MINUTES
BOARD OF EDUCATION MEETING
COMMITTEE OF THE WHOLE MEETING
COMMUNITY UNIT SCHOOL DISTRICT 200
January 25, 2023

The Committee of the Whole meeting for the month of January of the Board of Education of Community Unit School District 200, DuPage County, Illinois, was called to order at the School Service Center, 130 W Park Ave, Wheaton, IL by Board President Chris Crabtree, on Wednesday, January 25, 2023, at 7:00 PM.

ROLL CALL
Upon the roll being called, the following were present:

Board Members:	Mrs. Chris Crabtree
	Mr. Rob Hanlon
	Mr. Dave Long
	Mrs. Angela Blatner
	Mrs. Susan Booton
	Mrs. Julie Kulovits
	Mr. Brad Paulsen
Also in Attendance:	Dr. Jeff Schuler, Superintendent
	Dr. Charlie Kyle
	Mrs. Erica Loiacono
	Mrs. Melissa Murphy
	Dr. Brian O’Keeffe
	Dr. Chris Silagi
	Mr. Jason Spencer

PLEDGE OF ALLEGIANCE
Board Member Paulsen led the Board in the Pledge of Allegiance.

SUSPEND THE RULES AND ADJOURN TO WORKSHOP SETTING

MOTION
Member Booton moved, Member Hanlon seconded to suspend the rules and adjourn to a workshop setting. Upon a roll call vote being taken the vote was: AYE 7, NAY 0.
The motion carried 7-0.

Business Services
<u>The Five-Year Forecast</u>
Dr. Brian O’Keeffe, Assistant Superintendent of Business Services provided the 5 Cast Five Year Financial Forecast for the District. A draft of the presentation was attached to the Board report, which included information on the following:

- Financial Forecasting
  - What is a five-year financial forecast?
  - How do we use the plan?

- Fiscal Metrics
  - D200 operating expense per student ($14,446 – below the state average)
  - FY21 fund balance (33.33% - 2021 AFR)
  - Standard & Poor's bond rating (AA+ stable outlook)
  - State Board of Education designation for FY21 (Financial Recognition – highest possible for the sixth consecutive year)
  - FY23 balanced budget (13th consecutive year of a balanced budget)
- Data Elements
  - FY23 Budget, AFR for past five years, CPI, Tax Levy/Extensions/Rates, EAV and New Construction, EBF and Categorical Reimbursements, Salary and Benefits Information, Enrollment/Staffing, Additional District Assumptions
- 5 Cast Financial Planning Tool
  - A multi-year financial plan, scenario comparisons and "what if" analysis, detailed budget and performance analysis, budget preparation, budget distribution and stakeholder reporting
- Revenue Assumptions
  - Consumer Price Index (CPI) – 2017 through 2027
  - CPI – Levy 2023, 2024, 2025, and beyond
  - New Property Growth
  - Investment Income
  - EBF Funding
  - Categorical Funding
  - Federal Funding
  - Corporate Personal Property Replacement Taxes (CPPRT)
  - All Other Revenue
- Expenditure Assumptions
  - Salaries/Staffing (WWEA, CEA, Administrative and Non-Union Classified Staff)
  - Medical/Dental
  - Contracted Services (Food Service and Custodial, Transportation)
- Additional Assumptions
  - Supplies & Capital Outlay
  - Suggested Other Sources & Uses
  - Other
- CUSD Funds
  - Educational, O&M, Debt Service, Transportation, Municipal Retirement/Social Security (IMRF/SS), Capital Projects, Working Cash, Tort, Fire Prevention & Safety
- Aggregate Revenue and Expenditure Projections
  - Includes Educational, O&M, Transportation, IMRF/SS, Working Cash, and Tort Funds
- Debt Service Fund Projections
- Fund Balance History and Projections
- 5-Year Fund Balance Projections

There was additional information/comments on the following:

- January is the month that the 5-year financial forecast is brought to the Board.
- The financial forecast is used for budget planning, tax levy determination, scenario & trend analysis, and the annual update & reassessment.
- Fiscal metrics are FY21; the FY22 audit is almost complete, and the information will be updated.
- Anticipating a drop in the FY22 fund balance to 31.5-32% (within the Board policy).

- The main revenue driver in the District is CPI; which was averaging about 2% over the ten years before LY22 (levy year); CPI was 7% in Dec. 2021, and 6.5% in Dec 2022; limited to a PTELL (tax cap) rate of 5% in both 2021 and 2022.
- Information from the DuPage County Clerk's Office- the final extensions are based on the actual 2022 levy extension (should be approximately $7.8 million). The final extension takes into account new construction and TIF #2 moving over from the City of Wheaton to all taxing bodies.
- No additional TIF expirations moving into Levy 2023.
- New construction growth estimate - $40 million in new taxable property (Naper Commons was noted).
- Appears CPI is on a downward trend moving into LY 2024 and beyond.
- Other revenue assumptions – there was a nice bounce back in terms of interest income. There are no indications there will be a significant shift in interest rates in the next 12-24 months.
- EBF – the State has done a good job of continuing to add to EBF; going forward this was left flat.
- Categorical funding – transportation for both Special Ed and Regular Ed has been prorated and districts could continue to see prorations on the categorical side.
- ESSER funds – 95% of the FY24 ESSER budget is related to salaries, stipends, and benefits. There are no ESSER funds after FY24.
- CPPRT - This is the second year of significant CPPR dollars compared to the past. Anticipate there will be reductions moving forward.
- Expenditure assumptions for certified salaries – used the existing parameters of the contract that is in place, and 3.5% as the CPI ceiling.
- Medical and dental benefits – preliminary numbers are not favorable; beginning in September looking at a double-digit percentage increase on the medical side. NIHIP had significant losses in the pool last year.
- The potential for plan design change concerning medical/dental plans offered by NIHIP. This may be a way to offer District employees an opportunity to save some additional funds.
- Contracted services – on year four of the contract with Organic Life. We do have the ability to extend that one additional year.
- The new law that came into place last year will no longer require school districts when going out to bid for food service (under the NSLP) to take the lowest bid.
- D200 - All levels are on the NSLP (National School Lunch Program) this year.
- Transportation – contract renewals last year with both IL Central (Regular Ed) and Sunrise (Special Ed).
- Supplies reduction – due to two primary factors: the trend for last year compared to budget, and supplies that were tied to grants that will fall off.
- Other Sources – an increase of $3 million in the transfer of O&M to Capital Projects to support summer 2023 projects. In future years, this will return to $7.7 million (includes $500,000 for playgrounds).
- Other assumptions are no legislative changes in school funding, no change in PTELL (tax cap), does not include a potential TRS pension shift, and the current FY23 budget is an accurate basis for projections.
- There is nothing in the CUSD 200 tort or the fire prevention & safety funds.
- Based on all of the assumptions in place on the operating side of things, the model is projecting a small surplus for this year, breaking even in FY24, a $2.2M surplus in FY25, a $1.6M estimated surplus in FY26, $825K surplus in FY27, and a small deficit in FY28.
- Every percentage in salaries is roughly a million dollars in new expenditures.

- The debt service fund projections and the potential for imbalanced budgets; the timing of when our levy collections come in compared to the timing of when we make our debt payments.
- The impact of the last debt payment for bonds (October 2025) on the debt service fund.
- Lease certificates for Jefferson – not using debt service funds, but funds from the EBF funding model.
- Working cash – "piggy bank" – used every March, April, and May to cover expenditures related to everything associated with operating the District. We do not receive our first spring tax payment until the very end of May or the beginning of June. The inter-fund transfers are used to meet the operating obligations during this time.

There were questions and/or additional discussion on the following:

- Clarification on the CPPRT numbers.
- CPI – financial partners see this moving down into the 3-4% range by the end of this calendar year.
- New property growth – other developments besides Naper Commons on the horizon? Arden Townhomes (slated to be rentals). Do not have any timeline data on the Wheaton apartment development on the south side of the tracks.
- Categorical funding – a one-time reimbursement for that specific fiscal year (not a month-to-month change). The specific proration is determined by the State.
- ESSER salary dollars for last year and this year.
- EBF – D200 moving from Tier 3 to Tier 4, and reasons for the move (noted the ability of the District to levy dollars on a local level and the adequacy going up).
- The State used Title I statistics to drive the ESSER funding (Title I population is part of EBF).
- Hold harmless.
- TIF Districts remaining.
- The impact of the minimum wage laws on the salary assumptions.
- Clarification on the "CPI food away from home" subset.
- Ensuring that any changes in plan offerings for medical benefits are explained in detail to employees, and assisting employees to know what the options are and what makes sense for the individual.
- Benefits blended average and the value of a percentage point.
- The potential impact on the numbers if the state freezes PTELL.
- Interest rates on the lease certificates are not variable but are defined in the terms of the lease certificates.
- The tort fund (80) and the fire prevention & safety fund (90); the rationale for no balance in the tort fund, and being a part of CLIC.
- District assumptions – any projections on the type of students (example being an increase in Special Ed students that will require additional services, etc.)? There are no economic assumptions in the software – it is a plug-and-play model.
- Forecasting any adjustment in the profile of our students that would change expenditures (ie: increase in "newcomer students" – new to the country. This trend has picked up and has a programmatic impact. The State does have an eye on making some adjustments in funding for districts that experience significant spikes in "newcomers".
- The number of retirees – there is a small group of retirees built in as compared to past years.
- Debt service chart – projected year-end balance and wanting to better understand the numbers. The possibility of requesting less, which could offset a portion of the increase on the operating side.

- The reasoning for carrying the excess in the debt service fund and the importance of being reasonably certain those funds are still going to exist before addressing the excess. This can be a conversation in the coming months.
- Conversations regarding future funding mechanisms will be a separate conversation.
- Lease certificates – any advantage to paying earlier?; the pledge to the taxpayers when we did Jefferson to fund the lease certificates out of State funds and not out of local property tax dollars.

PUBLIC COMMENTS – Agenda Items & Non-Agenda Items
None

CLOSED SESSION
Pursuant to 5 ILCS 120/2 (c)(2) Collective Negotiating Matters Between the Public Body and its Employees or Their Representatives, or Deliberations Concerning Salary Schedules for One or More Classes of Employees

MOTION
Member Crabtree moved, Member Paulsen seconded to adjourn the meeting to closed session for the purpose of 5 ILCS 120/2 (c)(2). Upon a roll call being taken, the vote was AYE 7, NAY 0.
The motion carried 7-0.
There was no action expected following the Closed Session.

The meeting adjourned to Closed Session at 8:10 PM.
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Dave Long, Secretary	**Chris Crabtree, President**