Chicago Public Schools

State Funding & Financial Realities

Fall 2026 Veto Session | Springfield, IL

Executive Summary & Budget Realities

Chicago Public Schools (CPS) is committed to fiscal transparency and strategic stewardship as we navigate the current landscape. CPS categorizes its budget into two distinct sectors:

Fixed Costs (~46% of Budget):
Fixed, non-discretionary, and statutory obligations, including debt service, state-mandated pension contributions, utilities, legal compliance, and charter school payments. These costs are fixed and cannot be meaningfully addressed without major policy shifts.

46%
FIXED COSTS

General Operating Expenses (~54% of Budget):
Operating funds that directly reach our classrooms, including teacher salaries, counselors, instructional resources, and specialized student services.

Because fixed costs remain immovable, unmitigated revenue shortfalls directly erode addressable classroom resources.

54%
GENERAL OPERATING EXPENSES

Mandated Categorical (MCAT) Funding Shortfalls:

Underfunded state statutory reimbursements force CPS to subsidize legally required services out of local operating funds. State MCAT reimbursements fall dramatically short of actual operational expenses:

Program	Submitted Reimbursable Costs	ISBE Approved Reimbursement	Actual % Reimbursed
General Education Transportation ($16/student flat grant prorated at 76%)	$8,233,019	$2,543	0.03%
Special Education Transportation (Prorated at ~49.2%)	$194,305,002	$95,596,532	49.20%
Private Special Education Tuition (Prorated at ~63%)	$21,392,354	$13,483,444	63.00%
IL Free Lunch & Breakfast Program (Statutory rate $0.15/meal vs. prorated 0.04–0.11)	$83,135,320	$2,264,873	2.72%

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District Demographics & Unused Seats

Capacity vs. Enrollment:

Between 1950 and 2023, Chicago's population declined by nearly 1 million residents (~955,962), including over 400,000 children. As of 2023, just 454,000 school-aged children called Chicago home. CPS currently maintains approximately **450,000 available public school seats.** To fill every available seat, CPS would need to enroll essentially **100% of all school-aged children residing in the city.** Historically speaking Chicago has a consistent group of families who choose private and parochial schools as an option.

Fewer Students, Greater Needs:

Although our enrollment has declined, our students' needs have only increased. Since 2021, the District has lost over 35,000 students, while the number of **English Learners has increased by over 16,000**, the number of students with **IEPs has increased by over 6,000**, and the number of students in temporary living situations has increased by more than 4,000. CPS is investing more in necessary supports to meet the needs of every student we serve.

Fiscal Impact:

Maintaining underutilized school buildings has an operational cost that shifts operating revenue away from providing quality student experiences and other classroom investments,due to facility maintenance, heating, and administrative costs which remain fixed regardless of student density. We are committed to investing in students and working collaboratively with communities to make decisions about schools with a significant number of unused seats.

Summary of Legislative Asks

1 Statutory Waiver/Delay of ISBE EBF Overpayment Penalty:

Waive or delay the $32.8M remaining financial recoupment penalty ($10.9M annually through 2030) resulting from ISBE's historical calculation error.

2 Full Statutory Reimbursement for Mandated Categoricals (MCATs):

Guarantee 100% reimbursement levels for Special Education Private Facilities, Transportation, and Free Lunch/Breakfast.

3 EBF Baseline Expansion:

Expand the statewide annual EBF baseline investment beyond $350M to reverse CPS's declining target adequacy (currently at ~70%, down from 81%).

4 $150 Million Supplemental Revenue Authorization:

Secure a $150M state appropriation adjustment during Veto session to honor adopted budget assumptions and prevent structural layoffs.

Imminent Structural Changes (If State Support Does Not Materialize)

The Board of Education adopted an FY27 budget assuming **$150 million** in state support. Without state revenue during the Veto/Lame Duck session, CPS must execute immediate operational changes.