



# FY2027 Finance Update

June 25, 2026

# FY27 Budget Process Timeline

Timeline of Budget Process	CPS Community Engagement
<p><b>MAY/JUNE:</b></p> <ul style="list-style-type: none"> <li>• School budgets distributed to school leaders on May 12</li> <li>• School leaders worked with CPS Central Office and their LSCs to develop budgets, aligning resources to student needs and CIWPs</li> <li>• Budgets approved by LSCs and submitted to the district by June 9</li> </ul>	<ul style="list-style-type: none"> <li>• Engagement with LSCs regarding school budgets</li> <li>• Outreach to labor partners, elected officials</li> </ul>
<p><b>JUNE/JULY:</b></p> <ul style="list-style-type: none"> <li>• CPS Department budgets are outlined</li> <li>• CPS Budget office works to bring full budget into balance</li> </ul>	<ul style="list-style-type: none"> <li>• Community Budget Roundtables</li> </ul>
<p><b>JULY:</b></p> <ul style="list-style-type: none"> <li>• Proposed budget finalized</li> <li>• Budget submitted to Board of Education prior to July 30 meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Public hearings</li> </ul>

# Community Budget Roundtables



To ensure transparency about our current financial situation and hear directly from the CPS community, we are launching a public engagement process that builds on the sessions from last year.

We will also be hosting a budget focus group on **July 2 with students** from Mikva Challenge.

## COMMUNITY BUDGET ROUNDTABLE DATES:

**Tuesday, June 23**

Westinghouse High School

**Saturday, June 27**

Back of the Yards College Prep High School

**Tuesday, June 30**

Dyett High School

**Wednesday, July 1**

Virtual

**Tuesday, July 7**

Roosevelt High School

**Monday, July 13**

Brooks College Prep

# Community Budget Roundtables

Roundtable discussions among community members make up the majority of each session.

Participants share feedback, priorities, and ideas on what is important to them from their perspective as a student, parent, teacher, LSC member, or other CPS stakeholder.

CPS staff at each roundtable discussion capture real-time input, which we will compile to understand key themes and takeaways.

Participants from each roundtable share discussion highlights with the room at the completion of each session.



## Goals of the Roundtables

CPS continues to face significant funding challenges ahead of next school year and into the next several years. The projected FY27 budget deficit is upwards of \$700M.

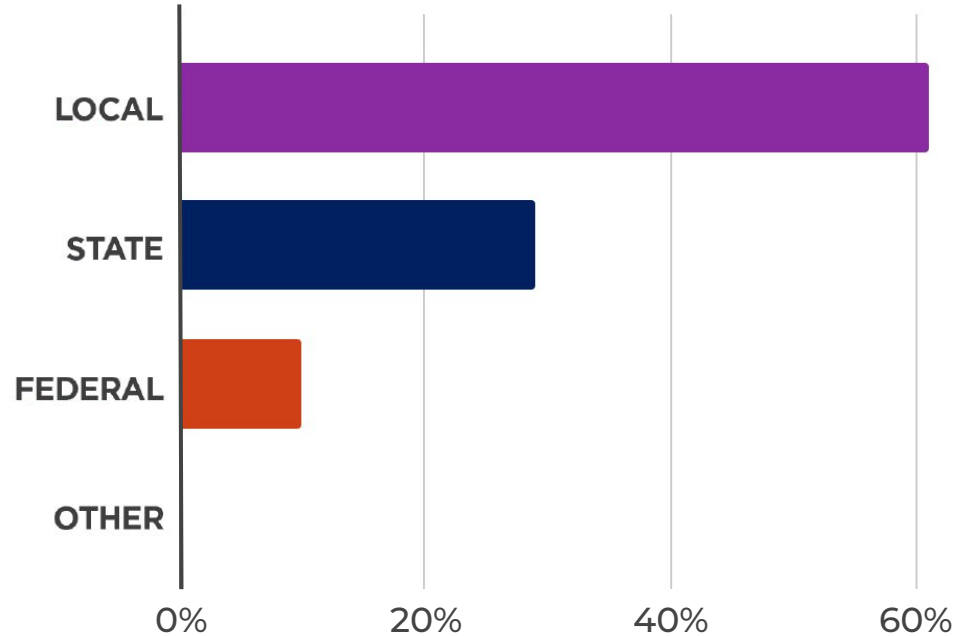
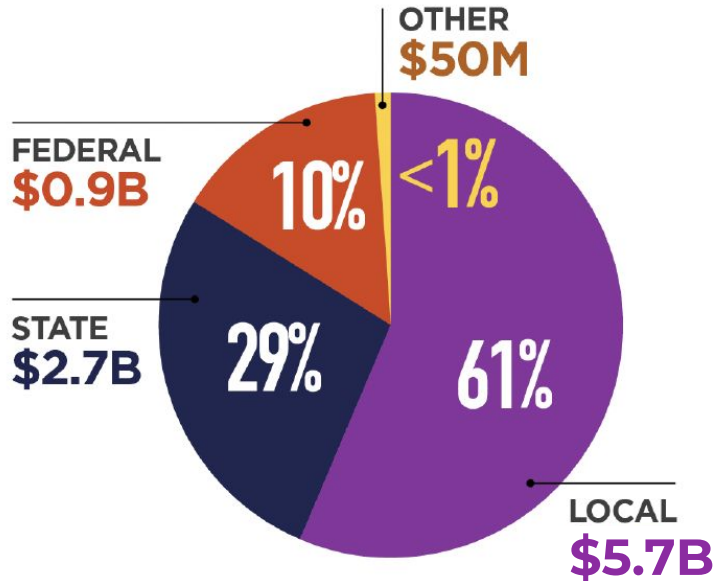
### THE GOALS OF THESE ROUNDTABLES ARE:

- To provide context on the current state of CPS finances and funding strategies, and our approach to addressing our financial challenges
- To hear from participants about their experiences as students, parents, teachers, principals, and community member

**Community input is essential.**

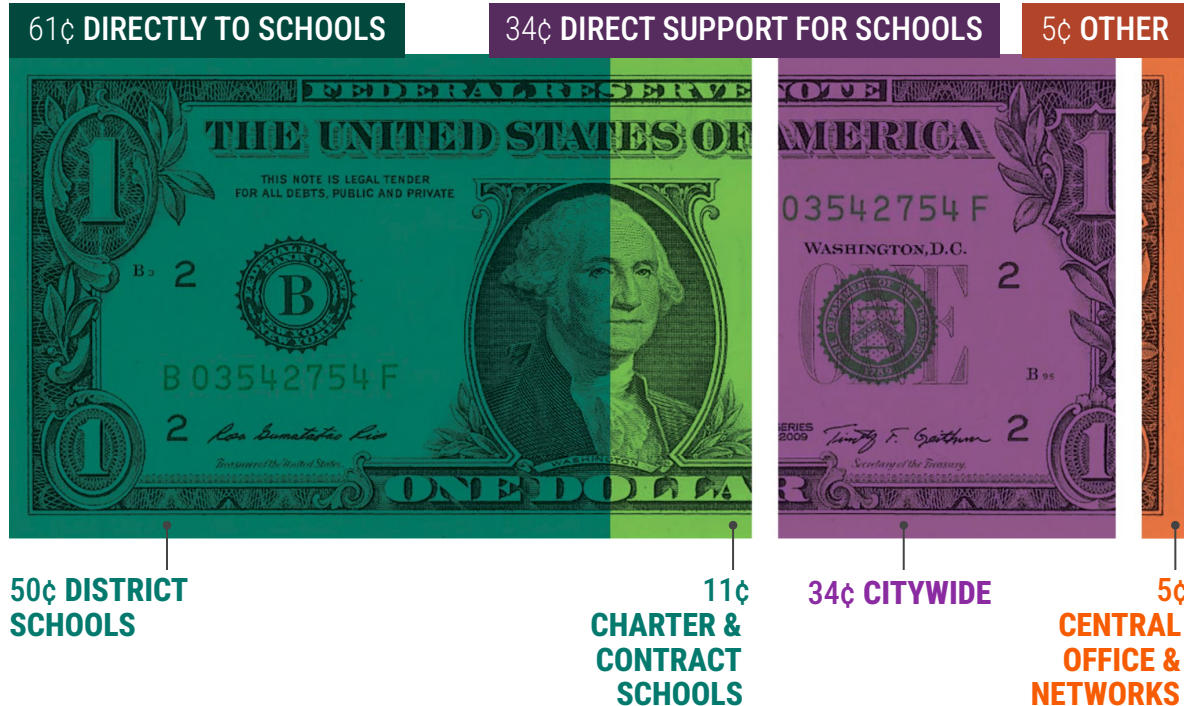
# CPS Budget Overview (FY26)

## REVENUES (2026)



# CPS Budget Overview (FY26)

## WHERE OUR FUNDING GOES



We are firmly committed to ensuring that every dollar we spend goes furthest for our students and families, so 61 cents (61%) of every dollar spent in our operating budget is tied directly to school-based expenditures and positions, with another 34 cents (34%) directly supporting students through citywide services and personnel that benefit multiple schools, such as nurses, custodians, bus aides, and others.

## Budget Deficits Over Time

CPS has faced a major budget deficit each year since FY25, when the district used the last of its remaining COVID federal relief funding.

Post-COVID, the pressures impacting districts nationwide — increasing costs, declining enrollment, stagnant revenue — are in plain view.

Fiscal Year	Initial Budget Deficit
<b>FY25</b>	\$505M
<b>FY26</b>	\$734M
<b>FY27</b>	\$700M+

# Historical Budget Trends

- Since 2019, CPS has added 9,790 staff positions, mostly working directly in schools, while enrollment has declined by 45,000 students.
- In the same period, our budget has grown by over \$2.6B. Between FY21 and FY25, the operating budget was supplemented by nearly \$3B of COVID / ESSER federal relief funding.

(\$ in millions)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	Change, FY19 - FY26
Operating Budget	\$5,984.2	\$6,319.3	\$6,915.9	\$7,821.6	\$7,993.7	\$8,489.5	\$8,572.2	\$8,657.0	\$2,672.8
Capital Budget	\$989.0	\$820.6	\$710.6	\$763.4	\$644.5	\$154.9	\$611.2	\$555.9	(\$433.1)
Debt Service Budget	\$607.0	\$700.3	\$758.0	\$706.6	\$769.4	\$785.5	\$816.9	\$1,040.3	\$433.3
<b>Total Annual Budget</b>	<b>\$7,580.2</b>	<b>\$7,840.2</b>	<b>\$8,834.5</b>	<b>\$9,921.6</b>	<b>\$9,407.6</b>	<b>\$9,429.9</b>	<b>\$10,000.3</b>	<b>\$10,253.2</b>	<b>\$2,673.0</b>
<i>ESSER Monies Used</i>	N/A	N/A	\$574.2	\$907.9	\$837.7	\$804.6	\$176.9	N/A	
<b>Enrollment, PK - 12</b>	361k	355k	341k	330k	322k	323k	325k	316k	(45,000)

## What's Driving The Deficit?

CPS' fiscal challenges are due in part to **long-standing resource constraints**, limiting the funding we have available to meet the needs of our schools and our students.

State funding falls significantly short of the need. Illinois will not reach its goal of funding each district at 90% adequacy by FY2027.

The state reimburses districts for only a portion of the cost of legally required services, including special education and bilingual education.

Federal pandemic aid has expired, and key **federal funding streams remain under threat, with levels declining or stagnant over time.**

**CPS' ability to generate local revenues is limited under state law**, providing CPS minimal capacity to combat state and federal funding challenges.

## What's Driving The Deficit?

While revenue challenges limit CPS' access to the funding necessary to fully resource our schools, we have also faced **significant growth in the cost of our obligations** to our students, schools, and staff.



CPS is facing higher costs in several key areas, including maintenance for our aging facilities, labor contracts, and employee pensions.



CPS must continue to use operating funds to help pay off our existing debt burden.

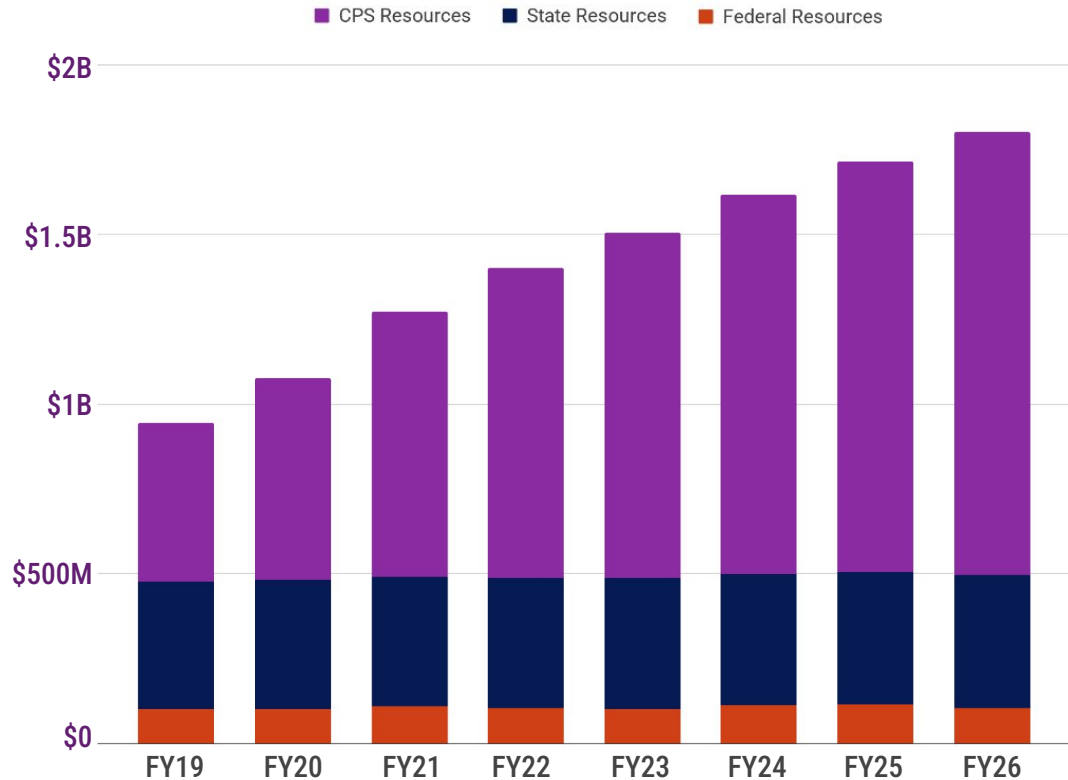


The costs associated with educating our highest-need student populations continue to grow.

# Example: Fed/State Special Education Revenue Streams Cover Less Of CPS' SpEd Obligations Every Year

While student needs have grown year-over-year, the level of state and federal funding for special education has remained relatively flat.

- In FY19, state and federal funding for special education covered **about 50 percent** of CPS' total special education expenditures
- By FY26, state and federal funding for special education covered **just 28 percent** of CPS' total special education expenditures



# Closing the FY27 Gap

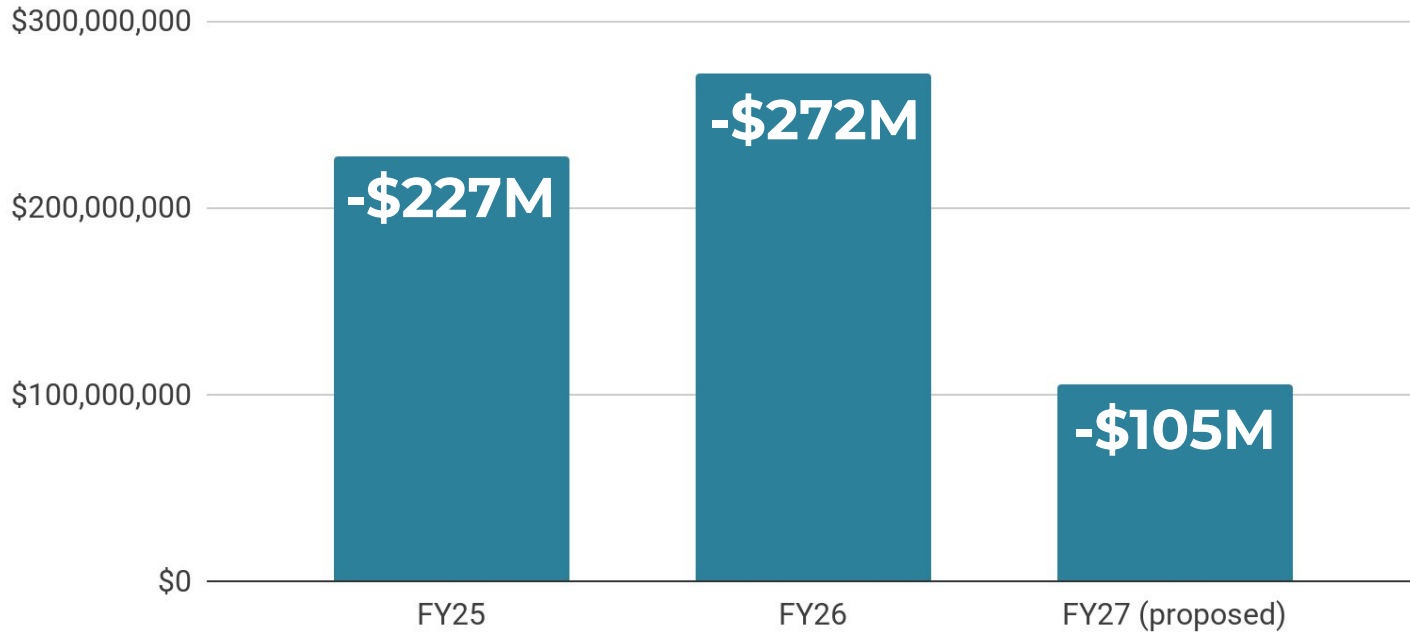
**CPS is working to identify reductions, efficiencies, and revenue opportunities to shrink the projected budget gap for FY27.**

In order to close the deficit, we must identify either:

1. Budget reductions and other cost-saving measures
2. Revenue strategies

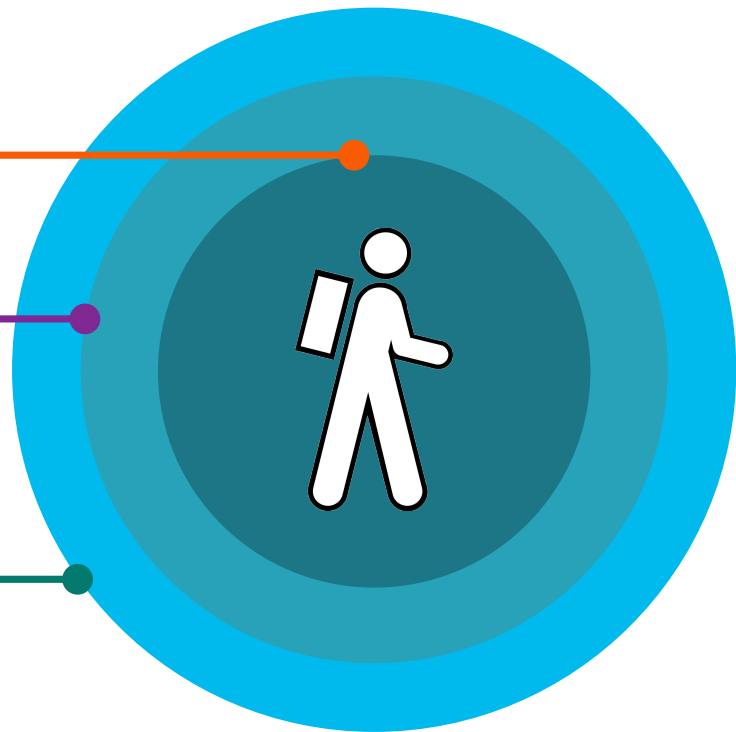


# CPS Has Reduced Non-School-Based Expenses Significantly since FY25



# What essential school-facing resources and supports are needed to create a coherent experience for students?

- Direct to Student** — Resources & supports
- 1° of Separation** — Resources & supports that go to educators/staff who directly support students
- 2° or more of Separation** — Resources & supports that go to educators/staff who support other educators/staff who directly support students



# Sustaining Investments Critical to Student Success

- Through the FY2027 budget process, our priority remains sustaining investments critical to student success, especially those we heard in last summer's feedback sessions
- **Student safety:** Budget reductions will not impact programs like Safe Passage and Safe Haven, or crossing guards; CPS plans to invest in mobile security units
- **Student supports:** CPS will continue working with partner organizations that provide proven mentoring and other supports, such as Youth Guidance and City Year
- **Direct academic instruction:** The FY27 school budgets maintained the needs-based funding model, providing a minimum set of foundational positions and funding to each school, regardless of size or enrollment, and then adds in additional resources based on enrollment and need

# Approach to Other School-Based Supports

- **Maintaining core teaching and discretionary funding levels at our smallest schools;** the district changed the threshold for Assistant Principals, although schools are still able to use discretionary funds for APs
- **Adding more special education teachers, classroom assistants, and related service providers** (physical therapists, occupational therapists, etc.)
- **Opening 60 new cluster classrooms** and increased **transportation** for students with disabilities
- **Continuing to allocate academic intervention and professional development supports** at schools with the greatest needs by adjusting formulas throughout the system
- **Maintaining levels of needs-based discretionary funding** and **increasing levels of Title I funding** for eligible schools



## FY27 Revenue Strategies

- Strengthening relationships with state, city, and other key partners in order to develop funding solutions and address other structural issues
- Reviewing contractual services to identify opportunities for rebates
- Redoubling efforts to seek grants and other government funding opportunities
- Refining revenue projections with the close of the most recent state legislative session and as federal grant allocations are released
- Identifying process improvements to increase Medicaid revenue

## Debt Remains a Challenge for CPS

CPS currently has more than **\$9 billion of existing long-term debt** that requires **\$900-plus million** in annual debt service payments



Nearly **\$700 million** of these annual payments are covered by unrestricted state and local revenues that could otherwise be spent in classrooms

Due to historic financial challenges, CPS' debt remains below investment grade, or “junk,” costing the district more to borrow for ongoing capital investments

## Debt Remains a Challenge for CPS

In addition to CPS' long-term debt, CPS relies on more than \$1.2 billion in revolving short-term tax anticipation note debt (TANs) to make payroll, pay vendors, and meet other obligations before revenue arrives.

This amounts to borrowing approx. \$3 billion per year and is due to a lack of available cash balance to support day-to-day operating requirements and the fact that CPS receives a majority of its revenues (primarily property taxes) only two times per year with over half of the revenues arriving after our fiscal year ends.

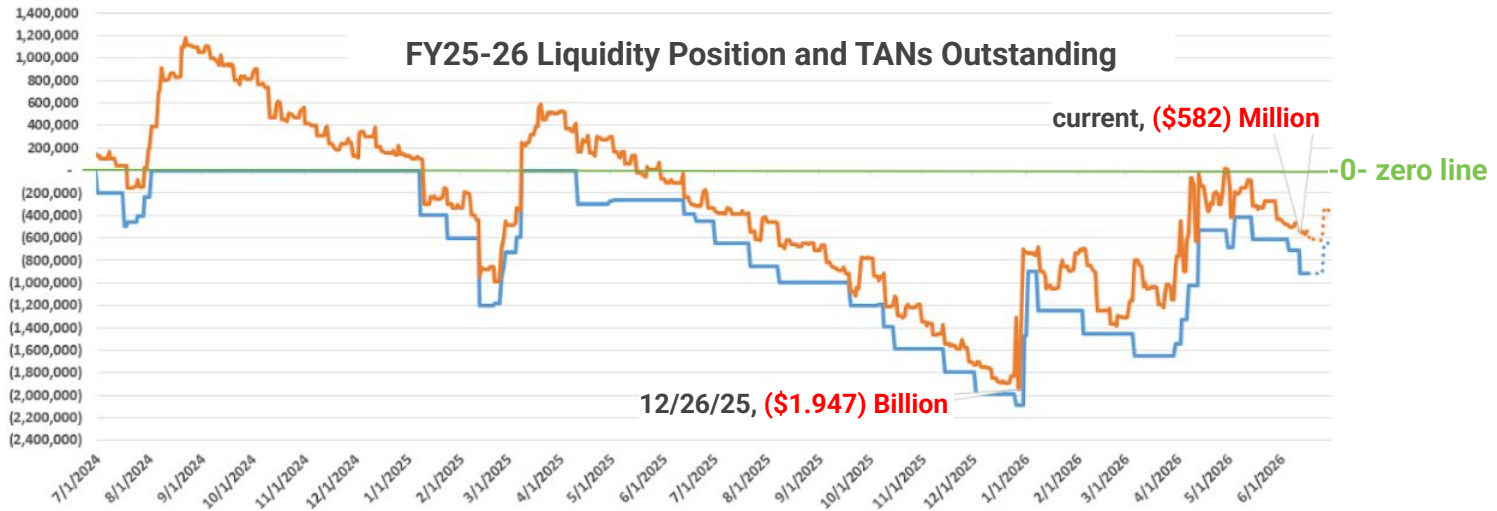
In FY26, CPS required use of TANs to cover all 26 payrolls and **projects to end the year with -38 days cash on hand.**

# Property Tax Delays Necessitate a July Budget Approval

- **June 30:** 5x5 Board briefings begin, addressing both operating and capital budgets
- **June 20 - July 13:** Community roundtables take place
- **July 15:** FY27 proposed budget book is published online for public consideration
- **July 20-24:** Public hearings are held
- **July 30:** FY27 Budget, Tax Levy and new Tax Anticipation Notes (TANs) presented at scheduled Board meeting for approval - in order to meet projected needs resulting from the next Cook County Property Tax Payment Delays
- **Sept 1:** New TANs transaction closes and becomes available to use for FY27

# Cash Flow Pressures Exist in the Budget Background

- FY26 is projected to end with Negative Net Cash position of \$642M**
  - This is a result of ~\$914M in TANS outstanding and a \$272M cash balance
  - This is worse than the FY25 ending cash position of (\$339M) and FY24 which was \$146M
- The five month Cook County 2nd installment property tax delay in 2025 cost approx. \$30M in additional expenses** between TANs and CTPF interest costs. This was approx. \$220K per day at the peak.
- The one month delay in 2026 of the 1st installment in taxes has cost \$10M to date (approx. \$165K per day at the peak with \$1.65B borrowed), and the cost will increase due to the additional two month 2nd installment payment delay.



# Revenue vs. Expense Timing Mismatch Challenges

- Gaps between revenues and expenses exist each fiscal year, but the property tax delays have widened the gap.
- FY26 was even more difficult because the amount of TANS reached the legal limits available.
- Existing FY26 borrowing capacity of \$1.25B is projected to be reached in August; In order to meet cash flow needs past then, a new FY27 TANS program must be authorized by the FY27 budget, tax levy, and an authorizing resolution.
- Approvals at the July board meeting is of the essence to have the window of time needed to structure and close a new FY27 TANS program by September 1st.

