



## PROSPECT HEIGHTS DISTRICT 23 BOARD OF EDUCATION ACTION ITEM

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**Date:** August 14, 2025

**Title:** 2026 Tentative Budget Overview and Recommendation for Approval to Post the FY2026 Tentative Budget, Post Notice in Newspaper and Schedule Public Hearing

**Contact:** Amy McPartlin, Assistant Superintendent of Finance & Operations

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### **BACKGROUND:**

Per the *Illinois School Code*, School Districts in the State of Illinois must place their tentative budget on display for thirty (30) days prior to formal adoption of the budget. In addition, the School Board is required to hold a public hearing prior to adoption of the budget.

The Tentative Budget is a working document. As the Administration receives additional information on State and Federal programs, grants, staffing, expenditures and revenues, changes will be made to the budget prior to adoption at the September 18, 2025 meeting of the Board of Education.

As has been stated in previous discussions regarding the budget, long range plan and future goals, the District has promised to bring forward a flat or minimal growth budget in all areas other than salaries, benefits and transportation. Based upon the budget being presented, this goal has been accomplished.

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. The 2026 Tentative Budget was prepared in conjunction with building principals, directors, assistant superintendents and superintendent.

The budget is prepared by reviewing the actual expenditures in the major operating funds (Education, Operations and Maintenance, Transportation and Working Cash) taking into account expenditure alignment with programmatic goals.

Anticipated grant dollars are currently identified as revenues and expenditure “placeholders” but will be budgeted to each line item in time for the approval of the final budget as we secure approvals from ISBE and/or have the allocations modified.

Each line item has been reviewed with the Finance Committee and significant variances have been addressed. It should be noted that this document is in draft form, as additional revisions will take place prior to final approval by the Board of Education at the September 18, 2025 meeting.

## **ADMINISTRATIVE CONSIDERATIONS**

Listed below are some important revenue and expenditure considerations regarding the 2025-26 Tentative Budget:

### **REVENUE**

- State funding for the 2025-26 school year is projected to reflect minimal growth.
- In December 2024, the Board of Education approved its 2024 Property Tax Levy having made the following adjustments in order to maximize funding to the Education Fund:
  - Reduced the Extension to Working Cash
  - Reduced the Extension to Transportation
  - Reduced the Extension to Tort
- 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 has recently been finalized by ISBE, and is projected to remain flat in the coming year.
- Property taxes are the District's largest source of revenue for 2025-26. Early reports from Cook County indicate a potential delay in revenues due to a technology issue. We will continue to plan accordingly.
- Property tax revenues have been budgeted at 96% of collections through fiscal 2026. Funds received in excess will be allocated to fund balance.

### **EXPENDITURES:**

- Prospect Heights Education Association (PHEA) employees' base salaries have increased based on the current negotiated agreement with salary increases of 2.9% for certified staff, not classified as long-term employees (LTE). LTE will receive an increase equal to 2.25% for the 2025-26 school year.
- Service Employees International Union - Local 73 (SEIU) employees' base salaries will increase based on the current agreement with salary increases of 2.9%.
- Staffing adjustments, as approved by the Board, have been incorporated into the FY26 Tentative Budget.
- In general, line items for purchased services, supplies, and equipment are being reduced by approximately 10%, as compared to the 2024-25 amounts.
- To support programmatic needs, the following adjustments have been made to the 2025-26 Budget:
  - The Per Pupil Allocation has been reduced by 10% for building discretionary spending. The new rate of \$170.00/student will be in place

for the 2025-26 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 (\$42.50/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.
- 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.
- For 2025-26, increases in student transportation costs have been budgeted at a 4.5% increase, taking into account historical expenditure amounts, current contracts, fuel costs and usage of taxi transportation for SPED and McKinney-Vento students.

### **RECOMMENDED ACTION**

The 2026 Tentative Budget reflects an anticipated surplus of \$504,302 in the Operating Funds (Education, Operations & Maintenance, Transportation and Working Cash) for the 2026 fiscal year. Administration recommends the following actions:

1. Approval of the Tentative Budget in conformance with the attached Resolution.  
The Administration recommends the Board of Education's approval of the Tentative Budget as presented
2. Approve Placement of the Tentative Budget on Display.  
The Administration recommends the Board of Education place the Tentative Budget on display in the Business Office of Prospect Heights School District 23 during regular business hours.
3. Approve the Date and Time of the Public Hearing on the Final Budget.  
The Administration recommends the Board of Education approve the date and time of the Public Hearing on the Final Budget as September 18, 2025 at 7:00 pm.
4. Approve the Posting of Notice of the Public Hearing on the Final Budget.  
The Administration recommends the Board of Education approve the posting of the formal notice of the Public Hearing on the Final Budget in a paper of general circulation in accordance with the Illinois School Code.