

# Finance Committee Update to PTC

April 2018

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# Tonight's conversation

- The district's past efforts to cut costs and preserve educational programming, as well as the challenges ahead.
  - The options explored by the Superintendent's Finance Committee.
  - The current work, and the next steps.
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## Current reality

The district is operating a deficit budget.

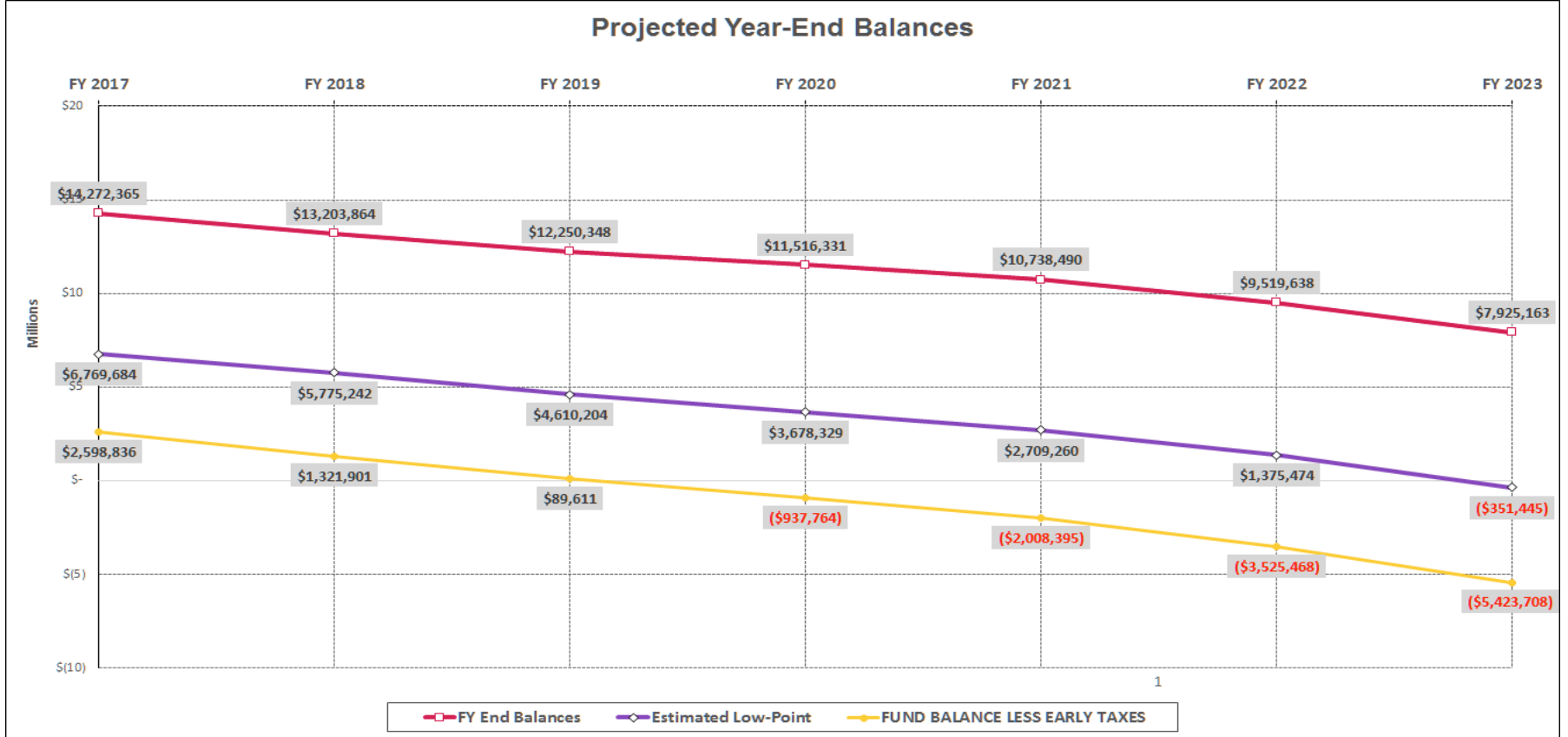
The district is expected to have deficit budgets for the next five fiscal years.

The Finance Committee - composed of parents, residents, board members and staff - was tasked finding ways to address this issue.

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# Financial projections

Projected Year-End Balances



# Financial projections

	BUDGET	REVENUE / EXPENDITURE PROJECTIONS									
	FY 2018	FY 2019	% Δ	FY 2020	% Δ	FY 2021	% Δ	FY 2022	% Δ	FY 2023	% Δ
TOTAL REVENUE	\$28,563,793	\$29,186,344	2.18%	\$29,778,242	2.03%	\$30,369,091	1.98%	\$30,970,889	1.98%	\$31,583,866	1.98%
TOTAL EXPENDITURES	\$29,314,215	\$29,839,926	1.79%	\$30,405,555	1.90%	\$31,040,227	2.09%	\$32,083,037	3.36%	\$33,071,637	3.08%
SURPLUS / DEFICIT	(\$750,422)	(\$653,582)		(\$627,313)		(\$671,136)		(\$1,112,148)		(\$1,487,771)	
TOTAL OTHER FIN. SOURCES / USES	(\$318,079)	(\$299,934)		(\$106,704)		(\$106,704)		(\$106,704)		(\$106,704)	
<b>SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES</b>	<b>(\$1,068,501)</b>	<b>(\$953,516)</b>		<b>(\$734,017)</b>		<b>(\$777,840)</b>		<b>(\$1,218,852)</b>		<b>(\$1,594,475)</b>	
BEGINNING FUND BALANCE	\$14,272,365	\$13,203,864		\$12,250,348		\$11,516,331		\$10,738,490		\$9,519,638	
PROJECTED YEAR END BALANCE	\$13,203,864	\$12,250,348		\$11,516,331		\$10,738,490		\$9,519,638		\$7,925,163	
FUND BALANCE AS % OF EXPENDITURES	44.25%	40.29%		37.10%		33.47%		28.78%		23.96%	
FUND BALANCE (less early taxes) AS % OF EXPENDITURES	5.23%	0.35%		-3.57%		-7.40%		-12.60%		-19.39%	
FUND BALANCE AS # OF MONTHS OF EXPEND.	5.41	4.93		4.55		4.15		3.56		2.88	

# Why does CCSD 89 have a deficit budget?

- **Costs outpacing revenue**
    - Insurance, transportation, contractual obligations
    - Increasing enrollment
      - 11-percent increase in 5 years; projections show district expected to continue to grow
  - **Investing in students and opportunity**
    - Extending the school day for all students
    - STEM education
    - Access to technology
    - Developing resilient, confident learners
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# Focus on fiscal responsibility

## 2008 and 2011 finance committees

**5-year projections showed fund balances would be depleted by 2016.**








- Finance Committee convened to explore options, engage with the community.
  - Community asked for cuts and efficiencies that did not:
    - Directly impact classrooms
    - Conflict with the district's core values
    - Contradict the goals in the strategic plan
  - Community asked that the district not pursue a tax-rate referendum.
    - District's last tax-rate increase was in 1986.

**Result: From 2009 to 2016, the district made nearly \$3 million in cuts, reductions.**

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# Cuts and reductions since 2009

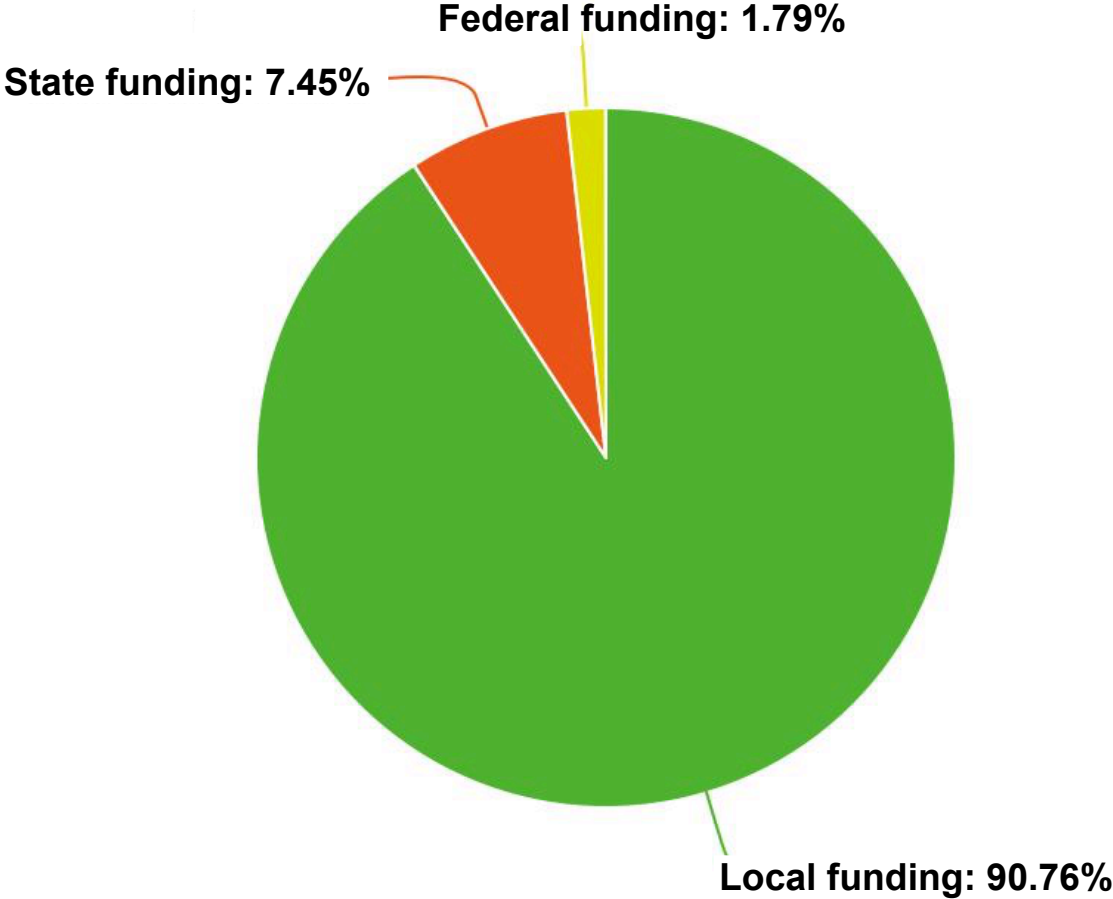
-  **\$894,862:** Adjusted substitute pay, eliminated overtime, reduced vacation/retirement benefits
-  **\$491,430:** Concessions from staff, reduced staff, eliminated support staff
-  **\$439,989:** Eliminate five secretarial positions, fewer classroom aides, reception positions reduced
-  **\$380,816:** Efficiencies in energy, bus routes, print services
-  **\$340,306:** Reduced budgets for school supplies, field trips, software, professional development
-  **\$268,800:** Administrative cuts, reduced salary increases, reduced outside consultants
-  **\$102,500:** Reduced energy administrator stipend, re-bid custodial contract

**Total cuts and reductions: \$2,918,703**

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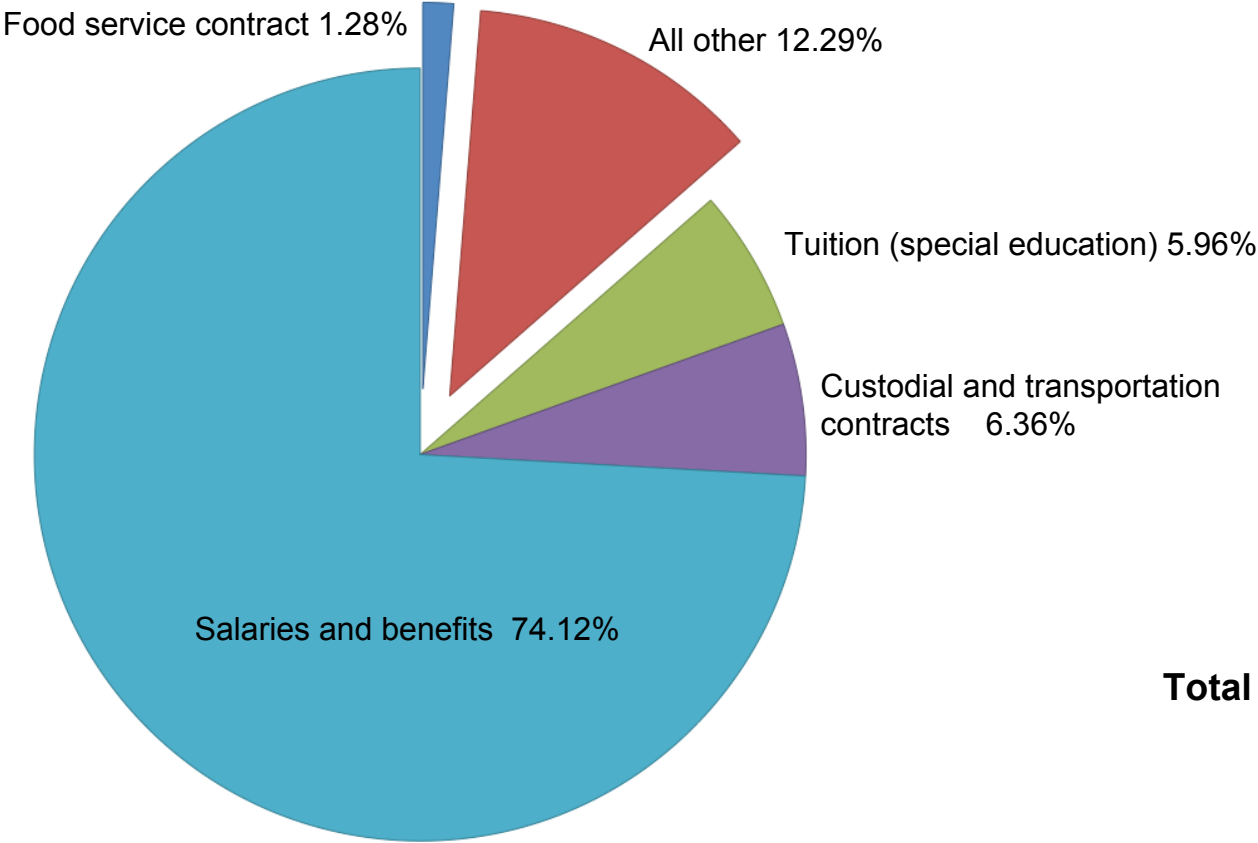


# Revenues



**Total Revenues = \$28.2 million**

# Expenditures



**All other includes:**  
Technology  
Instructional materials  
Insurance  
Legal services  
Utilities

**Total expenditures = \$29.4 million**

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## Excellent outcomes under financial pressure

**TOP  
10**  
PERCENT  
IN THE NATION  
FOR  
ACADEMIC  
ACHIEVEMENT

**92nd**  
PERCENTILE  
OR ABOVE  
IN READING  
AT ALL  
GRADE  
LEVELS

**86th**  
PERCENTILE  
OR ABOVE  
IN MATH  
AT ALL  
GRADE  
LEVELS

**85%**  
OF STUDENTS  
GO TO HIGH  
SCHOOL AT  
OR ABOVE  
GRADE LEVEL

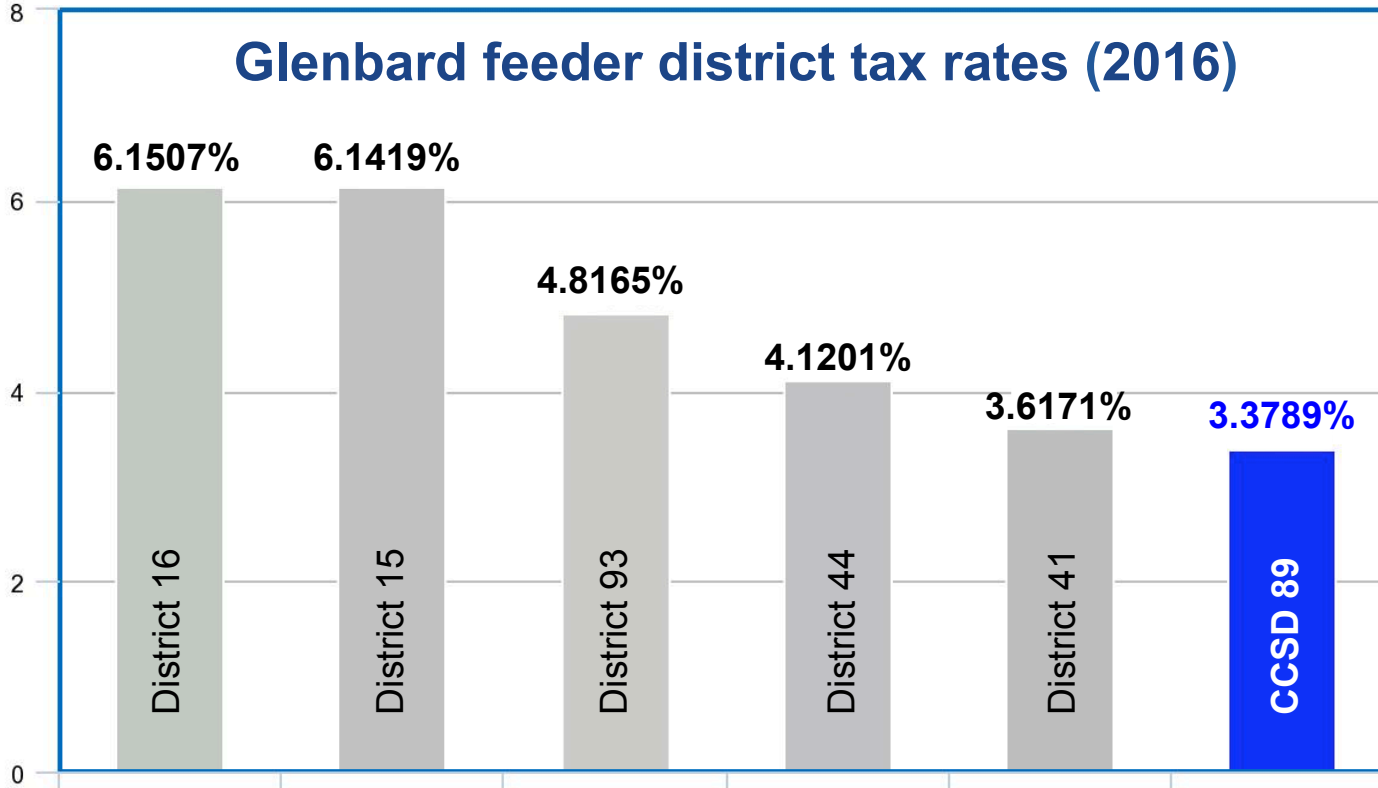
## Questions the Finance Committee studied

- How do CCSD 89 property taxes compare to others?
  - How financially efficient is CCSD 89?
  - Are we paying teachers too much?
  - Can we operate with fewer teachers?
  - Do we have too many administrators?
  - Can we lower expenses by pooling our resources (and purchasing power) with other districts?
  - Would consolidation help CCSD 89?
  - Are there other ways to raise funds?
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# Low tax rate



Each additional 0.10 costs a homeowner \$33 annually, per \$100,000 home market value

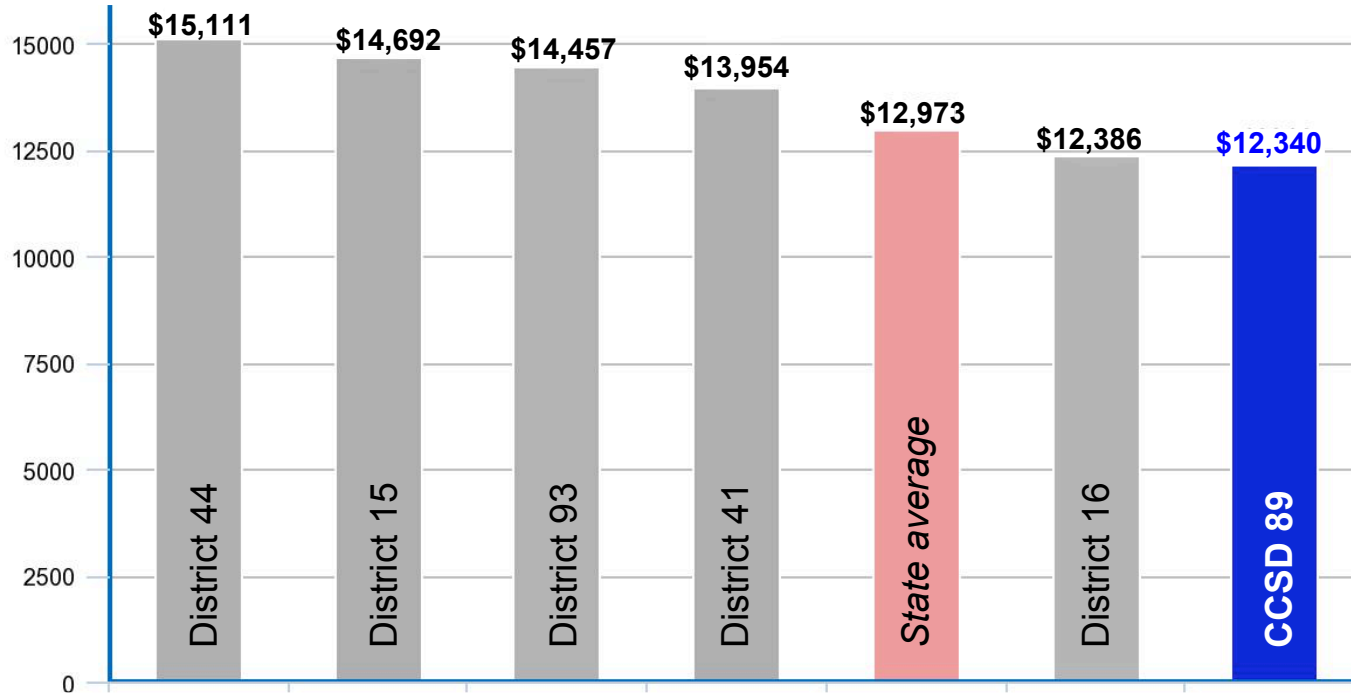
CCSD 89  
has the  
**lowest tax rate**  
among the  
Glenbard  
districts.

## Questions the Finance Committee studied

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# Fiscally responsible spending

Operational costs (instructional and operational) averages



CCSD 89 has the **lowest operational costs** among Glenbard feeder districts, and is **below the state average.**

Data from fiscal year 2017, Illinois State Report Card. Instructional Spending Per Pupil includes only the activities directly dealing with teaching of students or interaction between teachers and students. Operating Spending Per Pupil includes all costs for overall operations, including Instructional Spending, but excluding summer school, adult education, capital expenditures, long-term debt payments.

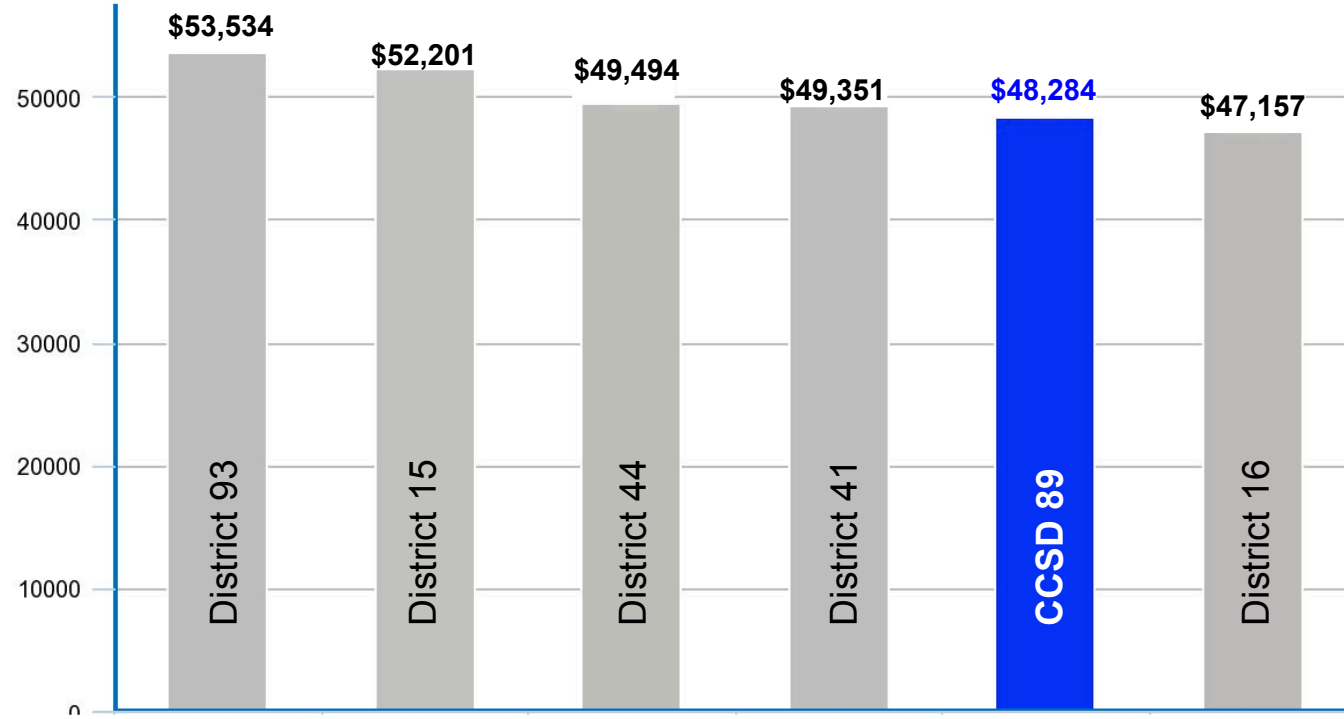


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# Attracting excellent teachers

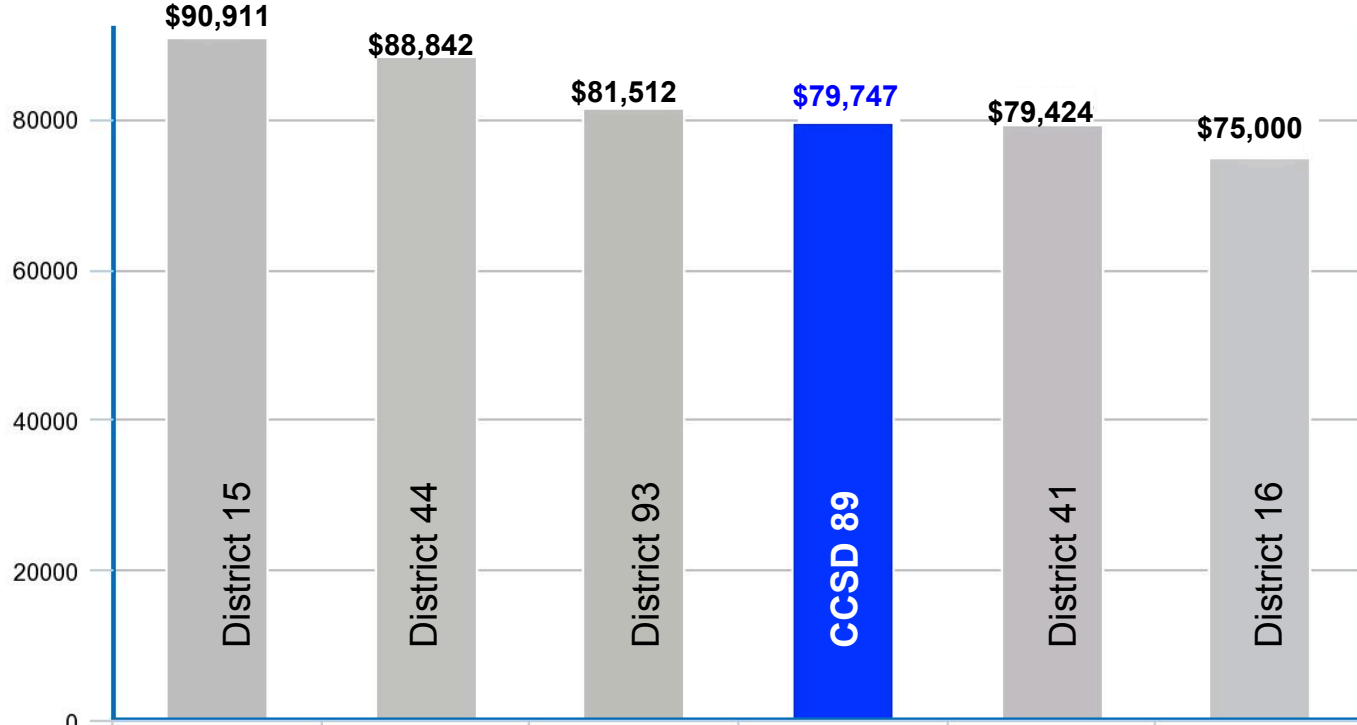
Teacher starting salaries (Bachelor's Degree, 1 year experience)



CCSD 89  
teacher  
salaries are  
comparable to  
surrounding  
school  
districts.

# Attracting excellent teachers

Teacher salaries (Master's, 15 years experience)

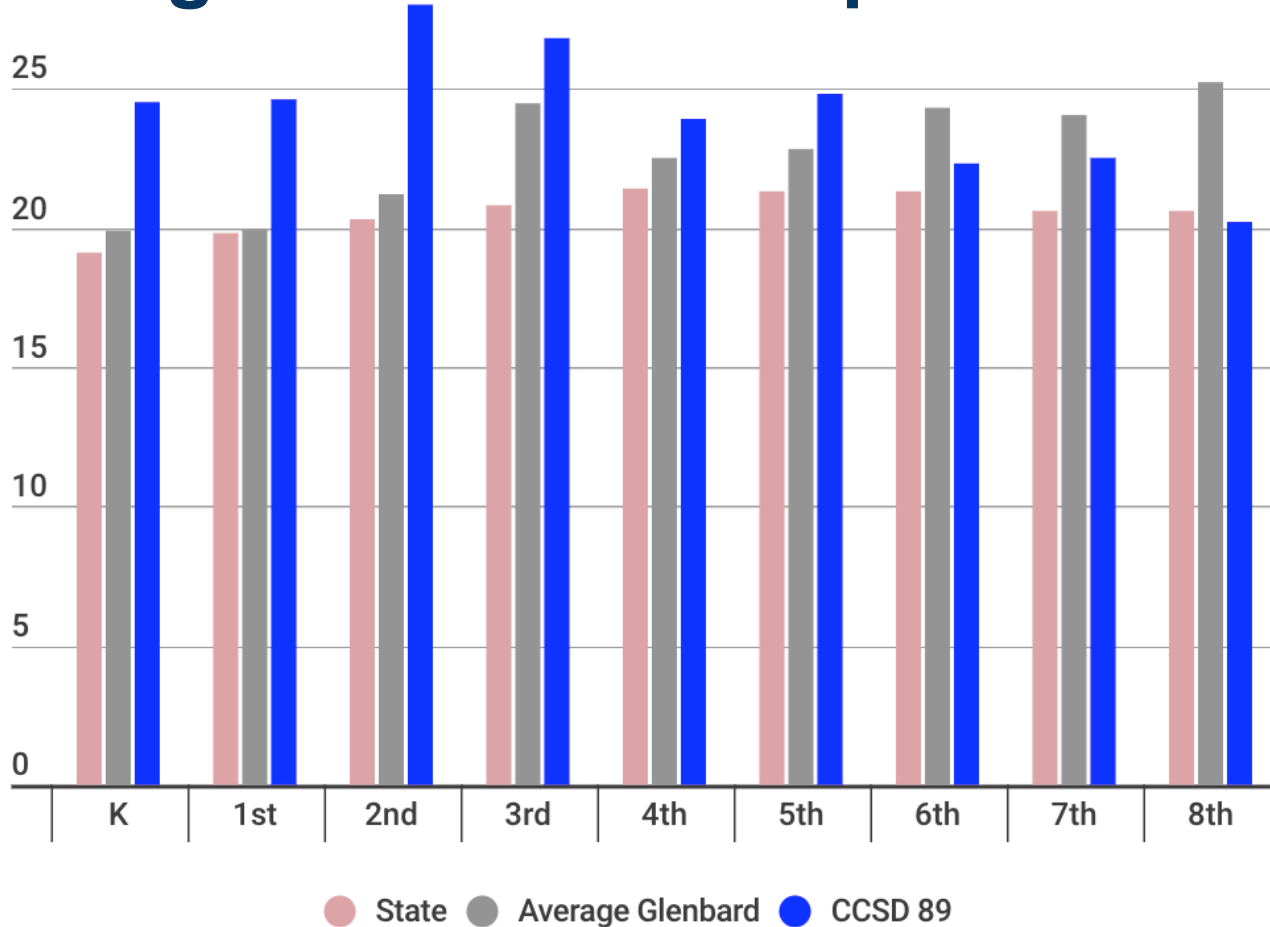


CCSD 89 teacher salaries are comparable to surrounding school districts.

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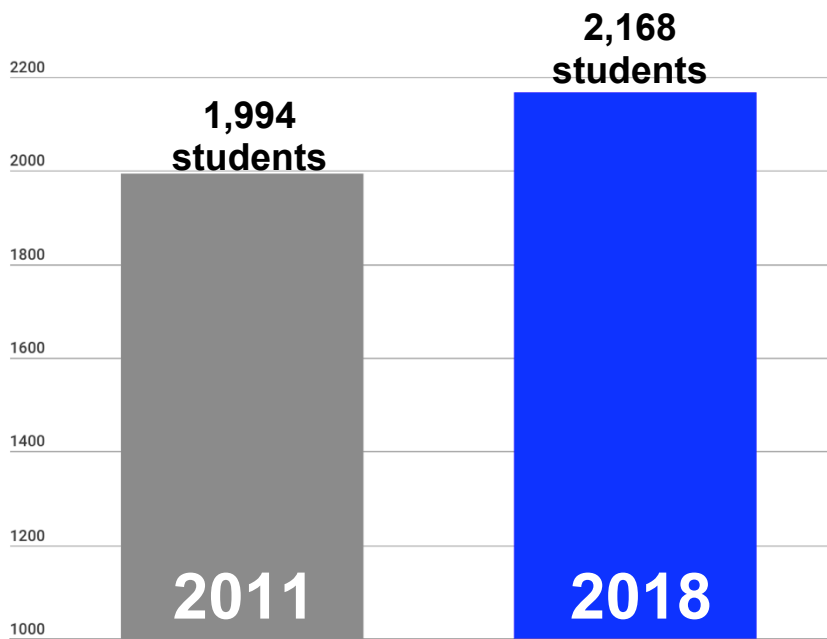
# Average class size comparison



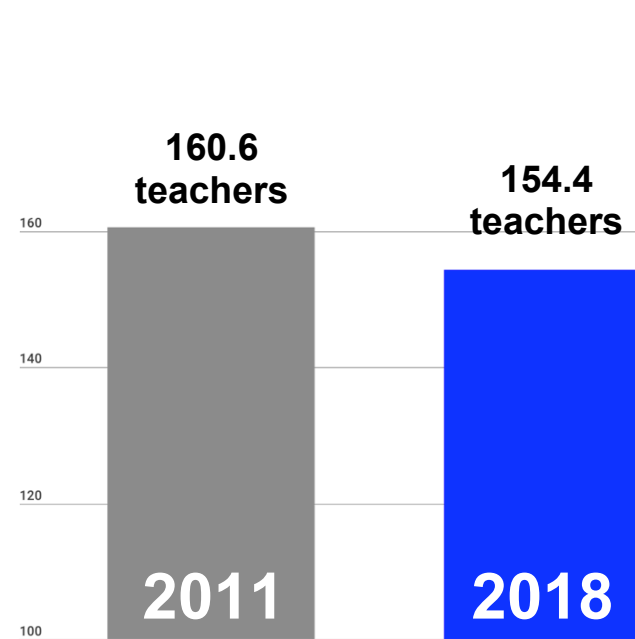
CCSD 89  
classes are  
**larger than  
state and  
local districts**  
at most grade  
levels.

# Staffing and enrollment comparisons: 2011 to 2018

174 more students



6.2 fewer teachers



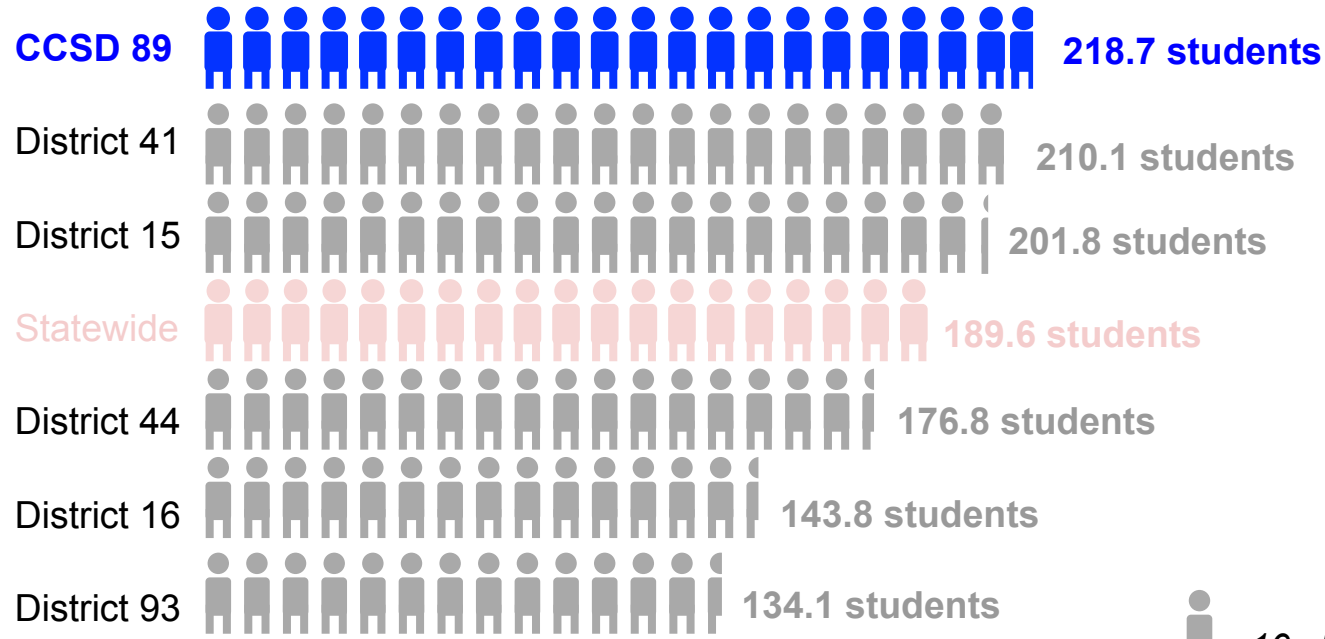
Since 2011, CCSD 89 has **174 more students** and **6.2 fewer teachers**

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# Low administrative costs

ONE administrator serves...



CCSD 89 has the **fewest administrators per student** of any the Glenbard districts and is below the state average.

= 10 students



## Questions the Finance Committee studied

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# CCSD 89 current pooled purchasing

- **Insurance benefits**
    - Medical and dental: Educational Benefits Cooperative (209 members)
    - Property, liability, workman's compensation: Collective Liability Insurance Cooperative (181 members)
  - **Utilities:** Illinois Gas Cooperative (IGC)
  - **Transportation**
    - Regular education: Five districts bid together (D87, D41, D16, D15, D89)
    - Special education: Four districts (D15, D16, D44, D89)
  - **Special education:** Cooperative Association for Special Education (7 Glenbard districts)
  - **Office supplies:** Federal purchasing contract through Office Depot
  - **Legal services:** Glenbard Property Tax Appeals Cooperative (D87, D89, D41, D44)
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## Questions the Finance Committee studied

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# Other options considered

## District consolidation

- Not a solution to immediate issue
- Could be detrimental to CCSD 89 students and homeowners

## Establish CCSD 89 foundation

- District will consider forming its own foundation, however...
    - A foundation is not a solution to the current issue of deficit spending
    - Inconsistency: funds raised would be dependent on donations
    - Deficit greater than what could be raised
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# Finance Committee conclusions

## CCSD 89 cannot continue to operate with a deficit budget

- Depletes fund balance
    - Requires issuing short-term debt (tax anticipation warrants) against future tax revenue
  - Negatively impacts district's finance and bond ratings, resulting in higher interest rate on borrowed money, worsening deficit
  - Does not provide a long-term solution for future planning and sustainability
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# Option A

## Increase revenues to maintain the comprehensive, high-quality educational programming

- Avoids cuts to programs that directly impact students which are not consistent with the CCSD 89 strategic plan
  - Instructional supports at elementary and middle school
    - Science development and coaches discussed seven years ago
    - Instructional coaches for curriculum support/development
    - Support staff for students (intervention support to address differing needs)
    - Professional Development for mentorship and teacher training
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# Option B

## Reduce programs and increase fees

- Reductions totalling \$1.2 million in first year (2019-20) including, but not limited to:
  - Increased class size
  - Gifted/Challenge services
  - Band/orchestra
  - Physical education reduction and health
  - Social work services
  - Library media center staff
  - Full-day kindergarten
- Increase registration fees
  - Additional fees could generate approximately \$40,000

After three years, the district would have to consider additional cuts.

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# A community investment

For every \$1 invested in schools...



**...the effect on home values is 20 times as great**



# Board of Education recommendation

**March 2018: Board recommends expanding the discussion about what community values from their schools community's educational values.**

## **Upcoming:**

- June: Community meetings to present information, gather feedback
  - June: Community surveys to gather feedback
  - July: Report findings to Board
  - August: Board decision
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# Tonight's conversation

- Over the last 10 years, the district has cut nearly \$3 million from the budget without affecting classroom excellence. Despite this fiscal responsibility, increasing enrollment and rising costs have created a deficit budget.
  - After exploring many options, the Finance Committee determined that two viable solutions for solving the financial issue are: pursuing a tax-rate referendum, or cuts to district programming.
  - Quality schools are a significant part of what makes this a desirable place to live, and they are an important part of protecting homeowners' investments. Every dollar invested in schools has 20 times the impact on home values. The Board of Education will seek feedback on maintaining the investment.
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# Finance: a reinvestment in our community



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April 2018

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