BOARD MEMO – INFORMATION ITEM

PUTNAM COUNTY COMMUNITY UNIT SCHOOL DISTRICT #535
Providing Foundations Together, Cultivating Individual Growth

To: Board of Education

From: Cody Martzluf, Superintendent

Date: Tuesday, October 20, 2026

RE: Limitation of Administrative Costs Waiver

Background:

- The Limitation of Administrative Costs Worksheet must be filed with the Illinois State Board of Education (ISBE) by November 15 of each fiscal year, in accordance with Section 17-1.5 of the Illinois School Code.

- The worksheet is included as part of the district's approved annual budget and reports the district's actual administrative expenditures from the previous fiscal year compared to the budgeted administrative expenditures for the current fiscal year.

- Under the School Code, a school district's budgeted administrative expenditures generally may not increase by more than 5% over the prior year's actual administrative expenditures.

- Upon the recommendation of the district's auditor, the salaries for the Director of Student Services and the Director of Student Services Administrative Assistant need to be coded to specific administrative accounting lines within the district budget. This accounting reclassification caused the district's FY2027 administrative expenditures to exceed FY2026 actual administrative expenditures by more than the allowable 5% limitation.

- It is important to note that this increase is primarily the result of a change in how these existing salaries are classified and reported within the district's budget. It does not represent a comparable increase in administrative staffing or new administrative expenditures.

- As a result, the district will need to complete the waiver process. This process includes:
    - Completing and submitting the required ISBE waiver application.
    - Providing a supporting narrative explaining the circumstances.
    - Holding a public hearing, which is scheduled to take place during the November 17, 2026 Board of Education meeting.
    - Providing notice of the hearing to the district's employee union.
    - Providing notice to the district's state representative and state senator.
    - Posting notice of the public hearing on the district website.
    - Publishing the required public hearing notice in the newspaper.

- Attached are the materials necessary to complete the waiver process.

Application for Wavier of School Code

SUPPORTIVE NARRATIVE FOR WAIVER:

4. c.

The intent of this request is to obtain a waiver of 105 ILCS 5/17-1.5, Limitation of Administrative Costs.

Upon the recommendation of the district's auditor, the district is reclassifying the salaries of the Director of Student Services and the Director of Student Services Administrative Assistant from budget account 10-1220 to budget account 10-2330. This reclassification places these expenditures in the appropriate administrative function within the district's budget.

As a result of this accounting change, the district's budgeted administrative expenditures for FY2027 exceed the district's FY2026 actual administrative expenditures by more than the 5% limitation established by statute. This increase is primarily attributable to the reclassification of existing personnel costs and does not represent a comparable increase in administrative staffing, salaries, or new administrative expenditures.

The circumstances resulting in the increase are beyond the district's control, as the change was made following the recommendation of the district's auditor to ensure the expenditures are properly classified and reported. The salaries are now reflected in the appropriate budget account and will continue to be reported in that account moving forward.

The district is therefore requesting a waiver of the administrative cost limitation for FY2027 to account for this one-time impact created by the accounting reclassification.

ILLINOIS STATE BOARD OF EDUCATION
100 North First Street, S-404
Springfield, Illinois 62777-0001

APPLICATION FOR WAIVER OR MODIFICATION OF STATE BOARD RULES OR SCHOOL CODE MANDATES

GOVERNMENTAL RELATIONS DEPARTMENT

Instructions: This application is to be used for seeking a waiver or modification of State Board of Education rules or of School Code mandates in accordance with Section 2-3.25g of the School Code [105 ILCS 5/2-3.25g]. The completed application must be submitted by *certified* mail, return receipt requested, to the above address and postmarked no later than 15 days after approval by the school board, regional superintendent, or executive director, as applicable. Please use the instructions on the reverse side when completing this application. **Please note that action on incomplete applications will be delayed until all required documentation is received.**

1. The application is for: (Check appropriate box(es) below.)

☒ Waiver of School Code ☐ Waiver of ISBE Rule ☐ Modification of School Code ☐ Modification of ISBE Rule

2.

APPLICANT NAME Putnam County CUSD #535	CONTACT PERSON Mr. Cody Martzluf	
NAME OF SUPERINTENDENT/EXECUTIVE DIRECTOR Mr. Cody Martzluf	CONTACT TELEPHONE (Include Area Code and Extension) 815-882-2800	
APPLICANT ADDRESS (Street, City, State, ZIP Code) 400 E Silverspoon Ave, Granville, IL, 61326	CONTACT FAX (Include Area Code)	CONTACT EMAIL martzlufc@pcschools535.org
COUNTY Putnam, LaSalle, and Marshall	May we contact you by email? ☒ Yes ☐ No	

3. Provide citation or language of the rule(s) or School Code mandate(s) that are the subject of this application. If you are requesting a modification, display it here, using strikethrough or underlining.

105 ILCS 5/17-1.5 Limitation of Administrative Costs

4. Attach a narrative identifying and justifying the specific request.
   a. For proposed waivers and modifications of rules or of the School Code that are based upon meeting the intent of the rule or mandate in a more effective, efficient, or economical manner, a narrative description must provide all of the required information (see Item 4(a) on the reverse side).
   b. All proposed waivers/modifications requested to stimulate innovation or improve student performance, including all proposed waivers of School Code mandates, shall provide the specific plan for improved student performance and school improvement upon which the request is being based and how the applicant will determine success (see Item 4(b) on the reverse side).
   c. Applications requesting waivers from Section 17-1.5 of the School Code must include the amount, nature, and reason for the requested relief and all remedies that have been exhausted by the district to comply with the administrative expenditure limitation.

Public Testimony:
Attach a description of the testimony provided, to include the information enumerated in Item 5 on the reverse side.

5. This application is for: ☒ Initial Waiver/Modification ☐ Renewal of Previously Approved Waiver/Modification
This application requests waiver/modification for 1 years (from 2026-2027 school year through 2026-2027 school year).
(See Item 6 on the reverse side for limits on the duration of waivers/modifications.)

6. Attach a copy of each public notice required. Any request not meeting the requirements will be returned as ineligible for consideration.

7. Compliance with Notice and Hearing Requirements

I certify that a hearing concerning this application and any associated plan for improved student performance was held on _____.
(Date)

I further certify that the applicant has met all the notification and hearing requirements enumerated in Items A and B on reverse side and that the board of education/board of directors of the applicant identified above approved this application on _____.
(Date)

_____ _____
Date ***Digital or Original Signature** of Applicant*
(i.e., District Superintendent/Executive Director/Regional Superintendent)

PUTNAM COUNTY CUSD #535
400 E. Silverspoon Ave.
Granville, IL 61326

LEGAL NOTICE

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN by the School board of School District Number 535 in the counties of LaSalle, Marshall, and Putnam, State of Illinois, that a public hearing of said school district will be held on the Limitation of Administrative Costs Waiver request to the legislature of the State of Illinois. The public hearing will be held at 6:30 p.m. on the 17th day of November, 2026, at the Primary School Building 400 E Silverspoon Avenue, Granville, Illinois in the School District Number 535, in the Counties of LaSalle, Marshall, and Putnam, State of Illinois.

Board of Education of School District No. 535 in the counties of LaSalle, Marshall, and Putnam, State of Illinois.

MEMORANDUM

Date: October 21, 2026

To: Natalie Hulstrom and Claudia Blair
Co-Presidents of the Putnam County Education Association Union, IEA-NEA Local 1613

From: Mr. Cody Martzluf

Subject: Notice of Public Hearing – November 17, 2026

Public Notice is hereby given that the Board of Education of Putnam County CUSD #535, Counties of Putnam, LaSalle, and Marshall, State of Illinois, that a public hearing of said school district will be held on the Limitation of Administrative Costs Waiver request (pursuant to 105 ILCS 5/17-1.5) to the legislature of the State of Illinois. The public hearing will be held at 6:30 p.m. on the 17th day of November, 2026, at the Primary School Building 400 E Silverspoon Avenue, Granville, Illinois.

The hearing will be a public hearing. Thank you for your attention to this matter.

Sincerely,

Mr. Cody Martzluf
Superintendent

PUTNAM COUNTY COMMUNITY UNIT SCHOOL DISTRICT #535

Providing Foundations Together, Cultivating Individual Growth

October 21, 2026

The Honorable Chris Balkema
Illinois State Senator
305 W . Madison St.
Pontiac, IL 61764

Re: Notice of Public Hearing

Dear Senator Balkema:

Public Notice is hereby given that the Board of Education of Putnam County CUSD #535, Counties of Putnam, LaSalle, and Marshall, State of Illinois, that a public hearing of said school district will be held on the Limitation of Administrative Costs Waiver request (pursuant to 105 ILCS 5/17-1.5) to the legislature of the State of Illinois.

The intent of this request is to obtain a waiver of 105 ILCS 5/17-1.5, Limitation of Administrative Costs.

Upon the recommendation of the district's auditor, the district is reclassifying the salaries of the Director of Student Services and the Director of Student Services Administrative Assistant from budget account 10-1220 to budget account 10-2330. This reclassification places these expenditures in the appropriate administrative function within the district's budget.

As a result of this accounting change, the district's budgeted administrative expenditures for FY2027 exceed the district's FY2026 actual administrative expenditures by more than the 5% limitation established by statute. This increase is primarily attributable to the reclassification of existing personnel costs and does not represent a comparable increase in administrative staffing, salaries, or new administrative expenditures.

The circumstances resulting in the increase are beyond the district's control, as the change was made following the recommendation of the district's auditor to ensure the expenditures are properly classified and reported. The salaries are now reflected in the appropriate budget account and will continue to be reported in that account moving forward.

The district is therefore requesting a waiver of the administrative cost limitation for FY2027 to account for this one-time impact created by the accounting reclassification.

The public hearing will be held at 6:30 p.m. on the 17th day of November, 2026, at the Primary School Building 400 E Silverspoon Avenue, Granville, Illinois. The hearing will be a public hearing. Thank you for your attention to this matter.

Sincerely,

Mr. Cody Martzluf
Superintendent

PUTNAM COUNTY COMMUNITY UNIT SCHOOL DISTRICT #535
Providing Foundations Together, Cultivating Individual Growth

October 21, 2026

The Honorable Dennis Tipsword
Illinois State Representative
305 W . Madison St.
Pontiac, IL 61764

Re: Notice of Public Hearing

Dear Representative Tipsword:

Public Notice is hereby given that the Board of Education of Putnam County CUSD #535, Counties of Putnam, LaSalle, and Marshall, State of Illinois, that a public hearing of said school district will be held on the Limitation of Administrative Costs Waiver request (pursuant to 105 ILCS 5/17-1.5) to the legislature of the State of Illinois.

The intent of this request is to obtain a waiver of 105 ILCS 5/17-1.5, Limitation of Administrative Costs.

Upon the recommendation of the district's auditor, the district is reclassifying the salaries of the Director of Student Services and the Director of Student Services Administrative Assistant from budget account 10-1220 to budget account 10-2330. This reclassification places these expenditures in the appropriate administrative function within the district's budget.

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Sincerely,

Mr. Cody Martzluf
Superintendent