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## FACT SHEET: CPS BUDGET AND LONG-TERM EDUCATION SOLUTION

Chicago Public Schools face greater financial burdens than any other district in the state with less support from Springfield. To cope with reduced funding and state-mandated pension obligations, CPS has made significant cuts over the past four years, adopted one-time budget fixes and depleted reserve funds – all to focus on keeping cuts away from the classroom. As a result of these determined efforts to improve students' outcomes, CPS students are making tremendous academic progress and improving on several key measures including the number of high school graduates, elementary school literacy and math results, and student attendance at all grade levels.

Today, however, the CPS financial crisis has reached our classroom doors and threatens to undermine this progress. State law mandates huge pension payments and CPS now faces a choice between meeting its pension obligations and properly running our classrooms.

All parties – CPS, teachers, Springfield and parents – must come together to do their part for the future of our children. **A long-term education solution is attainable, and CPS is asking Springfield lawmakers to provide more time to reach that solution.**

### THE FACTS:

**FACT: Illinois doesn't even achieve its own basic funding goals for foundational education funding.**

Every year since FY 2010, the state has failed to provide enough funding to meet its minimum foundation level. This has resulted in the underfunding of General State Aid for Illinois schools by \$2 billion, including \$486 million in lost revenue for CPS. In FY15, for example the state only appropriated enough to meet 87.2 percent of its required commitment, which is the largest funding shortfall in the grant's history.

Even worse, the way the state prorates these payments disproportionately harms districts with the greatest number of low-income students.

**FACT: In real terms, Illinois has cut statewide spending on K-12 education by 20 percent since 2009. The Illinois School Board of Education's general fund budget is \$1.5 billion less than 2009 funding levels if it had grown at the same rate as inflation, a nearly 20 percent cut.**

Since FY 2009, the ISBE general funds budget decreased by \$647 million, from \$7.4 billion in FY

2009 to \$6.8 billion in FY 2015. If the ISBE general funds budget grew by CPI, the budget would have been \$8.3 billion for K-12 programs.

This underfunding ranks Illinois at 48<sup>th</sup> for state share of total K-12 funding. Only Nebraska and South Dakota are lower. Nationally, the average state share of education is 45.6 percent, while Illinois funds 35.4 percent. As a result, Illinois is one of only 10 states to get an F for the fairness of its K-12 funding system in the most recent National Report Card on School Funding Fairness.

**FACT: Illinois already provides less funding for CPS than other states do with large urban districts.**

In the most recent fiscal year, CPS received \$138 million less than it was entitled to from General State Aid. Chicago's per pupil funding lags behind other Illinois school districts and other large urban school districts throughout the country.

- Baltimore: \$11,569
- Philadelphia: \$9,269
- New York City: \$8,728
- Milwaukee: \$8,060
- Los Angeles: \$7,412
- Chicago: \$5,298

**FACT: The residents of Chicago are forced to pay both for their own teachers' pensions and those in other districts.**

Chicagoans are paying pension costs for CPS teachers, through local property taxes that support the Chicago Teachers' Pension Fund, but they are also paying toward the pensions of the teachers in the rest of the State, through both sales and income taxes. In the past two years, CPS will have paid more than \$1 billion towards teachers' pension obligations – money that could have been used in the classroom.

**FACT: The State of Illinois pays for the vast majority of other teachers' pensions, and CPS receives far less pension funding than other Illinois districts.**

Chicago receives much less state funding for teacher pensions than all other districts – despite having a much larger pension burden than the other districts.

The state's Teachers' Retirement System (TRS) serves 101,000 retirees. Chicago teachers make up just under a quarter of the state's teachers, and participate in a separate retirement fund: the Chicago Teachers Pension Fund, which serves more than 24,000 retirees. In 1995, the CTPF received about 23 percent of the funding that was provided to the TRS. Yet, last year, the chasm between state funding between the two funds was vast. The total state contribution to Chicago teachers' pension fund is less than 2 percent despite the fact that Chicago employs just under a quarter of the state's teachers. In other recent years, the contribution has been less than 1 percent. Put another way, the state will spend more than \$2,000 per student on downstate teacher pensions and only \$157 per student on Chicago teacher pensions.

In 2015, the state contributed 55 times more to the TRS than to the Chicago pension: more than \$3.4 billion to TRS and just \$62 million to CTPF – despite setting out a statutory goal to make a 20 to 30 percent payment to CTPF every year.

*If Springfield had done what it intended and funded the CTPF at 20 percent of the TRS, the CTPF would have received about \$4.2 billion from the state since 1995. If Springfield reached its 30 percent funding goal, the CTPF would have received \$6.8 billion since 1995.*

Meanwhile, CPS owes \$634 million to CTPF this year, while downstate and suburban districts will pay just over \$200 million combined to the TRS. CPS educates a fifth of the state’s students, but Chicago taxpayers will pay more than triple the pension costs for its teachers than all other districts combined.

**FACT: Block grant funding does NOT make up for this shortfall in pension funding.**

If CPS received block grant funding in the same manner as other Illinois districts and was treated like every other district in pension contribution requirements, CPS would realize an increase of more than \$400 million in additional annual funding.

**FACT: Chicago’s school children will receive \$1,600 less per student because of the 2015 pension payment.**

The impact of the 2015 pension payment means CPS will spend at least \$1,600 less per student on education. If that money was put into the classroom, schools would get 36 percent more in funding per student, the equivalent of 5,500 teachers and a doubling of magnet, selective enrollment, STEM and IB programs.

If CPS received pension funding under the same formula as every other school district in the state, and the state paid the CPS pensions as they do for every other city, CPS would have had more than \$600 million more in 2015 to spend in our classrooms.

**FACT: CPS has taken aggressive measures to reduce expenses over the past four years.**

CPS has reduced spending on central office, administration and operations by \$740 million in the past four years, cutting 400 positions from the central office and 1,500 positions from operations including lunchroom workers, building engineers, custodians and bus aides.

**FACT: CPS has few options to raise revenue and none that will come close to closing the \$1.1 billion deficit.**

CPS has increased property taxes to the maximum allowed every year since 2011, and expects to increase to the cap again this year. This will generate about \$19 million in additional revenue.