



Oswego Community Unit School District 308

SERVING ALL OR PARTS OF THE COMMUNITIES OF
AURORA, JOLIET, MONTGOMERY, OSWEGO, PLAINFIELD AND YORKVILLE

Finance and Facilities Advisory Committee Minutes

Virtual Committee Meeting
November 17, 2020
6:00 p.m. – 7:30 p.m.

I. Roll call

Meeting called to order at 6:00 pm with a roll call.

Members in Attendance: Rob Allison, Kenneth Blue, Jaime Diaz, Robert Eberhardt, Tatyana Gorski, George Kalule, Bill Mueller, Kaila Mugford, Phil Murray, Erika Sieh, Jennifer Smith, Christi Tyler Chief Financial Officer, Ruth Kroner and Brent Lightfoot Board Member Co-Chairs

Members Absent: None

Guests: David Ruggles, Shea Lazansky, Tom Collins, Jared Ploger and Wayne Harshberger

Recording Secretary: Carrie Szambelan and Ursula Coan (back-up)

II. Approval of Minutes from the Finance and Facilities meeting on October 20, 2020

A motion was made by Brent Lightfoot to approve the finance and facility minutes from October 20, 2020 meeting. All members in attendance agreed unanimously to approve the meeting minutes as presented.

III. Cost Reduction Analysis

Mr. Lightfoot mentioned this topic was brought to the Board meeting last night. He would like to hear if the committee has any questions or suggestions to share with the Board also after Mrs. Tyler's presentation.

Mrs. Tyler presented the same power point to the committee as she did the night before to the Board of Education. In 2016, the projected deficit for 2020 was \$15.9 million. Since then, the Board has made budgets cuts and revenue enhancements to achieve a balanced budget. The goal was to keep the reductions as far away as possible from the student's education experience in the classroom.

Currently, the pandemic has brought on some challenges to the district with unanticipated expenses and changes to the Evidence Based Funding formula. The goal of this funding formula in the past was to eliminate the gap. However, the state is also facing challenges due to Covid and will not be funding EBF for this school year. As a result, the Board requested administration to seek additional cuts to help offset the deficit resulting in no new money this year. Three options for discussion are: eliminate extra-curricular activities for all grade levels, close an elementary or junior high school

building and reduce staff by 10%. She displayed the five-year projections and mentioned if EBF resumes for FY22, the district would face a \$1.5 million deficit for that year, but would begin to see surplus budgets in the following years. However, if EBF remains flat in FY22, the district would see deficits through FY24. The reason this is troublesome for the district is due to a low, unhealthy fund balance. It cannot absorb these decreases in revenue in the future.

In summary, elimination of all activities, athletics and clubs for the High School is approximately \$2 million, junior high is \$254,036 and \$51,927 for elementary. Mr. Mueller questioned how many high school students does the \$1.8 million impact for athletics? Mrs. Tyler stated she will get that number and email it to the committee. Mr. Blue expressed his concern that the impact of clubs is important. He doesn't really see a significant cost for them and he feels they shouldn't be eliminated. Mr. Kroner wanted to make it clear to the committee that this is only up for a discussion and no decision is being made at this time. Administration brought this to the Board to show what is being spent on these different activities so this can be discussed by all.

Mr. Eberhardt wanted to ask a bigger budgetary question. He mentioned at the previous meeting it was discussed that every day the students are not in the classroom, the overall budget deficit should be decreasing. He wanted to know if a budget has been created month to month to show the effect on the deficit if district remains closed. Mrs. Tyler mentioned the big savings are in food service and transportation expenses. However, there will be a reduction in revenue for these areas as well. She recommends amending the budget as we get a better idea in the months to come. She is currently working on this to get a clearer picture.

Mrs. Sieh questioned if the district is paying on these stipends anyway, for example, football. Mrs. Tyler stated "yes". We are told these sports are being postponed and played in the spring. They are not canceled just yet and they have had a few practices before it got postponed again. Mrs. Sieh also questioned if the Athletic Directors salaries are included in this figure. If there are no sports, why would there need to be directors. Mrs. Tyler stated they are not included in this figure. Mrs. Smith mentioned what would the numbers look like if some of these sports were in a co-op. Mrs. Kroner stated it is a difficult process with a district this size that needs approval with IHSA.

Mrs. Mugford questioned if the district can borrow more funds? Mrs. Tyler says this is already in place with the DSEB bonds. This money has been used to address capital projects and infrastructure for technology. In the past, it has not been used for operating funds. Mr. Lewis would need to be consulted to see if DSEB funds can be used for these types of expenses.

Mrs. Kroner mentioned she participated in an IASB resolutions committee where they discussed a financing loan program for districts. The committee did not vote on the proposal. She will be happy to share the resolution with the committee members. It seemed like that resolution was not a popular one.

Mrs. Tyler's list of pros for eliminating extra-curriculars included avoiding cuts to instruction and minimizing cuts to staff and class sizes. The cons included a disadvantage to the high school students when looking to apply to college and limits in opportunities for social-emotional growth while lessening school engagement.

The second option of discussion was the impact of closing a school. Mrs. Tyler stated closing an elementary building would save the district \$433,605 in staff and \$99,900 in building costs, while a junior high school would be \$667,488 in staff and \$162,600 in building costs. Also, the additional transportation costs to transport students to their new building locations set the final savings of \$379,781 for closing an elementary school and \$642,269 for closing a junior high school. Mr. Blue questioned why administration is considering closing a building, is it due to a decline in enrollment? Mrs. Tyler responded by saying RSP, the demographer for the district, presented

enrollment numbers for the district at the Board meeting last night. Mrs. Kroner mentioned this presentation can be found in the Board Docs from the meeting.

Some of the pros for closing a school include the ability to absorb the student population at another school and a reduction of costs for improvements or maintenance. A few cons would be the connection lost to a neighborhood school with an increase in bus time for those students who are moved. In addition, the ratios would increase the number of students to administrators and there would be a need to redraw boundaries. This would also be a large impact to students and families with minimal impact to the budget.

The third option presented was reducing staff by 10%. The total savings included was salaries, contributions to programs such as IMRF and health benefits. Since only 65% of staff carry the district's health benefits insurance plan, the total of \$18.7 million was adjusted to reflect that savings. These 10% reduction of staff savings totaled \$15,429,480.

The pros for this third option include keeping all schools open and maintaining extracurricular opportunities. Meanwhile, the cons include an increase in responsibilities to retained staff and an increase in class sizes. Mr. Eberhardt questioned why the 10% was figured? Why isn't it 3%-3.5% if we only needed to cut approximately \$5 million? This percent seems excessive. Mrs. Tyler stated that was the percent she was directed to start with by the Board. Mrs. Kroner agreed. It was only used as a baseline. There are legal requirements we can not cut in staff, such as special education. There are guidelines the district must follow for students with IEP's.

A reduction in staff would require the district to notify certified staff members forty-five calendar days before the end of school term. The date for the deadline would be April 9, 2021. Non-certified staff in a collective bargaining agreement would require thirty days' notice. Mrs. Kroner added there was a decline of approximately 500 students this year.

Mr. Eberhardt questioned if the RSP report was requested prior to Covid. He feels that these numbers are contradicting the past forecasts since he has been on the finance committee, the numbers were always steadily increasing. Mrs. Tyler mentioned she remembers sending the demographer reports last winter. The RSP report from last night's board meeting shows this update for the decline in enrollment by grade level. Mr. Lightfoot added to review the report and look at the students in 10th grade and compare them to the Kindergarten students coming into the district, it's lower.

Mr. Kalule stated it can be very difficult to make this decision during Covid, how do we know these students may not return next year? In his opinion, closing down a school may be harder to reopen a school if enrollment goes back up. We need to have flexibility in the decision making in case these students decide to come back to the district. Mr. Lightfoot stated the demographer at the Board meeting last night had two groups of students, some that had left the district for good and some that left due to Covid but may return. His future projections had taken this important factor already into consideration. Mrs. Sieh feels these students will not come back in the springtime. However, she thinks they will come back in August depending on the re-opening plan of the district.

Mr. Mueller wants to know what is the natural process of dealing with a declined enrollment, if Covid didn't happen? Mrs. Tyler stated meetings will be taking place very soon with principals and district administrators due to staffing deadlines. This takes place every year regardless of the pandemic in all school districts. There is also a board process the district must follow. Mr. Murray confirmed February is the beginning of this process. They examine each grade level to see what the student to staff ratio is in each building level. The H.R. department is also involved in this process due to some teachers not being certified for certain positions. It takes about three meetings

to accomplish these goals. However, knowing the enrollment at the time of these meetings is very crucial.

Mr. Blue mentioned in summary it looks like we are looking to cut \$4-\$5 million. Mrs. Tyler agreed. The deficit may decline as we continue remote learning, however, it is crucial we make the cuts this year due to the unknown with EBF and a low fund balance. Mrs. Mugford asked if the Board is planning as if EBF won't be funded next year since it is unknown at this time. Mr. Lightfoot agreed. The majority of the Board members are assuming it will not be funded next year and that is why the \$4-\$6 million in cuts needs to be made. Mrs. Kroner agreed.

Mrs. Sieh added the Board should also assume that state funding when it does come back will be significantly less due to the state and federal government having no funds. Unless the Senate passes something with the Cares Act, public schools districts are a big line item in their budget. Mrs. Tyler says she will be following the state and federal level closely and will keep everyone posted.

Mr. Mueller questioned on why the High School athletics are extremely higher than the Junior High School. Mrs. Kroner mentioned that the Junior High athletics are very limited and the teachers agreed to take a reduction in stipend pay last year. The Junior High has about 5 different sports with only one to two coaches per sport. Whereas, the high school has significantly more programs that are offered with more coaches involved. For example, football is a costly sport at the high school level that is not offered at the junior high level. Mr. Eberhardt asked why the fee is flat for all sports? Mr. Kalule agrees, he feels the fees should be based on the cost of the sport itself.

Mr. Lightfoot asked the committee for their input as to what category they would like the Board to focus on for cuts. Mr. Eberhardt mentioned health insurance as one of the avenues to still review. Mrs. Sieh mentioned to cut athletics and activities for this year, especially if they are not being held at this time. However, she feels that every category needs to have something cut. Mrs. Smith feels closing a building would be short term. Mrs. Mugford stated closing a building would be the last on the list of cuts for her, a staff reduction makes the most sense now. She also agrees with Erika taking a little from each category. Mrs. Gorski doesn't want to cut activities and sports because people may move out of the district. She feels reduction in staff is where the cuts need to be made, but not 10%, maybe 2-3%.

IV. Public Comment (3 minutes each)

Mr. Jared Ploger He thanked the committee for their time. He noted that if the levy was not passed that the committee would be looking to cut an additional \$5 million here. If this is a trend moving forward, where Board members are not approving the levy (a vote of 5-2), the committee needs to be aware in the beginning of the year that more cuts will need to be made. If you want to hold property taxes level, you will be voting not to levy roughly to the year 2028. However, year after year cuts will need to be made. This is frustrating for everyone to watch. Before COVID, the Board was warned several times that without a referendum, they would be completely reliant on EBF funding. We were told at a public forum we would be fine and this doesn't seem fine to him. If we continue to vote "no" on the levy, it will plague us for years to come. He appreciates the work everyone does on this committee.

V. Adjournment

A motion was made by Brent Lightfoot to adjourn. All present were in favor to adjourn.

Meeting was adjourned at 7:29 p.m.