



FOR IMMEDIATE RELEASE | MARCH 18, 2025

**KIDS FIRST
CHICAGO**

Contact: Kristin Pollock

Kids First Chicago | kpolllock@kidsfirstchicago.org | 847-830-0866

Statement and Analysis of Baker Tilly Report on CPS Funding Options

“Baker Tilly’s analysis of CPS’s funding options confirms what many parents and community leaders have long feared: covering this \$175 million pension payment will force CPS into a no-win scenario—massive mid-year cuts or further debt. Neither serves our students,” said Kids First Chicago’s Chief of Policy Hal Woods. “We urge members to vote ‘no’ on effectively shifting these costs onto children, and instead work toward sustainable solutions that keep resources where they belong: in our schools.”

Background

CPS is facing immediate pressure to meet three significant financial commitments before the end of the current fiscal year, ending June 30, 2025:

1. Collective Bargaining Agreement (CBA) with the Chicago Teachers Union (CTU)
2. CBA with the Chicago Principals & Administrators Association (CPAA)
3. Intergovernmental Agreement (IGA) for a Municipal Employees’ Annuity and Benefit Fund (MEABF) Pension Payment

A new report from Baker Tilly Advisory Group, commissioned by the Chicago Board of Education, finds that options available to cover these obligations pose significant risks to the district’s financial stability and to classroom operations—especially given that fewer than four months remain in the fiscal year.

Key Takeaways from the Baker Tilly Report

Mid-Year Budget Cuts

- CPS’s \$8.4 billion operating budget is 70% salaries and benefits. Achieving \$175 million in cuts three quarters into the fiscal year would require significant staff reductions or as many as 10-11 furlough days across the district, per Baker Tilly’s estimates.
- Fewer staff and instructional days immediately hurt students.
- CPS is already scrambling to fill a \$200 million gap from lower-than-expected personal property replacement tax revenues and cost overruns in special education and transportation.

Additional TIF Surplus

- The City declares TIF surpluses, distributing a portion to CPS. While \$298 million is expected in FY2025, further surplus is far from guaranteed.
- Given the late timing in the fiscal year, requesting additional TIF surplus from the City is politically challenging. Relying on politically uncertain surplus declarations as a financial strategy creates significant risks for CPS.

Borrowing & Debt Restructuring

- CPS carries \$9.3 billion in existing obligations and faces higher interest rates due to a junk bond rating. Any new borrowing may help solve a short-term cash crunch but saddles the district with more interest expense.
- Baker Tilly’s report notes that any debt restructuring would require extensive legal and financial reviews. Baker Tilly notes they are not CPS’s municipal advisor, so a separate financial team would have to manage bond issuance or restructuring. Since the Board only has 48 hours until they vote and about three months left in the fiscal year, there’s limited runway to execute a complex refinancing.
- Shifting debt to future fiscal years “kicks the can,” potentially forcing bigger cuts down the road and risking more credit downgrades.
- The report leaves no doubt: Borrowing to fund the City’s \$175 million pension payment poses significant financial risks and may lock CPS into an even worse fiscal position down the line.

Conclusion

The Baker Tilly report confirms that **CPS doesn’t have a viable way** to absorb the City’s \$175 million pension bill without harming student learning—either this year through immediate cuts or in the future via increased debt service. Time is tight, and each proposed solution leaves the district extremely vulnerable.

With the Board poised to decide this week, Kids First Chicago, families, and community members urge a more sustainable approach—one that keeps resources in classrooms, addresses the long-standing structural deficit, and doesn’t burden students with a cost the City is legally required to shoulder.

Available for questions or comment: If interested in discussing the details of this issue with K1C staff member, please contact Hal Woods at (312) 925-3673 or hwoods@kidsfirstchicago.org.

###

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. K1C provides transparent and rigorous education analysis to families, educators, and policymakers alike to inform data-driven and inclusive decision-making about the future of Chicago’s public schools. Visit kidsfirstchicago.org.