

**MINUTES OF SPECIAL MEETING,
BOARD OF EDUCATION, SCHOOL
DISTRICT #225, COOK COUNTY,
ILLINOIS, FEBRUARY 4, 2002**

A special meeting of the Board of Education, School District No. 225 was held on Monday, February 4, 2002, at approximately 7:30 p.m. at the Glenbrook High Schools Administration Building pursuant to due notice of all members and the public.

The president called the meeting to order. Upon calling of the roll, the following members answered present: Long, Matsakis, Olson, Rogal, Shaer, Torf. Absent: Beyne. Mrs. Beyne arrived at approximately 7:35 p.m. Also present: Dill-Varga, Freeman, Hales, Helander-Heiser, Lacivita, Perisho, Riggle, Schilling, Smith, Taccona, Tuttle.

RECOGNITION OF COMMUNITY VISITORS

Matt Whipple, 3948 Dennis Court, stated that it has come to his attention that the board and district administration is preparing some longer budgetary plans and he hopes the GEA, teachers and staff members will be consulted for input with regards to the strategic planning process.

DISCUSSION REGARDING 2002-2003 DISTRICT BUDGET

Dr. Hales reviewed the items considered in the budget process which include certified staffing, support staffing, special education staffing, building operating budgets, capital outlay, technology and facilities plan. In the past these items were brought to the board separately. One of the major goals this year is to work on a synchronized budget process where all the pieces fit together. The administrative team has been working on this over the past several months. Staff members have provided input in some of these areas. Dr. Hales stated that as Mrs. Perisho works on the technology plan, she will conduct discussions and focus groups with members of the staff. Central office administrators, building principals and associate principals have assisted in data collection and discussions.

Dr. Hales stated we will be drawing down our reserves over the next several years at a pace that may be faster than anticipated. The administration struggled with how to maintain safe schools and the quality educational programs that our students deserve and remain under the umbrella of fiscal responsibility. More needs have been identified than can be met, so they have been prioritized. Dr. Schilling has determined the fiscal impact of the first priority requests.

Dr. Hales said the issue of educational planning came up in discussion and this has not fallen in place as the administration would have liked. We have progressed with the North Central process which is geared to student achievement. While the administration hoped more program issues or evaluation would have evolved from the process, it may not. We know other aspects of our educational program plan needs to be completed and the goal is to complete it in conjunction with the budget process next year. Budget information, projections and supporting documents were provided to the board.

Dr. Schilling stated that the board requested some changes in the board policy and procedures 4010 Annual Budget. He prepared draft revisions to the policy to reflect how we have operated in the past and incorporated some proposed changes. The key changes reflect the five priorities the district has followed which are: 1) maintain adequate reserves, 2) provide for staff and operating expenses due to changes in enrollment to insure students have the same educational opportunities now and in the future, 3) maintain our tax rate as an equity issue for our taxpayers, 4) not increase our overall indebtedness, 5) maintain safe and operationally sound facilities.

Dr. Schilling said that one of the advantages of this process is addressing the entire budget at one time. When you look at the priority list and see there are \$20 million in requests, value judgments can be made. In the past, it was harder to do that because some things were approved before others. Now everything is on the table at once and you know exactly what is being approved or disapproved.

Dr. Schilling stated the administration adjusts building operating budgets based on enrollment. Dr. Schilling explained reserves and their purpose. We have tried to maintain 33% operating reserves. He stated that the board decided to do a working cash fund bond issue and an alternate revenue bond issue. The alternate revenue bond issue was predicated on projections made based on the number of students and financial information related to the Glen, along with other economic assumptions. We will pay \$2.5 million for a number of years out of our general operating revenue each year to pay off those bonds. At some point in the future, around 2012, we would have the ability to refund the outstanding alternate revenue bonds because our working cash fund bonds will be paid off. Working cash fund bonds are outside the tax cap and alternate are within the tax cap. In approximately ten years we will be able to move \$2.5 million dollars a year outside of the cap and we will recapture the \$2.5 million on an annual basis for use.

Mr. Matsakis asked if energy savings are reflected in the building operating budgets.

Dr. Schilling stated the energy savings are reflected.

The certified staffing plan is the actual dollars for the number of staff that need to be added this year for enrollment. Staff increases are based on enrollment.

The educational support staff increases are also based on enrollment.

Dr. Schilling stated that three big economic changes have occurred since the facilities master plan was completed. The first is the number of students from the Glen has been significantly lower than originally expected. The bulk of the high school age children are going to parochial schools and the bulk are preschool through grade 3. Part of what was supposed to pay for the construction was the money from the Glen, but these students are not showing up. Without the students showing up, we don't receive any money. We have a projection with no students generating money because they are make whole payments. The bottom line is when you look at the enrollment data we still need what we are building because the enrollment at South is going to be higher than originally projected, but not more than the 2,700 which is the building capacity. Dr. Schilling stated that is one of the most worrisome pieces of the financial puzzle is what happens with the Glen, when do the students show up and when will we receive the money. On the original projections within five or six years we would be collecting almost enough money based on the original projections to pay the full alternate bonds off each year, so it would basically be a wash. The second economic change which has occurred is that interest income has dropped significantly. Dr. Schilling stated if there is an economic recovery, then interest rates will rise. The third change occurred during the past fiscal year when Maria Pappas determined that all their debts owed for property tax appeals that settled were never paid out and she has been distributing money. District 225's debt was \$2.7 million dollars. If those appeals were settled within the same year we wouldn't be missing any money because we're not at our maximum tax rate, but since they were postponed, settled and paid out, all the payments are being made from the current year. They go back to 1992, 1993, 1994. Dr. Schilling stated the only way to recoup the money is if something happens legislatively or if there is a legal opinion. Right now there is nothing in the law that would provide for an insufficiency levy which basically means we lost money that we shouldn't have and therefore we can recoup the amount of the money that is lost. There is an insufficiency levy in the law for bonds, but not for operating funds. These factors account for a reduction of about 28% in our projected reserves. Unless the economy turns around and we get some additional students from the Glen 33% reserves for the next 10 years is unrealistic. Two positive things are we haven't spent everything in the budget. There is probably a percent or percent and a half, so we could end the year in each one of these years with money that can be used to pay for program improvements or priorities or add to the fund balance. Retirements tend to help us, not the first year or two, but two years down the road, and they have a significant long term effect.

Dr. Schilling stated some major repairs and infrastructure will be necessary in the next 5-7 years. He suggested that whatever money is left over after addressing the priority one items in the facilities master plan remain there to take care of repairs.

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Dr. Riggle stated that there are two parts of the proposed budget which are essential for the schools to move on with work they have to do during the spring. One is hiring certificated staff. If we don't move on the hiring process, the quality of our candidate pool will decline. The second is the building of the building budget. We have to work with what you give us so that we can tell the people in the departments what they can and cannot have. Right now the departments have given us their requests for next year and put them in a holding pattern until we can find out what we will receive. If we don't have that by early March, the buildings will have difficulty getting everything done by the time everyone leaves at the end of the school year.

Mr. Olson stated what the board will find there are areas within the budget they can approve and some areas will take more time. Mr. Olson commented that staffing is relatively perfunctory in terms of approval. More discussion may be required regarding the building budgets.

Dr. Schilling stated the previous approach allowed decisions to be made in a timely fashion. Ideally building operating budgets were approved the first meeting in December because that is the perfect time for the schools to do their building budgets and staffing. There are some good and bad aspects of the new process.

Mr. Olson stated that for the first time he has all the figures in one document, even though he recognizes they are estimates and projections. The process may have pushed the process out a month and a half, but Mr. Olson stated it is a huge improvement in terms of helping him meet his obligation as a board member.

Dr. Riggle stated he understands Mr. Olson's perspective, it would be helpful if the board could focus some of the discussion on those areas early.

Mr. Olson stated because of what our common practices tended to be, the board recognized that there will be certain items which the board decides not to fund at the district level. It leaves it then to the discretion of the sites to use their site budgets to make a decision that something is a higher priority and reallocate the money at their sites to deal with those in a different priority than the board may have wanted them to.

Mrs. Long stated the reason why she thinks it is important to look at the entire budget at one time is not only do the principals need to know which way they are going and the money they have to use, but the board needs to know which way the district is going. Mrs. Long said it is important for the board and administration to look at the budget together as a team. She said that although she understands the date crunches and has every intention of trying to meet them, she still thinks it is extremely important that the whole team understands the direction we wish to go.

Dr. Schilling reviewed all the aspects of the long range financial projections including certified and educational support staff needed to open the building based on enrollment. employee benefits, retirements, building, TRS increases, food service, building operating budgets, capital outlay, special maintenance projects, debt services, and tuition.

Dr. Tuttle explained costs and increases related to special education. The cumulative numbers are adjusted each year based on the previous year's information and adding a new set.

Mr. Lacivita stated he added two special education teachers a year in his projection. He reminded the board there are three other high school districts in NSSD and their average percentage of special education students relative to their total population was 14.7 and ours is 9.8. The five feeder elementary districts' average is 16.4. He commented that he believes if the district is going to err, we should err on the high side for expenses and on the low side for revenue, at least in a projection. Finally, the board has relatively little control over special education. The federal government is basically usurped local control. When you declare some eligible for special education, the determination of those services is transferred to the federal government.

Dr. Schilling stated that the budget discussion will be placed on the agenda for Monday's board meeting. He asked whether the board would like to discuss the principal's priority one issues or what they would like to discuss. Dr. Schilling stated they need to choose some dates for approval. He said the board can't solve the problem of some of the economic changes in the next three or four months anyway. Dr. Schilling suggested playing it a year at a time and developing a long term process.

Mrs. Long stated she would like the board to come to a decision regarding reserves, staffing and hear more information about what is included in the operating budgets to give the board more insight into the whole picture.

Mrs. Rogal thanked Dr. Schilling and everyone involved in gathering information for this evening's meeting. Hopefully the board can move on in a positive fashion.

MOTION TO MOVE INTO CLOSED SESSION

Motion by Mr. Matsakis, seconded by Mrs. Torf, to move into closed session at approximately 9:45 p.m. to consider student disciplinary cases (Section 2 (c) (9) of the Open Meetings Act).

Upon calling of the roll:

aye: Beyne, Long, Matsakis, Olson, Rogal, Shaer, Torf

nay: none

Motion carried.

