Purpose of Meeting

• Reiterate the importance of LSCs in school budgeting and reinforce your roles and responsibilities
• Provide an overview of the FY 15 budget
• Provide an opportunity for comments, questions, and answers on the FY 15 budget
Agenda

• Welcome
• Budget Training Video
• Budget Overview
• Q & A
• Adjourn
FY15  BUDGET OVERVIEW
FY15 Budget Overview

• Despite its budget challenges, CPS is committed to protecting investments that drive student achievement and directing as much money as possible to the classroom.
• FY 15 is the fourth year in a row that CPS presents the budget in the context of an enormous structural deficit.
• We continue to make cuts away from the classroom in FY 15; over $700M of cuts since FY 11.
• These reductions and adjusting our revenue recognition period allows us to increase base per pupil funds by $250 next school year – nearly $70 million to sustain and accelerate academic gains across the District.
• Pension reform remains critical to the long-term stability of CPS, and our best hope to protect the classroom investments we’ve made. Pension costs increase to $697M in FY15 – roughly $1,700 per pupil.
Almost $1B Structural Shortfall: Problem started in FY 09

Increasing pension costs drive deficit

Federal stimulus

County Property Tax Date Change

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget</th>
<th>Proj</th>
<th>Proj</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4,949.5</td>
<td>4,883.3</td>
<td>4,856.0</td>
</tr>
<tr>
<td>2015</td>
<td>4,946.4</td>
<td>5,736.1</td>
<td>5,923.2</td>
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</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Expenses</th>
<th>Surplus/Deficit</th>
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<tbody>
<tr>
<td>2005</td>
<td>3,945.0</td>
<td>3,862.0</td>
<td>83.0</td>
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<tr>
<td>2006</td>
<td>4,185.0</td>
<td>4,085.0</td>
<td>100.0</td>
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<td>2007</td>
<td>4,283.0</td>
<td>4,146.0</td>
<td>137.0</td>
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<tr>
<td>2008</td>
<td>4,586.0</td>
<td>4,395.0</td>
<td>191.0</td>
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<tr>
<td>2009</td>
<td>4,580.0</td>
<td>4,737.0</td>
<td>(157.0)</td>
</tr>
<tr>
<td>2010</td>
<td>4,776.0</td>
<td>4,896.0</td>
<td>(120.0)</td>
</tr>
<tr>
<td>2011</td>
<td>5,116.0</td>
<td>4,910.0</td>
<td>206.0</td>
</tr>
<tr>
<td>2012</td>
<td>5,216.6</td>
<td>4,888.3</td>
<td>328.3</td>
</tr>
<tr>
<td>2013</td>
<td>4,826.5</td>
<td>4,946.4</td>
<td>(119.9)</td>
</tr>
<tr>
<td>2014</td>
<td>4,949.5</td>
<td>5,592.3</td>
<td>(642.8)</td>
</tr>
<tr>
<td>2015</td>
<td>4,883.3</td>
<td>5,736.1</td>
<td>(852.8)</td>
</tr>
<tr>
<td>2016</td>
<td>4,856.0</td>
<td>5,923.2</td>
<td>(1,067.2)</td>
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Pension costs even greater in FY 15; still no action on reforms

- CPS is the only district in the state responsible for pensions
- In FY 15 pension costs equate to over **$1,700 per pupil**
Since FY11, we have made nearly $700M in cuts to keep funds available for the classroom

<table>
<thead>
<tr>
<th></th>
<th>FY 11</th>
<th>FY 12</th>
<th>FY 13</th>
<th>FY 14</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>17.2</td>
<td>107.0</td>
<td>12.0</td>
<td>33.7</td>
<td>169.9</td>
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<tr>
<td>Operations</td>
<td>14.1</td>
<td>127.0</td>
<td>116.0</td>
<td>59.5</td>
<td>316.6</td>
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<tr>
<td>Programs</td>
<td>0.0</td>
<td>87.0</td>
<td>49.0</td>
<td>18.4</td>
<td>154.4</td>
</tr>
<tr>
<td>Debt Obligations*</td>
<td>44.0</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>44.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>75.3</td>
<td>321.0</td>
<td>177.0</td>
<td>111.6</td>
<td>684.9</td>
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* Initiatives to lower annual debt service expense adds to Operating Fund revenue
Central office/operations cuts continue in FY 15

- Moving out of 125 S. Clark will save $60M over 15 years

- Facilities changes with Aramark/Sodexo will provide cleaner schools, less hassle, and $20M in lower costs

- Other cuts across the district still being identified
Change in revenue recognition timing has been key

- Shift in Cook County timing to Aug 1 due date (from Nov 1) has already created reserves we are using now
- *This is not new revenue;* it simply pulls forward future year revenue on a one-time basis to buy time
- Accounting change could add millions more to reserves

![Graph showing revenue recognition changes]

**Pre 2012**
- Zero 2nd installment revenue rec'd

**Now**
- Property Tax Due Date

**Future**
- Additional revenue
- NEW EXTENSION
We have increased base per-pupil funding by $250

Good News: Per-Pupil Base is increasing from $4,140 in FY14 to $4,390 in FY15 ($250 per pupil).
- District will be covering increase in teacher and sub salary and benefits costs.
- Grade weights are unchanged from FY14.

Student Based Budgeting  Grade Weights stay the same:

<table>
<thead>
<tr>
<th>Grade Range</th>
<th>Calculation</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kindergarten - Grade 3</td>
<td>($4,390) x 1.07 = $4,697</td>
<td>$4,697</td>
</tr>
<tr>
<td>Grades 4 - 8</td>
<td>($4,390) x 1.00 = $4,390</td>
<td>$4,390</td>
</tr>
<tr>
<td>Grades 9 - 12</td>
<td>(4,390) x 1.24 = $5,444</td>
<td>$5,444</td>
</tr>
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</table>

Good News: Schools are no longer required to pay for janitorial supplies or ITS Network Support Fees. Funds will remain in school budgets.
Recall how Student Based Budgeting works

**Core Instruction – via Per-Pupil**

- Teachers
- Assistant Principals
- Additional Counselors and Clerks
- Educational Support Personnel
- Non-personnel
  - Janitorial Supplies
  - ITS Network Support Fee

**On Top of SBB**

- Title I, Title III & SGSA supplemental funds
- Early Childhood, O&M Positions, Food Service, Security
- Magnet, IB, Selective Enrollment, etc.
- SPED Teachers, aides, and clinicians
- 3 Administrative Base Positions
- Teacher Salary Budget Adjustment

**State and Federal Funds**

**Other Funds**

**Board-Funded Programs**

**Special Education**

**Principal**

**Counselor**

**Clerk**

**Teacher Salary Budget Adjustment**
Though we manage this year, pension reform still critical to fix the long-term funding problems for CPS

• We have increased the base per pupil rate by $250 and ensured that funds follow the students:
  – Added funding for teacher salary/benefit increases
  – Eliminated costs for IT support and janitorial supplies

• We will continue to make cuts in central office/operations and away from the classroom.

• Pension reform remains CPS’ focus because that will lead to structural balance and our best hope to protect investments that directly support student learning, such as full-day kindergarten, the full school day and year, and STEM and IB programs.
Key Dates

- April 9 – 10: Budgets released to principals
- May 21: Final budget approved by LSC/Chief due back to Office of Management and Budget
- July 1: Start of fiscal year
Comments? Questions?