

Board of Education Meeting

March 9, 2004



2004-2005 Budget A "Moderate" Approach

(in response to 2/23/04 Board Meeting)



Presentation Agenda



- Getting to This Point
- Philosophy Behind Recommendations
- Revisit Assumptions
- Estimated Necessary Reductions
- 2004-05 Reduction Summary (A **Moderate** Approach)
- General Comments
- Recommended 2004-05 Reductions (A **Moderate** Approach)
- Next Steps
- Closing Comments
- Processes for Collecting Feedback

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Getting to This Point

Handouts
Available
On Web

- The recommendations in this presentation are a culmination of:
 - Four Employee Meetings
 - Numerous Administrative Meetings
 - “Superintendent for the Day” Activities
 - Administrators
 - Employees
 - Numerous unsolicited comments
 - Review of Entire District Budget (4,400+ lines)
 - Reflecting On:
 - Past Budget Activities
 - Past Reduction Information
 - Two Board of Education Meetings (2/18/04 & 2/23/04)

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Budget Reduction Philosophy History

\$500,000
\$1,628,519

<u>Conservative</u>	<u>Moderate</u>	<u>Aggressive</u>
<ul style="list-style-type: none"> • Make some reductions and use Working Cash if necessary to balance budget for FY05. • Primarily use downsizing and partial program reductions as means to reduction. 	<ul style="list-style-type: none"> • Make more reductions and use Working Cash if necessary to balance budget for FY05. • Primarily use downsizing, partial program reductions, and reallocation of grant dollars as a means to reduction. 	<ul style="list-style-type: none"> • Make most reductions and use least reserves if necessary to balance budget for FY05. • Primarily use downsizing, partial program reductions, reallocation of grant dollars, some class size increases within guidelines, and some administrative cost reductions as a means to reduction.

Recommendation of Balanced Budget in Operating Funds
(Ed., O&M, Trans., & WC)



Getting to This Point

- 1-15-04
 - Finance Committee Recommendation = **Aggressive**
- 1-26-04
 - Board of Education Recommendation = **Aggressive**
- 2-23-04
 - Board of Education Consensus = **Moderate**

- The **Board of Education establishes policy and direction.**
- The presentations given to the Board on 2-18-04 and 2-23-04 were in response to the "Aggressive" policy decision made by the Board and Finance Committee.
- The **presentation tonight is a response to the policy decision** made by the board on 2-23-04 that asked for a recommendation based on a "Moderate" stance.
- It is still my recommendation that the Board take an "Aggressive" stance. However, I am **providing this recommendation for the Board to consider if a "Moderate" approach is chosen.**



Past Budget Activities & Reductions

Fiscal Year	Previous Abatements by Board of Education	Previous Budget Reductions	Total Tax Rate	*Average Taxes
99	\$546,880		\$2.9560	\$985
00	\$878,546		\$2.9661	\$989
01	\$878,587		\$2.8780	\$959
02	\$878,587	\$1,150,000	\$2.7967	\$932
03	\$878,587	\$500,000	\$2.7469	\$916
04		\$1,387,027	\$2.6485	\$883
05		\$1,766,799	\$2.6300	**\$877
Total	\$4,061,187	\$4,801,826		-\$112

*Average approximate Taxes on \$100,000 home.

**In 2004 dollars, \$989 would be equal to \$1,064 (adjusted for inflation).

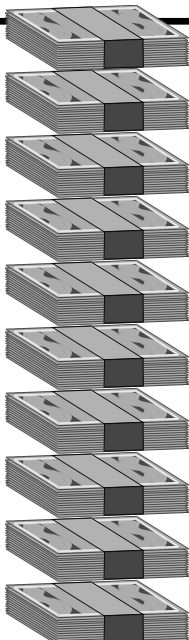
Thus, the **inflation adjusted tax reduction is \$187.**

<http://www.aier.org/colcalc.html>

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What is an Abatement?

- A **reduction of taxes** or an exemption from taxes **granted by a local government** on a piece of real property for a specified length of time.
- In lay terms, it is similar to
 - going to the bank
 - **asking for \$100,**
 - but **only taking \$90 home.**
- The District 108 Board of Education could have collected **\$55,027,036** in local revenue but they only asked for **\$50,965,849** because they kept their promise by **abating \$4,061,187 in recent years.**



\$100
\$90
\$80
\$70
\$60
\$50
\$40
\$30
\$20
\$10

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Past Budget Activities & Reductions

- The District 108 Board of Education **kept a promise to the community** even though **there have been negative and long lasting consequences.**
- **PTELL is working exactly as designed.** However, the limiting factors of PTELL play a role in our current status.
 - Tax Caps **limit the tax extension** to 5% or the Consumer Price Index, whichever is less.
 - The **Debt Service Extension Base decreased** from \$1.3 million to \$400,000 per year which dramatically impacts our ability to collect revenue to complete mandated life safety projects.
 - Without Tax Caps, the **district could have collected approximately \$8 million** more over the past several years.
- Proponents of Tax Caps have stated that taxing bodies should go to the voters if they need help. **Frankly, District 108 needs help!**



Philosophy Behind Recommendations

Slide 1 of 2

- The District's **mission, goals, and values** guide this process
- Maintain **quality instructional services** in core content areas
 - Reading, Math, Writing, Social Studies, & Science
- Stay within the district's **class size guidelines**
 - K-3...20-25 students
 - 4-8...26-32 students
- **"Things before People"** – unfortunately, we are forced to shift to more "people"
- Every \$40,000 saves one teaching position
- Every \$15,000 saves one assistant or clerk position
- Combination of "Percentage" & "Program/Service" reductions
- Take a **conservative approach when developing the budget**
 - Slightly underestimate revenue
 - Slightly overestimate expenses



Philosophy Behind Recommendations

Slide 2 of 2

- If not these reductions, then what?
- Seek input up until the final recommendation to the BOE in March
 - The feedback received tonight will be considered a part of all the other data collected during this process.
 - This is a very complicated process – much like putting together a very intricate puzzle. All pieces need to be considered in light of the entire puzzle.
 - I will do my best to consider all input in light of the big picture and develop a recommendation that reflects the needs of children, the organization, and the Board's wishes.
- We **choose our attitude**. We must choose to **remain positive and look for ways to make District 108 stronger** during difficult times.



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Assumptions

Slide 1 of 2

- **Local funding sources** will not provide relief.
 - Tax Caps limit our ability to increase revenue sources to a level that will solve this situation.
 - Corporate Personal Property Replacement Taxes have been declining and it is quite possible they will decline for another year.
- The **State** will not provide relief.
 - The projected budget is based on no increase in general state aid.
- The **Federal Government** will not provide relief.
 - The proposed budget is based on no increase in NCLB Grants.
 - In fact, the proposed budget reflects decreased federal funding.

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Assumptions

Slide 2 of 2

- It is quite possible that the **necessary reductions may increase** as all indications show that NCLB grants may decrease.
- Regardless of the approach, **reductions will be necessary every year** unless revenue increases. In fact, the reductions will have to go deeper.
- These **reductions reduce our ability to meet the needs of all children.**
- These reductions are **contrary to the mandates of NCLB.**
- It is quite possible that the district will have to employ an additional special education teacher to maintain compliance with special education guidelines.

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Estimated Necessary Reductions

<u>Fund</u>	<u>Amount</u>
• Education Fund	\$910,464
• Poverty Grant (calculated with General State Aid)	\$320,000
• Transportation	\$90,199
• NCLB (Title I)	\$361,856
Total.....\$1,682,519	

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2004-05 Reduction Summary: A Moderate Approach

Slide 1 of 3

<u>Item</u>	<u>Percent</u>	<u>Total</u>
• Things	64%	\$656,557
• People	36%	\$362,306
Total.....\$1,018,863		

Notes:

- 1) It was possible to reduce "things" in previous years. We are now forced to consider larger proportions of "people."
- 2) The reductions recommended in "**A Moderate Approach**" fall short of balancing the FY05 budget.
- 3) If these recommendations are approved, we will have to use approximately **\$663,656** in Working Cash Funds next year.
- 4) These recommendations do not account for any increases in personnel (e.g., special education staff, classroom teachers, etc.).

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2004-05 Reduction Summary: A Moderate Approach
Slide 2 of 3

<u>Category</u>	<u>%</u>	<u>Amount</u>	<u>FTE</u>
• Things	65	\$656,557	NA
• Certified Personnel	21	\$218,500	4.0
• Support Personnel	12	\$119,306	10.0
• Other Personnel	2	\$24,500	0
	Total	\$963,863	14.0

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2004-05 Reduction Summary: A Moderate Approach
Slide 3 of 3

- The "Operating Funds" are the only funds being considered for reductions.
 - Education
 - Transportation
 - Operations & Maintenance (Building)
- All recommended reductions come from the Education Fund
 - The district has already reduced expenses beyond reasonable limits in the Transportation and Operations & Maintenance Funds.

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2004-05 Reduction Summary "Aggressive" vs. "Moderate"

	<u>Things</u>		<u>People</u>		<u>Summary</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Total</u>	<u>Working Cash</u>
"Aggressive"	\$656,557	36	\$1,188,936	64	\$1,845,493	\$0
"Moderate"	\$656,557	64	\$362,306	36	\$1,018,863	\$663,656

Contingency

- Aggressive **\$162,974**
- Moderate **\$0**

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General Comments

- These recommendations:
 - dramatically **change District 108**
 - Put the organization in more of a **reactive instead of proactive position**
- Unless something changes, **reductions will be necessary every year**
- If these reductions are implemented, it is also recommend that the Board move forward with a **referendum campaign**
- The Board has some **options** to consider:
 - Use of more reserves
 - Seek revenue sources
 - sale of property
 - user fees
 - increased fees
 - develop and lease district property
 - Seek corporate sponsorship
 - Allow more than one fundraiser per school per year

These items are not in priority order.

If we learn that our revenue will be more than currently predicted, I will revise my recommendation to the Board based on these factors:

1. Data collected up to that point.
2. The impact on students, classroom instruction, and the district as a whole.
3. Actual reductions that are ultimately implemented.



2004-05 – Things (A Moderate Approach)

Slide 1 of 4

<u>Description</u> (not in priority order)	<u>FY04</u> <u>Budget</u>	<u>Estimated</u> <u>Savings</u>	<u>Red.</u> <u>%</u>
• Board Supplies & Materials (diploma, etc.)	\$2,500	\$1,500	60.0
• Board Professional Conferences	\$12,000	\$12,000	100.0
• Board Professional Memberships	\$6,500	\$500	7.7
• Board Holiday Reception	\$1,500	\$1,500	100.0
• Professional Texts (Supt. Office)	\$1,000	\$500	50.0
• Travel/Expense Allowance (Supt. Office)	\$3,960	\$1,960	49.5
• Professional Registration (Supt. Office)	\$3,600	\$1,600	44.4
• Professional Membership (Supt. Office)	\$2,500	\$1,000	40.0
• General Supplies for Instruction (Asst. Supt. Office)	\$3,000	\$3,000	100.0

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2004-05 – Things (A Moderate Approach)

Slide 2 of 4

<u>Description</u> (not in priority order)	<u>FY04</u> <u>Budget</u>	<u>Estimated</u> <u>Savings</u>	<u>Red.</u> <u>%</u>
• General Supplies for Prof. Dev. (Asst. Supt. Office)	\$1,000	\$1,000	100.0
• Equipment (Asst. Supt. Office)	\$2,600	\$800	30.8
• Dues & Membership (Asst. Supt. Office)	\$1,000	\$1,000	100.0
• ITBS & CogAT Testing (Asst. Supt. Office)	\$37,000	\$15,000	40.5
• Use Title I Carryover (Asst. Supt. Office)	\$146,000	\$146,000	100.0
• District Wide Prof. Dev. (Human Resource Office)	\$75,300	\$37,200	49.4
• DILT Budget Reduction (Human Resource Office)	\$10,000	\$10,000	100.0
• Reduce Prof. Dev. Purchased Services (Human Resource Office)	\$20,220	\$20,220	100.0
• Reduce Staff Relations (Human Resource Office)	\$13,000	\$3,000	23.1
• District Printing – Dist. Cal. Production (Human Resource Office)	\$11,000	\$888	8.1

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2004-05 – Things (A Moderate Approach)

Slide 3 of 4

<u>Description</u> (not in priority order)	<u>FY04</u> <u>Budget</u>	<u>Estimated</u> <u>Savings</u>	<u>Red.</u> <u>%</u>
• Travel/Expense Allowance (Business Office)	\$5,960	\$3,000	50.3
• Software Support/Data Processing Services (Business Office)	\$11,000	\$1,500	13.6
• Professional Conference/Membership (Business Office)	\$2,200	\$800	36.4
• Equipment (Business Office)	\$6,000	\$1,000	16.7
• Print Services/Forms (Business Office)	\$8,000	\$1,000	12.5
• Capital Expenses (Special Education Office)	\$2,000	\$2,000	100.0
• Purchased Services (Special Education Office)	\$3,450	\$3,450	100.0
• Supplies and Materials (Special Education Office)	\$8,000	\$2,000	25.0
• Substitutes (Special Education Office)	\$1,815	\$1,815	100

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2004-05 – Things (A Moderate Approach)

Slide 4 of 4

<u>Description</u> (not in priority order)	<u>FY04</u> <u>Budget</u>	<u>Estimated</u> <u>Savings</u>	<u>Red.</u> <u>%</u>
• Eliminate Tech. Purchased Services (Tech. Dept.)	\$17,500	\$17,500	100.0
• Eliminate Tech. Hardware Purchases (Tech. Dept.)	\$137,824	\$137,824	100.0
• Attrition	NA	\$180,000	NA
• Costs for Summer Installation of Tech.	\$8,000	\$8,000	100.0
• Close Rdg. Rec. Training Site & Eliminate Costs Related to Rdg. Rec. Recert.	\$10,000	\$10,000	100.0
• Reduce Building's Supplies, Materials, & Textbook Allocations	\$311,085	\$28,000	9.0

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2004-05 – Things Summary

**Total Savings from
"Things"**

"Aggressive"	"Moderate"
Approach	Approach
\$656,557	\$656,557

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2004-05 – People (A Moderate Approach)

Slide 1 of 2


<u>Description</u> (not in priority order)	<u>Est. Savings</u>	<u>FTE</u>
• Administrative Reduction of One Central Office Position & Program Costs (NCLB Coordinator)	\$98,500	1.0
• Eliminate Building Web Masters	\$14,500	
• Reduce Cost of Classified Substitutes	\$10,000	
• Reduce Food/Ancillary Positions to Keep Costs at 2003-04 Budget Level	\$0	
• Reduce Half-Time Reading Recovery Teacher / Half-Time Reading Recovery Lead Teacher	\$40,000	1.0


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2004-05 – People (A Moderate Approach)

Slide 2 of 2

<u>Description</u> (not in priority order)	<u>Est. Savings</u>	<u>FTE</u>
• Reduce Ten Educational Assistants	\$104,306	10.0
• Reduce Two Int. Classroom Teaching Positions Based on current projections, class sizes will stay within district guidelines	\$80,000	2.0
• NEW ADDITION: Reduce Central Office Exempt Secretary Position to Exempt Receptionist Position (Duties will be absorbed by new exempt receptionist & five current district office employees)	\$15,000	

 2004-05 – People Summary	
Total Savings from “People”	
“Aggressive” Approach	“Moderate” Approach
\$1,188,936	\$347,306
17.0 certified FTE 14.0 support FTE	4.0 certified FTE 10.0 support FTE

 2004-05 NCLB (Title I) Reduction Summary <i>Slide 1 of 1</i>	
Necessary Title I “Set Aside” – \$361,856	
Category	Amount
<ul style="list-style-type: none"> • Central Office Administrator & Related Expenses • Rollover* • Title I Teaching Assistants* 	\$98,500 \$146,000 \$104,306
Total	\$348,806
Notes: 1) The recommended reductions in Title I fall short of the estimated amount by \$13,050. (“Rollover” can be used to cover this amount.) 2) It is quite possible that some (*) of these reductions will be reinstated after the costs of “choice” are determined.	

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2005-06 Considerations

Slide 1 of 2

Description (not in priority order)

- Facilitate **Studies of the Following Areas/Programs** to Determine Programmatic Needs and/or Opportunities to Reduce Expenses:
 - Consolidation
 - Specialists Not Mandated by School Code or Law
 - ✓ Special Education Service Teams
(Learning Consultant, Social Workers, & Psychologists)
 - ✓ Learning Center Teachers
 - ✓ Counseling Program
 - ✓ Assistant Principals
 - ✓ K-6 Art, Music, & PE, etc.

Note: Some of these Items impact the negotiated agreement and must be investigated much more thoroughly.

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2005-06 Considerations

Slide 2 of 2

Description (not in priority order)

- Consider closing a school to offer remaining programs at reduced costs
 - This will require redistricting
- Eliminate Jr. High Industrial Technology
- Eliminate Orchestra/Suzuki, Band, & Extra-Curricular Programs
- Eliminate two intermediate 5.75 Learning Center Asst. positions
- Eliminate two Jr. High Office Clerk positions
- Reduce four Intermediate Connections Teachers
- Increase class sizes

NOTE: The district must put textbook adoption and technology rotation funds back in the budget for 2005-06 or it will fall woefully behind in staying current in these areas.



Other Recommendations

- Reduce in force (RIF) grant related positions whose funding is at risk.
These include but may not be limited to:
 - ADA Block Grant
 - Adult Education ICCB Grant
 - Early Childhood Continuing Block Grant
 - Early Childhood Block Grant
 - Infant/Toddler Grant
 - Reading Improvement Block Grant



Next Steps

Prior to March 15, 2004

- Special Board of Education Meeting (March 10, 2004 @ Edison Jr. High)
- Solicit Feedback From BOE, Association, Community, & Employees
- Distribute Feedback to Board of Education

On March 15, 2004

- Make Final 2004-05 Recommendation to BOE

After March 15, 2004

- Provide Board with Potential Referendum Options (April 26, 2004 BOE Meeting)
- Ask Board to Officially Consider Referendum (April 26, 2004 BOE Meeting)
- Refine 2005-06 Options to Consider (Spring & Summer 2004)
- Conduct Necessary Studies (2004-05)



Closing Comments

- These reductions dramatically impact the quality of services and programs we offer our students.
- These reductions take away valuable support services necessary to respond to NCLB.
- This recommendation (Moderate Approach) **will not lead to a balanced operating budget.**
- Many of these and future reductions require us to rethink our current level of services and tasks. Some departments and/or service models will be studied and restructured.
- Now more than ever, **we need to be very clear about our goals, core services, who we are, and who we are not.**
- *It takes people to run a people business!*



Two methods for collecting more data:

1. The **continuing dialogue** with the Board, Education Association of Pekin representatives, parents, community members, and employees to hear reactions and provide clarifying information that addresses your questions
2. Data submitted from those that choose to complete **"budget reduction feedback survey"**
 - <http://www.pekin.net/pekin108>
 - Internet submission much preferred!

**2004-2005 Budget
A Moderate Approach
Questions & Discussion**



**"Aggressive"
Approach
\$1,845,493**

**"Moderate"
Approach
\$1,003,863**

