

FY 15 Budget

Presentation to the Board

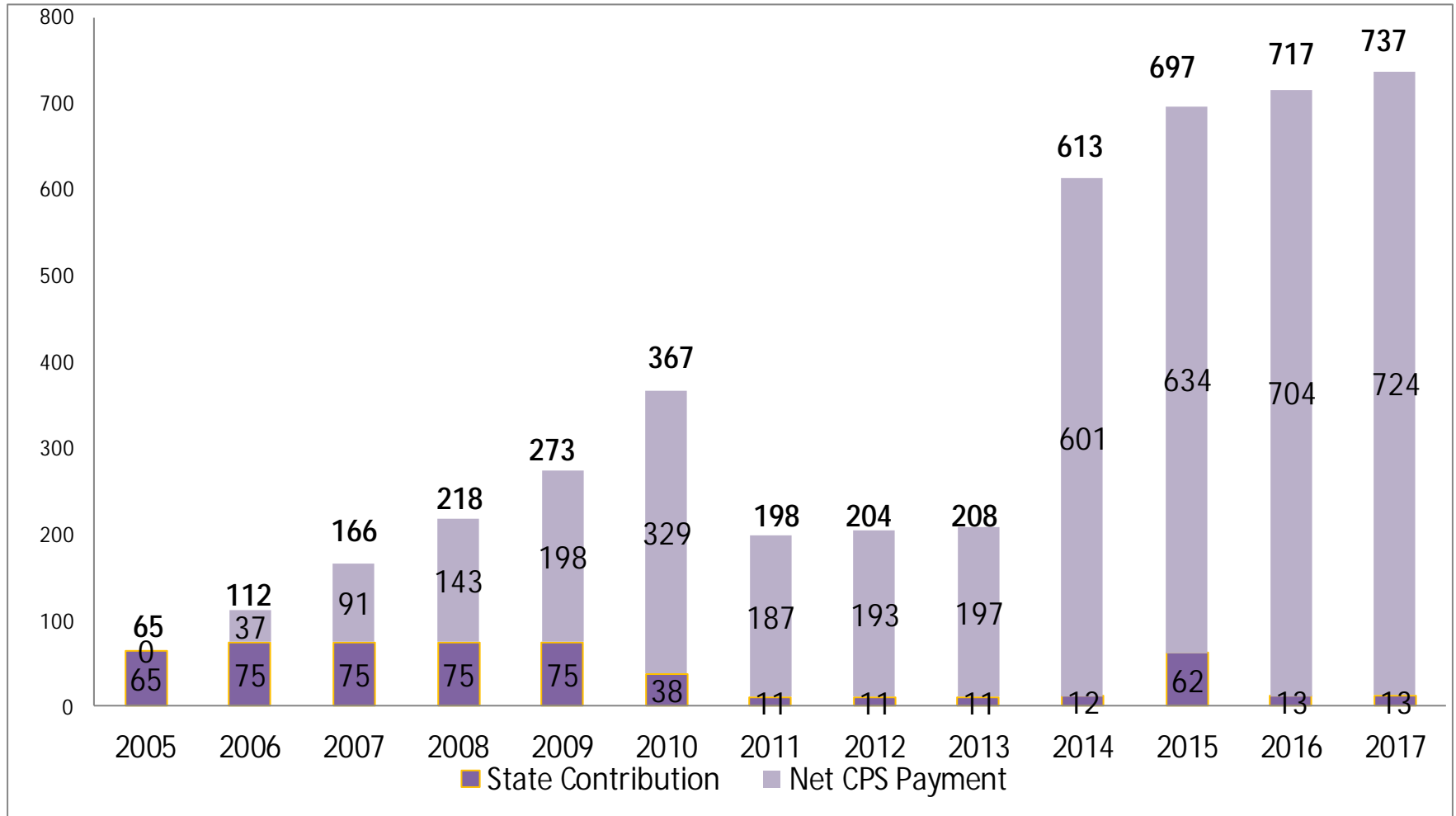
July 23, 2014

Overview

- CPS grapples with growing budget deficit due to declining State funding and escalating pension costs.
- We continue to make cuts away from the classroom by cutting spending from central office, administration, and operations.
- FY 15 budget reflects \$55 million in reductions, bringing total to \$740 million since 2011.
- Despite deficit, CPS continues to invest in driving student achievement
- The \$510 million capital plan also invests in the classroom
- Change in revenue recognition period enables balanced FY 15 budget, but does not address structural deficit going forward
- Pension reform remains critical to long-term financial stability
- Without pension reform and improved state funding, deficits of over \$1 billion continue



Pension costs grow again in FY 15; reform is best hope to protect investments in classroom and retirement security for teachers



\$ in millions

Cut spending in central office, administration and operations to keep cuts away from the classroom

\$740 million in cuts since FY 11

<i>\$ in millions</i>	FY 11	FY 12	FY 13	FY 14	FY 15	TOTAL
Administration/ Operations	31.3	234.0	128.0	93.2	39.8	526.3
Programs	0.0	87.0	49.0	18.4	15.3	169.7
Debt Obligations*	44.0	--	--	--	--	44.0
TOTAL	75.3	321.0	177.0	111.6	55.1	740.0

* Initiatives to lower annual debt service expense adds to Operating Fund revenue

\$55 million of reductions in FY 15

- Eliminate 20 central office positions in Information Technology, Finance, Talent and Accountability; renegotiate vendor contracts (\$14 million)
- Reduce outside training vendors, administrative positions; ensure funding for programs matches demand (\$15 million)
- New facilities management contract (\$17 million)
- Eliminate vacant positions in lunchroom operations (\$3 million)
- School bus routing and central management of bus aide staff (\$6 million)

Investments drive student achievement

Pillar 1: Promote High Standards, Rigorous Curriculum, Powerful Instruction

Per pupil funding up by \$250, add \$70M to school budgets

\$13M for 84 Arts and 84 PE teachers

\$2M for 5 new IB feeder schools plus \$8M in capital

15 additional dual credit/dual enrollment high schools;
enrollment goes from 300 (FY 11) to 4,700 (FY 15)

\$300,000 for *Computer Science for All*, with goal to provide to every school within 5 years

Investments drive student achievement (cont'd)

Pillar 2: Build System of Supports that Meet Student Needs

\$1M to expand Safe Passage

\$1.7M to support social/emotional learning

\$500,000 to support high school graduates to prepare for college

\$475,000 for high school freshman orientation program

\$300,000 for CTE programming for over-age students

\$4.5M for 7 new Options programs, increasing seats from 2,615 to 4,340

\$1.5M for new SAFE school for 150 students expelled due to violence

Investments drive student achievement (cont'd)

Pillar 3: Support Engaged and Empowered Families and Communities

\$750,000 for two new Parent Universities

Pillar 4: Support Committed and Effective Teachers, Leaders, and Staff

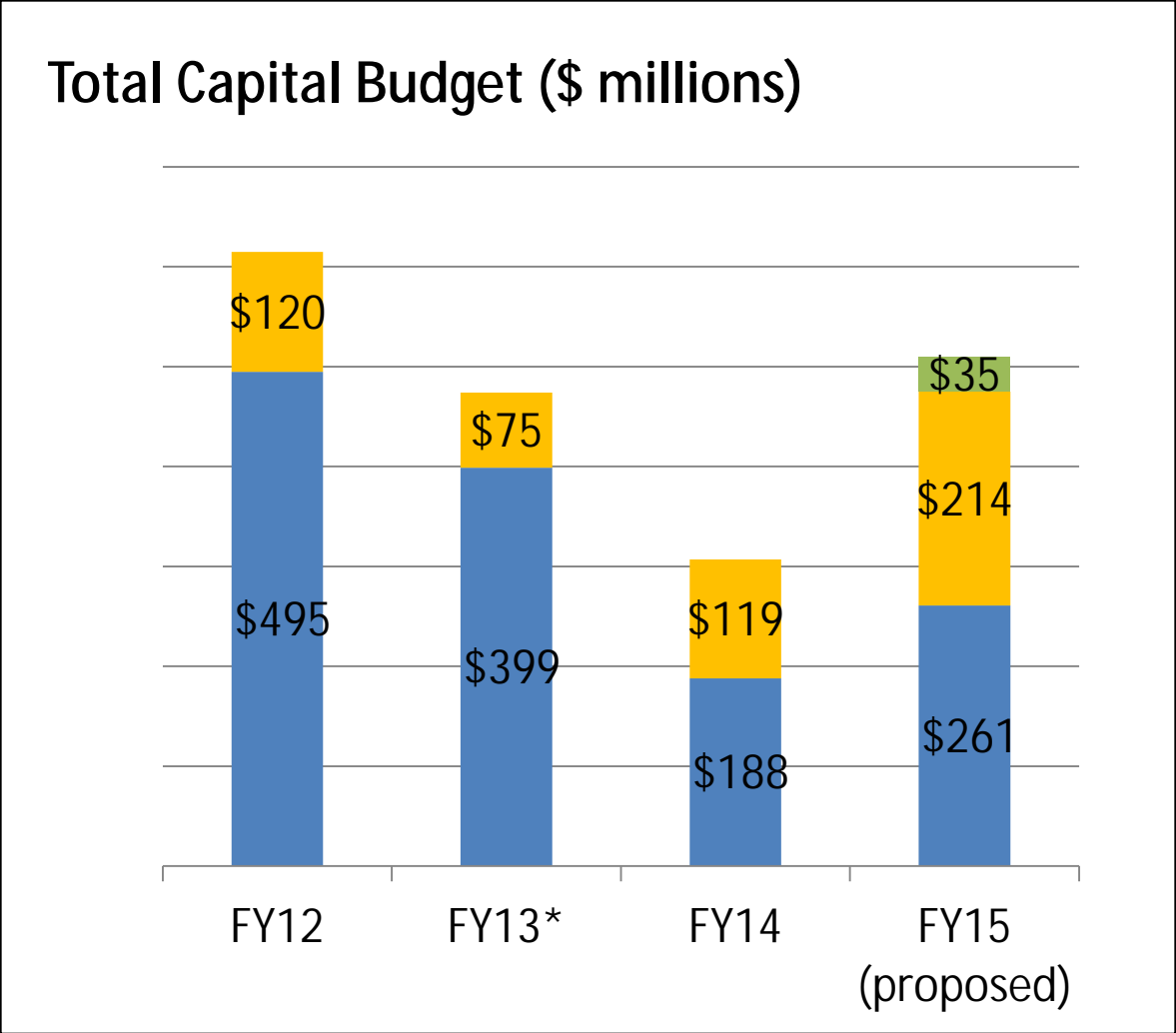
2% salary increase for teachers, principals and AP's (\$86M)

\$2.7M for the consulting teachers program, providing one-on-one professional development

\$500,000 CTU Quest to increase National Board Certified Teachers

\$1.7M in the Chicago Leadership Collaborative program to expand the principal pipeline

Investing in buildings is investing in classrooms; Outside support expands what we can do



* Includes supplemental capital plan.



Despite more cuts to central office/operations, FY 15 budget balanced using *more* one-time resources than FY 14

Only change in revenue recognition period provides reserves to balance this budget

- One time fix for this year that gets us through next school year without having to initiate major cuts to the classroom.

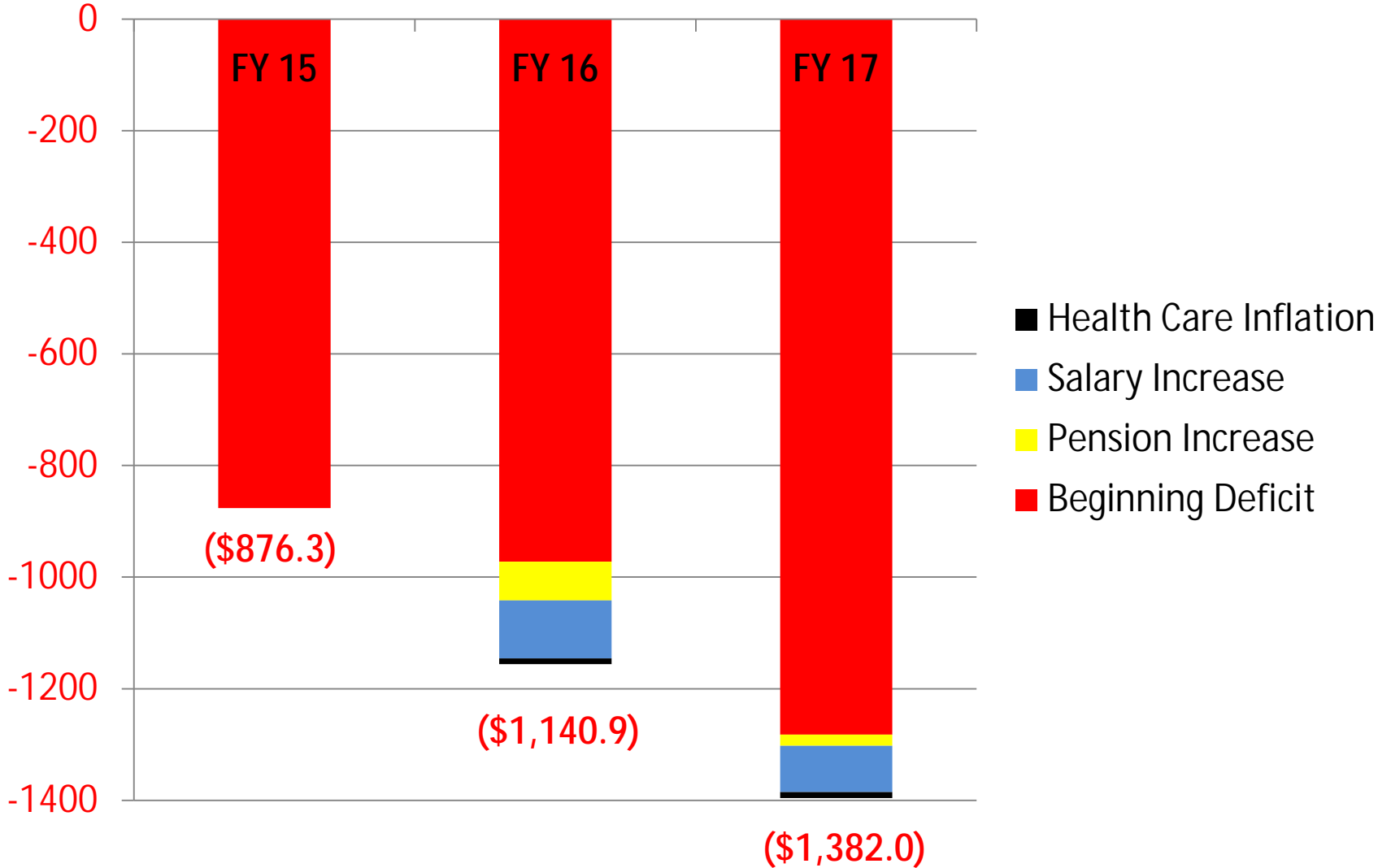
(\$ in millions)	FY 14 Budget	FY 14 Estimate	Proposed FY15 Budget
Revenue	4,949.5	4,882.7	4,893.9
Expenditures	5,592.3	5,312.2	5,756.2
Surplus/(Deficit)	(642.8)	(429.5)	(862.3)
Reserves Used to Close Deficit	642.8	429.5	862.3
Debt Service Stabilization Fund*	53.8	53.8	54.0
TOTAL USE OF RESERVES	696.6	483.3	916.3

*Used for debt service; effect is higher operating revenue



Without action on pensions and revenue, deficits continue

\$ in millions



Conclusion

- CPS continues to grapple with growing budget deficit
- Each year we make cuts in ce /CS0 cs in0(al o(def/CSf/(i1 ppl))-1 (/)2