



PROSPECT HEIGHTS DISTRICT 23 BOARD OF EDUCATION INFORMATION ITEM

Date: March 10, 2021

Title: 2021-22 Preliminary Budget Guidelines and Assumptions

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BACKGROUND INFORMATION

Budgets are estimates of projected revenues and projected 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 2020, the Board of Education approved its 2020 Property Tax Levy having made the following adjustments in order to maximize funding to the Education Fund:

- Reduced the Extension to Working Cash
- Reduced the Extension to Transportation - One time reduction due to the school closures and reduced expenditures.
- Reduced the Extension to Tort - This reduction alone will add approximately \$140,000. to the Education Fund.

The District continues to look at increasing efficiencies across all programs. Currently, budgeted Operating (10, 20, 30, 40, 80) and Working Cash (70) fund revenues for FY21 are estimated at \$24,883,358. Budgeted Operating and Working Cash fund expenditures for FY21 are estimated at \$25,027,619.

Projections as of January 31, 2021 show expenditures currently under budget by approximately \$1,061,171. Current revenue receipts are just slightly under budget by \$119,699. We will continue to keep the Board informed of the collection progression.

With ongoing uncertainty in the Illinois State Budget and federal funding, the District 23 budget may face necessary adjustments and/or reductions during preparation. As financial data is updated, we will adjust the District 23 budget accordingly.

ADMINISTRATIVE CONSIDERATIONS

The Board of Education has authorized the development of the District's budget for the 2021-22 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.

Listed below are the guidelines, assumptions, and parameters that will be used in developing the 2021-22 budget:

REVENUE

- State funding for the 2021-22 school year is again, projected to be flat. While this is not ideal, it is not surprising and will be manageable for District operations.
- We are awaiting the second round of funding under the Elementary and Secondary School Emergency Relief Fund (ESSER Fund). We anticipate an amount close to \$467,000 and will book the revenues in the appropriate fiscal year. We will allow for the rollover of these funds to be largely spent in FY22.
- The Equalized Assessed Valuation (EAV) for 2019 was \$607,532,209. The EAV for 2018 was \$548,505,405. The EAV for 2017 was \$553,717,876. The EAV for 2016 was \$548,611,244.
- 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, 2020 is 1.4%.
- 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. As stated above, EBF funding for the 2021-22 school year is again expected to remain flat.
- Interest rates on investments continue to remain low. During 2021-22 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 2021-22. In alignment with historical collection rates, estimated collection rates for 2021-22 will be budgeted between 98% and 99%.
- Administration has continued to explore and review revenue options and will be moving forward with the acceleration of the \$3M Working Cash Bond issuance in May, resulting in additional funding for Capital Projects being deposited in June, 2021.

ENROLLMENT

- The three-year cohort survival enrollment projections will be used in calculations for enrollment related budget allocations. The enrollment report shared at the November Board of Education meeting reflected a slight decrease from 2020-21 to 2021-22 with overall student enrollment dropping from 1,420 to 1,404.

SALARIES

- Prospect Heights Education Association (PHEA) employees' base salaries will increase based on the current agreement with salary increases of 3.25% for certified staff, not classified as long-term employees (LTE). LTE will receive an increase equal to 2.25% for the 2021-22 school year.
- Service Employees International Union - Local 73 (SEIU) employees' base salaries will increase based on the current agreement with salary increases of 3.25%.
- Administrator and director salaries will be negotiated for a start date of July 1, 2021.

STAFFING

Education Association (PHEA) 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 2021-22 budget, staffing will be determined based on estimated student enrollment, program needs, and funding sources.
- Preliminary staffing recommendations will be determined during the staffing process. Recommendations on staffing adjustments will be made at that time.
- Review and plan for reallocation, attrition, and efficiency of operations based on program needs and funding sources. At this time, 2 PHEA staff members will retire at the end of the 2020-21 school year.
- The proposed staffing plan shows an increase of 1.5 FTE for one additional teacher at MacArthur and an additional .5 allocation towards the currently shared School Psychologist at Ross and Sullivan. This increase will result in an additional \$61,090 in salary.

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 2020-21 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 2021-22, insurance markets are projected to remain challenging. We are estimating a 10.3% increase in property and casualty costs through SSCIP, and a 3.2% increase in health insurance costs through EBC. Insurance rules and regulations may be enacted which may cause potential changes to occur.

BUDGET ADJUSTMENTS

- In general, line items for purchased services, supplies, and equipment will be frozen. Some line items may be increased based on current economic conditions such as utilities, gas, and postage.
- To support programmatic needs, the following adjustments will be made to the 2021-22 Budget:
 - An additional salary allocation of \$61,090 to cover the additional 1.0 FTE at MacArthur and the .5 FTE for the School Psychologist as proposed in the Preliminary Staffing Plan.
 - As has been discussed with the Board, an additional allocation of \$45,000 is being requested for Technology Services to allow for the continuation of ongoing Managed Network and Cybersecurity Services with Empist. The remaining \$40,000 will be budgeted for in the District's Technology budget.
 - The Per Pupil Allocation will be held at \$188.00/student for the 2021-22 school year. This amount has been held since the 2019-20 school year. 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 \$70,547. We will 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.
 - Funding for a General Education Summer School in FY22 may be dependent on an additional round of Federal funding (ESSERS).

SPECIAL EDUCATION

- 2021-22 NSSEO tuition costs and programs are being reviewed by NSSEO. Final NSSEO program costs will reflect necessary changes.

- 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

- Approved capital projects will be funded largely by the 2021 bond proceeds. Total Fund 60 work for 2021-22 will be budgeted at \$1,509,950.
- Retrofits of the HVAC equipment will continue during the summer of 2021 at Ross and Sullivan and move to MacArthur in FY22.
- Substantial roofing work will take place during the summer of 2021 at MacArthur.
- Fund 20 projects for 2021-22 will include ongoing facility maintenance and repair work including necessary Life Safety items.

TECHNOLOGY

- Technology Services is anticipating continued replacement and updates of equipment and applications during 2021-22. At this point, they are working on a schedule of projector replacements, beginning with MacArthur. Ongoing network upgrades, replacement of staff and student devices, and continued support of instructional software needs remains a priority.

TRANSPORTATION

- The transportation contract with First Student was re-negotiated and renewed for two additional one-year terms, effective August 1, 2020.
- For 2021-22 increases in student transportation costs are estimated to be budgeted at a 3% increase based on current contracts, 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 pro-rations and reductions, we have not yet received word of any planned reduction for the 2021-22 school year.
- Administration will continue to review options for student transportation cost containment through route refinements and work towards the issuance of a bid towards the middle of the year.

TRANSFERS, LOANS, AND ACCOUNTING RECOMMENDATIONS

- We anticipate the required transfers of bond proceeds from Working Cash to the Capital Projects fund for larger scale, planned facilities needs.
- The transfer of Working Cash interest income to other funds may be recommended to address cash flow needs.

- The transfer from Operations and Maintenance to the Capital Projects Fund may be recommended for the funding of future capital projects.
- Due to delayed and deferred property tax revenue and State and Federal revenue, inter-fund loans may be recommended to address cash flow needs.

RECOMMENDED ACTION

That the Board of Education approves the proposed guidelines, assumptions and budget adjustments relative to the preparation of the 2021-22 fiscal year budget.