

BOARD OF EDUCATION
COMMUNITY CONSOLIDATED SCHOOL DISTRICT 64

Minutes of a Special Meeting
held at 6:00 p.m. September 19, 2011
Hendee Educational Service Center
164 S. Prospect Avenue
Park Ridge, IL 60068

President John Heyde called the meeting to order at 6:02 p.m. Other Board members present were Pat Fioretto, Scott Zimmerman, Anthony Borrelli and Eric Uhlig. Also present were Superintendent Philip Bender, Assistant Superintendents Sandra Stringer and Diane Betts, Business Manager Becky Allard, Director of Pupil Services James Even, Director of Technology Terri Bresnahan, Director of Facility Management Scott Mackall, Public Information Coordinator Bernadette Tramm, and 15 members of the public.

Board of Education meetings now are being videotaped and may be viewed in their full length from the District's website at:
<http://www.d64.org/subsite/dist/page/board-education-meetings-984>

Mr. Heyde stated the purpose of the meeting was to continue questions and answers on the 2011-12 budget, and to conduct a closed session regarding collective bargaining.

Final Budget Question
and Answer

FINAL BUDGET QUESTION AND ANSWER

Ms. Allard noted that at the end of the September 12 Committee-of-the-Whole meeting, the Board had directed administration to prepare a recommendation on how to place \$500,000 in reserve from the budgeted expenditures in the Education and Operations & Maintenance (O&M) funds for purchased services, supplies and capital outlay. She noted a report had been prepared for the Board from Superintendent Bender and his administrative team on how the expenditures could be reserved to achieve an overall savings of \$500,000 from the two funds while buffering the impacts as far as possible from student learning and critical maintenance needs at the schools. Ms. Allard reviewed a list of direct savings already delivered in the 2011-12 budget through spend management practices as detailed in the report provided in the Board packet.

Ms. Allard described the proposal as a covenant between the Board and administration to consider as a reserve an aggregate amount of \$500,000 from the identified areas. As listed in the report, she noted that administration planned to closely monitor expenditures in those line items and work together as an administrative team to adjust spending as required to produce the targeted savings of \$500,000 during the 2011-12 fiscal year. Ms. Allard noted that should unforeseen circumstances occur that prevent this goal from being reached, administration would promptly inform the Board of a specific need and the likely impact. She noted that the District's financial software would permit these

accounts to be flagged when they are within 10% of the budgeted expenditure level.

Board members then discussed the mechanism that will be used to alert the Board when that 10% has been reached and whether administration is to seek approval prior to spending. Ms. Allard stated that she would add a report to the monthly financial reports provided to the Board that would track expenditures in these three areas of the Education Fund and the O&M Fund. The report would include not just this fiscal year's expenses by month and to date, but also last year's. She indicated this comparison would be helpful because spending patterns in these areas may be heavily weighted at certain times of the fiscal year rather than evenly distributed throughout. The report would indicate whether the aggregate of the accounts was on target overall, despite fluctuations in specific line items. She stated that because the District had under spent those areas in the Education Fund by 16% last year, it is likely that spending on a similar basis to last year will help achieve at least the savings being targeted.

Dr. Bender added that the administrative team likely would begin monitoring collectively as low as the 80-85% spending level so that any decisions about modifying spending could be made well in advance of reaching the threshold.

Ms. Allard clarified that the \$500,000 savings at the end of the year would remain in the Education or O&M funds as part of the reserve.

Ms. Allard then turned to a graph provided to the Board at the meeting of the District's long-range planning model prepared by StratPlan that indicates the end-of-year fund balances indicated as days cash on hand for the Operating, Education and Working Cash funds compared to the District's fund balance policy of 120 days or 33-1/3%. The information has been updated to include the end of the 2010-11 fiscal year and the current proposed 2011-12 budget. She stated the graph would be added to the website after the meeting if the Board made no further changes.

She noted that the graph indicated that the District was projected to end the 2011-12 fiscal year with 227 days cash on hand, and that the District will continue to meet the fund balance policy by having 163 days at the end of the graph in 2019-20. The projections will move up and down as more information is known, for example expenditures would be adjusted based on negotiations with the teachers for the next contract, projected revenues under the tax cap would be adjusted as the Consumer Price Index (CPI) is known each year, and so forth.

In response to Board member questions, she further noted that the \$500,000 spending reduction under consideration would increase the fund balance and improve the days cash on hand for the close of the 2011-12 fiscal year. Going forward, the Board might also choose to distribute the levy more heavily to the Education Fund as one way to boost its fund balance.

The consensus of the Board was to move forward with the covenant and the monitoring features as described.

PUBLIC COMMENTS

Mr. Heyde opened the meeting for public comments, which were received as follows: Public
Comments

Marty Torres commented on the proposed \$70 million budget and the small amount of the proposed reserve savings. He also inquired about metrics used to track the District's financial status. Mr. Heyde noted that these savings could be accomplished without any significant impact on students. He pointed out the Illinois State Board of Education (ISBE) financial profile system and noted District 64 has the highest rank of 4.0 for a second year.

Lori Diversey commented that she would prefer the Board look first for cuts on teachers and wages rather than in programs for students, and that the District should consider hiring teachers for less. Mr. Heyde clarified that the current budget does not make any cuts in programs for students, and offered a number of ways the District was utilizing spend management to purchase for less. He noted that the District did negotiate the contract periodically with teachers and would be doing so this year. He said that any Board member approaches negotiations to reach a fair contract and get the best value for taxpayers.

Charlene Foss made a series of comments on the large proportion of the budget that goes to salary and benefits; teacher pensions; flat rate salary increases across the board for employees; administrative salary levels; and concerns about the Board's approach to collective bargaining. Mr. Heyde noted that the Teachers' Retirement System is funded by the teachers' own contributions and that teachers are not part of the social security system. He also provided additional information to address several of her concerns. He stated that he could not respond more specifically concerning negotiations since the Board had not discussed it yet.

Ms. Foss then directed a series of questions to Ms. Allard about the ISBE budget document, how numbers could be reconciled between that form and previous years' budgets, whether District spending had been in line with the budget, cash balances at the close of fiscal years, and debt service. Ms. Allard provided answers and advised her to review the District's annual Statement of Affairs report for the ISBE, which is available on the District website and filed no later than November 15 each year.

Susan Sweeney made a series of comments on the capital needs of the District for air conditioning and ventilation improvements, the relative size of the Working Cash Fund and overall fund balance in relation to District policy, whether the ISBE has a recommended fund balance maximum, and the upcoming tax levy. Mr. Heyde gave a short overview of the growth of the District's fund balance since the referendum, how the fund balance will follow a parabolic curve and eventually decline, and why a fund balance is needed to provide cash for operating purposes. He stated the District has a history of levying what is allowed under the tax cap and it is likely the administration will ask the Board to

do so again this year in order to keep pace with inflation. Ms. Allard noted that she had never seen a guideline from the ISBE concerning not having more than 180 days in the operating fund balance. Mr. Heyde noted that the local high school district in the past had carried a much higher fund balance.

Mr. Heyde announced that the public hearing on September 26 would extend as long as people have comments to give on the budget. The budget is scheduled for adoption at the regular meeting that night.

At 7:08 p.m., the Board agreed to recess briefly before moving to a closed session.

ADJOURNMENT

The Board returned from recess and at 7:23 p.m., it was moved by Board member Zimmerman and seconded by Board member Borrelli that the Board of Education of Community Consolidated School District 64, Park Ridge-Niles, Illinois adjourn to closed session for the purpose of discussing collective bargaining (5 ILCS 120/2 (c)(1)). The motion carried by consensus. The votes were cast as follows:

AYES: Heyde, Borrelli, Fioretto, Zimmerman, Uhlig

NAYS: None

PRESENT: None

ABSENT: Lawson and Collins

The regular meeting was adjourned at 9:05 p.m.

September 26, 2011
Date

President

Secretary