

Dear CPS Families and Staff:

We are writing to provide an update on our District's finances and our ongoing labor negotiations. This is a complex situation and we want to provide you with as much information as possible as this process enters a critical phase.

**If there is one thing to take away from this message, it's this: my administration will prioritize using our remaining funds from this school year on labor agreements with our talented and hardworking educators and school leaders. What we want to avoid is being blocked from using this remaining funding for labor agreements, which could upend months of progress made at the bargaining table, and could increase the likelihood of cuts, furloughs, layoffs, and a potential strike.**

### **Amending the Current School Year Budget**

As you know, CPS has been hard at work negotiating with the Chicago Teachers Union (CTU) on a new contract for our educators, and with the Chicago Principals and Administrators Association (CPAA) on a contract for our school leaders. To pay for the first year of both these contracts, we have set aside \$139 million — the last of our revenue for this school year. In order to spend this money, the Board of Education must approve an amendment to the Fiscal Year 2025 budget. Yesterday, CPS took the formal step of proposing a budget amendment to the Board. You can read the proposed budget amendment language at [cps.edu/budget](https://cps.edu/budget).

You will notice that the budget amendment language says that this remaining \$139 million in funding could be used for these two labor agreements, or, it could be used to reimburse the City of Chicago for a payment to a pension fund that covers municipal workers, including some non-unionized CPS employees, called the Municipal Employees Annuity and Benefit Fund, or MEABF. Unfortunately, \$139 million is not enough money to cover both the labor agreements and the pension reimbursement, and as we have said before, CPS is not legally allowed to balance our budget by taking out a loan and using it as revenue. That means that the Board will have to choose how to spend this \$139 million.

Our team will be recommending prioritizing our labor agreements over the pension reimbursement. Let me explain why.

### **The Municipal Employees Benefit and Annuity Fund (MEABF)**

According to state law, the City of Chicago — not CPS — is responsible for funding MEABF. For almost a century, the City maintained this obligation. In 2020, Mayor Lightfoot requested that CPS begin reimbursing the City for contributions to the MEABF. At the time, the CTU [called](#) this move “a despicable shell game” that “rips off CPS.” They [later](#) called it “a shameful scheme to balance the city budget...on the backs of CPS students.” In order to offset the cost of the MEABF reimbursement, Mayor Lightfoot provided additional revenue to CPS through the Tax Increment Financing (TIF) system. During the

pandemic years, CPS was able to continue these reimbursements to the MEABF because of the flexibility offered to us through federal pandemic aid.

As a candidate, Mayor Brandon Johnson campaigned against CPS making these reimbursements. After he was elected, Mayor Johnson published in his [own transition report](#) (p. 63) that this funding “should be given back” to CPS. We are simply asking that our Board work with our Mayor to focus all resources to prioritize our students and our staff.

This year, pandemic aid will no longer be available. While we requested additional TIF funding from the City to offset the cost of the MEABF reimbursement, the amount we received from the City was not enough to cover the request.

So because CPS is not legally obligated to reimburse the City for MEABF; because we have just \$139 million remaining in revenue for this current year; because we are unable to legally balance the budget with a loan; because we are looking at massive annual structural deficits for the foreseeable future; and because failing to use this money on our labor agreements will raise the likelihood of cuts, furloughs, layoffs and a disruptive labor strike — my team will recommend prioritizing our labor contracts over this pension reimbursement. However, this is ultimately a decision that is up to the members of the Board of Education.

### **Making Progress Towards a Final Agreement with CTU**

I am glad to report that we have made significant progress at the bargaining table with the CTU. At the start of this process, the CTU submitted over 700 contract proposals. Earlier this week, the CTU presented our bargaining team with a document listing 41 remaining items. And publicly, CTU has declared that there are five major items that they are prioritizing as we make progress towards a final agreement. Here are where things currently stand on these five items:

- 1. Compensation.** CTU and CPS are close to an agreement on annual cost-of-living increases. CPS has also proposed \$10 million in extra “step” increases for veteran educators; CTU is proposing \$30 million. Last month, a neutral arbitrator recommended \$20 million.
- 2. Additional Staff.** Since 2019, CPS has added 7,000 additional staff (see [this page](#) for more detail). Our top priority has been preserving these positions. CPS and CTU are continuing to bargain in this area, and have already reached an agreement on several hundred additional positions with a focus on responding to specific needs, such as our growing population of students with disabilities and English Learners.
- 3. Class Sizes.** CPS and CTU have agreed on maximum class sizes for Kindergarten through 3rd grade, and 9th grade through 12th grade. CPS and CTU have also agreed to set aside \$40 million to pay for extra teacher or teacher assistant support if class sizes exceed the maximums at these grade levels. CPS and CTU are still negotiating over maximum class sizes for 4th through 8th grade, and the appropriate level of funding support if classes exceed the maximum for these grade levels.

- 4. Planning Time for Elementary Teachers.** CPS recognizes the importance of prep time for teachers. That's why CPS teachers currently enjoy the most paid preparation time in the country, with one 60 minute prep period every day and two additional 15 minute prep periods per a week. CPS has proposed adding 20 minutes per week and reallocating these two additional 15 minute prep periods so that every teacher will have 70 minutes of prep time every day. This is the most additional prep time we can offer without reducing classroom instruction time. CPS strongly opposes reducing the amount of time spent on teaching and learning in the school day.
- 5. Teacher Evaluations.** Every student deserves high-quality teachers, and regular evaluations are one of the most important tools we have to maintain the quality of classroom instruction. We are working with the CTU constructively to eliminate any disparate racial impact from these evaluations; currently the retention rate is the same for Black and White teachers. CPS opposes the CTU's proposals to lower proficiency scores, as well as the CTU's attempt to repeal the state law requiring teacher evaluations.

### **The Path Forward**

As you can see, CPS and CTU are fairly close to a deal, and we continue to bargain in good faith with the CPAA. However, this progress could be upended if we cannot pay for these agreements with our last remaining funds for this school year. The likelihood of program cuts, furloughs, and layoffs would increase. We would be increasing the risk of a disruptive work stoppage that would harm students and families.

We would also be putting the District in a worse financial position at a time when we can least afford it. CPS faces annual structural deficits of between \$500 and \$800 million for the foreseeable future. And while we will continue to collaborate with our government, labor, civic, and community partners to find revenue solutions, we are well aware that the federal government may look to cut critical funding from our District.

At the end of the day, however, this decision of where to spend our remaining FY2025 funds ultimately falls to the Board of Education.

Parents and staff will have an opportunity to make their voices heard at two upcoming budget amendment hearings on Thursday, March 13 and Friday, March 14. Both sessions will be held at 10:30 a.m. at CPS' headquarters at 42 W. Madison St. You can find more details at [cps.edu/budget](https://cps.edu/budget)

Thank you for your attention to this topic and for your continued partnership. We will continue to bargain in good faith with our labor partners, and we will continue to chart the best course for our staff and our families.

Sincerely,

Pedro Martinez

Chief Executive Officer  
Chicago Public Schools