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To: The Board of Education and Dr. Patrick Broncato, Superintendent
From: Curt Saindon, Assistant Superintendent for Business Services/CSBO
Date: May 14, 2026
Subject: Business Services Update

Accounting/Financial Reporting

April's ending fund balance totaled \$46.01M, down by \$3.85M from March's ending fund balance of \$49.86M. We collected \$1.49M in revenues and paid out \$5.34M in expenses in April. April's revenues were fairly typical for this time of year, with grant receipts and mandated categorical payments offsetting slightly lower interest earnings. Expenses were slightly elevated due to a backlog of transportation invoices that were paid in April. April is our seventh "normal" month of the year and we will continue to draw down fund balances into late May, when we get our first early tax payment for next year. After receiving our second large property tax installment last fall on September 5th we were at our "high water mark" for fund balances for the year (at \$73.62M), and we rely on those reserves to carry us through May, as we draw down our fund balances to around \$40M to \$45M range (our low water mark for the year) before getting about \$22M-\$23M in early tax receipts in late May and early June.

April expenses totaled \$5.34M, and included \$1.78M in regular board bills, with about \$489K of this total in the Education Fund, \$99K in the O&M Fund, \$1.115M in the Trans. Fund, \$76K in the Capital Projects Fund and \$4K in the Tort Fund. We also processed two regular payrolls in April, accounting for \$3.55M in total payroll expenses. Our fund balances typically decrease a little in July and August, then increase significantly in September, before decreasing for the rest of the fiscal year until late May/early June. In April we booked revenues for Interest Income (\$248K), Investment Depreciation (-\$102K), EBF State Aid (\$427K), Private Facility Payments (\$120K), EC Grant Receipts (\$44K), Food Services Revenues (\$113K), Title Grant Receipts (\$139K), CPPRT Receipts (\$21K), Maintenance Grant Receipts (\$50K), Transportation Reimbursements (\$345K) and Registration Fees (\$76K). This represented about 99.3% of all revenues collected in April. Overall, we had about \$46.01M in reserves at the end of April this year, and we were at \$53.32M at the end of April last year (a \$7.3M decrease). This was an expected outcome, given the fact that we completed just under \$8M in capital projects during the past year, and that payroll expense growth (salaries and benefits) continue to outpace both

inflation and our ability to generate additional revenues to cover those costs. We hope to end the year with about \$43M-\$45M in total adjusted reserves.

Investments/Cash Management

At the end of April, we held \$12.37M in Cash and Cash Equivalents (0-30 days), \$3.09M in Short-Term Investments (30-90 days), \$1.46M in Mid-Term Investments (90-365 days) and \$29.09M in Long-Term Investments (over 1 year). If rates start to drop, the investment curve will return to a “positively sloped curve”, and we will move short term investments out to longer maturities. We are currently investing about \$35.41M with PFM, \$4.53M with Fifth Third Bank, \$95K with PMA and \$5.97M with Old National Bank. As of 4/30/26 there were no outstanding vouchers with ISBE. We remain in good shape from a cash flow standpoint, and our cash management and investment program is set to capture interest earnings in the current declining interest rate environment. We earned just over \$3.8M in net investment returns last year, including investment appreciation of \$772K, and if rates hold up, we hope to earn about \$3M in interest income this fiscal year (we are at about \$2.3M so far this year).

Due to an inverted investment curve, we have been using cash and cash equivalents to maximize interest income for a few years now. However, for the first time in almost five years, the Fed cut rates in late 2024, and then again in late 2025, dropping rates by 1.75% during that time, to a current Fed Funds Range of 3.50%-3.75%. This was expected and should lead to a normal upward sloping investment curve later in 2026, where investing out for longer maturities will yield higher returns. The CPI Report for April was released recently; it came in at 3.8% for CPI and 2.8% for Core CPI, an increase of .4% and .6% over last month, respectively. Overall, investment rates have held steady lately at about 3.64% for cash and cash equivalents, 3.52% for short-term investments, 3.62% for mid-term investments and 3.95% for long-term investments. Our continued level of fund balance reserves (~\$45M-\$75M), along with a managed investment program through PFM, allows us to realize increased interest earnings and provide additional funds for operations and capital projects.

State Legislation

The 104th Session of the Illinois General Assembly began last January (a two year cycle) and despite two very lean budget years there was no shortage of proposed legislation. Over 9,000 bills have been introduced since last January (~6K in the House and ~3K in the Senate) and about 900 relate to public education. By the time the session ends this spring (hopefully in late May), about 1,000 bills will have passed both chambers, with maybe 90-100 relating to K-12 education, but only a few will be of real financial substance. Balancing the budget with very

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limited new revenues is the ongoing challenge as we near the end of the Spring Session. Among the notable pieces of education related legislation that might make it through the General Assembly over the next few weeks are a student cell phone ban, notice of dismissal changes, ongoing teacher evaluation and school discipline reform updates, mandated categorical pro-rations, and minimal new EBF funding. We hope that the final budget includes a \$350M increase for EBF (\$350M was proposed), a \$150M increase for mandated categorical programs (only \$50M was proposed), \$25M for early childhood (\$0 was proposed), \$75M for pension reform (\$75M was proposed) and \$150M for various other items (about \$25M was proposed), so about \$750M in additional funds was requested by ISBE, but only about \$500M was proposed by the Governor.

The Democratic dominated General Assembly has supported and moved the Governor's budget in prior years, and they are generally expected to do so again this year. If the Governor's budget gets approved, we are looking at significant additional pro-rations to State mandated categorical Transportation and Private Facility reimbursements that will more than offset any marginal increases we might realize from increased Evidence Based Funding. House and Senate Committee hearings are ongoing and the next few weeks will be packed with action. We will continue to fight for increased funding and oppose any unfunded mandates that are proposed. As the spring session winds down, and the General Assembly debates and moves the Governor's proposed budget, fully funding the EBF formula and maintaining funding for State mandated categorical programs, while proposing no new unfunded mandates, is becoming the consistent and clearly articulated message from our public school associations across the State.

Federal Legislation

In Washington, there are ongoing efforts to reduce Federal funding for public education, while at the same time placing additional restrictions on our public schools. Luckily, Congress has been hesitant to go along with all of the proposed cuts, but some are still happening anyway, as funds sit in limbo and are simply not getting spent. We only get about \$2.5M of our \$55M budget (about 4.5%) from the Federal Government, but that \$2.5M goes for some of our neediest students (low income, special education, Medicaid eligible and at-risk kids) so they are critical in allowing us to provide additional supports and services for those at-risk populations. Inflation and affordability have become the new buzzwords in Washington, as the Administration tries to calm inflation fears and stabilize the economy. The Department of Education quickly resumed efforts to transfer much of its oversight to other agencies through six "interagency agreements" in January, in an attempt to effectively dismantle the department entirely. However, recent court decisions have gone against the Administration, and the actual, initial proposed Congressional

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budget for the Department of Education next year is actually about the same as it was for this year (ie, it is flat funded overall), so closing the Department seems very unlikely.

Despite the negative effects of government shutdowns, the war in the Middle East, high inflation and a somewhat stagnant job market, our economy continues to be resilient. Despite the uncertain state of affairs, the economy and our equity markets remained relatively healthy through 2025 and into 2026, but the ongoing threat of high unemployment and high inflation during a recessionary period, known as “stagflation”, has many economists concerned, especially as the job market cools further. Consumer confidence is at an all-time low as the mid-term elections appear on the horizon this fall. Several education issues have remained in the forefront of the Administration’s agenda, including the elimination of the Department of Education, lower funding for IDEA and ESEA, E-Rate, Medicaid and NSLP participation/cuts, ongoing Title IX protections, School Choice Scholarships, Transgender Rights and Religion in Schools, to name a few. We continue to push for more USDA meal program reimbursements, increased IDEA and ESEA funding, and expanded Medicaid and E-Rate funding, but we are probably looking at flat funding at best, and realistically, probably more Federal funding cuts, in the near future.

Legal Matters

We do have a few minor pending legal matters that Pat has been keeping you abreast of this spring, but there are really no significant issues outstanding at this time (the WEA contract revisions are done, WESS negotiations have concluded, the tax objection lawsuit has been settled, there are no Special Ed Due Process Hearings going on, and the Social Media Class Action Lawsuit is slowly moving along) We are monitoring the Social Media Class Action Lawsuit, and will keep the Board informed as that lawsuit proceeds. We also continue to monitor and process regular tax appeals and valuation objections for tax years 2023, 2024 and 2025. Ongoing fund balance management should allow us to minimize any future exposure to excess accumulation objections. However, ongoing assessment appeals always occur during the year and have to be dealt with on a recurring basis with the help of the Lisle Township Assessor, the DuPage County Board of Review and our legal counsel (we have received a dozen so far this fall and winter and I will update the Board as they move through the process).

Economic Trends

Year over Year inflation (CPI) increased in April, coming in at 3.8% (it was 3.4% in March) The June 2022 CPI of 9.1% was the highest in over four decades and way above the desired 2.0% - 2.5% target range set by the Fed. Year-Over-Year Core Inflation also increased, coming it at 2.8% in March (it was 2.4% in April), as both CPI and Core CPI were higher than

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desired. The Fed held rates steady in April, leaving the Overnight Lending Range at 3.50% to 3.75%. We don't expect any more cuts for a while (maybe late summer or fall), but long term projections indicate 25-50 bps of cuts in the second half of 2026. That would drop the Fed Funds Lending Rate to 3.00%-3.25% by the end of the year (at the Fed's long term target range). The GDP is expected to grow this year by 3.5%-4.5%, and unemployment is expected to inch up toward 4.5%-5.0% (it is at 4.4% currently). A target Base CPI and Core CPI range of 2.0% to 2.5% has been set by the Fed, but the effect of the war in the Middle East, recurring economic instability, inconsistent tariff policy, global trade wars, global geopolitical uncertainty, rising prices and a softening job market continue to cause concern among economists that we could encounter "stagflation", as inflation persists during a time of potential stagnant economic activity and higher than warranted unemployment. The Fed's dual mandate of supporting job growth while maintaining low inflation is becoming more of a challenge every day.

Student Transportation

We are rapidly moving toward the end of the school year and the conclusion of this year's busing contracts with First Student, Sunrise, American Taxi and a few other special service providers that we use on an "as needed" basis. While we did experience a severe shortage of bus drivers last fall things have gotten better this semester. However, there is still an overall shortage of bus drivers and the sub pool at both companies is not as big as they (or we) would like them to be. Additionally, we are closely watching our fuel escalator clause, as the price of gas has risen dramatically recently, and we may need to budget more for bus gas next year. The bus driver shortage is not isolated to us, and in checking with other CSBO's in the region everyone has been dealing with transportation challenges this year. We continue to work with First Student and Sunrise to try and address staffing issues and find ways to work around the manpower shortages. We are using the liquidated damages clause in our contract to recoup some of the cost for any problems encountered, but in the end, we would much rather have the routes running properly and on time than take these punitive credits. We are providing you with next year's route rates (see the Board Item), as we enter year two of a ten year contract with First Student and year nine of a ten year contract with Sunrise (American Taxi's contract and rates are set up on a year to year basis, and we only use them "as needed" for special taxis service routes).

Technology

We recently started getting the Chromebooks (for students) and Chromebook+ devices (for JJH staff) that were ordered for next year, and we are setting them up and getting them ready to go. The staff devices are being handed out this spring so teachers can use them and get comfortable with them prior to the next school year, and the new student devices will be handed

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out to our first and fifth grade students in August. We are also preparing for device turn in at the end of this year, with our 8th graders purchasing their devices if they want, and the reissuing of devices for use over the summer for our current K-7 student population. The IT Department has also been very busy supporting our schools with State testing (IAR and ISA primarily) that ended this past week. The IT Department is also helping evaluate and integrate new Library Software (with Greg) and Energy Management System Software (with Kyle). Josh and Mike have also been working with Kyle to set up our wireless Water Sensor Monitoring Program that is being provided for free through SSCIP (our property and casualty insurance cooperative). Finally, they just held Battle of the Books and are getting ready for summer work.

Utility Management

As we moved through winter, natural gas costs increased dramatically due to prolonged cold weather in January and the war in the Middle East's impact on energy prices. We are working with our Energy Purchasing Cooperative (the IUPC) to manage our natural gas supply and hopefully minimize these additional costs. We just finished installing the solar arrays at Goodrich, Meadowview and Edgewood, and Edgewood and Goodrich are up and running, with Meadowview slated to come on line in June after a transformer upgrade is completed by ComEd. We also filed for additional IRS Federal Tax Credits of about \$238K for our Phase I solar projects and we hope to receive those funds soon. We will be filing for about \$1M of Federal tax credits for this Phase II work this summer. Energy costs are expected to keep rising significantly in 2026, due primarily to increasing demand from Data Centers, from PJM capacity charges, and from overall energy market pressures due to the war in the Middle East. The three new solar arrays, in addition to the four brought online in early 2024, will be very helpful in reducing our electric supply costs and minimizing our PJM capacity charges. When all is said and done, we expect to generate almost 100% of our electricity needs, once the three additional solar arrays are up and running. We are looking to save about \$250K in annual electricity costs going forward and pay less than \$50K in total per year for our electricity overall.

Employee Benefits

Our Annual Open Enrollment Period has been open since early May and Sharon Maloney is processing changes as they are submitted for a 7/1 effective date. Unfortunately, we realized a larger than normal increase in health insurance premium rates (about 15% overall) for next year. We are hoping that increased Wellness Programming and our annual Biometric Health Screening will improve claims and reduce year to year increases. The screenings went great this spring and we had over 330 people screened when all was said and done (about 90% of our eligible staff).

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Our overarching goal/hope is to have a robust Wellness Program that will lead to improved claims experience and lower renewal rates for our various insurance programs and offerings.

Food Services

The new food service program with Quest Foods has been a big hit and we continue to see student participation increase steadily. We wrapped up our initial student taste testing at all schools in April and the response was great! We had one final meeting with JJH students in early May, as we plan for next year and continue improvements to the program there. While we saw participation rates of 10% or less for our pay students and only 20%-25% for our free and reduced students last year, we are now seeing about 25%-30% of our pay students and upwards of 50% of our free/reduced students participating. Our goal is to have all schools over 30% (pay students) and 50% (free/reduced students) as soon as possible. Our ultimate goal, since we are not a CEP school district, is to get to around 65%-75% for our free/reduced students and maybe 40%-50% for our pay students, so we still have a long way to go. We are focused on increasing student interest and participation and improving menu options and meal variety, while staying as cost effective as possible for our students and staff. I would like to thank Michelle Swanson, Lynette Neal and Amy Phillips for all of their hard work this past year to help make this program such a success. In the end, we hope to have a much better food service program and greater rates of participation going forward.

Custodial and Maintenance Services

Kyle Hanson and his custodial and maintenance crew have been very busy in April and early May, completing spring cleanup and preparing for summer team cleaning. I'd like to thank them for all of their hard work this winter and the extra time put in to check on our buildings on the weekends and off days, plow snow, salt sidewalks, and ensure safe passage for our students and staff! Kyle and Grant are doing a great job managing and maintaining our staff despite a tight labor market and they have kept up on our summer construction planning as well. The custodial and maintenance staff have done an awesome job this past year and our buildings have received compliments from students, staff and visitors alike. We made it through the winter "cold and flu season" without issue by providing extra deep cleaning to any identified "hot spots" in our schools. They have been setting up and installing water sensors throughout our schools (provided through SSCIP and free of charge) and are also working to transition our Energy Management System software platform at Murphy and Jefferson over to the Tridium System. This increases efficiency and creates additional energy savings. We really do appreciate all of their ongoing efforts to keep our buildings and grounds safe, clean and looking great!

Construction and Capital Improvements

We did receive approval for the FY27 State School Maintenance Grant Program (a \$50K matching grant) and it will help cover the costs of the bathroom renovations at Meadowview and Goodrich this summer. The only remaining 2026 project still not technically “finished” is the Phase II Solar Array Installation at Meadowview (all work is done and we are waiting for ComEd to complete a transformer upgrade and then give us the ok to start generating electricity for the grid). Last summer’s work included miscellaneous HVAC updates, related electrical work, locker painting, roof work, window treatments and landscaping upgrades, as well as the solar array installations and related roof work at Edgewood, Meadowview and Goodrich, and playground replacements at Goodrich and Meadowview. We spent about \$21.8M on \$25M of budgeted work during our first CIP cycle (2017-2021), about \$11.6M on \$13.7M of budgeted work during our second CIP cycle (2021-2025), and we hope/expect to spend about \$10.7M during our third CIP cycle (2025-2029). We are also moving forward with the Park district to install a new Challenge Course at JJH (see the Board Discussion Memo for more details).

Risk Management

With the upcoming approval of our SELF Worker’s Compensation Insurance Policy next month, and the SSCIP Property/Casualty/Liability Insurance renewal from December (both are administered by AJ Gallagher and Gallagher Risk Management), we are currently in very good shape from a risk management/insurance coverage perspective. Both were good renewals with broad lines of coverage and enhanced risk management services. We are installing a water sensor program through SSCIP this spring at no cost to the school district. We have two very stable insurance cooperative programs in place that maximize coverage while minimizing cost and employing proactive claims management tools and programs. Both the SELF and SSCIP cooperatives are running very well and are financially sound. I am wrapping up my second year as Chairman of the SSCIP Executive Board (I have two more years to go as the Chair ☺) and so far things have gone very well. We continue to implement proactive programs, like the water sensor monitoring program and effective return to work practices, and we have realized excellent claims experience with both programs as a result. We are also looking to transition to a new claims management service firm for SELF this summer. Finally, we are actively managing our funds to ensure we don’t develop fund balances that might be susceptible to excess accumulation claims.

As always, let me know if you have any questions or need additional information...thanks!