

FY2020 CPS Budget Overview

August 28, 2019

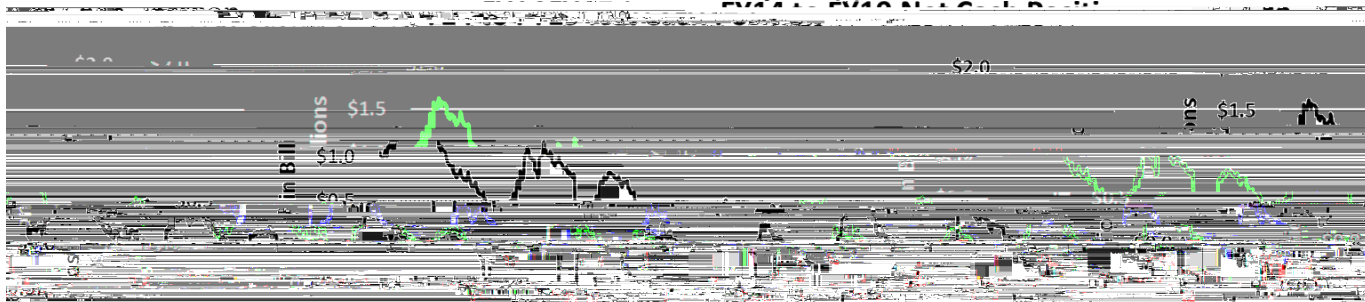


FY2020 Financial Overview

- FY2020 budget remains balanced without major revenue risk for the third year in a row.
- The shift to the Evidence Based Formula (EBF) in FY2018 provides state revenue stability, but CPS still requires \$1.92B of additional funding from the state in order to be considered fully funded per the state's adequacy targets.
- Fund balance has been restored to positive levels and is nearing CPS' fund balance targets.
- By lowering our borrowing costs, the market has clearly stated that CPS' financial position has improved.
- Cash improved in FY2019, with short-term borrowing reduced by \$250M. CPS, however, ended the year with a net negative cash balance of (\$115M), and is projected to have a net negative cash position for the majority of FY2020.
- The Civic Federation supports the CPS budget for the second year in a row.



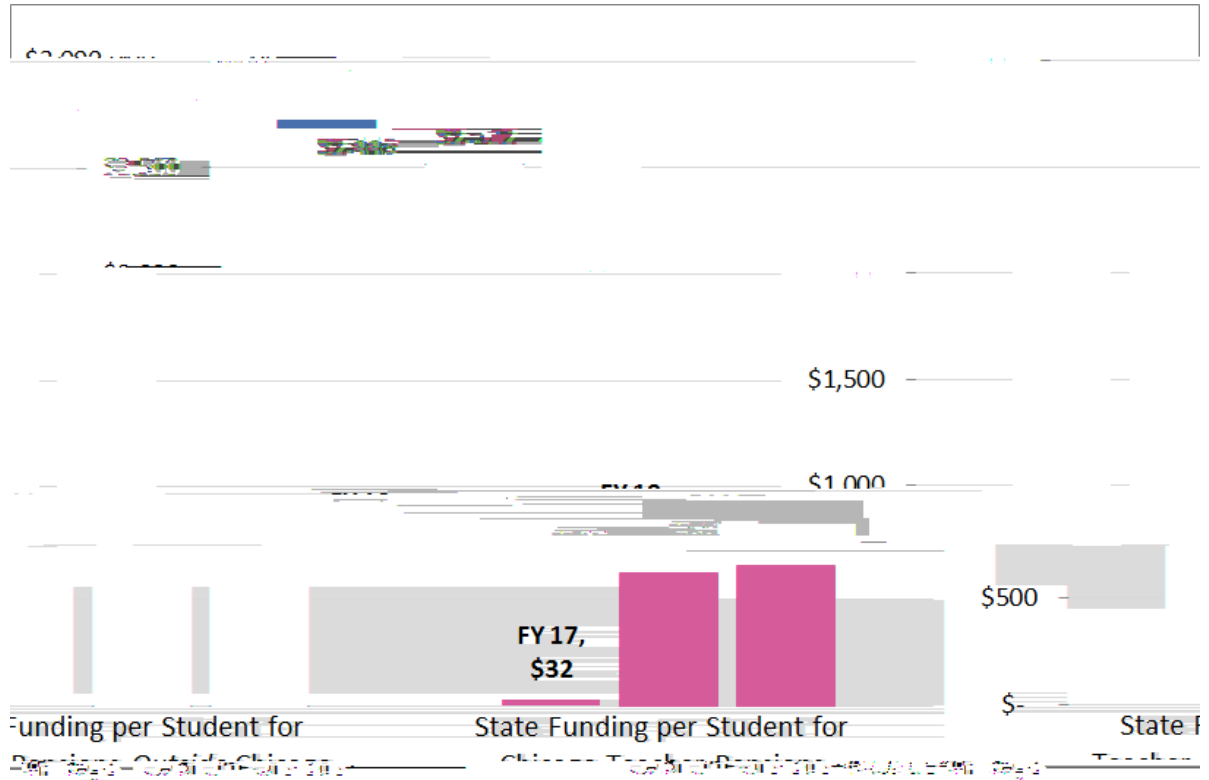
Cash and TANs - Negative Cash Flow



Currently, we are also projecting a net negative cash position during the majority of FY20.

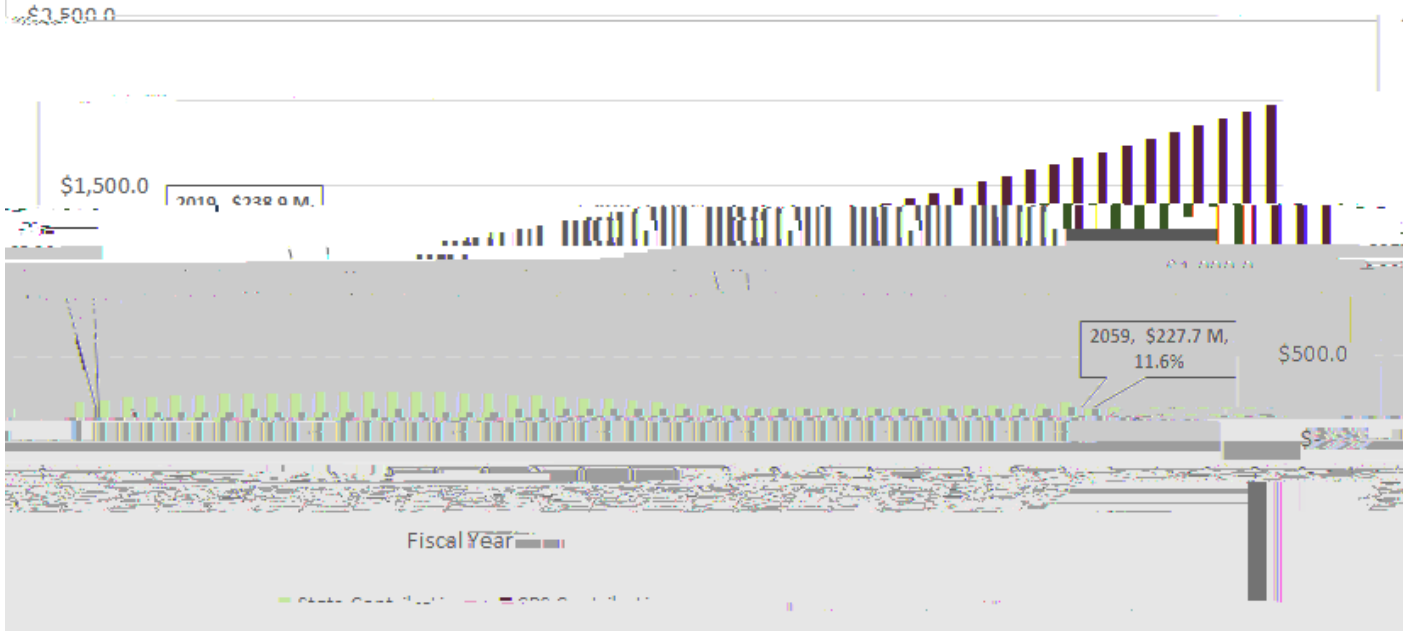


Pension inequity between Chicago and other school districts in Illinois persists

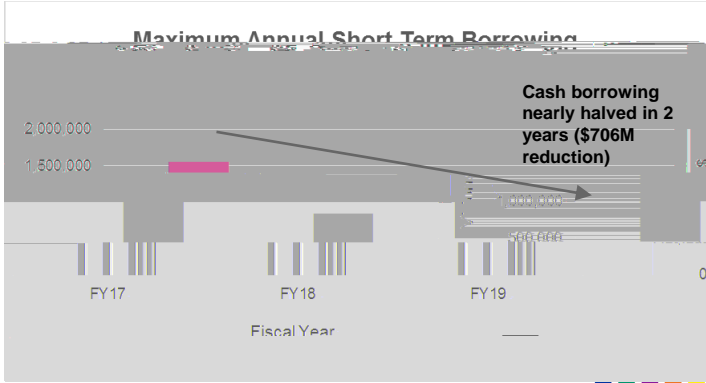
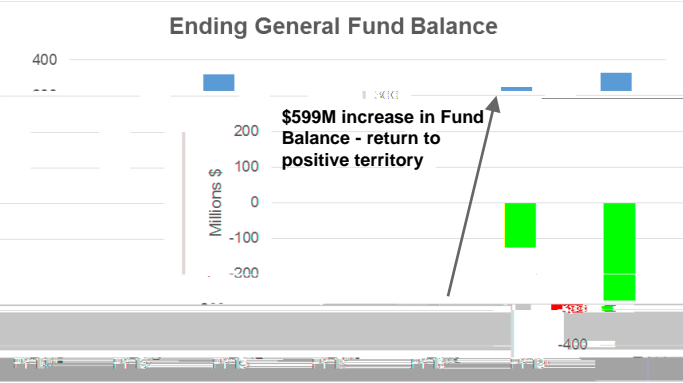
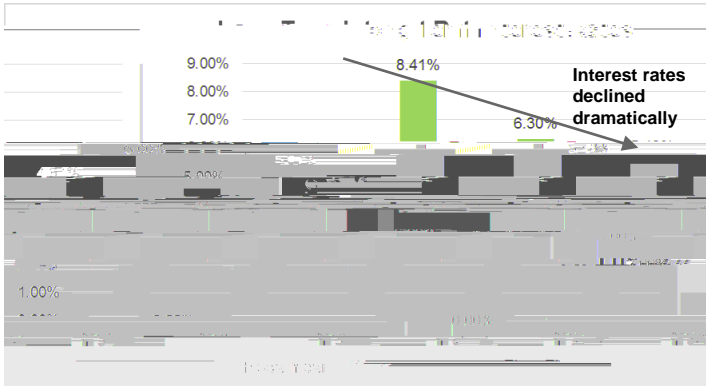
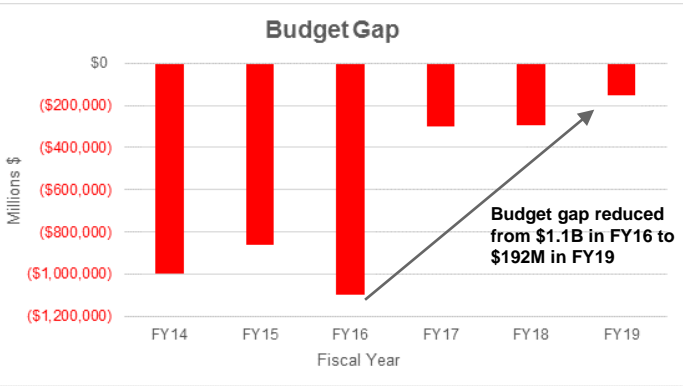


CPS's employer pension contribution will steadily grow through FY2059

Employer Contribution to CTPF by State and CPS Contribution (\$ in millions)



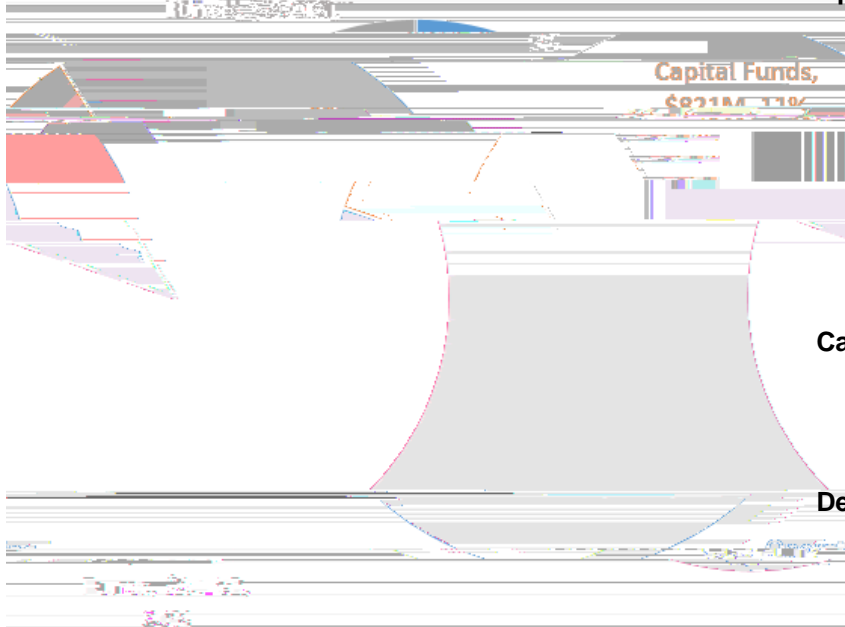
CPS' Financial Condition Continues to Improve – By the Numbers





Total CPS FY2020 Budget is \$7.7B

Debt Services



Operating Budget, \$6.18B

Pays for the day-to-day operations
Primarily funded through local tax revenues and state and federal funding
The operating budget includes the following non-discretionary items:

- \$3.3B salaries and benefits, largely governed by collective bargaining
- \$855M in teacher pension contributions, which are governed by state statute

Capital Budget, \$821M

Pays for the renovation and expansion of existing schools
Generated largely from the issuance of bonds

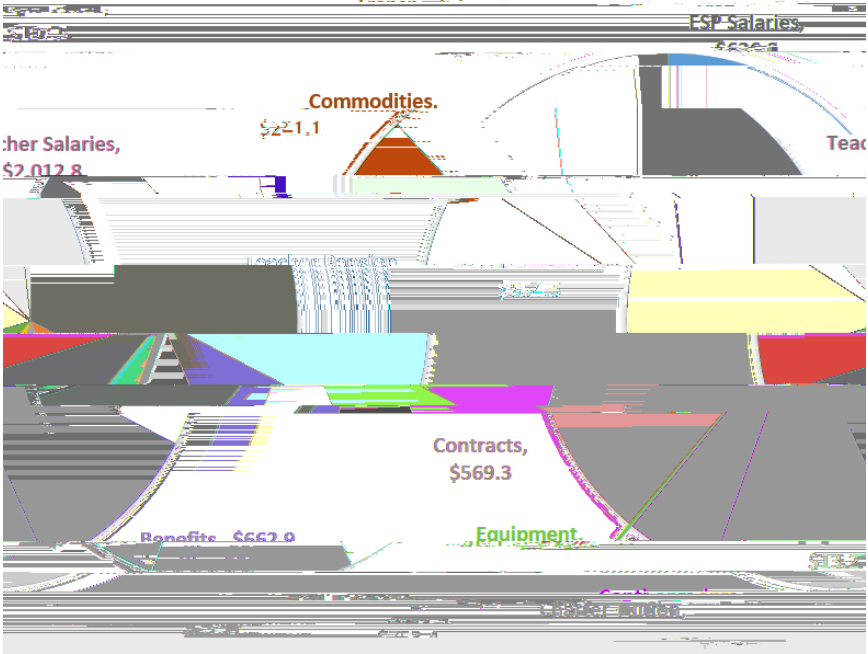
Debt Service Budget, \$700M

Pays interest and principal on bonds
Primarily funded through state revenues and Personal Property Replacement Tax





Salaries & Benefits Comprise 80% of CPS Operating Budget



The total spent on personnel salaries and benefits is 80% when funding for charter tuition - which primarily funds salaries and benefits for charter school staff - is included.

The remaining 20% of our budget



97% of FY2020 Positions Directly Support Schools

The CPS FY2020 budget includes over 38,000 FTEs, **97% of which directly support schools.**

Teachers, school support staff, and school administrators make up **85%** of CPS employees, while another **12%** provide



Proposed FY2020 Budget Focuses on Equity

Critical building improvements for more than 300 schools across the city, with 93 percent of the \$619 million in guaranteed capital funding going to schools that serve majority low-income students

\$263 million in funding for **critical maintenance projects and interior improvements** including roof, envelope, and mechanical repair and replacement, and critical interior repairs

\$30 million to launch the second phase of its **high school science lab modernization** project to add, upgrade or renovate science labs in 29 high schools.

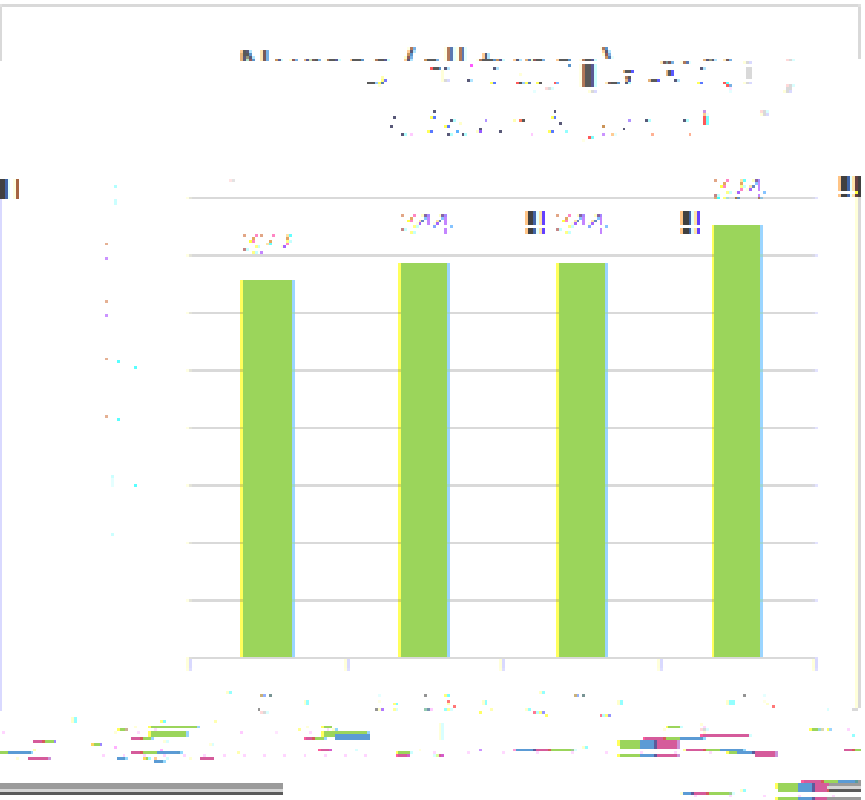
\$85 million in **devices and infrastructure modernization** at over 130 schools to continue expanding access to modern technology

\$10.5 million for **ADA accessibility**

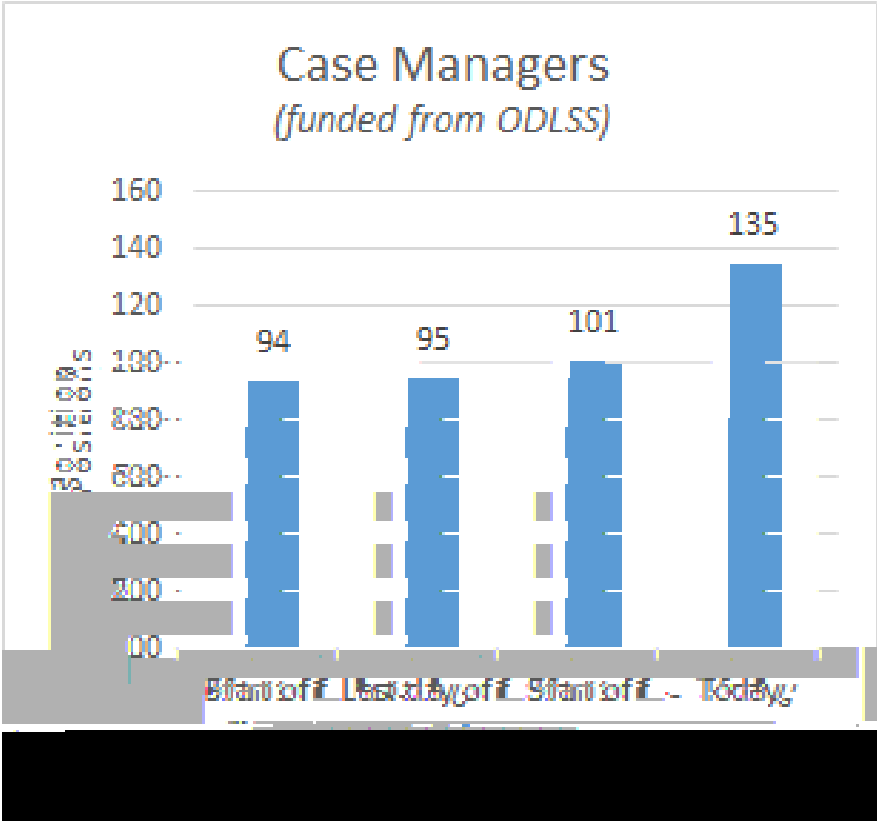




Nurses



Case Managers





FY2020 School Budget – Support Strategies

- **Increase to SBB base rate 2.5%** carrying forward the same COLA as the final year of CTse ea,(ea)conT(1)11(ea,(7 348.74 Tm



FY2020 Capital Budget

The FY2020 budget includes a capital budget totaling \$821 million of investments that will focus on priority facilities needs at neighborhood schools; the district's largest-ever Pre-K capital investment; ADA accessibility; and continued expansion of technology upgrades, modern science labs, and other academic priorities.

Critical building improvements for more than 300 schools across the city, with 93 percent of the \$619 million in guaranteed capital funding going to schools that serve majority low-income students.

\$242,150		Facility Needs	
	\$180,000	Educational Programming	
Improvements			\$44,750
Improvements			\$17,340
Project Support Services			\$26,000
	\$11,000	Potential Externally Funded Projects	
Budget Uses			\$820,605

Totals in thousands



FY2020 Capital Plan Funding Strategy

- The FY2020 capital budget includes \$619 million in guaranteed resources backed by anticipated bond offerings and other committed funding sources
- The plan also includes \$191 million in potential state funding approved this spring as part of a \$45 billion state capital bill and \$11 million in appropriation for potential external funding.

