

# Chicago Public Schools School Funding Forum February 2021



# WELCOME

*thankful*

**AND**

*grateful*

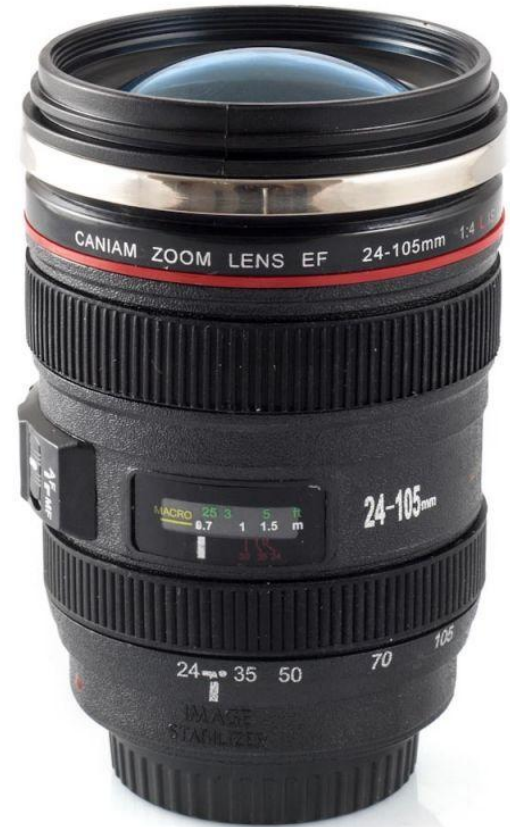
# Agenda

- Presentation: 40 minutes
- Small group discussions: 60 minutes
- Report out: 20 minutes





# What Does Equity Mean in CPS?



# EQUITY MEANS

CPS defines equity as championing the individual cultures, identities, talents, abilities, languages, and interests of each student by ensuring they receive the necessary opportunities and resources to meet their unique needs and aspirations



# Equality



# Equity







# Why we are here

This is one in a series of three February 2021 public workshops to examine the state of school funding in CPS.

These sessions are the second of their kind, following the inaugural series held in January/February 2020

- **School Funding Working Group report issued April 2020**
  - Commit to ongoing, meaningful stakeholder engagement
- **Aligned to announcement from Mayor Lightfoot and CEO Jackson in July 2019** *to examine school funding formulas and resource allocations. Specifically, CPS will work to determine if there is a more equitable way to fund schools across the district.*



# Public feedback is a key input for the School Funding Working Group

The School Funding Working Group is charged with providing recommendations to improve school funding in CPS, and includes:

- Parents
- Principals
- CTU and charter school representatives
- Advocates and subject matter experts
- Governor's Office
- Leadership from the Mayor's Office, Board of Education, and CPS

The working group issued a report in April 2020 based on the initial round of engagement. **The report incorporated feedback from the public and outlined six recommendations for the district over three phases in FY2021 and beyond.**



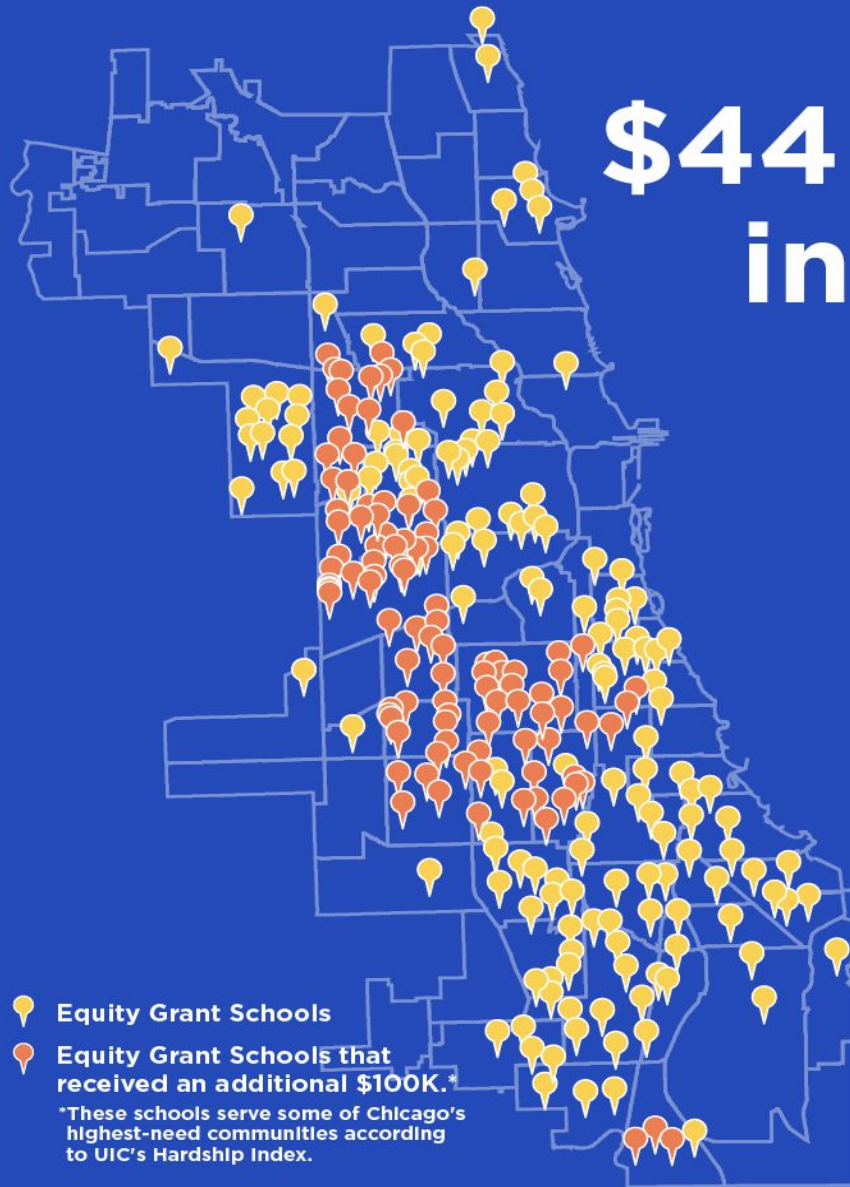
# Working Group Phase I Recommendations

Phase I recommendations were reflected in the FY2021 budget:

- 1) **Empower Principals and LSCs to maximize their resources.**
  - a) 1:1 budget sessions for all new principals
  - b) Optional resources for principals to share budgets with school communities - overview materials
  
- 2) **Refine methodologies and processes to improve equity and sustainability.**
  - a) As a result of community feedback, Equity Grants provided more than 100 schools in the 12 highest areas of need as identified by the **UIC's Economic Hardship Index** with an additional \$100,000 allocation to support local school needs
  - b) Total investment of \$44 Million to 255 high-needs schools to help ensure all students are able to access a high-quality education



# \$44 Million in Equity Grants



-  Equity Grant Schools
-  Equity Grant Schools that received an additional \$100K.\*

\*These schools serve some of Chicago's highest-need communities according to UIC's Hardship Index.



# Working Group Recommendations FY2021 and Beyond

- 1) *Empower Principals and LSCs to maximize their resources.*
- 2) *Refine methodologies and processes to improve equity and sustainability.*

## **3) Commit to meaningful ongoing stakeholder engagement.**

- 4) Provide transparent budget data for LSCs and school communities.
- 5) Create individual, school-level adequacy targets for all schools.
- 6) Advocate for more city, state, and federal funding.



# Stakeholder engagement is essential to guiding our work

The district strives to incorporate stakeholder feedback as a key input to continuously refine the approach to school funding with a focus on:

- Transparency
- Equity
- Sustainability
- Stability





# Format for workshops is designed to support robust dialogue and capture feedback

Framing includes three level-setting questions to provide background knowledge and context

- Where does CPS get its funding?
- How does CPS allocate its funding?
- **How does CPS fund schools?**



# Guiding questions

- **What should CPS be prioritizing right now regarding school funding?**
  - *lens of current state of the world and the city - pandemic, return to school, racial injustice*
- What could CPS do to improve **stability** in school funding?
- What could CPS do to improve **transparency** in school funding?
- What could CPS do to improve **equity** in school funding?
- What could CPS do to improve **sustainability** in school funding?



# Your feedback will inform current and future work

## **Today:**

- Authentic and diverse dialogue
- Your voice matters: Please speak up
- Minor concerns may inform major improvements

## **Near Term Next Steps:**

- Compile feedback, elicit themes from forums
  - Opportunity to do now vs future considerations
- Incorporate into working group + annual FY2022 planning

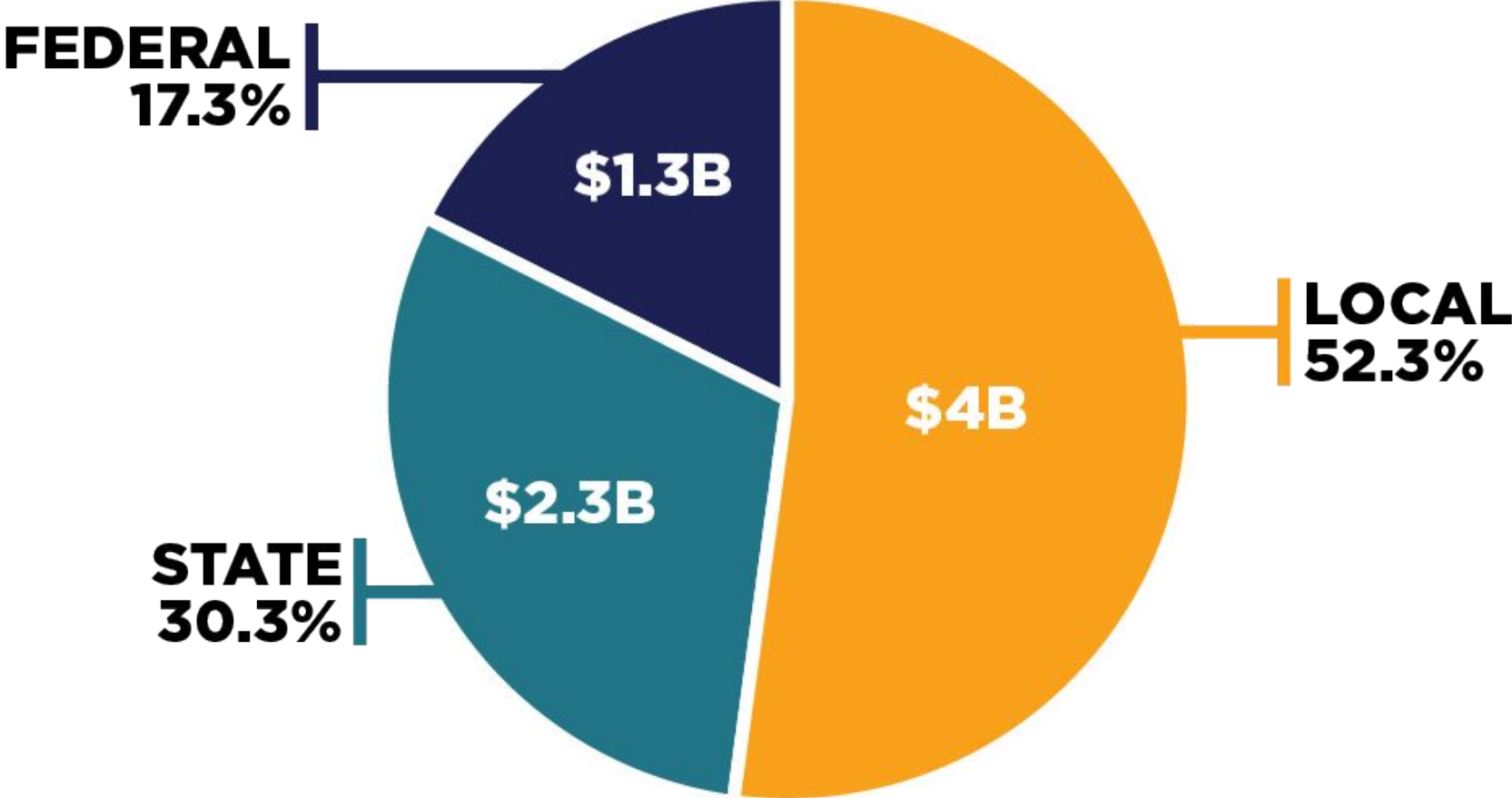
## **Longer Term:**

- Exploration of areas and opportunities for future consideration
- Incorporate into annual budget and planning process



# WHERE DOES CPS GET ITS FUNDING?

# Where does CPS get its funding?

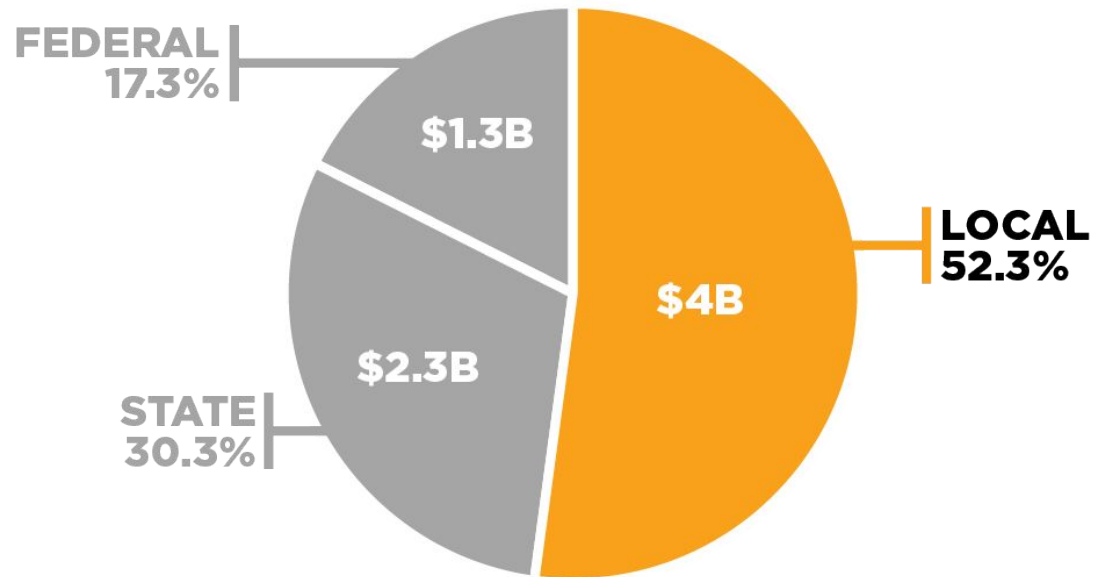


Totals include all operating and debt service revenues.



# Vast majority of funding comes from Chicagoans

Local Revenue Source	FY21 Budget	% of Total Budget
Property taxes	\$3.3B	42%
Personal Property Replacement Tax	\$195M	3%
TIF Surplus	\$97M	1%
Other	\$474M	6%
<b>Total</b>	<b>\$4.0B</b>	<b>52%</b>

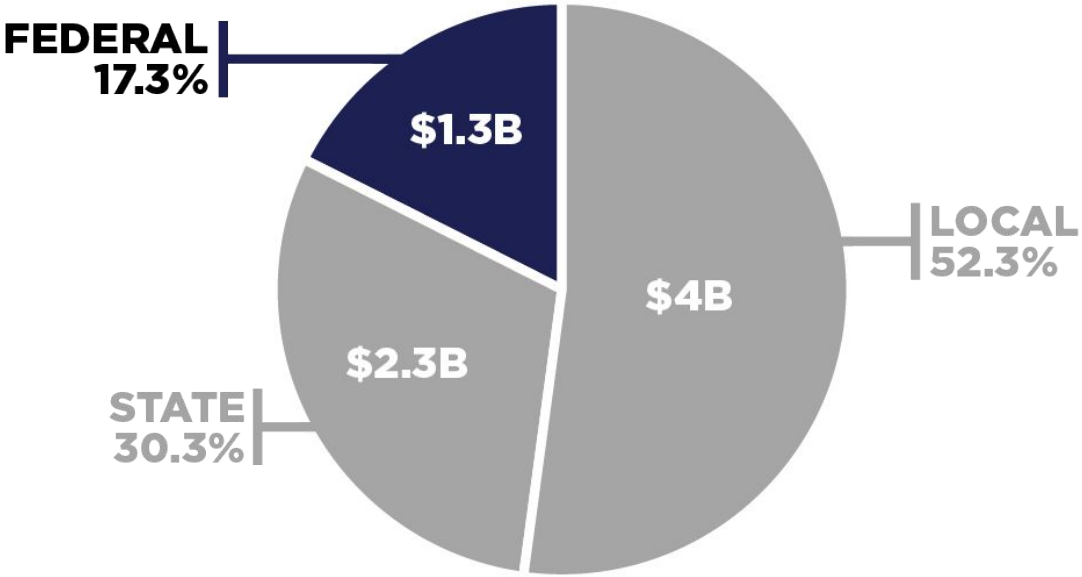


Totals include all operating and debt service revenues.



# Federal funding primarily supports students from limited-income backgrounds

Federal Revenue Source	FY21 Budget	% of Total Budget
Every Student Succeeds Act	\$353M	5%
Nutrition	\$245M	3%
Federal Relief Funding	\$471M	6%
Other	\$268M	3%
<b>Total</b>	<b>\$1.3B</b>	<b>17%</b>



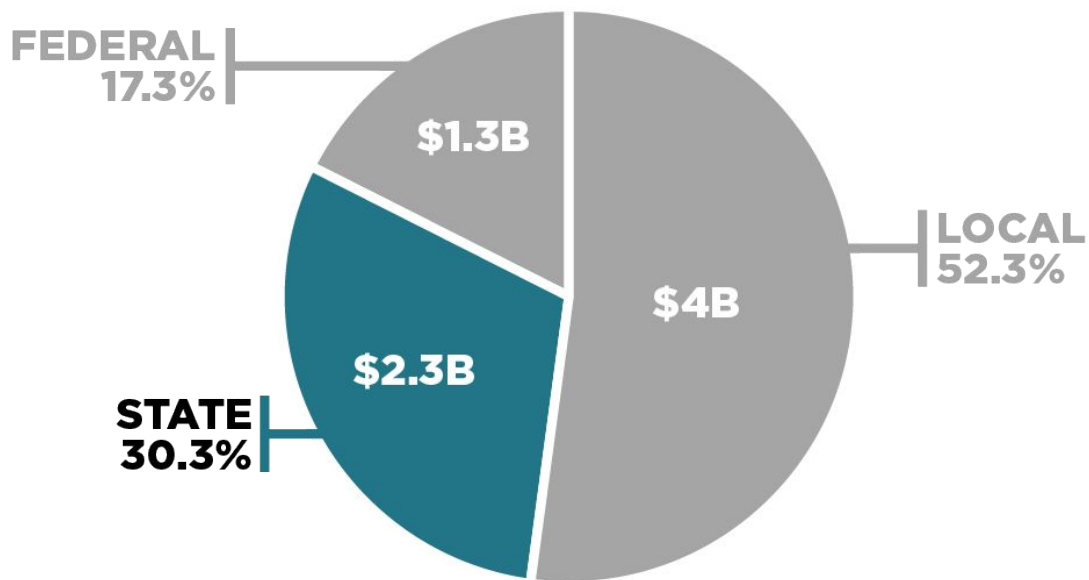
Totals include all operating and debt service revenues.





# State funding has improved since 2017 under Evidence-Based Funding model

State Revenue Source	FY21 Budget	% of Total Budget
Evidence Based Funding	\$1.7B	22%
State Pension Support	\$267M	3%
Early Childhood Block Grant	\$238M	3%
Other	\$168M	2%
<b>Total</b>	<b>\$2.3B</b>	<b>30%</b>



Totals include all operating and debt service revenues.



# Despite recent improvements, CPS is still nearly \$2 billion short of adequate funding

	Total	Per-pupil equivalent*
Current CPS revenues (local and state)	\$6.3 billion	\$18.5K
Funding shortfall	\$1.9 billion	\$5.6K
CPS revenues if adequately funded	\$8.12 billion	\$24.1K

For a school of 400 students:  
400 students x \$5.6K per student  
= \$2.24 million

\*Represents per-pupil equivalent of all operating and debt service expenditures.



# Financial impact of COVID + federal funding

Like nearly all school districts across the country, CPS anticipates that COVID-19 will have a significant impact on CPS finances for several years.

Expectations around the following areas have changed significantly since the onset of the pandemic:

- Property tax revenues due to a decline in property values
- Teacher pension contribution growth due to the pandemic's impact on the fund
- PPRT due to a slowdown in state economic activity
- EBF funding due to the state's inability to meet the minimum target level of new funding in FY2021
- Early Childhood Block Grant due to the state's inability to invest in this area in FY2021



# Financial impact of COVID + federal funding

Federal relief legislation through the CARES Act (March 2020) and ESSER II (December 2020) given CPS short-term relief from the financial impact of COVID.

This funding is necessary to ensure we can follow through on our planned investments and COVID-response funding despite expected revenue loss in key funding sources.

## **Investments to date include:**

- Over \$140M to support COVID-related investments for remote learning and school re-opening
- Over \$115M to staff record high numbers of nurses, school social workers and case managers
- \$44M in school equity grants
- \$8M in new high-quality academic programs across the city
- \$6.5M in social and emotional support for students

Heading into FY2022, this funding will protect against structural cuts due to state and local revenue shortfalls and allow for continued investments in district priorities and school reopening efforts.



# HOW DOES CPS ALLOCATE ITS RESOURCES?

# How does CPS allocate its resources?

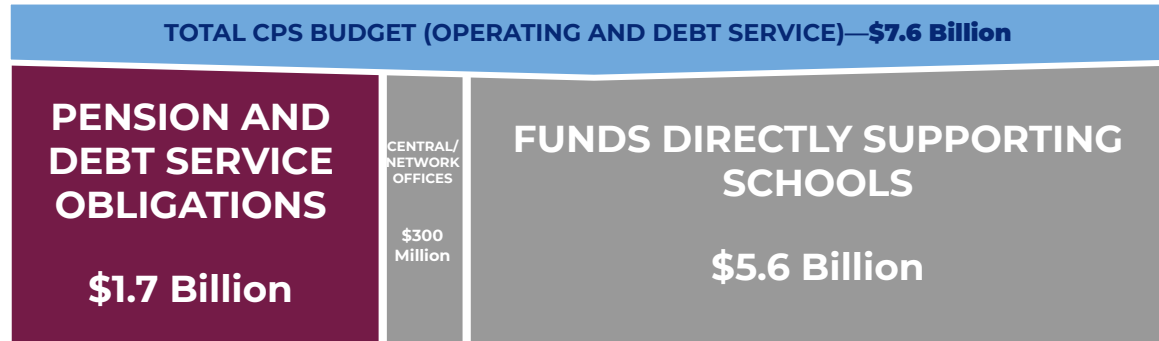
## TOTAL CPS BUDGET (OPERATING AND DEBT SERVICE)—\$7.6 Billion



## TOTAL CPS CAPITAL BUDGET—\$758 Million



# \$1.7 billion goes directly to pay for pensions and service debt that funds capital projects



## PENSIONS

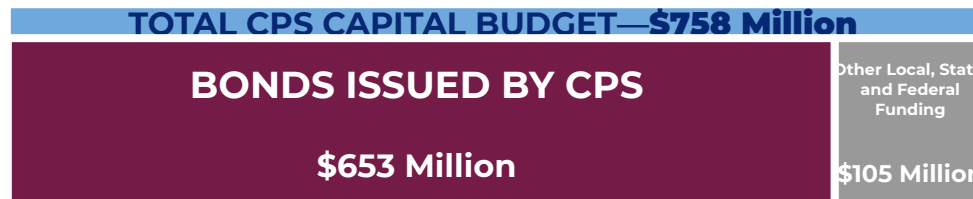
CPS pays nearly \$900 million to fund teacher pensions

Current year cost is only \$267 million; the remaining amount funds liabilities incurred in prior years

## DEBT SERVICE

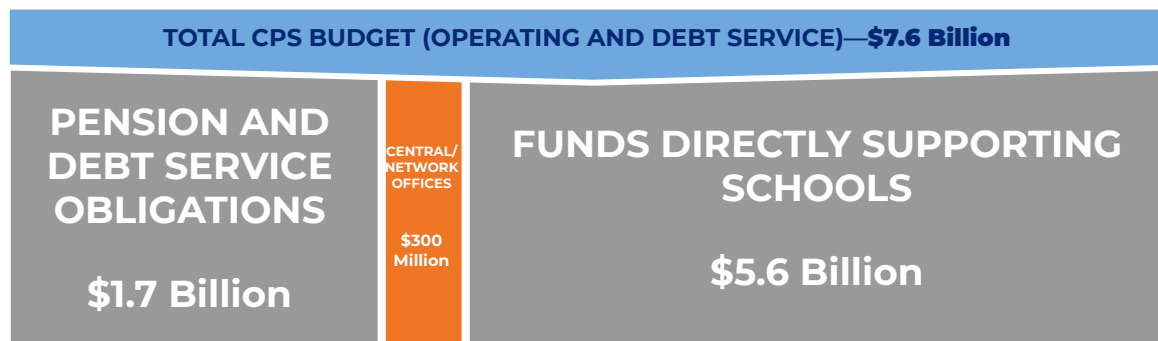
CPS pays \$711 million in principal and interest payments on long-term debt

These dollars repay bonds issued by CPS to fund capital investments in schools





# Central office and network expenses represent 4 percent of CPS spending



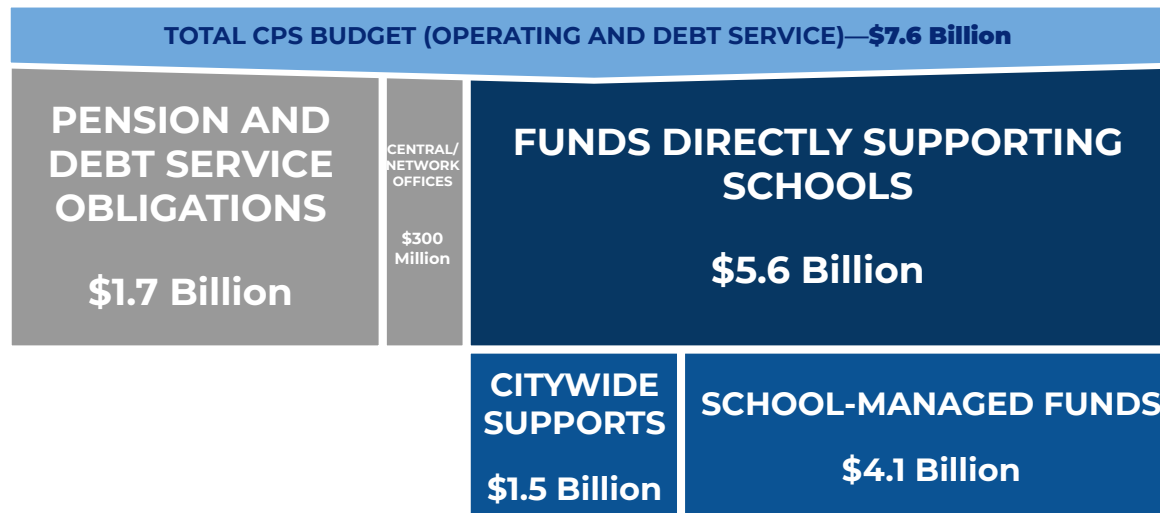
## CENTRAL OFFICE AND NETWORKS

Central office expenses include district administrative costs (e.g. HR, law, student support and engagement, finance)

Network expenses primarily represent instructional supports and professional development for schools and principals



# Over \$5 billion of CPS budget directly supports schools



## CITYWIDE SUPPORTS

\$1.5 billion funds citywide supports (e.g. transportation, security, IT services) that directly benefit schools

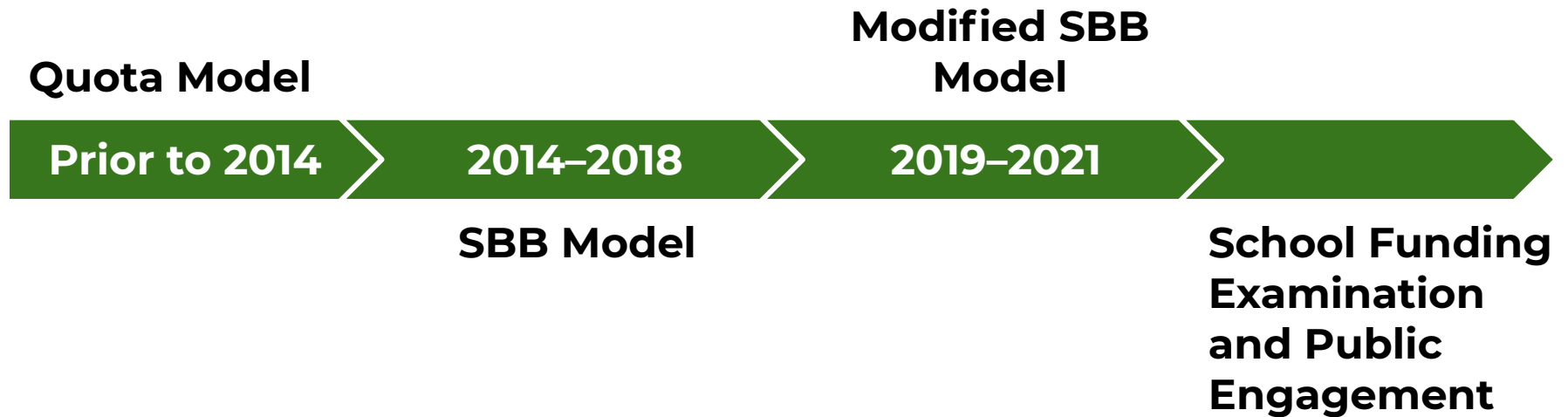
## SCHOOL MANAGED FUNDS

\$4.1 billion goes directly to schools to be managed locally  
Principals and LSCs have substantial autonomy over these funds



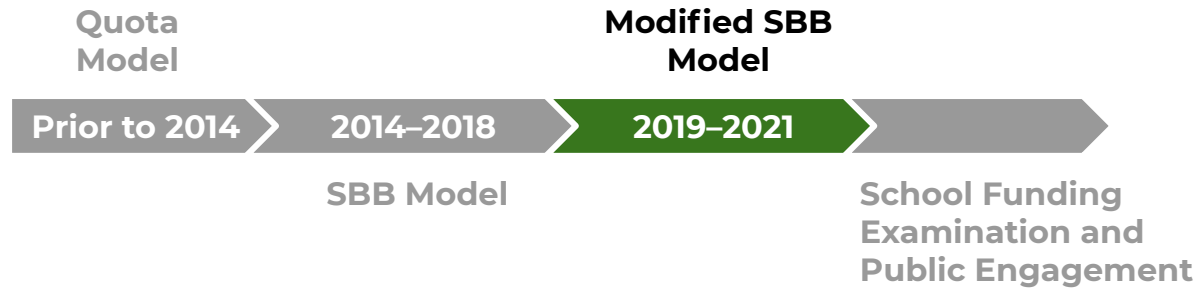
# HOW DOES CPS FUND SCHOOLS?

# CPS approach to school funding has undergone significant changes in the last decade



# FY2019 - FY2021: Modified SBB approach

Beginning in FY2019, schools continued to receive funding under the SBB model, but with significant changes to support equity and student achievement.



- 1. Shift to prior year 20th day enrollment + release of budgets in spring**

CPS shifted the basis for enrollment-based allocations to prior year 20th day enrollment instead of enrollment projections. Change to prior year 20th day enrollment as basis for funding kept funding in schools that would have lost under the prior approach to SBB.

## This policy change accomplished the following:

Minimized disruption at start of school by eliminating fall budget cuts; schools experiencing enrollment increases received additional dollars to support the higher enrollment

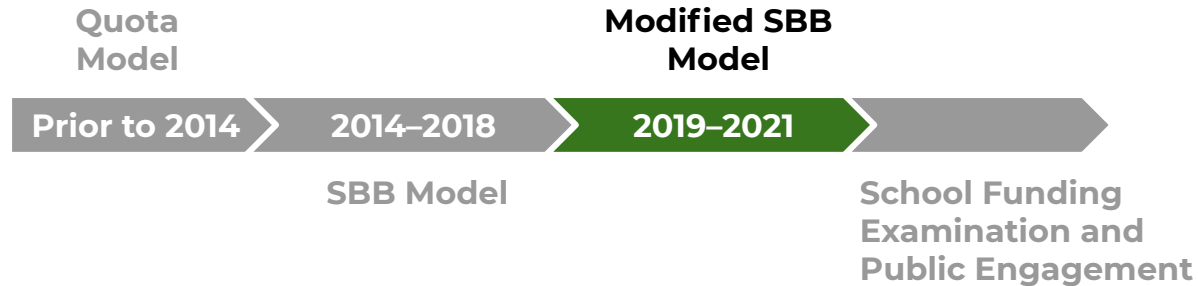
Accelerated time frame for teacher hiring and school staffing changes, supporting schools in sourcing top candidates to fill positions by late spring

Built in greater predictability for principals to support long-term planning

***Acknowledging the effect of the pandemic on enrollment, we are reviewing current data and trends over time to help understand and mitigate any extraordinary impacts on FY22 and beyond.***

# FY2019 - FY2021: Modified SBB approach

Beginning in FY2019, schools continued to receive funding under the SBB model, but with significant changes to support equity and student achievement.



## 2. Supplemental aid

CPS maintained the distribution construct from the state's now-eliminated Supplemental General State Aid methodology, allocating a per-pupil dollar amount for every low-income student at a school.

## 3. Small school supplement (FY19) and equity grants (FY20-21)

To support schools with low and declining enrollment, CPS created the small school supplement in FY19 and equity grants in FY20. In FY21, CPS added hardship indicators to the equity grant, allocating \$100K more to neighborhood schools in areas experiencing greatest economic hardship.

## 4. Quota positions for special education

CPS returned to the practice of allocating special education teacher and paraprofessional resources through positions rather than dollar allocations.



# CPS delivers funding to schools through a variety of funding streams

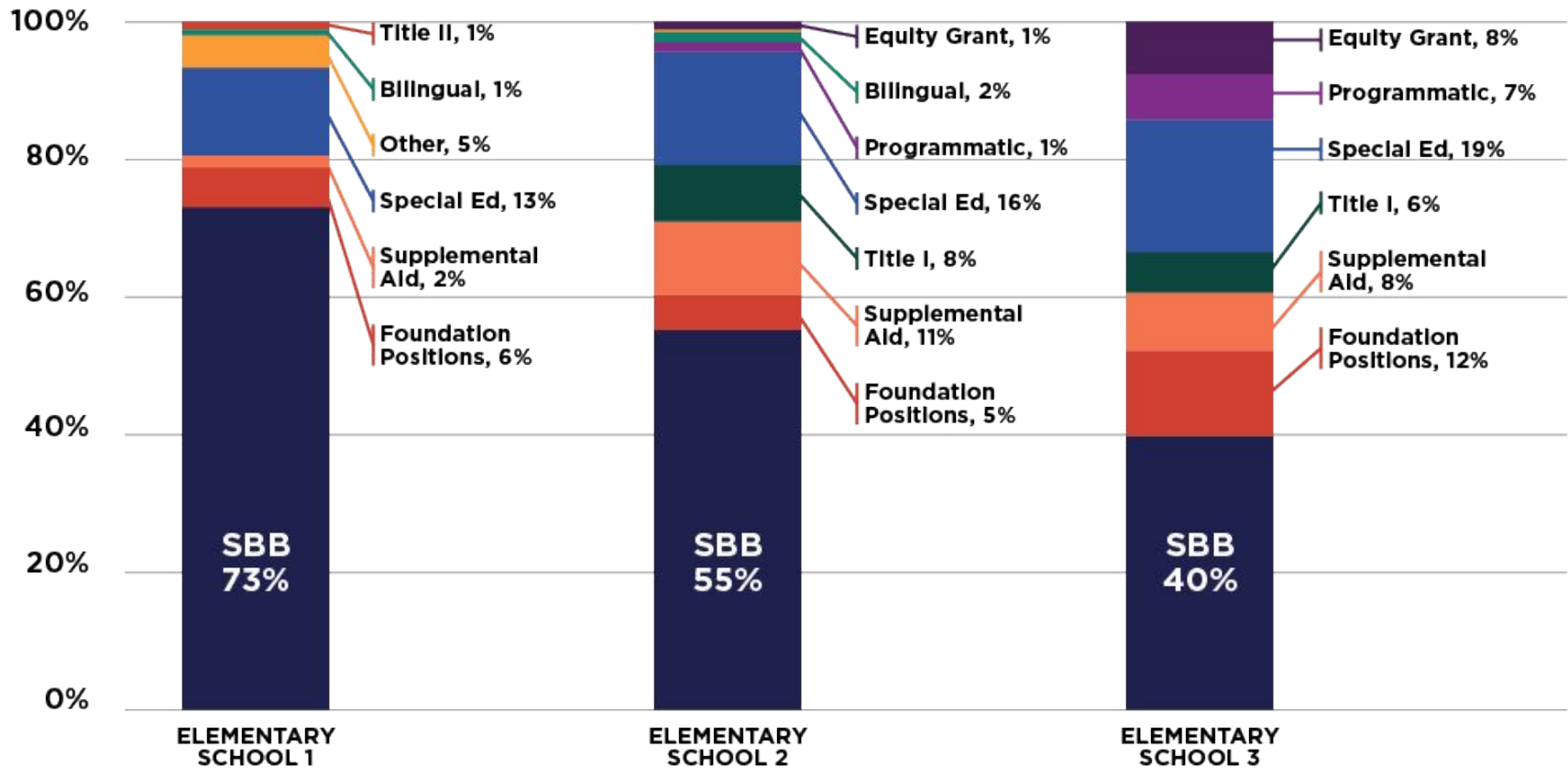
Funding Stream	Total allocated	% of total
<b>FOUNDATION POSITIONS</b> Principal, counselor, and clerk allocated to every school	\$207 million	7%
<b>SBB</b> Per-pupil funds based on total enrollment	\$1.4 billion	47%
<b>SUPPLEMENTAL AID</b> Per-pupil funds based on total low-income enrollment	\$210 million	7%
<b>SPECIAL EDUCATION</b> Positions allocated based on student special ed needs	\$661 million	22%
<b>PROGRAMMATIC RESOURCES</b> Positions allocated to support specific programs or types of schools (STEM, IB, Magnet, etc)	\$83 million	3%
<b>EQUITY GRANTS</b> Supplemental funds for schools with low & declining enrollment + economic hardship funding	\$44 million	1%

Funding Stream	Total allocated	% of total
<b>TEACHER SALARY ADJUSTMENT</b> Supplemental funds for schools with above average teacher salaries	\$32 million	1%
<b>STATE BILINGUAL</b> Supplemental funds to support bilingual instruction	\$31 million	1%
<b>TITLE I DISCRETIONARY</b> Supplemental based on concentration and total enrollment of low-income students	\$131 million	4%
<b>TITLE II</b> Supplemental funds to support professional development and reduced class size	\$6 million	<1%
<b>TITLE III</b> Supplemental funds to support bilingual instruction	\$3 million	<1%





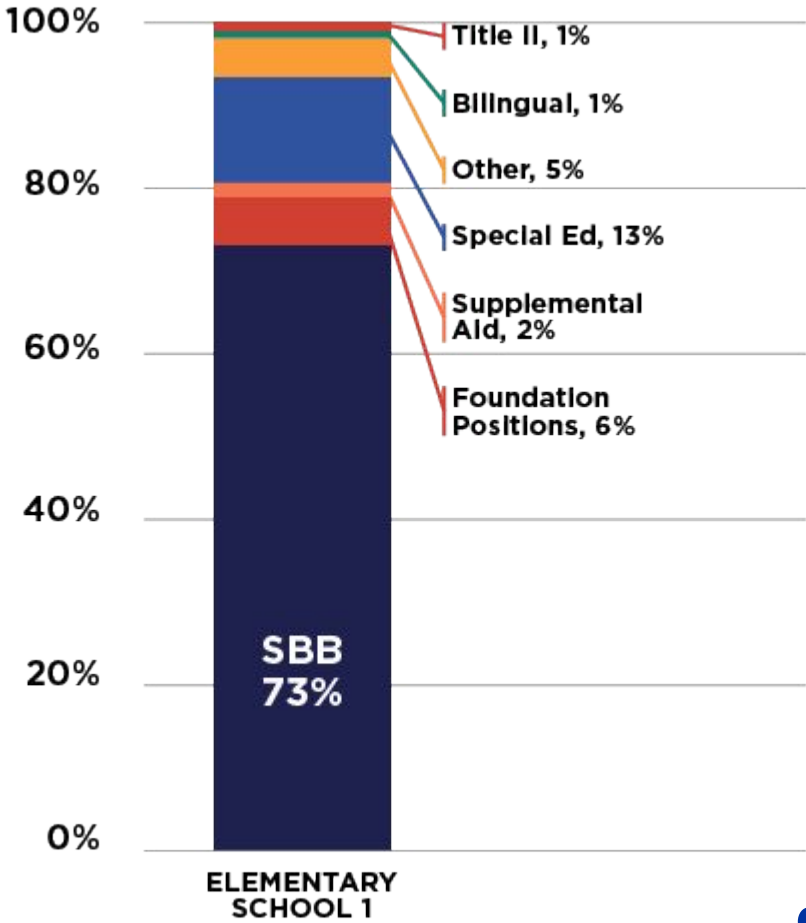
# School resource allocations vary based on school type and student demographics



# Large schools with low poverty receive most of their funding through SBB

<b>Enrollment</b>	<b>1,002</b>
<b>Low Income</b>	<b>11%</b>
<b>Bilingual</b>	<b>5%</b>
<b>Special Education</b>	<b>5%</b>
<b>Total Budget</b>	<b>\$6.6M</b>
<b>Total \$/Student*</b>	<b>\$6,593</b>

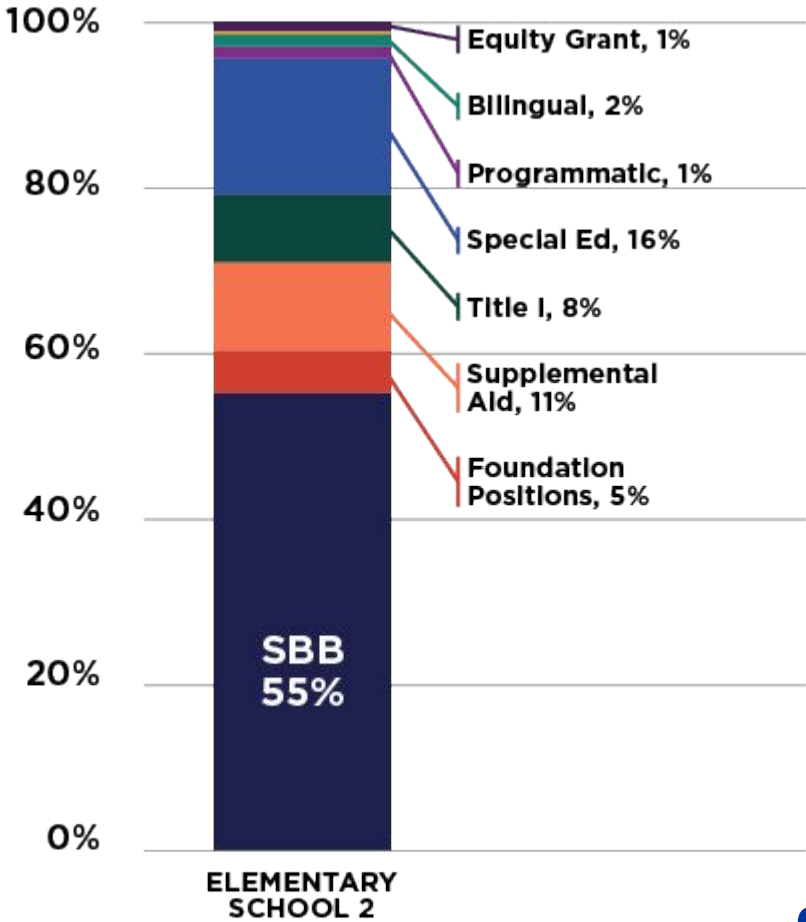
\*Total represents only funding allocated to schools and does not include central expenditures including operations, administration, and other costs.



# Large schools with high-needs students receive additional need-based funding streams

<b>Enrollment</b>	<b>1,005</b>
<b>Low Income</b>	<b>82%</b>
<b>Bilingual</b>	<b>35%</b>
<b>Special Education</b>	<b>10%</b>
<b>Total Budget</b>	<b>\$8.4M</b>
<b>Total \$/Student*</b>	<b>\$8,329</b>

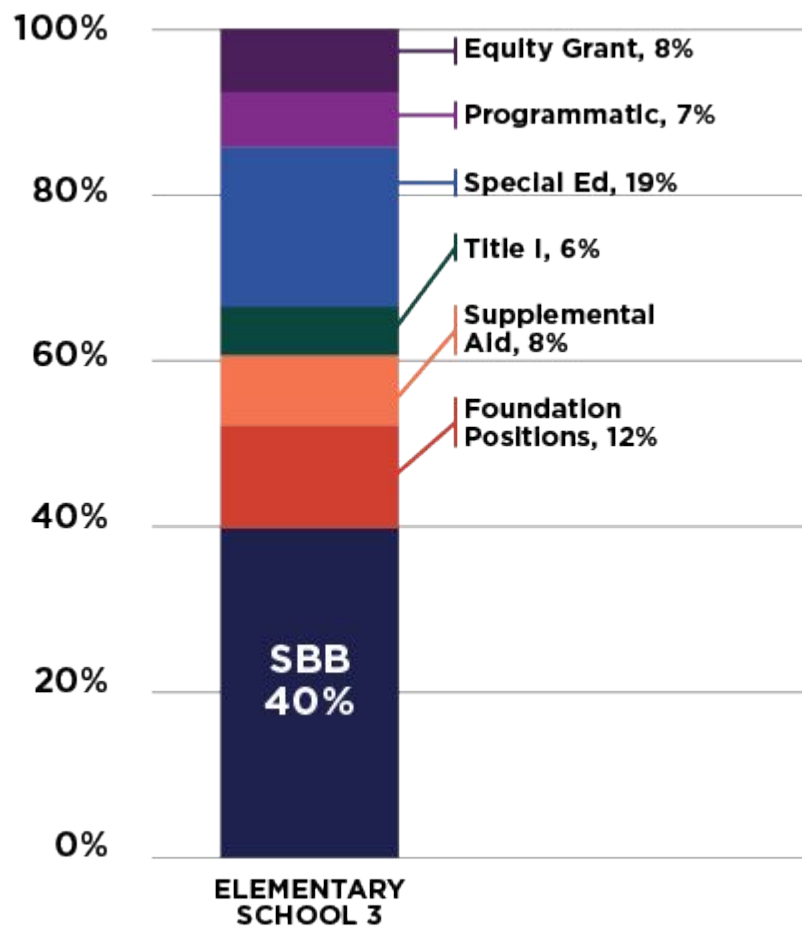
\*Total represents only funding allocated to schools and does not include central expenditures including operations, administration, and other costs.



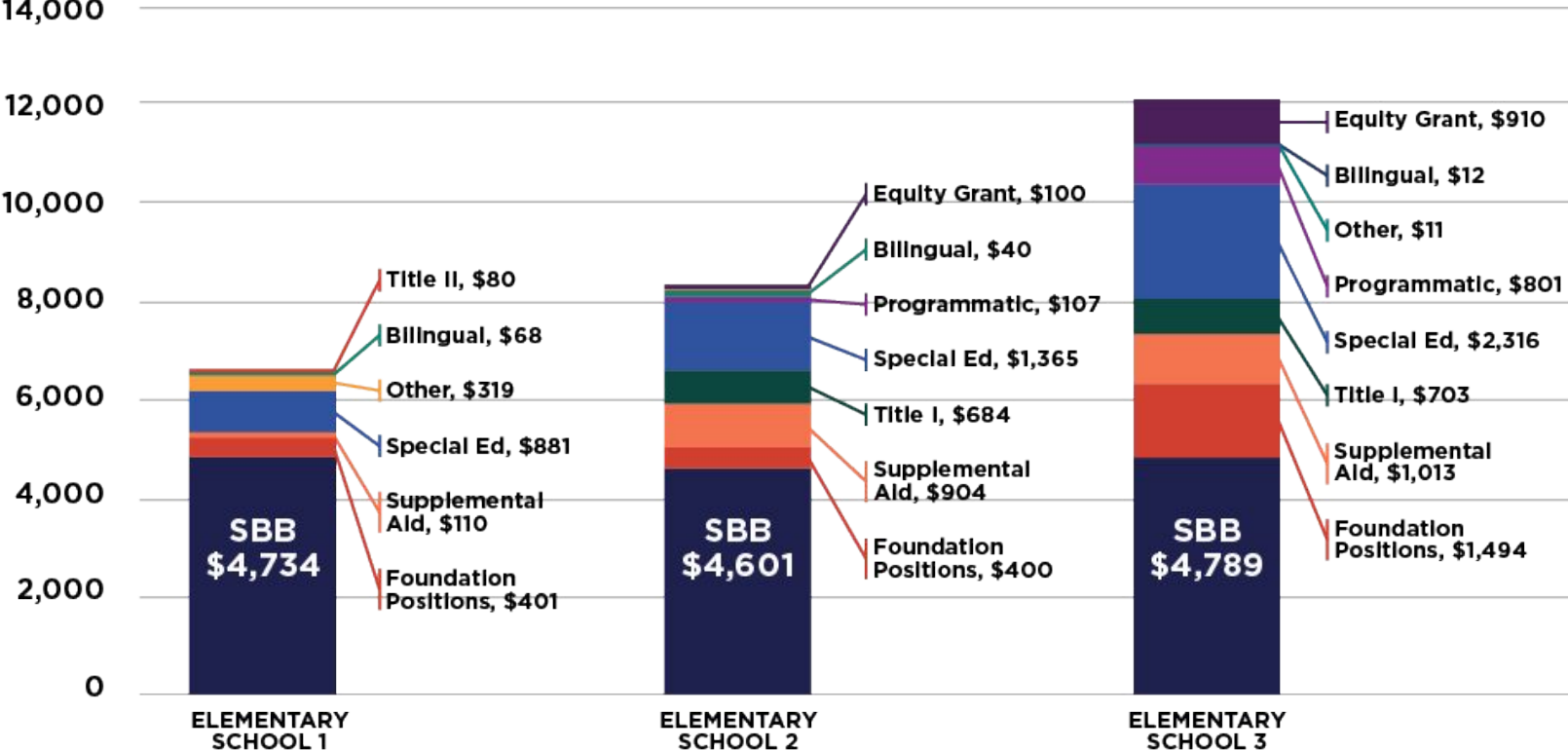
# SBB represents a smaller portion of the budget for small, high-need schools

<b>Enrollment</b>	<b>269</b>
<b>Low Income</b>	<b>95%</b>
<b>Bilingual</b>	<b>1%</b>
<b>Special Education</b>	<b>9%</b>
<b>Total Budget</b>	<b>\$3.2M</b>
<b>Total \$/Student*</b>	<b>\$12,049</b>

\*Total represents only funding allocated to schools and does not include central expenditures including operations, administration, and other costs.



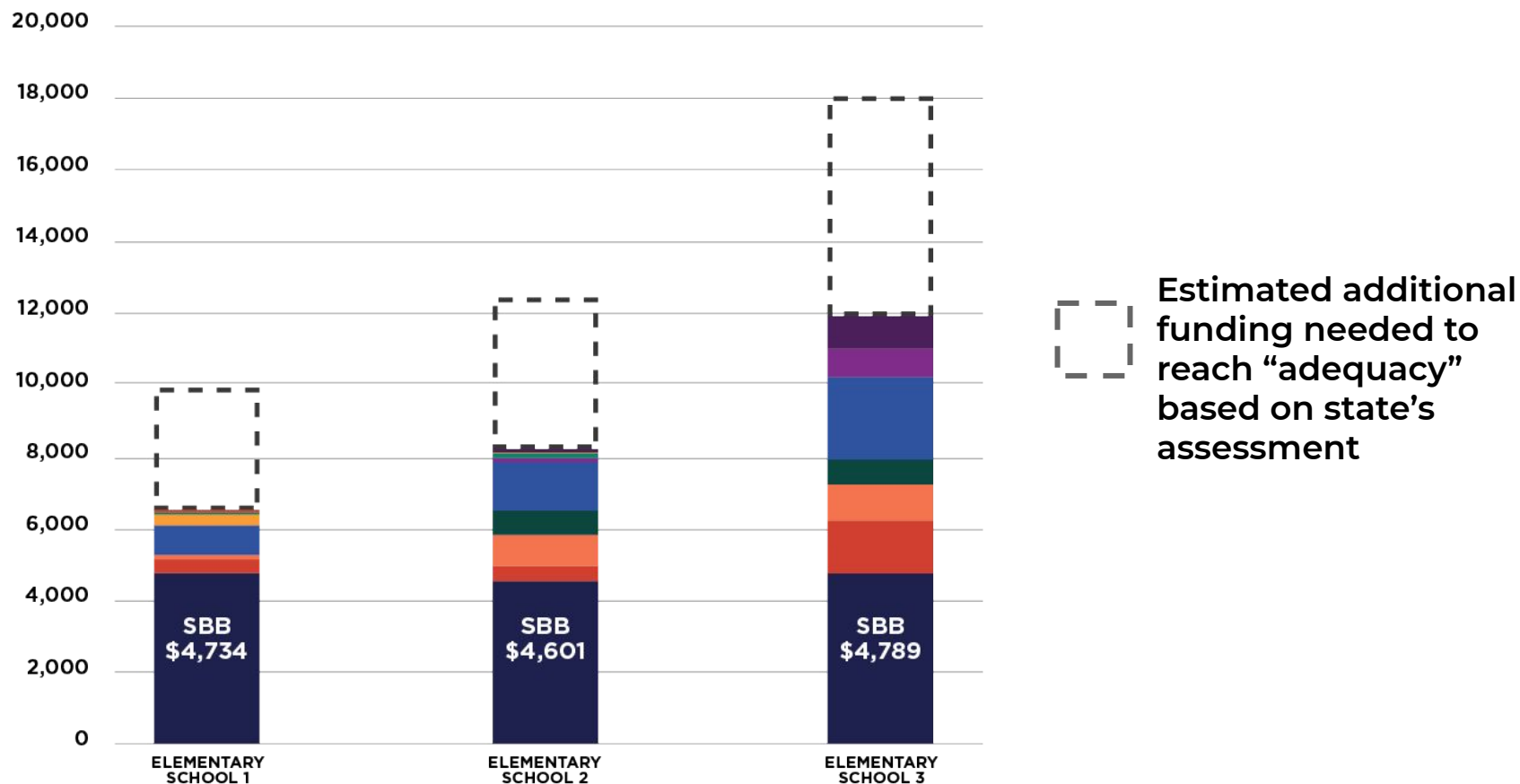
# Different funding streams contribute to differences in per-pupil funding across schools



Totals reflect funding totals per student, based on total enrollment



# Despite levels of need-based funding, all schools still need additional funding



Totals reflect funding totals per student, based on total enrollment



# Opportunity Index Factors

Developed by the Equity Office, the Opportunity Index measures school hardship based on the student, school, and community factors outlined below.

Index Variable	Description
% Diverse Learner	Percent of diverse learner population (LRE 1, 2, or 3)
% FRL	Percent of students qualifying for Free or Reduced Lunch
% LEP	Percent Limited English Proficiency of attending students
% Not Enrolled in Medicaid	Percent of students enrolled (eligible) in FRM but not enrolled in Medicaid
% STLS	Percent of students in transitional living situations (homeless)
% students residing in INVEST S/W	Percent of students at a given school who reside in one of the city's INVEST South/West community areas
% Teacher Retention	Teacher Retention Rate
>90% majority one race/ethnicity	Indicates if a school has a student population over 90% single race or ethnicity (African American or Latinx)

Index Variable	Description
Average Student Hardship	Based on the student's residing community area, which is associated with a Hardship Index Score developed by UIC. All attending students' scores are averaged at the school level.
Community Life Expectancy	Life Expectancy Data (2010): Number of Years (based on community area in which the attending student resides)
Funding Index Score A	Budget FY20 V FY19 AND 3 Years of SBB (2018-2020)
Funding Index Score A	Capital Investment (2010-19) + TIF (1999-2019)
SQRP Rating Level 2/3	SQRP Rating for SY1920



# SMALL GROUP DISCUSSION



# Guiding questions

- **What should CPS be prioritizing right now regarding school funding?**
  - *lens of current state of the world and the city - pandemic, return to school, racial injustice*
- What could CPS do to improve **stability** in school funding?
- What could CPS do to improve **transparency** in school funding?
- What could CPS do to improve **equity** in school funding?
- What could CPS do to improve **sustainability** in school funding?



# Hearing from the room

Your notetaker will record responses to the following three questions, as informed by the discussion of the group:

- List one key takeaway
- What's one area you'd like to know more about?
- What voices are missing from the room?

Identify a representative to read responses

One minute per group



# Takeaways, next steps, and other opportunities to support schools

## Near Term Next Steps:

- Compile feedback, elicit themes
- Incorporate into working group mtg + annual FY2022 planning

## Longer Term:

- Ongoing stakeholder engagement
- Incorporated into annual budget and planning process

## Proposed FY2022 Capital Process:

- Seek Public input on facility needs prioritization
- Release Draft FY2022 plan to Public
- Hold Capital plan hearings
- Board approval of FY2022 Capital plan
- ***Information and updates on this process and timeline will be posted at [cps.edu](https://cps.edu) when they are available.***



**THANK YOU!**