



FY2026 Budget

Community Feedback Sessions

Agenda

Introduction + Presentation:

30 minutes

Round Table discussions:

60-70 minutes

Report out:

20-30 minutes



Why We Are Here

CPS is facing significant funding challenges ahead of next school year and into the future. Finding solutions to these challenges will require a collective effort.

THE GOAL OF THESE FEEDBACK SESSIONS IS TWOFOLD:

- To provide context on the current state of CPS finances and school funding strategies
- To hear from *you* about what is important from your experience as a student, parent, teacher, principal, or community member

Your feedback is essential to the District's plan.

These decisions will be difficult, and we won't satisfy everyone. But engaging with you will help ensure that we are not making decisions in isolation, or making decisions based on what adults *want* versus what students *need*.

Public Engagement Overview

FY2026 Budget Update



To ensure transparency into our current financial situation and gather feedback on priorities of our stakeholders, we are launching a public engagement process to hear directly from stakeholders about the tough budget decisions ahead.

COMMUNITY FEEDBACK SESSION DATES:

Monday, July 14

Dyett High School

Tuesday, July 15

Westinghouse High School

Thursday, July 17

Roosevelt High School

Saturday, July 19

Back of the Yards College
Prep High School

Monday, July 21

Virtual

PUBLIC LEARNING SESSION DATES:

**“How we got
here”**

“How we move forward”

**Session 1 will run from 12-1 pm
Tuesday, 7/15.**

These conversations will be broadcast live and available to watch afterward on the CPS YouTube channel.

Your Feedback Helps Drive Budgetary Decisions

FY2026 Budget Update



CPS' progress in recent years has been driven by feedback from community and stakeholders on what priorities are most important.

IN RECENT YEARS, PUBLIC FEEDBACK ON THE CPS BUDGET HAS DRIVEN MAJOR CHANGES, INCLUDING:

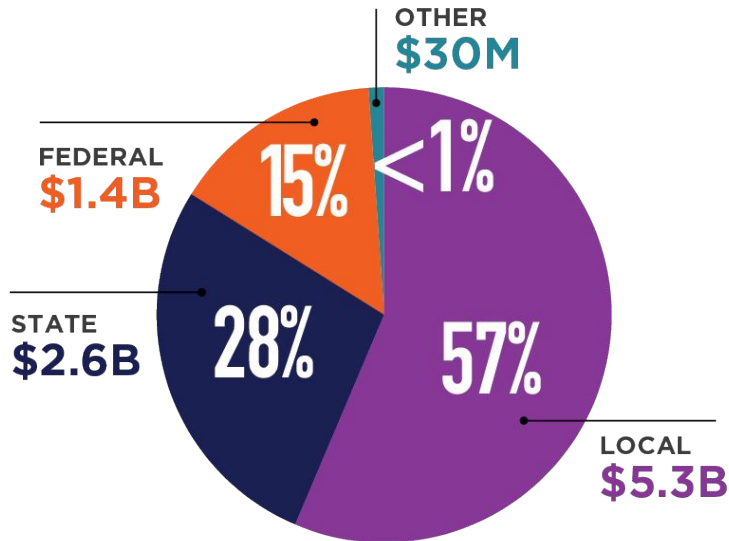
- A shift to a need-based funding model that aligns resources with student needs
- Additional staffing and supports for our students with disabilities, English learners, and students in temporary living situations
- Investments in the whole child, including additional after-school programs, mentoring, tutoring, and social and emotional support for students

CPS Budget Overview (FY25)

FY2026 Budget Update



REVENUES (2025)



WHERE OUR FUNDING GOES



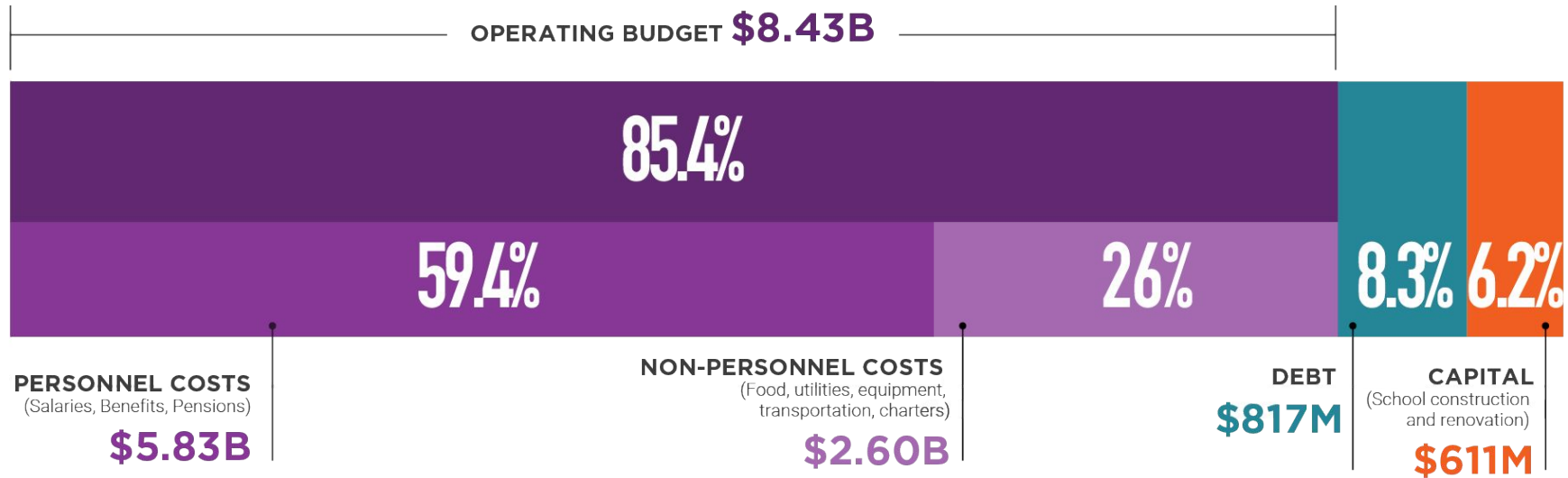
We are firmly committed to ensuring that every dollar we spend goes furthest for our students and families, so 59 cents (59%) of every dollar spent in our operating budget is tied directly to school-based expenditures and positions with another 36 cents (36%) directly supporting students through citywide services and personnel that benefit multiple schools, such as nurses, custodians, bus aides, and others.

CPS Budget Overview (FY25)

FY2026 Budget Update



Total FY25 Budget: \$9.9 Billion



*Note: Total actual personnel costs are higher than 59.4% once factoring in charter staff whose salary and benefits are included in the non-personnel costs, and contractors who are paid by vendors, not directly by the District

- CPS is facing a budget deficit of \$734 million in the school year 2025-26 budget.
 - This means that available resources are \$734 million short of the District's potential expenses for next year.
 - To pass a balanced budget, CPS will need to identify \$734 million of additional resources or cost reductions.
- Over this month, we will continue to gather feedback from communities and stakeholders to hear about your priorities and work toward a solution.
- CPS will be presenting a proposed FY2026 Budget for approval at the District's board meeting on Thursday, August 28.

What's Driving The Deficit?

FY2026 Budget Update



CPS' fiscal challenges are due in part to **long-standing resource constraints**, limiting the funding we have available to meet the needs of our schools and our students.

Evidence-Based Funding — the primary avenue of state funding for K-12 education in Illinois — remains, for CPS alone, **over \$600 million short of reaching the state's goal of 90% funding levels** for all districts by FY2027

Federal pandemic aid has expired, and **federal funding remains under threat, with \$60 million of Title II, III, and IV funding** that supports teacher training and coaching; planning and curriculum development; staff recruitment efforts; supports for English Learners and their parents; STEM, community schools, and other essential programming

CPS' ability to generate local revenues is limited under state law, providing CPS minimal capacity to combat state and federal funding challenges

What's Driving The Deficit?

FY2026 Budget Update



While revenue challenges limit CPS' access to the funding necessary to fully resource our schools, we have also faced **significant growth in the cost of our obligations** to our students, schools, and staff.

CPS has experienced cost pressure from three key areas that contribute to cost growth greater than the deficit CPS currently faces for FY2026.



**Rising needs of
required services for
students with disabilities**



**Rising cost of maintaining
CPS buildings**



**Growth in historic
pension obligations**



Rising needs of required services for students with disabilities

Additional staff required to meet the needs of our growing population of students with disabilities costs CPS **\$450 million more** than 2019 staffing levels.

At the same time, federal and state funding for special education needs has remained nearly flat to 2019 funding levels.

THIS HAS DRIVEN THE NEED FOR:

Over 3,000 new special education classroom assistants

Nearly 900 new special education teachers

Over 1,000 new clinicians, nurses, and case managers



Rising cost of maintaining CPS buildings

Our buildings have an average age of 85 years and a total backlog of necessary maintenance and upgrades reaching over **\$14 billion** for our 500+ schools.

Meanwhile, CPS lacks a dedicated funding source for capital investments, forcing the District to rely on operating funds intended for classrooms to cover bonds that fund infrastructure improvements. The District's limited capacity to address this backlog increases the annual costs of building maintenance and repair.

What's Driving The Deficit?

FY2026 Budget Update



Rising cost of maintaining CPS buildings

To keep our classrooms safe, warm, dry and maintain 21st century learning environments, CPS has had to add 200 engineers and has had to cover higher levels of routine maintenance and devote more resources to emergency repairs and environmental issues.

This has increased the annual cost of maintaining CPS buildings by over **\$100 million** since 2019



Growth in historic pension obligations

CPS continues to face cost pressure from historic pension obligations that divert resources away from classrooms.

TEACHER PENSIONS:	PENSIONS FOR SUPPORT PERSONNEL:
Since 2023, the amount of operating funds CPS has had to divert from classrooms to meet its teacher pension obligation has grown by \$100 million annually	CPS faces additional long-term costs associated with non-teacher pensions that lack a dedicated funding source, which has added \$175 million in pressure to the CPS budget this year

Debt Remains a Challenge for CPS

CPS currently has over **\$9 billion of existing long-term debt** that requires **over \$800 million** in annual debt service payments



Over **\$500 million** of these annual payments are covered by unrestricted state and local revenues that could otherwise be spent in classrooms

Due to historic financial challenges, CPS' debt remains below investment grade, or “junk,” costing the District more to borrow for routine capital investments

Debt Remains a Challenge for CPS

In addition to CPS' long-term debt, CPS relies on over \$1.2 billion revolving line of credit to make payroll, pay vendors, and meet other obligations before revenue arrives.

This is due to a lack of available fund balance to support day-to-day cash requirements and the fact that CPS receives a majority of its revenues (primarily property taxes) late in the fiscal year.

In FY25, CPS required use of TANs to cover 13 of 26 payrolls and **projects to end the year with -18 days cash on hand.**

CPS' five-year forecasts shows that, without new revenues or expense reductions, deficits in FY2027 and beyond will continue to grow.

FISCAL YEAR	FY2026 BUDGET	FY2027 BUDGET	FY2028 BUDGET	FY2029 BUDGET	FY2030 BUDGET
Projected Budget Gap	(\$734M)	(\$988M)	(\$1,041M)	(\$1,144M)	(\$1,333M)

Structural actions (permanent new revenues or permanent expense reductions) to balance the FY2026 budget will reduce future year deficit projections.

One-time actions used to balance the FY2026 budget, however, will not help future years, leaving potentially larger deficits in FY2027 and beyond.

To balance last year's budget, CPS identified over \$500 million in budget efficiencies and reductions to offset the loss of pandemic relief funding and combat continued cost pressures.

However, most of these savings were one-time measures, meaning that we've already addressed the "low-hanging fruit." Balancing the budget this year will require significant new revenue or force the District to rely on spending cuts or other one-time actions.

State and federal support to help CPS in the short term remains limited

- The State budget passed at the end of May in line with expectations and no significant additional support for CPS
- Certain areas of federal funds are at risk based on recent actions of the Trump administration

Options to Balance The Budget

FY2026 Budget Update



Developing an **equitable, student-centered** budgetary strategy that aligns with the District's strategic plan will require aggressive pursuit of a series of strategies, including:

1. Revenue strategies
2. Budget reductions and other cost-saving measures
3. Strategies requiring review of District commitments and obligations
4. Other potential one-time solutions

Options to Balance The Budget

FY2026 Budget Update



1. Revenue strategies

2. Budget reductions and other cost-saving measures

3. Strategies requiring review of District commitments and obligations

4. Other potential one-time solutions

Potential Options	<ul style="list-style-type: none">• Additional TIF surplus revenue• Other state and local revenue solutions
Opportunities	<ul style="list-style-type: none">• Provides budget relief that avoids additional cuts or one-time solutions that create future challenges• Potential for additional TIF support and TIF reform
Challenges	<ul style="list-style-type: none">• Outside of CPS' control• Requires action from city or other external partners

Options to Balance The Budget

FY2026 Budget Update



1. Revenue strategies
- 2. Budget reductions and other cost-saving measures**
3. Strategies requiring review of District commitments and obligations
4. Other potential one-time solutions

Potential Options	<ul style="list-style-type: none">• Administrative cuts that reduce capacity to support schools• Programming reductions (e.g. after school, sports, SEL, tutoring)• Operational reductions (e.g. facility maintenance, lunchroom services, other)• Reductions to school staff and funding
Opportunities	<ul style="list-style-type: none">• Provides budget relief for FY26 and future years
Challenges	<ul style="list-style-type: none">• Limited ability to make reductions without impacting student experience or core operations

Options to Balance The Budget

FY2026 Budget Update



1. Revenue strategies
2. Budget reductions and other cost-saving measures
- 3. Strategies requiring review of District commitments and obligations**
4. Other potential one-time solutions

Potential Options	<ul style="list-style-type: none">• Revisiting commitments to new staffing and programming in labor agreements (e.g. additional tech coordinators, new Dual Language schools, increased sports funding)• Relief for CPS' obligation for non-teacher pensions or identifying a dedicated revenue source to support this
Opportunities	<ul style="list-style-type: none">• Provides short-term budgetary relief that avoids additional cuts or one-time solutions that create future challenges
Challenges	<ul style="list-style-type: none">• Requires discussion and negotiation with partners and stakeholders• Not entirely within CPS control

Options to Balance The Budget

1. Revenue strategies
2. Budget reductions and other cost-saving measures
3. Strategies requiring review of District commitments and obligations
- 4. Other potential one-time solutions**

Potential Options	<ul style="list-style-type: none">• Furlough days and other one-time cost saving measures• Borrowing strategies
Opportunities	<ul style="list-style-type: none">• Provides one-time budget relief that avoids cuts
Challenges	<ul style="list-style-type: none">• Actions are one-time solutions and leave larger deficits in future years• Borrowing for budget relief has significant negative financial consequences for CPS and the District's credit• Borrowing for budget relief may not be feasible in current environment

Our Guiding Values

- Our goal is to collectively develop an **equitable, student-centered solution** to CPS' budgetary challenges that acknowledges both short- and long-term financial challenges.
- Our students and schools have made significant progress in recent years, and our choices must center our students' needs so they can build on their gains.
- Our approach must be aligned to our District's strategic plan, which works to disrupt cycles of inequity and close opportunity gaps that impact students
- Solving these challenges must be a collective effort and your input will be critical to our path forward

What Comes Next

FY2026 Budget Update



Today:
We want to hear
from you!

August: FY2026 Budget will be finalized and presented to the Board for approval at the August 28 meeting.

Next 2-3 weeks: We will be reviewing and analyzing the feedback to inform final decisions in the FY2026 Budget.

Long-term: We will continue to work collectively toward solutions to combat CPS' historic funding challenges.



**Listen for
Understanding**



**Accept and Expect
Non-closure**



Embrace Curiosity



**Balance Feasibility
and Impact**



**Be Open to
Different Ideas**



**Commit to
Building Trust**

Small Group Discussion



Small Group Discussion

- Name, community area(s) and/or school(s), and what brings you into the conversation today?
- What surprised you about the information presented?
- What most resonated with you?
- What investments do you think the district should prioritize now to prepare students for the future?
- What do you want the district to keep top of mind when trying to balance short-term needs with long-term goals in its budgeting?
- What one word sums up what you heard, learned, and/or shared today?

**One person will present for the group.
You should identify that person before the end of the discussion.**

QUESTION

What was one key takeaway that the group agreed upon and wants to share with the room?

Make sure you have identified a presenter to represent your group before the end of the discussion time. Use the last five minutes to plan your group's share out.

To respect everyone's time, please limit your share out to one minute.

