

FY2012 Budget Presentation to CPS Board

August 24, 2011

Mission and Vision for CPS

Mission

- Every child has access to world class learning and will graduate college and career ready

Vision

- Within five years:
 - CPS has robust portfolio of high performing diverse school formats reaching defined standards of excellence
 - Highest quality and highly skilled principals and teachers work and seek to work in CPS to reach their full potential as leaders and talent developers

Principles for FY2012 Budget

- Maintain Strong Support for Schools
- Invest Beyond the Core to Improve Outcomes
- Keep Kids Safe, Engaged Beyond the Classroom
- Streamline the Organization
- Look Toward Long-Term Financial Stability
- Detailed Capital Plan to Flow from Multi-Year Strategy

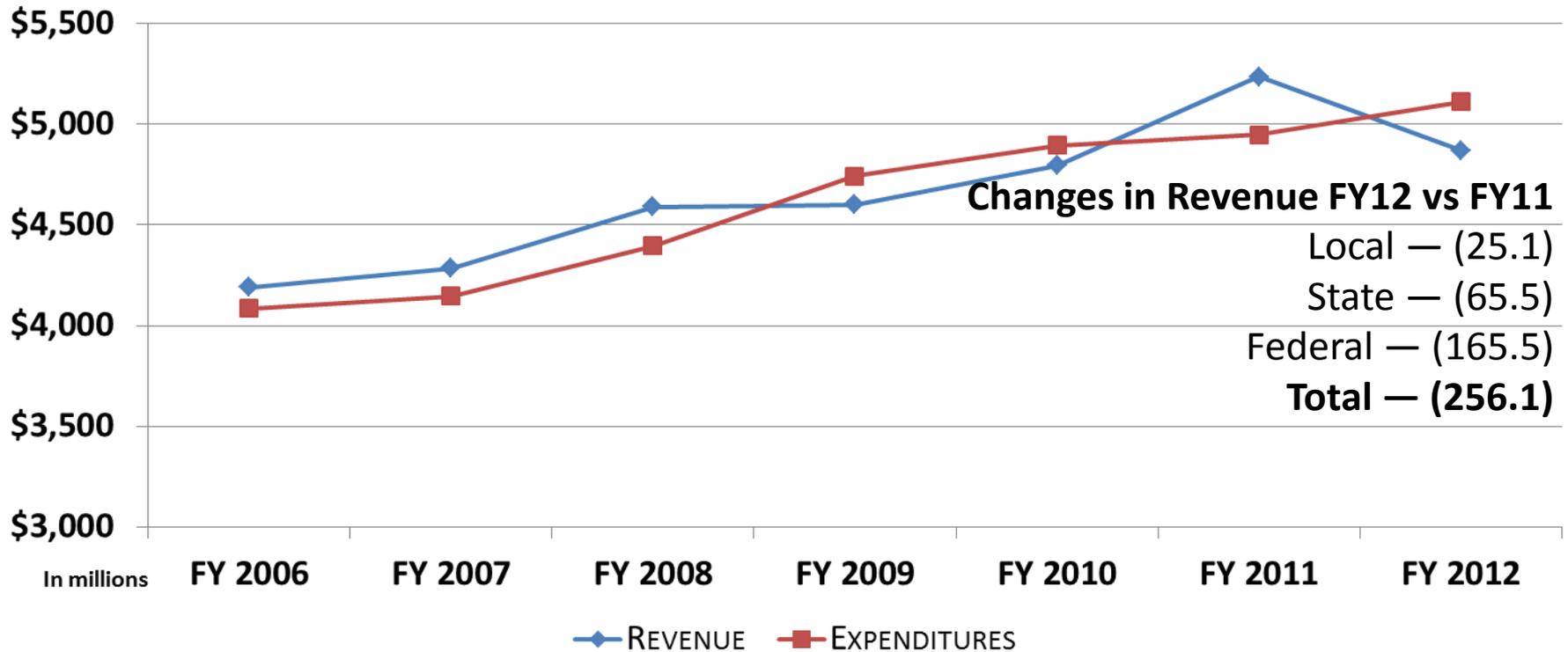
FY 2012 Budget Process

FY 2012 Budget Process

- Revenue declines shape FY2012 challenge
- Key investments had to follow priorities
- Broad budget cuts – but seek to minimize pain
- Aggressive goals for central admin reduction
- Long-term financial view highlights significant challenges ahead

Challenge: Revenues decline this year while expenditures continue to increase

General Operating Fund



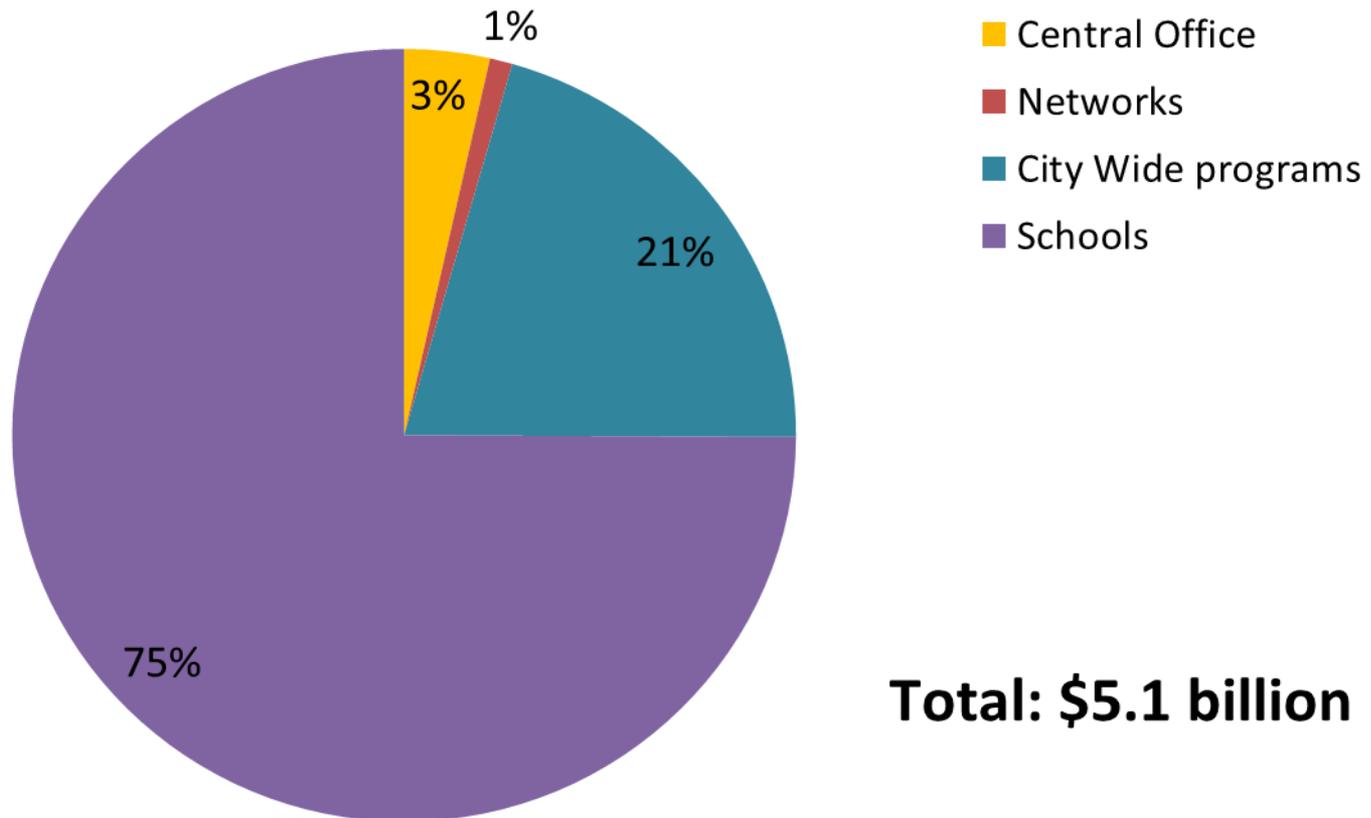
Remaining FY2012 deficit covered by reserves

General Operating Funds (in millions)	FY2011 Estimate	FY2012 Budget	Change
REVENUES:			
Total Local Revenue	\$ 2,297.7	\$ 2,272.6	(25.1)
Total State Revenue	\$ 1,684.7	\$ 1,619.2	(65.5)
Total Federal Revenue	\$ 1,142.8	\$ 977.3	(165.5)
Total Revenue	\$ 5,125.3	\$ 4,869.1	(256.2)
APPROPRIATIONS:			
Total Employee Compensation	\$ 3,483.8	\$ 3,583.6	99.8
Total Non-Compensation	\$ 1,463.0	\$ 1,526.6	63.6
Total Appropriations	\$ 4,946.8	\$ 5,110.2	163.4
Bond Restructuring	\$ 110.0	\$ -	(110)
Revenues less Expenditures	\$ 288.5	\$ (241.1)	

Budget Follows Our Key Principles

Allocation of FY 12 Budget by Principle	FY 2012 Budget
Support for Schools	\$1,945.0
Invest Beyond the Core to Improve Outcomes	\$2,111.2
Kids Safe, Engaged Beyond Classroom	\$200.6
Streamline the Organization	\$624.1
Other	\$229.3
TOTAL	\$5,110.2

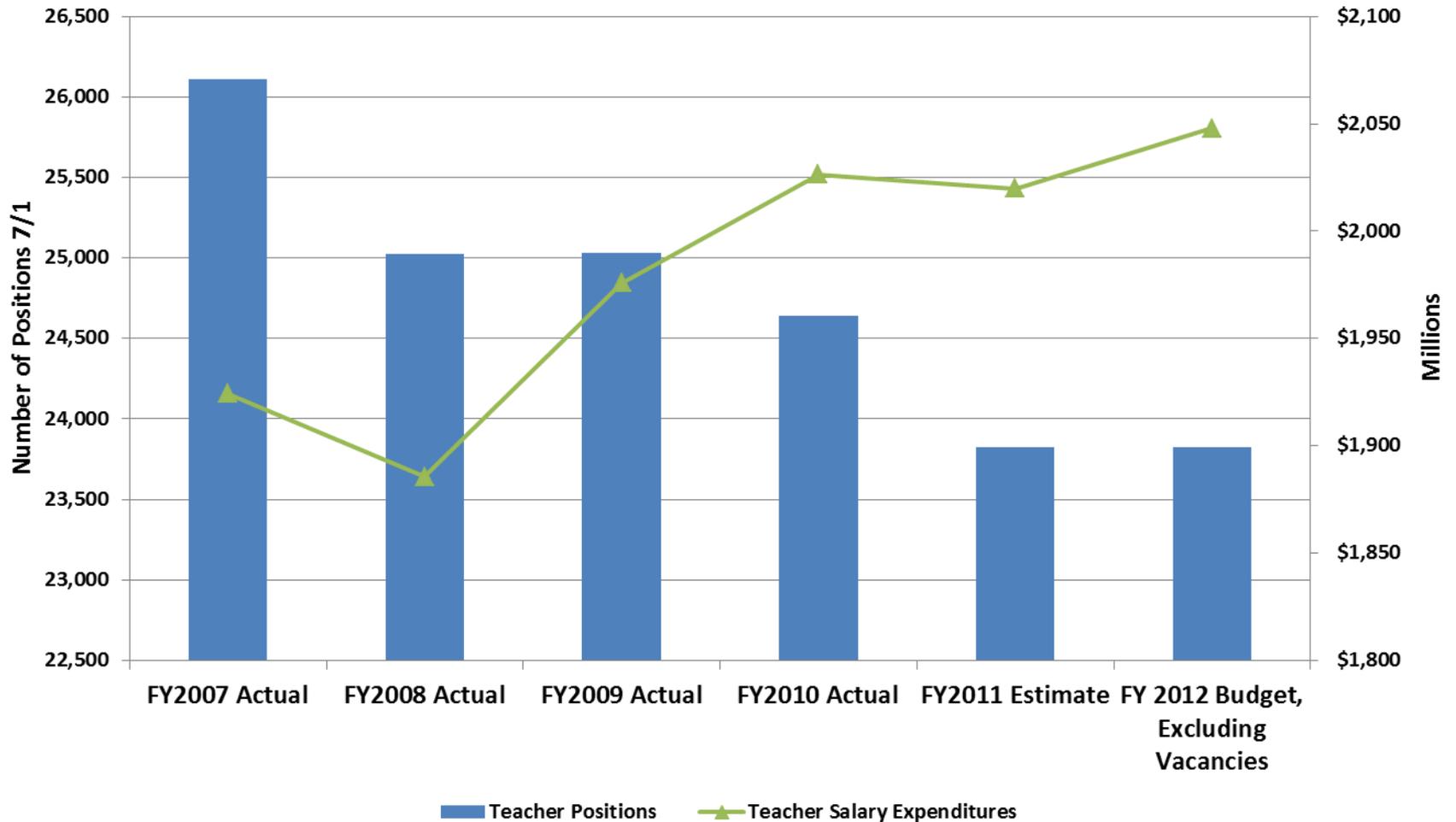
Operating Budget by Major Units



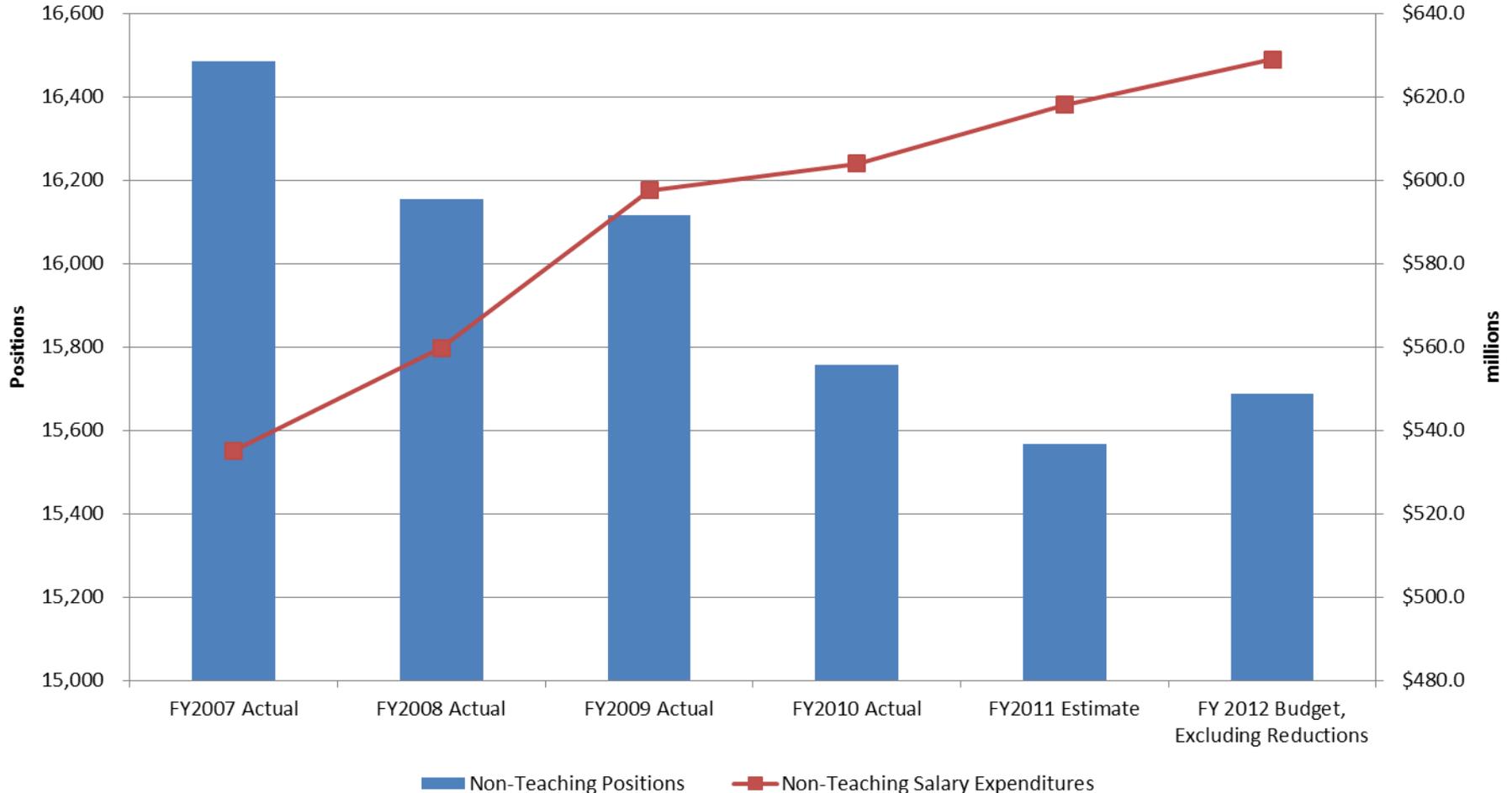
Maintain Strong Support for Schools

School Type (students)	Expenditure Category	FY2011 Estimate	FY2012 Budget	\$ change
Elementary: (247,500)	7,300 classroom teachers	\$743	\$760	\$17
	1,000 art, music, gym, lib. teach.	\$103	\$104	\$1
	450 guidance counselors	\$46	\$47	\$1
	SUBTOTAL	\$892	\$911	\$19
High Schools: (89,800)	4,100 classroom teachers	\$429	\$437	\$8
	283 guidance counselors	\$28	\$29	\$1
	SUBTOTAL	\$457	\$466	\$9
All Schools	Principals, Asst. Prin., Clerks	\$148	\$150	\$2
	Books, supplies, equipment	\$33	\$28	(\$5)
	Discretionary Funding	\$388	\$390	\$2
	TOTAL	\$1,919	\$1,945	\$26

Total Salary Expense Increase Despite Decline in Teaching Positions



Salary Expenses Increase Despite Multi-year Decline in Non-Teaching Positions



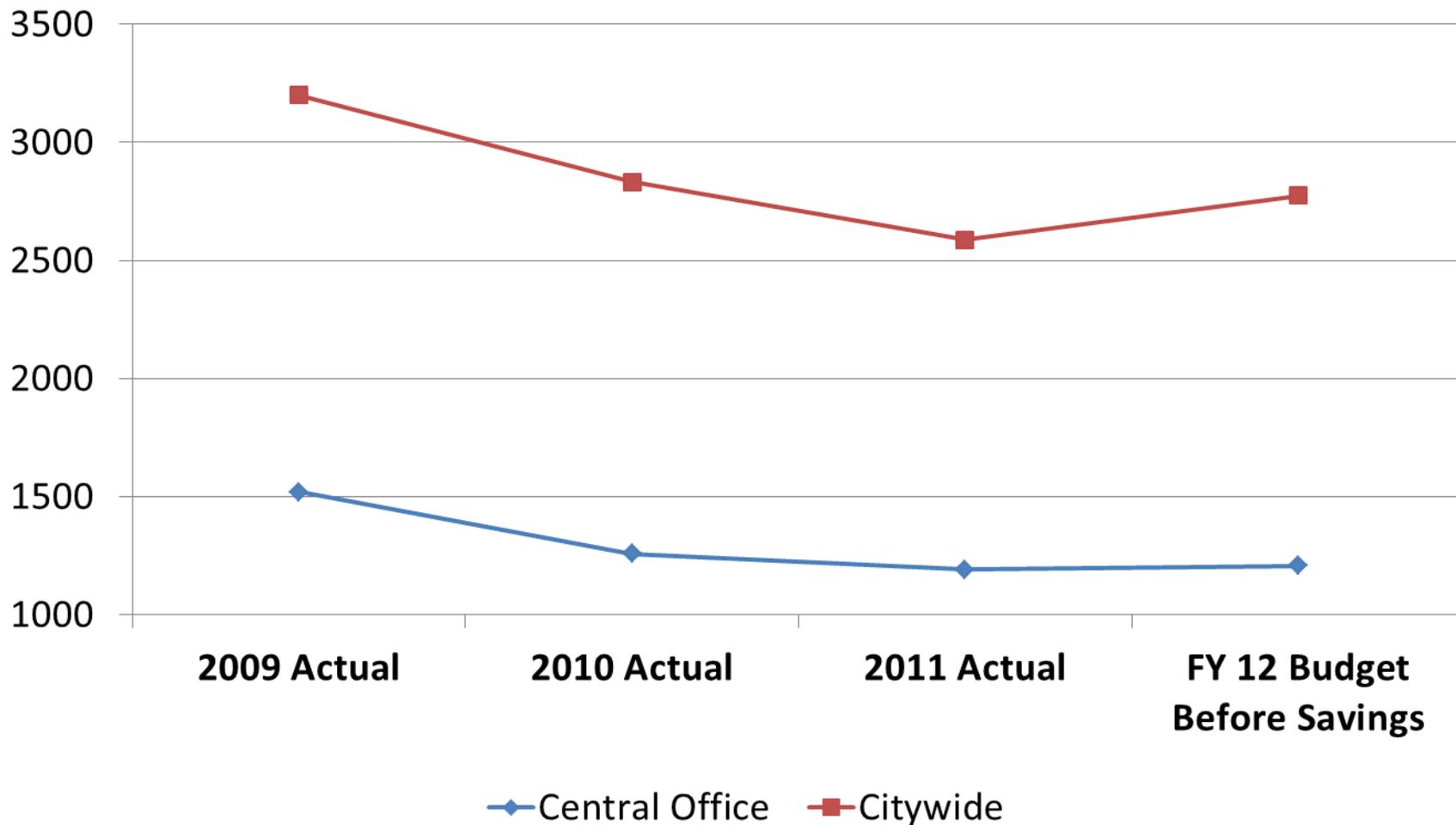
Invest Beyond the Core to Improve Outcomes

Type	FY2011 Estimate	FY2012 Budget	Change
Charter and Contract Schools	\$361.1	\$426.9	\$65.8
Magnet Programs	\$67.8	\$72.6	\$4.8
Turnaround/Transformation Schools	\$14.5	\$26.8	\$12.3
Early Childhood Education: PreK/Kindergarten	\$212.5	\$232.3	\$19.8
Bilingual/World Languages	\$43.7	\$45.1	\$1.4
Special Education Services and Supports	\$760.0	\$768.2	\$8.2
Nutrition Support	\$229.4	\$246.2	\$16.8
Maintenance of School Facilities	\$281.2	\$293.1	\$11.9
TOTAL	\$1,907.2	\$2,111.2	\$141.0

Keep Kids Safe, Engaged Beyond Classroom

Type	FY2011 Estimate	FY2012 Budget	\$ Change
Safety and Security	\$65.2	\$72.9	\$7.7
Violence Prevention Programs	\$40.8	\$31.7	(\$9.1)
Tutoring Programs	\$40.5	\$52.0	\$11.5
After School Programs	\$18.1	\$19.0	\$0.9
Summer Bridge	\$11.4	\$14.8	\$3.4
Sports	\$14.7	\$10.2	(\$4.5)
TOTAL	\$190.7	\$200.6	\$9.9

Streamline the Organization: Headcount Declines from 2009...more to come



Streamline the Organization

	FY2012 Budget (net of target)	Savings Target
Chief Education Officer*	\$269.9	(\$50.0)
Chief Administrative Officer**	\$69.0	(\$10.0)
Network Office Discretionary Spending	\$42.6	(\$32.0)
Performance Management Systems	\$4.0	(\$15.0)
Restructure bus routes	\$133.6	(\$5.0)
Reduce privatized custodians in underutilized schools	\$92.0	(\$9.0)
Reduce Chicago Police Department expense	\$13.0	(\$13.0)
TOTAL SAVINGS TARGET	\$624.1	(\$134.0)

*CEdO excludes special education and early childhood

**CAO excludes facilities, nutrition support, student transportation, safety/security, violence prevention

Long-Term Financial Challenge: Increasing Burden from Pension, Healthcare, Debt Service

	FY2011 Estimated	FY2012 Proposed	FY 2013 Projected	FY2014 Projected
Total Revenues	\$ 5,656.8	\$ 5,483.5	\$ 5,345	\$ 5,345
Transfer to Debt Service Fund	328.2	447.5	515.1	531.5
Transfer to Capital Fund	93.3	167.0	50.0	50.0
Total Transfers	421.5	614.5	565.1	581.5
Operating Revenues	5,235.3	4,869.1	4,777.9	4,763.5
Expenses				
Salaries	2,638.0	2,713.7	2,713.7	2,713.7
Healthcare	322.9	348.4	376.3	406.4
Employer Pension Contribution	208.5	214.7	219.3	671.7
Employee Pension 7% Pick-Up	134.2	124.6	135.6	135.6
All Other	1,643.2	1,708.8	1,708.8	1,708.8
Total Expenses	4,946.8	5,110.2	5,142.7	5,625.2
Net Surplus/(Deficit)	288.5	(241.1)	(362.5)	(861.7)

Civic Federation

The Civic Federation is **very concerned** about the District's long term fiscal health. CPS will face enormous budget shortfalls in future years, particularly with the expiration of the partial pension contribution holiday in FY2014. It is imperative that CPS move quickly to develop a long-term financial plan that will implement significant structural changes to its expenditures and long-term obligations.

Capital Investment required to provide for education mission

New Projects by Type	FY2011 New Projects Budget	FY2012 New Projects Budget
Major Renovations	\$86.7	\$158.1
Building Interior	\$69.3	\$36.1
Facility Additions	\$47.9	\$30.0
Exterior Envelope	\$98.8	\$3.2
Supplemental Facility Renovation	\$9.0	\$12.0
Mechanical & Electrical	\$35.1	\$10.0
Facility Site Improvements	\$19.0	\$4.6
Management	\$13.2	\$28.6
Contingency and Change Orders	\$28.3	\$30.5
Departmental Projects	\$41.6	\$35.0
State Capital Program: Energy Efficiency Program	\$2.1	\$4.0
State Capital Program: Career and Technical Schools	--	\$30.0
State Capital Program: Early Childhood	--	\$9.0
TOTAL	\$451.0	\$391.0

Summary

- Difficult fiscal times call for tough decisions to keep cuts far from the classroom
- Investment in students to enhance their academic success is a top priority
- We will drive to make the system more lean and responsive to support school leaders
- We need structural reform to address long-term financial stability