



Glen Ellyn School District 41

Dr. Ann K. Riebock, Superintendent

MINUTES

**GLEN ELLYN SCHOOL DISTRICT 41
BOARD OF EDUCATION
SPECIAL MEETING
FINANCE COMMITTEE OF THE WHOLE MEETING
SEPTEMBER 8, 2009
CENTRAL SERVICES OFFICE
793 NORTH MAIN STREET
GLEN ELLYN, ILLINOIS**

Call to Order

Board president, Steve Vondrak, called the special meeting to order at 6:00 p.m.

Roll Call

Upon the roll being called, the following answered present: Drew Ellis, Jack Kahler, Erica Nelson, Terra Howard, Bob Solak and Steve Vondrak. Mr. Smith arrived at approximately 6:10 p.m.

Others present: Superintendent Dr. Ann Riebock, Assistant Superintendent for Finance, Facilities and Operations Bob Ciserella, Assistant Superintendent for Teaching, Learning and Accountability Karen Carlson, Director of Human Resources Laurie Campbell, Assistant Director of Technology Jim Videlka, Director of Finance and Operations Phyllis Hanna, Director of Communications Julie Worthen, GEEA Co-president, Brian Bonkowski, AFSCME Representative Carla Williams, Recording Secretary Maureen Stecker

Pledge of Allegiance

Vice President Bob Solak led in the recital of the Pledge of Allegiance

Public Participation

There were no members of the public present who wished to address the Board.

Discussion Items

The Board discussed the following topics:

- A. Review of August 24, 2009 Meeting Minutes: Approval of the August 24, 2009 Finance and Facilities Committee Meeting minutes was tabled until the September 21, 2009 meeting.

- B. Review of Fiscal Philosophy Policy 4:20 and Administrative Procedure 4:20AP: Assistant Superintendent Bob Ciserella reviewed the Board's current policy and administrative procedure.

He explained that local forms of municipal government, particularly school districts, that are heavily reliant on revenue from local property taxes, are facing unprecedented economic hardships. District 41 receives approximately 85% of its total revenue from local property taxes. The primary drivers of increases to local property taxes are the annual increases in the Consumer Price Index (CPI), Equalized Assessed Valuation (EAV) and new construction. For the 2010-2011 school year, the CPI will be .1%. Without increases to the EAV and new construction this would yield little additional local revenue from the current fiscal year.

Mr. Ciserella further explained that in accordance with the Board policy and procedure the Administration is required to present the Board of Education with a balanced budget within the guidelines presented above. In light of the current economic downturn and future financial projections, Mr. Ciserella felt that the following three issues needed to be addressed by the Board:

- For the 2010-2011 fiscal year, expenditures are expected to exceed revenues by approximately \$500,000. Given current revenue and expenditure assumptions these deficits are expected to continue to grow. Will the Board of Education approve deficit spending budgets and if so, for how long?
- If deficit spending budgets are approved, how low will the Board of Education allow fund balances to decline before taking action to correct structural deficits?
- What parameters should be placed on deficit expenditures?

Current Administrative Procedure requires operating fund balances to be maintained at a minimum of 10% of the previous year's operating expenditures. Operating expenditures for the current fiscal year are estimated at \$42,600,000. This would indicate that at a minimum, fund balances should be maintained at approximately \$4,260,000. Guidelines recommended by the Illinois Association of School Business Officials (IASBO) suggest that a more appropriate level of fund balances is between 25% and 33% of operating expenditures. Given these guidelines, the District's fund balances should be maintained at a level between \$10,650,000 and \$14,000,000. Fund balances at the close of the current fiscal year are estimated to be at \$10,500,000, as presented to the Board of Education on April 6, 2009.

The Administration is recommending that the Board of Education permit the District to operate with a structural deficit for a period not to exceed two consecutive fiscal years, and with fund balances not to drop below \$7,000,000.

Committee Chair, Bob Solak said that the time critical discussion for the Board is whether to allow structural deficits beyond one year.

The Board reviewed two sets of assumptions. The first was a five-year financial projection with baseline assumptions through fiscal year 2013. Assuming the District would make no changes to staffing, supplies, programs, etc. over the next five years, it will be faced with an approximate 6 million dollar deficit.

The second assumption was a combination of reduced fixed costs and salary/benefits costs. This model reflected a three year reduction in salary and benefits (2% reduction each year over a three-year period for a total of 6% for fiscal years 2010-11, 2011-12,

2012-13, or, approximately eight positions per year totaling 24), plus variable reductions to fixed expenditures. Dr. Riebock explained that this is a stabilizing approach to budget reductions that is reasonable and sustainable. She further explained that she feels it is important that fund balances are maintained at a respectable level and that utilizing all fund balances to reduce expenditures is not a strategy that she feels she can support.

The Board noted its concern about the sustainability of maintaining a balanced budget over the next five years given the anticipated revenues, the expenditure growth rate and the projected deficit.

Mr. Kahler said he had concerns with a stabilizing approach to reductions and suggested a more immediate and significant reduction of expenditures for the system. Dr. Riebock said that the model can be adjusted to create another scenario, but it would involve eliminating more staff positions. When salaries and benefits account for approximately 70% of the budget, lowering the staff count is the only way to reduce expenditures and the projected budget deficit.

The Board discussed other cost reduction strategies that included re-evaluating hiring practices, freezing salaries and opening or renegotiating collective bargaining agreements. Dr. Riebock cautioned the Board about the extent to which it is willing to reduce costs immediately rather than in phases. She noted her concern that a significant reduction next year may impact curricular implementations and the long-term sustainability of other instructional changes that have been initiated in recent years. She further explained that the extent of the reductions is two conversations; programmatic and financial.

The Board requested additional information including:


- Comparative data from similar school districts (e.g. FTE, per pupil costs, etc.)
- A financial scenario with no deficit and a scenario with a one-year deficit

Dr. Riebock said that she would also like to gather ideas from staff on cost reduction strategies through a Cultivations newsletter accompanied by a survey.

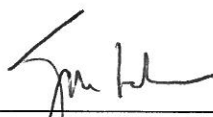
Adjourn Special Meeting

There being no further business, Howard moved and Ellis seconded to adjourn the September 8, 2009 Special Meeting of the Board of Education at 7:33 p.m. On a roll call vote answering "Aye": Ellis, Kahler, Nelson, Smith, Howard, Solak and Vondrak; answering "Nay": None. Motion carried.

Respectfully submitted,
Maureen Stecker, Recording Secretary



Steve Vondrak
President, Board of Education



Erica Nelson
Secretary, Board of Education

Minutes approved: September 21, 2009