Community Unit School District 308
Fiscal State of the District
FY2017 - Revenue Sources for Schools – Operating

- Property Taxes: 49%
- State: 39%
- Federal: 7%
- Other Local: 4%
- CPPRT: 1%

SD308 Operating Budget: $191,000,000
Local Revenue

• Real Estate Taxes
• Corporate Replacement Taxes
• Interest Income
• Food Service Sales
• Student Fees
• Rental Fees
State Revenue

• General State Aid
• Special Education Aid
• Early Childhood
• Bilingual
• Drivers Education
• School Breakfast
• Library
• Transportation
General State Aid

• Based on average daily attendance of the school district
• Foundation level set by the state at $6,119 (proration is applied after)
• Higher the average daily attendance, more state aid we collect
• Attendance is a key factor
• Other variables are property values and low income ratios
Federal Revenue

• Title I – Improving Achievement
  The purpose of this grant is to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging State academic achievement standards and state academic assessments
• Title II – The purpose of the program is to increase academic achievement by improving teacher and principal quality
• Title III – Title III is designed to improve the education of Limited English Proficient (LEP) students by helping them learn English and meet challenging state academic content and student academic achievement standards. - See more at:
  • Food Subsidies – National School Lunch Program
  • Medicaid – Physical Therapy, Occupational Therapy, Nursing Services
  • IDEA – Special ED Grant
2017 – Expenditures - Operating

EXPENDITURES DOESN’T INCLUDE DEBT SERVICE OR CAPITAL PROJECTS

SD308 Operating Budget: $191,000,000
2017 – Expenditures - Operating

• 84% of all expenses can be tied to salaries & benefits.

• Remaining 16% ($30 million) is spent on technology, buses, food service, utilities, phones, building maintenance, curriculum, supplies, tuition, etc.
Recent Financial History

Audited Year-End Balances – in millions
(Education, Operations and Maintenance, Transportation, IMRF and Working Cash Funds)
## Recent Financial History

### Revenue vs Expenditures

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</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$142,483,276</td>
<td>$146,269,520</td>
<td>$151,843,553</td>
<td>$161,599,518</td>
<td>$166,319,267</td>
<td>$173,700,141</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$135,863,940</td>
<td>$144,168,444</td>
<td>$151,403,236</td>
<td>$160,630,184</td>
<td>$167,406,753</td>
<td>$180,202,204</td>
</tr>
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</table>

*Graph showing the trend of revenue vs expenditures from FY 2011 to FY 2016.*
In FY2016 District 308 spent 6.5 million more than what was brought in due to:

i) 4th quarter state categorical revenues were deferred into FY2017

ii) Unfunded mandates (1:1 TAs, 70/30 rule etc.)

Expenditure increase since FY11 to FY16 is primarily due to staffing as the student enrollment kept increasing. Other factors include benefits, textbook adoptions, increased cost in utilities, busing, building maintenance etc.
Recent Financial History

### Historical Revenue by Source

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<tbody>
<tr>
<td><strong>Federal</strong></td>
<td>$4,181,231</td>
<td>$6,058,896</td>
<td>$3,633,745</td>
<td>$3,994,083</td>
<td>$4,623,610</td>
<td>$5,223,610</td>
</tr>
<tr>
<td><strong>Other State</strong></td>
<td>$11,771,357</td>
<td>$11,407,159</td>
<td>$14,029,060</td>
<td>$12,973,005</td>
<td>$13,387,277</td>
<td>$13,790,582</td>
</tr>
<tr>
<td><strong>General State Aid</strong></td>
<td>$32,145,390</td>
<td>$31,559,304</td>
<td>$33,375,759</td>
<td>$41,365,697</td>
<td>$43,784,230</td>
<td>$52,093,846</td>
</tr>
<tr>
<td><strong>Other Local</strong></td>
<td>$9,246,537</td>
<td>$9,436,470</td>
<td>$10,238,496</td>
<td>$10,757,724</td>
<td>$10,456,402</td>
<td>$10,556,400</td>
</tr>
<tr>
<td><strong>Property Taxes</strong></td>
<td>$85,138,761</td>
<td>$87,807,691</td>
<td>$90,566,493</td>
<td>$92,509,009</td>
<td>$93,625,027</td>
<td>$93,625,027</td>
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Projections

Revenue vs Expenditures

This assumes the funding formula stays status quo and no changes to our expenditures
## Projections

### Operating Funds - Projection Summary

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<tr>
<th></th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY End Balances</td>
<td>$25.9</td>
<td>$18.5</td>
<td>$5.5</td>
<td>($12.8)</td>
<td>($36.4)</td>
<td>($66.3)</td>
</tr>
</tbody>
</table>
Past, Current & Future Enrollment

Source: School District 308, Student Count and RSP SFM & Demographic Models
State Aid – Cost of proration

Total dollars lost: $21.5 million
4th categorical payment was not received in FY16: $3 million.
State Funds Impact

- $49 MILLION DOLLARS IN UNPAID CAPITAL DEVELOPMENT GRANT
- $21.5 MILLION DOLLARS IN UNPAID GENERAL STATE AID
- $6.4 MILLION IN DELAYED STATE CATEGORICAL PAYMENTS
- $76 MILLION DOLLARS COULD HAVE BEEN UTILIZED TOWARDS:
  I. Deficit reduction
  II. No reason to issue Tax Anticipation Warrants
  III. Capital Improvement Plan
  IV. Technology Improvement Plan
  V. No need to issue non-referendum bonds
  VI. Providing relief to current property tax payers by abating outstanding bonds
Future Revenues not keeping up with Expenditures

- State funding formula
- Declining Enrollment
- Increased property values
- Consumer Price Index is at historic lows
- 88% of the EAV is residential
- Prorated Categoricals
- Delayed categorical grants by the state (As of January 11th, 2017, we are still awaiting 1st quarter and 2nd quarter payments from the state which is around 6.4 million dollars)
Why are projected expenditures going up?

- Union Contracts
- Health insurance cost will continue to rise
- Unfunded mandates
- Increased purchased services (third party contracts, utilities, building repairs/maintenance)
- Equipment needs
- Technology
Expenditure reductions for 2016-2017 school year

- Departmental Budget Reductions: $1.2 million
- District Administration/Staff restructuring/Admin salary freeze: $561,000
- Restructuring workers comp and property insurance: $600,000
- Health insurance restructuring: $300,000
- Custodial Restructuring (Attrition): $240,000
- Reduced contractual services: $280,000

TOTAL: $3.2 MILLION
Expenditure Reduction Impact

Students
Reduction/Elimination of Programs

Staff
Employee Workload
Course Limits
Alternative deliveries of selected services

Operational Services
Renegotiation of third-party contracts
Paperless Solutions
Energy Conservation

Competitive bidding/purchasing
Insurance Savings
Debt Restructuring
Operating Expenditure Per Pupil
Total Operating Expense from funds 10,20,40,50,70 & 80
Source: 5 Year Budget & AFR

State Average $11,594
What would District 308 budget look like:

Note: SD308 Operating budget is $191 million
Levy Year 2015 Tax Rates
Deficit Reduction

Legislative Action: The Governor appointed a commission to revise the school code. One of the approaches they have studied is the evidence based model. The Governor’s commission’s report is due in a few weeks. After the report is complete a bill must be drafted and passed in Springfield as well as approved by the Governor before any school aid formula it recommends can become law. How the report will read is currently unclear.

Expenditure Reduction: Reduce staff which accounts for 84% of District 308’s operating budget.

Tax Referendum: Plan for an operating tax rate referendum.
QUESTIONS??