



NEWS RELEASE

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The Chicago Teachers Union releases a Revenue Recovery Package for Chicago Public Schools; Calls on Mayor Emanuel and City Council to Engage in Self-Help

CHICAGO – Ahead of its House of Delegates meeting today, the Chicago Teachers Union released details of a \$502 million dollar Chicago Public Schools (CPS) revenue recovery package and called on Mayor Rahm Emanuel and the Chicago City Council to implement the plan in order to stabilize the district. The Union said this act of “self-help” will ensure lawmakers in Springfield, that local leaders are fully committed to restoring funding to our schools.

The issues facing CPS revolve around the failure of leadership, the consistent and troubling disregard of community, parent and educator voice and the lack of equitable funding for our district. These challenges beg for structural changes—changes that will significantly alter the manner in which schools are administered in Chicago.

CTU and the Chicago Board of Education (BOE) have been in negotiations for well over a year and have yet to settle a new collective bargaining agreement. Since 2011 public school educators have absorbed \$2 billion worth of cuts, including layoffs, a reduction of benefits and threats to pensions. Teachers, paraprofessionals and clinicians voted to authorize a strike last December, with the earliest date of a possible strike set at May 16th, after a 30-day cooling off period. Union officials and school leaders have not set a strike date, should one become necessary. State law requires the Union to give a 10-day notice to the Board of Education before striking.

“Teachers are about providing solutions to problems; and, CPS and the City have no plan on the table. All they’ve done is beg a tone deaf governor for a bailout he is unwilling to give,” said CTU Vice President Jesse Sharkey. “We have identified half a billion dollars that can triage the bleeding at CPS. We are asking the mayor and aldermen to implement what we believe is a solid package of financial emergency supports to ensure our district does not go belly up.

“CTU will continue to fight for long-term solutions to address the structural deficits in the district that only the state can implement,” Sharkey continued. “However, our revenue recovery package is necessary right now to stave off mass layoffs, school closings and more furloughs that will wreak havoc on our students and classrooms. Over the next few weeks we’ll be lobbying every City Council member to support this plan.”

CTU Revenue Recovery Package for Chicago Public Schools

In addition to pursuing school funding solutions with the State of Illinois such as a progressive income tax, Millionaire’s Tax, and financial transaction tax, the CTU recommends that the CPS and the Mayor’s Office consider a number of local revenue options, which the City of Chicago City Council could approve. The proposal also includes a provision that allows for the plan to sunset at the conclusion of what CTU expects to be Governor Bruce Rauner’s first and only term in office and when the first session of the Illinois General Assembly without his interference ends. The CTU Revenue Recovery Package for Chicago Public Schools calls for:

Reinstate and increase the Corporate Employer Expense Tax (“Head Tax”) – Reinstate and increase the Employers Expense Tax at four times the previous level. Annual Revenue Potential: **\$94 million**

Personal Property Lease Tax (Mun. Code Ref. 3-32) - Increase the Personal Property Lease Tax rate from 9.0% to 11.0%. This most impacts people visiting from outside of Chicago when they rent vehicles. Annual Revenue Potential: **\$35 million**

Rideshare Tax - Impose a tax on ride-sharing services like Uber and Lyft.
Annual Revenue Potential: **\$15 million**

TIF Surplus – Make funds in the city’s 150-plus TIF accounts that are not *already* tied to debt service or an active project available for use to address the funding needs at the Chicago Public Schools. Declare surplus funds and distribute those funds immediately. Increase reporting requirements for improved transparency on TIF accounts. Annual Revenue Potential: **\$100 million**

Chicago Hotel Accommodations Tax (Mun. Code Ref. 3-24) – Increase the City’s Hotel Accommodations Tax from 4.5% to 6.0%. Annual Revenue Potential: **\$30 million**

Commercial Property Tax assessment - Upon the sale of a building, the assessed valuation is automatically set at 25% of sale price. Annual Revenue Potential: **\$100 million**

Chicago Vehicle Fuel Tax (Mun. Code Ref. 3-52) – The City’s current rate of 5 cents/gallon generates an estimated \$48.9 million per year (FY 2015). Due to falling gas prices over the past few years, an additional 10 cents may be imposed without consumers feeling as much pain as other tax increases. Annual Revenue Potential: **\$98 million**

Special Service Area (SSA) Tax Levy (35 ILCS 200/27-5) – Under Illinois law, the City of Chicago has the authority to establish special service areas within the City of Chicago and levy taxes (on the properties within the SSA boundaries) to fund debt service and/or annual operations associated with the special municipal services and related capital improvements. Conceptually, the City could create special service areas to pay for certain educational programs, which are only offered in certain geographic areas of the City or CPS capital improvements, which only benefit a well-defined geography. Annual Revenue Potential: **\$100 million**

Redirect \$1.2 billion Lucas Museum Bond to Chicago Public Schools – It looks like a museum on the lakefront for a billionaire’s private collection is not viable. Now we have an opportunity to redirect those critical resources to 400,000 students in CPS.
Revenue Potential : **\$30 million**

CTU Revenue Recovery Package for CPS	Annual Revenue (Preliminary Estimates)
Reinstate Employers Expense Tax	\$94 million
Personal Property Lease Transaction Tax	\$35 million
Ride-Share Tax	\$15 million
TIF Surplus	\$100 million
Hotel Tax	\$30 million
SSA Tax Levy	\$100 million
Chicago Vehicle Fuel Tax	\$98 million
Lucas “Star Wars” Museum	\$30 million
TOTAL	\$502 million

“In an effort to bridge the funding gap for the CPS we believe it is imperative that you offer the city council a clear pathway to help mitigate the costly and protracted budget stalemate in Springfield that has the ability to harm our schools,” said CTU President Karen Lewis in a letter sent to the mayor this afternoon about the recovery plan.

“We have a recovery plan that the school district and the city council should consider. Our plan will provide our district with a way to sustain itself until the governor and the legislature pass a budget that will provide equitable funding to CPS. The revenue recovery plan is an effort to prevent more cuts in student programming and education services,” Lewis said. “We look forward to working with you and members of the city council to manage this dilemma. Budget cuts do not solve funding problems. Revenue solves funding problems.”

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*The Chicago Teachers Union represents nearly 27,000 teachers and educational support personnel working in the Chicago Public Schools, and by extension, the more than 400,000 students and families they serve. The CTU is an affiliate of the American Federation of Teachers and the Illinois Federation of Teachers and is the third largest teachers local in the United States and the largest local union in Illinois. For more information please visit CTU’s website at www.ctunet.com.
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