



**KIDS FIRST  
CHICAGO**

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### **Kids First Chicago Offers Tangible Revenue Options as CPS Grapples with Escalating Deficit**

**Chicago, IL** - Chicago Public Schools (CPS) is facing a staggering \$738 million structural operating budget deficit for fiscal year 2025. This looming financial crisis threatens to undo the significant progress CPS made toward achieving a balanced budget before the pandemic.

**If new revenue options are not identified and implemented, our families, educators, and the entire public education system could face severe and lasting consequences.**

Kids First Chicago's new report, "Revenue Options to Address Chicago Public Schools' Deficit," highlights six potential revenue proposals to address this emerging crisis. The report aims to spark public discourse and strategic action to preserve the progress CPS families and educators have achieved and secure CPS's long-term financial stability.

"CPS is on the brink of a serious financial reckoning," said Hal Woods, chief of policy at Kids First Chicago. "Without substantial new revenue, the ramifications could be dire."

CPS has struggled with inadequate and inequitable funding for decades. The district's financial woes stem from insufficient federal, state, and local funding, compounded by the challenge of educating a large number of high-needs students.

"While there's a growing recognition of CPS's financial challenges, we need to start a real dialogue about potential solutions," said Chris Poulos, senior manager for research and policy at Kids First Chicago.

According to CPS internal estimates, the district's \$738 million deficit is projected to swell by an additional \$128 million by year's end, driven by new labor agreements with the Chicago Teachers Union and the Chicago Principals and Administrators Association. Moreover, while some of the district's proposals to close this year's budget gap offer permanent, structural reductions, others provide only one-time financial relief — meaning that a significant portion of this year's deficit will roll over into the next fiscal year.

"Tackling CPS's deficit rests with the district but is also the collective responsibility of CPS and City and State officials, starting with the Mayor and the Governor," said Joe Ferguson, president of The Civic Federation, who reviewed the report in advance of its publication. "CPS should work to establish a long-term financial plan that reviews all revenue options, including those outlined in this report, alongside options for savings and efficiencies."

The six options detailed in the report explore the costs and potential benefits of a range of strategies. These include adjustments to property levies, the consolidation of Chicago's teacher pension system with that of the state of Illinois, and enhancements to the state's Evidence-Based Funding (EBF) formula through increased appropriations and the incorporation of a Concentrated Poverty Adjustment.

"We constructed the report's options in a manner that ensures relevance, transparency, and reproducibility in our estimates," said Micaelan Gasperich, data scientist at Kids First Chicago. "We look forward to working with policymakers and stakeholders committed to securing a strong future for Chicago's schools and students."

### **Proposed Revenue Options**

1. **Increase the Property Levy to the Statutory "Extension Limitation":** This scenario could generate \$129 million in revenue for FY2025 and lead to a budget surplus by FY2034.
2. **Initiate a Referendum for a Fiscal Health Property Levy Adjustment:** This would involve a public referendum to increase property taxes, potentially generating \$585 million for FY2025 and achieving a substantial surplus by FY2034.
3. **Allow All Chicago Tax Increment Financing (TIF) Districts to Expire:** This approach could add \$220 million to CPS's revenue in FY2025, leading to a surplus by FY2033.
4. **Gradually Consolidate the Chicago Teachers' Pension Fund with the State of Illinois' Teachers' Retirement System:** This consolidation could save CPS \$64.5 million in FY2025.
5. **Increase State Funding Contribution to the Evidence-Based Funding (EBF) Grant:** Increased state appropriations could provide CPS with an additional \$4.2 million to \$66.1 million annually, depending on funding level.
6. **Implement a Concentrated Poverty Adjustment to the EBF Formula:** This adjustment would provide CPS with an additional \$4.5 million in FY2025.

At Kids First Chicago, we believe that transparent, collaborative discussions are critical to resolving CPS's financial crisis. We call on our city, state, and civic leaders to adopt a comprehensive, long-term financial plan to ensure CPS is not forced into untenable choices that harm our children and city's future.

We stand ready to support bold, collaborative action prioritizing the well-being and academic success of our children, ensuring every student in Chicago receives the quality education they deserve.

The report can be accessed at [kidsfirstchicago.org/CPS-revenue-options](https://kidsfirstchicago.org/CPS-revenue-options).

**Available for questions or comment:** If you are interested in learning more about Kids First Chicago's analysis on this topic and speaking to a member of our policy and data team, please contact Kristin Pollock at [kpolllock@kidsfirstchicago.org](mailto:kpolllock@kidsfirstchicago.org) or call our offices at (312) 853-1212.

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### **ABOUT KIDS FIRST CHICAGO**

Kids First Chicago's mission is to dramatically improve education for Chicago's children by ensuring their families are the respected authorities on what their kids need and decision-makers in their kids'

education. We do this by partnering with families to support them in gaining the resources, access, and voice they need to achieve their vision for their children.

Our policy priorities reflect the concerns of parent leaders within the Kids First Chicago network. Based on a detailed survey and discussions with nearly 50 members of our parent network, Fair and Equitable Funding for Chicago students emerged as the top priority. Addressing this issue is critical for ensuring that all CPS students receive the world-class education they deserve.

Learn more at [kidsfirstchicago.org](https://kidsfirstchicago.org).