



**PROSPECT HEIGHTS DISTRICT 23  
BOARD OF EDUCATION  
ACTION ITEM**

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**Date:** April 12, 2023

**Title:** 2023-24 Preliminary Budget Guidelines and Assumptions

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**BACKGROUND INFORMATION**

Budgets are estimates of projected revenues and expenditures for a specified period of time. For school districts this is a one-year period (fiscal year), which runs from July 1 through June 30.

In December 2022, the Board of Education approved its 2022 Property Tax Levy having made the following adjustments in order to maximize funding to the Education Fund:

- Slightly Reduced the Extension to Working Cash
- Continued to Reduce the Extension to Transportation
- Reduced the Extension to Tort

The District continues to look at increasing efficiencies across all programs. Currently, budgeted Operating (10, 20, 40, 50, 80) fund revenues for FY23 are estimated at \$28,183,830. Budgeted Operating and fund expenditures for FY23 are estimated at \$27,454,090.

Projections as of January 31, 2023 show expenditures currently under budget by approximately \$87,000. We are still seeing delays in receipts of Cook County property taxes as the due date for the first installment of 2022 taxes was moved to April 3rd. Revenues that typically started in February are just starting during the last few days of March and have not yet been recorded. Other revenues are coming in as projected and spending is on track with prior years. As we work to close out the fiscal year, we will continue to keep the Board informed of the progression of revenue receipts.

**ADMINISTRATIVE CONSIDERATIONS**

The Board of Education has authorized the development of the District's budget for the 2023-24 fiscal year.

Based on changes in economic conditions at the local, state, and federal level, these estimates are subject to change since many factors that impact the new budget are unknown during the early stages of its development. As financial data is updated, we will adjust the District 23 budget accordingly.

Listed below are the guidelines, assumptions, and parameters that will be used in developing the 2023-24 budget:

## **REVENUE**

- State funding for the 2023-24 school year is projected to increase slightly. This will continue to be beneficial for District operations.
- We continue to receive quarterly grant revenue on a reimbursement basis from our available funding. As was the case with FY23, we will allow for the rollover of unused grant funds to be spent in FY24 but are pushing for the prompt reconciliation for year-end expenditures.
- The Equalized Assessed Valuation (EAV) for 2021 was \$554,709,239, down from 2020's EAV of \$606,125,712. The EAV for 2019 was \$607,532,209. The EAV for 2018 was \$548,505,405. The EAV for 2017 was \$553,717,876.
- Next year's overall tax receipts are based on the Consumer Price Index (CPI), the estimated new growth to the tax base, the impact of tax caps, and refunds.
- The Consumer Price Index (CPI) reported as of December 31, 2022 is 6.5%. As we are subject to the Property Tax Limitation Law, our property tax revenue increase due to CPI will be capped at 5%.
- Evidence-Based Funding (EBF) consolidates and replaces five grant programs: General State Aid, Special Education Personnel, Special Education Funding for Children Requiring Services, Special Education Summer School, and English Learner Education. EBF distributes these funds through a single grant, called the Base Funding Minimum. EBF funding for the 2023-24 school year is expected to reflect minor increases.
- Interest rates on investments continue to remain relatively low. During 2023-24 it is anticipated that rates will increase incrementally. District 23 continues to receive less interest income based on deferred and delayed state and local revenues.
- Property taxes are the District's largest source of revenue for 2023-24. In alignment with historical collection rates of 99% - 102% (prior years' collections), estimated collection rates for 2023-24 will be budgeted between 99% and 100%.
- As was the case with all Cook County taxing bodies this past fall, the District experienced significant delays in the receipts of property tax revenues. By acting to accelerate the issuance of its planned \$2M Working Cash Bond issuance the District was able to avoid more costly short term borrowing. This funding is now available and being held in the Working Cash Fund for upcoming Capital Projects.

- Facility rentals continue to return to their pre-pandemic levels with the two Polish Schools and The Day Group fully in-person. 2023-24 should continue to realize revenues from additional renters that had previously scaled back their offerings and operations during the pandemic.
- The renegotiated contract with Township High School District 214 resulted in an additional \$30,000/year which will continue to be partially allocated towards district wide projects.

### **ENROLLMENT**

- The three-year cohort survival enrollment projections will be used in calculations for enrollment related budget allocations. The enrollment report shared at the January Board of Education meeting reflected a slight decrease from 2022-23 to 2023-24 with overall student enrollment dropping from 1,416 to 1,374 (not including Early Childhood).

### **SALARIES**

- Negotiations are still underway with the Prospect Heights Education Association. Anticipated increases to (PHEA) employees' base salaries have been projected and will be reflected in the preliminary budget.
- Negotiations with the Service Employees International Union - Local 73 (SEIU) employees' will begin mid-April. Anticipated increases to (SEIU) employees' base salaries have also been projected and will be reflected in the preliminary budget.
- Administrator and director salaries will be negotiated for a start date of July 1, 2023.

### **STAFFING**

- The staffing calendar identifies the dates that staffing decisions are scheduled. As specific staffing decisions are made, adjustments will be incorporated in the budget.
- For the purposes of the development of the preliminary 2023-24 budget, staffing has been determined based on estimated student enrollment, program needs, and funding sources.
- Review and plan for reallocation, attrition, and efficiency of operations based on program needs and funding sources. At this time, six full-time (five certified and one ESP) PHEA staff members will be retiring at the end of the 2022-23 school year. All six positions have been posted for replacement hires.
- As previously discussed with the Board at the March 8th Board meeting, the following staffing changes have been proposed for the 2023-24 school year:
  - Decrease 2 FTE - MacArthur 6th Grade
  - Increase in 2 FTE - ESL Teachers (Newcomer & Testing Support)
  - Increase .5 FTE Behavioral Coach, SAIL Program
  - Increase .5 FTE - .25 Each at Ross & Sullivan for Library Aides

- Increase .375 FTE - Clerical Support in Main Elementary Offices (3)
- Increase of .2 FTE and Reallocation of .3 Custodial - Clerical Support at Admin.
- Special Education Specialist Increase of \$10,000
- Currently allocated \$55,000 Staffing Contingency may be utilized by 4th Grade, based on actual enrollment
- Retirements and Replacements of 6 PHEA Members as shared above
- Total Change in FTE: + 2.325 FTE
- Total Net Impact to Budget: Approximately \$155,000 in overall savings
- Other Staffing Considerations:
  - Dedicated Buildings Subs - Administration is investigating continuing to fund these 4 FTE from contracted services at a cost of \$35,000 each. Preselected benefits would be offered.
  - School Resource Officer - Administration is investigating a partnership with Prospect Heights Police Department to contract for a dedicated SRO. Estimated costs are \$125,000 for prorated salary and benefits.
  - Social/Emotional/Behavior Program - Administration is investigating the development of an in-house program to serve students with behavioral needs. Dr. Sroka will present at the April Board meeting and explain the purpose and costs/savings associated with adding this service.

### **SEIU Custodial Association (SEIU) Staffing**

- Review and plan for reallocation, attrition, and efficiency of operations based on program needs and funding sources. At this time, there are no projected custodial retirements through the end of the 2022-23 school year.

### **Educational Support Staffing**

- Review and plan for reallocation, attrition, and efficiency of operations based on program needs and funding sources.

### **BENEFITS / INSURANCE**

- For 2023-24, insurance markets are projected to remain challenging. This year the premium for the District's property and liability coverage offered through the Suburban School Cooperative Insurance Pool (SSCIP) reflects an increase of 5.45% over last year's premium.
- SSCIP is also projecting a 17% increase in our cyber-liability coverage of approximately \$16,000. While significant, this is still far lower than we are seeing across the market.
- With regard to our medical and dental benefits, the Educational Benefits Cooperative (EBC) is currently projecting a 11.4% increase in PPO and a 7.5% increase in the HMO option for health insurance costs. Dental insurance is expected to increase 2.6% in the coming year. Increases to employee benefit costs have been projected and will be reflected in the preliminary budget.

## **BUDGET ADJUSTMENTS**

- In general, line items for purchased services, supplies, and equipment are being frozen or reduced based on actual spending amounts.
- To support programmatic needs, the following adjustments will be made to the 2023-24 Budget:
  - The additional 2.325 FTE as proposed in the Preliminary Staffing Plan will result in an approximate \$155,000 reduction to the staffing budget. These funds may be allocated to additional staffing being presented at the April Board Meeting.
  - As has been previously discussed with the Board, an additional allocation of \$100,000 will be requested as part one of the two-year plan for replacement of all District wireless access points. Total projected cost is anticipated at \$215,000.
  - The Per Pupil Allocation will again be held at \$188.00/student for the 2023-24 school year. This amount has been held since the 2019-20 school year. As we have eliminated the practice of allowing for budgetary carryovers, principals have been encouraged to spend their budgets thoughtfully and within the appropriate school year. We will continue the non-discretionary set aside amount equal to 25% of the Cost Per Pupil (\$47/student) for furniture replacements. These non-discretionary funds total \$66,458. We will also continue to budget an additional non-discretionary allocation of \$50,000 for the District-wide Furniture Replacement Plan to be split between the buildings based on a per-pupil basis.

## **SPECIAL EDUCATION**

- 2023-24 NSSEO tuition costs and programs are being reviewed and budgeted by NSSEO. Final NSSEO program costs will reflect necessary changes with the member districts' shares being budgeted by each district.
- Administration will continue to budget for the needs of its current Special Education population. Additional funds will be allocated in the Special Education functions for unanticipated student outplacements and obligations.

## **CAPITAL PROJECTS**

- Final HVAC retrofit work will continue during the summer of 2023 at MacArthur in FY24.
- Approved capital projects will continue to be funded largely by the 2021 and Fall, 2022 Working Cash Bond proceeds. Total Fund 60 work for 2022-23 will be budgeted at \$1.3M which includes the Phase II HVAC work at MacArthur and potential funds for pavement repair and the district's potential 50% share of the Ross Sullivan MPR wall replacement of approximately \$80,000.
- Fund 20 projects for 2023-24 will include ongoing facility maintenance and repair work with the budget remaining flat.

## **TECHNOLOGY**

- Technology Services is anticipating continued replacement and updates of equipment and applications during 2023-24. At this point, they anticipate completing the scheduled projector replacements at Eisenhower over the summer.
- Ongoing cabling, network upgrades, replacements of access points, staff and student devices, and continued support of instructional software needs remains a priority and will be budgeted with existing allocations.

## **TRANSPORTATION**

- The transportation contract with First Student was verbally re-negotiated for an additional one-year term, effective August 1, 2023.
- For 2023-24 increases in student transportation costs are estimated to be budgeted at a 9% increase based on our current contract, fuel costs and usage of taxi transportation for SPED and McKinney-Vento students.
- While transportation revenues continue to be a concern based on possible State transportation revenue prorations and reductions, we have not yet received word of any planned reductions for the 2023-24 school year.
- Administration continues to review options for student transportation cost containments through route refinements and pairings.

## **TRANSFERS, LOANS, AND ACCOUNTING RECOMMENDATIONS**

- The transfer from Operations and Maintenance to the Capital Projects Fund may be recommended for the funding of future capital projects.
- The State of Illinois makes employer pension contributions directly to Teachers' Retirement System (TRS) on behalf of the District. Since the District has no responsibility in oversight of the process and the net effect on the annual budget is \$0, the District will not include an estimate for these "on-behalf" receipts and disbursements in its budget.
- Through the district's audit firm, Baker Tilly, the Business Office is in the process of transitioning to a modified accrual basis of accounting. This process will lead to a more transparent and reflective process of expenditure and revenue recognition, while acknowledging the district's longer-term obligations.

## **RECOMMENDED ACTION**

That the Board of Education approves the proposed guidelines, assumptions and budget adjustments relative to the preparation of the 2023-24 fiscal year budget.