

Financial Projections & Budget Reductions

COMMUNITY FINANCE COMMITTEE

JANUARY 23, 2018

Intended Outcomes

- **Review previous budget projections and the impact of previous board decisions**
- **Understand the cost containments and reductions of the district over the past 8 years**
- **Review enrollment trends and discuss impact to future budget projections**
- **Discuss current and future needs to provide a relevant learning environment**
- **Consider next steps to plan for the future**

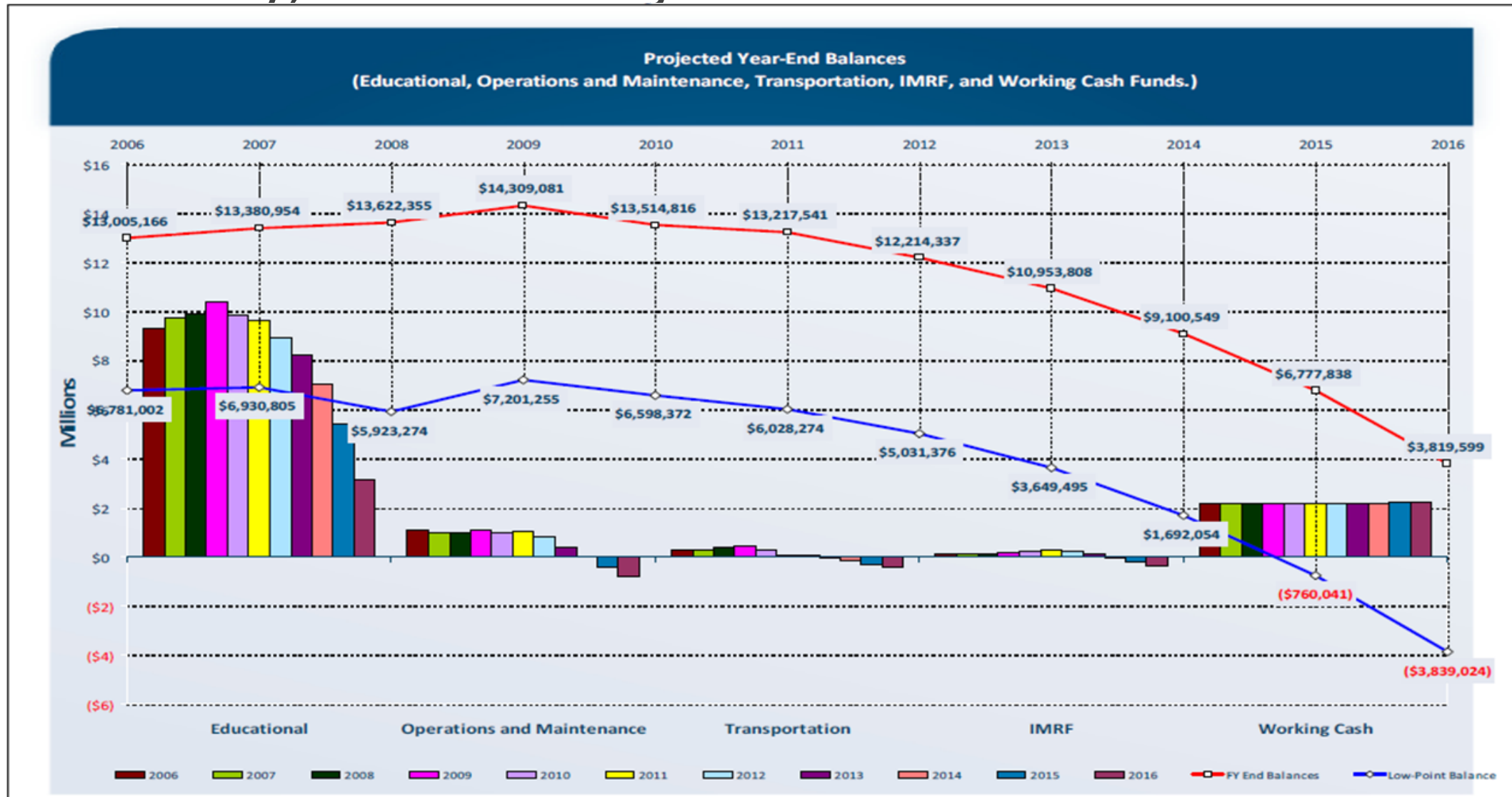
Fund Balance Policy

[300:20 - Fund Balances](#)

The following benchmarks should be used to monitor the adequacy of the Fund Balance of the Operating Funds:

- The ability of the District to maintain a positive cash position throughout the fiscal year and to avoid external borrowing for operational expenses.
- A minimum reserve level of 50 percent of the next year's projected annual expenditures of the Operating Funds as of June 30th.
- A minimum reserve level of 10 percent after deferring the first installment of annual property tax collections received in June to the following fiscal year.

January, 2011 Projections



Community Forum Feedback 2009-2011

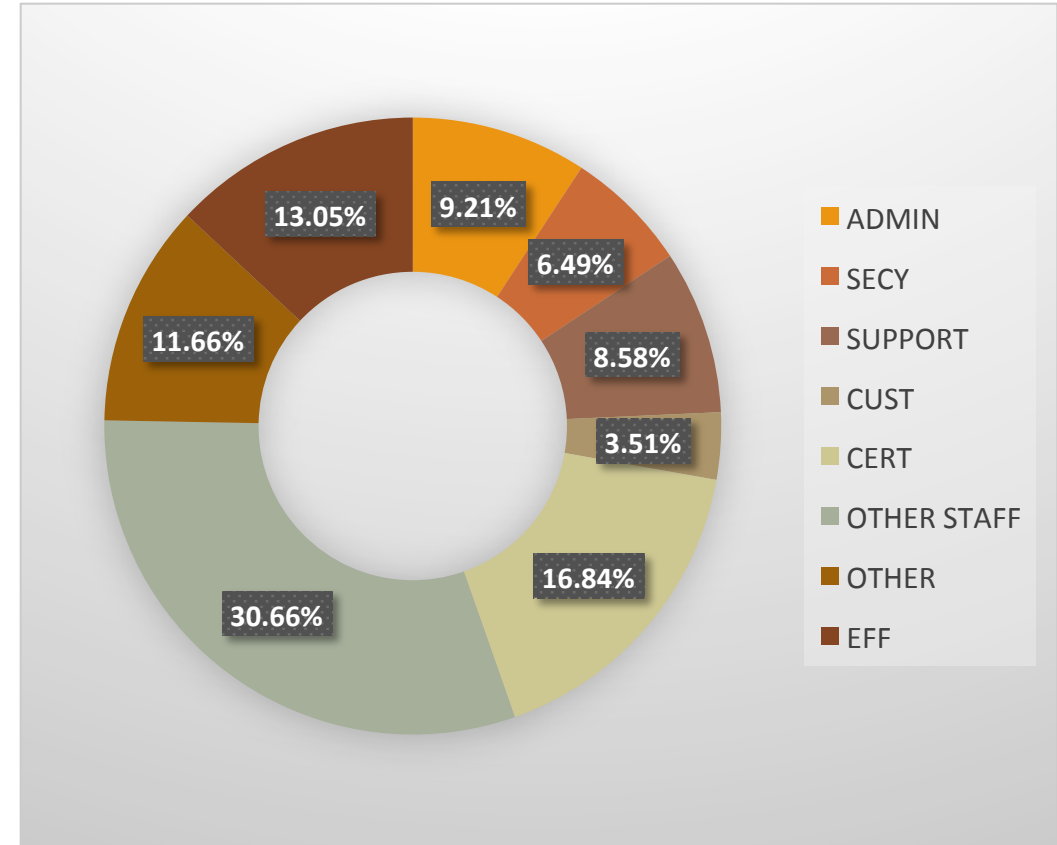
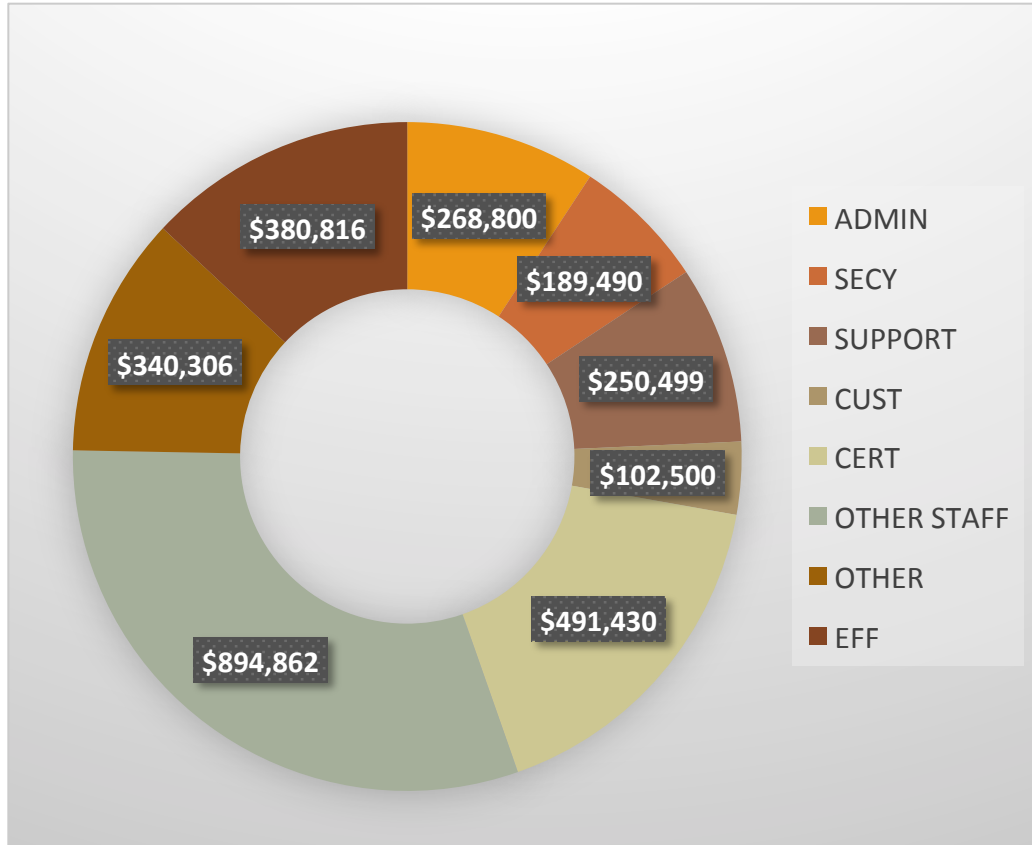
- **Explore tax rate increase**
- **Seek business partnerships for fundraising**
 - 50+ partners
- **Hold fundraisers**
 - PTC events
- **Relocate District Office to school space; rent district office**
 - Not possible
- **Increase fees**
 - Fees increased several times over last 8 years
 - Tech and ID fees added
- **Explore boundary changes to equally allocate resources**
 - Administrative Transfer policy
- **Rent building/classroom space:**
 - Summer School for COD to use for 2 years during their construction
- **Freeze teacher and administrator salaries**
 - In 2011 with both teacher and administrator compensation - while they weren't frozen, increases were reduced
- **Seek ways to reduce administrative costs**
 - Reduction of 1.0 FTE at Glen Crest
 - Reduction of payroll clerk position
 - Reduction of District Office receptionist
- **Seek alternative investment vehicles**

Community Finance Committee Recommendations - 2011

- Fund Balance Policy recommendation
- Continue to implement budgetary efficiencies with minimal impact on student learning and achievement
- Continue to investigate alternative forms of revenue
 - Student Fees
 - Facility Rentals
 - National School Lunch Program participation
 - Public-private partnerships
- Consider a Referendum question on the ballot
 - Educational program needs and services
 - How much?
 - Retain or grow?
 - How long should it last?
 - When is the appropriate time?

Cost Reductions 2009-2017

\$2,918,703



Cost Reduction Detail

- Administrative Staff - \$268,800
 - Reduction of 1.0FTE (Dean @ Glen Crest) - \$82K
 - Replacement savings for retirements - \$61K
 - Reduction/elimination of salaried increases - \$47K
 - Elimination of grant writing stipend - \$5K
 - Restructured Technology Administrative staff - \$25K
 - Reduced outside consultants - \$49K
- Secretarial/Support Staff - \$439,989
 - Eliminated 1.0FTE assistant secretary @ each building - \$190K
 - Eliminated payroll clerk position at District office - \$23K
 - Reduction/elimination of aide positions when feasible - \$136K
 - Partially eliminated District office receptionist position - \$11K
 - Eliminated 1.0FTE technology aide - \$33K
 - Eliminated 0.5FTE District office Curriculum secretary - \$39K

Cost Reduction Detail (continued)

- Custodial - \$102,500
 - Reduced Energy Manager stipend - \$16K
 - Re-bid/Reduced custodial contract - \$86K
- Certified Staff - \$491,430
 - Staff reductions due to enrollment decreases - \$199K
 - Certified salary concessions (2011-12 school year) - \$127K
 - Eliminated differentiation support services - \$85K
 - Eliminated “Catch-up Café” at Glen Crest - \$68K
- Other Staff - \$894,862
 - Adjusted pay scale for substitute teachers/established substitute aide pay scale - \$60K
 - Eliminated overtime - \$10K
 - Discontinued 10-month employee vacations - \$13K
 - Certified staff savings through retirement attrition - \$811K

Cost Reduction Detail (continued)

- Other - \$340,306
 - Reduced supply budgets - \$199K
 - Reduced professional development budgets - \$33K
 - Reduced software licenses - \$30K
 - Reduced field trip budgets - \$23K
- Efficiencies - \$380,816
 - Aligned regular education busing contract with Glenbards - \$217K
 - Reduced bus routes @ Glen Crest and St. James - \$51K
 - Reduced Title grant administrative program assistance - \$5K
 - Entered into print services maintenance agreement with Konica - \$18K
 - Negotiated new electric/gas contracts - \$34K
 - Energy conservation initiative savings - \$20K

Revenue Enhancements 2009-2017

One-Time

- Building Rental Fees
 - Rented space to COD for summer school program
 - Summer of 2012 and 2013
 - \$64,000 additional revenue (net expenses)
- ISBE Deferred Maintenance Grant
 - FY13 - \$25,000 – security upgrades
 - FY16 - \$34,650 – generator

Recurring

- National School Lunch Program
 - Implemented in 2011-12
 - Additional fees net of expenses of \$559,270 over 6 years
- Increase in Student Registration Fees
 - Established “Tech Fee” and I.D. Fee
 - Increased other fees
 - Average of \$100K per year additional revenue
- Implementation of Online Registration System in 2015-16
 - Increased fee collection through credit card system
 - Centralized fee collection at District Business Office
 - Estimated increase of \$20K

Fiscal Responsibility

Avoided costs to taxpayers

- **In April of 2015, the Board advance refunded \$9M of the 2008 bonds**
 - \$664,000 direct savings to taxpayers over life of the bonds
- **Ability to advance refund bonds at lower interest rate has been eliminated by Legislature**
 - Must wait until “Call date” on bonds
 - \$4.175M of the remaining 2008 and 2009 bonds refundable in February of 2018
 - Does not save district money; only taxpayers
- **Administrative Transfer Policy avoided the need to hire 15.0 FTE**
 - Estimated savings after additional bus routes \$638,000
- **Eliminated Transfer Routes for FY17-18 and created longer bus routes**
 - Estimated annual savings \$50,000

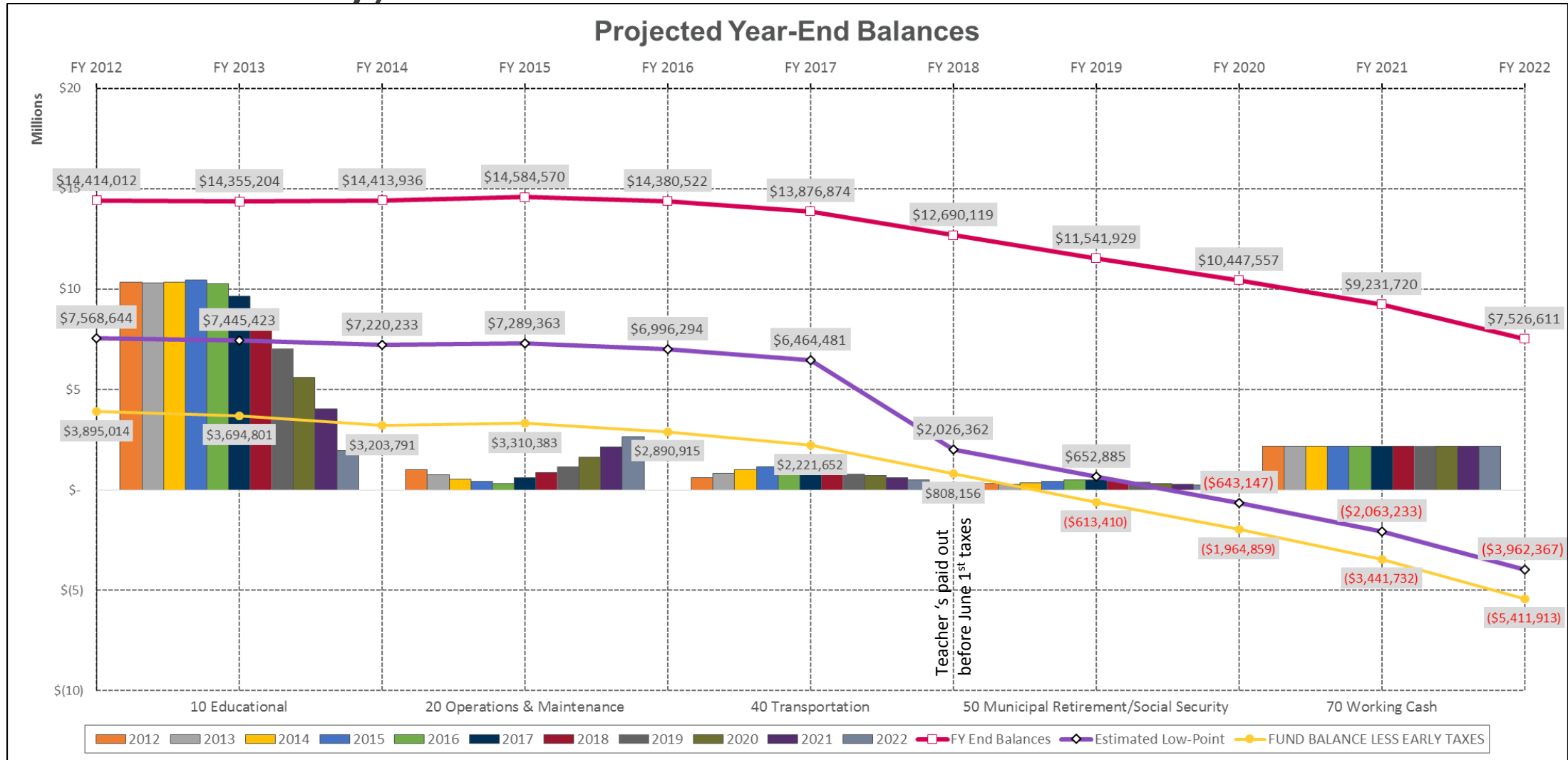
Future Challenges

- Increasing enrollment
 - Boundary changes solved the “physical space” issue at the elementary schools
 - Did not solve financial issue
 - Anticipated 15% increase in D89 enrollment through FY22-23
 - Additional 8.8FTE needed FY18-19 through FY22-23 (estimated)
- Potential legislative 2-year property tax freeze
 - Estimated loss of \$3.7M over next five year period
- Cost shift of Teacher’s Retirement System pension to D89
 - Shift of .5% per year = \$76K per year additional expense per year

February, 2017 BOE Presentation

	BUDGET	REVENUE / EXPENDITURE PROJECTIONS									
	FY 2017	FY 2018	% Δ	FY 2019	% Δ	FY 2020	% Δ	FY 2021	% Δ	FY 2022	% Δ
REVENUE											
Local	\$24,620,544	\$25,057,770	1.78%	\$25,618,467	2.24%	\$26,146,771	2.06%	\$26,683,203	2.05%	\$27,227,919	2.04%
State	\$1,766,256	\$1,966,164	11.32%	\$2,030,588	3.28%	\$2,068,028	1.84%	\$2,103,691	1.72%	\$2,133,029	1.39%
Federal	\$455,630	\$500,630	9.88%	\$500,630	0.00%	\$500,630	0.00%	\$500,630	0.00%	\$500,630	0.00%
Other	\$0	\$0		\$0		\$0		\$0		\$0	
TOTAL REVENUE	\$26,842,430	\$27,524,564	2.54%	\$28,149,685	2.27%	\$28,715,429	2.01%	\$29,287,524	1.99%	\$29,861,578	1.96%
EXPENDITURES											
Salary and Benefit Costs	\$20,826,830	\$21,759,033	4.48%	\$22,182,591	1.95%	\$22,701,783	2.34%	\$23,200,666	2.20%	\$24,057,854	3.69%
Other	\$6,202,821	\$6,633,919	6.95%	\$6,795,062	2.43%	\$6,981,025	2.74%	\$7,175,703	2.79%	\$7,381,840	2.87%
TOTAL EXPENDITURES	\$27,029,651	\$28,392,952	5.04%	\$28,977,653	2.06%	\$29,682,809	2.43%	\$30,376,369	2.34%	\$31,439,694	3.50%
SURPLUS / DEFICIT	(\$187,221)	(\$868,389)		(\$827,968)		(\$967,380)		(\$1,088,845)		(\$1,578,117)	
OTHER FINANCING SOURCES/USES											
Other Financing Sources	\$0	\$0		\$0		\$0		\$0		\$0	
Other Financing Uses	(\$316,427)	(\$318,367)		(\$320,222)		(\$126,992)		(\$126,992)		(\$126,992)	
TOTAL OTHER FIN. SOURCES/USES	(\$316,427)	(\$318,367)		(\$320,222)		(\$126,992)		(\$126,992)		(\$126,992)	
SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES	(\$503,648)	(\$1,186,756)		(\$1,148,190)		(\$1,094,372)		(\$1,215,837)		(\$1,705,109)	
BEGINNING FUND BALANCE	\$14,380,522	\$13,876,874		\$12,690,119		\$11,541,929		\$10,447,557		\$9,231,720	
AUDIT ADJUSTMENTS TO FUND BALANCE	\$0	\$0		\$0		\$0		\$0		\$0	
PROJECTED YEAR END BALANCE	\$13,876,874	\$12,690,119		\$11,541,929		\$10,447,557		\$9,231,720		\$7,526,611	
FUND BALANCE AS % OF EXPENDITURES	51.34%	44.69%		39.83%		35.20%		30.39%		23.94%	
FUND BALANCE AS # OF MONTHS OF EXPEND.	6.16	5.36		4.78		4.22		3.65		2.87	

February, 2017 BOE Presentation



Why haven't projections been updated since February, 2017?

- **No Teacher's Contract**
 - Ratified on 1/18/18 – Board vote at 1/22/18 Board meeting
 - 5 Year Contract – FY17-18 through FY21-22
 - Reduced Salary Schedule and Retirement Benefits
 - Average 3% per year over 5 year agreement
 - Teacher's agreed to 24 pays with summer paychecks issued after June 1st taxes received
- **End results of FY16-17**
 - Finalized in December of 2016
 - \$100K deficit instead of \$500K
 - Increases ending fund balance by \$400K
- **FY17-18 Budget**
 - Projected deficit of \$1.1M – same as projected in February, 2017
- **CPI-U issued on 1/12/18**
 - Projected at 2.0%, came in at 2.1%
 - Additional \$2,100 per year

Preparation for Next Meeting

- What do you value most in your schools?
- What additional reductions would you consider?
- What funding ideas would you explore?

Takeaways

- The District 89 Board of Education has a history of fiscal responsibility
- The District has addressed nearly all of the financial recommendations made by the Community Finance Committee in 2011 and the Community Forum events in 2010-2011
- While the District has made reductions totaling nearly \$3M since 2008, and made attempts to increase revenues since 2009; increasing enrollment, expenditures outpacing inflation and tax caps continue to cause deficit spending
- The Community Finance Committee drafted a Fund Balance policy in 2011, which mandates the administration recommend a course of action when fund balances fall below certain levels