

DISTRICT 58 BUDGET WORKSHOP

April 23, 2018

GENERAL

- This view of the budget is preliminary and subject to revision prior to the Tentative Budget being proposed.
- The budget reflects
 - Continuation of existing programs
 - Purchase of a new ELA curriculum
 - Increase in health insurance costs
 - Other adjustments as appropriate
- The aggregate operating budget is balanced.
- A realistic approach to budgeting revenues and expenditures has been taken, but State revenues and some expenses are unpredictable and actual receipts and expenses may have a negative impact on the final results of operations.

2017-18 BUDGET RECAP

2017-18 BUDGET

- The 2017-18 aggregate budget had revenues of \$66.3M and expenditures of \$66.5M (excluding the Medical Reserve Fund), projecting a \$221K deficit.
- The State of Illinois adopted an alternate funding formula for school districts. The State has regularly made payments supporting the formula and recently adopted legislation allowing incremental payments to be made.
- Some State payments are still made as mandated categorical payments. The State is two payments in arrears, totaling approximately \$840K.
- A tentative amended budget has been proposed to incorporate the issuance of bonds and payments to complete capital projects including an addition at Lester School.

2017-18 RECAP*

	Original Budget		Amended Budget	
	Revenue	Expenditures	Revenue	Expenditures
Education	53,464,380	54,907,189	53,464,380	54,907,189
O&M/Sinking	4,923,167	4,443,264	7,023,156	6,543,253
Debt Service	1,423,519	1,547,333	1,423,519	1,547,333
Transportation	4,442,000	3,372,700	4,442,000	3,372,700
IMRF	1,640,161	1,935,850	1,640,161	1,935,850
Capital Projects	250,000	250,000	2,349,989	2,009,888
Life Safety	1,000	0	1,000	0
Working Cash	<u>116,000</u>	<u>25,000</u>	<u>2,854,051</u>	<u>2,124,989</u>
	66,260,227	66,481,336	73,198,256	72,441,202

*Reflects direct receipts/revenues and other sources of funds, excludes on behalf payments.

2018-19 BUDGET ASSUMPTIONS

REVENUE ASSUMPTIONS

- Property taxes—second half of 2017 levy and first half of 2018 levy
 - 2.1% increase in CPI for the 2017 levy
 - 2.1% increase in CPI for the 2018 levy
- Increase in student fees
- CPPRT is budgeted flat, increased from expected FY18 actual
- Evidence based model (GSA) funding is flat
- Four State MCAT payments—two late payments from FY18 and two timely payments from FY19
- Federal revenue is flat

EXPENDITURE ASSUMPTIONS

- Salary increases follow negotiated agreements or are estimated at CPI + 1%.
- Health insurance claims continue to trend higher than revenue growth. The Medical Reserve Fund has been declining rather than remaining flat or increasing, necessitating an increase. Currently a 5% increase is factored in, but claims will be monitored over the coming months before a final recommendation is made.
 - The 10 year average premium increase has been 0.6% while cost trends have been 5-10% or more. The last two years have had increases of 5.5% and 10%.
 - The District pays approximately 88% of all health insurance premiums.
- SASSED costs are flat.
- ELA adoption for \$600K (\$1.2M spread over two years).
- Transportation costs are up.
- Facility/O&M costs are flat.

CURRICULUM DEPARTMENT

- Significant Impacts For 2018-19
 - Continuation of ELA Resource Adoption
 - \$1.2 million over a 2 year period for resources and contracted professional training - entering year 2 of that period
 - Science Curriculum Development
 - Intent of piloting materials during the 18-19 school year with associated training and support
 - Ongoing math curricular costs
 - Assessment item bank, access to high demand cognitive resources (MARS tasks)
 - Ongoing support of district-level collaboration and professional learning

TECHNOLOGY REFRESH AND RENEW

Initial Budget Planning

- iPads in Grades K-6
 - Classroom sets in kindergarten, Student devices in grades 1 through 6
 - \$299 device cost
 - \$25 cost for case in grades K-2
 - \$100 cost for case and keyboard in grades 3-6
 - Lease options are being considered
 - Overall technology budget increase: Approximately \$50,000
- Continue with current Chromebooks middle schools
- Professional development can be accomplished with existing resources

PROFESSIONAL DEVELOPMENT

- English-Language Arts
 - Phase Two of Benchmark/StudySync implementation
 - Continued Unification of ELA Instructional Practices
 - Reading Specialists' targeted professional development
- Math
 - Analysis of District data and student performance in math
 - Refinement and revision of Blueprint
 - Review and assessment of available resources
- Science (NGSS)
 - Exploration and pilot of curricular materials for K-8
 - In-district professional learning for all staff on NGSS
 - Middle School storyline development

PROFESSIONAL DEVELOPMENT

- Additional Professional Learning Experiences
 - Curriculum Committees
 - Social Studies, Middle school Exploratory
 - Curricular Development
 - Art, P.E., Health
 - Program Review Committees
 - Biliteracy, preK-6 SEL, Differentiation & Assessment, Professional Learning
 - Gr K-6 district-wide grade level collaboration and learning days

STAFFING IMPACT FOR 2018-19

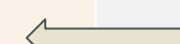
*Tentative - Based on initial enrollment projections and individual student needs

- Elementary Classroom Teacher - no change in staffing across the district
- Middle School Teacher - no change in staffing
- Self-Contained Special Education Teacher (RISE) - increase 1.0 FTE
- Related Services - 0.5 FTE increase SW, 0.5 FTE increase Psych
- Elementary Physical Education & Art - increase 1.2 FTE
- Instructional Assistant positions - no anticipated increases

*Final staffing allocation may change as a result of changes in enrollment or individual student needs

2018-19 PRELIMINARY BUDGET

Fund	Revenues	Expenditures	Variance
Educational	55,926,565	55,940,974	(14,409)
Operations & Maintenance	5,323,260	5,025,607	297,653
Debt Service	1,562,813	1,536,323	26,490
Transportation	3,668,431	3,953,469	(285,038)
IMRF/SS	1,860,605	1,975,675	(115,070)
Capital Projects	788,062	1,128,163	(340,101)
Working Cash	121,124	668,062	(546,938)
Fire Prevention & Safety	500	0	500
	69,251,360	70,228,273	(973,913)

 Bond/Capital Project related

Reflects direct receipts/revenues and other sources of funds, excludes on behalf payments and medical reserve fund.

2018-19 PRELIMINARY BUDGET EXCLUDING BOND TRANSFERS AND CAPITAL PROJECTS

Fund	Revenues	Expenditures	Variance
Educational	55,926,565	55,940,974	(14,409)
Operations & Maintenance	4,685,198	4,387,545	297,653
Debt Service	1,562,813	1,536,323	26,490
Transportation	3,668,431	3,953,469	(285,038)
IMRF/SS	1,860,605	1,975,675	(115,070)
Capital Projects	150,000	150,000	0
Working Cash	121,124	30,000	91,124
Fire Prevention & Safety	500	0	500
	67,975,236	67,973,986	1,250

Reflects direct receipts/revenues and other sources of funds, excludes on behalf payments and medical reserve fund.

LOANS/BONDS

- Loans from the Working Cash Fund are expected.
- Cash flow has to be watched closely, and failure to receive State funds is putting pressure on the District's ability to maintain a positive low point cash balance (typically in May each year). Short term borrowing could be needed in the future to fund cash flow needs.
- The budget incorporates capital project spending funded through the early 2018 bond issue. The funds were received and only partially expended in 2017-18. There is no new revenue in 2018-19, but the remaining funds will be expended.

BUDGET TO BUDGET COMPARISON

	Budget FY18	Budget FY19	
Revenues	66,260,227	67,975,236	2.59%
Expenditures	66,481,336	67,973,986	2.25%
Fav/(Unfav)	(221,109)	1,250	

BUDGET ADOPTION TIMELINE

- July 2018
 - Tentative budget adoption
 - Budget put on public display
- September 2018
 - Budget hearing
 - Final budget adoption
 - Budget filed with State

FACILITIES

FACILITIES MAINTENANCE

- Facility maintenance programs (Dykiel, et. al. 2009) serve to:
 - Maintain schools in clean conditions that comply with health requirements
 - Maintain operation effectiveness to meet instructional needs
 - Extend the useful life of facilities and building systems
 - Efficiently utilize available resources
- Types of maintenance
 - Routine
 - Preventative
 - Predictive
 - Emergency

FACILITY STATISTICS

- 15 buildings
 - 11 elementary schools
 - 2 middle schools
 - 1 administrative building built for temporary use in 1975
 - 1 administrative building built as a school in 1928
- 666,913 square feet under roof (15.3 acres)
- 284 classrooms
- Multiple past additions, and Lester underway

FACILITY AGE

- According to Castaldi (1994), school facilities that are constructed carefully and maintained can normally last 50-60 years.
- No building will last without maintenance.
- District 58 building ages:

Belle Aire -- 49	El Sierra -- 50	Fairmount -- 59	Highland -- 66	Hillcrest -- 66
Indian Trail -- 51	Kingsley -- 55	Lester -- 62	Pierce Downer -- 67	Henry Puffer -- 82
Whittier -- 90	Herrick -- 65	O'Neill -- 61	Longfellow -- 90	ASC -- 43

- Diligent maintenance over the decades has ensured that our facilities have lasted, but they are showing their age.

FACILITY STATUS

- Last year detailed information by building was provided.
- Since then there have not been any major changes in facility conditions.
- An updated Facilities at a Glance booklet that summarizes the condition of District facilities can be found at <https://goo.gl/S292sd>.

NEEDS VS. WANTS

- Prior analysis identified \$75 million in needed facility improvements through 2040.
- This excluded items categorized as wants such as:
 - Science and FACS labs at middle schools.
 - Air conditioning.
- Over time, some wants may become needs.
- Just like it is not glamorous to replace a hot water heater at home but we do it because we have to, it is not glamorous to replace electrical panels and plumbing at schools but we have to do that too.
- Feedback from strategic planning should be considered in planning future projects.



RESOURCES

- Outside of the routine maintenance provided annually through the O&M Fund, funding for facility projects can come from several sources.
 - Fund balances
 - Non-referendum debt
 - Referendum debt

FUND BALANCES

- The annual operating budget does not generate a surplus that can be invested into facility improvements.
- There are insufficient fund balances to complete future needed capital improvements.

DEBT

- Non-referendum debt payments are limited by the statutory Debt Service Extension Base, currently approximately \$1.4 million annually.
- Total non-referendum debt that could be issued and paid off in the next 25 years is approximately \$16 million, insufficient to cover \$75 million in needs.
- Taxpayers can approve a referendum question that allows the District to issue additional debt.

Q&A