

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, August 18, 2026
RE: Limitation of Administrative Costs Waiver

Overview:

- The purpose of this one-pager is to inform the Board of Education of the district's status regarding the Illinois Limitation of Administrative Costs requirements and the actions necessary to comply with Illinois State Board of Education (ISBE) regulations.
- Section 17-1.5 of the Illinois School Code requires each school district to annually file the Limitation of Administrative Costs Worksheet with the Illinois State Board of Education (ISBE) by November 15. The worksheet reports: Actual administrative expenditures for the previous fiscal year, and Budgeted administrative expenditures for the current fiscal year.
- Under the statute, a school district's budgeted administrative expenditures may not increase by more than 5 percent over the prior year's actual administrative expenditures unless the district receives approval through the waiver process established by ISBE.

Current Situation:

- During the district's annual audit and review of accounting practices, the auditor recommended that the salaries and benefits for the Director of Student Services and the Director of Student Services Secretary be charged to the appropriate administrative function within the district's accounting system.
- The way these individuals are currently coded in our accounting system prevents the district from claiming portions of their salaries on various ISBE special education reimbursement forms, which ultimately results in lost reimbursement revenue for the district.
- Although this recommendation does not represent new spending or additional staffing, the required accounting reclassification increases the amount reported as administrative expenditures. As a result, the district's FY 2027 budgeted administrative costs exceed the FY 2026 actual administrative costs by more than the statutory 5 percent limitation.
- **PLEASE NOTE:** This increase is attributable to an accounting classification change rather than an increase in administrative personnel or operating costs.

Required Actions:

- Hold a public hearing regarding the proposed excess in administrative costs.
- Notify the district's local state legislators by letter.
- Adopt a Board Resolution requesting approval to exceed the administrative cost limitation.
- Submit the required application and narrative to ISBE explaining the circumstances that resulted in the increase.

This item is presented for the Board's information at this time. Administration will prepare the required public hearing notice, legislative notifications, Board resolution, and ISBE application for Board consideration at an upcoming meeting to ensure compliance with all statutory deadlines.