WOODRIDGE
SCHOOL DISTRICT 68

memo

To:	The Board of Education and Dr. Patrick Broncato, Superintendent
From:	Curt Saindon, Assistant Superintendent for Business Services/CSBO
Date:	September 18, 2025
Subject:	Business Services Update

Accounting/Financial Reporting

August's ending total fund balance was $59.35M, down by $3.73M from July's ending fund balance of $63.08M. This decrease was larger than normal due to several large Capital Projects payments processed during the month (about $2.57M). We collected just under $1.7M in revenues (about average for August) and paid out about $5.41M in expenses (high due to the Capital Projects payments). August's revenues mainly came from Property Taxes ($525K), EBF payments ($427K), interest income ($210K), Investment Appreciation ($256K), Medicaid Reimbursements ($36K), E-rate Reimbursements ($133K), Solar Reimbursements ($42K) and Registration Revenues ($20K), accounting for about 98% of all revenues collected. Expenses totaled about $5.41M and were mainly due to normal school year startup expenses ($868K), summer construction payouts ($2.57M), one summer payroll ($343K) and one regular payroll ($1.62M), accounting for over 99% of all expenses. We typically receive large property tax distributions in June and September, and smaller ones in July, August, October and November, drawing down reserves from October through May, until the following June when new early tax receipts are collected. After receiving our second large property tax installment in September, we will be at our "high water mark" for the year (estimated at about $70M-$75M), and we will use those reserves through May, as we draw down fund balances to about $50M. Our reserves were at $60.95M in August of last year, and we are at $59.35M in August of this year, with the $1.6M negative difference primarily being related to additional solar array capital project costs.

Investments/Cash Management

At the end of August, we held about $13.17M in Cash and Cash Equivalents (0-30 days), $2.89M in Short-Term Investments (30-90 days), $3.67M in Mid-Term Investments (90-365 days) and $39.62M in Long-Term Investments (over 1 year). The investment curve remains inverted during the first three or so years of the curve and then is upward sloping thereafter. As it returns to normal in the near future, we will move cash and short-term investments out to longer maturities. However, for now, cash and short term rates are still a little higher. We are currently investing about $41.63M with PFM, $10.52M with 5/3 Bank, $5.36M with PMA, and $1.84M with ONB. As of 8/31/25, we had no outstanding vouchers at ISBE and the State is staying on trac,k paying vouchers. We are in good shape from a cash flow standpoint, and our investment program is set to realize interest earnings and investment appreciation in the current interest rate environment. We earned over $3.7M in net investment income last year, including investment appreciation of $772K, and this year we hope to earn about $3.5M in net investment income if rates hold up (we earned $210K in interest income and $256K in investment appreciation in August).

Due to the inverted investment curve, we have used cash and short-term investments 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 (by 100 bps during the 4th quarter) and they are expected to do so again in late 2025. When we eventually experience an upward sloping investment curve, we will begin investing out for longer periods of time, and we will move to a more traditional investment philosophy. Inflation stayed slightly elevated in August, coming in at 2.9%, as the continued impact of threatened tariffs and trade wars, along with a softening job market, affected a slowly cooling economy. The Fed cut rates again on September 17th by 25bps and it is anticipated that they will make additional cuts at their October and/or December meetings. Rates are currently about 4.32% for cash and short-term investments, 4.18% for mid-term investments and 4.4% for long-term investments. We earned about $1.4M in interest income in FY23, $3.1M in FY24, and $3.7M in FY25. Our level of reserves (~$50M-$75M), and our cash management and investment program, allow us to realize substantial interest earnings and provide additional funds for operations and capital improvements.

State Legislation

The 104th Session of the Illinois General Assembly began in January (a two year cycle) and despite a very lean budget year, there was no shortage of proposed legislation. Over 6,000 bills were introduced this spring (~4K in the House and ~2K in the Senate) and when the session ended on May 31st, about 425 bills had passed, with about 50 relating to K-12 education and only a few of real substance. Plugging a massive $1B budget hole while trying to maintain public services dominated the headlines this spring. Among the notable pieces of education related legislation that made it through the General Assembly were a "partial" Tier II pension funding fix, teacher evaluation reform, school discipline reform, contractor limitations, and mandated categorical pro-rations. Last fall's State elections solidified Democratic supermajorities in both chambers and it was therefore business as usual for Democrats in Springfield, as they balanced the budget with limited new revenues, while flat funding or reducing funding for some essential services. The budget is balanced for now, but if Federal funding does not come through, then additional cuts might have to be considered. This lean budget year might play out for next year as well, and early projections predict continued budget deficits and spending pressures in the future.

The final budget included a $307M increase for EBF ($350M was requested), a $20M increase in mandated categorical programs ($148M was requested), $0M for early childhood ($20M was requested), and $100M more for pensions and various other items (almost $400M was requested), so about $920M in additional funds was requested by ISBE, but only $430M was funded by the General Assembly…not great, but it could have been worse. The General Assembly largely supported and moved the Governor's budget this year. With the approved State budget, we are looking at significant pro-rations for mandated categorical transportation reimbursements that will equate to a loss of about $300K for us, which will be partially offset by about $75K in new EBF tier funding. The past six plus years have been pretty favorable for public education, but with the State budget expected to be sharply in the red this year, little new money for education (or anything else for that matter) is expected.

Federal Legislation

In Washington, the impact of global tariffs and impending trade wars, escalating conflicts in the Middle East and Ukraine, and the subsequent economic uncertainty and market volatility this has caused for countries across the globe have dominated headlines. This is all occurring while negotiations are being finalized to rescind prior approved spending, reconcile the budget, raise the debt ceiling, and avoid a government shutdown this fall. A call for an extension of the debt ceiling, huge spending cuts to social service programs and massive tax breaks for the wealthy that would lead to record deficits were initially rebuffed by many in Congress, but a flurry of last minute arm twisting and cajoling by Republican leadership got the reconciled budget barely through the Senate (on a tiebreaker vote by JD Vance) on July 2nd and then narrowly approved in the House on July 3rd (by a 218-214 vote). President Trump signed the bill on July 4th. Despite this ongoing uncertainty, our economy continues to chug along and avoid massive job cuts and rapidly increasing prices that many economists have feared.

Surprisingly, despite this uncertain state of affairs, the economy remains relatively healthy. Still, the threat of simultaneous high unemployment and high inflation during a recession, known as "stagflation", has many economists on edge and the equity and bond markets in flux. Several Federal K-12 education issues have moved into the spotlight, including the proposed elimination of the Department of Education, funding for IDEA and ESEA, the E-Rate Program, Medicaid and NSLP funding, Title IX protections for women, Cyber Security in schools, School Choice, Student Loan Debt Relief, Transgender Rights and Religion in Schools, to name a few. Higher education has really been targeted as well. We continue to push for more USDA meal program reimbursements, increased IDEA and ESEA funding, and expanded Medicaid and E-Rate funding, but we may be looking at flat funding at best, and funding cuts at worst, in the near future. The Department of Education recently released $6.8B in funding that was held back this summer for several ESEA Title grant programs (we had about $200K in potentially lost funding restored). It seems clear that last fall's election resulted in major changes for public education, and we will have to wait and see how wide, how deep and how lasting these proposed cuts are, based on the willingness of Congress and the general public to accept these proposed changes.

Legal Matters

The WEA contract negotiations are done, the tax objection lawsuit has been settled (a slight property tax adjustment is forthcoming this fall), and there are no active Special Education Due Process Hearings going on right now. Except for periodic personnel inquiries, things are very quiet. We are monitoring the Social Media Class Action lawsuit (Pat gives periodic updates as the lawsuit progresses), but no other significant legal matters are pending at this time. We received some tax appeals and objections for 2023 and 2024 (PTAB and Board of Review), and we are expecting the 2025 appeals to start arriving soon. Ongoing and active fund balance management should allow us to minimize (or eliminate all altogether) any future tax objections. However, ongoing assessment appeals always occur throughout the year and have to be dealt with on an annual basis with the help of the Lisle Township Assessor, the DuPage County Board of Review, and our legal counsel.

Economic Trends

Year over Year inflation (CPI) stayed slightly elevated in August, coming in at 2.9%, after peaking at 9.1% in June of 2022. The June 2022 CPI 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 held steady at 3.1% in August, with housing, energy and travel costs all elevated, and the trend of Core CPI exceeding Full CPI continued. The Fed cut rates in September by 25 basis points, after cutting rates by 100bps in late 2024, with the Overnight Lending Rate now at 4.00%-4.25%. We still expect 1 or 2 more rate cuts in late 2025, totaling 25-75bps, with another 25-50bps of cuts in 2026 and 25-50bps of cuts in 2027. That would drop the Fed Funds Lending Rate to about 3.00%-3.25%. GDP is still expected to grow minimally this year (by about 2%) and increase moderately over the next few years. Unemployment is expected to increase slightly to around 4.5%-4.75% (it is at 4.3% now), and CPI and Core CPI are hopefully expected to settle at around 2.75% in 2025, 2.50% in 2026 and 2.25% in 2027. A Base CPI and Core CPI target of 2.0% to 2.5% has been set by the Fed, but tariffs and pending trade wars, coupled with a soft job market and a potentially recessionary economy, could lead to a time of rising prices during a stagnant economy and increasing unemployment ("stagflation").

Student Transportation

We have finalized all routes with First Student (other than adding a second bilingual bus; there were no major changes from last year) and we are continually adding students and specialized routes to Sunrise and American Taxi as the need arises. First Student's planned rollout of a new and improved FirstView (First Student's bus tracking app for parents) has been bumpy at best, and we are hoping to get some issues rectified soon. We were also planning to use a few other alternative service providers (primarily First Alt and Everdriven) on a limited basis to supplement our ongoing Special Education and McKinney-Vento busing needs, but both companies were unable to fill our requests, so we are still primarily using American Taxi. We expect to spend about $4.5M this year on student transportation. Last year we spent about $2.8M on regular transportation and $1.3M on special transportation, and we got back about $1.3M in State Transportation Reimbursements and used $2.8M from our Transportation Levy to balance that fund. This year, we expect to rely more heavily on property taxes to cover these transportation costs (our levy was for $3.25M), as State reimbursements will be down due to increased pro-rations (estimated to be about $1.25M at this time and currently under review).

Technology

The IT department did an incredible job during Summer Break and we were ready to go for the start of the school year. Additionally, they put in a ton of work regarding online spring registration and our ongoing PowerSchool SIS implementation. They are also managing several other projects this year, and they are beginning to plan for next year with the approval of various e-rate and non e-rate related technology purchases this fall and winter. We are developing plans this fall for Year 29 of the Federal E-Rate Program and we are always looking for ways to enhance our cybersecurity program and minimize the chance of a cyber-attack or data breach (we have had two issues with related third party software providers in the past six months!). We achieved a top Cyber Risk rating with SSCIP, and Mike and Josh have done an outstanding job working with our consultants to establish one of the best Cyber Security scores in SSCIP. We appreciate all of the hard work that Josh and his team have put in over the past year!

Utility Management

We just celebrated our one year anniversary in the IUPC (the natural gas and electricity purchasing cooperative we joined last summer) and things continue to run smoothly. We also renewed our Demand-Response contract with NRG Energy (we had our test event in late June and we exceeded all reduction targets) and we are installing solar arrays on our remaining three schools this fall (we believe that Federal Energy Tax Credits will still be available for these three projects). These programs minimize utility costs and maximize rebates and reimbursements. As electricity costs continue to rise significantly in 2025, due primarily to increasing PJM capacity charges, the installation of these three new solar arrays, in addition to the four brought online in early 2024, will be critical in reducing our electric supply costs and PJM capacity charges, while also minimizing our carbon footprint and being more environmentally responsible (we will generate almost 100% of our electricity needs once these final three solar arrays are brought online). We are looking at over $250K in annual electric savings next year and beyond!

Employee Benefits

With the EBC employee benefits insurance program renewal approved in April, we completed our Annual Open Enrollment Period in May, using BenefitsSolver to process all annual employee benefit election changes. Sharon did a great job managing this process and she has been inputting new employee benefit elections as they arrive. BenefitsSolver is now up and running for all staff year round, and we completed our annual Empower Health Biometric Health Screening this spring (we had over 300 people screen this year, up from 125 last year). Additionally, the Fall Flu Shot Clinics are scheduled for October 9th and 16th and are free of charge to all staff. We also recently provided 403(b)/457(b) universal availability notices to all staff, and we added Fidelity and Vanguard to our list of approved investment providers this past spring with the help of our 403(b)/457(b) Committee. Finally, we are preparing to roll out a new Employee Wellness Program this year with the help of our newly formed Wellness Committee and we have several surveys and planned activities being developed. Our comprehensive employee benefits program is a key feature in attracting new staff and retaining existing staff, in addition to providing a competitive salary schedule and a robust training program.

Food Services

We received Board approval in May to contract with a new Food Service Management Company (Quest Foods) and we are excited with the early results and feedback we are getting from students, parents, staff and administration. We hope to realize a significant increase in student participation for our breakfast and lunch programs this year and beyond. This spring we also completed an ISBE Food Services Audit and Compliance Review and overall, things went very well (no major findings or questioned costs). 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 for all of her hard work to complete the RFP process, manage the selection process with ISBE, coordinate the start up with our new food service vendor and lead us to what we hope will be a good working relationship with Quest and a better food service product and program overall for our students and staff. Michelle has been selected as the IASBO Food Services PDC Co-Chair, as she works to complete the CSBO Master's Program at NIU…congratulations!

Custodial and Maintenance Services

With Alex Gliwa's retirement at the end of May, Kyle Hanson hit the ground running as our new Director of Buildings and Grounds this summer and he is doing an awesome job! We finished our summer cleaning ahead of time and summer construction is wrapping as we speak (see the Board Memo for more information). We accomplished a lot of maintenance work, painting, technology installations, room renovations and room moves during the Summer Break. We are almost entirely staffed (we have one night position open) and we had ten summer workers assist with painting, grounds work and summer cleaning. We continue using Minuteman Staffing to help with any temporary staffing needs during the school year. Kyle is doing a great job managing and maintaining our staff despite the tight labor market and he has kept up on our construction work (especially the solar array installations and playground replacements that are ongoing in September and October). The custodians have done a superb job this past year and our buildings have received compliments from students, staff and visitors alike. We really appreciate all of their ongoing efforts to keep our buildings and grounds looking great!

Construction and Capital Improvements

We are managing this summer's construction work through closeout and have had no major setbacks or significant delays. See the related Summer Construction Update for more information. Our summer construction work started on June 2nd and was substantially complete by August 8th. This work included miscellaneous HVAC work, related electrical work, locker painting, roof work, window treatments and landscaping upgrades, all costing about $1.5M, as well as solar array installations and related roof work at Edgewood, Meadowview and Goodrich that will cost about $6M and playground replacements at Goodrich and Meadowview that will cost about $250K. We will therefore have completed about $7.75M of budgeted work this summer and fall. 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 $10.75M on $12.5M of budgeted work during our third CIP cycle (2025-2029). We hope to complete various small projects over the Fall Break and Winter Break, as we prepare for next year's ongoing construction work. ICI, PSI, Wight, and the Woodridge Park District continue to effectively manage our ongoing construction projects and help ensure that they are completed on time and under budget.

Risk Management

With recent Board approval of our SELF Workers' Compensation Insurance Policy in June, along with our ongoing SSCIP Property/Casualty/Liability Insurance Policy approved last December (both are administered by AJ Gallagher and Gallagher Risk Management), we are currently in good shape from a risk management/insurance coverage perspective. We are also installing the Crisis Go critical incident notification system this fall. We have two very stable insurance cooperatives in place that maximize coverage while minimizing cost. Both the SELF and SSCIP cooperatives are running very well and are financially sound. I just wrapped up my first year as Chairman of the SSCIP Executive Board (three 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 (around the rate of inflation). We expect that trend to continue in the future despite the hardening insurance market. Finally, we are actively managing our Tort Fund to make sure that we do not develop excess fund balances that might be susceptible to excess accumulation claims.

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