



PROSPECT HEIGHTS DISTRICT 23 BOARD OF EDUCATION INFORMATION ITEM

Date: March 12, 2026

Title: 2026-27 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 2025, the Board of Education approved its 2025 Property Tax Levy and continues to maximize funding to the Education Fund. Following a significant delay in the second installment of the 2024 property taxes, projections as of January 31, 2026 show revenues largely coming in as projected and spending on track with prior years. We are extremely pleased that the 2025 tax bills have been issued and mailed out by the County, likely leading to an approximately 30 day delay in revenues for the second half of the year. As we work to close out the fiscal year, we will continue to keep the Board informed of the progression of all revenue receipts.

The District continues to look at increasing efficiencies across all programs. Currently, budgeted Operating (10, 20, 40 and 70) fund revenues for FY26 are estimated at \$29,797,790.00. Budgeted Operating and fund expenditures for FY26 are estimated at \$27,728,935.08.

In an effort to rebuild the existing fund balances, the Administration is targeting an annual operating fund surplus of no less than \$500,000. This will be realized through thoughtful staffing and ongoing reductions in building and departmental budgetary line items. Additionally, Administration will continue to budget its expenditures based on 96% property tax collections, with the remaining collections (97-100%) allocated to fund balances.

ADMINISTRATIVE CONSIDERATIONS

The Board of Education has authorized the development of the District's budget for the 2026-27 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 2026-27 budget:

REVENUE ASSUMPTIONS

- 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 2026-27 school year is expected to minor increases due to the change in tier.
- We continue to receive quarterly grant revenue on a reimbursement basis from our available funding. As was the case with FY26, we will allow for the rollover of unused grant funds to be spent in FY27 but are pushing for the prompt reconciliation for year-end expenditures.
- The Equalized Assessed Valuation (EAV) for 2024 was \$690,660,988 up from 2023's EAV of \$685,949,160.
- 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 and will be limited by PTELL.
- The Consumer Price Index (CPI) reported as of December 31, 2025 was 2.7%. As we are subject to the Property Tax Limitation Law, our property tax revenue increase due to CPI will be limited to CPI.
- Interest rates on investments continue to remain relatively low. As of early March 2026, the Federal Reserve is expected to continue a gradual easing of monetary policy, with projections pointing toward a federal funds rate dipping to around 3.0%–3.25% by the end of 2026. We will continue to monitor the market's volatility through PMA.
- Property taxes continue to be the District's largest source of revenue for 2026-27. While we have enjoyed historical collection rates of 98% - 100%, the recent Cook County delays in processing property taxes have caused us to take a more conservative approach. In 2026-27 we will be budgeting our tax revenue at 96% to account for any unanticipated delays and refunds.
- Corporate Personal Property Replacement Tax (CPPRT) is currently estimated to remain flat. Updates from the Department of Revenue prior to the final budget adoption will inform any adjustments.

- We continue to monitor our Federal funding. While we have confirmed several of our Fy27 grant allocations, we will continue to review our future grant opportunities and continue our practice of monthly expenditure reconciliations in order to maximize our timely reimbursements for fiscal year alignment.
- Facility rentals have returned to their pre-pandemic levels, and we have seen several new organizations join us as regular renters. We are fortunate to be retaining Wanda Rutkiewicz Academy and The DAY Group with hopes that 2026-27 will continue to realize increasing revenues from these and other new renters.

EXPENDITURE ASSUMPTIONS

SALARIES

- Increases to (PHEA and SEIU) employees' base salaries have been negotiated at an increase of 2.75% and will be reflected in the preliminary budget.
- Non-PHEA employee salaries and wage increases will follow the Board approved parameters and will be presented for consideration at the March meeting.
- Administrator and director salaries will be negotiated for a start date of July 1, 2026.

BENEFITS / INSURANCE

- For 2026-27, insurance markets are projected to remain challenging. This year the premium for the District's property and liability coverage (excluding cyber) has been set at \$96,646. A pool contribution, in the amount of \$1,338, has reduced the renewal premium to \$95,309, an increase of 4.6% over last year's premium of \$91,092.
- The District's commitment to SSCIP Cyber Toolkit and dedication to ongoing staff training and network monitoring has resulted in a premium decrease for 2026 of approximately -13.9%, from \$27,948 to \$24,063.
- With regard to our medical and dental benefits, the Educational Benefits Cooperative (EBC) is currently projecting an 16.8% increase in PPO and a 14.4% increase in the HMO option for health insurance costs. Dental insurance is expected to increase 4.4% in the coming year. Increases to employee benefit costs have been projected and will be reflected in the preliminary budget.

ENROLLMENT

- The updated enrollment projection, as presented at the January 8, 2026 Board meeting, will be used in calculations for enrollment related budget allocations as shown below:

3yr Avg. Cohort Survival Rate Applied - Total Enrollment Projections										
Grade	History						Current	Projected		
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
K	122	145	148	133	124	92	96	110	120	120
1	159	150	148	167	154	159	135	140	150	150
2	143	162	151	153	173	152	154	138	143	153
3	149	141	159	161	155	184	155	161	144	149
4	158	144	132	161	166	162	194	160	166	148
5	169	159	148	138	161	164	171	196	161	168
6	182	170	159	155	144	167	184	178	205	168
7	159	183	183	165	158	158	170	193	187	210
8	162	166	180	183	173	161	163	174	198	192
Total Enrollment	1403	1420	1408	1416	1408	1399	1422	1450	1474	1458

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 2026-27 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, eight full-time (six certified and two ESP) staff members will be retiring at the end of the 2025-26 school year.
- At this evening's Board meeting, the revised staffing plan for the 2026-27 school year was presented, showing an updated total of eight full-time (six certified and two ESP) staff members who will be retiring at the end of the 2025-26 school year. These retirements reflect an approximate savings of \$227,000 in staffing costs.

SEIU Custodial Association (SEIU) Staffing

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

Educational Support Staffing

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

BUDGET ADJUSTMENTS

- In general, line items for purchased services, supplies, and equipment are being held flat and/or reduced as compared to the 2025-26 amounts.
- To support programmatic needs, the following adjustments will be made to the 2026-27 Budget:

- The Per Pupil Allocation will be held flat following a 2025-26 10% reduction in building discretionary spending. The rate of \$170.00/student will be in place for the 2026-27 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 (\$42.50/student) for furniture replacements. We will also continue to budget an additional non-discretionary allocation of \$50,000 for the District-wide Furniture Replacement Plan.

SPECIAL EDUCATION

- 2026-27 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

- This summer's capital projects will largely consist of the Eisenhower Early Learning Expansion work and the replacement of the MacArthur windows, siding and doors. This work will be funded by the Spring 2025 debt certificate proceeds.
- As previously shared, there are a number of projects that will be managed by the District in an effort to reduce costs.
 - Summer 2026 Capital Projects at MacArthur include the following:

■ Landscaping Services	\$ 20,000.00
■ Gym Painting	\$ 27,500.00
■ Gym Floor - Artwork & Re-Finishing	\$ 37,000.00
■ Main Office Furniture Replacements	\$ 25,000.00
■ Window Blinds	\$ 33,000.00
■ Gym Stage Curtain Replacement	\$ 14,500.00
■ Mac Intercom Replacement	\$103,000.00
 - Remaining Summer 2026 Capital Projects include the following:

■ Anne Sullivan Library FY26 - Phase 3	\$ 33,000.00
■ Betsy Ross Library FY26 - Phase 1	\$ 25,000.00
■ Betsy Ross Library FY27 - Phase 2	\$ 25,267.00
■ Low Voltage Cabling (Ross & Sullivan)	\$141,000.00
■ Switch Replacements	\$375,000.00
■ Sullivan Intercom Replacement	\$ 52,000.00

- Fund 20 projects for 2026-27 will include ongoing facility maintenance and repair work with the budget remaining flat.

TECHNOLOGY

- The Technology Services Dept. is anticipating continued replacement and updates of equipment and applications during 2026-27.
- Ongoing low voltage cabling, network upgrades, switch replacements, staff and student devices, and continued support of instructional software needs remains a priority.

TRANSPORTATION

- While the transportation contract with First Student was renegotiated for a 4.25% increase, 2026-27 is the last year of the contract and it will need to be re-bid for the 2027-28 school year.
- For 2026-27, increases in student transportation costs will be budgeted at a 4.25% increase based on our current contract, fuel costs and usage of taxi transportation for Special Education and McKinney-Vento students.
- A potential reduction of Transportation revenues continues to be a concern based on reductions in the State's mandated categorical payment for transportation services due to prorations and reimbursement reductions.
- Administration continues to review options for student transportation cost containments through route refinements and pairings.

TRANSFERS, LOANS, AND ACCOUNTING RECOMMENDATIONS

- In accordance with our plan for sustainable financing, transfers from the Operations Funds will be made to the Capital Projects Fund to allow for 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.

RECOMMENDED ACTION

That the Board of Education approves the proposed guidelines, assumptions and budget adjustments relative to the preparation of the 2026-27 fiscal year budget.