



# News Release

## **FOR IMMEDIATE RELEASE:**

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## **CPS Proposes Balanced FY17 Budget to Put District on a Path to Stability and Continued Academic Success**

*District Continues to Invest in Schools While Reducing Overall Operating Budget, Cutting \$232 Million in Spending over Last Year*

**CHICAGO** – Chicago Public Schools (CPS) today released a balanced budget for Fiscal Year 2017 (FY17), proposing a plan that puts the District on a path toward fiscal stability while protecting classrooms so Chicago’s students can continue their remarkable academic gains.

For the first time in years, the District eliminated its practice of operational borrowing and balanced the budget in a way that lays out a roadmap for fiscal soundness in the years to come – giving families more certainty that their schools will remain strong. The FY17 budget reduces operational spending by more than \$230 million compared to last year, even as major costs such as pensions and health care continue to climb.

“Our focus must be on the remarkable progress our students are making – from record ACT scores, graduation rates and college attendance to reduced disciplinary measures, and stabilizing our finances means that progress can continue. We’re grateful for the assistance of our leaders in Springfield, as well as the \$250 million in additional taxes Chicago homeowners will be making to support teachers’ pensions,” said CPS CEO Forrest Claypool. “With this budget, we’ll move the District on to stronger footing and stand ready to partner with leaders in Springfield to advance long-term education funding reform and pension equity.”

There are several important developments in this budget proposal that stabilize the District’s finances and improve on the FY16 budget:

- This budget does not rely on gimmicks or operational borrowing to balance.
- This budget significantly reduces expenditures within the District’s control, with an operating budget that is \$232 million less than the FY16 operating budget, even as pension contributions and health care continue to skyrocket.
- This budget includes a landmark “Equity Grant” from the State of Illinois, which acknowledges that the State needs to improve how it funds the education of students in poverty. This grant serves as an important first step as the state determines how to best reform education funding.

- This budget includes a \$215 million commitment from the State for the normal costs of CPS teachers' pensions – a step in the right direction toward pension equity with other teachers in Illinois.
- Under this budget Chicagoans play a greater role in protecting classrooms, by restoring a property tax levy of \$250 million for teachers' pensions – ensuring that more funding remains in the classroom.
- This budget includes major administrative streamlining efforts – including nearly \$200 million in cost-savings measures that have already been realized, with tens of millions more in projected savings – that reduce the District's footprint and redirect limited funds toward the classrooms.

To close the remaining \$300 million gap, the District will take additional steps, including realizing anticipated savings from outstanding labor agreements, sweeping vacant positions, making additional grant reallocations, and achieving other savings, including from centralized purchasing, teacher retirement and scheduling efficiencies. These changes will also create proportional reductions of approximately \$20 million for charter schools.

<b>Savings Initiative</b>	<b>Savings, in millions</b>
<b>Beginning Deficit</b>	<b>\$1.14 Billion</b>
FY2016 CPS Cost Savings Initiatives	\$173
GSA Poverty Grant	\$102
GSA Hold Harmless	\$74
Early Childhood Grant	\$29
Chicago Pension Property Tax	\$250
State Pension Contribution	\$215
Sweep Vacancy Savings for Deficit Reduction	\$58
Reprogramming Grants to Classrooms	\$35
Centralized Purchasing Savings	\$35
Anticipated Labor Savings	\$31
Phase-In of Shared Services	\$26
Charter School Share of Central Efficiencies	\$20
Reduction Non-School Based Employees (since Jan.)	\$17
Savings from Teacher Retirements & Resignations	\$17
New TIF Revenue	\$15
Scheduling Efficiencies	\$15
Improved Medicaid Collections	\$12
Additional Central Office Streamlining	\$10
Additional Revenue	\$6
Central Summer Program Reductions	\$3

In addition, in FY17, CPS will be making much-needed investments in schools' infrastructure and capital needs in the classroom using new funding streams. In 2003, the Illinois General Assembly and Governor gave Chicago the right to levy a \$45 million special property tax, or

Capital Improvement Tax to help with school modernization. However, in the ensuing years, the City never followed through. Last fall, Mayor Emanuel and the Chicago City Council passed this Capital Improvement Tax levy for CPS, and it will generate approximately \$45 million a year in revenue. The District will seek to maximize this new revenue stream beginning in FY17.

With this funding and other outside sources of funding, the District is investing at least \$338 million in needed capital improvements to schools, including repair, modernization and overcrowding relief in neighborhoods throughout the city. Later this fall, the District will continue working to secure funding for additional projects that will not only address overcrowding and deferred maintenance, but to also complete the District's efforts to modernize schools' online infrastructure, air conditioning projects and playlots for every child in the city. The District anticipates announcing this supplemental capital plan later this fall.

The proposed FY17 budget will be made available for public comment and review the week of Aug. 15, when the District will hold a total of six meetings to discuss potential capital plans, the proposed tax levy on Chicago taxpayers and the budget itself. The final budget is expected to be presented to the Board for a vote at its August meeting, which is scheduled for Aug. 24. For additional information on the FY17 budget, please see the attached fact sheet or view the detailed District's budget at: [www.cps.edu/budget](http://www.cps.edu/budget).