
FY 2011 Budget Briefing



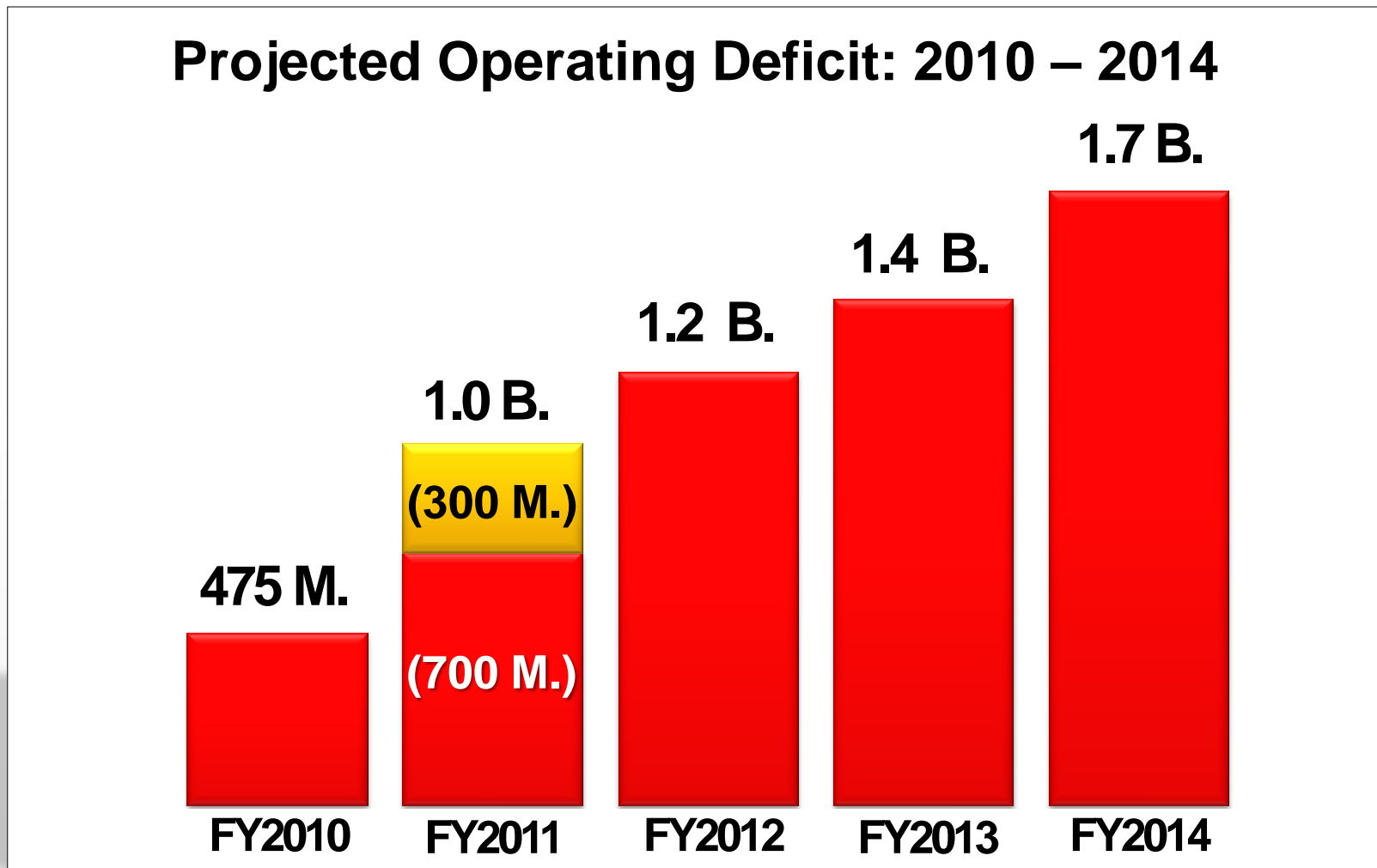
March 15, 2010

Agenda

- 1. President's Remarks** *President Mary Richardson-Lowry*
- 2. Overview of the Problem** *Dr. Barbara Eason-Watkins, CEEdO*
- 3. The Budget Impact** *Ron Huberman, CEO*
- 4. The School-Based Budget** *Diana Ferguson, CFO*
- 5. A Note on Hiring** *Alicia Winckler, CHCO*
- 6. What Action You Can Take** *Ron Huberman, CEO*
- 7. Conclusion and Q & A**

FY2011 Budget Picture

- CPS closed a \$475 M. deficit for FY2010 with efficiency improvements and 1-time revenue opportunities
- These opportunities are no longer available



2 Options For Planning

1. Hope for the best... Plan for what we have now!



2. Head in the sand... React without a strategy!



What Are Other Districts Doing?



School Districts Across the Nation

Detroit



- \$317 M shortfall (26% of budget)
- 2,100 proposed layoffs
- 41 schools proposed for closure

Cleveland



- Closing 10% of schools
- Layoffs proposed

Los Angeles



- \$640 M. deficit
- 5,200 layoff notices
- Administrators taking unpaid days and pay reductions

Kansas City



- Board approved plan to close nearly 50% of the district's schools
- Laying off 25% of workforce
- \$55 M. deficit (17% of budget)

Orange Co.

- \$353 M. deficit
- 2,609 layoffs proposed
- Increased class size
- Up to 11 furlough days
- Shortened calendar

Hawaii



- Friday shutdown days
- Increased class sizes
- Additional layoffs projected

School Districts Across Illinois

Rockford

- District has proposed wage freezes for all union employees
- Drawing on \$30 M. of reserves

Elgin

- \$48.6 M. deficit (12% of budget)
- Potential layoffs

Peoria

- \$6 - \$8 M. budget shortfall
- Additional layoffs planned
- 121 layoffs last year

Pontiac

- \$1 M. deficit
- Laying off 39 positions
- Proposed elimination of all sports

Quincy

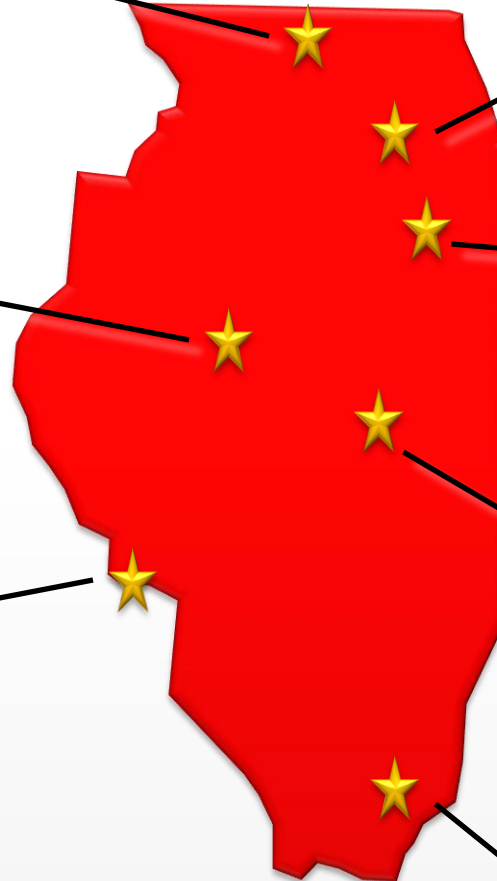
- Proposed layoff of 319 positions across the 9 county district

Decatur

- Budget reserve has declined 88% since 2007-2008
- Collecting fees for sports and activities

Du Quoin

- \$1.9m deficit (19% of budget) due to reduced state funding



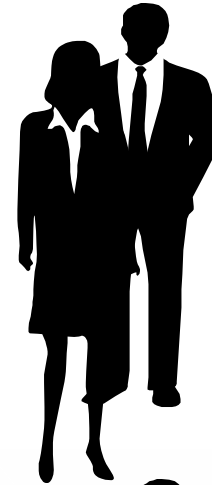
What We've Done So Far



Before Touching Schools: Deep Cuts to CO/CW.

- 3 rounds of major cuts to Central Office and Citywide Services

\$100 Million



536

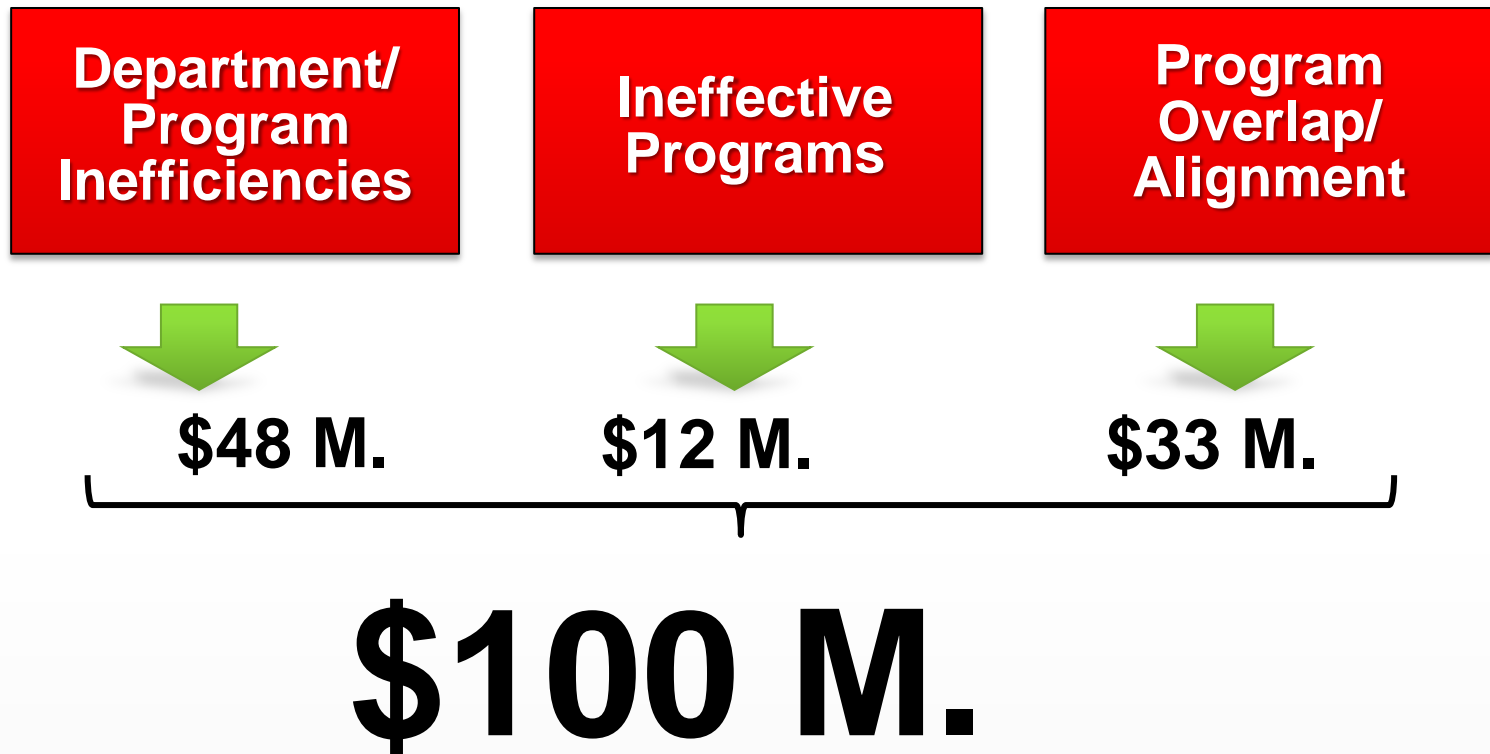
\$ 65 Million



+500

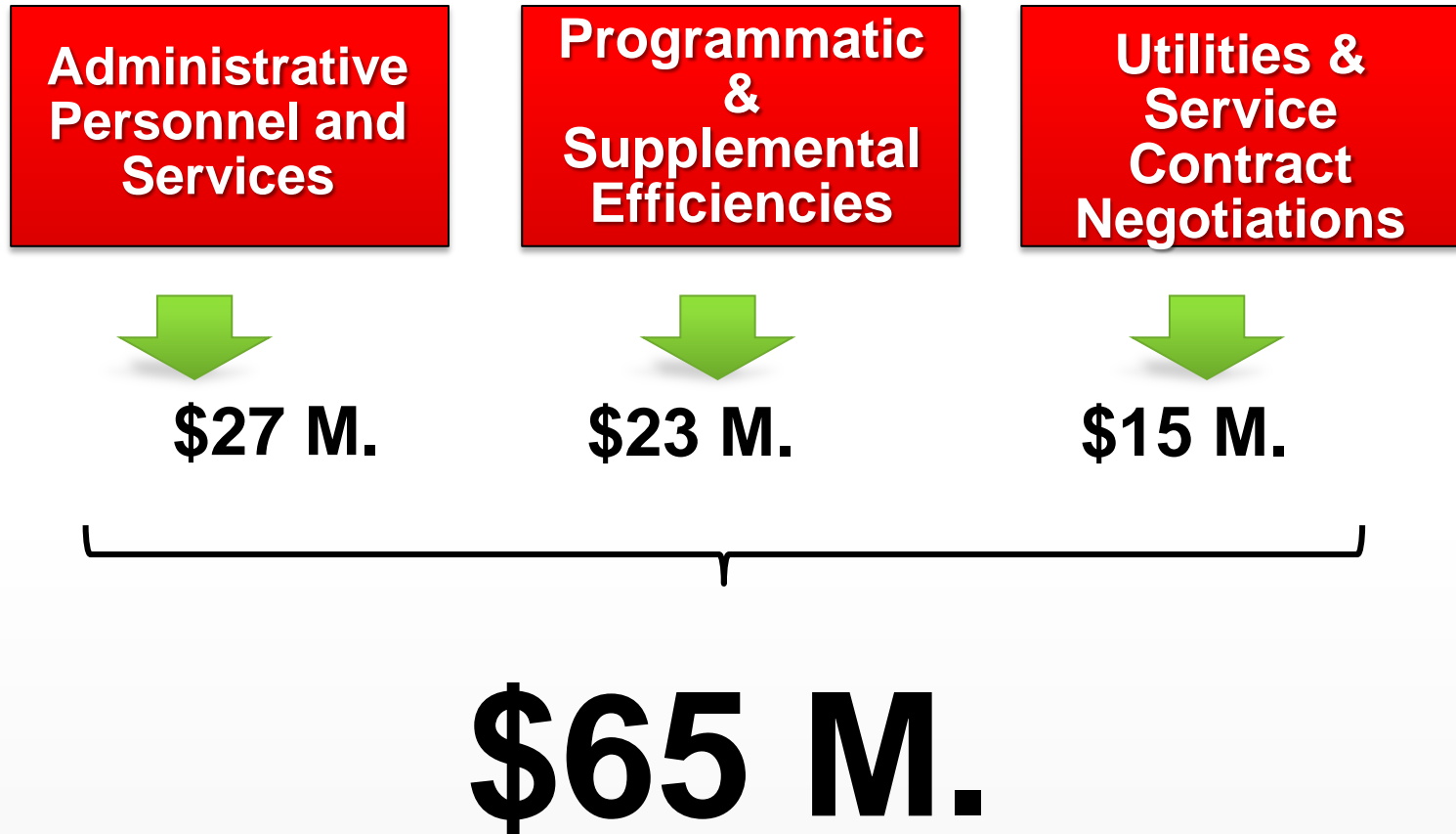
\$ 45+ Million

FY 2010 Central Office/Citywide Services Cuts



536 Staff Reductions

2nd 2010 Mid-year Cuts: \$65 M.



Further Cuts to Address FY11 Lack of Funds.

- Additional reductions in Central Office/Citywide Services – **500+ Staff Reductions**
- Additional 3 weeks unpaid holiday/regularly scheduled work days and Central Office shut down days for all non-union Central Office and Citywide staff - **\$8 M**
- Additional Central Office/ Citywide programs and services - **\$45 M.**

What Makes Up The Deficit?



Why is Deficit So Large?

1. Decreased State Funding



\$21 M.

**Bilingual
Education**



\$14 M.

**Early
Childhood
Education**



\$33 M.

**Teacher
Pension
Contribution**

2. Decreased Local Revenue



\$138 M.

Why is Deficit So Large?

3. Increased Teacher Pension Contribution

91%

\$279 M.

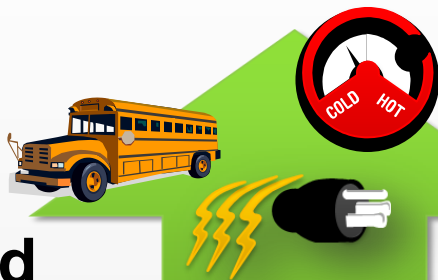
4. Increased Teacher Compensation

\$169 M.

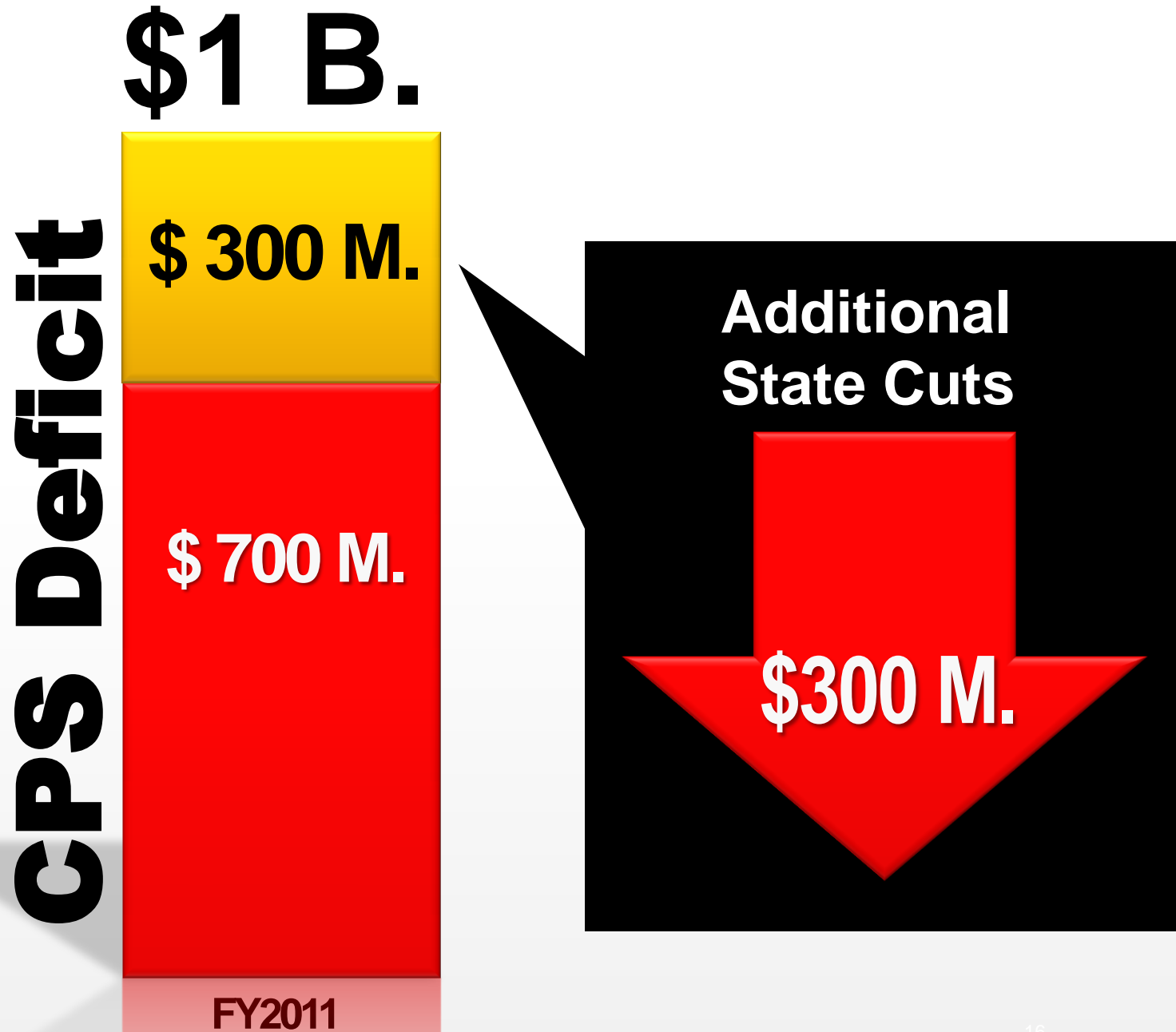
- 4% COLA
- Healthcare
- “Step/Lane” Increases for union members

5. Increased Operational/ Construction Expenses

\$133 M.

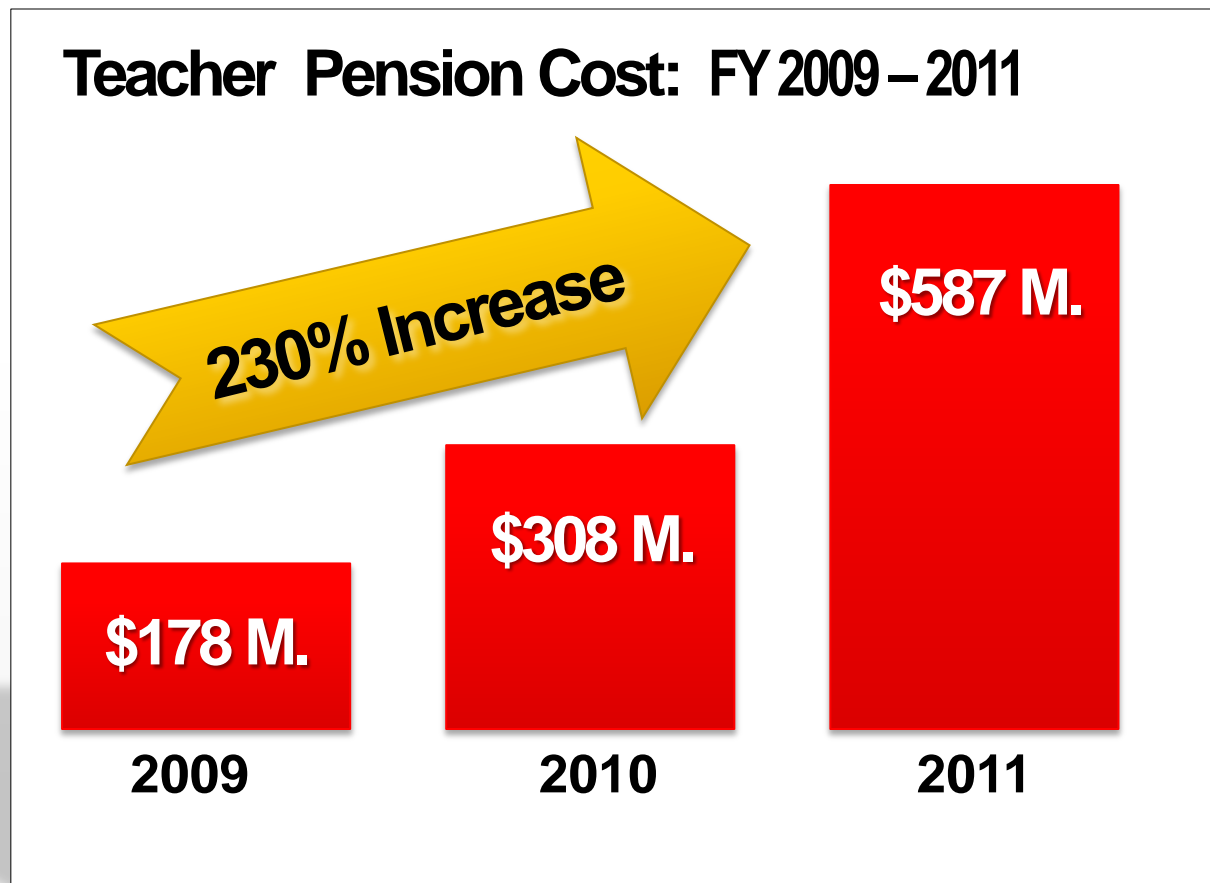


More State Cuts!



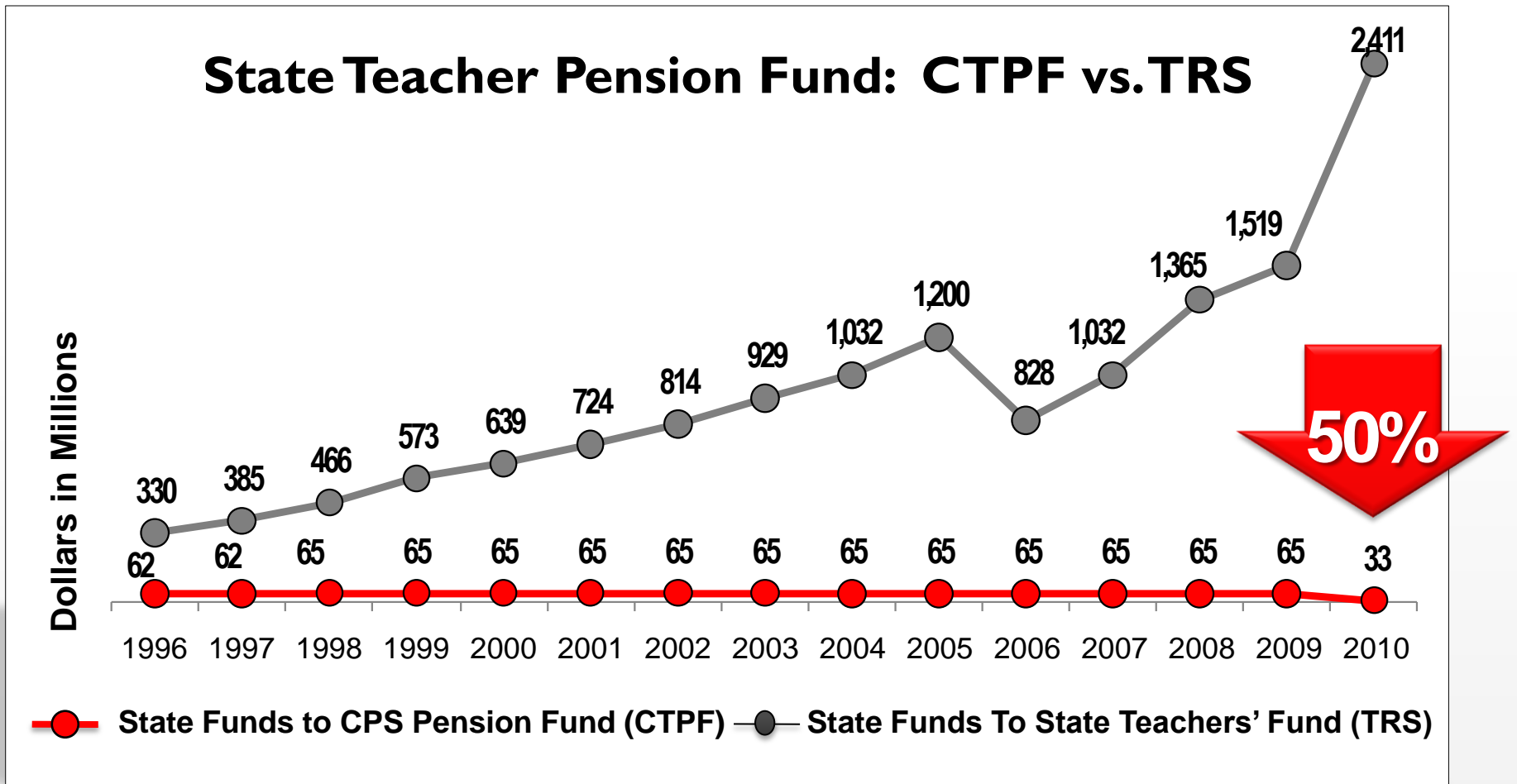
Increases in Pension Costs Drive the Deficit.

- FY 2011 CPS Teacher Pension contribution is more than triple 2009 level



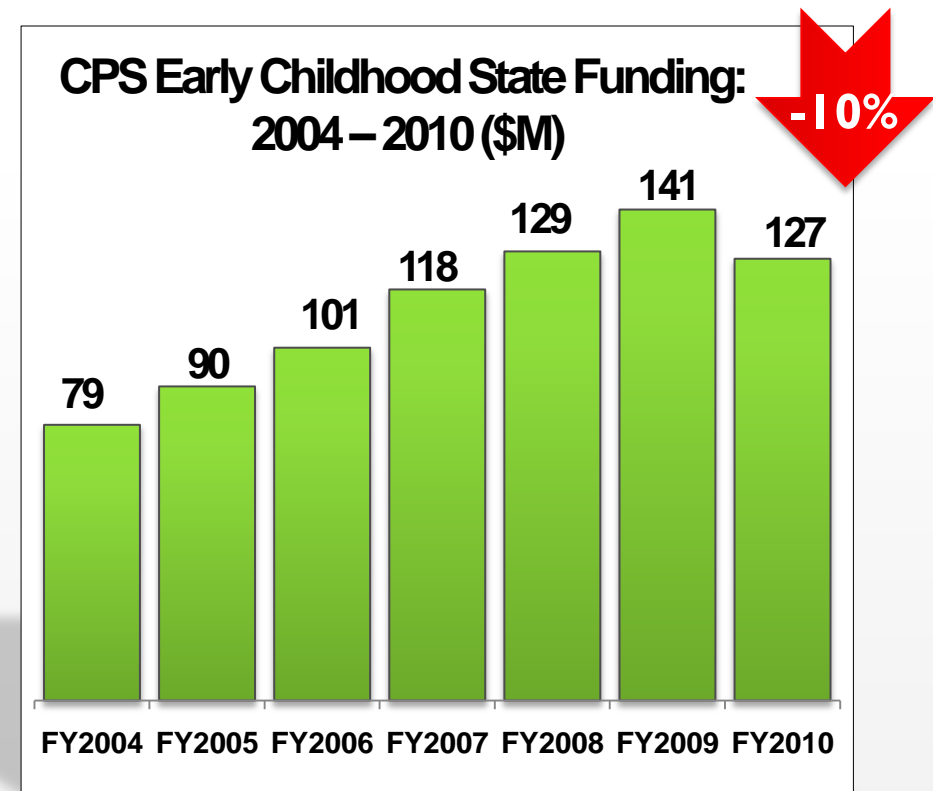
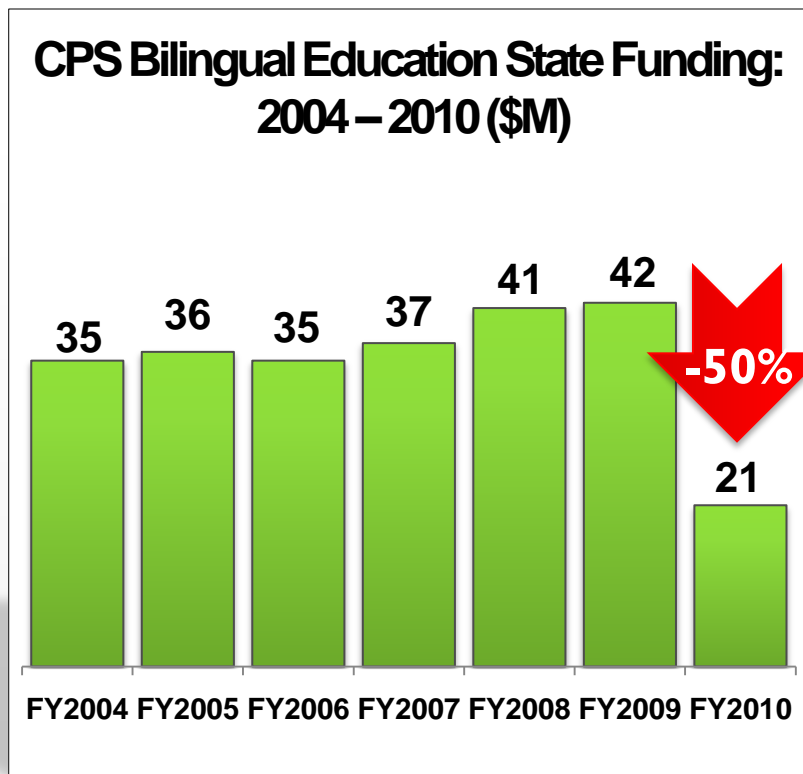
CPS Share of State Pension Funding

- Illinois' total teacher pension contributions have increased significantly
- CPS' share decreased from 19% in FY1996 to 1.5% in FY2010



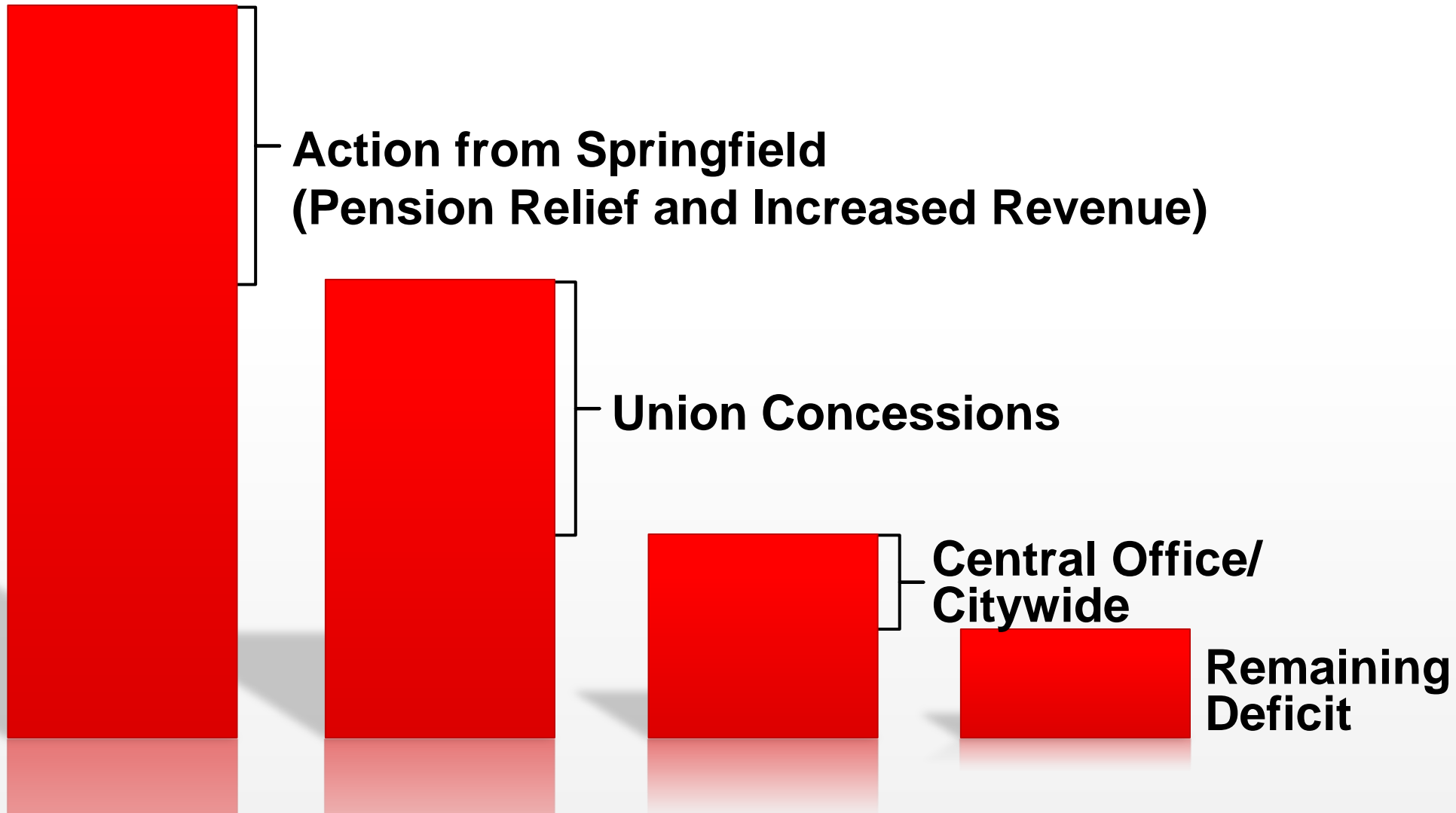
State Cuts in Bilingual/Early Childhood

- CPS has used Stimulus funding to offset 50% state cut to maintain Bilingual Education program at FY2009 level
- District will feel effects of stimulus-related funding cliff in FY2012



Key Elements for Reducing Deficit

\$700 – 1 B.



Source: CPS FY2011 budget projections, OMB

Springfield, Act Now!



- **\$400+ Million in Pension Relief**
- **Increased Revenues**



School-Based Budget Impact



Assumptions

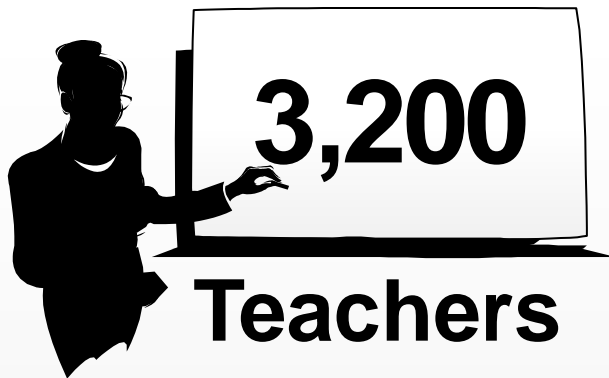
- ✓ **Level State Funding (Doesn't include additional \$300M cut from State)**
- ✓ **Keep as many schools open as possible; abide by all laws & requirements**
- ✓ **Includes only those things we can control**
- ✓ **Represents a work in progress -- may not be able to realize full programmatic value when making cuts**

School-based Budget Items: \$ 301 M.

Central Office/

Citywide Services:

\$ 398 M.



Non-Teaching Staff

600+

\$700 Million Reduction



Lack of Funds: \$700 Million

SCHOOL-BASED ITEMS

Increase class size to 37 students per class (HS & Elem.)	\$ 160 M.
Cut in half supplemental resources for magnet, magnet cluster, Montessori, gifted and IB programs	\$ 22 M.
Reduce Early Childhood Education programs	\$ 34 M.
Reduce Bilingual Education programs	\$ 27 M.
Reduce District funded resources supporting full day kindergarten programs	\$ 16 M.
Reduce discretionary funding at schools not eligible to receive Title I funding	\$ 3 M.
Reduce positions not supported by student enrollment and formulas, including: ESP positions, quota positions, over-formula positions at small schools, clerks, assistant principals	\$ 27 M.
Cancel plans to expand Academic Enhancement programs	\$ 2 M.
Reduce operational support including: security, maintenance	\$ 10 M.
TOTAL	\$ 301 M.



Lack of Funds: \$700 Million

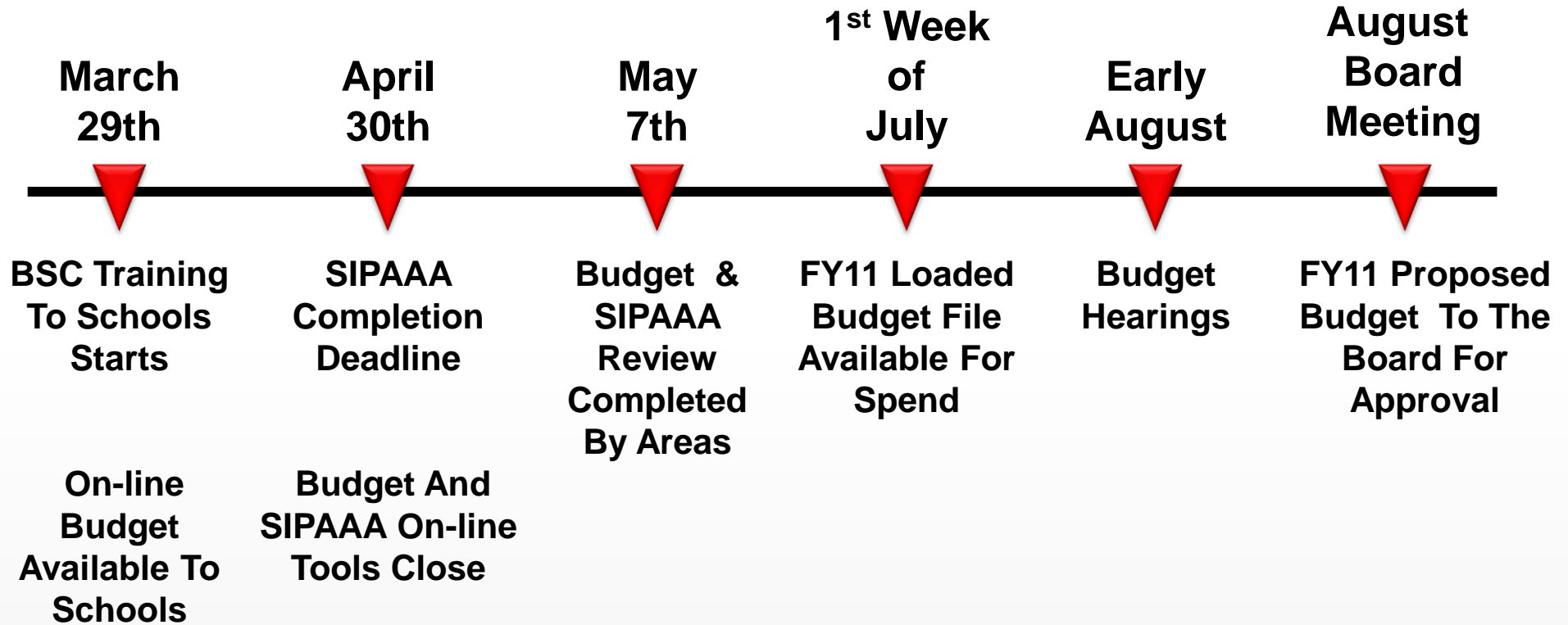
CENTRAL OFFICE-CITYWIDE SERVICES ITEMS

Reduce enrichment and after school programs including: Freshman Connection, High School Orientation activities, AVID	\$ 17 M.
Eliminate all District supported Non-Varsity sports programming	\$ 7 M.
Eliminate non-mandatory transportation to magnet and other options for knowledge schools and summer school	\$ 27 M.
Reduce all centrally managed programs and resources to gifted and IB programs.	\$ 3 M.
Eliminate District funded coach positions that support teacher, counselor and principal development	\$ 4 M.
Reduce alternative school options for at risk students (credit recovery)	\$ 5 M.
Reduce funding rate for per pupil-based schools by 18%, including charter and contract schools	\$ 50 M.
Additional Central Office/Citywide reductions including: reduce/eliminate administrative departments, CAO programs	\$ 45 M.
Draw down from reserves and reduce Capital program	\$ 240 M.
TOTAL	\$ 398 M.

School-Based Budget Timeline



High-Level Budget Timeline / Key Activities



Take a Breather!

**Write your
Questions**

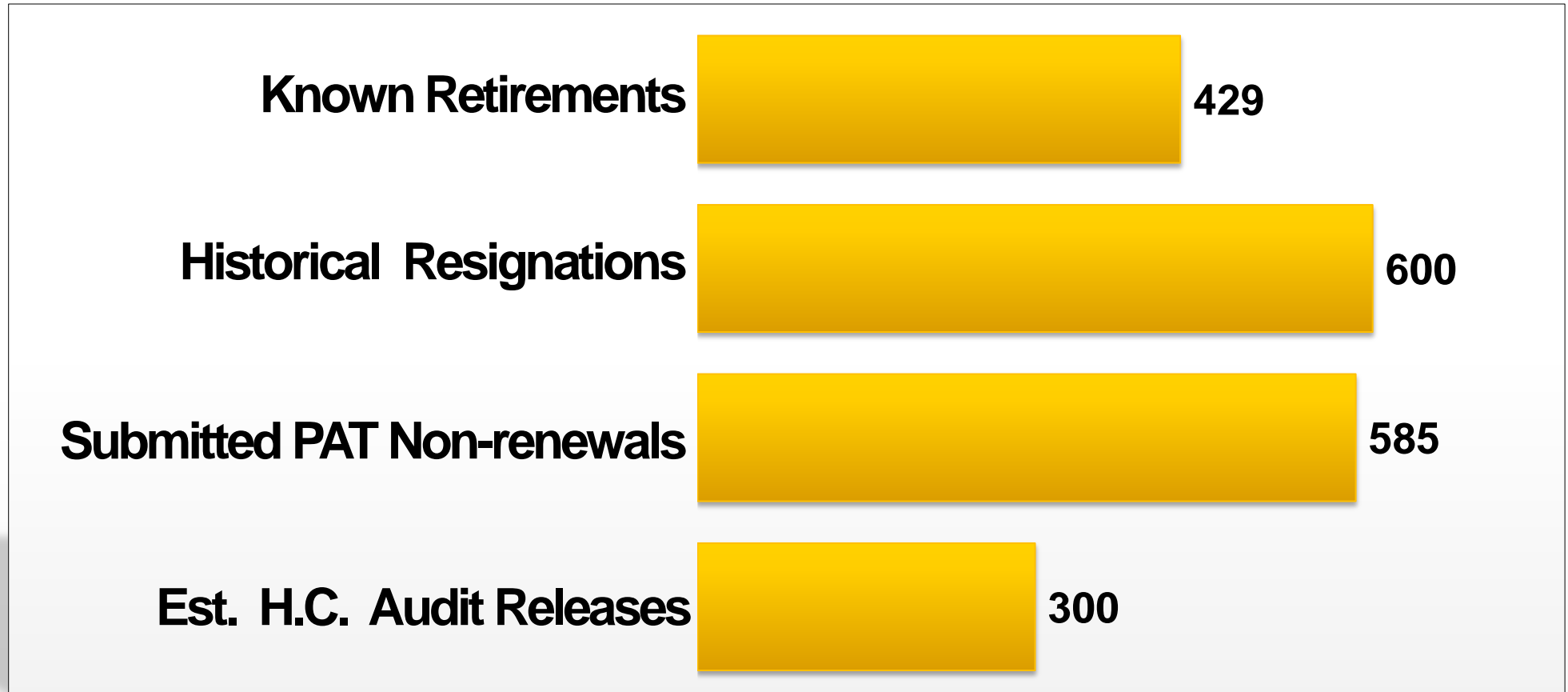


Hiring Needs May Still Exist



Demand for teachers will still exist

- Known Teacher Turnover Over Next 5 Mos.: **1,914**



You will receive school-specific staffing guidance when you receive your school budget.

Finding Quality Talent: Still a Priority

- **Qualifications of people leaving CPS will not necessarily be matched by people remaining; therefore, hiring will still be necessary**

Our Pledge: Human Capital will provide projected needs by school with school-based budget

Your Part: Help us validate the projections so that we identify the right recruiting strategies to meet your needs

We Must Take Action!



CALL TO ACTION!

- **Talk to your Teachers**
- **Talk to your LSC**
- **Distribute Letter to Parents**
- **Talk to the Community**
- **All: Contact your elected officials**



Keeping Informed!

- Special mailbox

savemoneyforstudents@cps.k12.il.us

- Your suggestions and comments
- Budget website under construction and will include:
 - Updated information
 - FAQs
 - Sample letters

Q & A

CHICAGO
PUBLIC
SCHOOLS | CPS

The logo for Chicago Public Schools (CPS) is a black rectangle with a white border. Inside the rectangle, the words "CHICAGO", "PUBLIC", and "SCHOOLS" are stacked vertically on the left side, separated by a vertical line from the letters "CPS" on the right side. The logo is positioned in the bottom right corner of the slide and has a subtle reflection below it.

CALL TO ACTION!

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