



## PROSPECT HEIGHTS DISTRICT 23 FINANCE COMMITTEE INFORMATION ITEM

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**Date:** January 4, 2021

**Title:** Discussion of Financing Strategy to Address Summer School, Technology and Capital Projects

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

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### **SUMMARY:**

As we are now at the halfway point of the year, we can gain a better perspective on District finances, looking at our actual spend in comparison to our overall budget. We can set priorities for the remainder of the fiscal year and look through a newer lens to identify the impact that COVID-19 has had on student learning and determine different ways to address both the ongoing needs and bridge any gaps.

We have identified a few items that need further discussion and will require prioritization of funding in the areas of Technology, Summer Instruction and Capital Projects.

### **TECHNOLOGY NEEDS:**

As we shared in our last Finance Committee Meeting and recent Board Updates, the unanticipated staffing changes in the Technology Department have provided us with an opportunity to plan for the District's technology needs from a more holistic perspective. Through service enhancements and staffing changes, we can better plan for our short and longer-term technology needs.

The Technology Department has interviewed candidates for the Technology Engineer and the Technology Support Technician positions and are in the process of negotiating contracts. We anticipate a net savings of approximately \$12,000 due to the change in the Engineer position.

Following a comprehensive RFP process, for Managed Network and Cybersecurity Services, the Business Office and Technology Department are in the process of finalization with a selected vendor. To date, further negotiations with the preferred vendor have been successful and have resulted in significant savings to the District over a three year (2021, 2022 and 2023) term. A final recommendation and contract will be brought to the Board in January.

### **Plan to Address Technology Needs:**

Additional costs for the Managed Network and Cybersecurity Services for the February 1st - June 30th timeframe will total \$45,765 and can be covered with remaining technology

contingency funds and funds allocated to the network infrastructure line item within the technology budget. The account breakdown to address this expense is as follows:

<b>FY21 Option for Addressing Tech. Initial Needs</b>	<b>Account</b>	<b>FY2021 Original Budget Amount</b>	<b>Amount to be Allocated to Network Management/ Cybersecurity</b>	<b>Remaining Account Balance</b>
Tech. Contingency	2225.450.01.0000	\$25,000.00	\$16,300.00	\$0.00
Tech. - Network Infrastructure	2225.553.01.5048	\$30,000.00	\$10,000.00	\$20,000.00
Misc. Tech Department Services Not Needed in FY21	2225.3XX.01.XXXX	\$7,500.00	\$7,500.00	\$0.00
Tech. Dept. Salary Savings	2225.109.01.0000		\$12,000.00	\$0.00
<b>TOTAL for 2/1 - 6/30/2020</b>			\$45,800.00	

This plan would exhaust the Technology Contingency account and leave \$20,000 available in the Technology Infrastructure account to use for other Technology needs.

As we move into FY2022, costs for the requested Network Management and Cybersecurity Services will total \$85,000/year. We are working to make adjustments to the Technology Department's budgetary allocations for FY2022 and anticipate needing to include an additional allocation to the Technology budget to be able to continue these services moving forward.

### **SUMMER INSTRUCTION NEEDS:**

Through ongoing discussions with the Administration and the building leadership teams, the goal of meeting the needs of all of our students during the summer months has become a priority. Through the continuation of the Extended School Year Program for our Special Education students and the development of a summer school program for our general education students that may be experiencing learning loss due to COVID, we can address learning deficiencies in a more proactive manner.

The tables on the following pages represent the initial planning and discussions for both the ESY and General Education Summer School Programs for June - July, 2021:

<b>2021 Summer School Programs (ESY and Proposed General Education)</b>	
Hybrid Summer School and ESY will run parallel programs	
ESY to be held at Ike - Gen. Ed. to be held at Ross & Mac (16 Classrooms)	
Dates: 6/14/20 - 7/15/2020	
Monday - Thursday (20 - 1/2 School Days)	
ESY Staff: 8:00 - 12:00 (80 Hours) + 8 Hours for IEP Work	ESY Students: 8:30 - 11:50
General Ed. Staff: 8:00 am-12:00 pm (80 Hours)	General Ed. Students: 9:00 am-12:00 pm (60 Hours)

The newly proposed General Education Program would address areas of learning loss in our general education students and consist of the following:

Proposed General Education Program Needs (EC at Risk - Gr. 7)				
Anticipated Expenditures	Proposed Stipend	No. of Staff	Hourly Rate	Total
22 Teachers (2 Staff/Grade Level = 16 + 4 Bilingual + 2 At-Risk) <b>80 Hours</b>	\$2,400.00	22	\$30.00	\$52,800.00
2 - Coordinators (Ross & Mac) <b>100 Hours</b>	\$3,000.00	2	\$30.00	\$6,000.00
Supplies				\$2,500.00
Transportation (6 AM/PM @ \$301)	\$1,806.00	Daily Cost - 6 Routes		\$36,120.00
TOTAL FULL YEAR COSTS OF GENERAL ED SUMMER SCHOOL				\$97,420.00
GENL ED. SUMMER SCHOOL BUDGETARY IMPLICATIONS	TOTAL - 1 Session (June AND July)		Needed for FY21 (JUNE)	FY22 Budget Amount - July '21 & June '22)
FUND 10 - Regular Ed.	\$61,300.00		\$30,650.00	\$61,300.00
FUND 40 - Transportation	\$36,120.00		\$18,060.00	\$36,120.00

We are currently planning to address the General Education Summer School need for the 2021 Summer. Should the Administration and Board decide to proceed with a 2022 Summer School program, programmatic needs will be budgeted accordingly in the appropriate fiscal year.

The Extended School Year Program (ESY) would continue to run as it has in the past and consist of the following:

<b>ESY (Special Education) Program Needs: (EC-7th SpEd)</b>				
<b>Anticipated Expenditures</b>	<b>No. of Hours</b>	<b>No. of Staff</b>	<b>Average Hourly Rate</b>	<b>Total</b>
ESY Certified Teachers	88	10	\$40.00	\$35,200.00
ESY Counselor - Certified SW/Psych	88	1	\$40.00	\$3,520.00
ESY SLP - Certified	88	2	\$45.00	\$7,920.00
ESY Coordinator - Certified	120	1	\$60.00	\$7,200.00

ESY OT/PT	88	3	\$77.00	\$20,328.00
ESY ESP's	80	20	\$20.00	\$32,000.00
Nurse - Ike	80	1	\$45.00	\$3,600.00
LPN - Ike	80	2	\$25.00	\$4,000.00
Nurse - Ross/Mac	80	1	\$45.00	\$3,600.00
ESY - Addl. Contracted Services	Estimate			\$10,000.00
Supplies				\$2,000.00
Transportation (3 AM/PM @ \$301)	\$903.00	Daily Cost - 3 Routes		\$18,060.00
<b>TOTAL FULL-YEAR ESY COSTS</b>				<b>\$147,428.00</b>
<b>ESY BUDGETARY IMPLICATIONS</b>	<b>TOTAL</b>	<b>Needed for FY21 (JUNE)</b>	<b>FY22 Budget Amount (July '21 &amp; June '22)</b>	
FUND 10 - Special Ed.	\$129,368.00	\$64,684.00	\$129,368.00	
FUND 40 - Transportation	\$18,060.00	\$9,030.00	\$18,060.00	

Because summer school crosses two fiscal years, it can be a bit more confusing to budget for. Due to an oversight on my part and uncertainty of programming due to COVID, I neglected to budget adequately for the ESY program, And while the ESY Program will need additional funding, the General Ed. Program will need an entirely new allocation of funds.

#### **Plan to Address Summer Instruction Needs:**

While the remaining current contingencies in the Education Fund can absorb the full FY21 ESY obligation from the July, 2020 (\$52,000) and the June, 2021 (\$64,684) program:

<b>Plan for Addressing FY21 ESY Programmatic Needs</b>	<b>FY2021 Original Budget Amount</b>	<b>Current Balance</b>	<b>Amount to be Allocated to ESY SpEd Program</b>	<b>Remaining Account Balance</b>
<b>Total Needed for FY21 ESY Program (July, 2020 and June 2021)</b>			<b>\$116,684.00</b>	
Fund 10 - General Contingency	\$110,000.00	\$105,000.00	\$93,000.00	\$12,000.00
Fund 10 - First Grade Contingency	\$58,000.00	\$24,000.00	\$24,000.00	\$0.00
<b>TOTAL</b>		\$129,000.00	<b>\$117,000.00</b>	\$12,000.00

We also need to address the costs of the proposed General Ed. Program. The current COVID environment puts us in a unique position of expenditure flexibility due to school closures and inherent cost savings in several purchased service line items. One area where we have seen a significant savings is in the area of transportation. In looking at our expenditures to date, they are currently running \$401,000 under budget. I would recommend making a one time transfer from the Transportation Fund to the Ed. Fund in the amount of \$100,000 to cover the additional costs of the General Ed Summer Program. The addition of this amount to the Ed. Fund would adequately cover the costs for the proposed 2021 program (\$61,300 total for June and July). The cost of summer school transportation for the General Ed. Program would still be able to be covered by the Fund 40 unused purchased service allocations.

### **CAPITAL PROJECT NEEDS:**

Our updated Capital Improvement Plan will be presented by Brian Rominski at the January Board Meeting and demonstrates the need for continued long range planning for financial sustainability. The work planned for this Summer 2021 is being funded from the current Fund 20 and Fund 60 allocations and projected to be \$1,184,200. Future projects will include HVAC retrofits, roofing, siding, windows, paving, and other repair and maintenance needs to be determined by priority and impact each year.

### **Plan to Address Capital Project Needs:**

As discussed previously, we are pursuing the acceleration of our bonding capacity to take advantage of favorable borrowing rates. In consultation with Elizabeth Hennessy of Raymond James, we will begin the process in March. The funds will be available for us in June and used for projects in the FY22 budget cycle.

### **FIVE YEAR FINANCIAL PROJECTIONS**

The following three charts depict several scenarios that we will discuss in a bit more detail both in our Finance Committee meeting and in the January Board meeting. Chart A. shows the five year projection with modifications made only to our levy strategy. As I have discussed with Finance and the Board, we made an effort to bolster the Education Fund by shifting funds from Transportation and Tort. Those shifts were adjusted back down after the 2020 levy and projected out with only slight adjustments to the Working Cash Fund.

## CHART A. (Levy Adjustments Only)

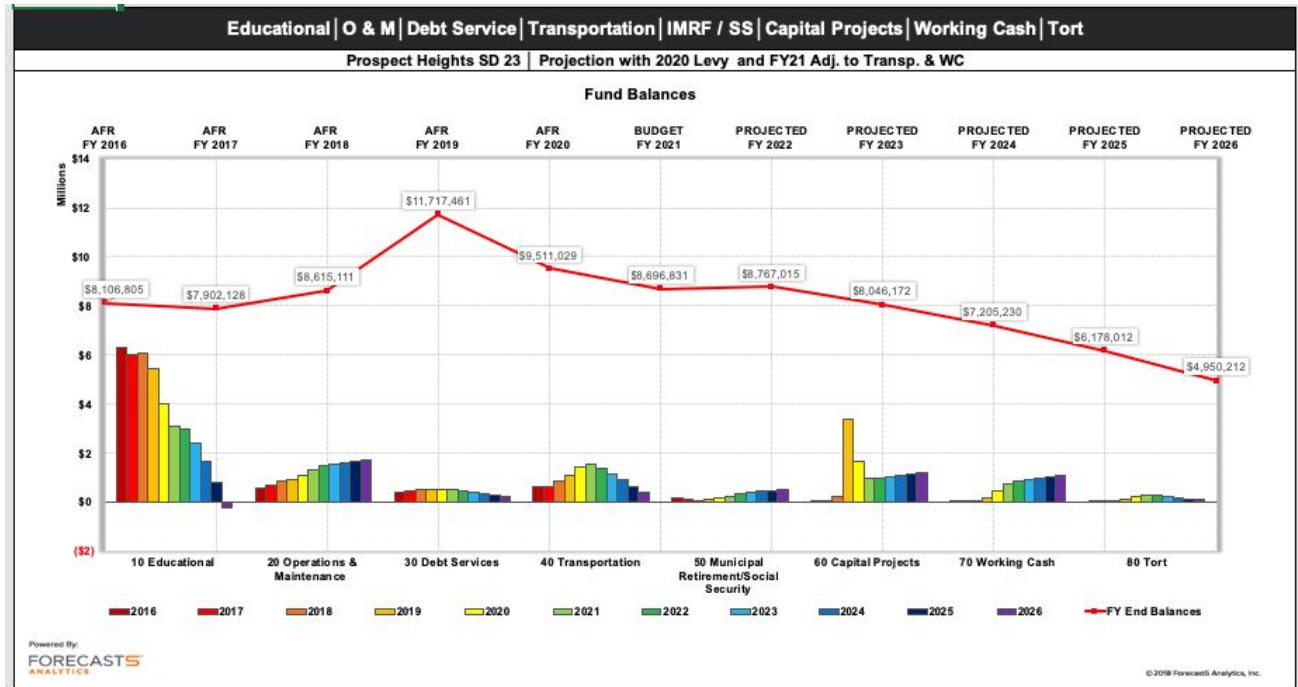


Chart B. shows the three bond issuances in addition to the levy adjustments in A. As discussed with Elizabeth Hennessey, the District may take advantage of additional bond issuances in 2021 (\$3M), 2023 (\$2M) and 2026 (\$2M). These bond proceeds would be deposited to the Working Cash Fund and then transferred into Fund 60 (or Fund 20) for use on Capital Projects.

## CHART B. (Levy Adjustments & Bond Issuance)

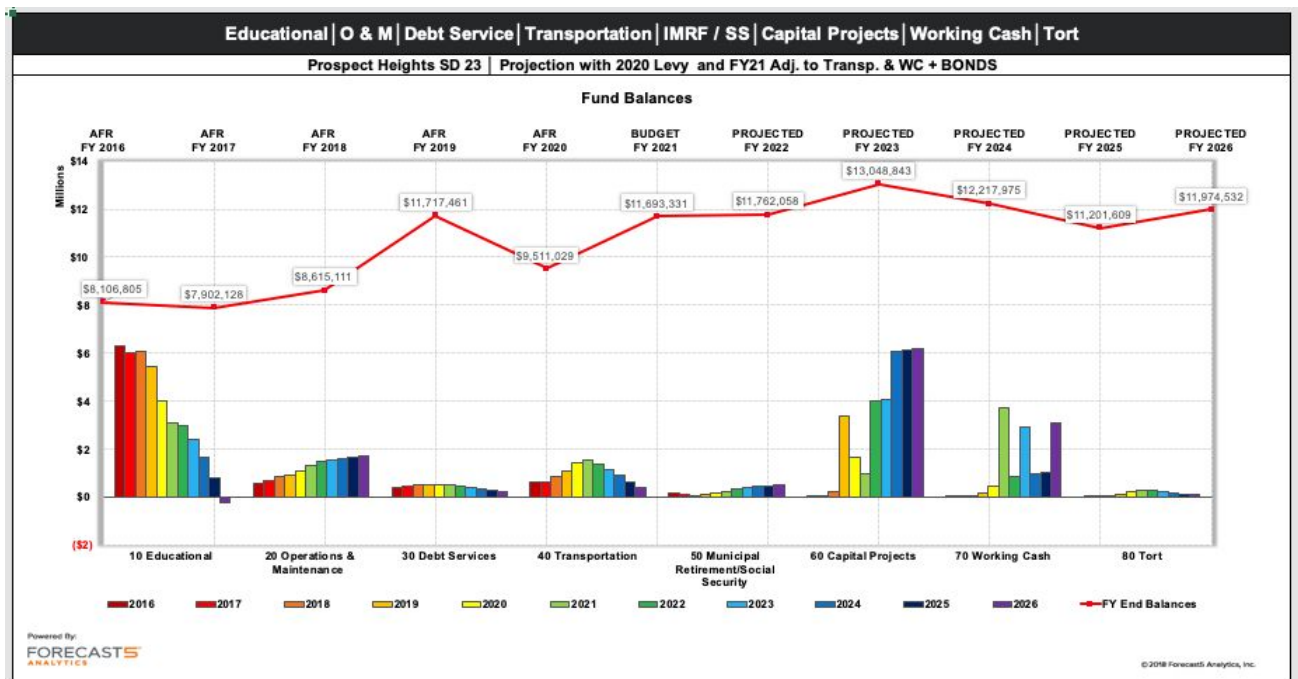
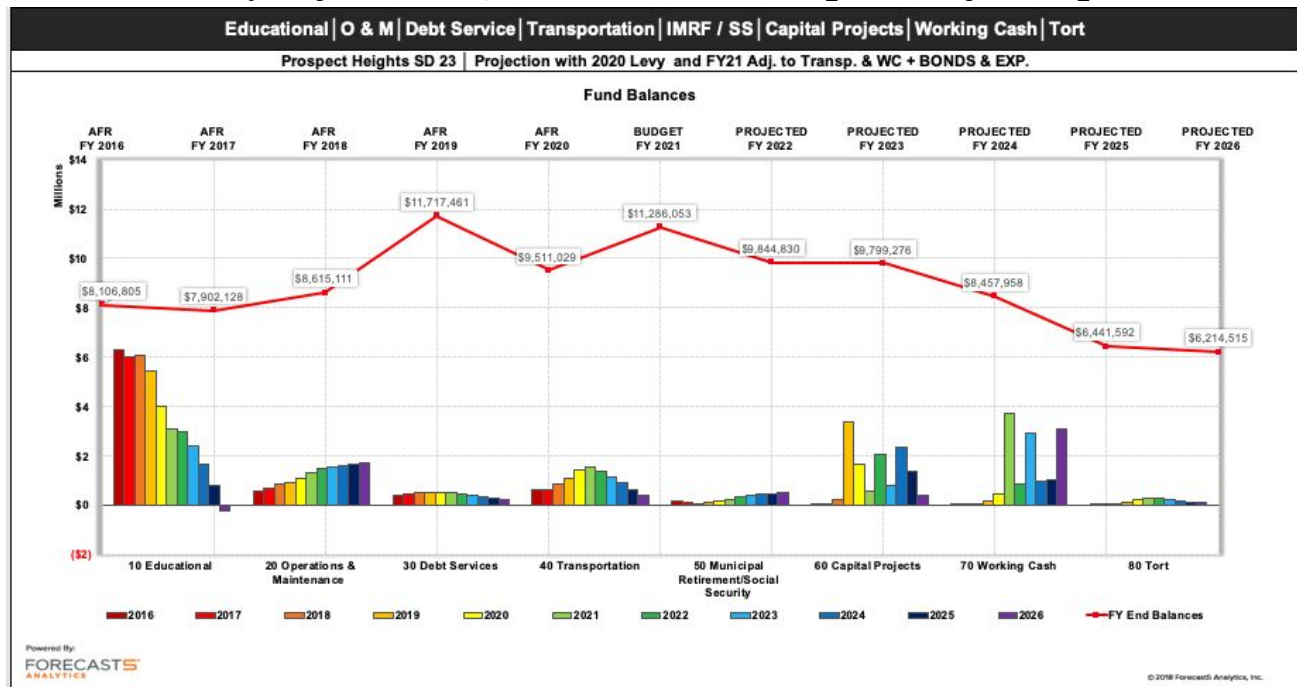


Chart C. represents both the levy adjustments and the bond issuance and also incorporates the Fund 60 Capital Projects work that has been identified for completion throughout the District. As is the case with tax exempt bonds, the District must spend 5% of the proceeds within six months and then may spend the remainder over the following three years.

### CHART C. (Levy Adjustments, Bond Issuance & Capital Project Expenditures)



One thing to keep in mind, these projections do not address the nagging challenges of a potential pension cost-shift or a potential reduction in property tax collections or State funding. Aside from the levy adjustments and charts depicting the bond issuances, revenues are projected as flat, which may be a bit more conservative than actual. These adjustments do however, largely address the capital needs of the District while shoring up our fund balances and eliminating the pressing concern of dwindling funds in the Education Fund.

### NEXT STEPS

The COVID environment has forced us to be flexible as we pivot our focus, and often our resources, to the more immediate situations at hand. The dates below are the “next steps” in our financial plan to meet the goals we have discussed here:

1. Board approval of Network Management & Cybersecurity contract (1/13/21)
2. Board approval of capital projects contracts (2/10/21 and 3/10/21)
3. Board discussion of bond issuance (2/10/21)
4. Board approval of Resolution of Intent to Issue Bonds (03/10/21)
5. Board discussion of budget parameters (3/10/21)
6. Board holds Public Hearing on bond issuance (4/14/21)
7. Board approves interfund transfer from Transportation to Education (04/14/21)

8. Board approves Parameters for Bond Issuance Resolution (5/12/21)
9. Bond sale and closure (May/June, 2021)

As we have done throughout the year, we will continue to work proactively, to address the changing needs of our students and our District, and ensure that we keep the Board and its committees fully informed along the way.