



# News Release

## **FOR IMMEDIATE RELEASE:**

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## **CPS Reduces School Budgets By \$120 Million**

*Leadership Continues to Negotiate with CTU to Finalize Agreement*

**CHICAGO** – As Chicago Public Schools works to stabilize its worsening finances, the District moved today to take the unprecedented step of reducing school budgets midyear. Along with administrative cuts in January and eliminating the pension pick up, the reductions are expected to save the District \$335 million on an annual basis.

Though CPS is committed to working with the Chicago Teachers Union to finalize a teachers contract, today's reductions were necessary following last week's rejection of a tentative agreement by the CTU. In an effort to secure long-term structural changes to address the District's \$1.1 billion deficit next fiscal year and cash flow challenges in the current fiscal year, the District had to take action to reduce its deficit.

In meetings with principals from every school in the District, CPS leadership and budget officials provided adjusted school budgets that reflect \$120 million in annualized cuts, \$85 million of which will be realized in the current fiscal year. A detailed spreadsheet showing today's school-by-school adjustments will be available upon request, after all principals have received their budgets.

“These painful reductions are not the steps that we want to take, but they are the steps we must take as our cash position becomes tighter every day – especially as the District relies on short-term financing to pay its bills – and we are doing everything in our power to sustain the gains our students are making in their classrooms,” said CPS CEO Forrest Claypool. “Our hope is that we will be able to reach an agreement with the CTU, which will allow us to roll back these personnel reductions before we have to give notice to employees at the end of this month. We’ve already had productive meetings to move forward to build on the foundation we reached last month. If Springfield gave our students an equal share of the state’s education funding, we could also prevent these cuts from taking place instead of trying to educate Chicago children with 73 cents for every dollar students outside Chicago receive.”

CPS has directed principals to do everything possible to prevent teacher layoffs as a result of the reductions. A number of principals planned for this day, keeping contingency funds in their bank accounts. Those funds will be used to shelter their schools from the most painful reductions.

The District has also obtained approval to use Title I and Title II grant funds to continue some functions at schools and mitigate some of the cuts. As a result of shifting Title I and Title II funds that must be used to address poverty, schools with high populations of low-income students will see the least impact to

their budgets. Approximately \$41 million in Title I and Title II funds will be redirected to schools, instead of being used as funds that are directed by the Central Office for programmatic funding or held in reserve.

In turn, some centralized programs currently funded with Title I and Title II dollars will be cut or scaled back in the coming school year. A full list of impacted programs will be provided in coming days.

**Background**

- CPS is reducing the per-pupil funding rate under SBB by 4.87 percent. The base per-pupil rate would be reduced from \$4,390 to \$4,176, a reduction of \$214. In this school year, that will mean approximately \$85 million in savings.
- In order to reduce the impact of SBB reductions on the classroom, district-run schools will receive an additional \$41 million in Title I and Title II funding. The district secured approval from the Illinois State Board of Education. Principals at District-run schools will work with the District to move forward with reductions and specific information on how grant funding can be used.
- Charters will lose \$13.8 million of SBB funding.
- Charters have already received their first three quarterly payments, so the entire amount of the reduction would be taken from their fourth quarter payment in April.
- Of the Title I and Title II funds, charters are entitled to a total of \$6.8 million. To claim these funds, charters will have to submit amended program designs, which need to be reviewed and approved, and then they have to submit claims for reimbursement.

**SAVINGS BREAKDOWN**

**Annualized Savings (FY17): \$335 million**

- \$150\* million: eliminate pension pickup for CTU and central office employees
- \$120 million: Cut to school budgets, including charters
- \$45 million: Central Office streamlining

\*Additional \$20 million possible from renegotiating additional union contracts in FY17

**FY16 Savings: \$182 million**

- \$85 million: Cuts to school budgets, including charters\*
- \$65 million: Eliminate pension pickup for teachers (continue making employer contributions)
- \$32.1 million: Central Office Streamlining

Chicago Public Schools serves 396,000 students in 660 schools. It is the nation's third-largest school district.

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