



# memo

To: The Board of Education and Dr. Patrick Broncato, Superintendent  
From: Curt Saindon, Assistant Superintendent for Business Services/CSBO  
Date: June 13, 2025  
Subject: FY 2025-2026 Preliminary Budget – Revised Preliminary Projections

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For the past few months, we have been discussing revenue and expense assumptions being used in the initial development of the FY 2025-2026 preliminary budget. We prepared updated and revised preliminary projections in June that will be finalized and rolled into the formal ISBE Tentative Budget document in July, before requesting approval of a Final Budget in September. While we are more confident in our projections of State revenues now that the General Assembly has finalized a budget and concluded its Spring Session (with a \$350M infusion of cash into the EBF Formula), the revised expenditure assumptions are still somewhat tentative, with some operating expenses still being finalized and staffing being firmed up. We are providing you with a conservative picture right now with regard to both revenues and expenditures in order to give a worst-case scenario that we can build on, improve, and fine tune over the summer. We hope that as we move toward finalization and approval in September, we will see these projected results from operations improve.

The attached spreadsheets are revised drafts of what we are tentatively looking at for next year. These projections are probably 85%-90% complete and should only be changing minimally over the next few months as we finalize staffing and employee benefit costs, identify specific purchased service needs, process material and supply purchase orders, update renovation and repair cost estimates, and confirm capital project costs and miscellaneous expenditures to be budgeted. We will also be fine tuning revenues from Local, State and Federal sources, as we look to predict next year's results from operations and their impact on our cumulative fund balance reserves. My hope would be to improve on these projections a little bit in July and August and hone in on a budget that is 95% complete with regard to expenses (ie, that we could expect to come in 2% to 5% below budget projections hopefully) and 97% to 99% complete with regard to revenues (ie, that we could come in within 1% to 3% of revenue forecasts). The tentative budget presented in July will hopefully be about 95% complete, and the final budget presented in September should be about 99% complete.



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The two biggest questions surrounding revenues for next year will be at what level the Federal government funds public education (particularly through Medicaid, IDEA and Title Grants) and how long interest rates will remain elevated (hopefully throughout 2025-26). Additionally, the State might take action during the Fall Veto Session that could potentially impact State revenues, especially if Federal funding cuts to Medicaid impact the State. Locally, our revenues are pretty solid with stable property tax receipts representing about 88% of revenues. Also, CPPRT will be decreasing again by about 30% and that will offset some of those revenue gains. While we only get about 4.5% of our revenues from Federal sources, all of that money is potentially in jeopardy, although we don't expect to lose all of it at once.

On the expenditure side, we are expecting an overall increase to salaries of about 5% (with more for some WEA staff) and benefits of about 8%, while looking to realize efficiencies and economies of scale in other areas, and limit discretionary spending wherever possible. We will see slightly increased staffing as splits increase and interventionists, coaches and related service needs increase slightly. Enrollment continues to grow steadily. Spending in most other areas should see a relatively normal increase (3%-5%) due to moderate inflation that is being negatively impacted by tariff increases and trade war restrictions. We are hoping to partially offset those larger expenditures by realizing cost savings in other areas, such as utility supply costs (by being part of the IUPC) and electric consumption costs (by installing solar arrays at our remaining three schools this summer and fall).

In summary, this revised, preliminary budget looks ok (not great, but ok) and hopefully it will get a little bit better as time goes on. The biggest unknowns right now are with Federal funding and finalized salary and benefits costs, and we should know more as we move through the summer. The State's budget and economic forecast are the worst they have been since Governor Pritzker took six years ago, and we may very well be moving into much leaner economic times, or even possibly a recession, and funding from the State could change if that happens. A projected State deficit could lead to flat funding, or even cuts for public education, and a deep recession might also increase conversations about property tax freezes, pension cost shifts, and other ideas that are generally bad for public education. A deep and prolonged recession could have significant consequences for us in terms of budgeting and operations in the future, but we do not expect that to happen as it appears that the Fed will be able to negotiate a "soft landing" for our economy as we move away from the impact of the COVID pandemic and the record high inflation we experienced a few years ago.

As always, if you have any questions, please do not hesitate to let me know.