



**PROSPECT HEIGHTS DISTRICT 23
BOARD OF EDUCATION
ACTION ITEM**

Date: March 14, 2024

Title: 2024-25 Preliminary Budget Guidelines and Assumptions - DRAFT

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BACKGROUND INFORMATION

Budgets are estimates of projected revenues and expenditures for a specified period of time. For school districts this is a one-year period (fiscal year), which runs from July 1 through June 30.

In December 2023, the Board of Education approved its 2023 Property Tax Levy having made the following adjustments in order to maximize funding to the Education Fund:

- Continued to Reduce the Extension to Transportation
- Reduced the Extension to Tort

The District continues to look at increasing efficiencies across all programs. Currently, budgeted Operating (10, 20, 40) fund revenues for FY24 are estimated at \$26,931,321.00. Budgeted Operating and fund expenditures for FY24 are estimated at \$26,746,697.

Projections as of January 31, 2023 show expenditures under budget and revenues getting closer to their regularly scheduled disbursements, following two years of delays. Other revenues are coming in as projected and spending is on track with prior years. As we work to close out the fiscal year, we will continue to keep the Board informed of the progression of all revenue receipts.

ADMINISTRATIVE CONSIDERATIONS

The Board of Education has authorized the development of the District's budget for the 2024-25 fiscal year.

Based on changes in economic conditions at the local, state, and federal level, these estimates are subject to change since many factors that impact the new budget are unknown during the

early stages of its development. As financial data is updated, we will adjust the District 23 budget accordingly.

Listed below are the guidelines, assumptions, and parameters that will be used in developing the 2024-25 budget:

REVENUE

- State funding for the 2024-25 school year is projected to minimally increase. This will continue to be beneficial for District operations.
- We continue to receive quarterly grant revenue on a reimbursement basis from our available funding. As was the case with FY24, we will allow for the rollover of unused grant funds to be spent in FY25 but are pushing for the prompt reconciliation for year-end expenditures.
- The Equalized Assessed Valuation (EAV) for 2022 was \$667,751,656 up from 2021's EAV of \$554,709,239.
- Next year's overall tax receipts are based on the Consumer Price Index (CPI), the estimated new growth to the tax base, the impact of tax caps, and refunds and will be limited by PTELL.
- The Consumer Price Index (CPI) reported as of December 31, 2023 is 3.4%. As we are subject to the Property Tax Limitation Law, our property tax revenue increase due to CPI will be limited to CPI.
- Evidence-Based Funding (EBF) 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. EBF distributes these funds through a single grant, called the Base Funding Minimum. EBF funding for the 2024-25 school year is expected to reflect minor increases.
- Interest rates on investments continue to remain relatively low. During 2024-25 it is anticipated that rates will increase incrementally. District 23 continues to receive less interest income based on deferred and delayed state and local revenues.
- Property taxes are the District's largest source of revenue for 2024-25. While we have enjoyed historical collection rates of 99% - 102% (prior years' collections), We have seen two years of delayed collections. For 2024-25 we will likely be budgeting our tax revenue closer to 95-97% to account for unanticipated Cook County delays.
- Facility rentals have returned to their pre-pandemic levels with the two Polish Schools and The Day Group fully in-person. 2024-25 should continue to realize increasing revenues from these and other new renters.

ENROLLMENT

- The three-year cohort survival enrollment projections will be used in calculations for enrollment related budget allocations as show below:

Cohort Survival Rate Applied - Total Enrollment Projections										
Grade	History							Current	Projected	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
K	130	137	148	122	145	148	133	124	119	120
1	164	153	138	159	150	148	167	154	140	134
2	184	165	157	143	162	151	153	175	165	150
3	196	176	161	149	141	159	161	155	184	174
4	147	187	172	158	144	132	161	169	160	190
5	157	152	182	169	159	148	138	161	174	165
6	196	156	159	182	170	159	155	147	166	179
7	180	201	158	159	183	183	165	158	151	171
8	160	179	196	162	166	180	183	174	162	156
Total Enrollment	1514	1506	1471	1403	1420	1408	1416	1417	1422	1439

SALARIES

- Increases to (PHEA and SEIU) employees' base salaries have been negotiated at an increase of 4.5% and will be reflected in the preliminary budget.
- Administrator and director salaries will be negotiated for a start date of July 1, 2024.

STAFFING

- The staffing calendar identifies the dates that staffing decisions are scheduled. As specific staffing decisions are made, adjustments will be incorporated in the budget.
- For the purposes of the development of the preliminary 2024-25 budget, staffing has been determined based on estimated student enrollment, program needs, and funding sources.
- Review and plan for reallocation, attrition, and efficiency of operations based on program needs and funding sources. At this time, six full-time (four certified and two ESP) staff members will be retiring at the end of the 2024-25 school year.
- At the March 14th Board meeting, the proposed staffing plan for the 2024-25 school year will be discussed which reflects an approximate \$110,000 reduction in staffing costs.
- Other Staffing Considerations:
 - The annual staffing contingency of \$55,000 may be eliminated

- Contracted Services add of \$35,000 for ALOP Alternative Learning opportunities Program Student Advocate
- The Administration is actively seeking candidates for Nurse, LPN, and Speech Pathologist to reduce our dependence on outside contracted services.

SEIU Custodial Association (SEIU) Staffing

- Review and plan for reallocation, attrition, and efficiency of operations based on program needs and funding sources. At this time, there is one projected custodial retirement through the end of the 2023-24 school year.

Educational Support Staffing

- Review and plan for reallocation, attrition, and efficiency of operations based on program needs and funding sources.

BENEFITS / INSURANCE

- For 2024-25, insurance markets are projected to remain challenging. This year the premium for the District's property and liability coverage offered through the Suburban School Cooperative Insurance Pool (SSCIP) reflected an increase of approximately 10% over last year's premium.
- The District's commitment to SSCIP Cyber Toolkit and dedication to ongoing staff training and network monitoring has resulted in a premium decrease for the 2023-24 school year of approximately -6.9%, from \$19,976 to \$18,598. Because of our commitment to cybersecurity, the District has been able to exercise its option to increase our cyber aggregate limit to \$3,000,000.
- With regard to our medical and dental benefits, the Educational Benefits Cooperative (EBC) is currently projecting a 9.3% increase in PPO and a 11.9% increase in the HMO option for health insurance costs. Dental insurance is expected to increase 7.4% in the coming year. Increases to employee benefit costs have been projected and will be reflected in the preliminary budget.

BUDGET ADJUSTMENTS

- In general, line items for purchased services, supplies, and equipment are being frozen or reduced based on actual spending amounts.
- To support programmatic needs, the following adjustments will be made to the 2024-25 Budget:
 - As has been previously discussed with the Board, an allocation of \$115,000 will be requested for replacement of all District wireless access points. These access points are eligible for a E-Rate reimbursement in 2025 as they have been included in the Fall 2023 RFP (470) request.
 - The Per Pupil Allocation will again be held at \$188.00/student for the 2023-24 school year. This amount has been held since the 2019-20 school year. As we have eliminated the practice of allowing for budgetary carryovers, principals have

been encouraged to spend their budgets thoughtfully and within the appropriate school year. We will continue the non-discretionary set aside amount equal to 25% of the Cost Per Pupil (\$47/student) for furniture replacements. We will also continue to budget an additional non-discretionary allocation of \$50,000 for the District-wide Furniture Replacement Plan to be split between the buildings based on a per-pupil basis.

SPECIAL EDUCATION

- 2024-25 NSSEO tuition costs and programs are being reviewed and budgeted by NSSEO. Final NSSEO program costs will reflect necessary changes with the member districts' shares being budgeted by each district.
- Administration will continue to budget for the needs of its current Special Education population. Additional funds will be allocated in the Special Education functions for unanticipated student outplacements and obligations.

CAPITAL PROJECTS

- Phase 1 of our Windows, Siding, and Door replacements will take place this summer at Betsy Ross, Anne Sullivan and Grodsky Administration Buildings. Total anticipated costs of the project are \$2.3M.
- Approved capital projects will continue to be funded largely by the Fall, 2022 Working Cash Bond proceeds. Total Fund 60 work for 2024-25 will include the Phase 1 Window Work on the main campus, and potential funds for fencing, concrete and pavement repairs as well as sealcoating and striping work.
- Fund 20 projects for 2024-25 will include ongoing facility maintenance and repair work with the budget remaining flat.

TECHNOLOGY

- Technology Services is anticipating continued replacement and updates of equipment and applications during 2024-25.
- Ongoing cabling, network upgrades, replacements of access points, staff and student devices, and continued support of instructional software needs remains a priority and will be budgeted with existing allocations.

TRANSPORTATION

- The transportation contract with First Student was verbally re-negotiated for an additional one-year term, effective August 1, 2024.
- For 2024-25 increases in student transportation costs are estimated to be budgeted at a 7.5% increase based on our current contract, fuel costs and usage of taxi transportation for SPED and McKinney-Vento students.

- While transportation revenues continue to be a concern based on possible State transportation revenue prorations and reductions, we have not yet received word of any planned reductions for the 2024-25 school year.
- Administration continues to review options for student transportation cost containments through route refinements and pairings.

TRANSFERS, LOANS, AND ACCOUNTING RECOMMENDATIONS

- The transfer from Operations and Maintenance to the Capital Projects Fund may be recommended for the funding of future capital projects.
- The State of Illinois makes employer pension contributions directly to Teachers' Retirement System (TRS) on behalf of the District. Since the District has no responsibility in oversight of the process and the net effect on the annual budget is \$0, the District will not include an estimate for these "on-behalf" receipts and disbursements in its budget.
- Through the district's audit firm, Baker Tilly, the Business Office has successfully transitioned to a modified accrual basis of accounting and will work to implement recommended adjustments for increased transparency.

RECOMMENDED ACTION

That the Board of Education approves the proposed guidelines, assumptions and budget adjustments relative to the preparation of the 2024-25 fiscal year budget.