

**GENEVA COMMUNITY UNIT SCHOOL DISTRICT NUMBER 304
227 NORTH FOURTH STREET, GENEVA, KANE COUNTY, ILLINOIS
FINANCE COMMITTEE MINUTES**

The Board of Education Finance Committee met at 6:00 p.m. on Monday, May 12, 2014, at Williamsburg Elementary School, 1812 Williamsburg Avenue, Geneva, Illinois.

1. CALL TO ORDER

The meeting was called to order at 6:04 p.m. by Chairman Wilson.

Committee members present: Dave Lamb, Kelly Nowak, Bill Wilson, Tom Anderson.

Administrators present: Elizabeth Janowiak, Director of Technology; Scott Ney, Director of Facility Operations; Todd Latham, Coordinator Business Services; Donna Oberg, Assistant Superintendent Business Services; Dr. Kent Mutchler, Superintendent

Others present: Leslie Juby, Mary Stith, Mark Grosso, Sandra Brady, Molly Bryant

2. PUBLIC COMMENT

None

3. APPROVAL OF MINUTES

3.1 April 14, 2014

Motion by Lamb, second by Nowak, to approve the minutes as presented. Ayes, three (3). Nays, none (0). Motion carried unanimously.

4. DISCUSSION/CONSIDERATION

4.1 2014-2015 Education Budget Update (No Document)

The Assistant Superintendent Business Services reported that the presentation of the Education Fund budget has been postponed until the next Finance Committee meeting. While she and her staff have been developing the preliminary Education Fund budget for the past month, pertinent areas of the budget are still incomplete because they are awaiting decisions from the legislature regarding the Income Tax Rate, Senate Bill 16 - School Funding Reform Act, and Pension Reform. Additionally, decisions regarding the 2014-2015 Education Support Staff Agreement, administrative salary adjustments, the staffing plan for 2014-2015, and Project Lead the Way have not yet been made by the Board.

- Income Tax Rate – if this remains then budget would call for an increase of \$29 million, while the reduced rate budget would reduce FY14 levels by \$633 million. If rate is reduced Geneva CUSD would see a 33% reduction in General State Aid from FY 14 which amounts to \$234,678. If rate stays the same then Geneva CUSD would have an increase from FY 14 of \$50,519.
- Senate Bill 16 – proposes a system where most state funding is means-tested and distributed based on local ability to pay, thus increasing equity. Not only General State Aid but all categorical, including regular and vocational transportation would be included. This funding formula would be phased in over a three year period. This is currently in legislation and should be acted upon by the end of May. This could be approximately an 80% reduction or approximately \$4 million in reduced General State Aid. We will be limited as to what we can levy unlike the schools down south and funding would have to come from other sources.
- Pension Reform – effective July 1st any Tier I members will have their contribution reduced to 8.4% from 9.4% and Tier II members would remain at 9.4%. If this law is deemed unconstitutional, then the 1% would need to be paid to the Teachers Retirement. TRS indicates that the 1% would fall on the district and we would then have to go back and recoup this from the teachers. Should we place the 1% in a liability account or place a contingency in the budget for the 1%?
- Project Lead the Way – we have not received the budget yet but are working on a proposed plan but until we receive budget we cannot say for sure. We are currently

making needed purchases and are anticipating funding soon.

Discussion, comments, questions: Do we know the dollar amount the 1% represents? (It hasn't been calculated yet but based on a \$50,000 salary 500 employees, 1% could be as much as a half million dollars and TRS will need to get their money.) There are four different funding formulas and it will have to be determined which will be most equal. Will this include special education and it's transportation? (These areas will not be affected) Are we going to have less funding in special education? (No) We can't just end mandated programs, so we will need to look closely at all areas for possible cuts/reductions. (The ISBE website has information available and some districts are banning together to address PTELL and funding issues.) The Board will need to decide where cuts can be made, whether we'll run a deficit budget, or will need to go to referendum for a tax rate increase. (We have discussed using reserves for debt repayment, which is a good idea, but we will need to decide whether we want to restrict future use of those funds. While the goal of SB-16 is to create greater equity in state funding, it will create significant funding issues for some school districts, so it doesn't really create equity.) More funding would go to Chicago Public Schools to relieve their pension problems so we need to talk with Senator Karen McConnaughey to let her know our opinions. PTELL is dependent on this and we need to look at getting our group together again for discussion. I like the idea of working with other school districts about PTELL. (The proposed funding formula would cause 163 of the greatest wealth districts to lose money and 19 would gain.) It is important to let our representatives know the impact these changes will have on our taxpayers. Has IASB or IASBO taken a position on SB-16? (Yes, they have been working on this and trying to get the legislators to look at it.) If we lose funds with the recommended budget then what do we do? (We need to answer the senator's questions and keep lobbying. Nothing was said about PTELL at the last meeting.) What would happen if Geneva decided not to comply with mandates? (We could be found to be non-compliant and possibly lose accreditation.) Would they withhold funds? (Not sure what the implications would be.)

4.2 Third Quarter Report

The Assistant Superintendent Business Services reported that revenue received is at 57% but should be at 75%. State revenue is at 84% due to late payments received. As of March 30, 2014, the state did not make payment but as of now we are up to date. Federal revenue is at 51% and Special Education funding is lagging at 44%. We should be receiving levy payments sometime in May and June. Once these funds are received revenue should be at 100%. Expenses are at 73.6% and so expenditures should be close to budgeted amount. Our cash flow for March has been on target and for April we came in just under budget. Our ending balance for all funds is \$42.2 million which is \$1.5 million higher than March 2013 which was \$40.7 million. The Operating Fund balance as of March is \$29.8 million. This is \$2.5 million lower than in March which was \$32.3 million. This is primarily due to a lower fund balance in Operations and Maintenance.

Discussion, comments, questions: Are we close to keeping 30% of operating funds per policy? (Yes.)

4.3 IASB Local School Funding Resolution

The Assistant Superintendent Business Services reported that the Illinois Association of School Boards is requesting school districts pass a resolution regarding local school funding. The resolution could be added to the next board meeting agenda and if approved by the board, she would insert Geneva's data into the resolution.

Discussion, comments, questions: With reserves going down, we need to let the legislators know how funding changes will impact our district. If approved by the board, will the resolution be sent to the IASB? (Yes.) We could also share the resolution with Senator McConnaughey and our other local representatives so they are aware of the impact on our district. While Geneva has not cut many teachers in the past seven years, class sizes have "ticked up" and that also impacts our district.

Consensus was to move the resolution to the full board for consideration.

5. FUTURE AGENDA ITEMS

5.1 Treasurer Report

6. ITEMS FOR RECOMMENDATION TO FULL BOARD

IASB Local School Funding Resolution

Motion made by Nowak, second by Lamb. Ayes, three (3). Nays, none (0). Motion carried unanimously.

7. INFORMATION

7.1 Legislative Update

None

7.2 Status of State Funding

None

8. ADJOURNMENT

At 6:45 p.m., motion by Lamb, second by Nowak, and with unanimous consent, the meeting was adjourned.

APPROVED _____
(Date)

_____ CHAIRPERSON
William R. Wilson

SECRETARY _____
Dr. Kent Mutchler

_____ RECORDING
SECRETARY
Bonnie J. Johnson