

January 27, 2021

**AMEND BOARD REPORT 08-0827-PO8  
FUND BALANCE AND BUDGET MANAGEMENT POLICY**

**THE CHIEF EXECUTIVE OFFICER RECOMMENDS:**

That the Chicago Board of Education ("Board") amend the Fund Balance and Management Policy

08-0827-PO8. The policy was posted for public comment from November 16, 2020 to December 16, 2020.

**PURPOSE:**

The purpose of this policy amendment is to ensure that the Board Chicago Public Schools (CPS) manages its budget and finance finances in a fiscally prudent, equitable, and responsible way by establishing financial policies about the Balanced Budget, Fund Balance and Use of One-time Revenue regarding the following:

- Balanced Budget
- Fund Balance
- Use of One-time Revenues

The Balanced Budget will require requires that the total expenditure expenditures be equal to total revenues unless it meets exceptions described in this Policy. The establishment of a Fund Balance will ensure that the Board will accumulate an unexpended, unrestricted fund balance (as defined below) to



or exceed the total budgeted expenditures and other financing uses. A structurally balanced budget is achieved when the total projected revenues that the Board accrues in a fiscal year are equal to or greater than the total expenditures. Each governmental fund shall have a structurally balanced budget unless it



range during the budget process, and to reduce short-term borrowing costs. It is the Board's goal that this stabilization fund will not be utilized unless there is an

unforeseen financial emergency and a corresponding consensus decision among the Board members.

Criteria to use Stabilization Fund and Unassigned Fund Balance of

**Excess Unassigned Fund Balance above the Stabilization fund**

**2. Workers Compensation/Tort Fund:**

The reserved but spendable restricted fund balance target for the Workers Comp/Tort Fund is no less than 1% and no more than 2% of the operating budget. This fund balance must be used for purposes specified by the Illinois School Code 105 ILCS 5/4-3.05-105.

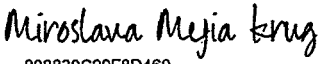
ILCS 5/2-3.170 such as unanticipated large tort, property loss, workers' compensation, or liability claims.

**3. Supplemental General State Aid Fund (SGSA):**

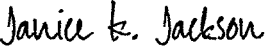
The reserved but spendable fund balance shall equal the unused SGSA revenues from the

**LEGAL REFERENCES:** Illinois School Code 105 ILCS 5/34-43; ~~5/18-8.05~~ 105 ILCS 5/2-3.170;  
745 ILCS 10/9-107

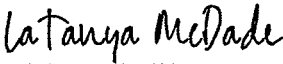
**Approved for Consideration:**

DocuSigned by:  
  
008830C29F8D469...  
\_\_\_\_\_  
**Miroslava Mejia Krug**  
Chief Financial Officer

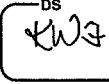

**Approved:**

DocuSigned by:  
  
CD1308C15BA8459...  
\_\_\_\_\_  
**Janice K. Jackson**  
Chief Executive Officer

**Approved for Consideration:**

DocuSigned by:  
  
396384628F8A43A...  
\_\_\_\_\_  
**LaTanya D. McDade**  
Chief Education Officer

**Approved as to Legal Form:**

  
DocuSigned by:  
  
571EC59C33144C5...  
\_\_\_\_\_  
**Joseph T. Moriarty**  
General Counsel