

School District U-46
Elgin, Illinois
August 12, 2019

The Finance Committee of the Board of Education met at 4:30 p.m. in Room 140 of the Educational Services Center, 355 East Chicago Street, Elgin, Illinois, to present and discuss the proposed changes to the FY20 U-46 budget were Board members Sue Kerr and John Devereux. Also in attendance were Tony Sanders, Chief Executive Officer, Dale Burnidge, Director of Financial Operations, Dr. Josh Carpenter, Assistant Superintendent for Teaching and Learning, Dr. Jeff King, Deputy Superintendent of Operations/Chief School Business Official, Lela Majstorovic, Assistant Superintendent of Secondary School Instruction and Equity, and Dr. Ushma Shah, Assistant Superintendent of Elementary Schools Instruction and Equity.

1. Open Meeting and Introduction

Mr. Devereux opened the meeting and everyone present stated their name and title.

2. Presentation and Discussion of the Proposed Changes to Fiscal Year 2020 Tentative Budget

The presentation began with Mr. Sanders acknowledging a recent Daily Herald article regarding Evidence-Based Funding (EBF). Mr. Sanders stated a lot of the investments that have been completed recently by U-46 have been a direct result of the Evidence-Based Funding the district has received such as \$40 million in capital improvements completed over this past summer, 26,000 Chromebooks over the last two years for student use, refreshed computers for teachers, increased administrative support for elementary schools, increased instructional coaches, returned middle school counselors, and continued our deliberate focus to lower class sizes in grades kindergarten through 2nd grade among many others.

Mr. Burnidge stated the budget aligns with the district's strategic plan. Their priorities state they will allocate resources efficiently, equitably and transparently to accomplish priorities and will clearly and effectively communicate their use of resources to the greater community. The Finance Department has for the last three years improved the budget document to meet the requirements of the Meritorious Award.

Mr. Burnidge stated the property tax revenue can grow at the rate of inflation plus revenue from new construction. Mr. Burnidge stated for fiscal year 2020, property tax revenue is project to increase by \$3.1 million. Mr. Burnidge stated the 2019 tax year levy amount will be determined in December. The total tax abatement will be \$9.6 million which is the same as fiscal year 2019. Mr. Burnidge stated over the past two years, the Consumer Price Index (CPI) has increased 2.1percent and 1.9 percent, respectively.

Mr. Burnidge stated in the last few years, as the district has been abating some of the growth, the levy has not increased as much. Mr. Burnidge stated going forward there is about \$6 million a year projected. Mr. Burnidge went over the historical CPI and stated in 2015 it was very low at 0.7 percent and then at 2.1 percent in 2016. Mr. Burnidge stated last year the percentage was 1.9 percent with a projected percentage of 1.9 percent for this year and 2.0 for calendar years 2020 and 2021.

Lela Majstorovic, Assistant Superintendent for Secondary Instruction and Equity, joined the meeting at 4:41 p.m.

Mr. Burnidge stated the district is estimating an increase of \$19 million, for a total of \$197 million. Mr. Burnidge stated this is the largest change from the tentative budget presented in May due to the state passing the budget which included the additional funding. Evidence-Based Funding consolidates and replaces five grant programs (General State Aid, Special Education Personnel, Special Education Funding for Children Requiring Services, Special Education Summer School, and English Learner Education). In response to Mr. Devereux, Mr. Burnidge stated the state passed the budget towards the end of May for a total of \$197.3 million.

Eva Porter, Board Member, joined the meeting at 4:43 p.m.

In response to Mr. Sanders, Mr. Burnidge stated there are always economic possibilities for the Consumer Price Index to fall below the projected 1.9 due to economic downturn such as in 2008.

Mr. Burnidge stated the district is anticipating four quarterly payments for a total of \$27.3 million. Mr. Burnidge reviewed the categorical reimbursements and stated Special Education for 2016 and 2017 the reimbursements were much higher due to still having the state aid in those years. In 2018, the Special Education reimbursement was included into the Evidence-Based Funding which explains the drop off there. The other categorical reimbursements are for transportation and early childhood.

Mr. Burnidge reviewed the federal revenue outlook and stated the funding levels are similar to last year at \$38.8 million. The categories that fall under federal reimbursements are breakfast and lunch, Title I, II, and III, Special Education, Medicaid, and Early Childhood.

Mr. Burnidge went over the fiscal year 2020 expenditure outlook and stated there have been additional staffing positions for Special Education and English language learners, instructional coaches, interventionists and elementary assistant principals in the larger schools. Mr. Burnidge stated employee benefits include a 5 percent increase for health insurance.

Mr. Burnidge stated fiscal year 2020 expenditures include \$38 million for building capital projects including Pathways facility improvements, \$6.9 million for computer equipment, \$4.1 million to replace 43 buses and additional funds are being reserved for innovations proposed by our schools. Mr. Sanders stated he asked the team to include some additional resources in the budget to ensure the district aligns to the Board's five-year vision such as school choice, increase student learning time, provide for additional professional development time for staff, respect the Elgin Agreement using the site exception process that we would consider any proposals that sites can come up with.

Mr. Burnidge stated regarding fiscal year 2020 debt management, there has been principal reduction of \$101 million since the 2015 debt issuance.

In response to Mr. Devereux, Mr. Burnidge stated in the early 2000s once the last referendum went through and South Elgin High School and Kenyon Woods Middle School

were built, the type of bonds that were issued were called capital appreciation bonds and those bonds are really back loaded with the interest payments. The typical bonds the district has used are called general obligation bonds you pay the interest as you go. With the capital appreciation bonds, the interest is really back loaded towards the end of the loan.

Laura Macias, Director of Information Services, joined the meeting at 5:00 p.m.

Mr. Burnidge reviewed the revenue and expenditures across all funds and stated last year's tentative budget presented in May and the current figures in the final budget. The evidence-based funding was the largest on the revenue side. Mr. Burnidge stated when the expenditures are done in May, the actuals go only through March. The remaining three months are projected. When the budget is completed in July, the actual amounts are through the end of the year and provides the district with a better idea of where the district ended up in the prior year and going forward.

Dr. Josh Carpenter, Assistant Superintendent for Teaching and Learning, joined the meeting at 5:08 p.m.

In response to Mr. Devereux, Mr. Burnidge stated the budget could be switched over to actuals by the end of August. There is usually a two month period and moving things into their proper year. The budget can change on a daily basis depending on what comes in.

Mr. Burnidge reviewed the revenue and expenditures by fund and stated the there is a net increase in the operating funds of roughly \$1.4 million, an increase of roughly \$1.7 million in special revenue funds and the debt service fund (with the exception of the capital projects fund) and an increase of roughly \$1.7 million for the capital projects fund.

In response to Ms. Kerr, Mr. Burnidge stated since the district is primarily using property taxes and some of the state funds to fund our ongoing maintenance, the building maintenance and projects are listed under the operations and maintenance fund. In response to Ms. Kerr, Mr. Burnidge stated that property taxes cannot fund the capital projects as there is no levy.

Mr. Burnidge stated the next steps for the fiscal year 2020 budget would be to hold the public hearing on September 9, 2019, to receive estimated final fund balance for fiscal year 2019 and request final adoption of the budget on September 23, 2019.

3. Public Participation

There were no public comments.

4. Adjournment

Mr. Devereux adjourned the meeting.

Approved this 9th day of September, 2019.

/s/ Sue Kerr //

President

/s/ Miguel A. Rodriguez //

Secretary