Finance Committee Meeting

February 28, 2018 and March 7, 2018

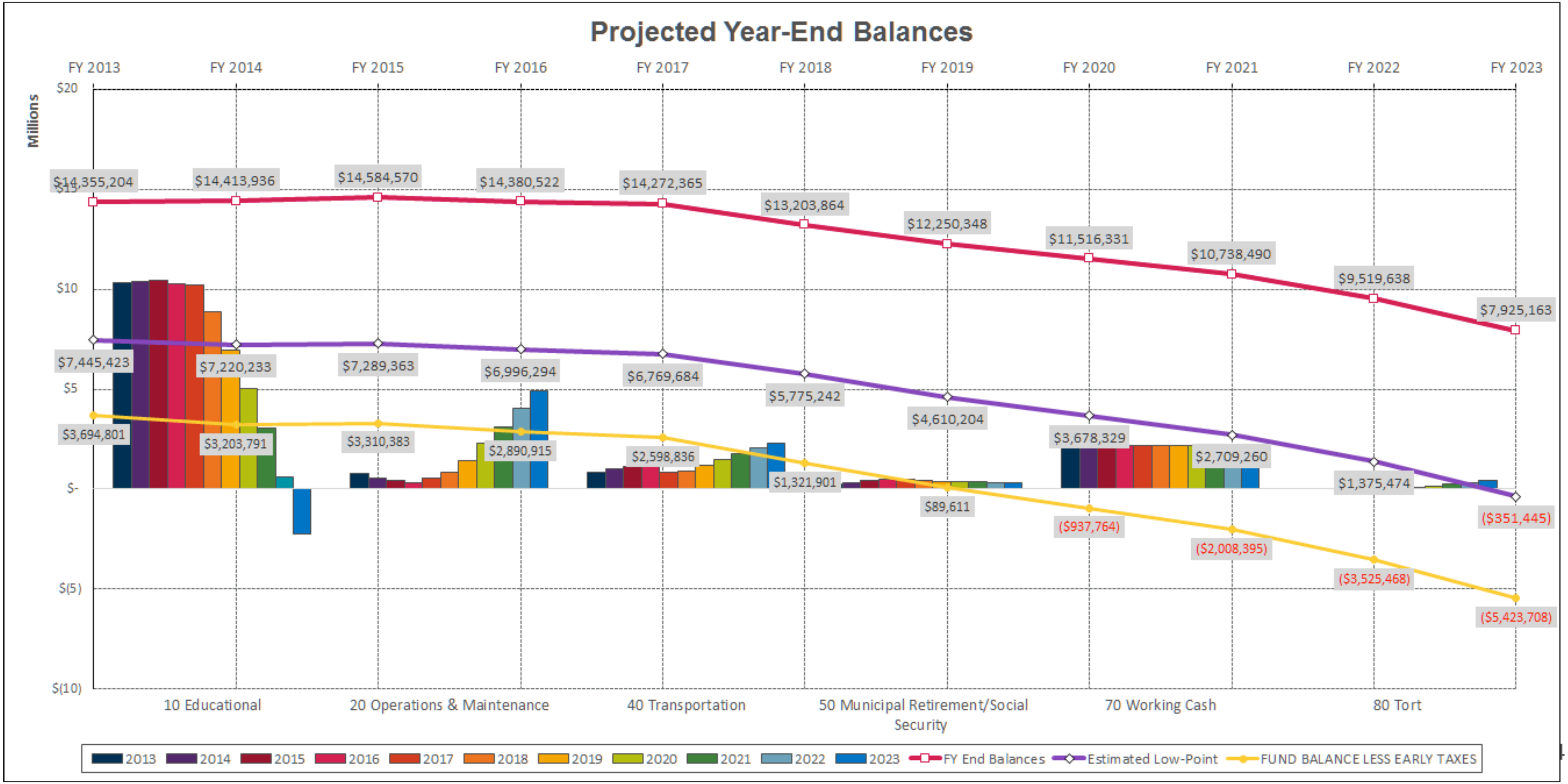
Meeting Takeaways from 2/21/18 Meeting

- Establishing a foundation to support needs within CCSD 89 is a good idea, however is not a solution to the current issue of deficit spending. A foundation can help support initiatives in the classroom and provide alumni the opportunity to give back to the community.
- Consolidation is not an immediate solution to the current issue of deficit spending. Consolidation with one other elementary district doesn't provide financial benefits. District values their identity and this would be lost with consolidation. Additionally, all districts must be on board to pursue consolidation. Consolidation of all Glenbard feeders and the high school could potentially yield financial savings, but also has the potential to reduce the number of elementary schools needed.
- Group discussed potential reductions to decrease expenditures, noting nearly all reductions impact the classroom and are in conflict with the strategic plan and the what the community values about the schools.
- Group discussed increasing fees for registration and possibly full day kindergarten. An increase in registration fees could increase revenue by approximately $40,000. Increasing kindergarten fees would impact who could/would attend full day kindergarten.
- The district has worked to reduce expenses previously...there isn't much else to take.

Intended outcomes

- Continue discussion related to district options for projected deficits
- Discuss options for moving forward and provide an evaluation of options
- Understand how Unicom will help the District regarding community engagement
- Identify co-facilitators who will help plan agendas, facilitate meetings, and present to the Board in March

CCSD 89 5-year financial projections

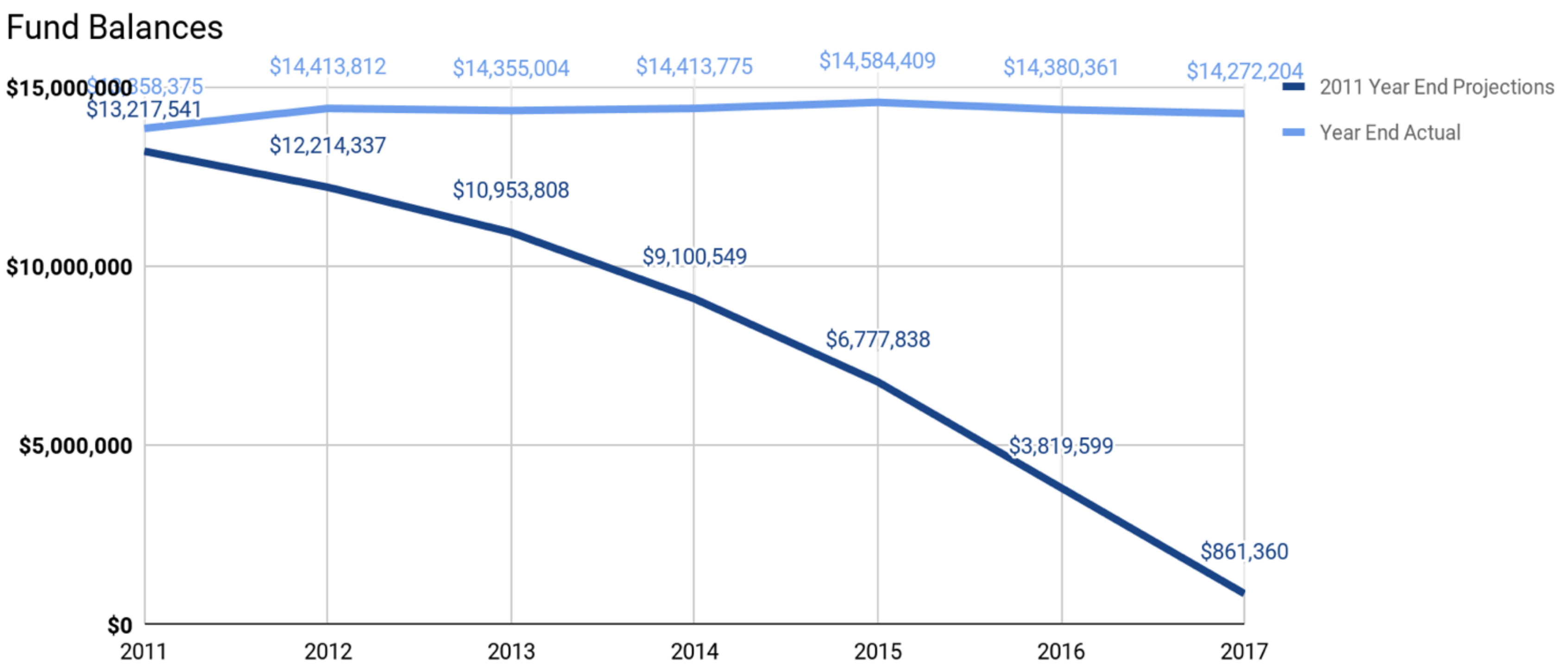


Aggregate | Projection Summary

CCSD 89 | Initial Forecast update w/FY18 budget adjustments

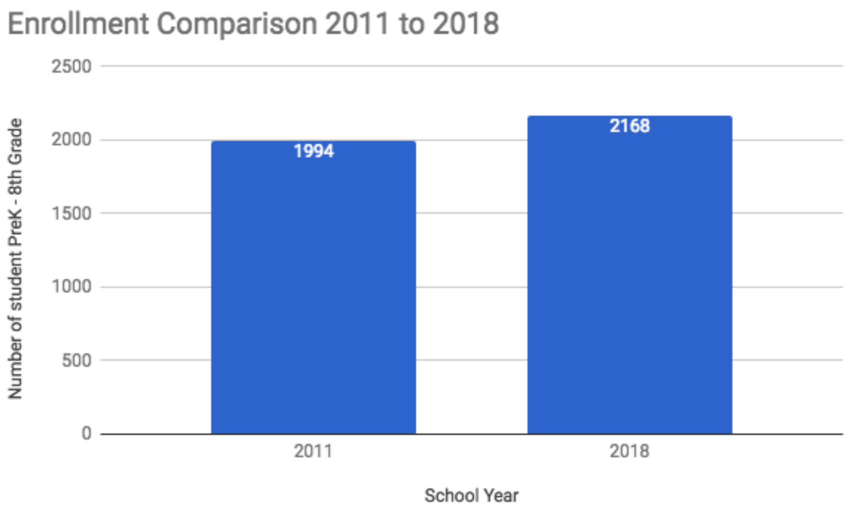
	BUDGET	REVENUE / EXPENDITURE PROJECTIONS									
	FY 2018	FY 2019	% Δ	FY 2020	% Δ	FY 2021	% Δ	FY 2022	% Δ	FY 2023	% Δ
REVENUE											
Local	$25,659,326	$26,246,723	2.29%	$26,838,621	2.26%	$27,429,470	2.20%	$28,031,268	2.19%	$28,644,245	2.19%
State	$2,408,766	$2,443,920	1.46%	$2,443,920	0.00%	$2,443,920	0.00%	$2,443,920	0.00%	$2,443,920	0.00%
Federal	$495,701	$495,701	0.00%	$495,701	0.00%	$495,701	0.00%	$495,701	0.00%	$495,701	0.00%
Other	$0	$0		$0		$0		$0		$0	
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%**
EXPENDITURES											
Salary and Benefit Costs	$21,882,049	$22,170,333	1.32%	$22,580,441	1.85%	$22,989,244	1.81%	$23,807,154	3.56%	$24,560,717	3.17%
Other	$7,432,166	$7,669,593	3.19%	$7,825,113	2.03%	$8,050,983	2.89%	$8,275,883	2.79%	$8,510,920	2.84%
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)**	
OTHER FINANCING SOURCES / USES											
Other Financing Sources	$0	$0		$0		$0		$0		$0	
Other Financing Uses	($318,079)	($299,934)		($106,704)		($106,704)		($106,704)		($106,704)	
TOTAL OTHER FIN. SOURCES / USES	**($318,079)**	**($299,934)**		**($106,704)**		**($106,704)**		**($106,704)**		**($106,704)**	
SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES	**($1,068,501)**	**($953,516)**		**($734,017)**		**($777,840)**		**($1,218,852)**		**($1,594,475)**	
BEGINNING FUND BALANCE	**$14,272,365**	**$13,203,864**		**$12,250,348**		**$11,516,331**		**$10,738,490**		**$9,519,638**	
AUDIT ADUSTMENTS TO FUND BALANCE	$0	$0		$0		$0		$0		$0	
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	**45.04%**	**41.05%**		**37.88%**		**34.60%**		**29.67%**		**23.96%**	
FUND BALANCE AS # OF MONTHS OF EXPEND.	**5.41**	**4.93**		**4.55**		**4.15**		**3.56**		**2.88**	

Estimated Fund Balance in 2011 versus today

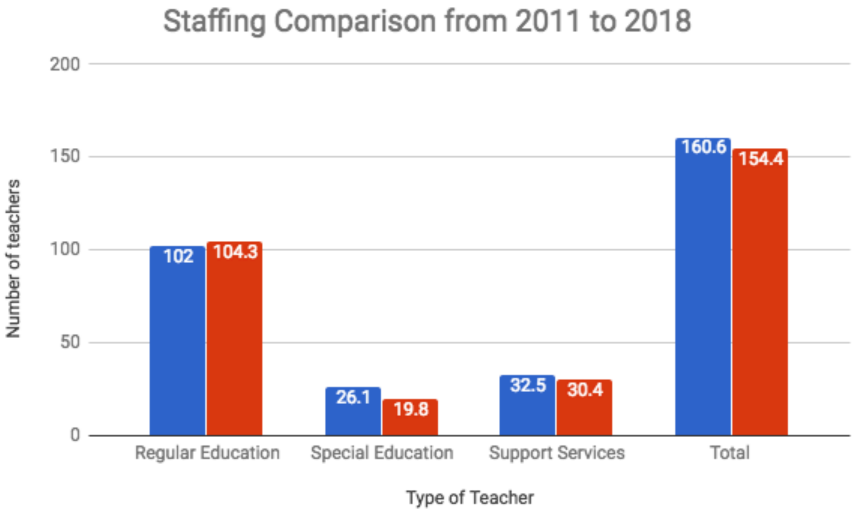


Staffing and Enrollment Comparisons from 2011 - 2018

169 more more students



6.2 fewer teachers



Expenses outpacing inflation - Teacher Salaries

	2017	Inc over PY	2016	Inc over PY	2015	Inc over PY	2014	Inc over PY	2013	Inc over PY	2012	Inc over PY	2011
DuPage County Elem	$71,314	0.59%	$70,895	1.92%	$69,557	.52%	$69,200	.10%	$69,133	-2.33%	$70,785	1.85%	$69,500
Glenbard Elem	$82,868	3.18%	$80,317	1.73%	$78,949	6.05%	$74,442	1.25%	$73,524	-1.44%	$74,599	3.94%	$71,768
CCSD89 (tied to CPI in 2014)	$85,461	3.14%	$82,860	1.81%	$81,388	4.10%	$78,183	6.5%	$73,411	-1.25%	$74,339	3.51%	$71,816
CPI	0.80%		1.50%		1.70%		3.00%		1.50%		2.70%		0.10%

Highlights of the 2017-2022 Teacher’s Contract

- Annual base salary increases tied to the CPI-U (agreed to in 2013)
- Uniform step increases of 2.6% by final year of contract
  - Reduced from a range of 2.4-13.89% depending on length of service and educational attainment.
- Uniform lane change (educational attainment) increases of 3.5-5.5%
  - Reduced from 2.77-8.21%
- Years to maximum salary increased from 14 to 24 years in D89

Expenses outpacing inflation - medical insurance

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
PPO	10.5%	3.5%	-2.0%	6.17%	2.3%	2.8%	6.85%
HMO	2.1%	1.3%	0.0%	7.0%	5.1%	3.8%	13.0%
CPI	0.7%	0.8%	1.5%	1.7%	3.0%	1.5%	2.7%

What are the district's options?

- What are the options the district has to secure financial stability while honoring the strategic plan of the district?

- What is the potential impact to student learning?

Addressing deficit budgets in CCSD 89

	Option A	Option B	Option C	Option D
Solution	***Increase fees and reduce expenditures to balance budget***	***Increase revenue to maintain***	***Increase revenue to enhance***	***No change, resulting in Issue tax anticipation warrants***
Action	Increase revenue by $40,000 through raising fees Reduce approximately $1 Million in expenditures by reducing services, administration, resources	Increase revenue through tax increase for approximately $1 million to maintain current programs	Increase revenue through tax increase for approximately $1 million to maintain and enhance current programs	Continue current spending trends with projected deficits. Deplete fund balance and issue debt against future tax revenue.
Impact to learning	Increased class sizes, reduced services to meet students' needs, less administrative support for programs and students	Maintains current services for students aligned to strategic plan and values identified by committee		No long term solution for future planning and sustainability
Impact to budget	Balanced Budget	Balanced Budget	Balanced Budget	Deficit budgets Depletes all reserves Negatively impacts District's rating, resulting in higher interest rates on borrowed money.

Option A - Increase Fees/Reduce Expenditures

Increase Registration Fees

- Additional revenue approximately $40,000

Reductions of approximately $1 million dollars for 2019-20 school year

- Reductions totalling $1.2 million including by not limited to:
  - Band/Orchestra
  - Physical education reduction and health
  - Increased Class Size
  - Library media center staff
  - Full day kindergarten
  - Social work services
  - Gifted/Challenge services

Option A - Increase Fees/Reduce Expenditures

Increase Registration Fees

- Additional revenue approximately $40,000

Reductions of approximately $1 million dollars for 2019-20 school year

- Reduce building budgets by 1% - $36,850
- Reduce LMC assistants - $131,710
- Reduce elementary physical education to 4 days a week - $60,000
- Health into PE rotation at Glen Crest - $60,000
- Central office administration - $100,000
- Increase class size by 5 per grade level - $350,000
- Eliminate full-day kindergarten - $330,000
- Reduce band and orchestra to Glen Crest only - $200,000
- Reduce LMC certified staff by .5 - $30,000
- Reduce challenge program to serve 3rd - 5th grades only - $90,000
- Reduce Social work by 1 FTE - $90,000

Plus/Delta for Option A

+

Don’t have to approach voters for ref
Charge the fees to the people using the services
Partial elimination to programs, but some would still be in place
“Board has been doing a good job of balancing budget, keep just finding the cuts”
Solving problem internally - district solving own problem

△

Raising fees doesn’t solve - limited revenue increase
Not a long term solution
Impacting kids

- Impacting programs, services, comprehensive education
- Difficulty attracting new, quality staff
- Impacts staff retention

“What are going to keep cutting?’
Impact to property values

- Attracting people to move to the area

If we cut these things - impacts what is valued
Doesn’t align to the strategic plan
Impacts the trust the community has in the district - doesn’t know what happens next
If you show you are willing to cut things you value, what else will you do
Increasing burden on teachers in schools
Lacking shared ownership with all stakeholders
Changes to instructional practices and the collaboration and best practices - huge impact on learning
Services not comparable to surrounding districts
Cutting these programs and services create more problems long term
Kicks the can down down the road