Finance Committee Meeting

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.

Meeting Takeaways from 2/28/18 Meeting

- The district has been incredibly fiscally responsible and has managed projected deficits since 2009. The district made reductions in teaching, administrative and support staff, renegotiation of third party contracts, energy management initiatives, cooperative purchasing programs, and many other areas that have primarily stayed out of impacting the classroom for students. These reductions were done in coordination with decreasing enrollment. Enrollment began to increase three years ago.

- The district is working with Unicom Arc to help increase community engagement to provide opportunities for all to provide feedback.

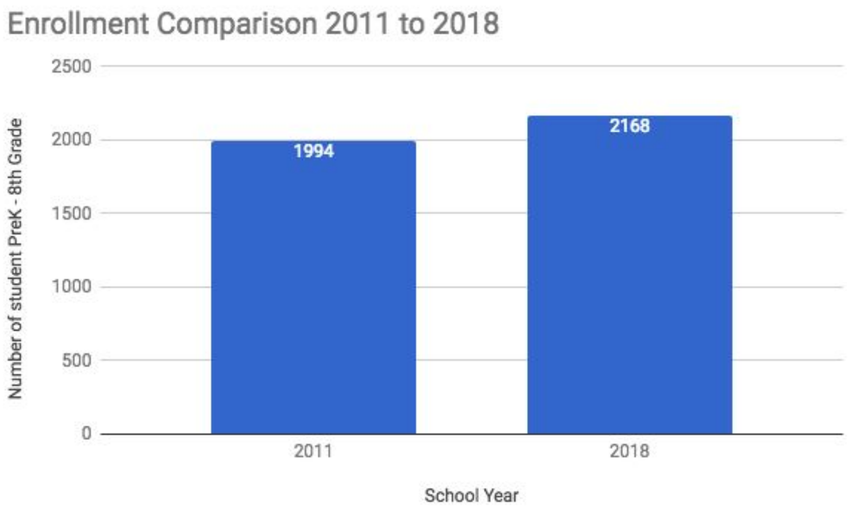
- Making reductions to try to balance the budget will have a lasting, negative impact on the learning environment, educational quality and property value.

Intended outcomes

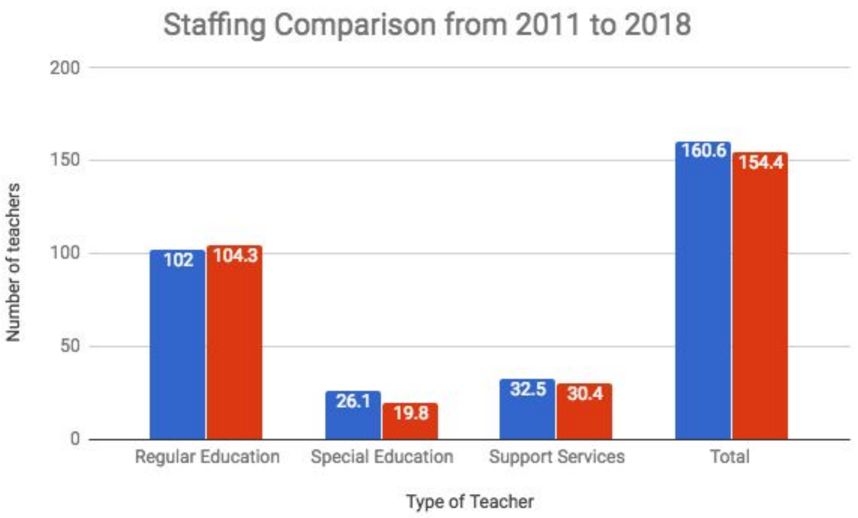
- Understand the impact of Options B and C for the school district and community
- Identify additional programs and services CCSD 89 could offer to enhance educational programs and outcomes for students
- Understand long term facility and maintenance needs, as outlined in the 10 year facility plan

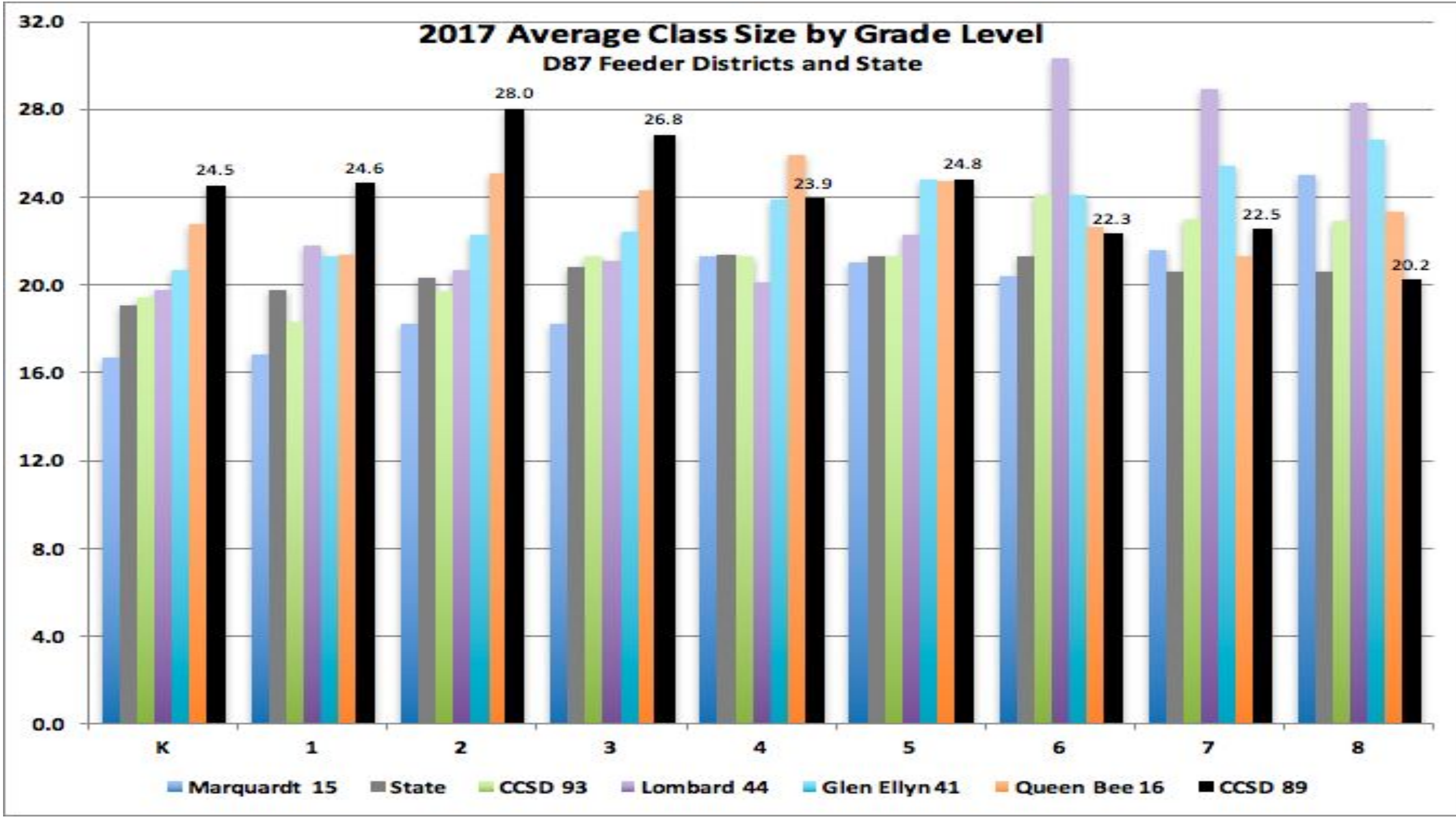
Staffing and Enrollment Comparisons from 2011 - 2018

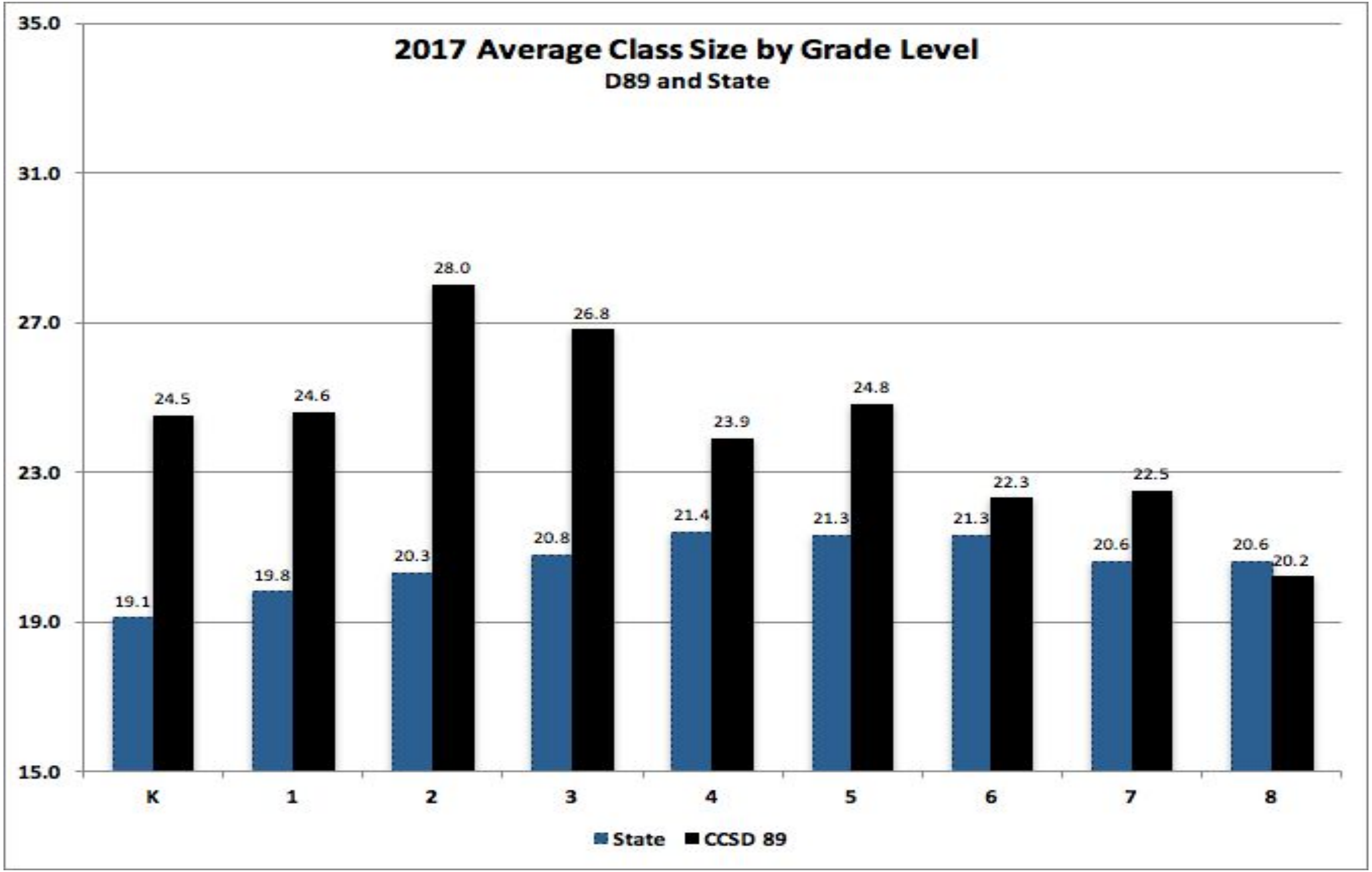
169 more more students



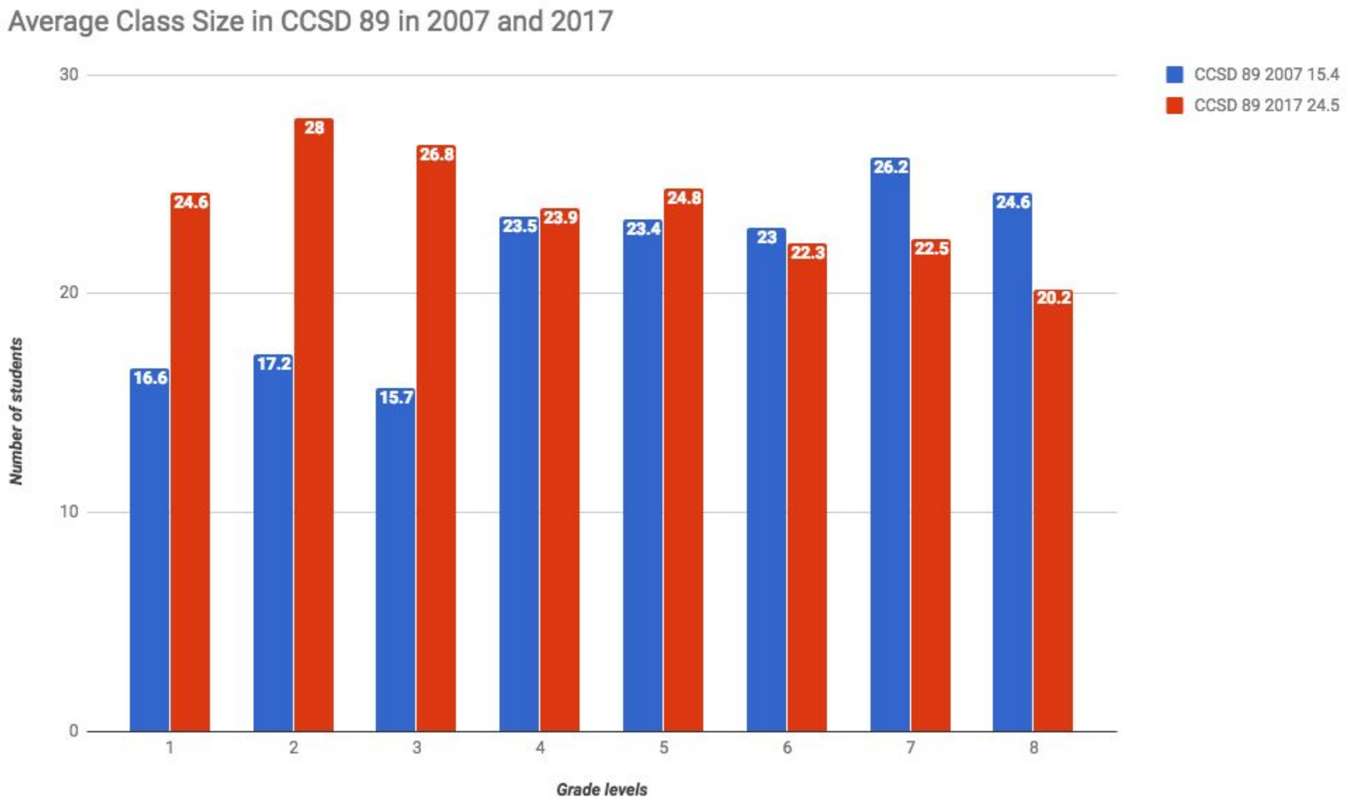
6.2 fewer teachers



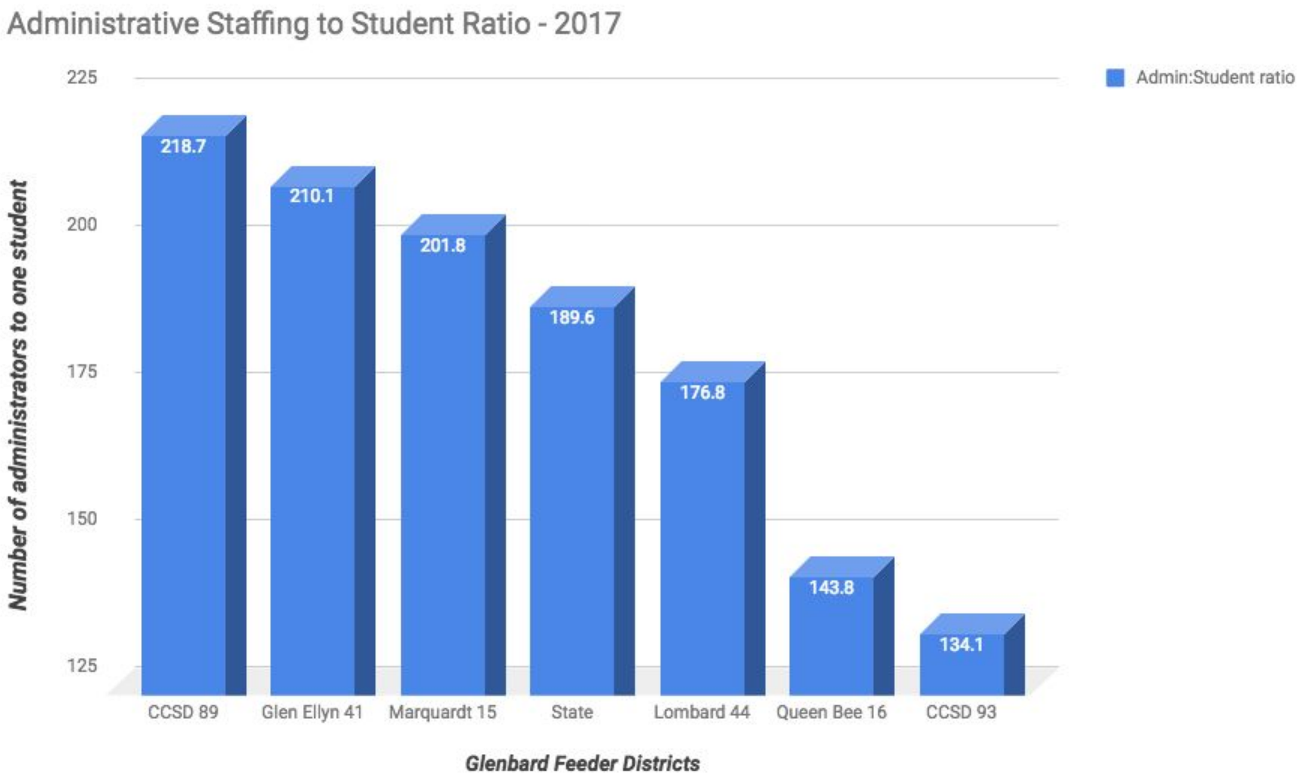

2017 Average Class Size by Grade Level
D87 Feeder Districts and State
32.0
28.0
24.0
20.0
16.0
12.0
8.0
4.0
0.0
24.5
24.6
28.0
26.8
23.9
24.8
22.3
22.5
20.2
K
1
2
3
4
5
6
7
8
Marquardt 15
State
CCSD 93
Lombard 44
Glen Ellyn 41
Queen Bee 16
CCSD 89


2017 Average Class Size by Grade Level
D89 and State
35.0
31.0
27.0
23.0
19.0
15.0
19.1
24.5
19.8
24.6
20.3
28.0
20.8
26.8
21.4
23.9
21.3
24.8
21.3
22.3
20.6
22.5
20.6
20.2
K
1
2
3
4
5
6
7
8
State
CCSD 89

Average Class Size Comparison from 2007 to 2017

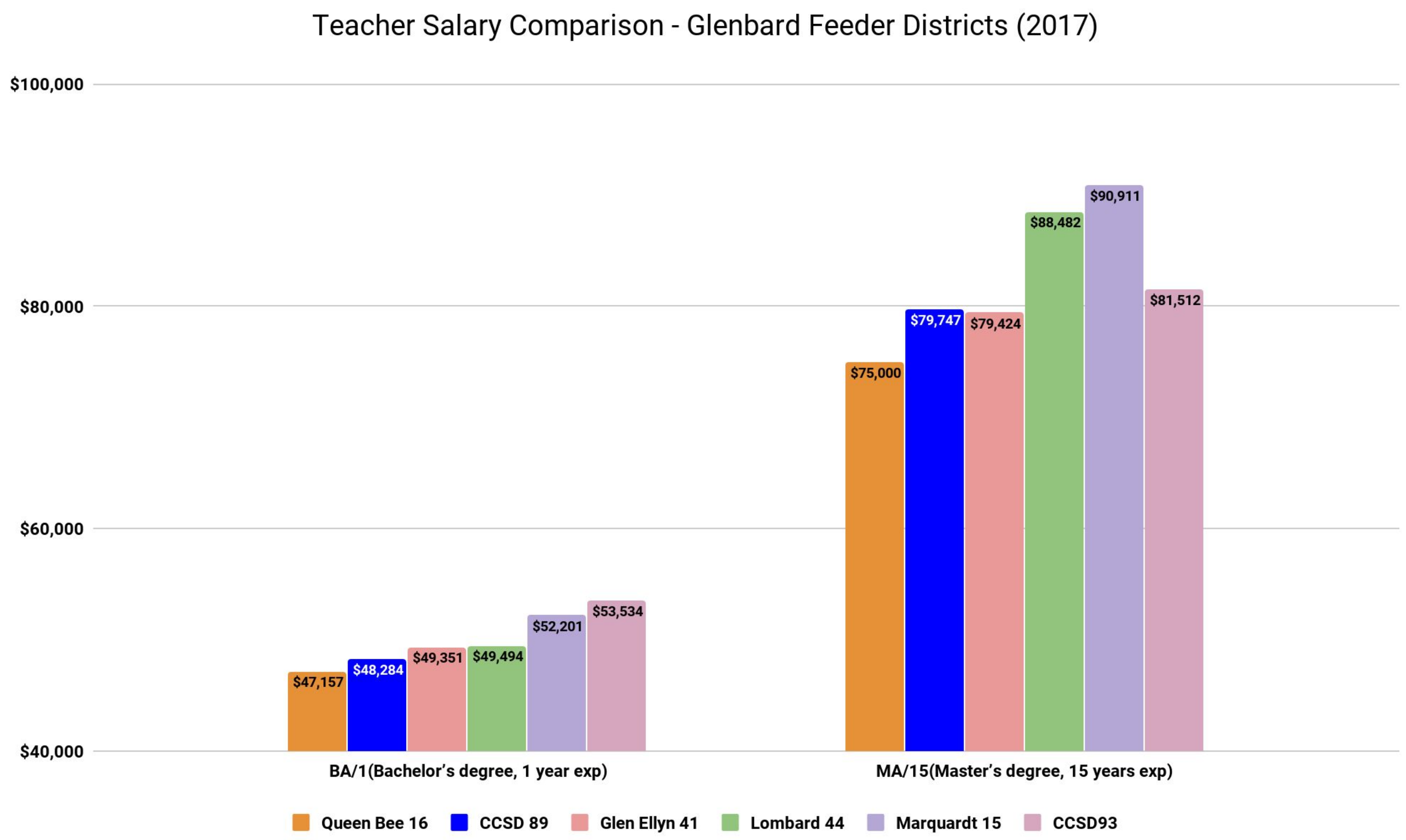


Administrators:student Ratio



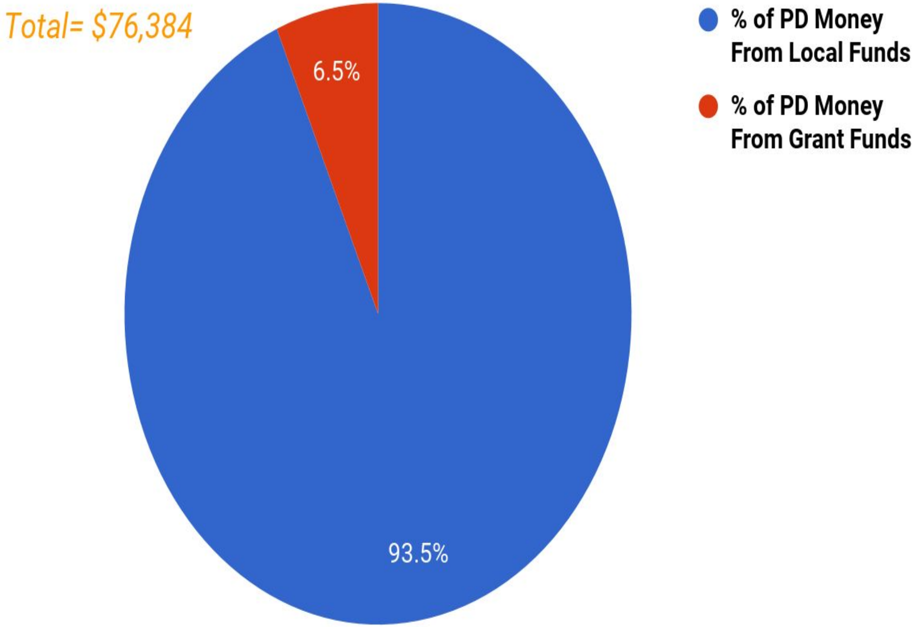
Average teacher salary - Glenbard Feeder Districts

	BA/1 (Bachelor’s degree, 1 year exp)	**MA/15 (Master’s degree, 15 years exp)**
Queen Bee 16	$47,157	$75,000
CCSD 89	$48,284	$79,747
Glen Ellyn 41	$49,351	$79,424
Lombard 44	$49,494	$88,482
Marquardt 15	$52,201	$90,911
CCSD93	$53,534	$81,512

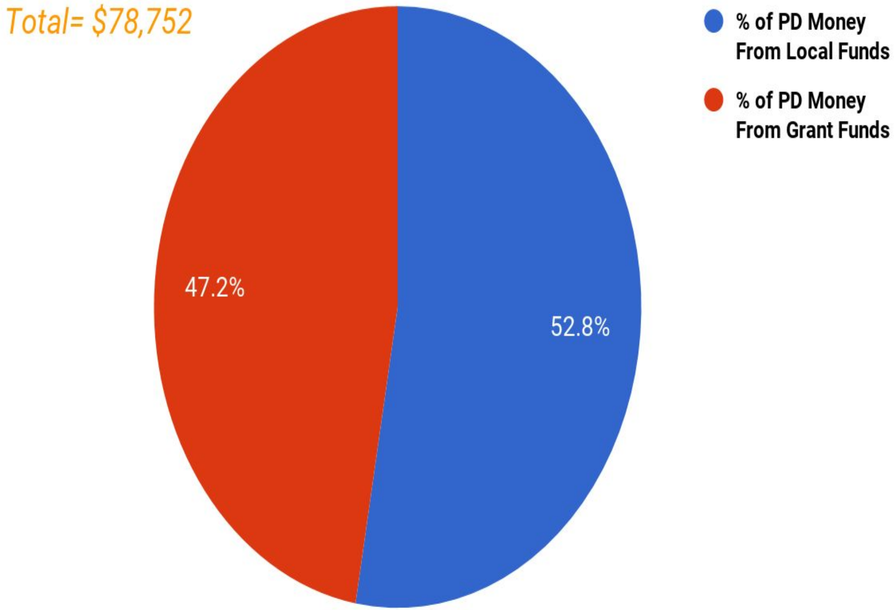


Teacher Salary Comparison - Glenbard Feeder Districts (2017)
$100,000
$80,000
$60,000
$40,000
$47,157
$48,284
$49,351
$49,494
$52,201
$53,534
$75,000
$79,747
$79,424
$88,482
$90,911
$81,512
BA/1(Bachelor's degree, 1 year exp)
MA/15(Master's degree, 15 years exp)
Queen Bee 16
CCSD 89
Glen Ellyn 41
Lombard 44
Marquardt 15
CCSD93

2008-2009 Professional Development Monies



2017-2018 Professional Development Monies



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?

	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 to maintain current programs	Increase revenue through tax increase 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.
Impact to home owner/community	Could impact people's desire to move into district because of reduced programming offered in schools.	Maintains value of schools making desirable area to move	Maintains value of schools making desirable area to move	

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

Plus/Delta for Option A

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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

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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

Option B - Increase revenue to maintain current programs

To maintain current programs and rebuild fund balance to board policy recommendation of 10% of next year's expenditures after deferring June taxes

- Five Year Option - Requires referendum of roughly $.20 to $.25 on the operating rate ***in 2018***
  - Cost to individual homeowner with $100,000 home is $67 - $85 annually
- Ten Year Option - Requires referendum of roughly $.27 To $.32 on the operating rate ***in 2018***
  - Cost to individual homeowner with $100,000 home is $90 - $107 annually
- Each additional $.10 requested in referendum costs a homeowner $33 annually

What does this mean for a homeowner?

- Referendum of $.20 on the operating rate ***in 2018***
  - Cost to individual homeowner with $300,000 home is $201 annually or $16.75 per month of $.55 per day
- Referendum of $.25 on the operating rate ***in 2018***
  - Cost to individual homeowner with $300,000 home is $255 annually or $21.25 per month or $.71 per day
- Referendum of $.27 on the operating rate ***in 2018***
  - Cost to individual homeowner with $300,000 home is $270 annually or $22.50 per month or $.74 per day
- Referendum of $.32 on the operating rate ***in 2018***
  - Cost to individual homeowner with $300,000 home is $321 annually or $26.75 per month or $.88 per day

Plus/Delta for Option B

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Option C - Increase revenue to enhance current programs

To enhance current programs and rebuild fund balance to board policy recommended 10%

- Additional programs identified for enhancement
    - (Feedback from group needed)
    - Staff feedback
        - Science/technology teacher/coach at elementary level (4.0) - added in 2019-20
        - Enhanced intervention support at Glen Crest (1.0) - added in 2019-20
        - Additional $330K in expenses annually beginning in 2019-20
        - Five-year option: requires referendum of roughly $.25 to $.30 on the operating rate ***in 2018***
            - Cost to individual homeowner with $100,000 home is $85 - $100 annually

Plus/Delta for Option C

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Understanding Operating and Facility Needs

10 year Facility Assessment Report

- Recently conducted by Legat Architects
- NOT a Life-Safety Survey
- Projects Identified
  - Remove & Replace Roofs (all buildings)
  - Rooftop Condensing Units (HVAC)
  - Air handling units (BG only)
  - Tuckpointing of bricks
  - Parking lot replacements
  - Curb & sidewalk replacements
  - Ceiling Tile replacements
  - Water Main replacement
  - Boiler replacements
  - Generator (AV only)

Financial Impact

- Last bond issue was $25M in 2008/2009 for facility needs
- 2009/2009 bond issue will be paid off 2/1/2023
  - **Current** tax rate for repayment is .3313
  - If no additional debt is issued, that rate 'falls off" the homeowner's tax bill in 2023
- 2021 levy year will have "room" for additional debt
- Any debt issued must go to referendum
- Option 1: $16M
  - Address items identified as needing replacement in next 1-5 years
- Option 2: $20M
  - Address items identified as needing replacement in next 1-10 years

If nothing is done - Borrow money to cover expenses

Issue Tax Anticipation Warrants to cover expenses

- Deficit spend for the next 5 years
- Deplete fund balance to zero
- Borrow against future tax receipts

Plus/Delta for Option D

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Meeting Takeaways

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