

Budget Framework

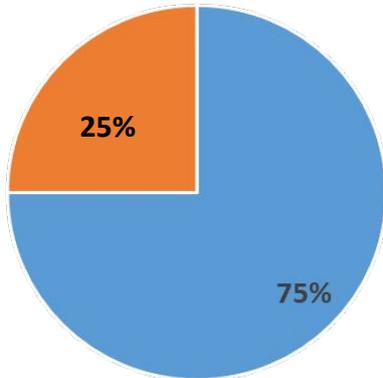
March 22, 2023



CPS faces key structural challenges

When discussing the CPS budget, we need to keep three key facts in mind.

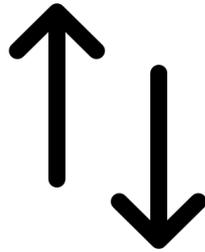
INADEQUACY & INEQUITY



In FY23, CPS will receive only 75% of what the state's Evidence-Based Funding formula says CPS needs to be "adequately" funded.

This leaves CPS over \$1.4 billion short of resources that could support schools and students.

ENROLLMENT CHANGES



-33K

From fall 2019 to fall 2022, CPS enrollment decreased by over 33,000 students (9%), with varying impacts on schools citywide.

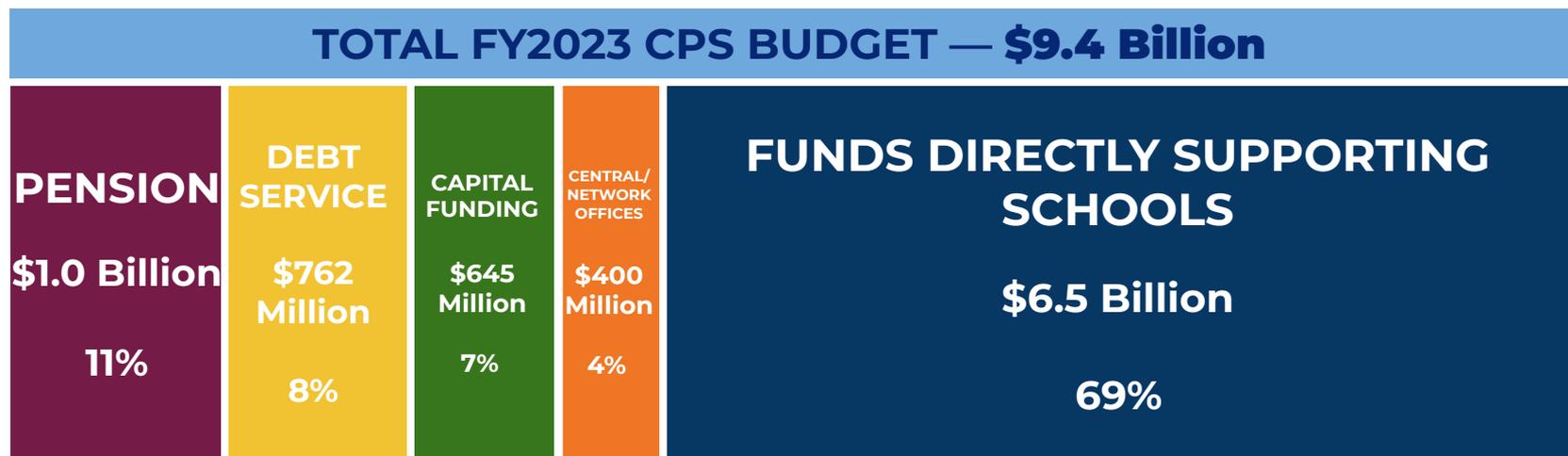
COVID-19 FUNDS

\$1.7B+

CPS has already spent more than \$1.7B on COVID-19 operational needs and other academic and non-academic supports. All funds will be fully allocated through FY25.



After allocating fixed costs, 69% of CPS' total budget is available to support classroom spending

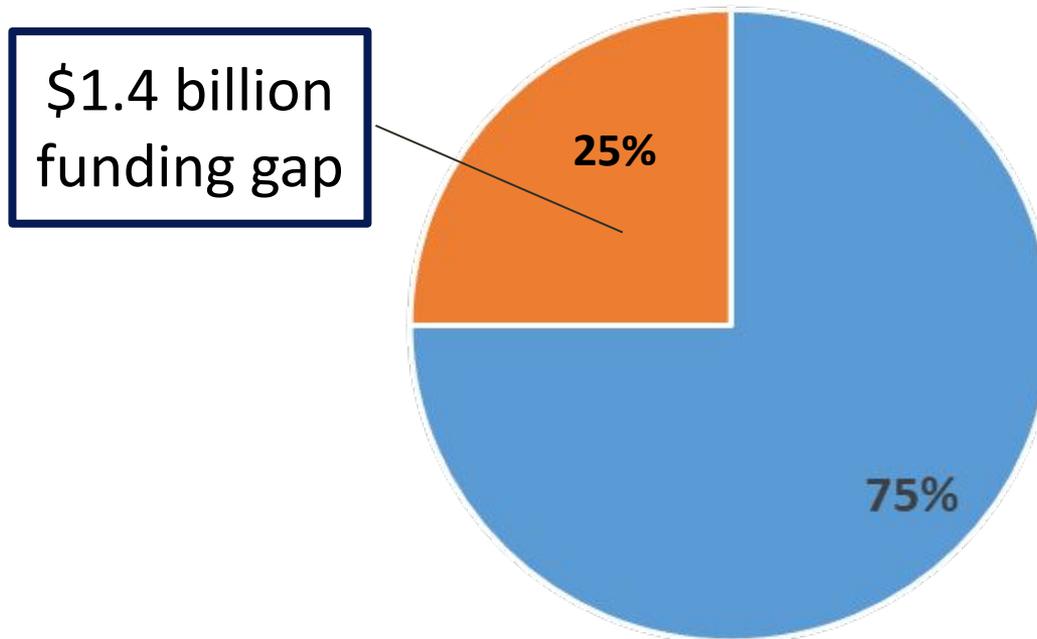


- **Pension** budget covers the district teacher's pension costs
- **Debt service** budget covers debt service payments on bonds used for capital investments
- **Capital funding** makes up the district's capital budget, funded mostly by bond proceeds available only for investments in district infrastructure
- **Central/network offices** funds central office and network office expenses
- The remaining **\$6.5 billion** - 69 percent of the overall total - is available to **directly support schools**, funding everyday expenses like teachers, support staff, nurses, custodians, technology, and other expenses

Statewide inequities drive long-term financial challenges

Inadequate funding

The state acknowledges that CPS is only 75% adequately funded. If the state fully funded the Evidence-Based Funding formula, this would mean an additional \$1.4 billion annually for CPS.

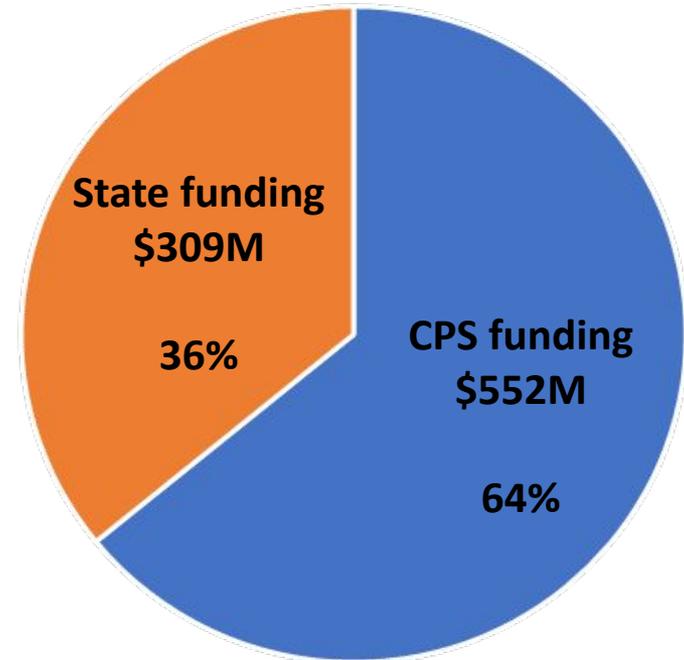


Statewide inequities drive long-term financial challenges

CPS is the only district in the state that is required to fund its own teacher pensions

- The state covers teacher pension costs for every other district in the state, while providing only 36% of CPS's total cost
- The remaining 64% (\$552 million) is covered by Chicago taxpayers, a burden no other district incurs
- Teacher pension contributions will grow and represent the district's largest cost increase in FY2024

CPS Teacher Pension Funding



CPS also pays \$175 million to the city to support normal cost and unfunded liability for non-teacher pensions, a cost the district has taken on without supporting revenue and a cost that will continue grow



Statewide inequities drive long-term financial challenges

Funding for capital projects

- Unlike every other district in the state, CPS has limited access to alternative revenue sources to fund capital projects
- Because of this, CPS must use over **\$540 million of Evidence-Based Funding and other unrestricted funds to make debt service payments**
 - These dollars would be otherwise eligible for everyday classroom expenses
- The cost of CPS's debt service will continue to rise as we make needed capital investments in our school buildings



CPS will face substantial budget gap once temporary federal COVID relief expires

(\$ in Millions)	FY23	FY24	FY25	FY26	FY27	FY28
Projected Surplus/(Deficit)	-	-	-	(628)	(733)	(650)

Source: Analysis of District Finances and Entanglements Between the City of Chicago and the Chicago Public Schools

Assuming CPS is able to leverage remaining funding to cover FY2025 costs, CPS faces projected budget deficits north of \$600 million beginning in FY2026. The most significant factors driving these projected deficits include:

- payments to city to cover CPS's non-teacher pensions (normal cost and unfunded liability) that are projected to grow to \$315M by FY2027, plus another \$30 million of costs previously covered by city related to crossing guards and school resource officers
- nearly \$200 million of lower EBF revenues due to CPS's drop to a "Tier 2" district and 2022 formula corrections cutting CPS's total allocation
- growth in the wage base and benefits contributions that compound at approximately \$120 million per year

Resolving statewide inequities would close budget gap

(\$ in Millions)	FY23	FY24	FY25	FY26	FY27	FY28
Projected Surplus/(Deficit)	-	-	-	(628)	(733)	(650)

Source: Analysis of District Finances and Entanglements Between the City of Chicago and the Chicago Public Schools

Resolving inequities between CPS and other districts in whole or in part would allow CPS to close the projected gap and maintain existing investments made possible by ESSER funding.

- **\$1.4 billion** would be available with full funding from the state's Evidence-Based funding formula
- **\$552 million** would be available if CPS teacher pensions received the same support as other districts
- **\$540 million** would be available if CPS did not have to use Evidence-Based Funding and other unrestricted revenues to cover debt service costs



Federal relief funding has allowed CPS to continue to advance important priorities

Without federal relief funding, the shortfall in state funding would have prevented CPS from investing in the following:

Targeted investments in the instructional core

- CPS's FY2023 budget included, for the first time, commitments to ensure every school has the resources necessary for reasonable class sizes, limited split-grade classrooms, expanded teacher professional development and coaching, access to arts, and academic intervention supports.

Resource equity

- CPS has used the Office of Equity's Opportunity Index to make key investments, including new teacher positions at every school with additional support for our highest need schools.

Stability

- Despite significant districtwide enrollment losses, the FY2023 budget included an increase of over \$240 million in direct school funding.

Academic recovery and social and emotional support

- \$230 million in federal relief funding supports FY2023 programming investments in academic recovery, social and emotional support, and other pandemic-driven needs of our students and schools.



\$250M in ESSER funding will remain after FY2024

The federal aid has allowed the district to address new, pandemic-driven needs while continuing to advance equity, stability, and investments in district priorities. Only \$250 million is projected to remain for FY2025.

To date, CPS has spent over \$1.7 billion of federal COVID funding and projects to have reached over \$2.5 billion of spending by the end of FY2024.

	FY20	FY21	FY22	<i>FY23 Projected</i>	<i>FY24 Projected</i>	<i>Projected Spending Through FY24</i>
Operational supports & supplies	\$90M	\$61M	\$66M	\$56M	-	\$273M
Academic recovery + SEL supports	-	-	\$97M	\$150M	\$200M	\$447M
District priorities + other local-level needs	\$6M	\$456M	\$460M	\$404M	\$496M	\$1822M
Total	\$96M	\$517M	\$623M	<i>\$610M</i>	<i>\$696M</i>	<i>\$2542M</i>



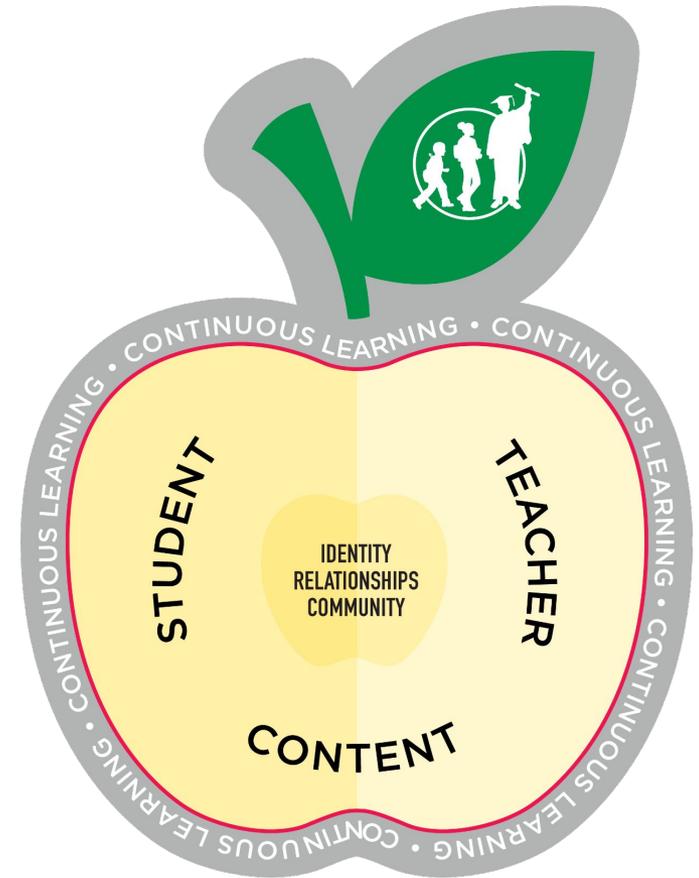
FY2024 budget update



FY2024 school resourcing will maintain and augment FY2023 investments focused on resourcing the instructional core

Resourcing prioritization at the school level:

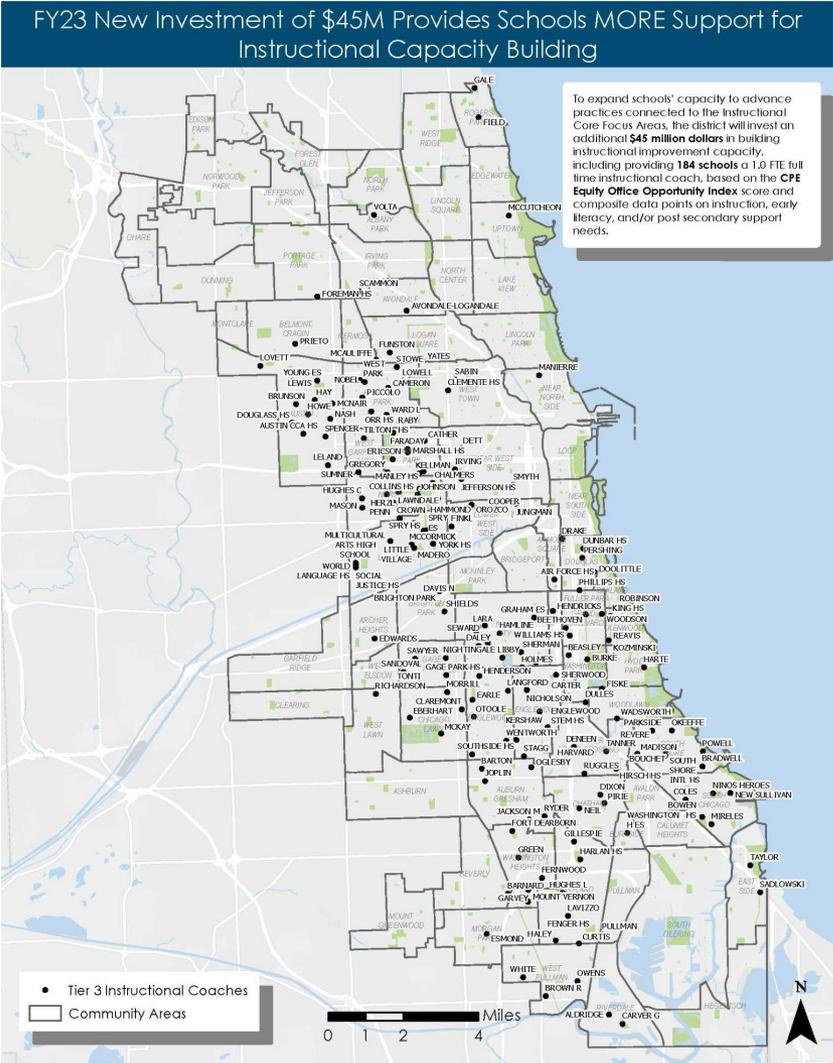
- ☐ reasonable class sizes
- ☐ limited splits
- ☐ access to arts
- ☐ intervention supports
- ☐ + plus fund local level priorities



Reminder: Investments from FY2023

Instructional Coaches

In FY2023 the district invested an **additional \$45 million** dollars in building instructional improvement capacity, including a **\$24M investment** providing **184 schools** a **1.0 FTE** full time instructional coach, based on the **CPS Equity Office Opportunity Index** score and composite data points on instruction, early literacy, and/or post secondary support needs.

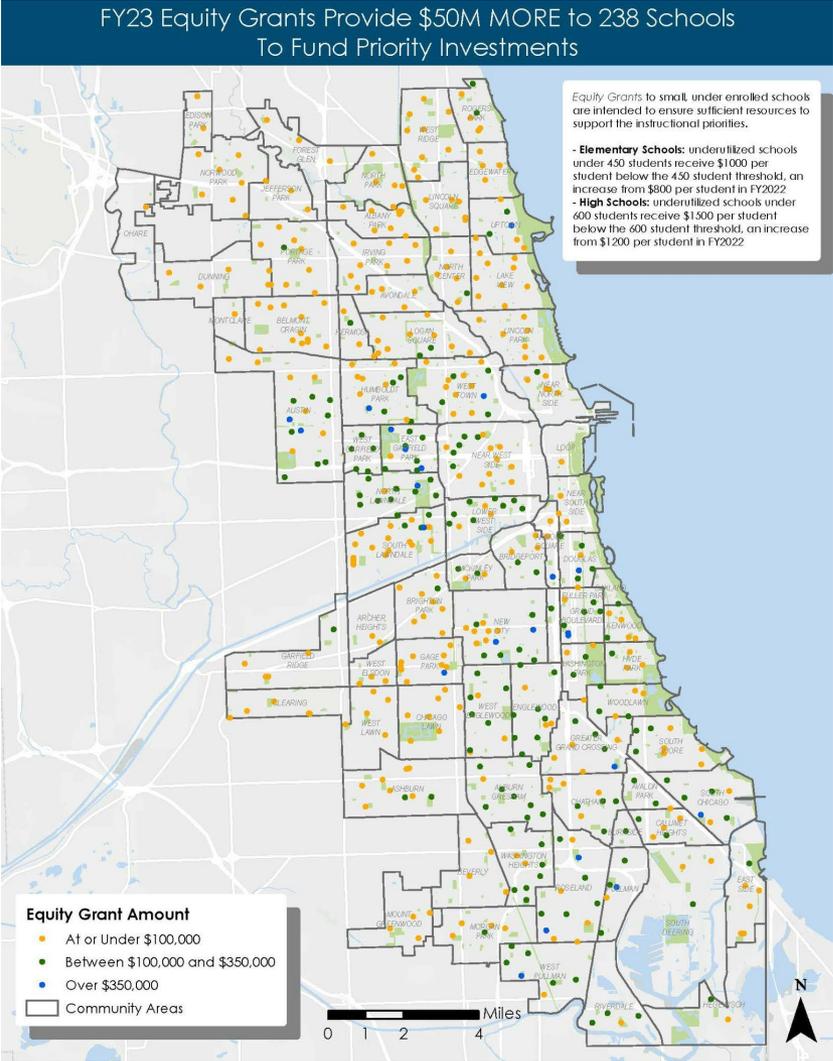


Reminder: Investments from FY2023

Equity Grants

Equity Grants to small, under-enrolled schools are intended to ensure sufficient resources to support the instructional priorities.

\$50M allocated to 238 schools in FY2023



Reminder: Investments from FY2023

Wraparound services to support the whole child

In FY23, the district provided **\$83M** for new wraparound services to support the whole child, including:

- **\$30M in summer school and \$20M in out-of-school time programs** to keep students safe and engaged when school is not in session
- **\$13M in mentorship and mental health supports and partnerships**
- **\$12M in student re-engagement efforts** to increase enrollment and attendance
- **\$10M to hire an additional 112 nurses and \$5M for 44 new social workers**, outpacing contractual commitments and bringing staffing levels to an all-time high
- **\$7M to support district athletics**, including full-time athletic directors at over half of district high schools
- **\$6M to provide a second district-funded counselor** to 53 more high-need schools, bringing the total to 117 schools receiving a second district-funded counselor
- **\$5M to support a universal SEL curriculum**



Reminder: Investments from FY2023 Resources for all schools

- Intervention supports for every school
- Arts programming in every school
- Additional nurses, social workers, and case managers
- Central funding of technology devices for every student
- Robust curriculum through the district's *Skyline* initiative



CPS's FY2024 budget will add new resources on top of FY2023 investments

- At least \$60M in additional teacher and aide support for Diverse Learners
- Dedicated funding and increased support for newcomer students and English learners
- Continued expansion of access to free Pre-K across the city
- Budget increases to cover contractual cost-of-living adjustments
- Additional funding to advance resource equity using the district's Opportunity Index
- Additional funding to provide year-over-year stability amid shifting enrollment trends
- Additional resources for mental health

