

APPENDIX C BUDGET PROCESS

The Board is required by the Illinois School Code to adopt an annual school budget for each fiscal year no later than 60 days after the beginning of the fiscal year. The Chicago Public Schools' fiscal year starts July 1 and ends June 30.

The budget process and calendar for CPS is prepared consistent with legal requirements in the Illinois School Code:

- A proposed budget must be prepared and made available for public review at least 15 days prior to its finalization.
- The Board is required to hold at least two public hearings at least five days after copies of the proposed budget are made available for review.
- Notice of budget hearing dates must be published in a City of Chicago newspaper at least five days prior to the time of the hearing.
- The Board must adopt a budget within the first 60 days of each fiscal year.

Copies of the budget are made available for review at the Board office and on the CPS website at www.cps.edu/budget.

Budget Calendar and Process

The budget development process begins in the fall and contains several components:

- **Financial projections:** The Office of Management and Budget begins to review revenue estimates and to compile known expenditure pressures to compile preliminary financial projections. Overall goals for the budget process are developed.
- **Department budget development:** Based on the goals established for the budget process, guidance is provided to central office departments and networks for developing a budget presentation. Focus can include target investment areas, opportunities for savings and efficiencies, and changes in programmatic direction. Specific formats and timelines are provided to departments.
- **Capital budget development/release:** The guidelines provided to department and networks include both Operating and Capital requirements. This is especially important to ensure that the any impact of capital requests on the operating budget (or vice versa) are identified, assessed, and incorporated into both request documents. The capital requests include both a one-year and a five-year plan. Each request undergoes a detailed review by the Capital Review Committee, composed of key central office stakeholders, before recommendations are made to the Cabinet and CEO.
- **School budget development/release:** Beginning in FY14, CPS shifted to a per-pupil funding model, called "Student Based Budgeting." Each year, the total funding available for schools is determined and a per-pupil rate is calculated. Enrollment projections are prepared, which become the basis for each school's SBB allocation. Other supplemental funding allocations are determined. School budgets are released to principals as part of a series of network meetings, where opportunities for review and discussion take place. Principals then prepare their budgets in conjunction with their Local School Councils. After approval, the budgets are submitted to the Office of Management and Budget.

- **Compilation and budget release:** All budget data is compiled, reviewed, and final decisions made to ensure that the budget is balanced. The budget materials, including this budget presentation, are prepared for public release.
- **Public hearings:** Public hearings are held in the weeks following the budget release, consistent with the timelines specified in statute.
- **Board approval:** After the public hearings are held, transcripts are posted on the website and made available to members of the Board for review prior to Board action on the budget.

For FY15, these steps took place between October and June:

October – December

- Financial projections

January – February:

- School enrollment projections provided to principals and network chiefs for review and discussion.
- Budget guidelines released to departments, incorporating both operating budget and capital budget requests. This year, departments were asked to submit Five-Year Capital Plans, consistent with the District’s requirement to release a One-Year and Five-Year Capital Plan each year.
- Department budget requests submitted.
- Review of department budget requests:
 - Capital Review Committee reviewed all capital budget requests and evaluated implications for debt service.
 - Senior Leadership Team reviews all operating budget requests.

March – April

- Finalize department budgets.
- Prepare and release school budgets.

May

- Release Draft One-Year and Five-Year Capital Plan (May 1).
- School budgets completed and submitted to Office of Management and Budget.
- Overall budget balancing complete.

June

- Budget released
- Public hearings
- Board Action anticipated at June meeting

July

- Fiscal Year Begins (July 1)