

OAK PARK AND RIVER FOREST HIGH SCHOOL
201 North Scoville Avenue
Oak Park, IL 60302

FINANCE COMMITTEE MEETING

Thursday, September 14, 2010

A Finance Committee meeting was held on Thursday, September 14, 2010. Co-Chair McCormack called the meeting to order at 7:35 a.m. in the Board Room. Committee members present were Terry Finnegan, Dr. Ralph H. Lee, Amy McCormack, Dr. Dietra D. Millard, and Sharon Patchak-Layman. Also present were Steven T. Isoye, Superintendent; Michael Carioscio, Chief Information Officer; Amy Hill, Director of Assessment and Research; Philip M. Prale, Assistant Superintendent for Curriculum and Instruction; Nathaniel L. Rouse, Principal; Lauren M. Smith, Director of Human Resources; Cheryl L. Witham, Chief Financial Officer and Treasurer; and Gail Kalmerton, Executive Assistant/Clerk of the Board.

Visitors included Kay Foran, Community Relations and Communications Coordinator; James Paul Hunter, FSEC Chair; Doug Wiley, OPRFHS Supervisor of Finance; Tim Keeley, Purchasing Coordinator; Kathy Wirtz, Vanessa Hughes, Paul Carberry, Tom Kirchner, and Jason Dennis representing the OPRFHS Finance Advisory Committee; LeeAnn Meyer-Smith and Pat Cermak of Wight & Company; and Chuck Fieldman of the *Oak Leaves*.

Approval of August 19, 2010 Finance Committee Minutes

Mr. Finnegan moved to approve the minutes of the August 19, 2010 Finance Committee; seconded by Dr. Lee. A roll call vote resulted in all ayes. Motion carried.

Report from the Finance Advisory Committee

The Finance Advisory Committee was established in 2009 as an outgrowth of the Board of Education's goals for 2009-10. Its charge was to develop a new budgeting process that includes program priority procedures, identification of additional revenue sources, expenditure priority procedures and cost containment measures. Mr. Dennis stated that the overarching principals that drove the conversation and played a huge part in the drafting of the recommendations were:

- 1) Any action when taken as a result of this proposal must maintain, as much as possible, improve upon the excellent education the students are receiving and not be diminished.
- 2) The District must make every attempt possible to avoid finding itself in a financial crisis that may result in massive layoffs of faculty and staff.
- 3) The entire community must be enlisted, challenged, and empowered to find innovative ways to improve both quality and efficiency of the respective practices.

Paul Carberry spoke about the committee work and process and the basic tenets that the committee agreed upon. The seventeen member committee was composed of faculty,

staff, community, parents, and students. At the beginning of its process, they were skeptical and were looking for cookbook-type of approaches which lead to a dissatisfaction, then more thoughtful conversations which ultimately led to a consensus on the following tenants, and turning the skepticism into a positive.

1. Challenges presented by the Board of Education, the committee believes are best addressed with the knowledge, participation, and responsibilities of all the constituencies that have been part of the committee.
2. Excellence and efficiency are not mutually exclusive; opportunities to improve exist in both.
3. The common belief is that expenditures should track more closely to revenue. Understanding the nature of public school finance and that state law necessitates an eventual referendum, but that would remain the prerogative of the Board of Education.

Mr. Dennis discussed the recommendations regarding the process, roles and timeline. Two main points from the current system: 1) instead of just DLT and BLT being involved in the budgeting process, this process would involve everyone, a shared ownership, and, specifically, the creation of an Advisory Leadership Team (ALT) to be composed of several DLT, faculty, staff and community members) who possess long term overall stewardship of the school) to look over the financial analysis and use things such as the temperature of the school community, the whole economic situation, etc., to make annual recommendations to the Board of Education.

Mr. Dennis referenced the flow chart.

- 1) The Superintendent, the Chief Financial Officer, several members of community and staff appointed by the Board of Education who have a stated interest and the necessary knowledge will make up the Advisory Leader Team (ALT). It would meet during the summer and consider all data.
- 2) In the fall, the ALT will bring its information to the Board of Education for its discussion regarding multiyear goals, suggesting that two-year or longer goals may be more beneficial.
- 3) The DLT will assign working groups encompassing everyone in the school community, including each bargaining unit and parent group, to identify creative and innovative ways about what they do well, and possibly better and more efficiently. Best practices in business brought to the committee by the community members of this committee and a *Wall Street Journal* article suggested that innovation communities should be formed to determine how to better their own practices. These ideas will be created in the fall and shared with the Quality Review Committee focusing on 1) non academic and 2) academic performance. Its purpose would be to 1) ensure academic performance, and 2) germinate the ideas between groups and share them with other groups, and 3) comment on all of these proposals and forward them to DLT sometime in early January. DLT will review the proposals and determine their disposition.

The committee felt a two-year implementation plan would be most appropriate. Asking the faculty and staff to be involved in budgeting process is difficult and the committee

recognizes that education is necessary. After reviewing state law, school finance, and the specific finances of the District, it was clear that steps must be taken. The Committee would like to address education upfront to better assure wholehearted buy-in from each of the constituencies so that they have an understanding and are motivated. Thus, with the Board of Education's approval, education would begin the first year and the process would begin the second year. He shared upcoming meeting dates and the groups to whom this information would be shared.

The Committee talked about bringing in outside speakers to provide additional support to the leaders, i.e. the Division Heads and Department Heads. Change will require education and trust. The education piece is best done with the cross functional group that would include staff, administration and faculty advocating change to provide the best chance of change happening. Change from within will lead to the best educational outcomes.

Dr. Lee believed the FAC had done an excellent job in fulfilling the responsibilities of the faculty, staff, and administration. He wanted to speak of the Board of Education responsibilities. In the past, the Board of Education has played an extremely limited role in determining the real world financial direction of the school which has been left primarily to the faculty, staff and administration. He believed it would be a disservice if the Board of Education were to leave the impression that it is fully behind the recommendations submitted and then take off in a different direction. The Board of Education passed a financial resolution January 2009 giving clear direction for financial planning and this is absent from this document. He felt that should be part of the framework on which these recommendations were based. He read a portion of the resolution that was passed.

“BE IT RESOLVED that the Oak Park and River Forest District 200 Board of Education will embark on a course of action which will result in

1. the development of a long range financial model which is based on the premise that, for the foreseeable future, this district will manage its income and its expenditures such that there will be no need to ask for further tax rate increases that extend beyond the limits of the Urban Consumer Price Index;
2. a method for setting educational priorities in such a way that necessary changes in educational strategies can be managed by changing spending priorities, rather than by seeking higher tax revenues;
3. the District taking an active role in seeking to change the public school funding mechanism in the State of Illinois, along with forming the ability to adapt quickly to any such changes, and
4. a practical showing of its determination to take every available opportunity over the next ten years to contain costs in ways that balance both the District's ability to sustain its financial health and deliver the highest quality of educational services.”

He asked that regular September Board of Education meeting agenda include the reaffirmation, modification or abandonment of the financial resolution unanimously passed January 22, 2009.

Dr. Millard did not believe this report was contrary to the Board of Education's resolution. She acknowledged the Board of Education's involvement in the budgeting process led by the Chief Financial Officer and it was not neglecting its responsibilities by including the FAC's input. The Board of Education has to be receptive to listening and incorporating solutions that come to it from the bottom up. She was willing to have a discussion about the resolution at the September Board of Education meeting and take action but she was also thrilled at the expansion of this shared ownership. Dr. Lee wanted to have the discussion before having a consensus on the FAC's recommendations. Ms. McCormack was reticent to delay the actions that FAC wanted to take.

Ms. Patchak-Layman asked where program priorities would be set in this process. Part of the Board of Education's goal was to have a method for shifting expenditure and program priorities. When the working groups are looking independently at the dollars allocated to their area, they would reassess their own programs and these funds were used. When asked where the priority setting conversation would take place, Mr. Dennis responded that DLT would continue to have this responsibility. Mr. Isoye added that the key piece is the education piece of faculty and staff in terms of finance and the practice of curriculum and instructions. OPRFHS is ahead of the curve in this regard. However, DLT, BLT, and IC will continue to talk about instruction.

Although Mr. Finnegan wanted this process to move forward so not as to diminish it, he would be happy to debate the Resolution.

Ms. Patchak-Layman supported pursuing the educational process of faculty, staff, and the five parent groups. But she questioned what would happen with the SIP, as it is a legal activity that has financial implications. In addition, Special Education laws cross all of the departments, not only Special Education, and the District may need to provide extra support as a result of NCLB and two-year planning. The turnover of students varies and fluctuates and she asked where the unknown needs of new students meshed with this activity and how it would get translated to the working groups. She asked if there was a place for new programs or ideas from the community, such as offering not just a language but content-area classes in that language in an effort to develop global citizens. OPRFHS is a service organization and must provide individuals with tools that have yet to be purchased. She suggested allowing parents to be part of the quality review system, e.g., operations and academics, and to make recommendations. This original purpose of the FAC was to bring a financial model to help with the budgeting process as to how priorities would be funded; however, this proposal has brought academics into it and it was unclear to her about outcomes and accountability. She asked where the outcomes and measures of District 300 fit in as FAC had reviewed them. She also felt that the Board of Education should be the ALT.

Dr. Lee read from FAC document what he thought was in direct contradiction to the Board of Education's Financial Resolution:

“Some of the key planning assumptions and observations from this document include:

- The projected costs are expected to rise at a compound annual growth rate of more than 4% annually under current expenditure and staffing approaches, largely governed by District contractual commitments. The majority of expenditures in the Education Fund are related to salaries and benefits (83% of total expenditures).
- As a result, the District is projected to exhaust current fund balances by approximately 2018-2019.”

Mr. Carberry clarified that the above restated the present five-year model unchanged. Those statements were a reflection of what had been given to the committee, not what was being recommended.

Dr. Millard felt that the report contained much information in the summary and explained why it is not in direct conflict to the resolution. Ms. Witham stated that FAC had reviewed the resolution and tried to accomplish what the Board of Education set before it. Invigorating and innovative conversations about programs and measurements and accountability occurred.

Ms. Patchak-Layman noted that the Board of Education’s role in this appeared to be to set its goals and approve a budget without any other input. She reiterated that the ALT should be the Board of Education and it has a responsibility to be part of the communication. Mr. Isoye stated that the overview is to go out to the constituents and have them brainstorm on ways to be more efficient in their work. The intent would be to bring that information, in its “muddiest” form, to the Board of Education so that it could give input along the way.

Mr. Finnegan summarized that the structure of the report is for all to look at adding increasing efficiencies and effectiveness. The conversation of prioritizing programs and aligning or reducing programs would be held with DLT and BLT. Each working group would be charged about the working rights in each of their areas, based on data, Board of Education goals, the effectiveness of the programs, and would make recommendations to the existing system as it stands. Regarding the educational component, people want to know that their work is meaningful.

The expectation for FY 2011-12 is that BLT and DLT would continue its conversations about maintaining and improving efficiencies that would be closer to its revenue. The working groups would be thinking about the changes to the 2012-13 budget.

The Committee thanked Mr. Dennis, Mr. Carberry, and the rest of FAC members for this report.

Mr. Finnegan charged Mr. Isoye to take the central role to insure tie-ins with 1) the working groups, 2) SIP and then the monitoring of the tie-ins.

Ms. Patchak-Layman still questioned the format and whether the Board of Education should formally vote on accepting a new budgeting process. If an across-the-board involvement is desired, then this presentation should be made at a regular Board of Education meeting for the community as a first reading because this paralleled a change in policy. To say it is a working document does not do justice to the committee and to the community if a major change is being made. Her interest was the responsibilities of order. Dr. Lee did not believe it was reasonable to expect school personnel to educate the public on school financing which came in direct contradiction to their own financial welfare; that responsibility was the Board of Education. Mr. Dennis stated that FAC did not consider it part of its charge to negotiate any specifics, as this is the Board of Education's responsibility. Ms. McCormack concluded that this community has to learn about school finance. It is complex and the more conversation there is, the better it is for everyone.

It was the consensus of the majority of the Finance Committee members that FAC will begin its plan as proposed and the Board of Education will continue its discussions.

Construction

Ms. Meyers-Smith reported that because the state had to issue the final permit, the timeline for the pool use was still unknown. When it does issue the permit, Wight will request first a dry inspection and then a wet inspection. Wight had not believed that a separate permit was unnecessary, as Wight had characterized the replacing of a grate as maintenance, not construction; but it was wrong. The girls' swim team is using alternative pools and Wight will pay for those costs for the months of September and October. Wight is looking into and had received word yesterday through the plumbing contractor that a letter came from Illinois Department of Public Health regarding a fine for constructing without a permit; that came directly to Wight and not the school district.

She also informed the Board of Education of the following:

- The hot water system was ready;
- The science labs were completed;
- The minor unit ventilator covers were being installed;
- The new HVAC had been installed and would be tested September 17.
- The punch list was ongoing.

Ms. Meyers-Smith complimented Ms. Witham and Mr. Zummallen for their work in this process.

Wireless Infrastructure RFP

It was the consensus of the Finance Committee members to recommend to the Board of Education that it approve the award of the Phase I Scope of the project to update the wireless coverage of the building to CDW-G at \$75,741.28 at its regular September Board Meeting, as requested.

Mr. Carioscio thanked Mr. Keeley and Mr. Wells for helping in this quote process. Mr. Carioscio explained that the wireless equipment that has been purchased is now outdated needs replacement and the coverage is not uniform. In addition, reliable wireless

coverage is foundational to effective teaching and learning. The use of projectors, tablets, and other technology in classes is increasing rapidly. The entire cost of this was quoted as \$250,000, including equipment but it will be done in two phases because of budgetary reasons and a review of where access points are and should be.

While others will be invited to bid on the RFP next year, there is not a plethora of suppliers bidding on the equipment as it is not a commodity.

Adjournment

The Finance Committee adjourned at 11:00 a.m.