

SOLUTIONS to avoid a budget crisis in CPS



We need a multi-pronged approach to solving the deficit at CPS.

CPS has made some poor spending decisions over the past few years, but we can't undo those. The city and state *can* move forward to make sure that our schools do not receive further drastic cuts. The future of Chicago depends on a healthy, resourced public school system. We need all stakeholders to work together to make sure schools open on time and without cuts.

There are multiple ways the city and state could raise revenue and decrease costs.

Cut Costs

Potential cuts to Central Office: \$60M+
FACE, Incubation, Accountability, Network Offices: cut in half = \$46M

Human Capital Office: \$30M budgeted for 112 positions FY14, ended with 51 positions in FY13.

Corporate Accounting- Up \$29M from FY2014.

Cut contract spending: up to \$177M

More than \$1.1 billion budgeted for contracts in FY15. \$320M for professional and technical services or contractual services.

At least \$177 million of contracts approved in FY14 should be re-examined, including payments to the Chicago Police for \$39M and \$15M in cloud contracts flagged by the Sun-Times in Nov. 2014.

In FY2015, CPS spent more than \$25M on contracts with ed tech and standardized testing companies. Contract details are at our website

*Also, review Aramark contract- not included in these numbers.

Cost-saving CTU contract items

- Reduce standardized testing and teacher paperwork (most is testing related)
- Moratorium on charter expansion

Raise Revenue

End Double pension payment

Chicago taxpayers are paying into two pension systems while the rest of the state is not paying into Chicago pensions. Estimated between **\$200-\$300 million**.

Chicago's share would go up if we weren't double paying.

State income tax

Flat tax of 3.75% (down from 5%). Every ¼% increase yields a billion dollars in revenue. A progressive income tax would tax earners in a fair way based on ability to pay and raise more revenue.

Sales tax on services

Could yield \$300M for city. Indirect benefit to CPS.

More options: Voices for IL Children report bit.ly/chooserev

TIF surplus return: \$200M to CPS

The city brought in \$422 million last year in new TIF increment. Last year there was \$1.7B in TIF accounts. New accounting will be done in July. 53% of TIF surplus goes back to CPS. The City should declare a surplus of at least \$400 million in TIF which would yield over \$200 million for CPS. This would still leave a lot of money in the TIF jar to cover expenses.

If there are questions about the status of monies in TIF accounts, the city should provide a full, transparent review of TIF projects, including contracts for committed projects and TIF district status. TIF districts that do not meet "but for the TIF definition" should be shut down.

Moderate property tax increase: \$100M

Currently, Chicago has a lower property tax rate than the rest of the state. As a last resort for revenue increase, CPS's property tax rate could increase by 4.4% to yield \$100M. This would need approval from the state legislature.