

Chicago Public Schools announces hundreds of teacher layoffs, spending and pension cuts

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Chicago Public Schools (CPS) released its 2015-2016 budget Monday, including \$200 million in spending cuts and 479 additional teacher layoffs. In June, the district announced 1,400 layoffs.

Despite the cuts and layoffs, the district still has a \$480 million operating budget gap. Republican governor of Illinois Bruce Rauner has offered to advance \$500 million to help fill the gap, dependent on additional CPS “reforms”, including an end to district contributions to teacher pensions. But these funds are by no means guaranteed. Based on the current operating deficit, it is likely additional cuts will be announced. A \$676 million pension payment is due this school year.

In line with Rauner’s request, CPS announced the end of pension “pick up” August 4, telling teachers to shoulder their own pension contributions. This will create a significant cut to teacher take-home pay—an estimated 7 percent. The district had “picked up” 7 percent of teacher pension contributions, an agreement made in 1981, in exchange for lower pay raises in subsequent years.

About 21 percent of the \$200 million budget cut is expected to negatively affect the more than 50,000 special education students in the district, through a change in the funding formula giving principals a lump sum for special needs students, rather than a guaranteed number of staff.

In recent days, the newly appointed Chicago Public Schools CEO Forrest Claypool has made a series of public statements on what the city will demand from teachers in what is to be a multiyear contract negotiation. Claypool was appointed by Mayor Rahm Emanuel in July to head the district after the resignation of his predecessor, Barbara Byrd-Bennett, who stepped down in the midst of a federal corruption investigation

involving more than \$20 million in CPS contracts. Before being appointed to head CPS, Claypool oversaw the Chicago Transit Authority and supervised the Chicago Park District, where he became known for cutting operating costs.

Claypool also announced the end of an informal agreement the district had with the Chicago Teachers Union to work on a one-year agreement. The length of the contract now under negotiation has not been disclosed.

Earlier this week, CPS also proposed to phase out contributions to the pensions of non-union office employees, other district employees and non-union support staff by 2018, and eliminate pension contributions for new hires. This cut is supposed to save about \$21 million in those three years, affecting 2,100 workers, excluding principals and assistant principals.

CPS teachers have been without a contract since June 30 and the district still has more than 1,400 teaching vacancies to fill before the start of the school year in early September. The board of education is set to vote on the annual budget August 26.

As Republican Governor Bruce Rauner proceeds with his offensive against the public sector, the Chicago Teachers Union is seeking to more closely align itself with Democratic mayor of Chicago and former Obama administration official Rahm Emanuel.

CTU president Karen Lewis spoke to *Chicago* magazine August 4 to absolve Emanuel of responsibility for the education “reform” policies his administration—working together with the White House—has made notorious, including school closures and mass layoffs of teachers and staff.

In speaking of the 2012 teacher contract negotiations and the public education policies that led to the first

teachers strike in the city in 25 years, Lewis fully accepted the official claim that there is no money to fund basic social services in order to cover for Emanuel and peddle the lie that there is no money:

“I think part of the problem we had last time is that Rahm had an agenda that was pushed by other people, including [Gov. Bruce] Rauner that I don’t know if Rahm even truly believed in. A lot of it was kind of like, ‘Put the union in their place and dah dah dah.’ The elephant in the room is the budget and not having any money. So then it becomes a matter of what your priorities are, what your vision is. And I think we have yet to see that, but I think [Rahm’s] thinking about it.”

In September 2012, 30,000 Chicago teachers went on strike to oppose school “reforms” that included closures and layoffs, expanded use of standardized tests to erode teacher seniority, and fewer restrictions on firing. The strike, which placed teachers in a political standoff with the education policies of the Obama administration just ahead of the 2012 presidential election, was shut down after only one week by the CTU, who conceded to all of Emanuel’s essential demands in a three-year contract, paving the way for the closure of 50 public schools and the layoffs of thousands in 2013.

As the WSWS reported when he was elected, Emanuel both campaigned on education “reform” and opened his first term with similar plans for schools and city operations. Lewis’s comments highlight the role of the CTU in preventing teachers and other workers from making a break from the Democrats, as they now work to advance the bipartisan assault on essential public services in the state.

Not only does money exist for schools, monopolized by Chicago’s many multimillionaires and billionaires, the financial aristocracy is taking windfall profits in the form of interest payments being made by the cash-strapped city on municipal bonds, including CPS bonds now at junk status.

Matt Fabian of Municipal Market Analytics told the *Chicago Tribune* in July, “The situation in the city will compromise the ability to keep quality schools, to keep the streets clean. But for investors who can stomach the ups and downs that are probably coming for Chicago, (the bonds) give an attractive amount of income.”

The series of city credit rating downgrades by Moody’s and Fitch signaled to investors higher bond

yields and interest rates. Unlike distressed corporate debt, distressed municipal debt is guaranteed by the citizens who can be made to weather cuts and tax hikes in order to make payments. Relieving the debt burden usually takes place through debt restructuring or bankruptcy of one or more city agencies.

The *Tribune* also reported that the \$347 million in tax-exempt bonds Chicago sold in July “offered investors yields of up to 5.69 percent—almost unheard of for tax-backed debt issued by a city.”

Those who invested in Chicago’s bonds earned up to 50 percent more than those who invested in Philadelphia bonds issued in July, the *Tribune* notes.

The credit downgrades mean Chicago will pay something like \$150 million more in interest payments based on restructuring pensions or raising property taxes, or both.



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