

## **Amended Budget Update (11/5/2019):**

As a result of the agreements reached with the Chicago Teachers Union (CTU) and the Service Employees International Union (SEIU), Chicago Public Schools is proposing an Amended FY2020 Budget to reflect the final current year costs agreed to in each contract.

Under the historic five-year agreements with each union, teachers and support staff will benefit from a 16 percent across-the-board raise and key support staff members – including clerks, teacher assistants, special education classroom assistants, nurses, and other paraprofessionals – will receive even larger raises through restructured pay scales. The agreement also includes significant investments to support lower class sizes, to guarantee a full-time nurse and social worker for every school, and to provide additional needs-based supports for schools with high populations of low-income students, English learners, and diverse learners.

The amended budget includes a total of \$7.84 billion in revenue and expenses and utilizes the following additional revenue and cost savings to support additional investment:

- \$68 million in reduced spending attributable to the six school days that were cancelled due to the strike that will not be made up
- \$66 million in additional TIF surplus from the City of Chicago on top of the \$97 million included in the approved budget

The additional revenue and cost savings allow CPS to support the following additional expenses and revenue reductions in a fully balanced manner:

- \$60 million in reduced revenue due to the shift of Municipal Employees' Annuity and Benefit Fund of Chicago (MEABF) pension costs from the City to CPS. This shift was presented as part of the City of Chicago's proposed FY20 budget, and brings CPS into alignment with all city agencies.
- \$33 million in additional costs associated with the CTU contract
  - \$15 million for increased wages and benefits, due primarily to the incremental cost of 3 percent cost of living adjustments – a 2.5 percent increase was included in the budget approved in August
  - \$11 million for a restructured wage scale for teaching assistants, nurses, and other school support staff
  - \$5 million for substitute teacher incentives for hard to staff schools, support for schools with high populations of students in temporary living situations, and pipeline initiatives for nurses, social workers, and case managers
  - \$2 million for additional class size reduction
- \$26 million in reduced short term borrowing to promote the district's financial health
- \$15 million in additional costs associated with the SEIU contract
  - \$13 million for a restructured wage scale or new stipends for special education classroom assistants, security guards, custodians, and bus aides
  - \$2 million for the incremental cost of 3 percent cost of living adjustments – a 2.5 percent increase was included in the budget approved in August

In addition to the changes above, the amended budget reflects a non-material update to align with the accounting treatment of the city's coverage of the MEABF unfunded actuarial accrued liability paid on CPS's behalf.