

Dear CPS Colleagues, Families, and Supporters,

We hope that students and staff are settling back into their school routines after returning from winter break.

Today, we want to provide an update on our District's finances as they relate to our ongoing contract negotiations with our partners at the Chicago Teachers Union (CTU). We have continued bargaining in good faith in the hopes of reaching a fair, financially responsible agreement that recognizes the contributions of our educators while aligning with our [five-year strategic plan](#) and supporting a rigorous, equitable, and joyful daily learning experience for our students.

Our Financial Reality

The focus of today's update is our District's finances. Last week, CPS briefed both our new Board of Education members and our CTU partners about the very challenging financial reality facing our District, now and in the future. We want to be transparent about this reality with our families and staff as well, particularly because they are what is driving the positions we're taking at the bargaining table.

Let's start with how much money CPS has in reserves (i.e., what's in our savings account). This number is very small. The total amount is \$66 million, which translates into just three days of operating expenses for our District, which has an annual budget of \$9.9 billion. These reserves are all we have to safeguard any unexpected costs that may come up this year, which as the [Civic Federation outlines in its report released today](#), leaves CPS in a very uncomfortable position.

Resources Available to Support Us

One resource that will help with this is the \$298 million in Tax Increment Financing (TIF) funding that CPS is scheduled to receive this year from the City of Chicago. While we are grateful for this funding, it is not enough to cover both the four percent salary increase we are offering to our teachers in the first year of their contract AND the Municipal Employees' Annuity and Benefit Fund of Chicago pension payment that the city is asking CPS to absorb.

Our District has been sounding this alarm for some time, which is why I requested \$484 million in additional TIF funding that reflected our District's financial needs. Unfortunately, CPS did not receive that amount from the city, leaving us unable to shoulder both the pension payment and the first-year cost of the labor contract we've proposed.

Protecting Our District's Progress

CPS is determined that the TIF funding we've received go to pay for a generous salary increase for our teachers, while also protecting the more than 7,000 staff positions our District has added since 2019. These positions are what has led to [CPS students leading large urban school districts around the country in academic recovery from the pandemic](#), and they must be protected to keep this momentum going.

Grappling with Deficits

CPS did the work to balance the budget this year amid a difficult financial situation. As pandemic recovery funds dwindled, we adjusted, making cuts and finding efficiencies totaling more than \$500 million before the Chicago Board of Education unanimously approved and passed the FY2025 balanced budget—a budget that preserved the 7,000 new positions that have helped drive academic improvement for the past two school years.

But the deficits we're facing in the coming years are far greater. Next year alone, CPS AGAIN anticipates a budget deficit of more than \$500 million. And that's WITHOUT factoring in new costs from the labor contract currently being negotiated with CTU.

In Support of Our Teachers

Given these serious fiscal constraints, even funding the four percent salary increase being offered by the District will not be easy for CPS. We will have to work to find room in the budget to accommodate these raises. But our educators deserve competitive compensation that rewards their talent, and it will help CPS attract the best teachers for our students, so we view this landmark salary increase as a worthy investment.

To go beyond this four percent, though, would put our District's future at risk. It would force CPS to consider layoffs, furloughs, and significant program cuts, all of which would threaten the remarkable progress we've made in the past two years.

What a Four Percent COLA Looks Like

Part of the reason we are holding at four percent is because of what this increase truly means. It would:

- Take the average teacher salary in CPS to around \$100,000
- Guarantee all CTU members a 16% salary increase over the next four years, with many teachers seeing a jump of up to 32% when factoring in "step" increases they receive for years of service.
- Align with or exceed other labor contracts from around the city, including the contract settled recently between CPS and SEIU Local 73
- Maintain the position CPS teachers hold as nearly the highest paid public school educators in the United States.

You can see several examples of how much these salary increases would improve educator compensation [here](#). By the end of the four-year agreement,

- The salary for a year 3 teacher with a master's degree would go from \$73,159 to \$96,613
- The salary for a year 11 teacher with a master's degree would go from \$94,966 to \$125,045
- The salary for a year 22 teacher with a master's degree would go from \$115,819 to \$140,309

Approaching the Finish Line

Our educators deserve the most generous salary increase the District can afford, which is what is on the table right now. We all want to get a deal done as soon as possible, and as negotiations continue, we hope that our CTU partners will recognize this financial reality, and that they will work with us to resolve the remaining barriers to an agreement. We have found common ground on many non-financial issues, including grading, assessments, special education, and athletics, so I firmly believe that a fair, financially responsible contract is well within our reach.

I thank you for your interest in this process and will continue to provide you with regular updates. You can also find comprehensive details on these negotiations any time by visiting our District's [labor updates page](#).

Thank you all for your partnership, and please stay safe and warm amid our Chicago winter.

Sincerely,

Pedro Martinez
Chief Executive Officer
Chicago Public Schools