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To: The Board of Education and Dr. Patrick Broncato, Superintendent
From: Curt Saindon, Assistant Superintendent for Business Services/CSBO
Date: February 19, 2026
Subject: Business Services Update

Accounting/Financial Reporting

January's ending fund balance totaled \$58.40M, down by \$3.17M from December's ending fund balance of \$61.57M. We collected \$1.45M in revenues and paid out \$4.62M in expenses in January. January's revenues and expenses were fairly typical for this time of year, coming in at just under \$1.5M and \$4.7M, respectively. January is our fourth "normal/typical" month of the year and we will continue to steadily draw down fund balances through May, when we get our first early tax payment for next year in early June. After receiving our second large property tax installment on September 5th we were at our "high water mark" for fund balances for the year (at \$73.62M), and we will rely on those reserves to carry us through May as we draw down our fund balances to the \$45M to \$50M range (our low water mark for the year).

January expenses totaled \$4.62M, and included \$1.135M in regular board bills, with about \$316K of this total in the Education Fund, \$92K in the O&M Fund, \$485K in the Transportation Fund, \$213K in the Tort Fund and \$30K in the Capital Projects Fund. We also processed two regular payrolls in January, accounting for about \$3.49M in payroll expenses. Our fund balances typically decrease in July and August, then increase significantly in September, before decreasing for the rest of the fiscal year until June. In January we booked EBF State Aid (\$427K), CPPRT Receipts (\$40K), Net Interest Income (\$159K), State Special Ed Reimbursements (\$120K), State Transportation Reimbursements (\$345K), Food Service Receipts (\$77K), IDEA Reimbursements (\$14K), Medicaid Reimbursements (\$136K) and Title Grant Reimbursements (\$127K). This represents almost 99.4% of all revenues collected in January. Overall, we were at \$58.40M in reserves at the end of January this year, and we were at \$64.08M at the end of January last year (a \$5.68M decrease). This is a good outcome, given the fact that we completed over \$7.8M in capital projects during the past year, and that payroll expense growth (salaries and benefits) continues to outpace both inflation and our ability to generate additional revenues. We hope to end the year with around \$46M-\$48M in total reserves.

Investments/Cash Management

At the end of January, we held about \$13.2M in Cash and Cash Equivalents (0-30 days), \$577K in Short-Term Investments (30-90 days), \$6.6M in Mid-Term Investments (90-365 days) and \$38.0M in Long-Term Investments (over 1 year). As rates continue to drop, the investment curve will return to a “positively sloped curve”, and we will move investments out to longer maturities. We are currently investing about \$45.67M with PFM, \$4.51M with Fifth Third Bank, \$7.31M with PMA and \$.91M with Old National Bank. As of 1/31/26, we had no outstanding vouchers with ISBE. We remain in good shape from a cash flow standpoint, and our cash management and investment program is set to capture interest earnings in the current declining interest rate environment. We earned just over \$3.8M in net investment returns last year, including investment appreciation of \$772K, and if rates hold up, we hope to earn about \$3.2M in net interest income this fiscal year (we are at about \$1.65M so far this year).

Due to an inverted investment curve, we have been using cash and cash equivalents to maximize interest income for a few years now. However, for the first time in almost five years, the Fed cut rates in late 2024, and then again in late 2025, dropping rates by 1.75% during that time, to a current Fed Funds Range of 3.50%-3.75%. This was expected and will lead to a normal upward sloping investment curve in 2026, where investing out for longer maturities will yield higher returns. The Inflation Report for December was released on time and it came in at a 2.7% rate for CPI and 2.6% for Core CPI, slightly below expectations of 2.9% and 2.7%, respectively. Overall, investment rates have dropped to about 3.70% for cash and cash equivalents, 3.50% for short-term investments, 3.65% for mid-term investments and 3.95% for long-term investments. We earned about \$1.4M of net interest income in FY23, \$3.1M in FY24 and \$3.8M in FY25, and we hope to earn about \$3.2M in FY26, as long as we continue to ladder out investments and roll them into longer term investments as they mature. Our continued level of fund balance reserves (~\$45M-\$75M), along with a managed and coordinated investment program through PFM, allows us to realize increased interest earnings and provide additional funds for operations and capital projects.

State Legislation

The 104th Session of the Illinois General Assembly began last January (a two year cycle) and despite two very lean budget years, there was no shortage of proposed legislation. Over 9,000 bills have been introduced since last January (~6K in the House and ~3K in the Senate) and about 900 relate to public education. By the time the session ends this spring (hopefully in late May), about 1,000 bills will have passed both chambers, with maybe 90-100 relating to K-12 education, but only a few will be of real substance. Plugging a massive \$1B+ budget hole this

memo

year while trying to maintain public services will dominate the headlines this spring. Among the notable pieces of education related legislation that will probably make it through the General Assembly are a “partial” Tier II pension fix, a cell phone ban, ongoing teacher evaluation and school discipline reform, unemployment compensation and minimum wage expansion, and mandated categorical pro-rations and minimal EBF funding. We hope that the final budget includes a \$350M increase for EBF, a \$150M increase for mandated categorical programs, \$25M for early childhood, \$75M for pension reform and \$150M for various other items, so about \$750M in additional funds was requested by ISBE. We should know more after the Governor’s State of the State address this week. The Democrat dominated General Assembly has largely supported and moved the Governor’s budgets in the past, and they are expected to do so again next year. Even if this recommended budget is approved, we are still looking at significant pro rata reductions in mandated categorical transportation reimbursements that will more than offset any marginal increases we realize from increased Evidence-Based Funding or Early Childhood Block Grants.

The Fall Veto Session wrapped up on 10/31, and the big news was an RTA bailout, but no new/additional monies for CPS. Except for some minor cleanup language in the teacher evaluation reform bill, the school discipline reform bill and the suspension and expulsion reform bill, as well as the continued evolution of a potential Tier II Pension Fix (to be considered during the spring session), not much related to public education happened during the Fall Veto Session. As the spring session heats up, and the Governor begins to formulate a FY27 proposed budget and budget address (to be given on February 18th), fully funding the EBF formula and mandated categorical programs, while proposing no new unfunded mandates, is becoming the consistent and clearly articulated message from our public schools.

Federal Legislation

In Washington, another Federal Government shutdown, while smaller and less problematic, started on February 1st, while Congress negotiated with the White House on Department of Homeland Security and ICE reforms in exchange for funding the Department’s operations. The enhanced Affordable Care Act subsidies also expired on January 1st, increasing insurance premiums for millions of Americans nationwide. Affordability has become the new buzzword in Washington, as the President tries to calm inflation fears and minimize job losses. The Department of Education quickly resumed efforts after the fall shutdown to transfer much of its oversight to other agencies through six “interagency agreements”, in an attempt to effectively dismantle the department entirely. However, a rash of recent court decisions has gone against the White House and the Administration, and the actual, initial FY27 proposed budget for the

memo

Department of Education next year is actually the same as it was for this year (ie, it is flat funded).

Despite the negative effects of both shutdowns, our economy continues to chug along and has avoided massive job cuts and rapidly increasing prices that many economists had feared. Despite the uncertain state of governmental affairs, the economy remained relatively healthy, but the threat of high unemployment and high inflation during a recessionary period, known as “stagflation”, has many economists concerned, especially as the job market cools. Several education issues have remained in the forefront, including the potential elimination of the Department of Education, funding for IDEA and ESEA, E-Rate funding, Medicaid and NSLP funding, Title IX protections, School Choice Scholarships, Transgender Rights and Religion in Schools, to name a few. We continue to push for more USDA meal program reimbursements, increased IDEA and ESEA funding, and expanded Medicaid and E-Rate funding, but we are probably looking at flat funding at best, and realistically, more funding cuts, in the near future.

Legal Matters

We do have a few pending legal matters that Pat has been keeping you abreast of (a Grievance matter, an EEOC claim and a FOIA lawsuit for starters), but there are no other significant issues outstanding at this time (the WEA contract revisions are done, the tax objection lawsuit has been settled, there are no Special Ed Due Process Hearings going on, and the Social Media Class Action Lawsuit is slowly moving along) We are monitoring the Social Media Class Action Lawsuit, and will keep the Board informed as that lawsuit proceeds. We also continue to monitor and process regular tax appeals and valuation objections for 2023, 2024 and 2025 (at the PTAB and the Board of Review levels). Ongoing fund balance management should allow us to minimize any future exposure to excess accumulation objections. However, ongoing assessment appeals always occur during the year and have to be dealt with on a recurring basis with the help of the Lisle Township Assessor, the DuPage County Board of Review and our legal counsel (we have received 13 so far this fall and winter and I will update the Board as they progress).

Economic Trends

Year over Year inflation (CPI) decreased slightly in December, coming in at 2.7% (it was 2.9% in November). The June 2022 CPI of 9.1% was the highest in over four decades and way above the desired 2.0% - 2.5% target range set by the Fed. Year-Over-Year Core Inflation also decreased, coming it at 2.6% in December (it was 2.7% in November), as both CPI and Core CPI were slightly lower than expected. The Fed held rates steady in January, leaving the Overnight Lending Range at 3.50% to 3.75%. We don't expect any more cuts for a while (maybe summer

memo

or fall), but long-term projections indicate 25-50 bps of cuts in late 2026. That would drop the Fed Funds Lending Rate to about 3.00%-3.25% by the end of the year (the Fed's long term target range). The GDP is expected to grow this year by 3%-5% and unemployment is expected to inch up toward 4.5%-5.0% (it is at 4.4% currently). A desired Base CPI and Core CPI range of 2.0% to 2.5% has been set by the Fed, but the effects of the government shutdowns, high tariffs, global trade wars, global geopolitical uncertainty, rising prices and a softening job market continue to cause concern among economists that we could encounter "stagflation", as inflation persists during a time of stagnant economic activity and higher than warranted unemployment.

Student Transportation

The severe shortage of bus drivers that we experienced in October has largely subsided, but staffing is still very tight, and we are realizing challenges on a few isolated buses. However, things do appear to be getting better, as we noted a dramatic decrease in late routes, missed bus stops, and parent complaints during November, December, and January. The bus driver shortage was not isolated to us, and in checking with other CSBO's throughout the region, everyone has been dealing with transportation challenges this year. We have not seen these issues as much with our Special Ed Transportation service provider, as many of their vehicles don't require a CDL to drive, but Sunrise is also very thin on staff. We continue to work with First Student and Sunrise to try and address staffing issues and find ways to work around this manpower shortage, but the reality is that we had far too many buses running late, missing stops and in general not providing the level of service we expect in September and October. We are using the liquidated damages clause in our contract to recoup some of the cost for the problems encountered, but in the end, we would much rather have the routes running properly and on time than take these credits.

Technology

We processed the Year 30 E-Rate application last month (for FY2026-27) and we are only recommending buying a few battery backups and alternate power source devices through E-Rate this year. We have also set up a Sentinel Technologies professional services agreement to provide isolated technology and network support on an as-needed basis to our school district. We do not expect this agreement to result in significant costs, but if it does result in annual costs over \$25K, we will definitely bring the contract to the Board for review and approval. The IT Department is working to help evaluate, select and integrate a new Library Software (with Greg) and Energy Management System Software (with Josh). Josh has also been working with Pat to set up and implement the Crisis Go Badges this winter, and he will be working with Kyle and me this spring to set up our wireless Water Sensor Program, which is being provided free through

SSCIP (our property and casualty insurance cooperative). Finally, the IT Department is beginning to roll out the new Chromebook+ devices to staff and will continue that rollout to students over this upcoming summer and leading into the 2026-2027 school year.

Utility Management

As we moved through winter, natural gas costs increased dramatically due to our extended cold weather in January, and we are working with our Energy Purchasing Cooperative (the IUPC) to manage our natural gas supply and hopefully minimize those additional costs. We also just finished installing the solar arrays at Goodrich, Meadowview and Edgewood, and we hope to have them up and running (and delivering energy back into the grid) in March. Furthermore, we filed for additional IRS Federal Tax Credits of about \$238K for our Phase I solar projects and hope to receive those funds soon. We will be filing for about \$1M for Federal tax credits for this Phase II work. Electricity costs are expected to continue rising significantly in 2026, primarily due to increasing demand from Data Centers and PJM capacity charges. The three new solar arrays, in addition to the four brought online in early 2024, will be very helpful in reducing our electric supply costs and minimizing our PJM capacity charges. When all is said and done, we expect to generate almost 100% of our electricity needs once the three additional solar arrays are up and running. We are looking to save about \$250K in annual electricity costs going forward and pay less than \$50K in total per year for electricity when all is said and done.

Employee Benefits

I attended our EBC Preliminary Employee Benefits Renewal Meeting in late January, and as expected, we are looking at a significant increase in premium rates (about 18.8% for the PPO plans and 16.4% for the HMO plans) if no plan design changes are implemented. The Insurance Committee is looking at some options and we hope to have a recommendation to the Board in April for the 2026-27 plan year. See the Discussion Memo in this Board Packet for more details. BenefitsSolver is now up and running for all staff and we are continuing to onboard new staff regularly. We also held a 403(b)/457(b) committee meeting this past fall and verified that the changes made to the program this spring, and the investment providers added to the program, have been positively received by our staff. Finally, we continue to roll out our new Employee Wellness Program with the work of our new Wellness Committee and we have several surveys planned and activities being developed for this spring and next year. Improving our comprehensive employee benefits program is a key goal in attracting new staff and retaining existing staff. A big thanks goes out to Paul Scaletta, Kayla Araiza, Michelle Swanson, Sharon Maloney and the entire Wellness Committee for working to put this program together and provide additional opportunities and savings for our staff and the school district. Our overall

memo

comprehensive employee benefits program continues to grow and evolve, as we looks for ways to enhance services while containing costs, as claims and health insurance costs skyrocket.

Food Services

The new food service program with Quest Foods has been a big hit, and we continue to see student participation for both free/reduced students and pay students increase dramatically. We are wrapping up our initial student taste testing at all schools this spring, and so far, the response has been great! Where we had seen participation rates of 10% or less for our pay students and only 20%-25% for our free and reduced students last year, we are now seeing about 25% for our pay students and over 50% in several cases for our free/reduced students. Our goal is to have all schools over 25% (pay students) and 50% (free/reduced students) by the end of this school year! Our ultimate goal, since we are not a CEP school district, is to reach 75% for our free/reduced students and maybe 50% for our pay students, so we still have a long way to go. We are focusing on ways to increase student interest and participation and improve menu options and meal variety, while staying as cost effective as possible for our students and staff. I would like to thank Michelle Swanson, Lynette Neal and Amy Mitchell for all of their hard work to help make this new program a success. In the end, working with Quest, we hope to have a better food service program and higher participation rates.

Custodial and Maintenance Services

Kyle Hanson and his crew were very busy in January, dealing with several bouts of very cold weather... thanks to them for all of their hard work and extra time to check on our buildings over the weekends and off days, plow snow, salt sidewalks and ensure safe passage for our students and staff! Kyle and Grant are doing a great job managing and maintaining our staff despite a tight labor market and they have kept up on our summer construction planning. The custodial and maintenance staff have done an awesome job this past year and our buildings have received compliments from students, staff and visitors alike. As we are enter the winter “cold and flu season,” and we will be providing extra, deep cleaning to any identified “hot spots” in any of our schools. We really do appreciate all of their ongoing efforts to keep our buildings and grounds safe, clean and looking great! We do have a few minor spring break projects in the works and summer team cleaning will begin in late May/early June.

Construction and Capital Improvements

memo

We have wrapped up all 2025 CIP Projects and are planning for 2026 work (see the related discussion memo in the Board Packet for more details). The only remaining projects still not technically “finished” are the Phase II Solar Array Installations (all work is done and we are just waiting for ComEd to complete a transformer upgrade at Meadowview and then give us the ok to start generating electricity for the grid). Last summer’s work included miscellaneous HVAC updates, related electrical work, locker painting, roof work, window treatments and landscaping upgrades, as well as solar array installations and related roof work at Edgewood, Meadowview and Goodrich, and playground replacements at Goodrich and Meadowview. We spent about \$21.8M on \$25M of budgeted work during our first CIP cycle (2017-2021), about \$11.6M on \$13.7M of budgeted work during our second CIP cycle (2021-2025), and we hope/expect to spend about \$10.7M on \$12.5M of budgeted work during our third CIP cycle (2025-2029). We are also working with PSI (and our Tech Department) to review some options for upgrading and standardizing our Energy Management Software (EMS) for Murphy, Jefferson and DAC. Right now, Murphy and Jefferson are on a different EMS (on Allerton) than the rest of our schools (on Tridium), and we are looking to bring everything over to Tridium, if possible. Additionally, DAC is not on any system, and it can’t be monitored or controlled remotely. We have some money left over from the Solar Projects and if it is affordable, we might spend some of that money to put the entire school district on a consistent EMS platform (Tridium).

Risk Management

With the approval of our SELF Worker’s Compensation Insurance Policy last June, and the SSCIP Property/Casualty/Liability Insurance renewal in December (both are administered by AJ Gallagher and Gallagher Risk Management), we are currently in very good shape from a risk management/insurance coverage perspective. Both were very good renewals with broad lines of coverage and enhanced services. We recently installed Crisis Go and we recently in-serviced staff as we returned from Winter Break. We have two very stable insurance cooperative programs in place that maximize coverage while minimizing cost and employing proactive claims management tools and programs. Both the SELF and SSCIP cooperatives are running very well and are financially sound. I am wrapping up my second year as Chairman of the SSCIP Executive Board (two more years to go ☺) and so far, things have gone very well. We continue to implement proactive management practices and realize excellent claims experience with both insurance cooperative programs, and although both insurance markets have been relatively hard and seen larger than normal increases in recent years, we have received very competitive renewals for both programs. We will be implementing a new water sensor program through SSCIP this spring, and we are also looking to transition to a new claims management service firm for SELF this summer. Finally, we are actively managing our funds to make sure that we don’t develop fund balances that might be susceptible to excess accumulation claims.



memo

As always, let me know if you have any questions or need additional information...thanks!