



Board Action Item

Date: January 4, 2018

Title: Public Hearing on Waiver of Limitation on Administrative Costs for 2017-18

Contact: Micheal DeBartolo, Assistant Superintendent for Finance & Operations

BACKGROUND:

The Limitation of Administrative Costs Worksheet must be filed with the Illinois State Board of Education (ISBE) by November 15 of each fiscal year, in accordance with Section 17-1.5 of the School Code. The worksheet should report the actual administrative expenditures for the previous fiscal year and the budgeted administrative expenditures for the current fiscal year. School district's budgeted administrative expenditures cannot increase more than 5% over their prior year actual administrative expenditures. The following functions are included under administrative expenditures:

- 2320 Executive Administration Services
- 2330 Special Area Administration Services
- 2490 Other Support Services - School Administration
- 2510 Direction of Business Support Services
- 2570 Internal Services
- 2610 Direction of Central Support Services

Based upon where specific costs are coded, school districts can be under reporting or over reporting the actual expenditures for administrative costs.

School districts with administrative expenditures per pupil in the 25th percentile and below (the fourth quartile) for all districts of the same type (elementary, high school, or unit) may waive the limitation imposed under Section 17-1.5 for any year following a public hearing. District 23 is NOT in the lowest 25th percentile. Therefore, this type of waiver is not permissible for District 23.

A school district ineligible to waive the limitation on administrative expenditures by board action may request a waiver from the General Assembly pursuant to Section 2-

3.25g of the School Code. This is the situation District 23 finds itself in for the 2017-18 school year. If exceeding the limitation is solely because of circumstances beyond the control of the district and the district has exhausted all available and reasonable remedies to comply with the limitation a school district may apply for this waiver from the General Assembly. If approved, this waiver shall only apply to the specific school year for which the request is made.

District 23 falls within this category due to the fact that the following costs were contained in the 2017-18 budget that were NOT contained in the 2016-17 budget:

1. Full salary for Superintendent's Secretary (previously split between 2 accounts (1 account NOT included in the administrative cost calculation – Human Resource Coordinator)
2. Addition of part-time Receptionist/Registrar position
3. Post-retirement payment for Superintendent

These 3 expenditures caused the District to exceed the administrative expenditure limit. These expenses will not affect the District going forward since these will be waived for this year and will now be part of the base cost for administrative expenses. Further, based upon where the District believes the expenses listed in 1 & 2 above can be assigned in the future, these costs would no longer apply to the administrative expenditure limit. The expense listed in 3 above is truly a one-time expense and would not apply to the administrative expenditure limit in the future.