

# August Board Meeting FY 2017 Budget

August 24, 2016



# FY16 Budget Recap

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- FY16 Budget of \$5.691 billion balanced but required use of one-time items and assumed revenue
  - \$255M in Scoop & Toss and Debt Reserves
  - \$480M in Unrealized Revenue
- CPS covered the unrealized revenue with a mixture of borrowing and cuts, including:
  - \$45M in recurring Central Office position cuts
  - \$8M in recurring Non-Union Pension & Healthcare contribution increases and IT reductions
  - \$120M in recurring SBB reduction
  - \$30M in non-structural furlough days
  - \$66M in spend control



# Revenue and Expense Reductions Close FY17 Deficit

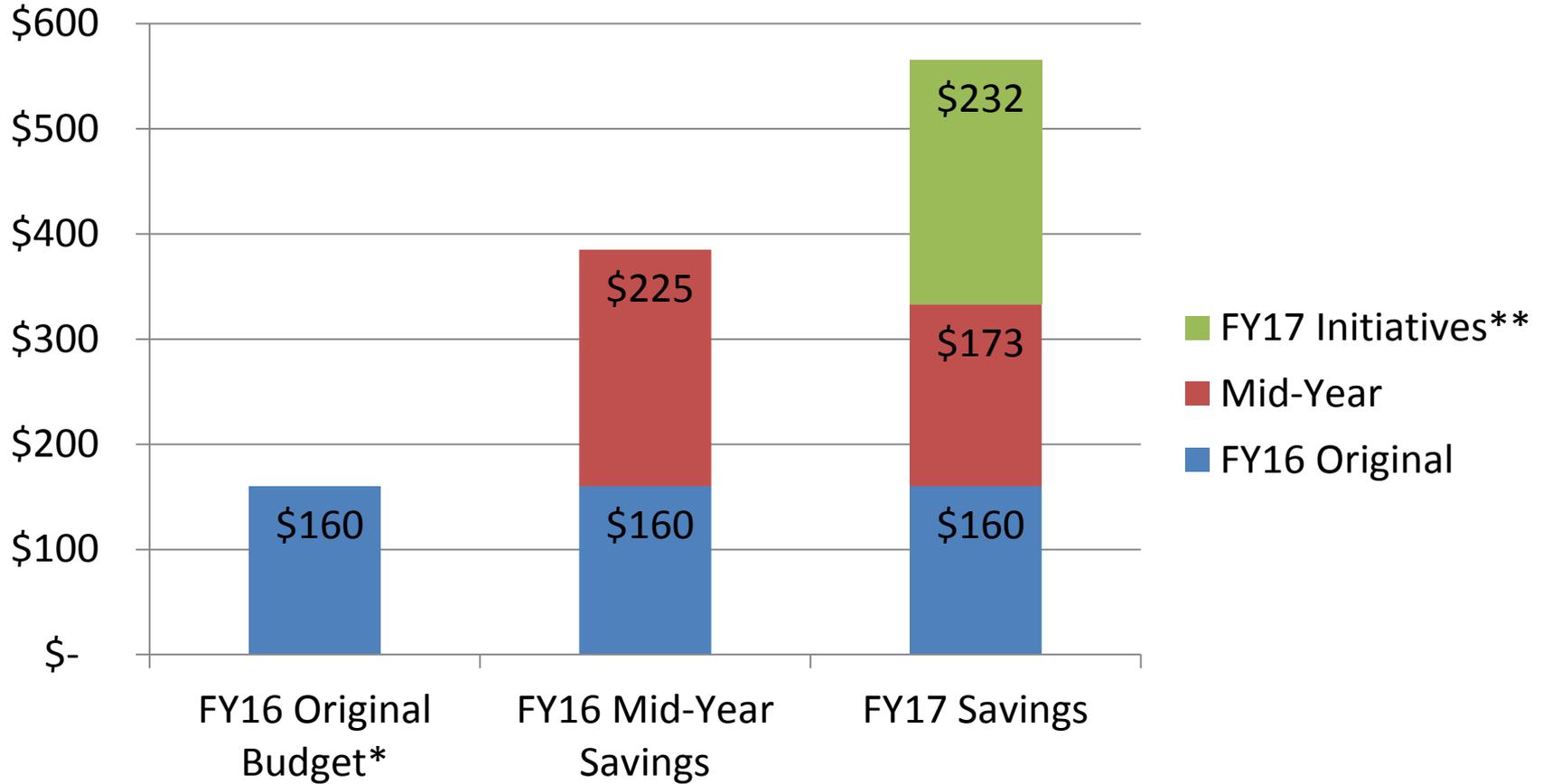
With \$173 million in expense reductions during FY16, new revenue provided by the State and Chicago taxpayers closes the FY17 deficit to \$300 million.

(in millions)	
<b>Original FY17 Deficit</b>	<b>\$1.14 Billion</b>
<b>FY16 Savings Initiatives</b>	<b>(173)</b>
Central Office Position Cuts	(45)
Non-Union Healthcare & Pension Contribution Increases	(8)
School Budget Reductions with Grant Offset	(120)
<b>New Revenue</b>	
GSA Flat from FY16	(74)
Additional Early Childhood Funds	(29)
Increased Equity Grant Appropriation	(102)
Pension Levy	(250)
Partial Pension Parity	(215)
<b>Additional Efficiencies and Revenue Initiatives</b>	<b>(300)</b>
<b>Remaining Deficit – Balanced Budget</b>	<b>\$0</b>



# Over \$550 Million in Expense Reductions since Start of FY16

Over \$550 million in expense reductions over the last 14 months has offset increasing pension, healthcare and debt service costs, resulting in an FY17 budget \$232 million below FY16



\*\$42 million of planned \$200M FY16 Original Budget reductions reinstated

\*\*\$232M of the \$300M deficit closing initiatives are expense reductions



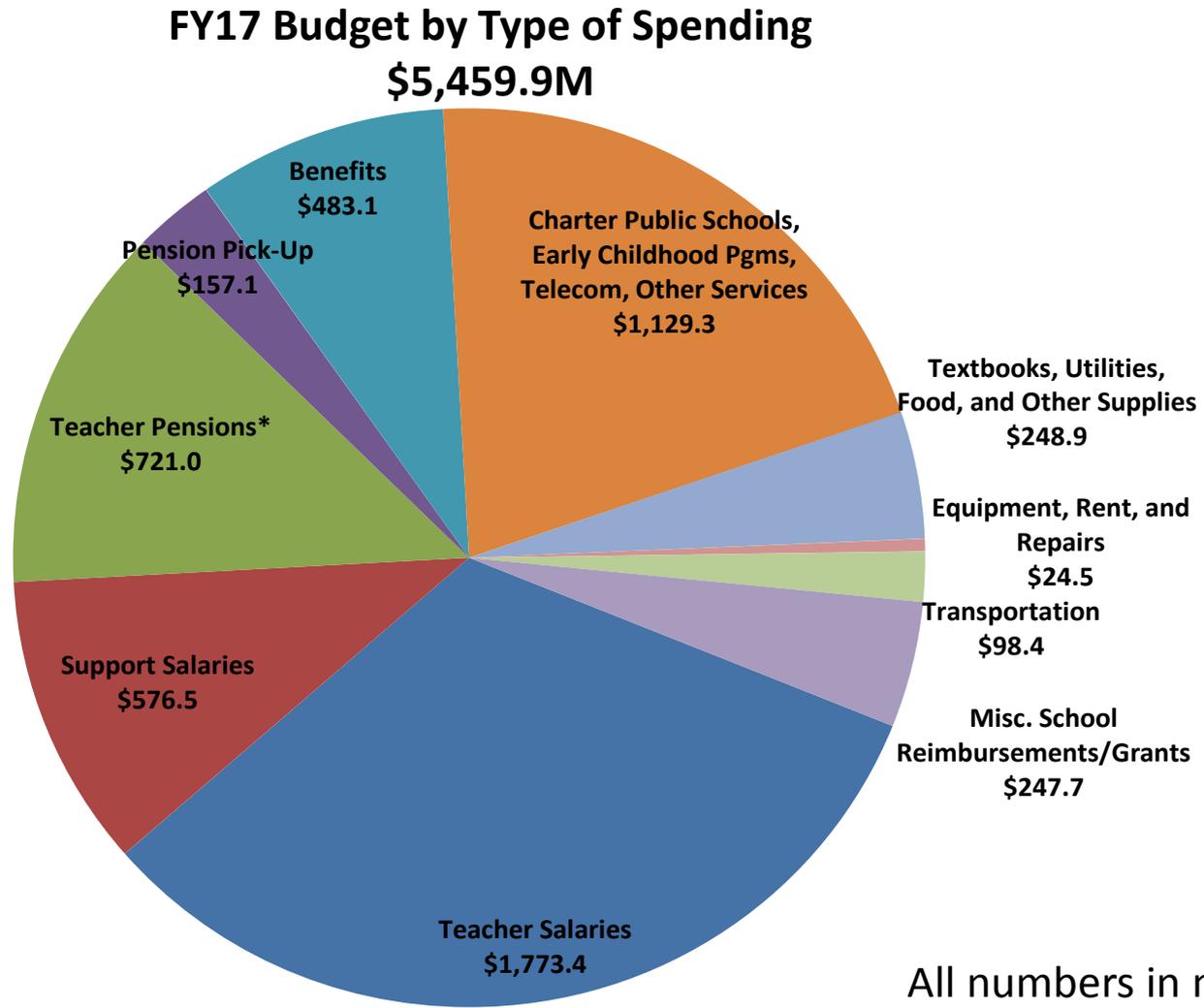
# FY17 Operating Budget \$232M Less Than FY16

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- FY16: \$5.691 billion
- FY17: \$5.459 billion



# FY17 Budget by Type of Spending



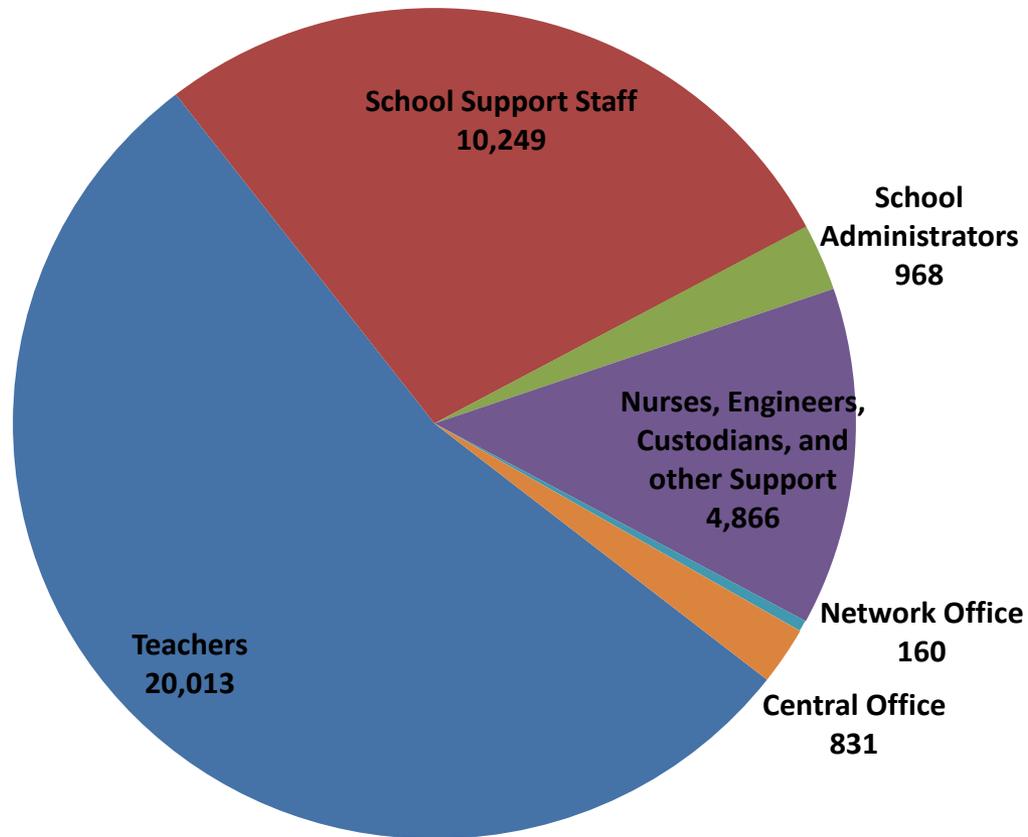
All numbers in millions

\*CPS is the only district in the State required to pay the unfunded portion of its teacher pension costs.



# FY17 Budget: 97% of Staff Provide Direct Support to Schools

**97% of Staff Provide Direct Support to Schools**  
**37,087 Total Positions**



School Support Staff Includes Teacher Assistants, Special Education Classroom Assistants, Security Guards and other support



# FY17 Capital Budget

- CPS' FY17 Proposed Capital Budget includes \$338 million of investments in:
  - \$173M - Overcrowding Relief
  - \$51M - Programmatic and Facility Upgrades
  - \$32M - Facility Needs
  - \$81M - IT and Other
- \$266 million of the projects will be funded by CPS bonds, while \$72 million will be funded by outside sources

Funding Source	Amount
CPS-Issued Bonds	\$265,906,639
TIF Funding	\$54,000,000
Federal E-Rate Funding	\$17,600,000



# Impact of Tax Increase on Homeowners

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<b>Tax Impact of Increase in CPS Property Taxes on 2017 Tax Bill of Average Home of \$250,000 Market Value</b>		
Increase due to Inflation/CPI (PTELL)	\$	14
Increase due to Capital Improvement Tax	\$	2
Increase due to Reinstatement of Teacher Pension Tax	\$	228
<b>Total 2017 Increase</b>	<b>\$</b>	<b>245</b>

Due to rounding, numbers may not add precisely to totals provided



# TIF Revenue Funds \$1B in Capital Projects

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- CPS expects to receive a final TIF surplus amount from the City in the fall
- CPS has received funding or commitments for \$1.26 billion for school-related projects
- Of the \$1.38 billion in TIF balances last year, only \$140 million is not committed
  - \$113 million of the \$140 million was surplus
- TIF Surplus is a one-time revenue source and the amount changes year to year



# Diverse Learners – Funding Every IEP First

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- CPS spending on Diverse Learners is increasing in FY17. (FY16 budget: \$816.1 million. FY17 budget: \$850.9 million.)
- In FY17, we changed the way Diverse Learner dollars are budgeted to ensure all IEPs are met first
  - Diverse Learners is now combined with SBB
  - Diverse Learners is funded at the same level schools spent last year
- Schools are required to schedule Diverse Learners first
  - This ensures all IEPs are met.

