

# Chicago Public Schools FY2022 Proposed Budget

July 28, 2021



# CPS's FY2022 budget totals \$9.3 billion

- The proposed \$9.3 billion FY2022 budget - including over \$1 billion in federal relief funding - is a record-high investment in CPS students that promotes equity and prioritizes resources for the schools and students who need them most
- Key investments include:
  - \$225 million in additional funding for school budgets: flexible spending for schools, equity grants, enrollment funding, special ed teacher and paraprofessionals, case managers, early childhood, charter, SBB/Supplemental aid, and title funds
  - \$672 million in guaranteed capital funding equitable facility investments throughout the city
  - \$267 million to support year one of Moving Forward Together, the district's two-year, \$525 million plan to address students' social and emotional needs, accelerate student learning, and prepare students for success beyond the pandemic through a holistic, equity-based approach



# CPS's \$9.3 billion budget includes operating, capital, and debt service funds

## **Operating budget: \$7.8 billion**

- Includes CPS's day-to-day expenses - staff costs and benefits, contractual services, transportation, supplies and equipment
- Funded by variety of local, state, and federal sources; roughly half of operating expenses are funded by property taxes

## **Capital budget: \$707 million**

- Provides funding for building repairs, technology investments, and other long-term investments in district infrastructure
- Funded primarily through the issuance of long-term bonds

## **Debt service budget: \$763 million**

- Covers payments on long-term bonds issued by the district to fund capital projects
- Funded primarily through state revenues



# Public feedback informed the investments in CPS's FY2022 budget

For the second straight year, CPS engaged in city-wide public forums to solicit feedback on our approach to school funding. Feedback from the public included the following that informed major investments:

- **Increase equity in school funding:**
  - A 50 percent increase to school equity grants, now totaling \$66 million, and the use of the district's Opportunity Index to identify schools most in need of additional funding
- **Account for impact of COVID-19 on enrollment:**
  - \$32 million in new funding to mitigate the impact of COVID-19 on enrollment-based allocations
- **Provide school communities with information and training necessary to make best use of all available resources:**
  - Additional guidance and supports for principals and LSCs to support best practices in strategic allocation of funding



# The FY2022 budget includes a record \$4.4 billion in direct school funding

CPS increased school funding in the FY2022 budget by \$225 million, with new investments including:

- **\$85 million** in flexible funding to begin to address needs caused by the pandemic as part of a historical amount of additional resources invested under the *Moving Forward Together* initiative;
- **\$66 million** (increase of \$22 million from FY21) in Equity Grants to support high-needs schools and ensure all students are able to access a high-quality education;
- **\$30 million** in additional special education funding to advance equity and meet student needs;
- **\$32 million** investment to mitigate the impact of COVID-19 on enrollment;
- **\$16 million** to expand access to free full-day Pre-K; and
- **\$17 million** in additional funding to increase nurse, social worker and case manager staffing levels to an all time high in the district.



# The district's *Moving Forward Together* plan makes an unprecedented investment to address the impact of COVID-19

Informed by feedback from school leaders, teachers, students, parents, and community partners, the district's two-year, \$525 million *Moving Forward Together* provides funding to address the pandemic's impact on student learning and social and emotional needs.



# The district's *Moving Forward Together* plan makes an unprecedented investment to address the impact of COVID-19

The initiative includes:

- **\$160 million in flexible school funds:** Flexible resources for all school communities — above and beyond the funding provided through school budgets — with a focus on communities hardest-hit by the pandemic.
- **\$165 million in priority resources for all:** Evidence-based academic & social-emotional resources administered by the district.
- **\$201 million in targeted student supports:** Resources focused toward priority student groups.

**\$267 million of the total investment is included in the FY2022 budget.**



# Federal funding provides vital resources to address student needs

Like districts throughout the country, COVID-19 has impacted student learning and social and emotional needs, driving the need for new investments in an environment with limited revenue growth.

To meet the needs of our students in this time, the FY2022 budget includes \$1.06 billion of ESSER II & III funding to address students' needs aligned to the three ESSER priority areas:

- 1) Emerging stronger post-pandemic, with a focus on a safe return to in-person instruction;
- 2) Maintaining continuity of service including maintaining staffing and adding additional resources in schools; and
- 3) Resource equity addressing the disproportionate impact of COVID-19 on communities of color and communities experiencing poverty



# Federal funding provides vital resources to address student needs

The **\$1.06 billion** of ESSER funding in the FY2022 budget will be invested in the following:

- **\$267 million** for the first year of the 2-year, \$525 million Moving Forward Together plan
- **\$132 million** to support student re-engagement & school opening costs in the fall, covering one-time costs related to technology, PPE, cleaning & maintenance, vaccination efforts, and other transition costs
- **\$100 million** for air quality projects
- **\$288 million** for school-based programmatic investments, for increases in equity grants, special ed, early childhood & new academic programs
- **\$178 million** for school-based instructional positions
- **\$95 million** for a proportionate share of ESSER funding for charter & contract schools

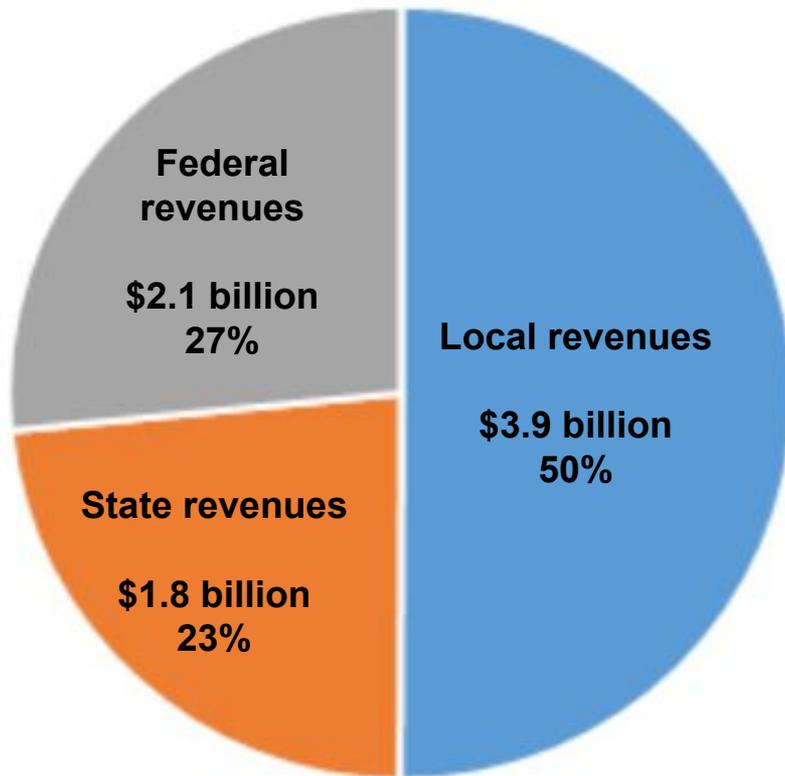
Note: No federal funds are being allocated for debt service payment.



# Operating Budget



# Chicago taxpayers fund 50 percent of CPS's operating budget



## Total Revenues \$7.8B

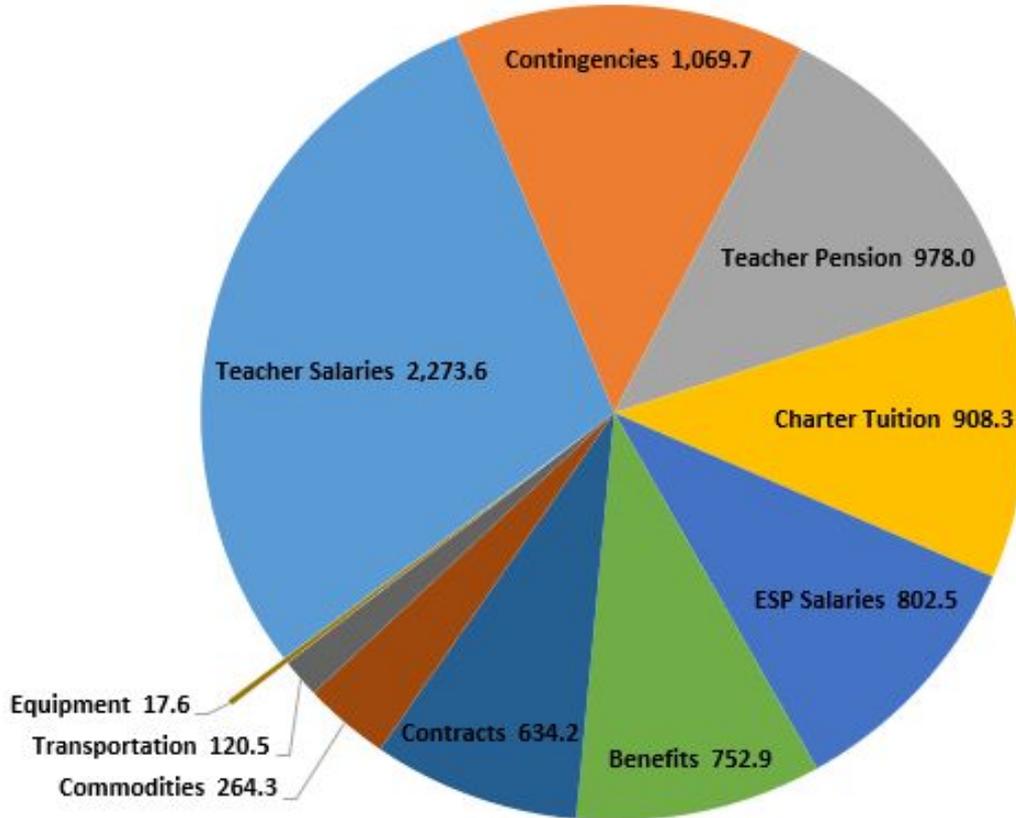
**Local:** 50% (\$3.9B) of operating revenues come from local sources - primarily property tax, personal property replacement tax, and TIF surplus

**State:** 23% (\$1.8B) of operating revenues come from the state, including EBF funding, teacher pension normal costs, and categorical grants

**Federal:** 27% (\$2.1B) of operating revenues come from federal sources; recurring sources include Title funding and lunchroom funding and primarily support low-income students; federal relief funding (ESSER II & III) adds significant one-time revenues to the FY22 budget



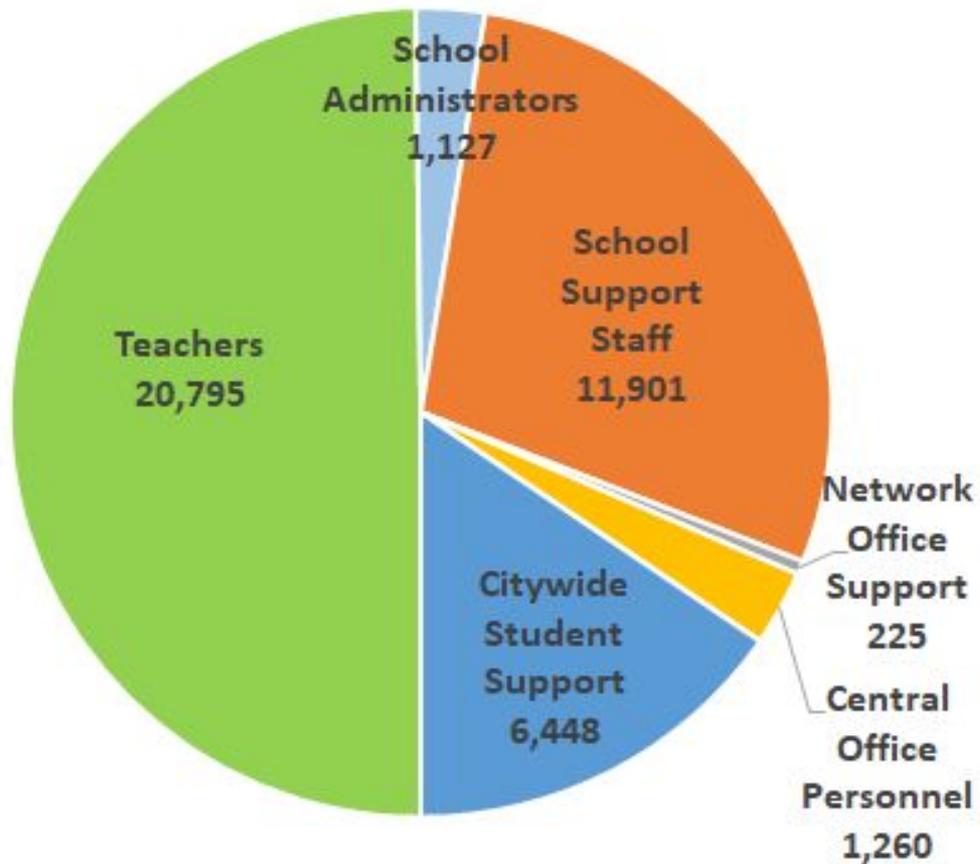
# Salaries and benefits comprise 77% of CPS operating budget expenses



- 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



# Over 96% of Employees Directly Support Schools



- The CPS FY2022 budget will include over 41,756 FTEs, **over 96% of which directly support schools.**
- Teachers, school support staff, and school administrators make up **81%** of CPS employees, while another **15%** provide citywide support services to schools.
- Less than **4%** of positions are central office administrative positions.



# The FY22 proposed budget reflects additional investment in school FTE

	FY2021 FTE	FY2022 FTE	Increase or (Decrease)
Teachers	20,461	20,795	334
School Administrators	1,123	1,127	4
School Support Staff	11,743	11,901	158
<b>Grand Total</b>	<b>33,327</b>	<b>33,823</b>	<b>496</b>

In FY2022, 281 schools increased staff from FY2021, and another 78 maintained existing staff numbers.

In all years, principals and LSCs make resource allocation decisions that impact the school staffing structure. For FY2022, CPS had the 3rd lowest number of teacher layoffs and the lowest number of non-teacher layoffs of any year in the past 13 years.

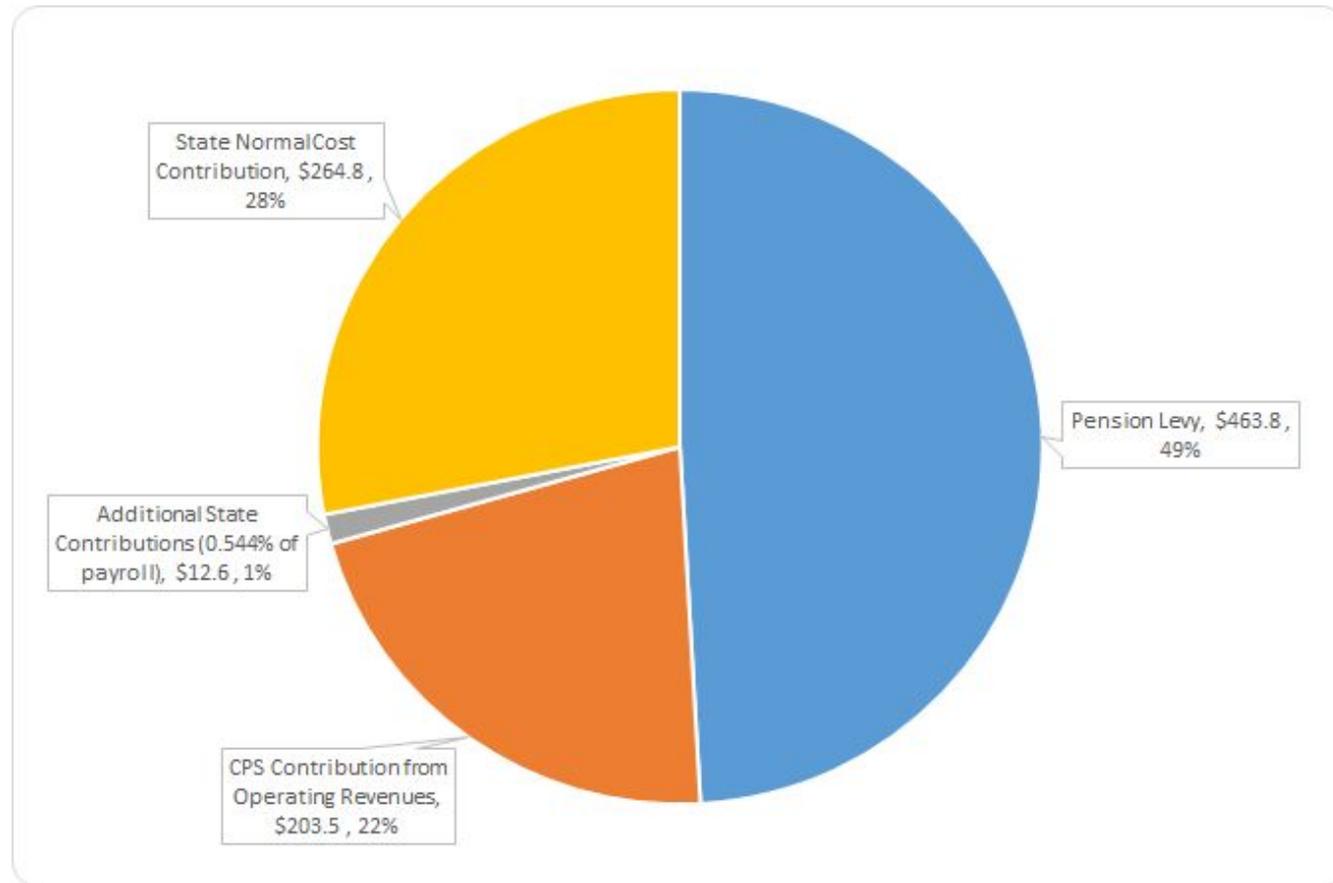
With newly added positions and backfilling for vacancies, CPS expects to make 2,000 hires for next school year (SY2021-2022).



# Teacher pension liabilities remain source of funding inequity

Despite actions in recent years to improve funding for teacher pensions, CPS remains the only district in the state required to fund its own teacher pensions.

The state covers only \$277 million of the district's required \$945 million FY2022 pension payment, leaving the remaining \$668 million to be funded by Chicago taxpayers with dollars that could otherwise be invested in classrooms.



# Capital Budget



# CPS's capital budget provides \$672 million of guaranteed funding

The FY2022 capital budget makes \$672 million in equitable capital investments to ensure schools are ready to welcome students back full-time in the fall and support 21st-century learning environments.

Investments include:

- \$100 million in federal funding to support significant capital mechanical renovations and address air quality at 17 campuses.
- \$328.6 million in funding for critical maintenance and interior improvements, including roof and envelope repairs, modular refurbishments, and other building improvements
- \$20.5 million to increase ADA accessibility in 33 schools
- \$80 million to complete the remaining Pre-K expansions and conversions for the 2021–22 and 2022–23 school years.
- \$30.5 million in building modernization to ensure all schools are able to support 21st century learning environments.
- \$37.6 million to design and build new playgrounds, playlots, and school yards at over 30 schools across the city.
- \$48.4 million to upgrade school network infrastructure to address equitable connectivity, replace aging technology, and provide new security equipment.



# CPS's capital investments are funded primarily through bond proceeds

In addition to bond proceeds and confirmed external funding, the capital budget includes \$35 million for potential external funding in FY2022.

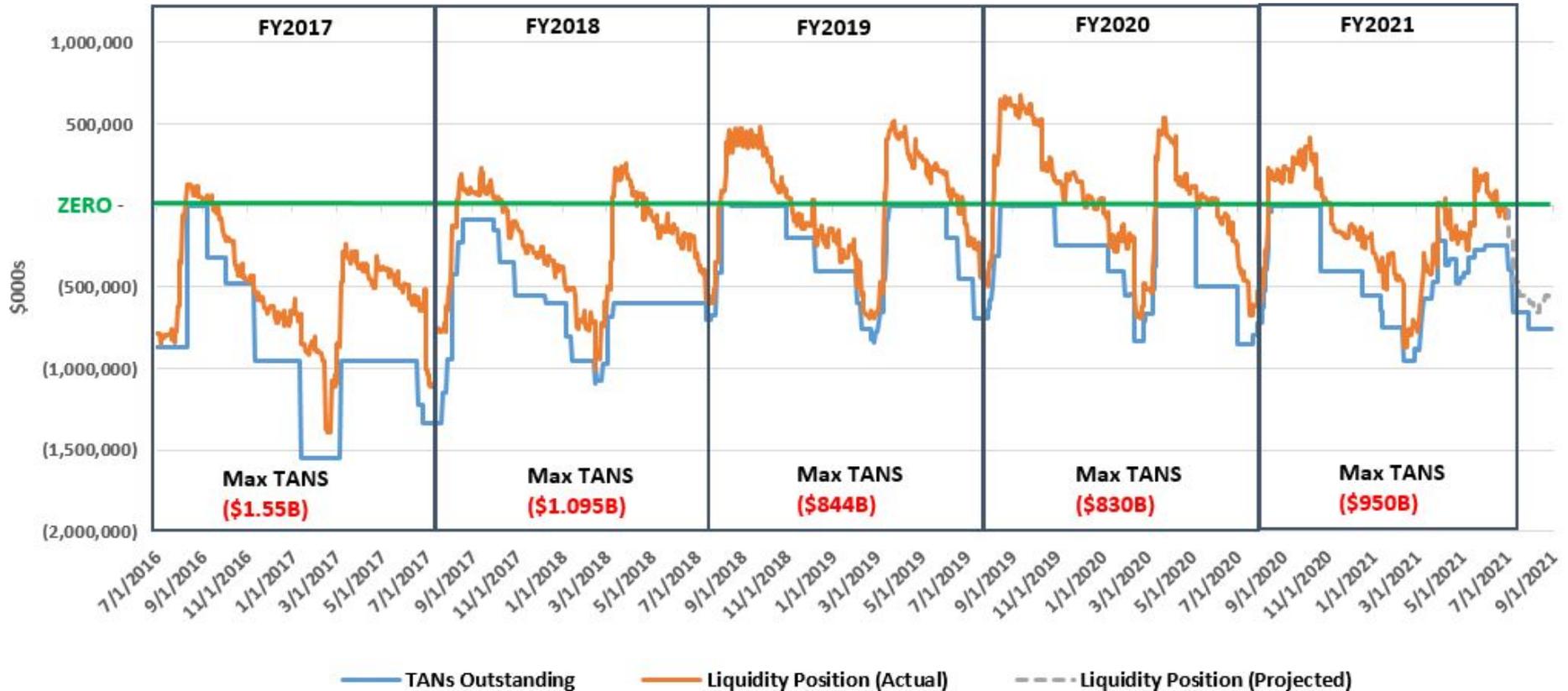
<b>Estimated Sources (in millions)</b>	
Anticipated Bond Offerings and Other Capital Funds	\$554.2
Federal ESSER III Funding	\$100.0
Confirmed External Funding for Space to Grow and ITS Projects	\$17.4
Other Potential External Funding	\$35.0
<b>Total FY2022 Capital Budget Sources</b>	<b>\$706.6</b>



# Liquidity and Debt Service



# TANs Use has Declined But Still Largely Remains Until Fund Balance Increases

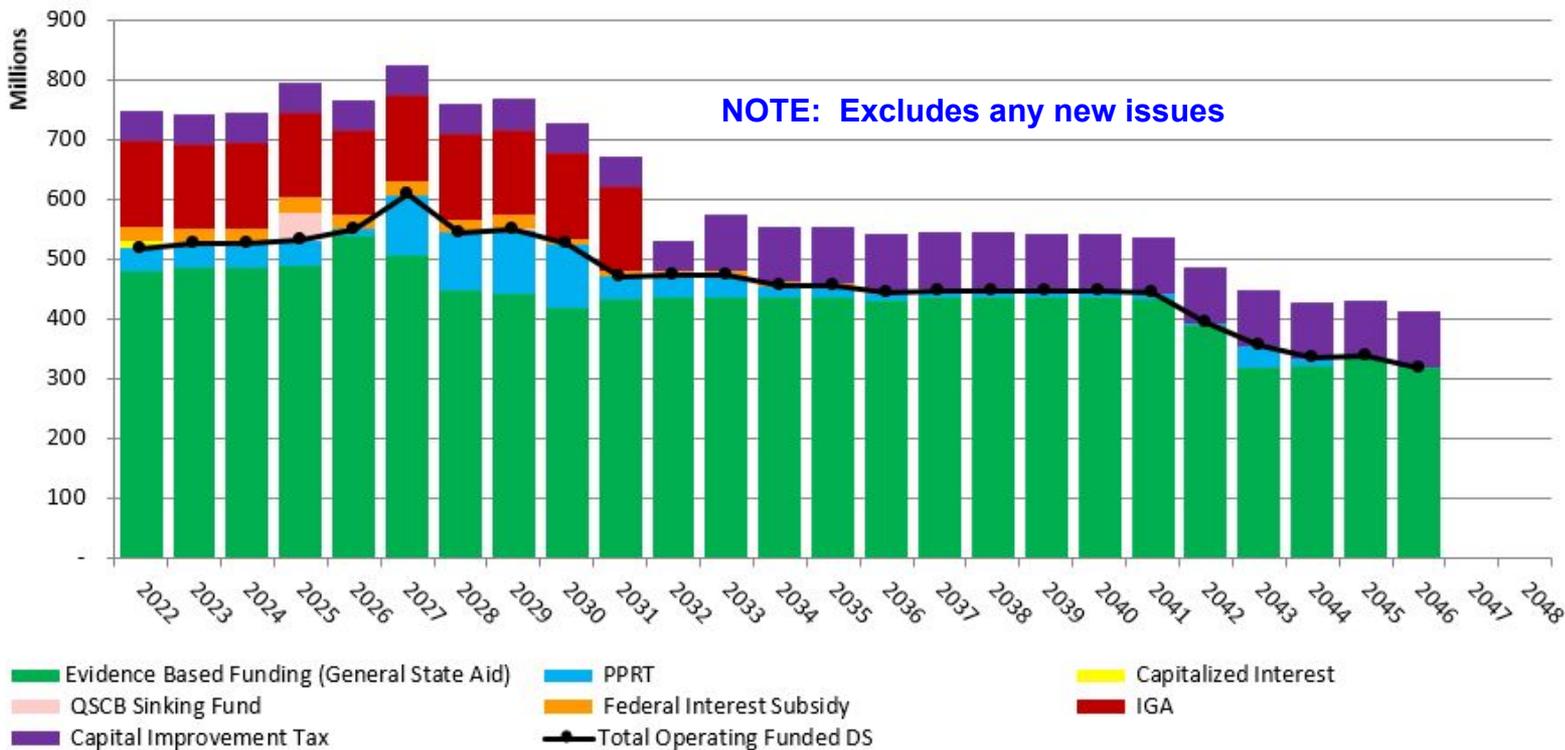


- **MAX TANS** owed in FY21 was \$950M on 2/15/21; as of 6/30/21 TANS were at \$244M; TANS use will continue into FY22 to support liquidity as needed



# CPS Long Term Debt Repayment of \$8.4B

## Long Term Debt Service by Funding Source



- **CPS Long Term Debt funds capital plans and building improvements throughout the District; it is primarily repaid by operating revenues**



# Closing



# Despite federal relief, CPS remains greatly underfunded

Across the three rounds of federal ESSER relief funding, CPS will receive \$2.8 billion in short term stabilization dollars over five years, from FY2020 to FY2024, funding that will allow CPS to:

- meet new needs of students and schools resulting from the pandemic
- fulfill existing commitments to district priorities and contractual obligations, and continue to invest in areas that have driven student growth

Despite this additional funding, CPS's recurring revenue sources provide only **66 percent** of what the district needs to be adequately funded, a funding gap that translates to **\$2 billion per year**.

Federal ESSER funds are a **one time resource** that can be critically used to support student needs for the next 3 years, but the challenges identified necessitate structural funding. CPS will continue to advocate for meaningful long term revenue solutions.

