accessibility**



# Proposed FY2020 Budget Focuses on Equity

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\$30 million in **capital upgrades** and \$5 million in **school-level resources to support new programs** awarded as part of the district's new RFP process

\$120 million in capital funding - the largest-ever capital investment in pre-K classrooms - and \$27 million in programmatic resources to support **expansion of free full day pre-K**

\$31 million in **equity grant funding to 219 elementary and high schools** with low or declining enrollment to support school instructional and programmatic needs

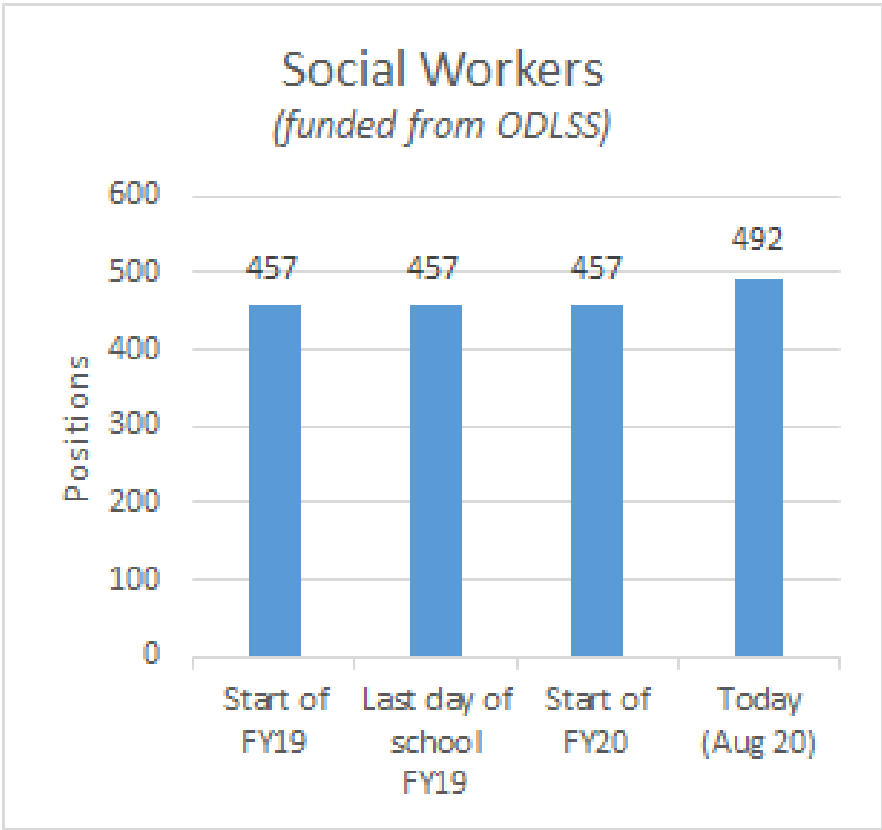
\$34 million in new **special education teachers and paraprofessionals**

\$12 million **to support English Learners** at more than 100 schools

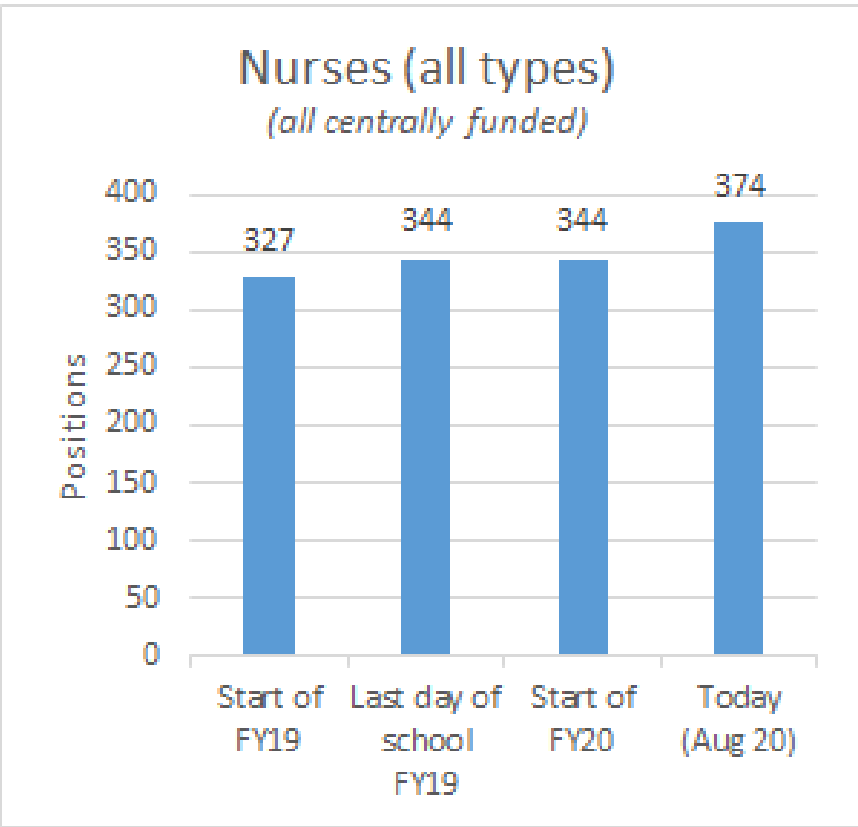
\$10 million for **nurse, social worker and case manager positions**, along with funding for recruitment and pipeline development



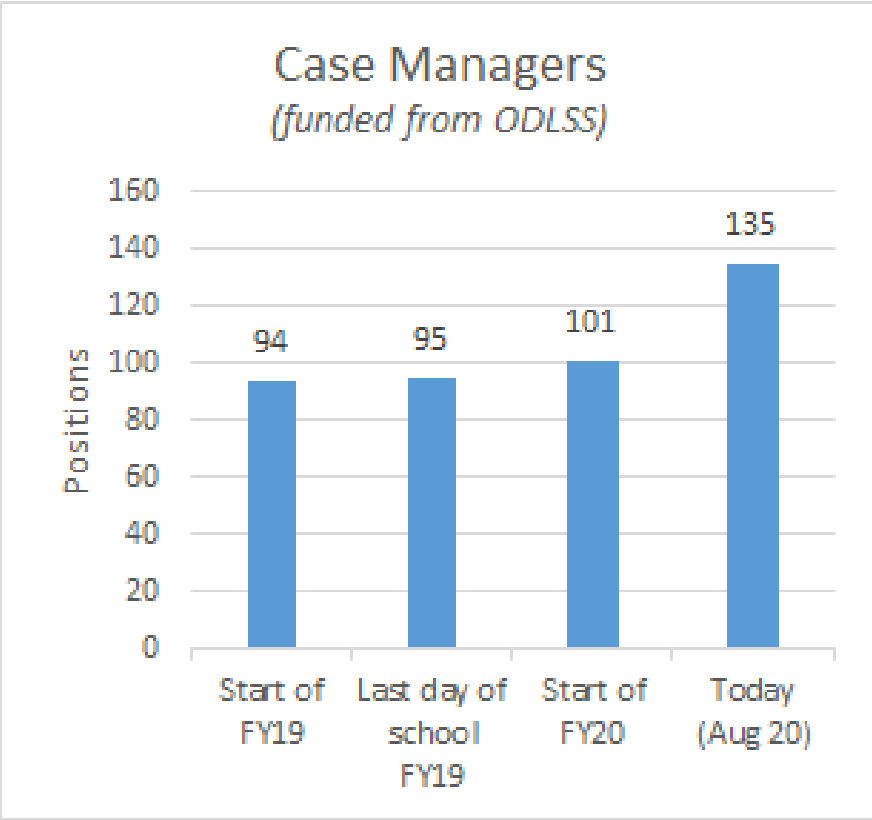
# School Social Workers



# Nurses



# Case Managers





# Stable Finances Allow March FY2020 School Budget Release

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**OVERVIEW** For FY2020, CPS provided school leaders their budgets in March 2019, continuing the precedent set in FY2019 when budgets were released months earlier than years past. School budgets reflected an increase of over \$73M over prior year.

## KEY LEVERS TO SUCCESS

- Improved budget timing & strategies were informed by feedback from principals, chiefs, and other stakeholders
- Revised school funding model aligns dollars with prior year - rather than projected - enrollment, providing funding certainty and tying to state & federal funding methodologies
- New funding strategies implemented to support schools based on need

## KEY DATA

- \$31M in Equity Grant funding was provided to 219 Elementary and High Schools with low and declining enrollment to support high quality instructional programming
- Principals finalized budgets by April, providing staff and schedule certainty before summer break
- Schools will experience no budget-based layoffs in fall, due to early budget release and guaranteed minimum funding



# In FY2020, 52% of school funding comes from SBB

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Under Student Based Budgeting (SBB), schools receive a per-pupil amount for each pupil enrolled, weighted by grade level and diverse learner category

- In FY2020, the base per-pupil rate is budgeted at \$4,507, a 2.5 percent increase from FY2019

SBB funding represents the base level of funding provided to schools for their core instructional program; \$1.36 billion dollars - 52 percent of all school-based allocations - is allocated through SBB

Schools receive additional funding based on student- and school-level need (poverty, EL status, diverse learner status, etc.) and programmatic differentiation



# FY2020 School Budget – Support Strategies

## Additional support for all schools

- **Increase to SBB base rate 2.5%** carrying forward the same COLA as the final year of CTU contract
- **Increase “Supplemental Aid” per pupil rate to \$920 per student** from \$910 per student in FY2019
- **All elementary schools will receive federal dollars** from either Title I and/or Title II to support high-quality instruction

## Targeted support for specific populations

- **\$31M Equity Grant** funding for 219 small, under-enrolled schools
- **\$12M Additional EL Funding** for schools with highest concentration of ELs
- **\$27M Early Childhood Funding** to support new full-day Pre-K classrooms
- **\$5M in new Programmatic Investments**
- **\$22M in additional Diverse Learner** teachers and paraprofessionals



# FY2020 Capital Budget

The FY2020 budget includes a capital budget totaling \$821 million of investments that will focus on priority facilities needs at neighborhood schools; the district's largest-ever Pre-K capital investment; ADA accessibility; and continued expansion of technology upgrades, modern science labs, and other academic priorities.

Critical building improvements for more than 300 schools across the city, with 93 percent of the \$619 million in guaranteed capital funding going to schools that serve majority low-income students.

Estimated Uses	
Facility Needs	\$263,150
Educational Programming	\$180,000
IT, Security, & Building System Investments	\$87,365
Site Improvements	\$44,750
Interior Improvements	\$17,340
Capital Project Support Services	\$26,000
Potential State Capital Funded Projects	\$191,000
Potential Externally Funded Projects	\$11,000
<b>Total FY2019 Capital Budget Uses</b>	<b>\$820,605</b>

Totals in thousands



# FY2020 Capital Plan Funding Strategy

- The FY2020 capital budget includes \$619 million in guaranteed resources backed by anticipated bond offerings and other committed funding sources
- The plan also includes \$191 million in potential state funding approved this spring as part of a \$45 billion state capital bill and \$11 million in appropriation for potential external funding.

Estimated Sources	
Anticipated Bond Offerings and Other Capital Funds	\$552,750
Potential State Capital Funding	\$191,000
Federal E-Rate Funding	\$50,365
Local External Funding	\$15,490
Other Potential External Funding	\$11,000
<b>Total FY2020 Capital Budget Sources</b>	<b>\$ 820,605</b>

