

Finance Committee Report to the Board

March 19, 2018

Presentation objectives

- Explain process
 - Define problem
 - Review history
 - Provide conclusions and recommendations
 - Discuss next steps
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Finance: a reinvestment in our community



Finance Committee

Finance Committee membership

- Representative group from community involving parents, community members and staff
 - Many of whom have financial backgrounds
- To see agendas, presentations, and minutes: www.ccsd89.org/financecommittee

Committee process

- Understanding school funding in Illinois
 - Reviewed financial history and projections for CCSD 89
 - Reviewed CCSD 89 Strategic Plan
 - Discussed education services and programs provided in CCSD 89 (values)
 - Examined various CCSD 89 financial and operating performance metrics (student performance, class size v. staffing ratios, administrator ratios, compensation)
 - Discussed consolidation of school districts
 - Options for solutions to address deficit spending
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Defining the problem

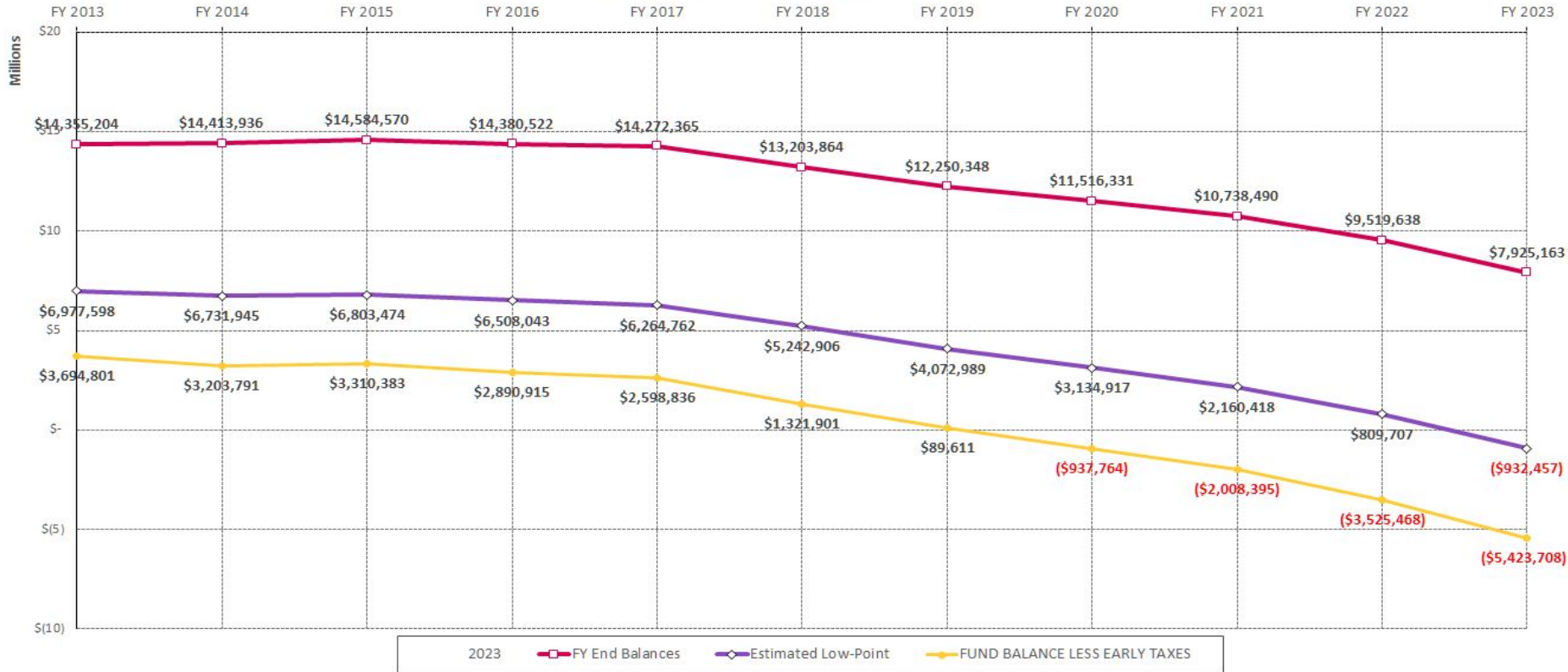
CCSD 89 is operating a deficit budget, and is projected to continue to operate deficit budgets in the future.

Financial projections

	BUDGET		REVENUE / EXPENDITURE PROJECTIONS									
	FY 2018	FY 2019	% Δ	FY 2020	% Δ	FY 2021	% Δ	FY 2022	% Δ	FY 2023	% Δ	
TOTAL REVENUE	\$28,563,793	\$29,186,344	2.18%	\$29,778,242	2.03%	\$30,369,091	1.98%	\$30,970,889	1.98%	\$31,583,866	1.98%	
TOTAL EXPENDITURES	\$29,314,215	\$29,839,926	1.79%	\$30,405,555	1.90%	\$31,040,227	2.09%	\$32,083,037	3.36%	\$33,071,637	3.08%	
SURPLUS / DEFICIT	(\$750,422)	(\$653,582)		(\$627,313)		(\$671,136)		(\$1,112,148)		(\$1,487,771)		
TOTAL OTHER FIN. SOURCES / USES	(\$318,079)	(\$299,934)		(\$106,704)		(\$106,704)		(\$106,704)		(\$106,704)		
SURPLUS / DEFICIT INCL. OTHER FIN. SOURCES	(\$1,068,501)	(\$953,516)		(\$734,017)		(\$777,840)		(\$1,218,852)		(\$1,594,475)		
BEGINNING FUND BALANCE	\$14,272,365	\$13,203,864		\$12,250,348		\$11,516,331		\$10,738,490		\$9,519,638		
PROJECTED YEAR END BALANCE	\$13,203,864	\$12,250,348		\$11,516,331		\$10,738,490		\$9,519,638		\$7,925,163		
FUND BALANCE AS % OF EXPENDITURES	45.04%	41.05%		37.88%		34.60%		29.67%		23.96%		
FUND BALANCE AS # OF MONTHS OF EXPEND.	5.41	4.93		4.55		4.15		3.56		2.88		

Financial projections

Fund Balance Projections



Revenues and expenditures

<u>Revenue by Source</u>	FY 2018		<u>Expenditure by Type</u>	FY 2018	
Local revenues	\$25,617,826	90.76%	Salaries & benefits	\$21,763,852	74.12%
State revenues	\$2,102,355	7.45%	Custodial & transportation contracts	\$1,866,650	6.36%
Federal revenues	\$505,701	1.79%	Tuition - special education	\$1,750,000	5.96%
	\$28,225,882		Food service contract	\$375,000	1.28%
			All other (includes: technology, instructional materials, insurance, legal services, utilities)	\$3,608,595	12.29%
				\$29,364,097	

CCSD 89 - History of fiscal responsibility

- **Financial rating**
 - **Responsible spending for programs and services that lead to quality education**
 - **Managed expenses over the last 10 years by eliminating non-student programs, eliminating support positions, implementing administrative transfer policy, and identifying operating efficiencies**
 - **Consolidation of purchasing and services for: insurance benefits, utilities, transportation, special education, and legal services**
 - **Maintaining our buildings - issuing bonds to maintain safe/secure (every 10-15 years)**
 - **32 years since last tax rate referendum to support school operations - which in 1986 was proposed to last 10 years**
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A 10-year look at CCSD 89

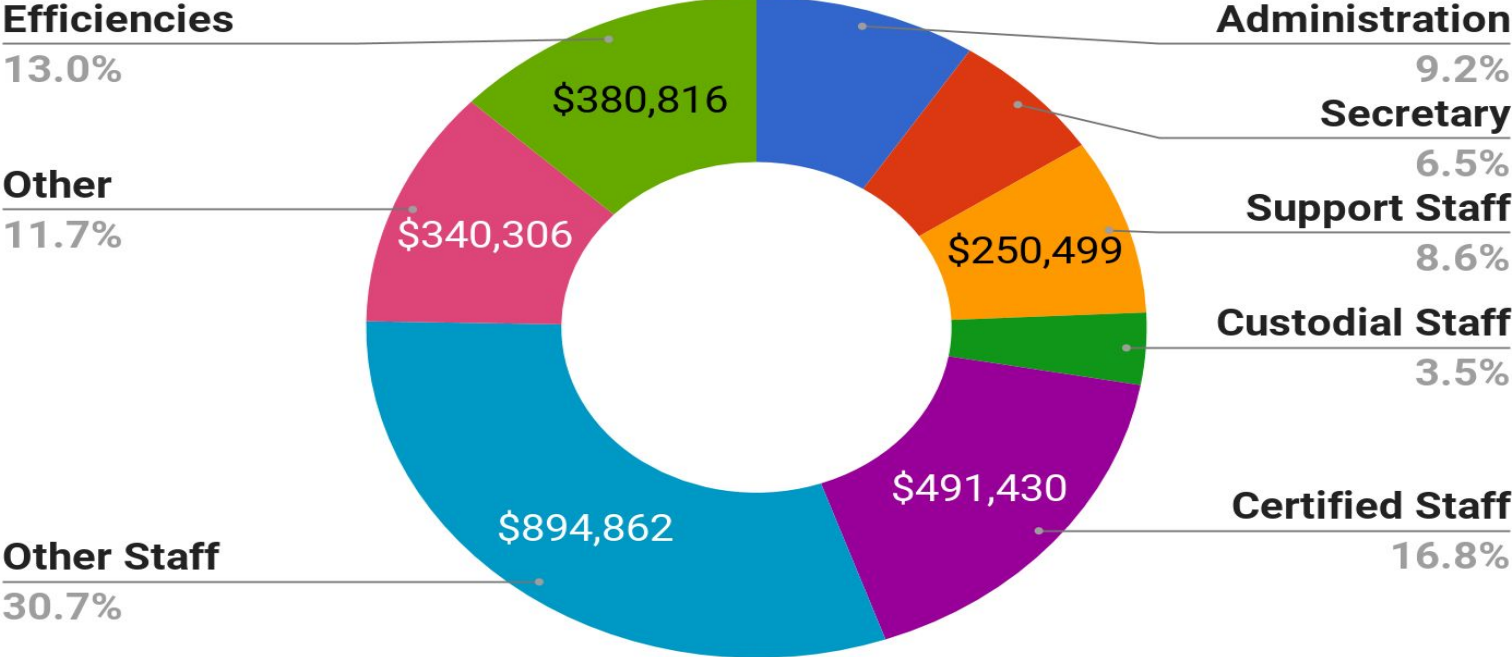
- 5-year projections in 2008 indicated deficits with depletion of fund balance in 2016. Reductions resulted in stabilizing budgets and prolonging the need for increased revenue
 - Additional reductions have not been done at this time as they are in conflict with the core values of the district and strategic plan.
 - Through reductions and efficiencies. Priority has been fiscal responsibility while maintaining a quality education for students in order to provide a strong foundation for their future and keep CCSD 89 a destination for families, home buyers and teachers
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A 10-year look at CCSD 89

- 2008 and 2011 – Finance committee convened and reviewed anticipated deficits, engaged with community and made adjustments
 - Community input: reduce spending outside the classroom before seeking tax increase
 - 1986 since CCSD 89 asked for an operational rate tax increase
 - 2009 – 2016 Reductions/efficiencies of approximately \$2.9 million
 - Staffing reductions in response to enrollment changes
 - Administrative transfer policy: class sizes operating at high end of range versus low end (www.ccsd89.org/classrange)
 - Redistribution of support staff: Instructional support coaches transitioned to full day kindergarten teachers
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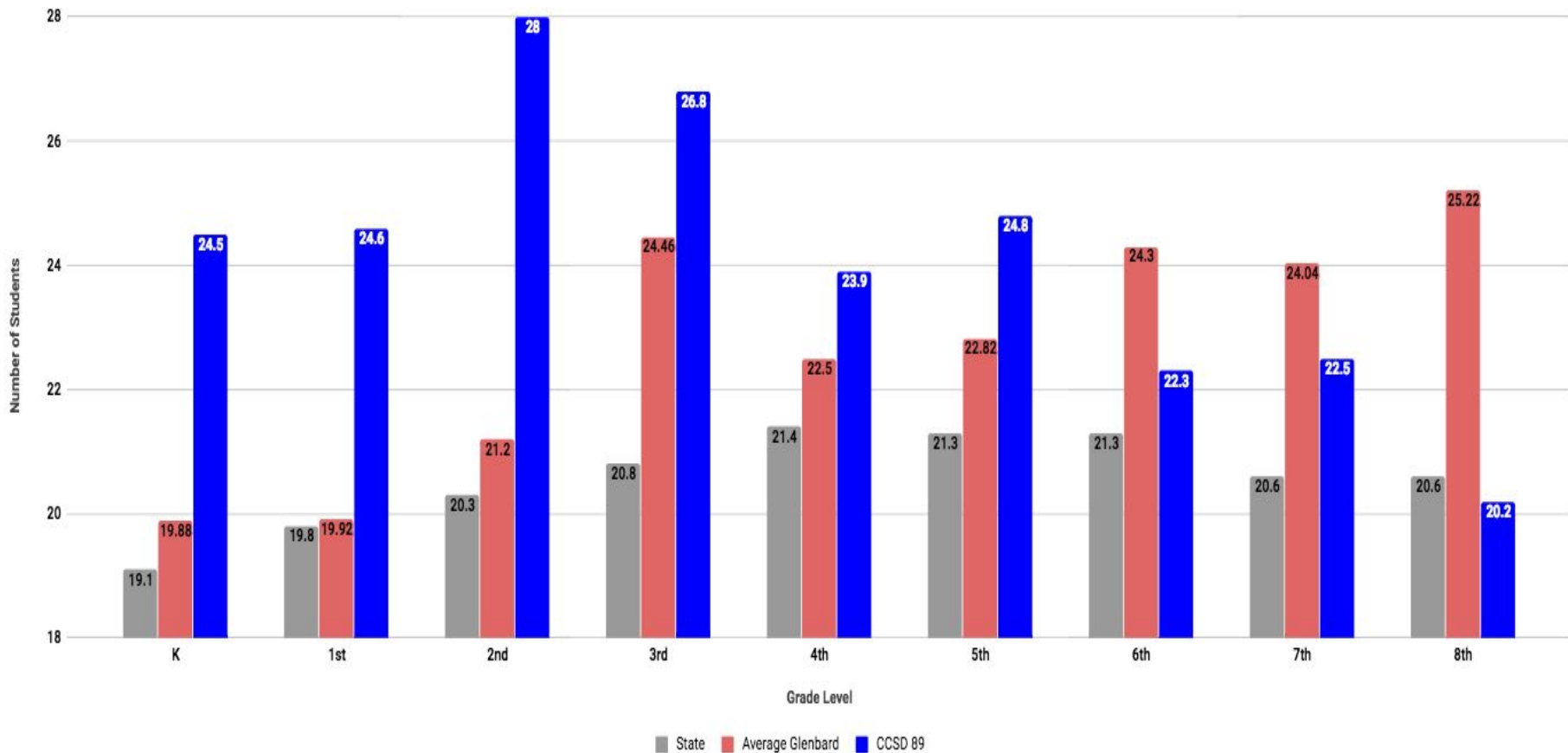
Fiscal responsibility

Reductions from 2009-2016



Total reductions: **\$2,918,703**

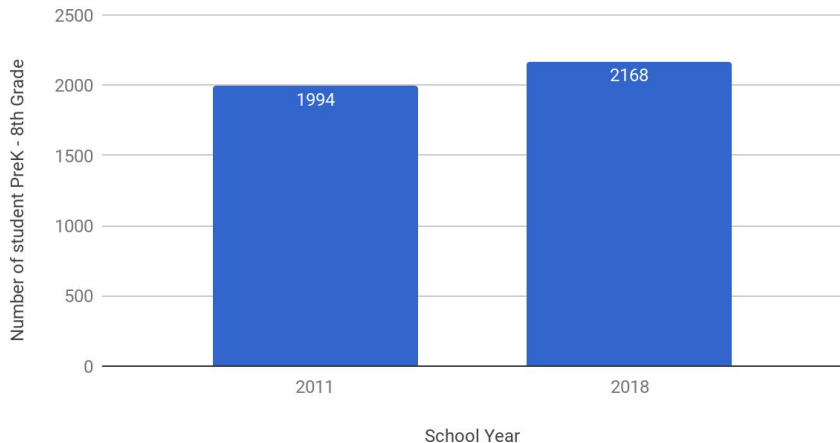
Average Class Size Comparison - Glenbard Feeders, State and CCSD 89



Staffing and enrollment comparisons from 2011 to 2018

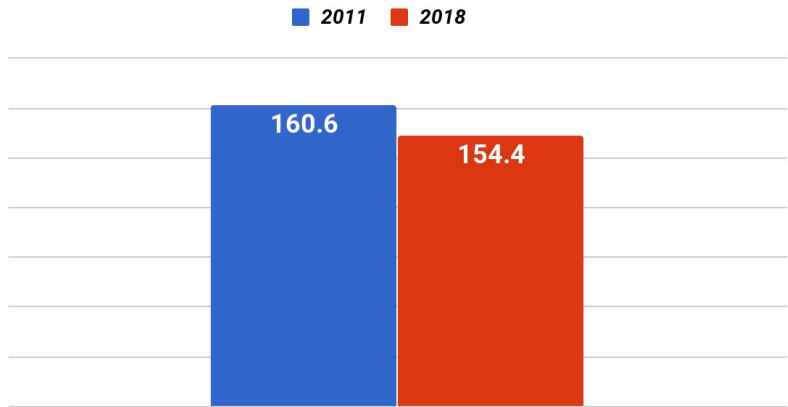
174 more students

CCSD 89 Enrollment Comparison 2011 to 2018



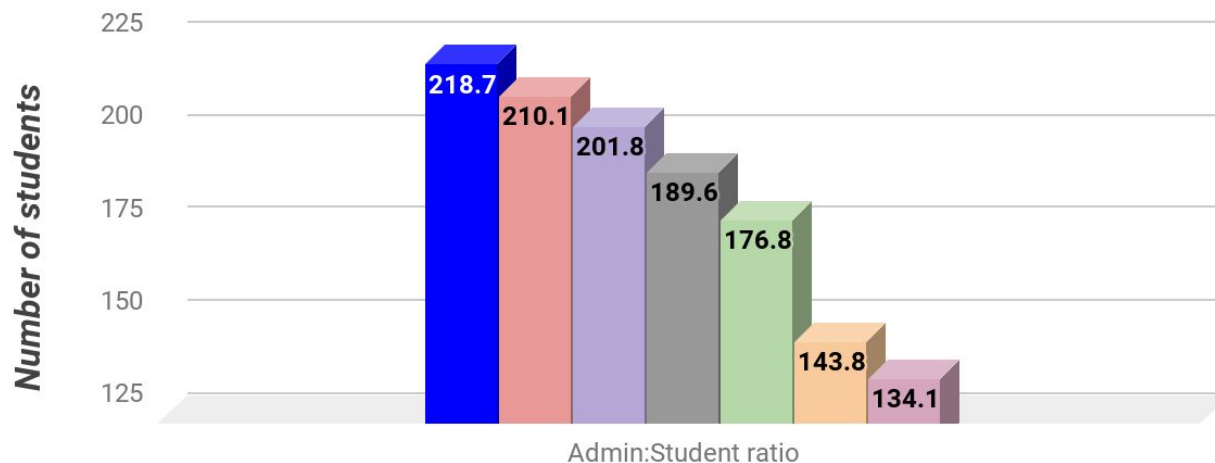
6.2 fewer teachers

Total Number of Teachers in CCSD89 2011 vs 2018



Low administrative costs

Number of students per administrator ratio - 2017

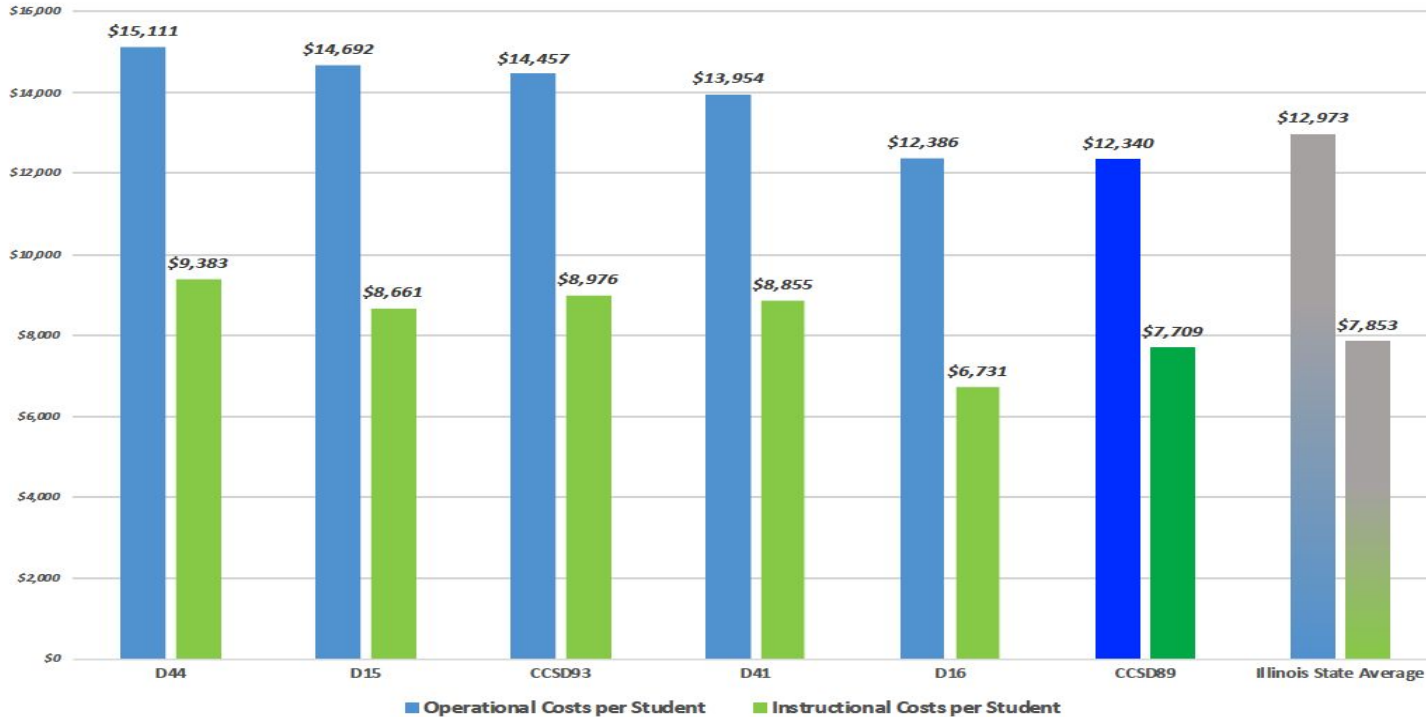


Glenbard Feeder Districts

- CCSD 89
- Glen Ellyn 41
- Marquardt 15
- State
- Lombard 44
- Queen Bee 16
- CCSD 93

Fiscally responsible spending

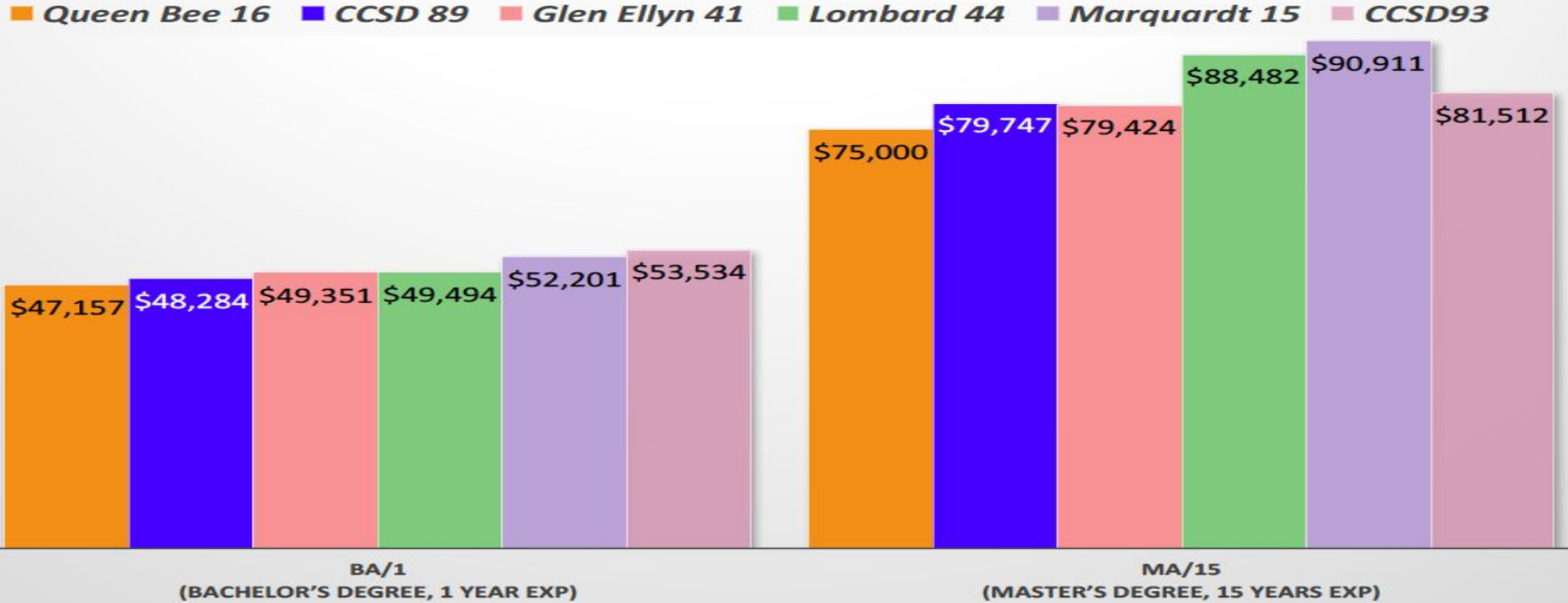
Operational vs Instructional Costs Per Pupil CCSD89 Compared to State and Glenbard Districts



CCSD 89 has the **lowest operational costs** among Glenbard feeder districts, and is **below the state average**

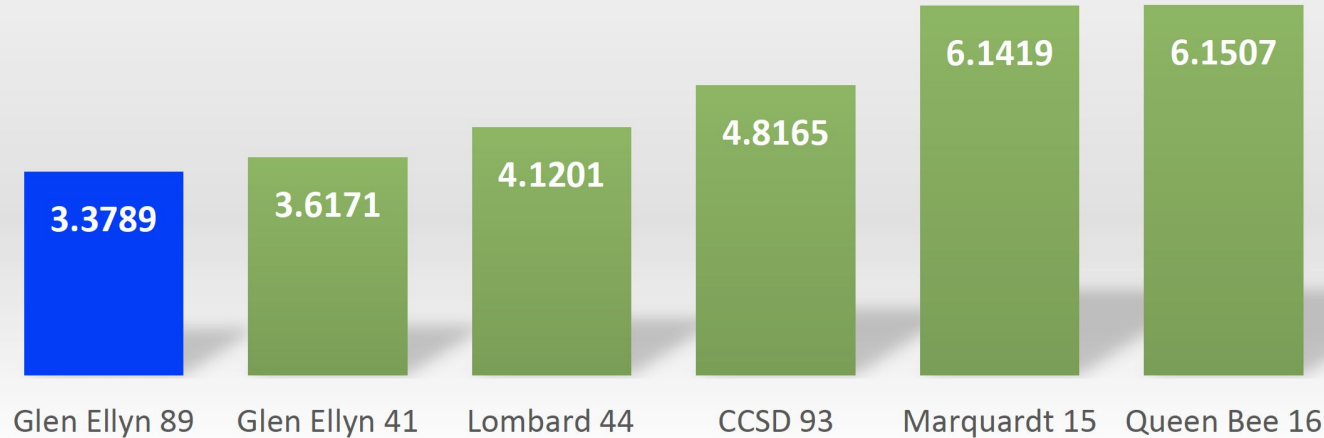
Attracting excellent teachers

Teacher Salary Comparison - Glenbard Feeder Districts (2017)



Low tax rate

Glenbard Elementary Districts 2016 Total Tax Rate



Excellent student performance

**TOP
10**
PERCENT
IN THE NATION
FOR ACADEMIC
ACHIEVEMENT

92nd
PERCENTILE
OR ABOVE
IN READING
AT ALL
GRADE LEVELS

86th
PERCENTILE
OR ABOVE
IN MATH
AT ALL
GRADE LEVELS

85%
OF STUDENTS GO
TO HIGH SCHOOL
AT OR ABOVE
GRADE LEVEL

Why does CCSD 89 have a deficit budget?

- **Costs outpacing revenue**
 - Insurance, transportation, contractual obligations
 - Increasing enrollment
 - 11-percent increase in 5 years; projections show district expected to continue to grow
 - **Investing in students and opportunity**
 - Extending the school day for all students
 - STEM education
 - Access to technology
 - Developing resilient, confident learners
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Finance Committee Conclusions

CCSD 89 cannot continue to operate with a deficit budget

- Depletes fund balance
 - Requires issuing short term debt (tax anticipation warrants) against future tax revenue
 - Negatively impacts district's finance and bond ratings, resulting in higher interest rate on borrowed money, worsening deficit
 - Does not provide a long-term solution for future planning and sustainability
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Finance Committee Findings

- *Option A:* Increase revenue through a referendum to maintain high quality schools, property value and community desirability. Committee feels increase in revenue is a viable solution
 - *Option B:* Cut programs. Committee feels the depth of cuts required to balance the budget goes against the values of the district, the strategic plan, and history of providing high-quality education; an important factor for home buyers
 - *Recommendation:* broader community engagement to expand the discussion about what community values and wants from their schools
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Option A

Increase revenues to continue providing a comprehensive, high quality education

- Avoids cuts to programs that directly impact students which are not consistent with the CCSD 89 strategic plan
- Instructional supports at elementary and middle school
 - Science development and coaches discussed 7 years ago
 - Instructional coaches for curriculum support/development
 - Support staff for students (intervention support to address differing needs)
 - Professional Development for mentorship and teacher training

Impact to homeowner – Each additional 0.10 requested in referendum costs a homeowner \$33 annually, per \$100,000 home market value

Option B

Reduce programs and increase fees

- Reductions totalling \$1.2 million (year 1) including but not limited to:
 - Increased class size
 - Gifted/Challenge services
 - Band/orchestra
 - Physical education reduction and health
 - Social work services
 - Library media center staff
 - Full-day kindergarten
 - Increase Registration Fees
 - Additional fees could generate approximately \$40,000
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Other options considered

Establish a foundation to support needs within CCSD 89

- District will consider forming its own foundation, but...
 - A foundation is not a solution to the current issue of deficit spending
 - Inconsistency: funds raised would be dependent on donations
 - Deficit greater than what could be raised

District consolidation

- Process takes years; not a solution to immediate issue
 - All districts must be on board
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Why does something need to be done?

To sustain the high level of excellence CCSD 89 provides to the students and community.

CCSD 89 has a history of strong fiscal responsibility, thoughtful planning and strong performance. It is important to maintain this tradition.

CCSD 89 has a positive impact on home values and has helped create a desirable location for many. It is important to protect homeowners' investment.

Next steps

- Board feedback
 - Expand finance committee to a community engagement group
 - Partner with Unicom Arc to develop multiple community engagement opportunities to allow community at large to provide feedback
 - April - June
 - Community forum meetings
 - Small group outreach
 - Surveys
 - Report findings and feedback to the Board - July 2018
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