

School District U-46

Elgin, Illinois

August 6, 2018

The Finance Committee of the Board of Education met at 5:15 p.m. in Room 140 of the Educational Services Center, 355 East Chicago Street, Elgin, Illinois, to review the Fiscal Year 2019 Tentative Budget proposed changes. In attendance were Board members Phil Costello, Sue Kerr, John Devereux, Donna Smith and Melissa Owens. Also in attendance were Tony Sanders, Chief Executive Officer, Dr. Jeff King, Deputy Superintendent of Operations/Chief School Business Official, Dale Burnidge, Director of Financial Operations, Robyn Cornelissen, Financial Controller, Dr. Suzanne Johnson, Deputy Superintendent of Instruction, Dr. Josh Carpenter, Assistant Superintendent for Teaching and Learning, Dr. Ushma Shah, Assistant Superintendent of Elementary Schools Instruction and Equity, Melanie Meidel, Assistant Superintendent of Human Resources, and Mary Fergus, Director of School and Community Relations.

1. Open Meeting and Introduction

Ms. Kerr opened the meeting and everyone present stated their name and title.

2. Presentation Regarding Fiscal Year 2019 Tentative Budget Proposed Changes

Mr. Burnidge began the presentation by covering changes to the Budget following the June Finance Committee Meeting. Mr. Burnidge stated there was a total abatement of \$9.3 million dollars. The evidence-based funding increased by \$18 million due to the increase funding from the state. The final calculations are still being worked out. The first payment will be received on August 10, 2018. There is a correction window until the end of September where the amount could change. The property tax portion of the budget is still being developed. The state is still working on the \$50 million dollar property tax portion of the budget if some of the funds are not used. The state would likely add those funds into the formula in April.

Ms. Kerr asked if the state has decided how they are going to make the funds available and if the funds were accessible at this point. Mr. Sanders responded the state has not decided how they are going to make the funds available to school districts. It may be done through an application process. The District has not yet seen any applications nor does the District have any details from the state at this point.

Mr. Burnidge stated the salary estimates have been updated based on the FY18 actual expense. There has been a total increase of \$3.5 million dollars from the tentative budget. This number includes the additional instructional coaches for Title 1 schools. Benefits were updated and thus show an increase of the medical insurance estimate of \$2.2 million dollars due to claims experience. For the capital outlay expenditures for buildings the District has added \$6 million dollars and \$3.5 million dollars for tech equipment. A total of \$6 million dollars has been added for contingency.

Mr. Burnidge stated that between all funds (revenue and expenditures), the District is looking at a surplus of \$3 million dollars across all funds.

Mr. Burnidge stated the next step would be to present the final budget on August 20, 2018, and to have the public hearing on the FY2019 Budget on September 10, 2018. Mr. Burnidge stated the District should receive the final certified fund balances the same day as the request for Final Adoption of the Budget which is on September 24, 2018.

Ms. Kerr noted there was an \$8.8 million dollar deficit for the FY18 budget. Mr. Burnidge responded the District anticipated spending down some of the working cash funds but the Evidence-Based Funds were received, relieving the deficit. Mr. Burnidge further stated the recent bus purchase will be reflected under FY18.

Mr. Costello asked about categoricals and the fact they swing back and forth between the two fiscal years. Mr. Costello asked what was the projection for FY19. Mr. Burnidge responded that there are about \$6 million dollars in categoricals the state owes the District. If the payments are not received by August, the payments will be listed under FY19. Mr. Burnidge stated the total amount of categoricals is down from last year as a number of the categoricals were for special education and moved into the Evidence-Based Funding as well as the English Language Learners categoricals. Mr. Costello asked whether it was projected to have to push anything into FY20 that should have come in for FY19. Mr. Burnidge stated the District puts in for four quarters. The District received four quarters in last year but one was from the prior fiscal year.

Mr. Sanders stated the District is going to apply for the property tax abatement. Should the state not utilize all of the funds, at the end of this year, they will redistribute those funds through the new funding formula. Ms. Kerr asked if the District was aware of the criteria used to determine who would get the tax money. Mr. Sanders responded that the way the statute is written, it would identify Districts who are overtaxing their residents based on poverty counts. Mr. Sanders stated School District U-46 would be in a prime position to receive some of those funds.

Ms. Owens asked if the adjustments have been made to the budget due to the charter school. Mr. Burnidge responded not any that the District didn't already have in the tentative budget. The charter school enrollment has a small amount of past U-46 students. Mr. Sanders stated he had been in communication with EMSA earlier in the year. The District received a list from EMSA regarding the students they were pulling which allowed the District to see what impact it would have on staffing. There was not enough students from any one particular school to reduce our staffing at any school. Mr. Sanders stated the EMSA principal communicated that half of their students were coming from private schools and the other half from U-46.

Dr. King stated the biggest changes were in salaries, health insurance and capital. The District has placed more funds into capital and contingency. The District still has funds in working cash. Administration is not proposing the working cash fund be drawn down again. The District will use the \$20 million dollar funding. Ms. Kerr asked if employees

will see a health insurance increase? Dr. King responded that the increase will be shared in late September/early October at the same time as the open enrollment period. The Health Insurance Committee has already seen the tentative changes. The increase for the family plan is about \$100.00 more per year roughly.

Ms. Owens asked regarding the increase in capital outlay. Dr. King responded by stating the District doesn't have the staff to manage all the capital projects needed. Dr. King stated an area of concern has been the curbs and driveways in the Bartlett area. Dr. King stated they need to be reassessed. The District had an outside company prioritize the school's needs. Dr. King stated Administration needs to reassess the list to create a top 10 and complete the top 5. Dr. King would like to focus attention on driveways, curbs and playgrounds and stated the planning phase for next summer starts in the next couple months.

Mr. Burnidge stated that due to the Charter School Commission approving their charter and not the District, the Charter School funding is all separate. The District will not see any of the funding. Mr. Burnidge stated EMSA will have their own enrollment count. Dr. King stated that every student enrolled with EMSA will be a deduction from U-46 as long as they live in the school district. The funds are parsed off before the District's formula is started. Mr. Sanders stated there is a bill in the legislature to address the per capita tuition charge but the per capita tuition charge will have to change in light of the Evidence-Based Funding Model but that has not been done yet. Mr. Sanders stated the District would check with the state to see how they process that.

Mr. Sanders stated there is an Evidence-Based Funding Committee formed with individuals with whom he has worked closely. The first meeting took place a month ago. Mr. Sanders stated some spending is required such as special education but that most of the new funds do not have requirements. Mr. Sanders stated the legislature is going to expect to see how the District is tying these resources back to support students.

3. Public Participation

There were no public comments.

4. Adjournment

Ms. Kerr adjourned the meeting.

Approved this 10 day of September, 2018.



President



Secretary