

April 2017 Operating & Capital Funds Referenda

December 19, 2016 Update

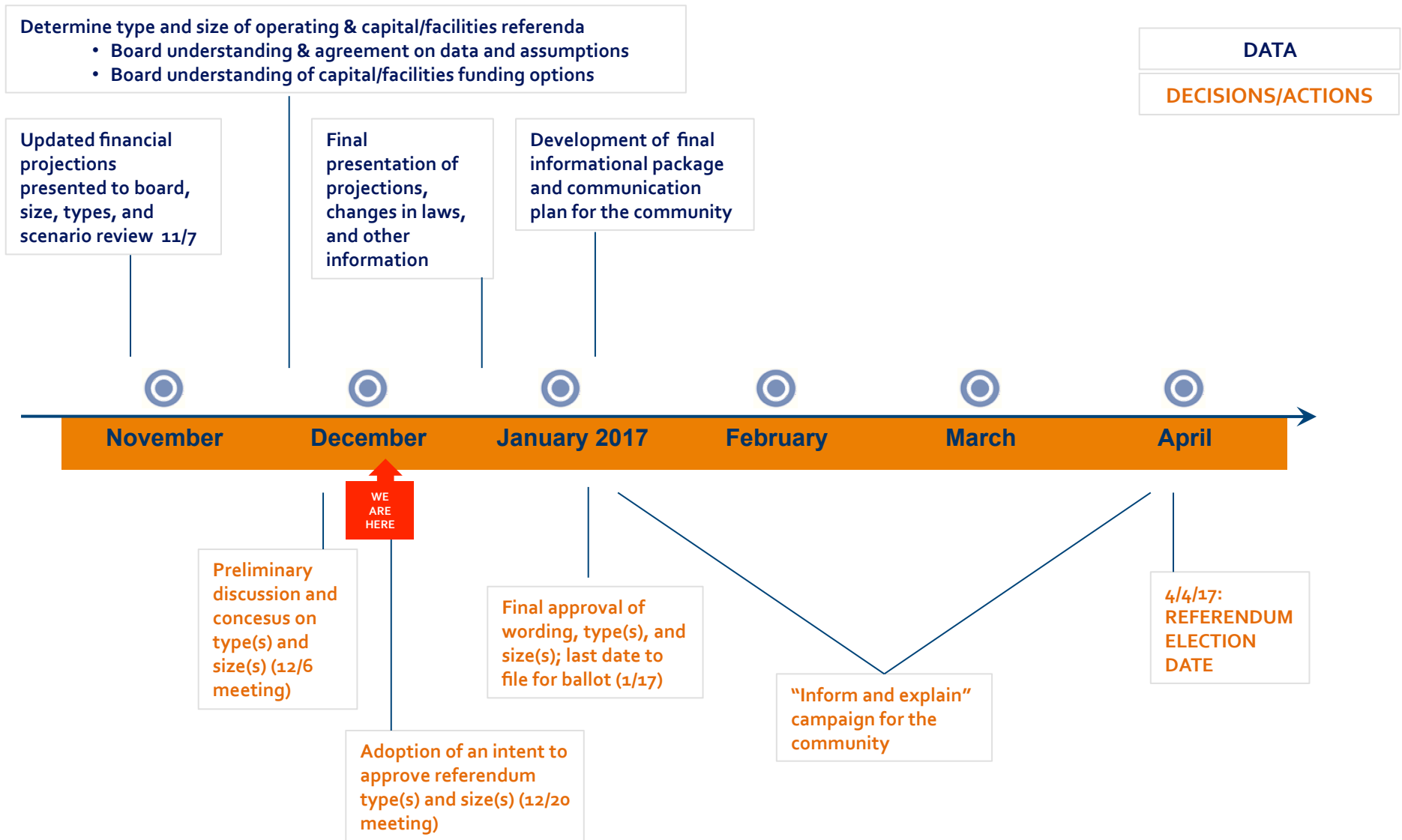


DRAFT WIP –FOR DISCUSSION PURPOSES ONLY

Rev. 15 December 2016



TENTATIVE TIMELINE OF DATA AND DECISIONS



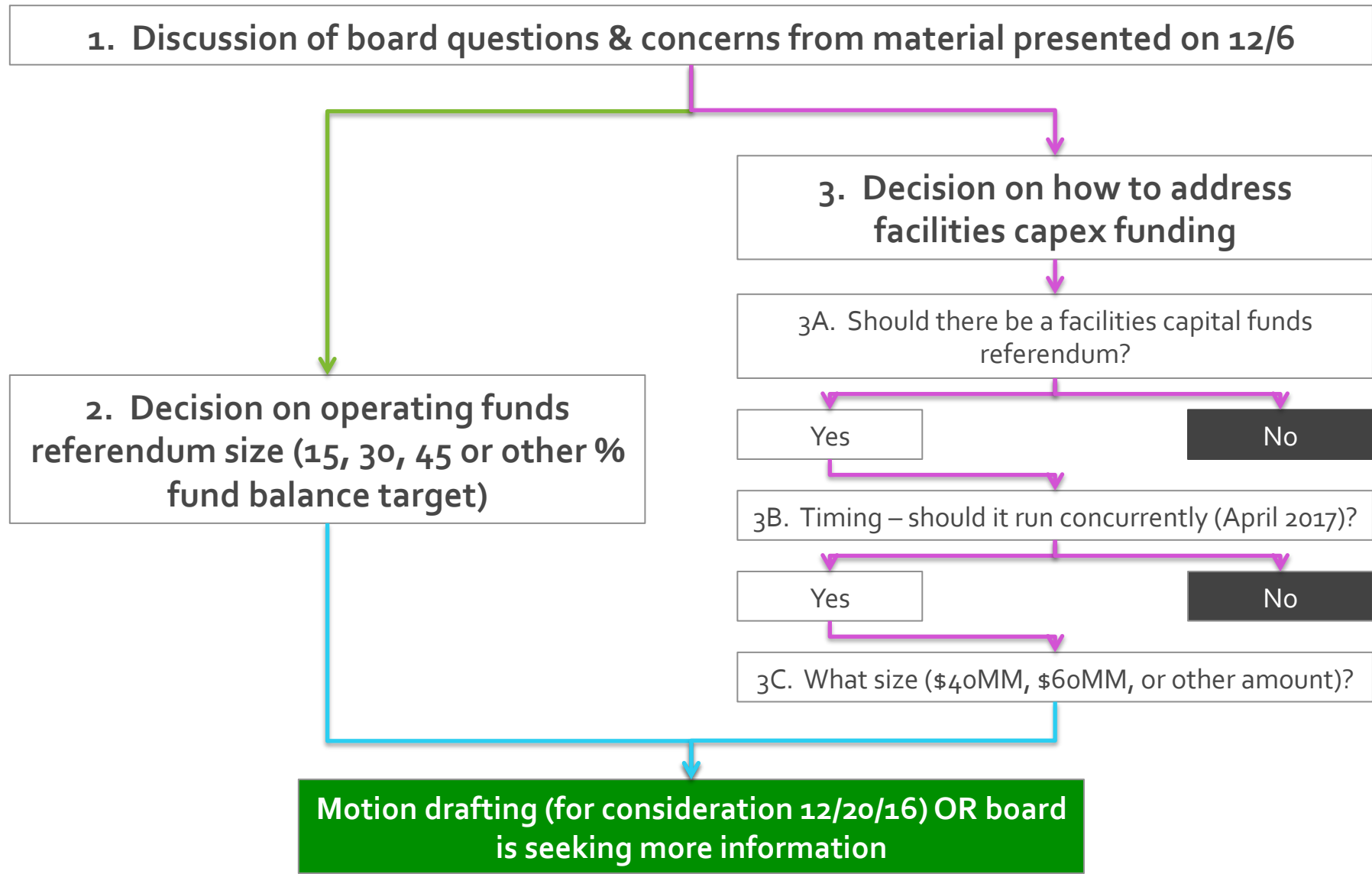
NEAR-TERM CALENDAR



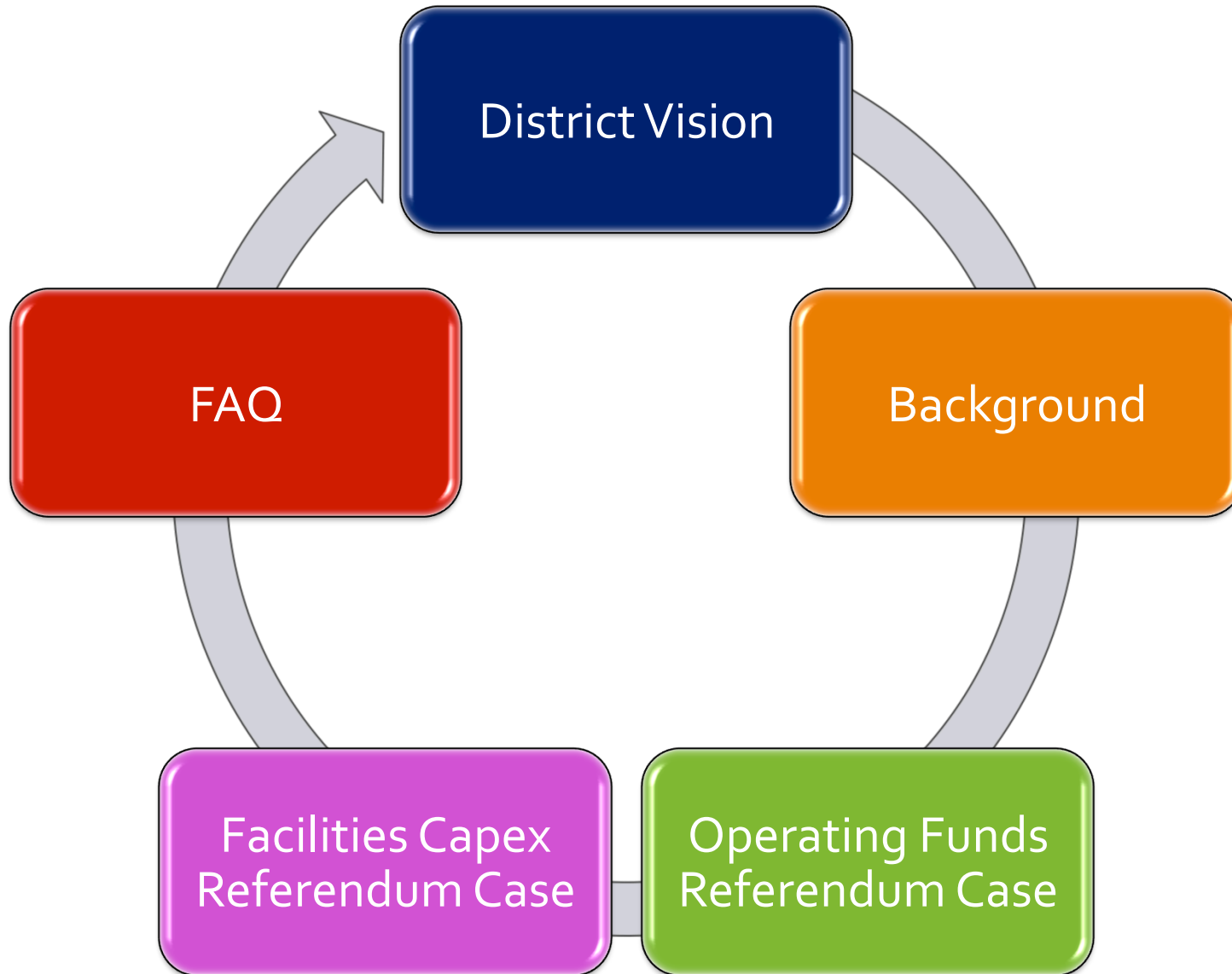
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
DEC>>	19 SPECIAL BOARD MEETING	20 REGULAR BOARD MEETING: Motion	21	22	23	24
25	26	27	28	29	30	31
1	2	3	4	5	6	7
8	9	10 REGULAR BOARD MEETING: Adoption	11	12	13	14
15	16	17 BALLOT FILING DEADLINE	18	19	20	<<JAN



DECISION TREE FOR 12/19/16 MEETING



CONTENTS





VISION

D97: A TEN YEAR HISTORY OF INVESTMENT & INNOVATION



DELIVERING FOR KIDS

Innovative new teacher contract provides meaningful leadership roles, higher starting salaries, and National Board incentives to help attract and retain the best teachers in America

New athletic fields at Brooks and Julian

District partners with D200 and the Village of Oak Park to fund groundbreaking 0-18 early childhood education initiative (Collaboration for Early Childhood Development)

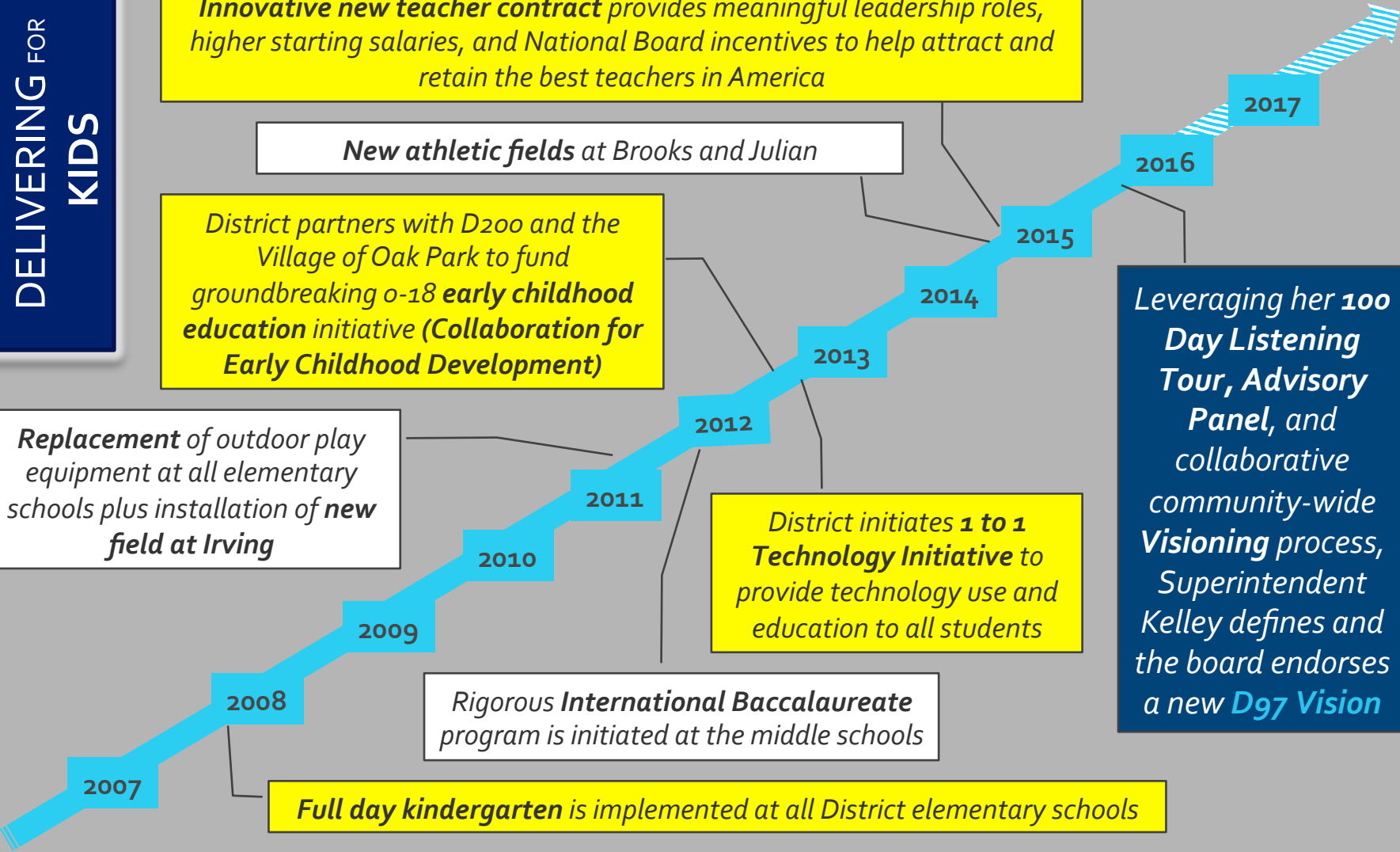
Replacement of outdoor play equipment at all elementary schools plus installation of new field at Irving

District initiates 1 to 1 Technology Initiative to provide technology use and education to all students

Leveraging her 100 Day Listening Tour, Advisory Panel, and collaborative community-wide Visioning process, Superintendent Kelley defines and the board endorses a new D97 Vision

Rigorous International Baccalaureate program is initiated at the middle schools

Full day kindergarten is implemented at all District elementary schools



VISION



- ◆ Reflective of Oak Park values
- ◆ Arrived at through robust community and stakeholder input
 - 100 Day Listening Tour
 - Multiple advisory panels comprised of community leaders, parents, staff, students, and others
 - 13 "Community Conversations" with outside facilitation
 - National Equity Project (NEP) support to help refine and articulate goals

Oak Park Elementary School District 97 will create a positive learning environment for all students that is equitable, inclusive and focused on the whole child

2016-17 GOALS TO SUPPORT THE VISION (THE "BIG ROCKS"):

1. Align D97 systems, structures, and processes to reflect our stated value of educating the whole child (e.g. we act in ways that reflect our understanding of supporting the successful development of each and every student)
2. Establish a comprehensive system of support for all District 97 staff





KEY TERM: POSITIVE LEARNING ENVIRONMENT

IS A PLACE WHERE ALL MEMBERS OF THE SCHOOL COMMUNITY ARE ENGAGED IN HANDS-ON, REAL-WORLD EXPERIENCES AND FEEL SAFE, EMPOWERED, SUPPORTED AND VALUED.

EXAMPLES OF WORK & INVESTMENTS

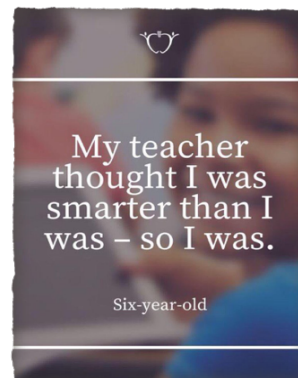
- Enhance home/school connections
- Social workers, nurses in each building
- Enhancing safety/crisis response protocols

OBJECTIVES

- Provide all students with language and tools to feel empowered
- Provide staff with time, training and resources to build and support positive adult-student relationships
- Engage the entire community in support of our schools and each & every student
- Respect/value the perspectives and needs of students and teachers

GOALS

- ✓ Every community member feels like a partner in supporting our schools & each & every student
- ✓ Students & staff feel empowered, valued, & respected



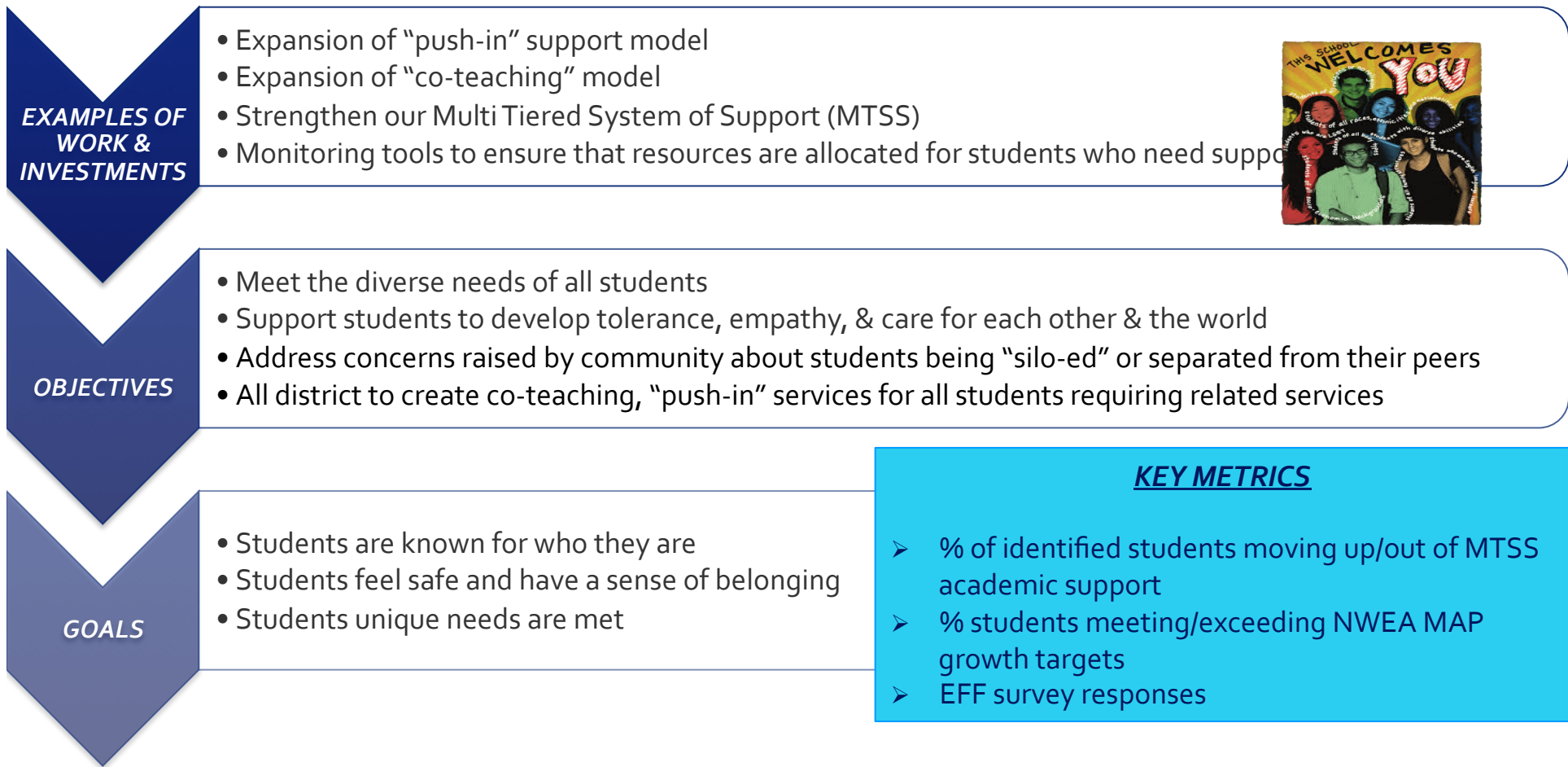
KEY METRICS

- 5Essentials survey responses
- EFF survey responses



KEY TERM: INCLUSION

IS THE COLLECTIVE RESPONSIBILITY TO PROVIDE EQUITABLE OPPORTUNITIES FOR ACCESS AND PROMOTE THE ACTIVE PARTICIPATION OF ALL STAKEHOLDERS IN AN ACCEPTING AND SUPPORTING ENVIRONMENT





KEY TERM: WHOLE CHILD FOCUS

THE PRACTICE OF SUPPORTING, MEASURING AND CELEBRATING ALL ASPECTS OF A STUDENT'S DEVELOPMENT (SOCIAL/EMOTIONAL, ACADEMIC, PHYSICAL, ARTISTIC EXPRESSION) THROUGH CARING AND RESPECTFUL RELATIONS

EXAMPLES OF WORK & INVESTMENTS

- ✦ Enhance professional learning experiences (cultural responsiveness, high expectations teaching, Formative Assessment for Results)
- ✦ Provide “wrap-around” services for students (before- and after-school)
- ✦ Enhance learning spaces (science labs, media centers)

OBJECTIVES

- Expand variation of assessments, focus on the whole child (know all aspects of our students, soft skills and academic skills)
- Attend to the “whole child”
- Expand our programming to preschool in order to close the opportunity gap in middle and high school

GOALS

- ✓ Caring adult-student relationships
- ✓ Students lead their own learning & become lifelong learners

KEY METRICS

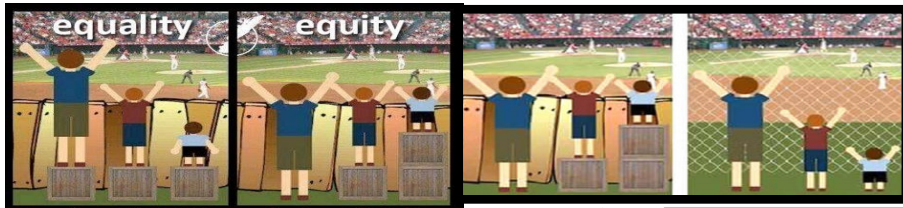
- EFF survey responses





KEY TERM: EQUITY

THE PRACTICE OF BELIEFS AND CREATION OF SYSTEMS THAT PROVIDE ACCESS AND OPPORTUNITIES FOR ALL STUDENTS IN ORDER TO ELIMINATE THE PREDICTABILITY OF OUTCOMES ASSOCIATED WITH RACE, GENDER AND SOCIOECONOMIC STATUS



EXAMPLES OF WORK & INVESTMENTS

- International Baccalaureate
- Project Lead the Way
- K-5 Writing Units of Study
- K-5 Eureka Math
- FOSS aligned to NGSS
- Literacy written curriculum framework
- 1:1 digital devices for grades 3-8

OBJECTIVES

- Address inequities in student outcomes based on achievement and discipline data
- Provide students' access to and participation in educational programming, classes, and extracurricular activities that will support students in high school and beyond

GOALS

- Every student is challenged and engaged
- All students have access to programs and supports to prepare them for success in high school and beyond
- We support every student to be a critical thinker who is ready to contribute to his/her community

KEY METRICS

- EFF survey responses
- % of students with >95% attendance
- % of students placing into advanced math courses in 9th grade
- % student access to behavioral supports & practices
- % of students meeting or exceeding expectations on PARCC



BACKGROUND



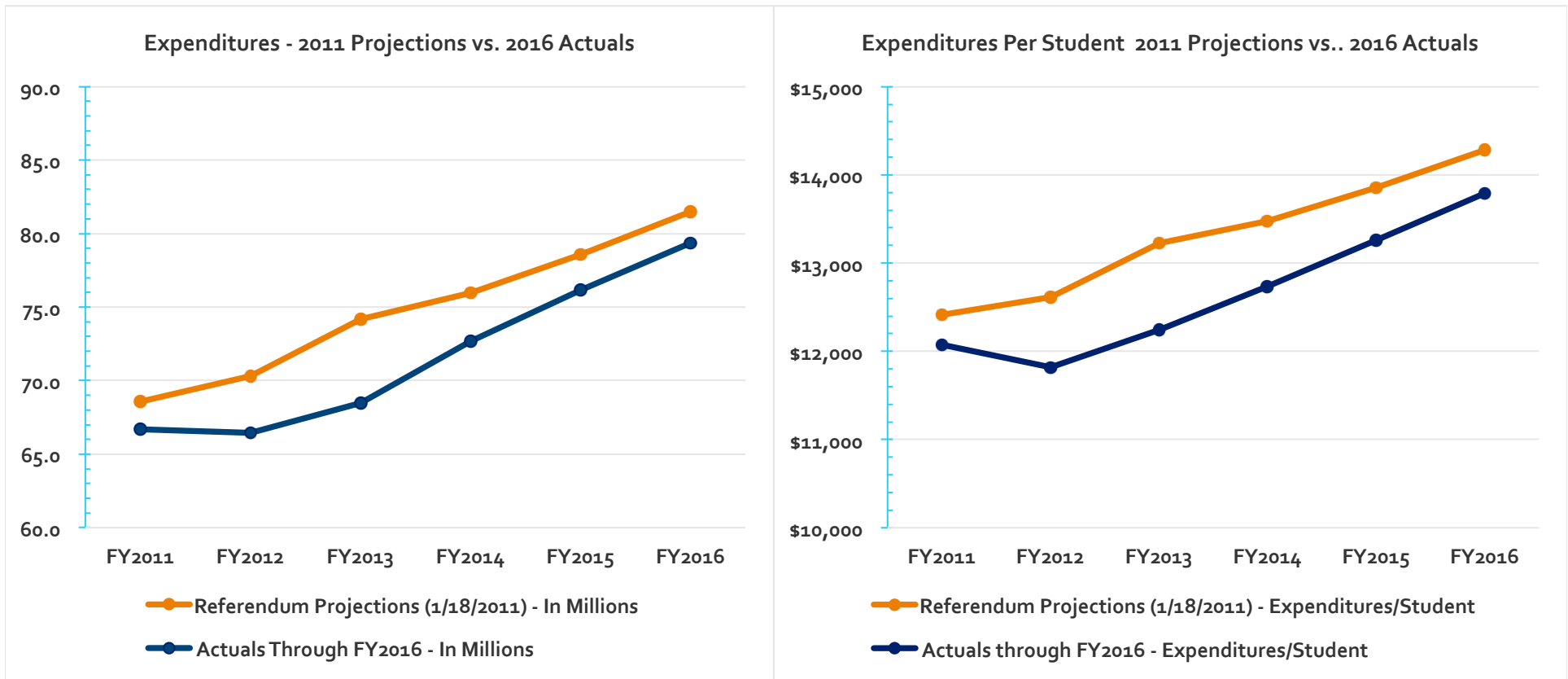
WHY ARE WE SEEKING AN OPERATING FUNDS REFERENDUM?

Recent History

- ◆ In 2011, the District sought its first operating funds referendum in 20 years
 - At the time, the district had successfully managed its finances to extended resources as much as possible before unacceptable program cuts would have been required
 - All D97 employees, including bargaining group partners and administrators, shared the sacrifice by freezing salaries
 - Timing was less than ideal following recession, but referendum passed with 54% of the 11,172 votes cast
 - Financial and enrollment projections were used to “size” the referendum to sustain the district until approximately 2018, when the 1999 capital referendum (“middle school”) bonds will be fully paid
 - 2011 referendum was a “stopgap” – **the board projected that a new referendum would be required in the 2017-2019 time frame**



D97 PERFORMANCE IN MANAGING EXPENSES VS. 2011 REFERENDUM PROMISES AND PROJECTIONS

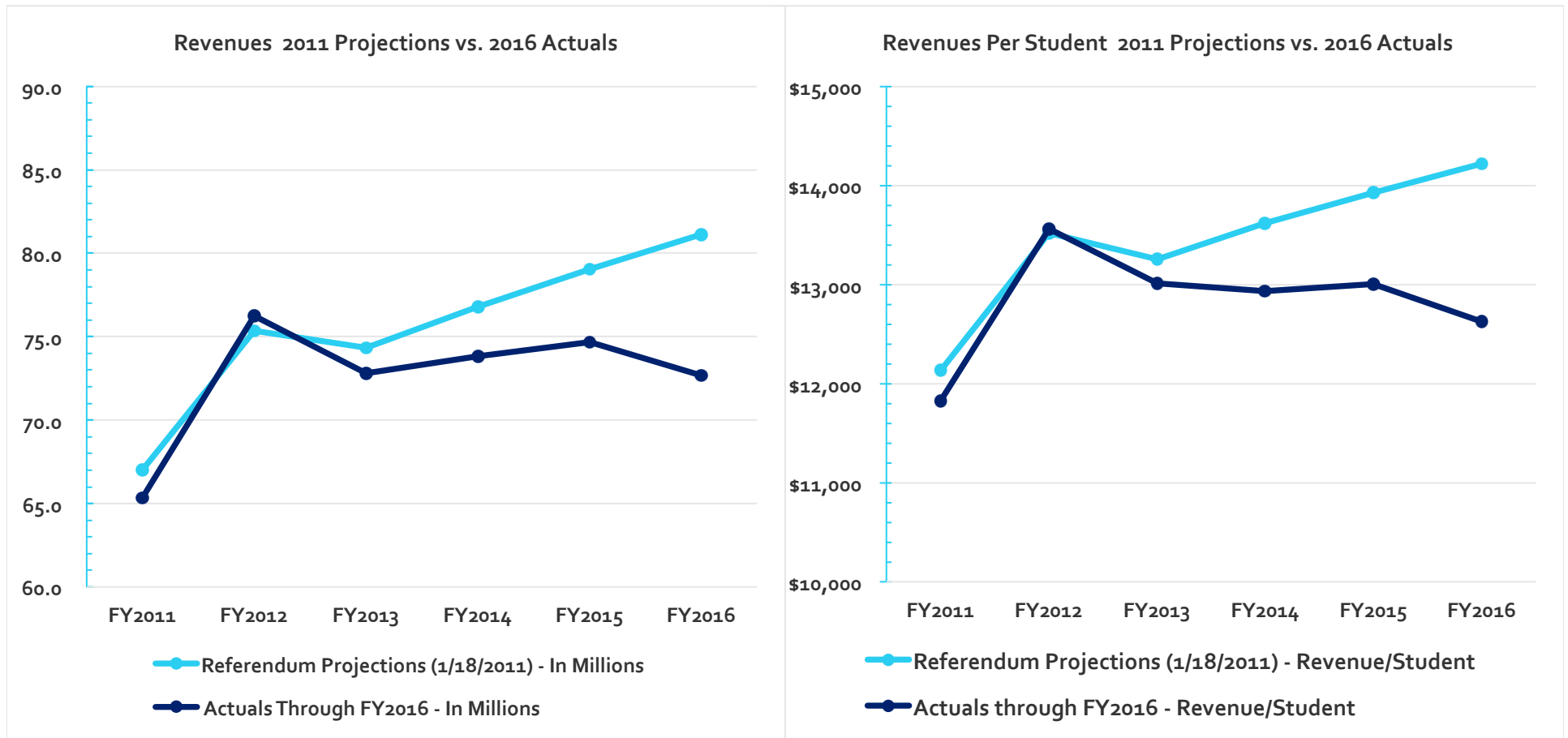


On both a total cost and per-student basis, D97 consistently maintained expenditures below budget and referendum commitments despite an increase of over 300 students above the enrollment projections through 2018*

*2011 enrollment was approximately 5,500 students; current enrollment for 2016 has already exceeded the 2018-projected level of 6,000 students



ACTUAL REVENUES VS. 2011 REFERENDUM PROJECTIONS



Revenues have not kept pace with 2011 referendum projections

WHY ARE WE SEEKING AN OPERATING FUNDS REFERENDUM? (continued)

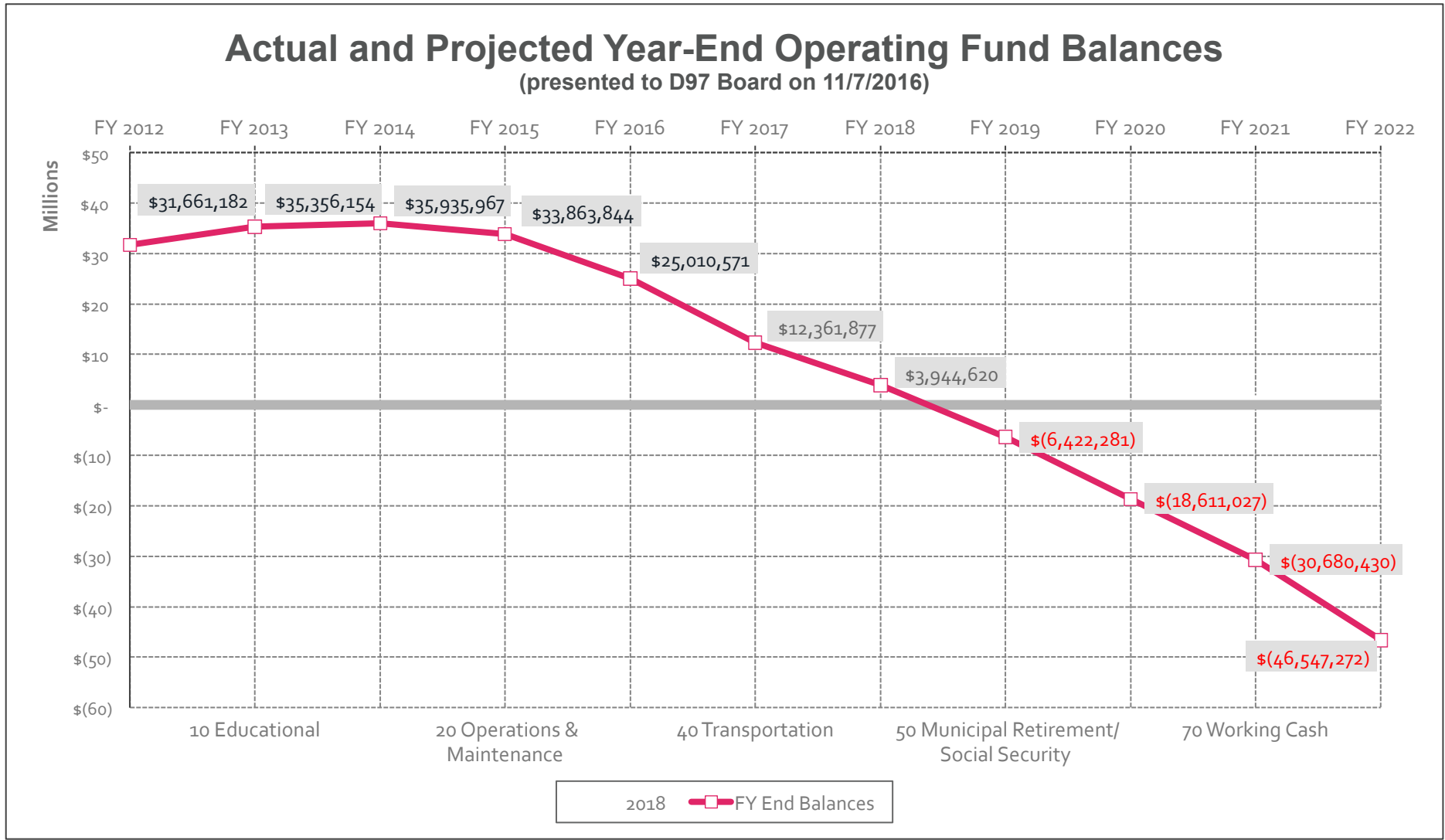


Current Situation

- ◆ Forecast5 projections indicate that without an increase in revenue, decrease in costs (programs, staff), or both, the District will fall below ISBE guidelines and D97 fund balance policy requirements in FY 2016-17. **D97 has already exceeded policy boundary conditions now >>**
- ◆ Per policy 4:12, *"when one or more of the financial boundary conditions...of this policy are being violated the Board and Administration shall take appropriate actions. Actions...may include, but are not limited to (in no specific order):*
 - A curtailment in hiring;
 - A curtailment in implementation of new programs or in the initiation of the next phase of an existing program
 - Enacting an expenditure budget for the next fiscal year...
 - Personnel reductions...
 - Reduced salary and benefits increases and/or salary freezes...
 - **Recommendation of a referendum to address the financial situation..."**

D97 Fiscal Policy Warning Indicator	
SELECTED BOUNDARY CONDITIONS	STATUS
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> <i>Projected monthly fund balances go negative over next two years</i>	<input checked="" type="checkbox"/> YES – fund balances go negative in 2018
<input type="checkbox"/> <i>Average fund balance drops below 25% of operating expenses within 3 years</i>	<input checked="" type="checkbox"/> YES – fund balance drops below 25% of operating expenses in 2017
<input type="checkbox"/> <i>The district is continuously reducing debt capacity by issuing debt to fund operating expenses</i>	<input checked="" type="checkbox"/> No – the district is not using DSEB or other debt instruments to fund operations
<input type="checkbox"/> <i>The district cannot maintain at least Moody's Aa2 or equivalent credit rating</i>	<input checked="" type="checkbox"/> No – the district's credit rating is Aa2

PROJECTED OPERATING FUND BALANCE IF NO ACTION IS TAKEN

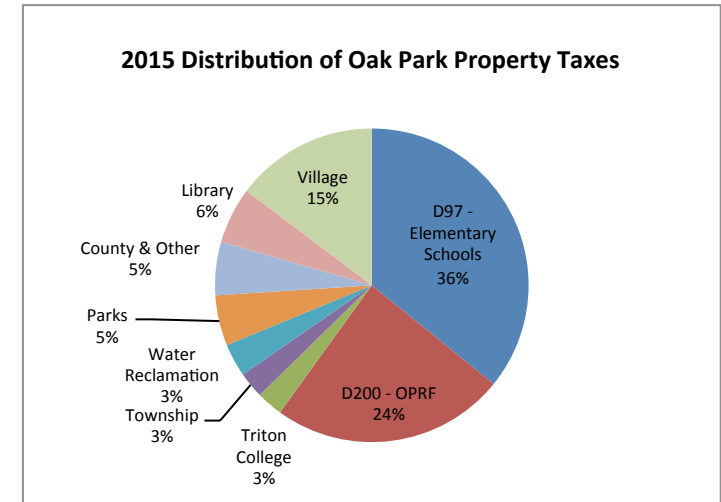


Source: Forecast5 Analytics, November 2016

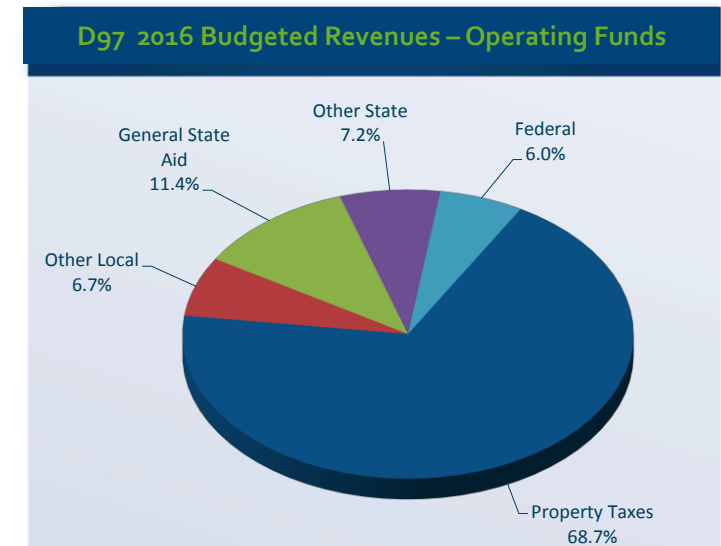
BASICS OF SCHOOL FINANCING



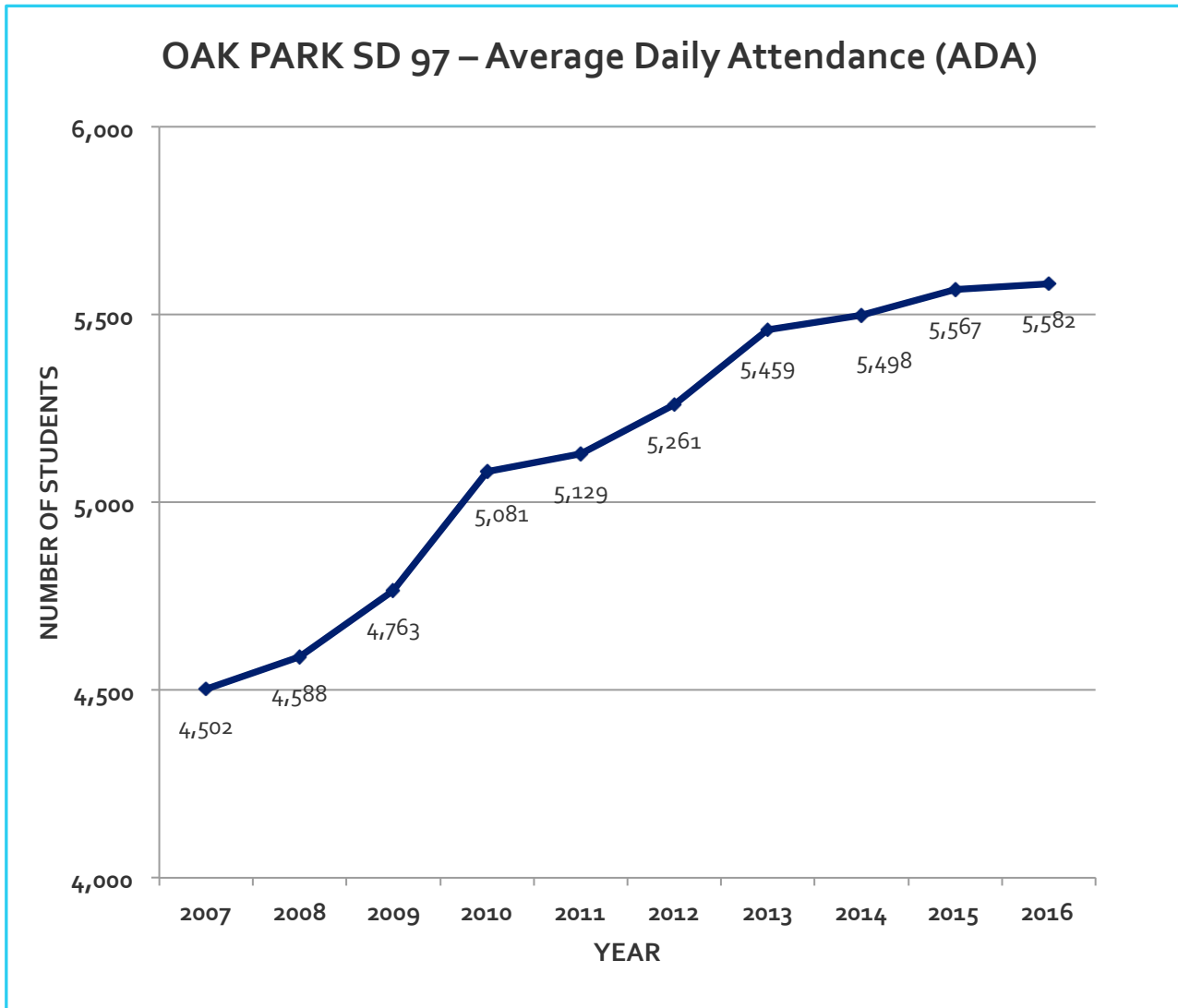
- ◆ More than any other state, districts in Illinois rely on local property taxes to provide approximately 70-75% of public school funding
- ◆ D97 is subject to the Property Tax Extension Limitation Law (PTELL), a.k.a. “Tax Cap” laws of Cook County
 - Limits D97’s revenue from local property taxes to the lesser of inflation (CPI) or 5%
 - Exists as a mechanism to require school districts to solicit community approval for increases outside of those limits
 - However, the growth in property tax revenue does not increase at the same rate as the increase in student-driven expenditures



Source: Oak Park Township Assessor's Office, January 2016



D97: AN EIGHT YEAR HISTORY OF ADA GROWTH



- ADA up 23.7% (1,065 kids) since 2007
- ADA up 8.5% (486 kids) since referendum year 2011, exceeding projections by 300 students
- Fall 2016 enrollment has broken the 6,000 mark for the first time in 40 years**

SCHOOLS CONTINUE TO DRIVE POPULATION GROWTH AND RETENTION IN OAK PARK



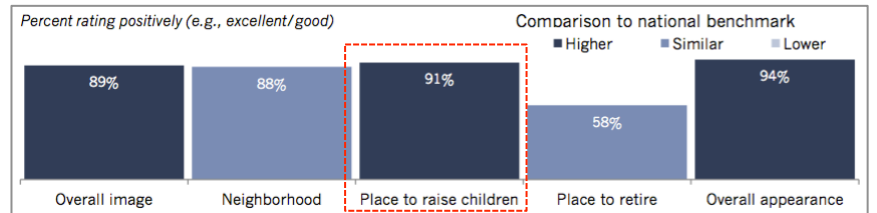
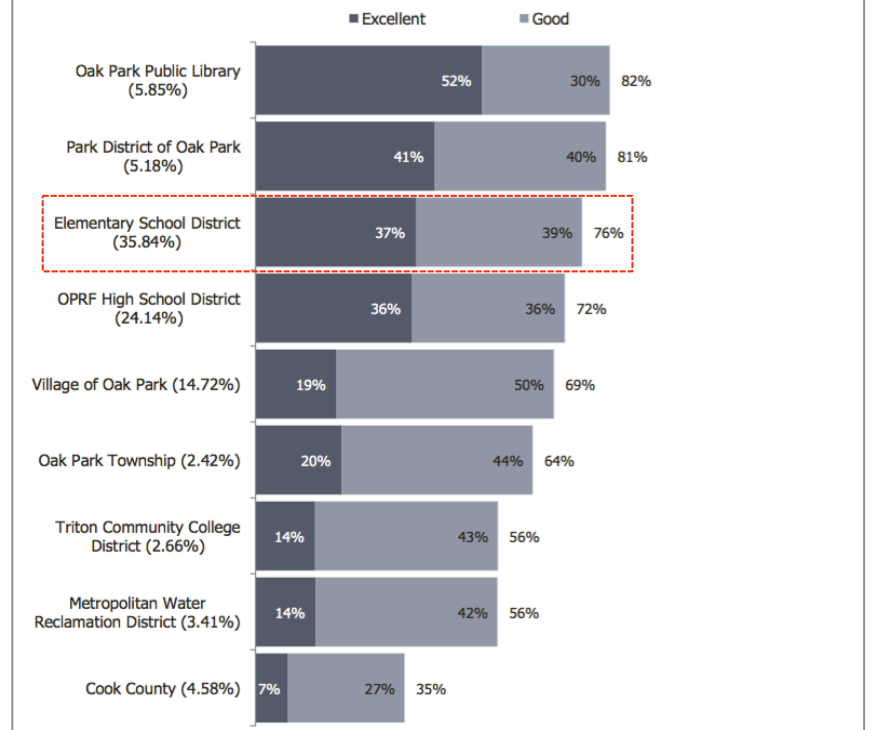
"Schools are by far the number one reason people move to Oak Park."

John Lawrence, President
Oak Park Area Association of Realtors
4th Annual IGOV Assembly, October 2016



Oak Park Resident Responses – 2015 National Citizen Survey

Figure 7: Value of Services for Property Taxes Paid
Please rate the value of services for the taxes paid to each of the following taxing bodies (percent of your property tax bill):

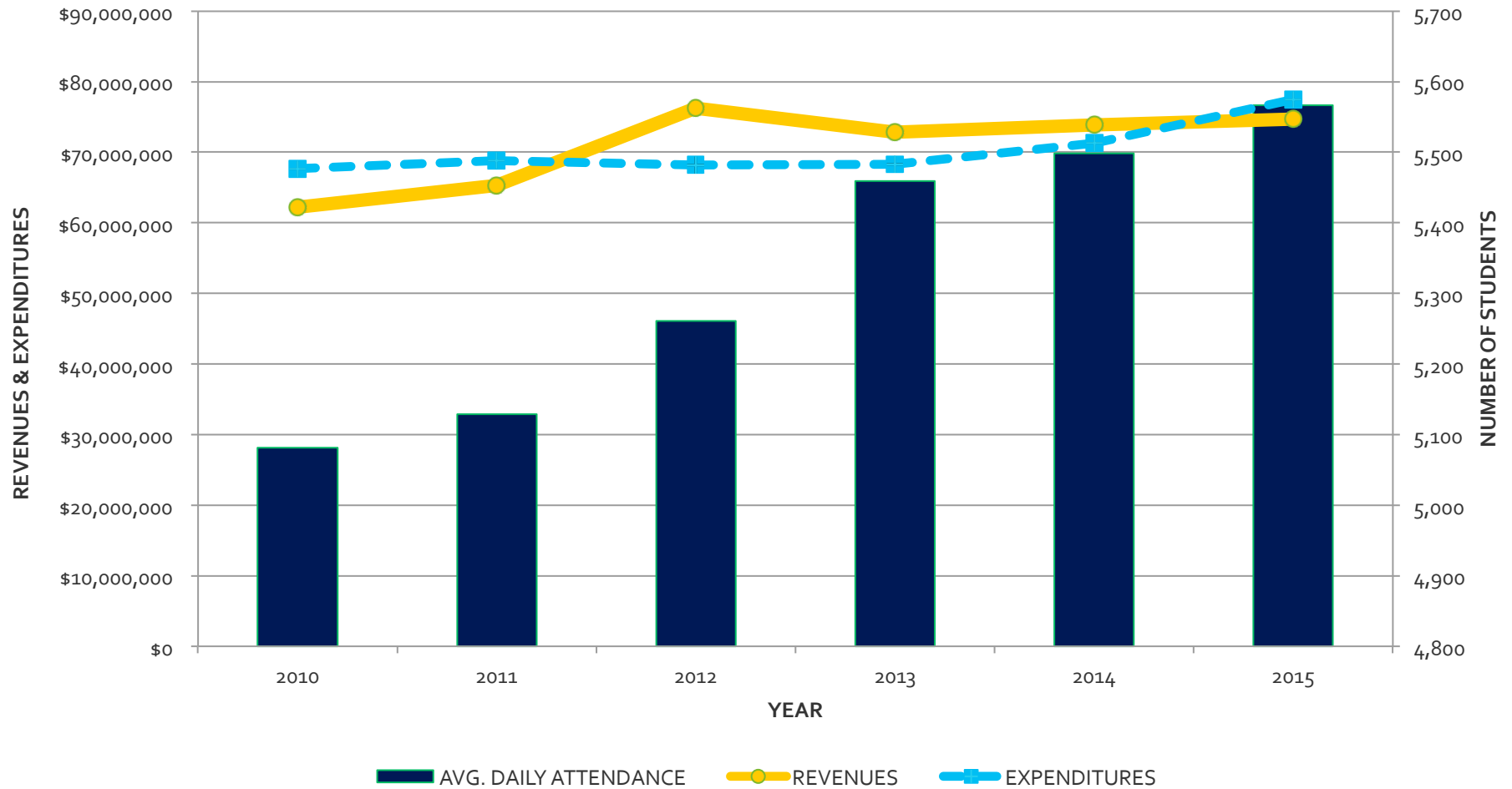


Source: National Citizen Survey, National Research Center, Inc. (NRC) and International City/County Management Association (ICMA) 2015

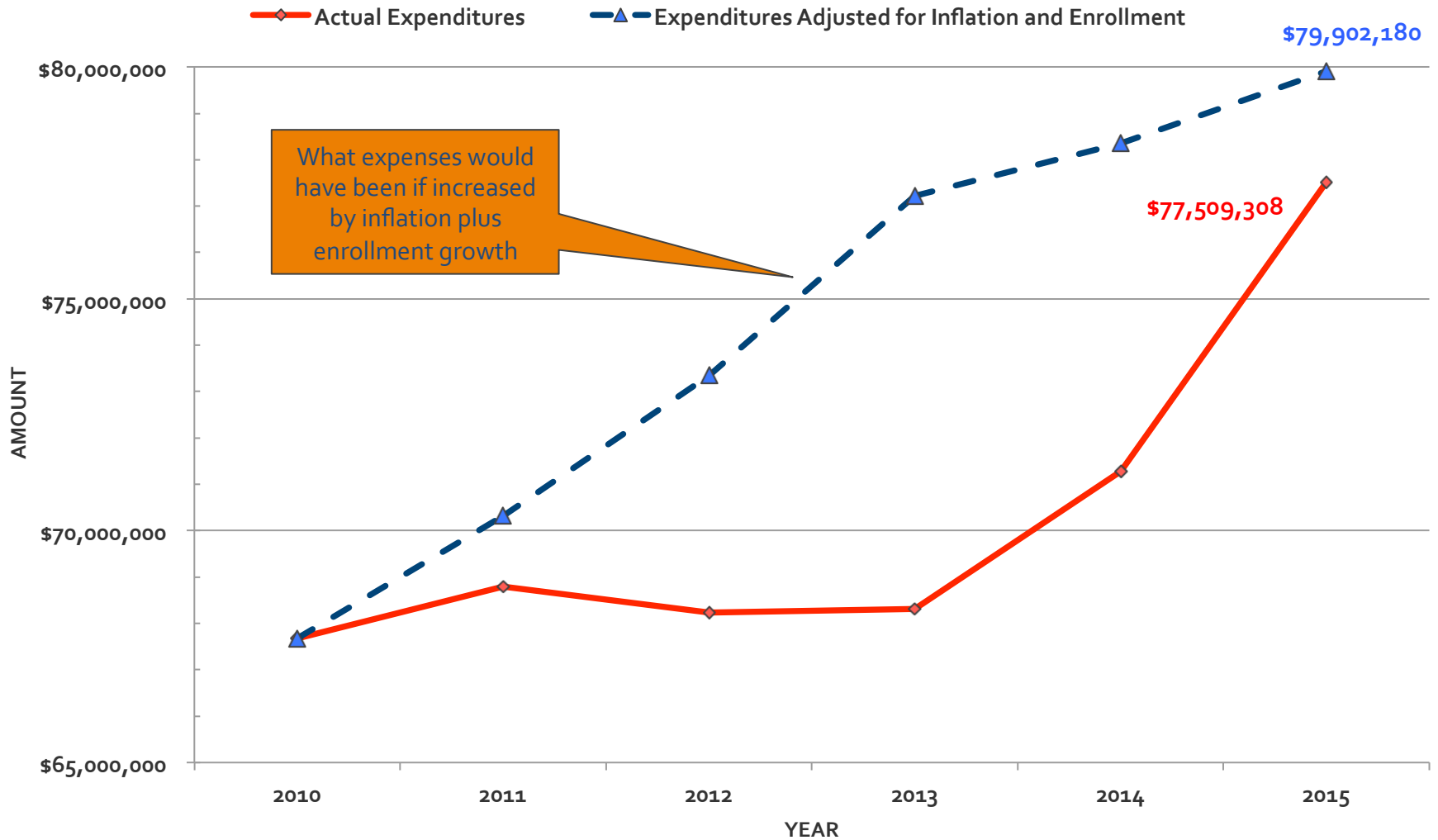
THE DISCONNECT BETWEEN REVENUE AND STUDENTS SERVED/PROGRAMMING



D97 OPERATING REVENUES VS EXPENDITURES VS AVG. DAILY ENROLLMENT TRENDS



ACTUAL EXPENSES VS. ADJUSTED EXPENSES

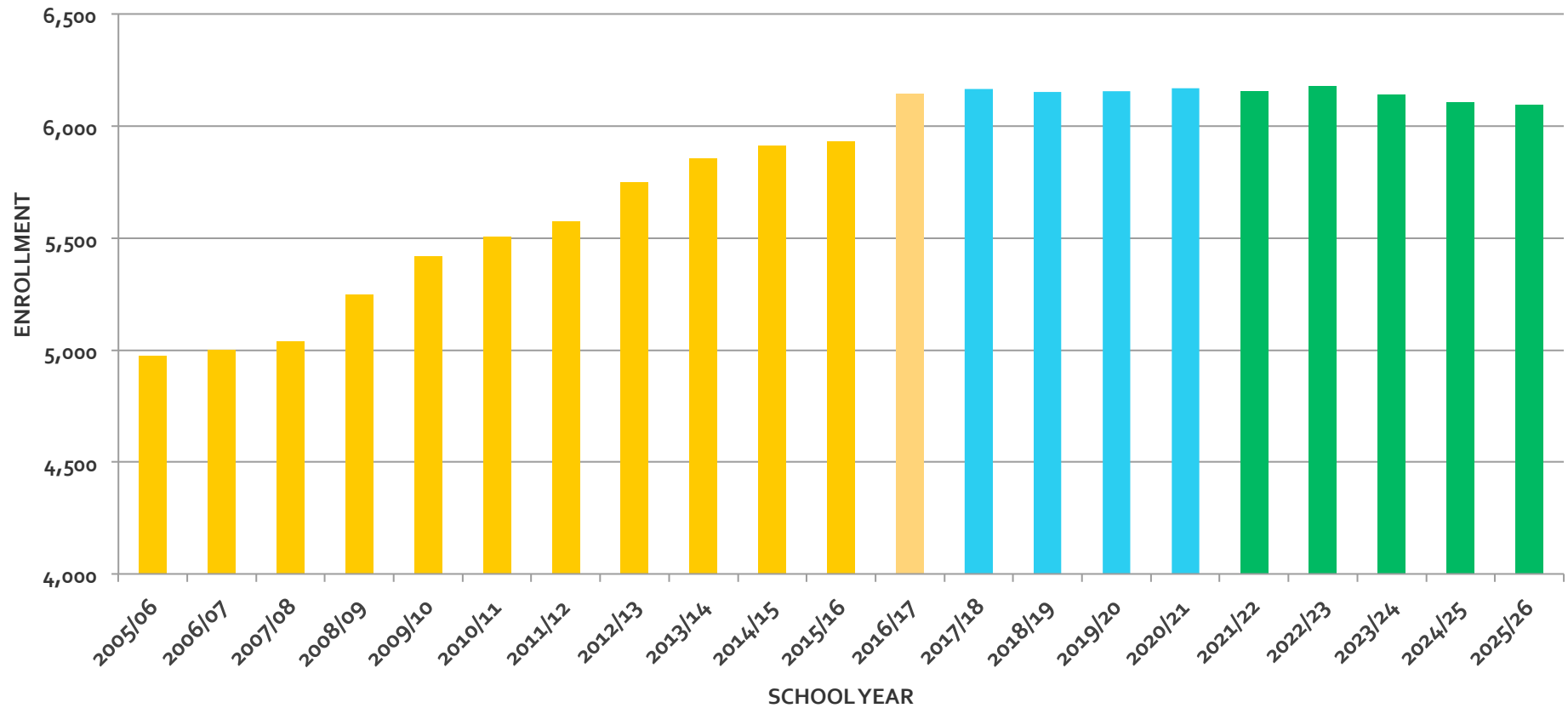


ENROLLMENT FORECAST



Oak Park Elem. School District 97 Enrollment

2005/06 Through 2015/16 Actual
 2016/17 Through 2020/21 Projected
 Trend through 2025/26



Source: Ehlers 2016 Enrollment Projection Update, January 2016 and D97 enrollment data



OPERATING FUNDS REFERENDUM SCENARIOS

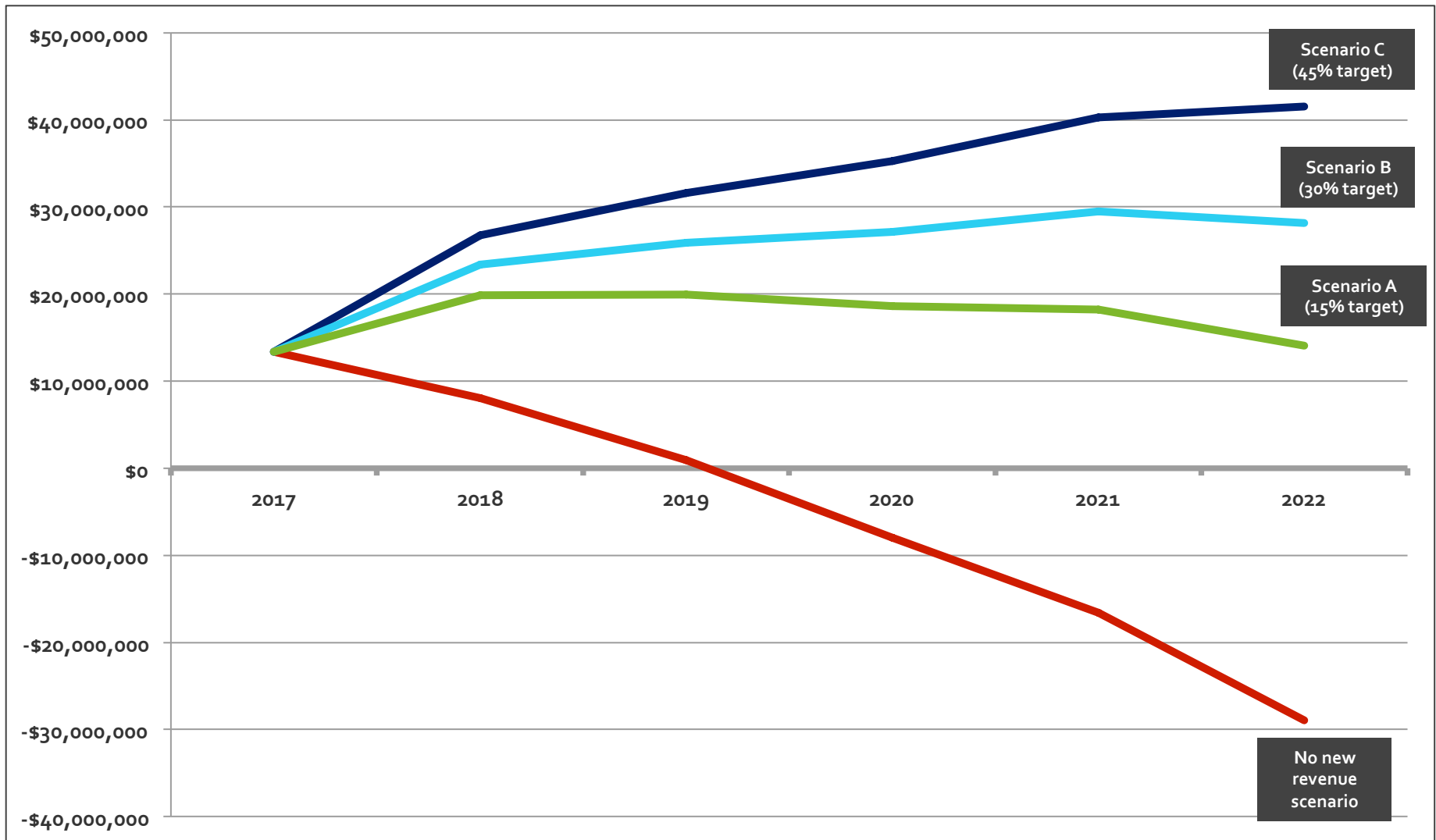
FRAMING HYPOTHETICAL OPERATING FUNDS REFERENDUM SIZES



- ◆ Administration has answered the question “what do you need to achieve the Vision” with a budget-neutral set of key investments offset by reductions (resource reallocations)
- ◆ Therefore, the board’s referendum size decision is not driven by programming choices *unless* the board decides that none of the referendum size options are tenable
- ◆ Size decision is instead driven by a target fund balance level five years out (2022). For comparison purposes, 15%, 30%, and 45% target fund balance (TFB) scenarios are provided below:

	Scenario A 15% TFB	Scenario B 30% TFB	Scenario C 45% TFB
Hypothetical Limiting Rate Increase	\$.76	\$1.04	\$1.21
Hypothetical New Rate	\$4.68	\$4.96	\$5.13
Hypothetical D97 Levy Increase	\$10,141,755	\$13,878,192	\$16,146,742
Hypothetical New D97 Operating Levy	\$63,271,903	\$67,008,340	\$69,276,890
Increase for current \$10,000 annual tax bill	\$562	\$770	\$895

FUND BALANCE PROJECTIONS THROUGH 2022 UNDER DIFFERENT SCENARIOS



Source: William Blair & Co., December 2016

TARGET OPERATING FUND BALANCE SCENARIO PROS AND CONS



SCENARIO	PROS	CONS
<p>Scenario A</p> <p>15% TFB</p> <ul style="list-style-type: none"> Lowest increase that might provide for five years of funding without another referendum 	<ul style="list-style-type: none"> Is not projected to allow the board to stay in compliance with its finance policy 4:12 Is very high risk if not combined with a successful capital referendum because DSEB would not be available as a contingency There is no flexibility for the board to add staff, including staff for continued enrollment increases 	
<p>Scenario B</p> <p>30% TFB</p> <ul style="list-style-type: none"> Is the minimum needed that allows the board to regain compliance with policy 4:12 (as projected) Provides some flexibility to cover state or federal funding short falls from projections and/or enrollment increases 	<ul style="list-style-type: none"> Is very high risk if not combined with a successful capital referendum because DSEB would not be available as a contingency There is no flexibility for the board to add staff, including staff for continued enrollment increases 	
<p>Scenario C</p> <p>45% TFB</p> <ul style="list-style-type: none"> Provides a margin of error so that the board could stay compliant with policy 4:12 even if state or federal funding falls short of projections Provides a margin of error so that staff can be added if enrollment is above current projections Provides a “margin of error” of available funds in the event of unforeseen circumstances or opportunities 	<ul style="list-style-type: none"> Is the biggest ask and has the highest risk of voter rejection 	

NOTE: In addition to replenishing fund balances as noted, all of these scenarios 1) would make up for the current fiscal deficit and 2) anticipate annual expense growth of 2.5% as currently modeled in Forecast5 projections



FACILITIES CAPEX REFERENDUM SCENARIOS



REFERENDUM SCENARIOS – FACILITIES CAPEX FUNDS

✧ Several factors are forcing consideration of a possible facilities capex funds referendum that could run in conjunction with or at a later date from the planned April 2017 operating funds referendum

1. Life Safety work is mandated by the state and is an ongoing required investment
2. Anticipated maintenance work is significant in areas of Core Functionality (i.e. electrical, plumbing, roof, structural, lighting) and proactive maintenance provides a better learning environment and is more cost effective than emergency repairs
3. The surge in enrollment is also creating a need to address capacity issues at several buildings
 - Can be addressed through facility infrastructure expansions, or
 - Other strategies to increase capacity can be explored such as school boundary changes, building usage, grade level centers, and/or class sizes
4. The district has aspirational goals around improving accessibility
5. The district has aspirational goals around 21st century learning environments, including the important Vision investment of enhanced learning spaces
6. Some in the community have voiced a strong interest in providing air conditioning at our elementary schools

✧ FAC and the Administration recommend consideration of projects over a five-year horizon

FACILITIES CAPITAL INVESTMENTS BY CATEGORY AND YEAR



Category	2018	2019	2020	2021	Total
<p><u>Anticipated Maintenance to Support Core Functionality of Buildings</u></p> <p>(This work includes ADA work and upgrades to fire alarms, lighting systems, power distribution, plumbing repairs and roof repairs across all buildings)</p>		\$11,723,800	\$12,957,700	\$12,907,000	\$37,588,500
<p><u>Enhanced Learning Spaces*, Capacity Expansions, & Climate Control</u></p> <p>(This work includes converting existing non-classroom space into renovated learning spaces and additional classrooms at Lincoln and Longfellow)</p>	\$4,656,900	\$9,626,382	\$3,977,861	\$1,702,559	\$19,963,702
Total	\$4,656,900	\$21,350,182	\$16,935,561	\$14,609,559	\$57,552,202

* Key investment to support Vision

BOARD DECISION: HOW TO FUND FACILITIES CAPITAL EXPENDITURES



Scenario	Pros	Cons
1. Run 2017 Facilities Capex Bond Referendum (concurrent with Operating Limiting Rate)	<ul style="list-style-type: none"> • Most transparent - restricts funds to capital uses; no footnoting of operating expenditures • Best supports advance planning of work • Most likely able to capture lower interest rates • Allows lower operating rate, Best option to smooth the tax rates across 1999 bonds payoff 	<ul style="list-style-type: none"> • Two referendums at once is very uncommon and could be confusing – will require added explanation • Risk of a a split decision (either way)
2. Add facilities capex funding needs to the Operating Limiting Rate referendum	<ul style="list-style-type: none"> • One referendum • Most flexibility of money collected 	<ul style="list-style-type: none"> • Requires a multi-year referendum to avoid sudden tax spike, but difficult to project EAV increases • Does not provide bonding authority, so money must be collected before it can be spent • Asks current residents to pay increased taxes, but benefits won't be realized for years • High risk "all or nothing" ask
3. Delay; run facilities capex bond referendum in April 2019	<ul style="list-style-type: none"> • Only one referendum in 2017 • Possibility of more clarity of student enrollment trends • Possibility of more clarity around state funding • Possibility of more clarity around desired projects • Transparent - restricts funds to capital uses; no footnoting of operating expenditures 	<ul style="list-style-type: none"> • 1999 Referendum Bonds are paid off before 2019 bonds could be sold, resulting in levy "bounce" • Adds to uncertainty about planning for learning spaces • Voters would be asked to approve operating referendum in 2017 without knowing the size of the capital referendum ask two years later • Risk that there is little to no additional clarity on enrollment or state funding • Risk of a "split" decision, but spread over a two year time frame
4. Rely on DSEB only for facilities capex funding	<ul style="list-style-type: none"> • Reduces the tax burden in two years or with a phase-in can reduce the maximum tax burden • Potentially increases the chance for the operating referendum to pass 	<ul style="list-style-type: none"> • Middle School life safety work will likely consume all remaining DSEB capacity for a decade, resulting in no money for ADA, AC, 21st century learning spaces, or capacity expansions • Severely ties hands of future boards for both new capex dollars and contingency operating funds • Non-mandated maintenance will need to be deferred for as long as possible risking costly emergency repairs and educational disruption

VARIATIONS OF SCENARIO 1 (2017 CONCURRENT FACILITIES CAPEX REFERENDUM BOND)



**Oak Park SD 97, Cook County, IL
Summary of Options - Bond Referendum April 4, 2017**

	Current Plan \$16M DSEB Bonds	\$40M* Referendum Bonds	\$60M* Referendum Bonds	\$68M* Referendum Bonds
Bond Proceeds DSEB	16,000,000	16,000,000	16,000,000	16,000,000
Estimated Bond Proceeds Referendum	-	40,000,000	60,000,000	68,000,000
Timing of Receipt of Proceeds DSEB Bonds (Bank Qualified)	\$6M Dec 2016 \$10M Dec 2017	\$6M Dec 2016 \$10M Dec 2017	\$6M Dec 2016 \$10M Dec 2017	\$6M Dec 2016 \$10M Dec 2017
Timing of Receipt of Proceeds Referendum Bonds	NA	\$40M Feb 2018	\$60M Feb 2018	\$23M Feb 2018 \$23M Feb 2020 \$22M Feb 2022
Current Average Annual Payments 1999 Referendum Bonds	NA	4,456,850	4,456,850	4,456,850
Average Annual Referendum Debt Service	NA	3,198,474	4,797,408	4,497,572
Length of Maturity Referendum Bonds	NA	20 Years	20 Years	24 Years
Final Maturity Proposed Referendum Bonds	NA	1-Jan-38	1-Jan-38	1-Jan-42

*** The debt service on all bond issues is estimated based on current market conditions. There is NO GUARANTEE that the debt service on the proposed bond issues won't be higher in the future depending on bond market conditions.**

Source: William Blair & Co., December 2016



EXPECTED FISCAL POLICY COMPLIANCE/NON-COMPLIANCE BASED ON VARIOUS CAPEX FUNDING OPTIONS

Policy 4:42 – Capital Expenditures and Debt Service Goals and Objectives Scorecard – December 14, 2016

	Debt level is below boundary condition, indicator of possible under investment in infrastructure		Debt level is above boundary condition, indicator that debt burden to tax payers may be too high		Debt level is within the boundary condition
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Metric	Long Term Indebtedness - Principal outstanding divided by statutory limit	Debt Service - Principal and Interest divided by Operating Expenses	DSEB Duration	District's Credit Rating
Boundary Condition	Percent within 25 th (19.4%) and 75 th (81.0%) percentile of peer group for next five years	Illinois Financial Profile Score of 2 (50%-75%) or 3 (25%-50%) in the past year and current budget year.	Percent within 25 th (7.6%) and 75 th (16.2%) percentile of peer group for next five years	Durations less than or equal to five years. District rating maintained at AA2 or higher
Scenario A – The sale of \$6M of DSEB in December 2016, but no sale of the remaining \$10M of DSEB and no referendum bonds in the next five years.	Jun 2017 ~22% Jun 2020 ~ 5% Jun 2022 ~ 2%	Since these are backward looking metrics, they are the same for all five scenarios. FY 2016 ~24% FY 2017 ~22%	FY 2017 9.2% FY 2020 1.6% FY 2022 1.5%	District most recent rating is AA2, but this is being scored as "Not Applicable," because the district has not been rated since Fall 2013
Scenario B – The sale of \$6M of DSEB in December 2016, and the remaining \$10M of DSEB is sold in FY2018, and no referendum bonds in the next five years.	Jun 2017 ~22% Jun 2020 ~ 10% Jun 2022 ~ 4%		FY 2017 9.2% FY 2020 3.6% FY 2022 3.5%	
Scenario C – The sale of \$6M of DSEB in December 2016, and the remaining \$10M of DSEB and sold in FY2018, and a 20yr \$40M bond sold to in February 2018.	Jun 2017 ~22% Jun 2020 ~50% Jun 2022 ~35%		FY 2017 9.2% FY 2020 7.1% FY 2022 6.9%	
Scenario D – he sale of \$6M of DSEB in December 2016, and the remaining \$10M of DSEB and sold in FY2018, and a 20yr \$60M bond sold in February 2018.	Jun 2017 ~22% Jun 2020 ~ 85% Jun 2022 ~ 70%		FY 2017 9.2% FY 2020 8.9% FY 2022 8.5%	
Scenario E – The sale of \$6M of DSEB in December 2016, the remaining \$10M of DSEB and sold in FY2018, plus three \$23M 20-yr bonds sold in February 2018,2020,2022.	Jun 2017 ~22% Jun 2020 ~50% Jun 2022 ~75%		FY 2017 9.2% FY 2020 8.5% FY 2022 8.2%	



FREQUENTLY-ASKED QUESTIONS



WHY IS D97 TRYING TO BUILD A NEW SWIMMING POOL?

- We have no pools, and are not trying to build any
- Oak Park and River Forest High School District 200, which ran the November 2016 pool referendum, is a completely separate district from Oak Park Elementary School District 97

IS D97 A GOOD STEWARD OF PUBLIC FINANCES?



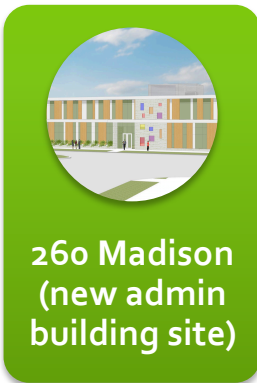
- Since 2008 the district has maintained the Financial Oversight and Review Committee (FORC), a standing board committee comprised of outside citizen advisors with expertise in both public and private financial management. FORC acts as an independent, second set of “eyes and ears” on the districts finances, expenditures, revenues, budgets, fiscal policies, and decision-making.
- The D97 board is just one of a handful of districts statewide (among 850) to earn the prestigious Illinois Association of School Board’s biennial **Governance Recognition** for sound governance, receiving the award in 2013 and 2015
- For the past four years D97 has received the highest “unqualified/unmodified” audit rating from its outside accountants (RSM McGladrey)
- The district’s most recent credit rating was Aa2, among the highest in the state
- Developed in conjunction with FORC, D97’s robust fiscal policies (<http://www.op97.org/BOE/Policies.cfm>) are among the strongest in the state of Illinois
 - Governs uses of debt, including prohibits use of debt for operating expenses
 - Tight risk tolerance for investments
 - One of only three districts in the state with a fund balance target policy that has both a floor (25%) and a ceiling (75%)



HOW WAS THE NEW ADMINISTRATION BUILDING PAID FOR?



- First occupied in 1970 – intended to be temporary (max. 5 years)
- District maximized use and value of the asset for over 40 years
- Facing \$2.7MM in repairs for continued occupancy, including roof and HVAC system
- At capacity, but any major remodeling would trigger expensive building code and ADA compliance requirements



- New Inter-Governmental Agreement (IGA) with the Village provided \$6.3MM in TIF dollars for new building
- Allowed 970 Madison plus D97 warehouse at 541 Madison to be redeveloped to improve Madison commercial district and expand tax base
- Intergovernmental cooperation included 40 year shared facilities agreement for D97 Buildings & Grounds department at Village Public Works garage
- “Right sized” building with 22,100 square feet, fully ADA compliant, built to “green” design standards for energy efficiency and healthy working environment; 50-year useful life

SOURCES – ONE TIME FUNDS	
\$6.3MM	TIF dollars
\$0.8MM	Sale of 541 Madison*
\$7.1MM	



AVOIDED COSTS	
\$2.7MM	Repair of 970 Madison
\$2.7MM	



NEW BUILDING COSTS	
\$0.5MM	Architecture
\$8.1MM	Construction
\$0.3MM	Furniture & equipment
\$8.9MM	



<u>BENEFITS TO DISTRICT</u>	
<ul style="list-style-type: none"> • No educational programs or resources diminished • No long-term debt incurred • Long-term operational savings • Supports redevelopment/EAV growth 	
\$0.9MM	
Net savings vs. staying at 970 Madison	

* Estimated sale price; sale not yet completed as of December 2016

HOW DOES D97 COMPARE TO ITS PEER DISTRICTS?



In 2014 FORC recommended and then developed a list of peer districts for D97 in order to provide an objective reference standard for financial, academic, policy, and other criteria

Methodology

- Use objective criteria from structural (input) variables
- To ensure transparency, use only publically available information
- To prevent self-fulfilling prophecies, the outputs will not be checked prior to peer selection
- To facilitate understanding, the criteria and variables are kept as simple as possible
- To provide stability over time, the initial selection process required a peer district to meet the criteria for at least three consecutive years

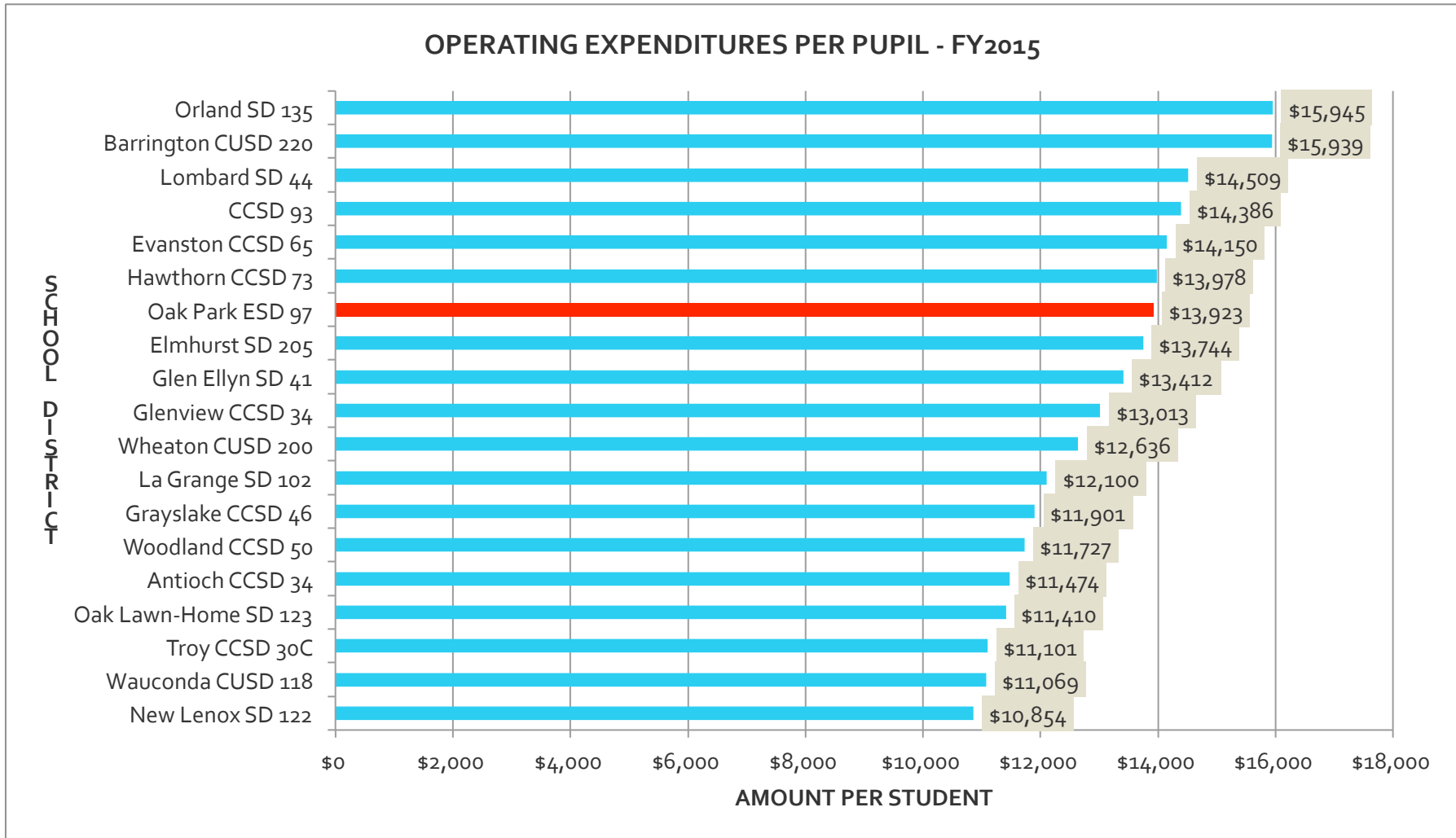
Input Variables and Criteria

- County** – Restricted to tax-capped counties in roughly the same employment market region (Cook, Lake, DuPage, Will)
- District Type** – High school-only districts are excluded; unit districts are included but some variables scaled separately
- Number of Students** – To make like comparisons among elementary and unit districts and those districts with and without pre-K, only the enrollment of K-8 students are used
- Equalized Assessed Value (EAV) per Student** – As with number of students, in order to make like comparisons, the EAV will be divided by the number of K-8 students
- Percent of Low Income Students**

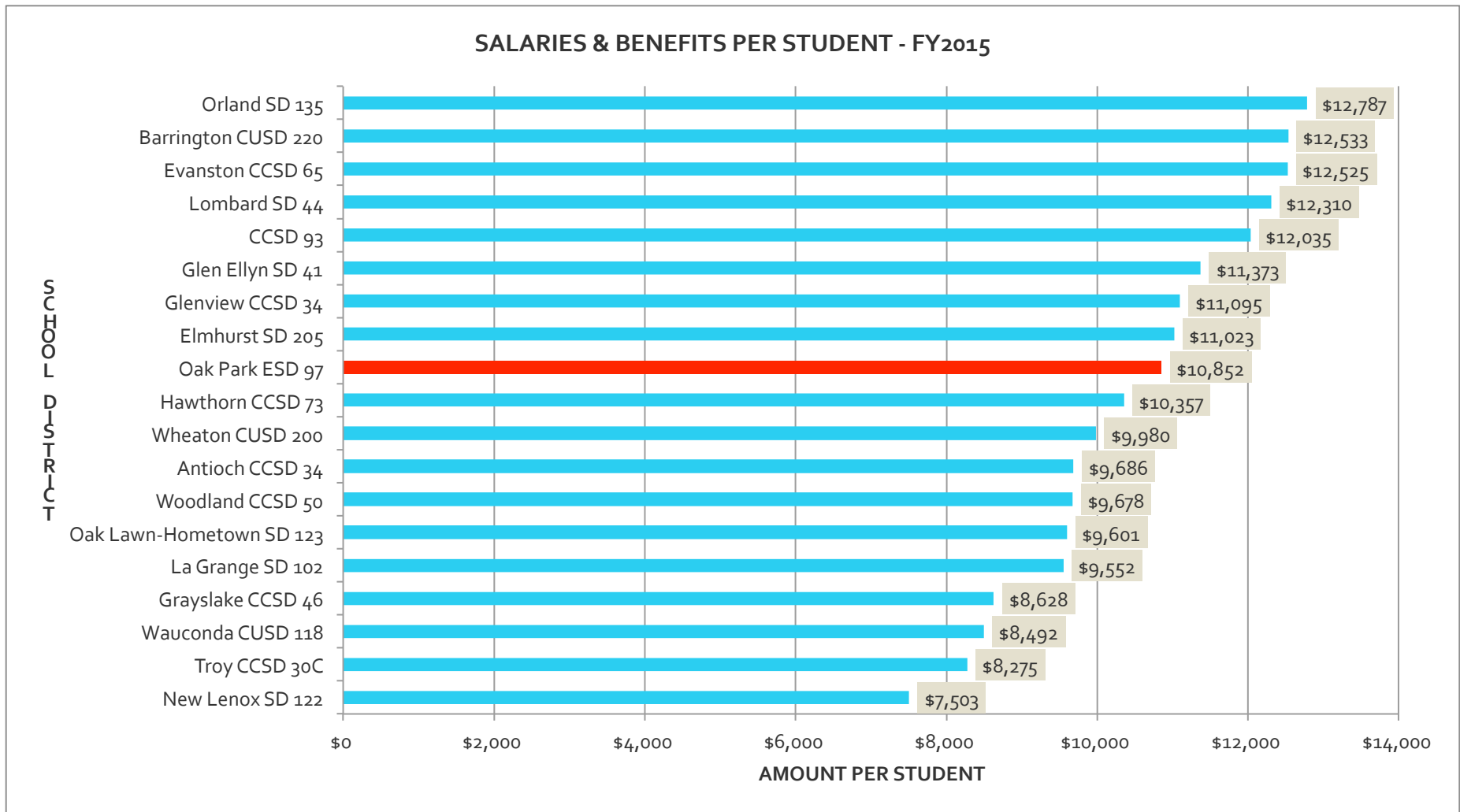
For the three numeric variables (C, D, and E), included districts are between .5-2x D97's values, which allows D97 to be roughly at the median for those values among identified peers.

D97 Peer Districts		
District	County	District Type
Oak Park ESD 97	COOK	Elementary District
Antioch CCSD 34	LAKE	Elementary District
Barrington CUSD 220	LAKE	Unit District (K-12)
CCSD 93 (Carol Stream)	DUPAGE	Elementary District
CUSD 200 (Wheaton)	DUPAGE	Unit District (K-12)
ELMHURST SD 205	DUPAGE	Unit District (K-12)
Evanston CCSD 65	COOK	Elementary District
GLEN ELLYN SD 41	DUPAGE	Elementary District
Glenview CCSD 34	COOK	Elementary District
Grayslake CCSD 46	LAKE	Elementary District
HAWTHORN CCSD 73	LAKE	Elementary District
La Grange SD 102	COOK	Elementary District
Lombard SD 44	DUPAGE	Elementary District
New Lenox SD 122	WILL	Elementary District
Oak Lawn-Hometown SD 123	COOK	Elementary District
Orland SD 135	COOK	Elementary District
Troy CCSD 30C (Joliet/Plainfield)	WILL	Elementary District
Wauconda CUSD 118	LAKE	Unit District (K-12)
WOODLAND CCSD 50 (Gurnee)	LAKE	Elementary District

PEER DISTRICT COMPARISON: PER-PUPIL SPENDING



PEER DISTRICT COMPARISON: SALARIES & BENEFITS EXPENSE PER STUDENT

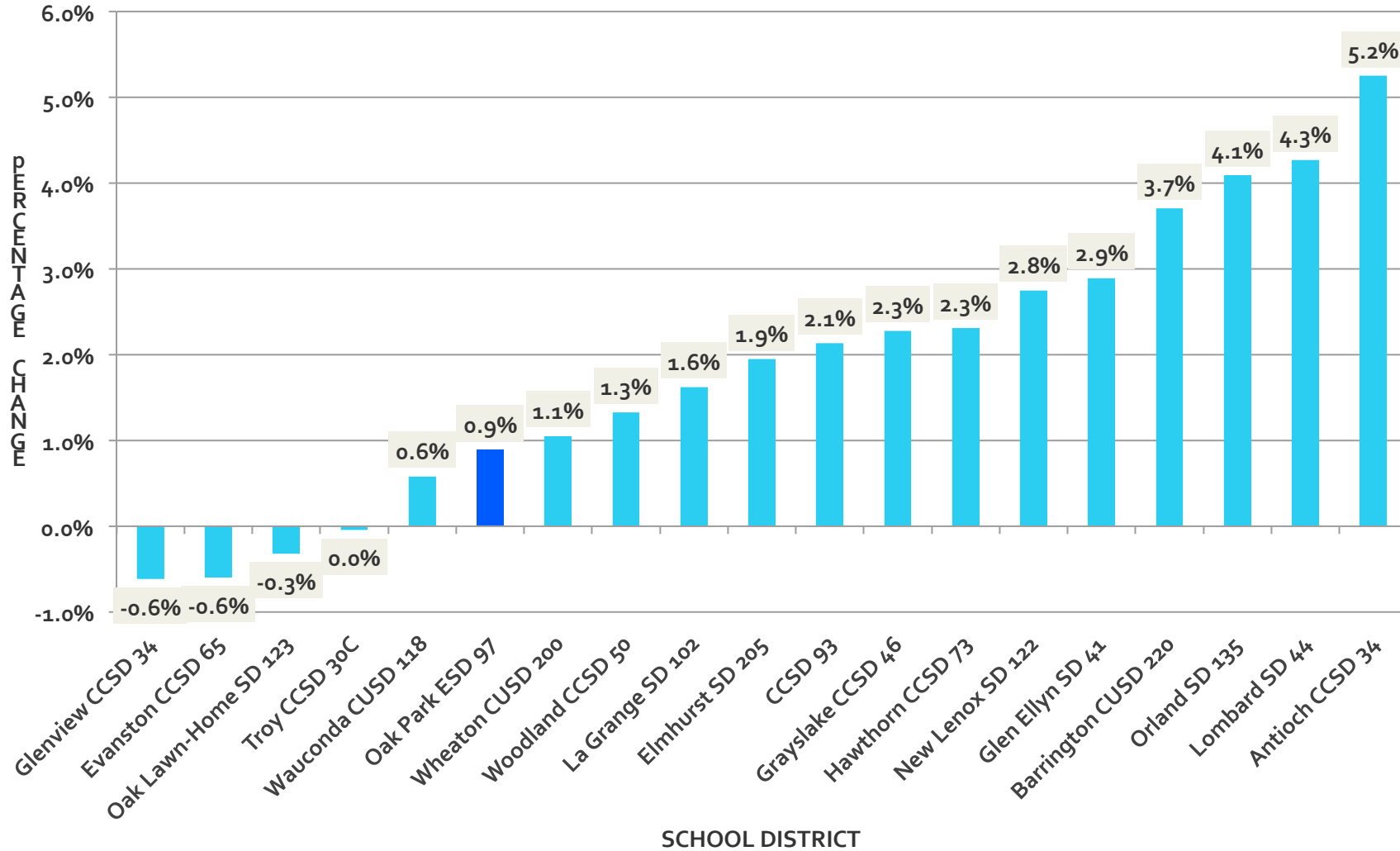


Average salaries and benefits per pupil among peer districts is \$10,436; D97 is within 4% of average

PEER DISTRICT COMPARISON: PER PUPIL EXPENDITURE GROWTH



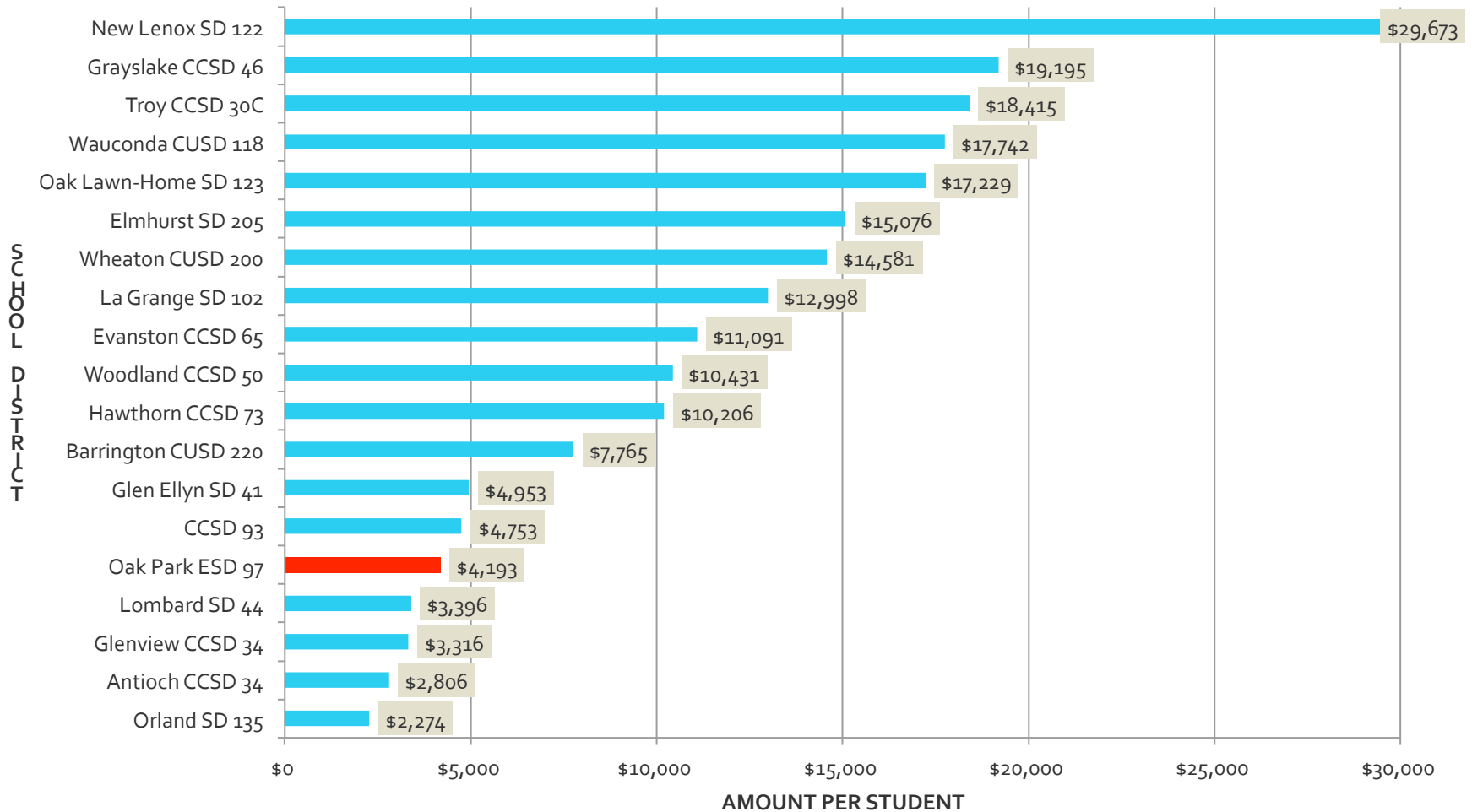
OPERATING EXPENDITURES PER PUPIL (5 YEAR ANNUALIZED % CHANGE FY2010 - FY2015)



PEER DISTRICT COMPARISON: PER PUPIL LONG-TERM DEBT



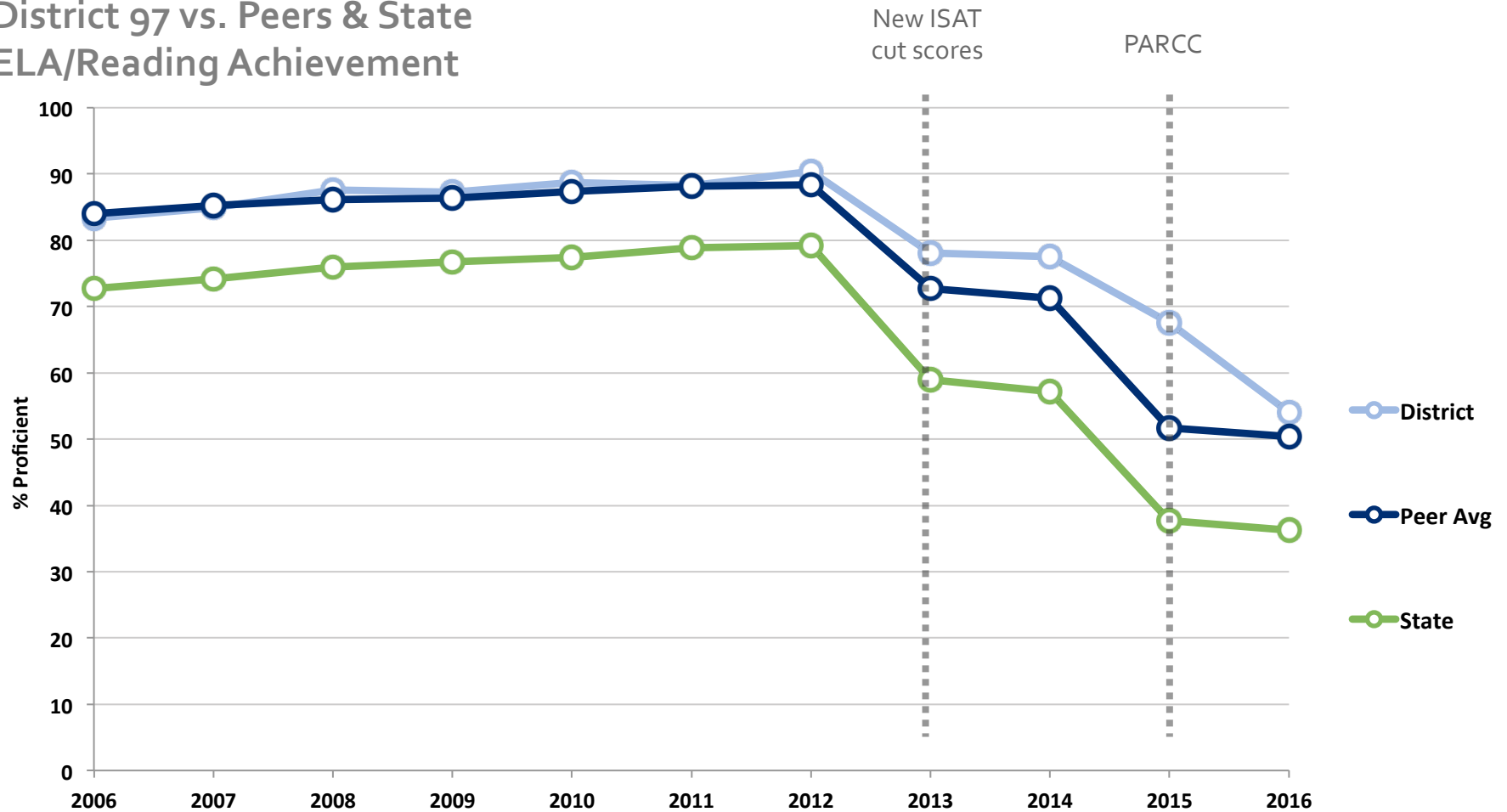
LONG-TERM DEBT PER STUDENT - FY2015



PEER DISTRICT COMPARISON: ELA/READING STUDENT ACHIEVEMENT



District 97 vs. Peers & State ELA/Reading Achievement

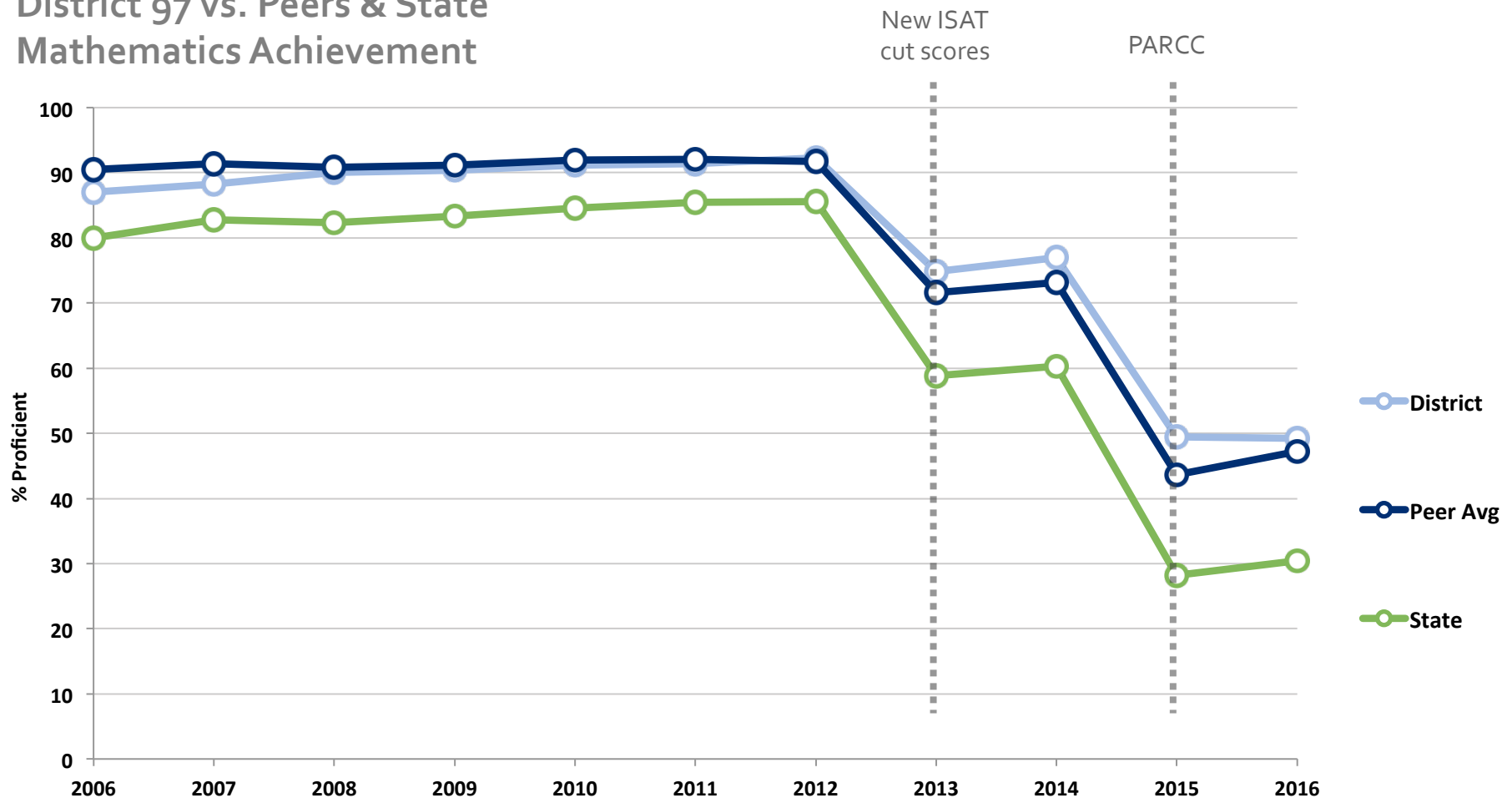


Source: ECRA Group, December 2016



PEER DISTRICT COMPARISON: MATHEMATICS STUDENT ACHIEVEMENT

District 97 vs. Peers & State Mathematics Achievement



Source: ECRA Group, December 2016



WHAT ARE THE KEY FEATURES OF D97'S CURRENT COLLECTIVE BARGAINING AGREEMENT WITH TEACHERS?

- ❖ In January 2015 the board and its OPTA partners concluded a 14 month negotiation process by arriving at a new collective bargaining agreement for certified staff
- ❖ The negotiations were conducted with the 2017 operating funds referendum in mind; one of the objectives being to “tilt” the expense growth trajectory to a more sustainable level
- ❖ The current agreement runs through June 2018

2014-2018 OPTA Collective Bargaining Agreement – Key Outcomes

- Establishment of a sustainable compensation structure
- Replacement of traditional steps and lanes (25 steps with 8 lanes) with a compressed salary schedule featuring four bands and five recognitions that emphasize teacher effectiveness, including National Board certification
- Elimination of automatic increases for any teacher who receives a summative evaluation of unsatisfactory or needs improvement
- Introduction of a higher average starting salary that aligns District 97 more closely with other districts in the area and helps attract and retain highly qualified and skilled teachers
- Creation of a 403(b) plan, which includes a 50 percent district match up to a maximum of two percent for all OPTA members; offers greater stability, enables teachers to diversify their retirement funds, and provides an additional aspect for recruitment and retention
- Phase-out of the “4x6” retirement option (four consecutive years with a six percent increase to salary base; a.k.a. “pension spiking”)
- Transition to a health insurance system in which the district contributes a set dollar amount based on the type of coverage (e.g., single, family, etc.) in order to make contributions more consistent and predictable
- Equal split between the district and individual OPTA members of the cost of annual health insurance premium increases over seven percent on any plan
- Establishment of new leadership opportunities and roles/stipend positions to support key areas such as curriculum development, use of data, and assessment
- Offers professional development opportunities focused specifically on diversity



WHAT HAPPENS IN THE EVENT OF REFERENDA FAILURE?

A key component of the district's referenda planning process is for the administration to identify reductions that it recommends be made if the referenda fail. While the board is not expected to review and vote on the administration's recommendations until January 2017, these types of reductions typically include or result in the following:

1. Reduction-in-force of certified staff
2. Increase in average class sizes
3. Elimination of various programs and services
4. Deferment of expansions to address capacity, necessitating consideration of alternative capacity strategies such as temporary classrooms, grade level centers, larger class sizes, and/or re-drawing of school boundaries
5. Deferment of anticipated maintenance, which may result in emergency repairs that are more costly and/or disruptive to instruction
6. Consideration of future referenda, but from a deeper deficit position
7. Various violations of fiscal policies 4:12 and 4:42
 - Use of DSEB to fund operating expenses
 - Fund balance maintained below 25%
 - Structural deficit spending, triggering state intervention
 - Deterioration of credit rating, increasing borrowing costs
 - Facilities investments well below peer districts

VISION



Oak Park Elementary School District 97 will create a positive learning environment for all students that is equitable, inclusive and focused on the whole child

2016-17 GOALS TO SUPPORT THE VISION (THE "BIG ROCKS"):

1. Align D97 systems, structures, and processes to reflect our stated value of educating the whole child (e.g. we act in ways that reflect our understanding of supporting the successful development of each and every student)
2. Establish a comprehensive system of support for all District 97 staff



THANK YOU!

For follow up questions and
Information, please contact us.



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