



Ron Huberman
Chief Executive Officer

July 28, 2010

Dear Employee:

In an effort to reduce the impact of the state budget crisis on our students, Chicago Public Schools representatives met with the Chicago Teachers Union bargaining team last Friday to discuss the budget and to propose contract modifications that will save teaching positions before the start of school. We'll be meeting with the CTU again this week, but in the meantime, I want to be clear about exactly what we proposed.

CPS and CTU share the same goal: keeping teachers in the classroom. So CPS proposed a way to save up to 1,000 positions in exchange for modifications to the contract. Specifically, we:

- **Asked for up to \$100 million in salary and benefit adjustments**, to save positions that would otherwise be lost as part of the effort to address our \$370 million deficit. The remainder will come from additional cuts to central office and citywide services.
- **Guaranteed that any savings through contract modifications would be used exclusively for saving teaching positions.** Put another way, any sacrifices by CTU members will directly benefit other CTU members who would be laid off under the current budget scenario. A copy of the proposal we distributed to CTU—and a spreadsheet showing savings estimates, depending on the month adopted—is attached.
- **Invited the union to collaborate with us as part of our ongoing effort to reduce expenditures** by meeting with staff from the Office of Management and Budget to review the budget and suggest additional cost-saving measures beyond the cuts made to date. Those cuts include:
 - More than 1,000 central office and citywide positions on a net basis
 - Fifteen mandatory furlough days (an approximate 6% pay cut) for all central office employees
 - No merit increases for central office employees for the second straight year

Although Friday was our first meeting with new CTU leadership, we've negotiated with the union for seven months to help resolve our unprecedented budget crisis—submitting financial information all along the way. Any suggestion that CPS is not interested in hearing about ways to reduce expenditures is simply not true.

Unfortunately, time is not on our side—Track E schools start August 9 and regular track schools on September 7. We need to act now to avoid more layoffs and limit the impact of the budget crisis on our students.

I know that we have asked for considerable sacrifices from every CPS employee, and I thank you for your dedication to our students. Regardless of how trying the times may be, we have to do whatever it takes to protect our students' futures.

Sincerely,

Ron Huberman

Board of Education of the City of Chicago
and
Chicago Teachers Union, Local No. 1, AFT, AFL-CIO

BOARD SUBMISSION

July 23, 2010

Proposal

The Chicago Public Schools ("CPS") faces a \$370 million deficit in Fiscal Year 2011. Consequently, to minimize the impact of this deficit on the education provided to students and to save bargaining unit positions, the Board of Education of the City of Chicago ("the Board") submits the following proposal to the Chicago Teachers Union, Local No. 1, American Federation of Teachers, AFL-CIO ("the CTU"):

➤ **Option 1: \$100 Million in Contract Adjustments To Save Approximately 1000 Positions**

The \$100 million in savings may be achieved through any combination of modifications to the *Agreement Between the Board of Education of the City of Chicago and the Chicago Teachers Union, Local No. 1, American Federation of Teachers, AFL-CIO* ("the Agreement"), that are set forth in the spreadsheet distributed simultaneously with this proposal. For example, if the CTU agreed to take 10 unpaid days in Fiscal Year 2011, savings of approximately \$100 million would be achieved. To illustrate further, if the CTU agreed to forgo the Fiscal Year 2011 4.00% wage increase and to take 2 unpaid days, savings of approximately \$100 million would also be achieved.

➤ **Option 2: Less Than \$100 Million in Contract Adjustments To Save Fewer Than 1000 Positions**

If the CTU is unwilling to agree to \$100 million in savings through modifications to the Agreement yet is willing to agree to a lesser amount of savings, then the number of positions retained will correlate to the value of the contract modifications. For example, if the agreed-upon modifications produce \$50 million in savings, then the number of positions retained will be the approximate equivalent of \$50 million.

Comments and Conditions

- Any agreement on contract modifications for Fiscal Year 2011 will also apply during Fiscal Year 2012. The Board reserves the right to propose additional contract modifications as deficit closing measures for Fiscal Year 2012.
- For Fiscal Year 2011, any contract modifications to retain positions will not have any impact on the Fiscal Year 2011 deficit nor on the Board's ability to compensate for the overdue state grant payments during Fiscal Years 2010 and 2011. Even with an agreement on contract modifications, CPS will nevertheless be required to implement significant deficit closing measures in Fiscal Years 2011 and 2012.

- Over the past seven months, the Board has provided the CTU with a substantial amount of financial information for its review and will continue to supplement this production as more information becomes available. The Board has also invited the CTU to submit recommendations regarding the proposed Fiscal Year 2011 budget now and upon its publication. Any CTU recommendations regarding the Fiscal Year 2011 budget are separate and distinct from the above proposal and will not be considered in the context of negotiating contract modifications to retain positions.
- Any agreement between the parties on contract modifications must be reached before August 2, 2010 to retain the maximum number of positions and to minimize the hardship on bargaining unit members, students, parents and administrators.

**Estimate of Savings Produced by Contract Modifications
(07-23-2010)**

| No. | Modification | FTE Impact | Est. FY11 Change (Total) | Est. FY11 Change (Aug) | Est. FY11 Change (Sept) | Est. FY11 Change (Oct) | Est. FY11 Change (Nov) | Est. FY11 Change (Dec) |
|-----|--|------------|--------------------------|------------------------|-------------------------|------------------------|------------------------|------------------------|
| 1 | Unpaid recesses | 29,500 | \$98,000,000 | \$98,000,000 | \$98,000,000 | \$98,000,000 | \$98,000,000 | \$49,000,000 |
| 2 | Eliminate 9 paid holidays | 29,500 | \$88,200,000 | \$88,200,000 | \$78,400,000 | \$68,600,000 | \$39,200,000 | \$39,200,000 |
| 3 | Eliminate pension pick-up | 29,500 | \$129,500,000 | \$125,900,000 | \$112,600,000 | \$100,300,000 | \$86,250,000 | \$75,700,000 |
| 4 | No 4.00% wage increases for Fiscal Years 2011 or 2012 | 29,500 | \$80,000,000 | \$77,800,000 | \$69,000,000 | \$62,000,000 | \$53,300,000 | \$46,700,000 |
| 5 | No step or lane advancements on the salary schedules after June 30, 2010 | 29,500 | \$34,800,000 | \$33,800,000 | \$30,300,000 | \$26,900,000 | \$23,200,000 | \$20,300,000 |
| 6 | Board to determine the beginning and ending times for schools | N/A | \$5,000,000 | N/A | N/A | N/A | N/A | N/A |
| 7 | Eliminate all increments and stipends | 3,230 | \$7,800,000 | \$7,800,000 | \$7,800,000 | \$7,800,000 | \$7,800,000 | \$7,800,000 |
| 8 | Freeze all rates and reimbursements effective June 30, 2010 | N/A | \$2,400,000 | \$2,300,000 | \$2,100,000 | \$1,850,000 | \$1,600,000 | \$1,400,000 |
| | Total | N/A | \$445,700,000 | \$433,800,000 | \$398,200,000 | \$365,450,000 | \$309,350,000 | \$240,100,000 |

Notes
0% of Payroll
Expended

Notes
3% of Payroll
Expended

Notes
13% of Payroll
Expended
1 Paid Holiday
Passed

Notes
23% of Payroll
Expended
2 Paid Holidays
Passed

Notes
33% of Payroll
Expended
5 Paid Holidays
Passed

Notes
42% of Payroll
Expended
5 Paid Holidays
Passed
5 Days of Paid
Recess Passed