

OPTION I

ILLINOIS STATE BOARD OF EDUCATION
SCHOOL BUSINESS SERVICES DIVISION

| A | B | R | S | T | U | V |
|---------------------------------------|--|-------------|-----------|-----------|---------|------------|
| ESTIMATED BUDGET FY2012-13 | | | | | | |
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | Lemont-Bromberek CSD 113A 14016113A02 | | | | | |
| 4 | District Number | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | ESTIMATED BEGINNING FUND BALANCE (must equal prior Ending Fund Balance) | (1,610,944) | 505,280 | 31,416 | 439,633 | (634,615) |
| 8 | RECEIPTS/REVENUES | | | | | |
| | | | | | | |
| 9 | LOCAL SOURCES | 14,648,156 | 2,128,591 | 427,914 | | 17,204,661 |
| 10 | FLOW-THROUGH RECEIPTS/REVENUES FROM ONE DISTRICT TO ANOTHER DISTRICT | | | | | 0 |
| 11 | STATE SOURCES | 2,033,783 | | 730,000 | | 2,763,783 |
| 12 | FEDERAL SOURCES | 726,151 | | | | 726,151 |
| 13 | Total Receipts/Revenues | 17,408,090 | 2,128,591 | 1,157,914 | 0 | 20,694,595 |
| 14 | DISBURSEMENTS/EXPENDITURES | | | | | |
| | | | | | | |
| 15 | INSTRUCTION | 12,099,289 | | | | 12,099,289 |
| 16 | SUPPORT SERVICES | 3,969,806 | 2,122,314 | 1,357,312 | | 7,449,432 |
| 17 | COMMUNITY SERVICES | 11,259 | | | | 11,259 |
| 18 | PAYMENTS TO OTHER DISTRICTS & GOVT. UNITS | 500,000 | | | | 500,000 |
| 19 | DEBT SERVICES | | | | | 0 |
| 20 | PROVISION FOR CONTINGENCIES | | | | | 0 |
| 21 | Total Disbursements/Expenditures | 16,580,354 | 2,122,314 | 1,357,312 | | 20,059,980 |
| | Excess of Receipts/Revenue Over/(Under) Disbursements/Expenditures | 827,736 | 6,277 | (199,398) | 0 | 634,615 |
| 22 | | | | | | |
| 23 | OTHER SOURCES/USES OF FUNDS | | | | | |
| 24 | OTHER SOURCES OF FUNDS (7000) | | | | | 0 |
| 25 | OTHER USES OF FUNDS (8000) | | | | | 0 |
| 26 | TOTAL OTHER SOURCES/USES OF FUNDS | 0 | 0 | 0 | 0 | 0 |
| 27 | ESTIMATED ENDING FUND BALANCE | (783,208) | 511,557 | (167,982) | 439,633 | 0 |

Lemont-Bromberek CSD 113 A

Budget Reduction Plan

September 30, 2009

To be inserted in the State Illinois Budget Forms once approved by the Board of Education

Background and Narrative of Budget Reduction:

District 113 A has been deficit spending for the last 7 years. Annually the administration along with the Board of Education has been looking to trim expenditures in all funds. The only area that has not been scrutinized is the Education Fund that includes specifically salaries and benefits. To be more competitive the Board of Education has continued to improve their ability to attract and retain quality teachers through their salary and benefit program. Now that the district needs to establish a Deficit Reduction Plan as part of the budget process, the Board and Administration have employed the following internal and community processes to help prioritize action on the financial situation:

- Employed the services of PMA, Stifel Nicholas, George K. Baum and other financial planning firms for advice, financial planning and information;
- Instituted a District Dialogue community engagement program to inform and gather input from the community on programs and to inform the community concerning the financial outlook for the district;
- Considered running a referendum for operating funds in 2006-07 but decide to wait till a later date;
- Analyzed and restructured the transportation division of the district;
- Analyzed and rebid food service contract;
- Negotiated labor agreements with the teachers union, support staff union and the support staff association that represents the custodians, bus drivers, maintenance and grounds keeper;
- Analyzed and renegotiated the health, dental and life insurance benefits program for all employee groups; and
- Monitored class size and implemented uniform staffing model district wide.
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Assumptions Used in the Deficit Reduction Plan:

The following assumptions were used in formulating the Deficit Reduction Plan:

Revenue:

- Revenue projected to be flat for FY 2010 - 2013;
- Tax collection projected at 98% per 3 yr. avg.;
- State (4%) and Federal (1%) revenue will continue at current levels;

- Local Revenue (86.7%) will continue to be the largest portion of revenue for the district;
- Interest Income will be minimal;
- No new sources of revenue unless a referendum is sent to the public;
- Cash flow issues will still be present to cover bills and
- May need to use Tax Anticipation Notes or a Line of Credit with a Bank for Cash Flow at sometime during this Deficit Reduction Plan

Revenue Enhancements Considered When Designing the Plan:

Long Term Strategies:

- Maximize Federal Grant Monies;
- Maximize State Aid;
- Maximize State Categorical Funds;
- Pursue Tax Increment Finance & Land Cash Monies;
- Maximize Interest Income-Work with PMA to maximize;
- Consider Going to the Public for an Operating Rate increase for the Education Fund – Referendum Fall, 2010 or Spring, 2011; and
- Establish a School District Foundation

Short Term Strategies:

- Increase Student Textbook Fees-progressive throughout the three year plan;
- Increase Student Technology Fees- progressive throughout the three year plan;
- Increase Building Usage Fees to Public-Increase based upon supervision and utility costs;
- Implement Student Activity Fees-Fee to cover cost of sponsor and travel if appropriate;
- Negotiate Exclusive Pop Contracts-Estimated \$15,000 annually;
- Negotiate Student Picture Contract –Estimated \$5,000 annually; and
- Pursue Private Grant Monies-

Foundation Levels for General State Aid:

Assumptions:

- General State Aid will be flat due to declining enrollment pattern;
- The district will continue to use the alternative method of calculating general state aid; and
- Only a small portion of the funding for the school district (4%) can be anticipated from General State Aid

Equalized Assessed Valuation and Tax Rate:

- With economic conditions volatile growth in EAV is anticipated but minimally;
- The growth in new EAV is estimated at 1 % for the next 3 years;

- Tax collection is estimated at 98% if collection rates remain constant;
- New construction in housing and commercial will be limited;
- Consumer Price Index is estimated to be flat;
- Options for possible tax referendum have been considered (operating, working cash funds, combination of the two, general obligation bonds for maintenance and operations expenses); and
- Tax rate to cover bond and interest payments will increase should EAV decrease with reassessment.

Employee Salary and Benefits:

- Labor agreements are in place with all employee groups;
- The agreement with the Lemont-Bromberek Council of IFT/AFT Local 604 will continue until 2011. Average increases in salary on the salary schedule is 5% that includes step and new money;
- The agreement with the Lemont-Bromberek Council Support Staff of AFT Local 604 will continue until 2001. Average increases in salary on the salary schedule is 5% that includes step and new money;
- The agreement with the Lemont-Bromberek District 113A Support Staff Association for language until 2012 and for salaries until 2010. Average increases in salary on the salary schedule is 5% that includes step and new money;
- Non-affiliated employees have been given the same benefit and salary increases as their counterparts who are covered under the above labor agreements (5%);
- Administrative costs have been scrutinized and will only increase 1.32% for the FY 2010 school year. An administrative salary schedule has been developed that is tied to the top teacher's salary and is in force until 2011;
- Benefit program including health, dental and life insurance has been analyzed and, through better network services bids, will see an estimated decrease in costs to the district of approximately \$300,000.00;
- The superintendent has taken a voluntary salary freeze for the FY 2010 school year; and
- Through negotiations of upcoming labor contracts the district will work with the employee unions to help curb expenditures including areas of salary and benefits.

Short and Long Term Borrowing:

- The district will be considering passing a resolution to partially abate the working cash fund into the education fund;
- The district will be considering passing a resolution to begin the use of the following:
 - tax anticipation warrants;
 - borrowing money from a bank in lieu of tax anticipation warrants;
 - issuing tax anticipation notes as a means of securing operating funds if tax anticipation warrants are not used;
 - corporate personal property replacement tax notes if applicable;

- The district is considering continuing the working cash fund using working cash bonds; and
- The district is considering fire prevention, safety, environmental, and energy conservation bonds.

Educational Impact:

The district, even with the implementation of this deficit reduction plan, assures the community that the district will have the ability to meet the minimum requirements of the state and federal guidelines that include sound and lawful educational practices and programs. With that being said any cuts or reductions in expenditures is seen to have an effect on the educational programs and courses offered to our students. Decreased services will result in less individual academic attention for students, less interaction with staff and less likely to meet the needs of every student.

Guidelines for Expenditures:

1. Meet Federal and State laws, mandates and/or school code;
2. Academic Achievement and Accountability systems must be met
3. Board of Education Goals & District Dialogue Recommendations
4. Technology Plan: Enhancement for Academics and Productivity for Students & Staff
5. Maintenance & Facilities: Necessary maintenance and repair
6. Other prioritized items

Expenditure Reductions Considered:

Expenditure reductions considered that have been identified to date that may be included in the reduction plan should additional resources not become available is as follows:

- Decrease in any additional overtime;
- Decrease in supplies and paper;
- Decrease in programs like art, music, band and extra-curricular activities;
- Middle School Team Plan time reduced;
- Collaborative Time in the Elementary Schools reduced;
- Teacher planning time reduced;
- Unfunded mandates such as Gifted and RTI decreased;
- Class size increased incrementally to meet expenditure reductions;
- Decreasing summer school to minimum level that is mandated;
- After school activities move to fee based or eliminated;
- Staff Development trimmed including travel to conferences and purchase of trainer time;
- Curriculum Cycle modified to lessen purchase of materials and books;
- Delay purchase of assessment materials like MAP, DIBELs and others;
- Technology equipment purchase or lease modified;

- Minimize additional contract days for personnel who work beyond the traditional school year;
- Paraprofessional reductions to minimum per IEP needs
- Length of school day to minimum time per School Code;
- Reduction in administrative positions who serve staff and students;
- Substitutes for IEP meetings minimized;
- Decrease in custodians and maintenance personnel;
- Minimal Reading and Ell Services for students; and
- Decrease or elimination of the Exploratory Program at the Middle School

Parameters for Expenditure Reductions:

In determining which programs, services or courses are decreased, modified or eliminated the following parameters will be used:

- Least disruptive to the core program for students;
- Will not compromise the safety and security of the students, parents and community;
- Allocation of resources driven by achievement data and needs;
- Best practices should be sought from a range of sources;
- Reduce employees through attrition whenever possible;
- Optimize reductions in reoccurring expenses; and
- Use the previous year's budget as a basis for yearly reductions.