

Community Consolidated School District 15 Board of Education

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MISSION STATEMENT

To produce world-class learners
by building a connected learning community.



BOARD BRIEFS: *February 8, 2012, Regular Meeting*

Review of Five-Year Financial Projections: Michael Adamczyk, assistant superintendent for business and auxiliary services, presented updated five-year forecasts that continue to show the District's expenditures exceeding its revenues through the 2015-16 fiscal year. Per the Board's request at the January 11 meeting, the updated forecasts included two sets of calculations—one that continues to include new growth in equalized assessed value as a revenue source for the District, and one that excludes it beginning in fiscal year 2013-14.

According to the updated forecasts, the District's projected annual budget deficit for the current year has been reduced from roughly \$6.2 million to \$5.9 million. That shortfall would reduce the District's fund balance from 39.54 percent of its budget, or roughly \$55 million, to 33.83 percent, or roughly \$49 million. Forecasts of future budgets show a steep decline in fund balances over the next five years. If the District should continue to collect revenue from new growth, these annual budget deficits are projected to decrease the District's fund balance to 2.34 percent, or roughly \$3.9 million, at the end of fiscal year 2015-16. However, if it should stop levying for new growth, it would deplete its entire fund balance in 2015-16, and finish the year with an estimated cumulative deficit of \$125,773.

Mr. Adamczyk noted that the projections were built upon a series of assumptions that will change over the course of the five-year forecast. Those assumptions do not include proposed reductions for the 2012-13 fiscal year.

Superintendent's Report: Superintendent Scott Thompson reported that ten District 15 schools made the 2011 Illinois Honor Roll, ranking the District second in percentage of schools appearing on the Honor Roll, and fourth in total number of individual school awards.

Seven of the ten District 15 schools named to the Honor Roll received Illinois Academic Excellence Awards. All seven of the schools have received this honor in the past. Those schools are **Hunting Ridge School** (2005-2011), **Marion Jordan School** (2004-2011), **Pleasant Hill School** (2004-2011), **Plum Grove Junior High** (2007-2011), **Frank C. Whiteley School** (2004 and 2008-2011), **Willow Bend School** (2010-2011), and **Walter R. Sundling Junior High** (2010-2011). The 438 schools that received 2011 Academic Excellence Awards had to meet the following criteria:

- At least 90 percent of students met or exceeded state standards in both reading and mathematics for at least three consecutive years.
- All schools must have made Adequate Yearly Progress (AYP) for the past two years, as required by the federal No Child Left Behind (NCLB) Act.

The three other District 15 schools on the Honor Roll were named Illinois Spotlight Schools. Those schools are **Lake Louise School** (2011), **Virginia Lake School** (2011), and **Winston Campus Junior High** (2010-2011). The 167 schools that received 2011 Illinois Spotlight School recognition had to meet the following criteria:

- At least half of the students enrolled had to be classified as low income in 2011.
- Schools must have made AYP for the last two years, 2010 and 2011, as required by the federal NCLB Act. In 2010, at least 77.5 percent of students must have met or exceeded standards. In 2011, at least 85 percent of students must have done so.
- At least 50 percent of students must have met or exceeded those same standards in the two preceding years, 2009 and 2008.

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ED-RED Council/Legislation: It was reported that there was no ED-RED meeting in February, and that the next meeting is scheduled for Friday, March 2. It was also reported that Gov. Pat Quinn will deliver his budget address on Wednesday, February 22, and his address will be the topic of discussion at ED-RED's March meeting.

District Fifteen Educational Foundation: The District Fifteen Educational Foundation will hold its gala fundraiser, the D15 *Royale* and Art Auction Extravaganza, on Saturday, March 3, at the Meadows Club in Rolling Meadows. It will also host a Family Night with the Chicago Wolves on Sunday, March 4.

Communication Committee: It was reported that the Board's second Community Forum is scheduled for Saturday, February 25, from 9-11 a.m. at the Joseph M. Kiszka Educational Service Center, 580 N. 1st Bank Drive, Palatine. Following a presentation on the District's financial outlook, a panel of Board members and District administrators will lead the forum and take questions from the community regarding the District's finances.

Superintendent's Finance Committee: Mr. Thompson presented the Board with minutes from the committee's January 19 meeting. During the meeting, the committee reviewed the following:

- The method the state uses to calculate its transportation reimbursements.
- The administration's request to forego bidding the District's benefit consultant, auditor, and banking services.
- The causes of expenditure increases since 2009 and the District's projected rate of increase for its contributions to the Illinois Municipal Retirement Fund.
- Recommendations to bring a balanced budget policy to the Board for a first reading, but to postpone the presentation of a fund balance policy to the Board until it can be determined how such a policy would work with the state's financial profile score.
- When to convene the District Insurance Committee.
- A comparison of salary schedules for District 15 and surrounding school districts to be used in the Board's upcoming negotiations with the Classroom Teachers' Council.
- The 2011 consumer price index of 3 percent, which will be the figure used to calculate the District's 2012 tax levy.

2012-13 Draft Budget Reduction Proposal: Mr. Thompson presented the Board with the administration's budget reduction proposal and five-year projections that reflect the impact the plan would have on the District's structural deficit. The proposal specifically outlines roughly \$6.1 million of reductions, which would reduce the District's projected 2012-13 deficit from approximately \$9.6 million to \$3.5 million.

The plan incorporates input the administration received after reviewing a preliminary list of possible reductions with various stakeholder groups during recent budget information forums. For instance, the elimination of elementary band and orchestra programs and after-school activity buses is no longer recommended, nor is an increase in class size targets to 28 students for Grades K-6 and 30 students for Grades 7-8.

Roughly \$3.1 million of the proposed cuts could be made with minor impact on students and programs, but approximately \$3 million of the reductions would directly affect the classroom. Currently, the District's class size targets are: 20 students for kindergarten, 24 for Grades 1-3, 26 for Grades 4-6, and 28 for Grades 7-8. By increasing those targets to 26 students for Grades K-6 and strictly adhering to its prescribed student-teacher ratios, the District estimates it will be able to reduce 26 or more classroom teacher positions (21 of which would be accounted for through upcoming retirements) and save roughly \$1.43 million. Also, reducing the equivalent of four traveling teachers from the District's art, music, and physical education departments could save another \$220,000, and reducing costs for program assistants in regular education classrooms could amount to about \$1.3 million in benefits savings.

These cost-saving steps will need to be discussed with the collective bargaining groups prior to implementation and do not eliminate the District's deficit. Rather, the plan requires it to use approximately \$3.5 million of its fund balance next year, and to continue using more of its cash reserves in subsequent years. By the end of 2015-16, its fund balance would stand at a projected \$28.3 million, or roughly 18 percent of its budget. However, without

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the reductions, the District's 2015-16 fund balance is projected to stand at about \$3.9 million, or roughly 2 percent of its budget.

The proposal also notes opportunities for additional savings related to salaries and benefits, but those savings would also need to be negotiated with the District's labor groups. If agreed upon, those savings could, according to the District's projections, total an estimated \$2.2 million next year and compound to an overall savings of about \$23.2 million by the end of 2015-16. They could, in fact, leave the District in a strong enough financial position to consider reversing some of the proposed reductions.

The Board endorsed the administration's proposed reductions. Now the District will continue soliciting the community's feedback on the plan and incorporating it into a final budget reduction proposal for the Board to act upon at its March 14 meeting.

Citizens Address the Board: Eleven residents addressed the Board on topics related to the budget reduction proposal presented earlier in the meeting. Many of them spoke about multiple subjects. Seven of the residents spoke about teacher compensation, and four of them specifically urged the Board to balance the District's budget through across-the-board reductions of employees' salaries and benefits rather than through the elimination of programs and positions. Three residents spoke about class sizes, and two spoke about program assistants. Also, two residents spoke about the District's music and art programs, and one of them presented a petition signed by more than 1,500 residents urging the Board not to eliminate elementary band and orchestra.

Also during the meeting:

- The Board initially reviewed the following Board policies:
 - 4:10 Operational Services—Fiscal and Business Management (Update to current policy)
 - 4:20 Operational Services—Fund Balances (New policy for D15)
- The Board approved the February 8, 2012, Personnel Report, as presented.
- The Board approved a bid award for Playground Equipment and Installation at Central Road School to Team Reil Inc., Union, IL, for a total bid award of \$21,972.00, as recommended. The recommendation is based on low-bid vendor meeting bid specifications. The expenditure will be paid for by CARE and PTA funds.
- The Board approved the following recommended modifications to the current bid calendar:
 - Banking Bid—Allow the District to forego the Request for Proposal for Banking Services and continue its relationship with Harris Bank for the next three years.
 - Benefits Consultant—Continue the current contract with Gallagher Benefit Services (GBS) on a month-to-month basis, at the current rate of \$4,666.67 per month, until negotiations with the applicable bargaining units is complete.
- The Board directed staff to begin a preliminary investigation into the possibility of forming a consortium of surrounding government entities interested in working together to create an updated prevailing wage cost for the area.
- The Board approved the following 11 consent calendar items:
 - Investment Report
 - January 2012 Treasurer's Report
 - Report of Payroll Vouchers and Invoices
 - December 2011 Activities Fund Report
 - January 2012 Budget Report
 - January 2012 Imprest Detail
 - Purchase Requisition—Apple, Inc.
 - 2012-13 Student and Transportation Fees
 - Special Olympics Overnight Competition
 - Settlement Agreement
 - Destruction of Executive Session Audio Recordings—July 2010
- It was reported that four Freedom of Information Act requests/responses were handled last month.

Next Regular Board of Education Meeting: Wednesday, March 14, 2012, at 7 p.m. at Walter R. Sundling Junior High School, 1100 N. Smith Street, Palatine.