DUPAGE HIGH SCHOOL
DISTRICT 88
Building Futures
ADDISON TRAIL
WILLOWBROOK

The state of the State &
The state of D88

January 2021

Remembering and celebrating the life of Dr. Scott J. Helton

Aug. 13, 1962 – Dec. 10, 2020

Dr. Scott J. Helton had more than 33 years of experience in education and served in a variety of capacities, including as Principal of Addison Trail for 11 years and as Superintendent of DuPage High School District 88 since 2012. He was incredibly ingrained in the District 88 community and helped build positive futures for countless students. Dr. Helton will be greatly missed, and his impact and legacy will last for years to come.

EVENTS TO HONOR DR. SCOTT J. HELTON

As we continue to mourn the loss of District 88 Superintendent Dr. Scott J. Helton, we would like to share the opportunities below to remember and celebrate his life.

DISTRICT 88 MEMORIAL SERVICE

7 p.m. on Jan. 28, 2021
www.dupage88.net/ScottHeltonMemorialService

VIRTUAL FUNERAL SERVICE

www.dupage88.net/RememberingScottHelton

DEDICATIONS/EVENTS IN HONOR AND MEMORY OF DR. HELTON

www.dupage88.net/site/page/12434

SCHOLARSHIP FUND

Dr. Helton had a tremendous ability to connect with and care for students and was a fierce advocate for each and every pupil. In honor of Dr. Helton's legacy, his family has joined with the Partnership for Inspired Education (PIE) Foundation – a 501(c)(3) charitable organization that serves public school students in districts 4, 45, 48 and 88 – to establish a scholarship to support and champion the educational success of students with need. To donate to the Dr. Scott J. Helton Scholarship Fund, go to *www.dupage88.net/ScottHeltonScholarship*, or mail a check to:

PIE Foundation
2 Friendship Plaza
Addison, IL 60101
** PLEASE PUT "DR. SCOTT J. HELTON SCHOLARSHIP FUND" IN THE MEMO*

SHARE A MESSAGE OF SYMPATHY

Those who would like to send the Helton family messages of sympathy and condolences are invited to do so at *www.dupage88.net/MessagesforHelton.*

State of the State . . .

Fiscal Crisis Continues:

- $7 billion plus overdue bills
- $137 billion+ unfunded pension liability
- No financial reserves
- Lowest credit rating USA and close to Junk Bond Status
- ALL Prior to COVID events

Source – Dr. Rob Grossi, Crystal Financial presenation to LEND

PREEXISTING CONDITIONS
(PRIORTOCOVID)

State of the State . . .with COVID

- Billions in deficit, continued pressure to balance the budget;
  - Borrowed $5 billion from Federal Reserve Municipal Liquidity Fund ~ only state in nation as of Fall 2020
    - Requires repayment within 3 years
  - Chicago now has $1.2 billion deficit FY2021
    - What affects Chicago affects state
  - Progressive Income Tax Referendum – FAILED
  - Federal bailout for states/municipalities isn't going well during transition of presidency
    - UPDATE – more hope now with Democratic control
  - TRS pension unfunded liability ~ exacerbated with interest rates down
  - Economic recovery ~ primarily budget reductions short term, long road ahead

State of the State

- Evidence Based Funding (EBF) Education Funding formula ~ year 4
  - Annually $350 million for Education Formula through FY2019-20 ~ FLAT for FY2020-21
  - Provides reliable cash flow for education
  - But still waiting on Categoricals
- Governor calling for spending plan reductions 5% & 10% across all departments
- Pivotal point ~ bailout or expect education funding to be reduced
  - Redistribution of EBF formula, focus on equity and Tier I and II districts
  - Worst case – resume “robin hood approach” with focus on fund balances

State Budget Forecast Uncertain, Illinois Education Leaders Weigh $412 Million Increase For Schools

Schools will largely be spared from $711 million in 2021 state spending cuts Gov. JB Pritzker announced on Tuesday.

Chalkbeat Chicago, News Partner
Posted Tue, Jan 12, 2021 at 5:41 pm CT

What would an EBF decrease look like?

District 88 ~ 10% reduction = ($744,000)

EBF Decreases would Affect All Tiers Equally*

Total EBF base funding in FY 2021 is $7.1 billion. There are 1.9 million students affected by EBF

% Decrease	$ Decrease	Loss per Pupil
5%	$355 million	$180
10%	$710 million	$360
15%	$1.06 billion	$540
20%	$1.42 billion	$720

*** First reductions would be taken by bringing down funding levels of Tier 3 and Tier 4 schools to base year (approximately $10 millions total)**

CRYSTAL

Source – Dr. Rob Grossi, Crystal Financial presenation to LEND

EBF Tier Loss Analysis - Summary

Source: Page 13 - The Impact of Underfunding the Evidence Based Funding Model, CTBA Figure 17:

Scenario: FY 2020 base funding = $7.075 billion. Reduced by 15% to $6.016 billion
The below example is for a Tier 2 district, DuPage HS District
88

EBF Funding FY2020-21 (Hold Harmless @ FY2020 level)

$ 5,400,737.00

Tier 2 Percent of Adequacy for D88 as of FY2020 = 86%; Tier 3 starts @ 90%

	Tier 1	Tier 2	Tier 3	Tier 4	Estimated Reduction
15% Decrease	-11.16%	**-20.82%**	-53.20%	-63.77%	($1,124,496)
10% Decrease	-7.38%	**-13.77%**	-36.91%	-43.79%	($743,518)
5% Decrease	-3.60%	**-7.00%**	-20.61%	-23.80%	($378,052)

State of the State

- Horizon:
  - Tax base (residents/business) is changing for the worse ~ net exodus, tax loopholes are a target now
- Property Tax Freeze Legislation
  - D88 approximately $1.5 million per year
- Chicago financial problems=State
- Pension cost shift discussion – More Likely
  - Impact to us if pass ~ 1% = $300,000

Expect Task Forces for

- Tax Reform
- Funding Equity
- Pension Reform ~ Again
- School Consolidations

Elementary & Secondary School Emergency Relief (ESSER)Funding for COVID – ONE TIME $$

- March 2020 Round 1
  - $13.2 B Stabilization for K-12 Education
  - D88 share = $432,977 of which 10% shared with private schools
  - Targeted areas allowed for spending ~ direct support of COVID related impact on instruction
- December 2020 Round 2 –
  - $54B Stabilization for K-12 Education
  - Other sources to States etc.
  - D88 share =$1.7 million, no share to private this time
  - Retroactive to March 2020 and expend through Sept. 2023

Based upon Title I funding model for distribution only

ESSER II Uses:

Emphasis on "Addressing Learning Loss"

- The funds can be used for the following types of activity:

- Under ESSA, Perkins CTE, IDEA, Adult Education and Family Literacy Act, or subtitle B of Title VII of McKinney Vento.
- Coordinating/responding to health emergencies, activities to support special populations, training on sanitization, cleaning supplies.
- Providing meals/technology to students
- Providing mental health services, summer learning and supplemental learning, addressing learning loss.
- Administering assessments.
- School facility repairs and improvements including any machines/technology that deal with air quality, and other general operations needed which can include testing

Return to School Plan – D88

- Adaptive Pause Lifted - Winter sports resume January 25th
- Learning Centers resume February 1 and other allowable activities during Remote Phase will return on February 8
- When county moves to "moderate" we move to Remote Plus
- When county moves to "minimal" we move to Hybrid. Likely to happen in the spring

Weekly Plan Updates

Facility Readiness

- Cleaning protocols are in place, inventory being replenished, all work spaces and classrooms
  - Work Order System Reminder – desktop icon
  - Daily cleaning log sheet protocol
  - Electrostatic protocols

- Staff refresher training completed for all restrooms including new ATP Test Program for cleanliness
- MERV-13 filters (higher level filtration) purchased, installed and replacement cycle every 90 days
- Outside air increase to 20% from 10%
- Evaluating new approaches to providing healthiest/safe environments

Accomodation Requests

- Employees that are required to work on campus are referred to as "essential"
- Essential employees during "Stage 1 Remote" return February 8 unless otherwise indicated by supervisors.
- As employees become essential, remote work accommodations for childcare and family members will not be available and all medical accommodation requests will need to be re-established

Vaccine Update

- All educational personnel will be eligible for vaccines during 1B (includes contracted staff)
- District will partner with Elmhurst Hospital to provide vaccines at their facilities
- District will also partner with Genoa Healthcare and Osco to provide vaccinations on site at AT for D88, D4, D45, D48, TCD, and parochial schools
- If staff are able to access the vaccine earlier, we encourage staff to do so
- Staff choosing not to get vaccinated must still meet “in person” work expectations

State of District 88

- Property tax continues as primary funding source ~ reliable even during June/Sept 2020
  - Tax Cap & New Property
- EBF State Aid Funding
  - Tier II with 86% adequacy FY2020 ~ Tier III 90% = <$)
  - Held Harmless FY2020 level $5.4 million
  - Adequacy allocations total $429,000
- Categorical State Aid (3 programs remain)
  - Proration around 89% FY2020
  - Routinely only 3 of 4 annual pmt. within fiscal yr.
  - Likely deeper proration and move to 2 pmts.
- State funding = New EBF Formula offset by CPPRT reduction of 24% first yr. & again FY2020 and 2021
  - Permanent loss as of FY2021 = ($500,000+)

Financial Health…

- Where have we been?
- Where are we now?
- Where are we heading?

What Happened?

compared to orig estimate of 2.5% for 2008 CPI funding 2010-11 we have lost an accumulated $9.3M of property tax $$$ as of FY2018 {2016 levy serves 2017-18}
"GAME CHANGER"

Levy Yr	**2008**	**2009**	**2016**	**2017**	**2018**
Fiscal Year	**2009-10**	**{2010-11}**	**{2017-18}**	**{2018-19}**	**{2019-20}**
CPI-U	**4.10%**	**0.10%**	***0.70%***	**2.10%**	**2.10%**
PROPERTY TAX REVENUE (80% OF ANNUAL FUNDING)					
CPI-U Actual incr of 0.1% =		$45,078			
Revenue increase if Average CPI-U 2.50% =		**$1,126,950**			
Est. Loss of "normal" property tax revenue for operations = >>>>		**($1,081,872)**	**($1,217,101)**	**($1,242,660)**	**($1,268,756)**
Cummulative Loss of Property Tax Revenue =			**($9,288,403)**	**($10,531,064)**	**($11,799,820)**
STATE AID REVENUE			**2017-18**	**2018-19**	**2019-20**
Proration Factor for General State Aid			Now EBF so no proration		
Foundation Level =					
Cumulative Loss of General State Aid			**($1,693,803)**	**($1,693,803)**	**($1,693,803)**
Proration Factor for Transportation State Aid-Reg/Voc./Spec. Educ.	**100%/100%**	**74%/100%**	**84%/91%**	**82%/86%**	**84%/83%**
Loss of Transp. Funding per formula			($125,375)	($192,889)	($259,292)
Additional Reduction March 2015 {2.25%}			n/a	n/a	
Cumulative Loss of Transportation State Aid			**($596,039)**	**($788,928)**	**($1,048,220)**
CUMMULATIVE STATE FUNDING LOSS - PRORATION			**($2,289,842)**	**($2,482,731)**	**($2,742,023)**
GRAND TOTAL LOSS OF REVENUE {combined} =			**($11,578,245)**	**($13,013,794)**	**($14,541,842)**

Cummulative loss

Where have we been?

Revenue Enhancement Archive – since FY2015 …

- Student fee changes 2015 {parking, driver education, technology}
- ISBE Matching School Maintenance Grant 2015 & 2020 = $100,000 for roof repairs at WB
- IEMA Safety Grant 2015 = $50,000
- ComEd Emergency Response Agreement– signed multi-year term to reduce electricity if called
  - Received $179,000 for five years ending FY2019
  - Renewed through FY2024 ~ $267,000
  - No expenses with this program
- Energy Grants (ongoing) – secured $140,000 over multiple years for upgrades to energy efficient fixture/lighting at both schools

Where have we been?

During fiscal years when Board of Educ. allowed use of financial reserves (deficit spending) FY2012 to FY2014;

- Expenditure control and debt financing for capital projects helped to balance budget past five years
  Deficit (use of reserves) from FY2012 to FY2014 total ($4.9 million)
  - Surplus from FY2015 through FY2020 total $6.2 million

Accrual basis is most accurate representation as it adjusts for "timing" differences as to revenue and expenditures

- *Common adjustments – delayed state and federal aid; prior year obligations paid for in different year*

OPERATING FUNDS ONLY

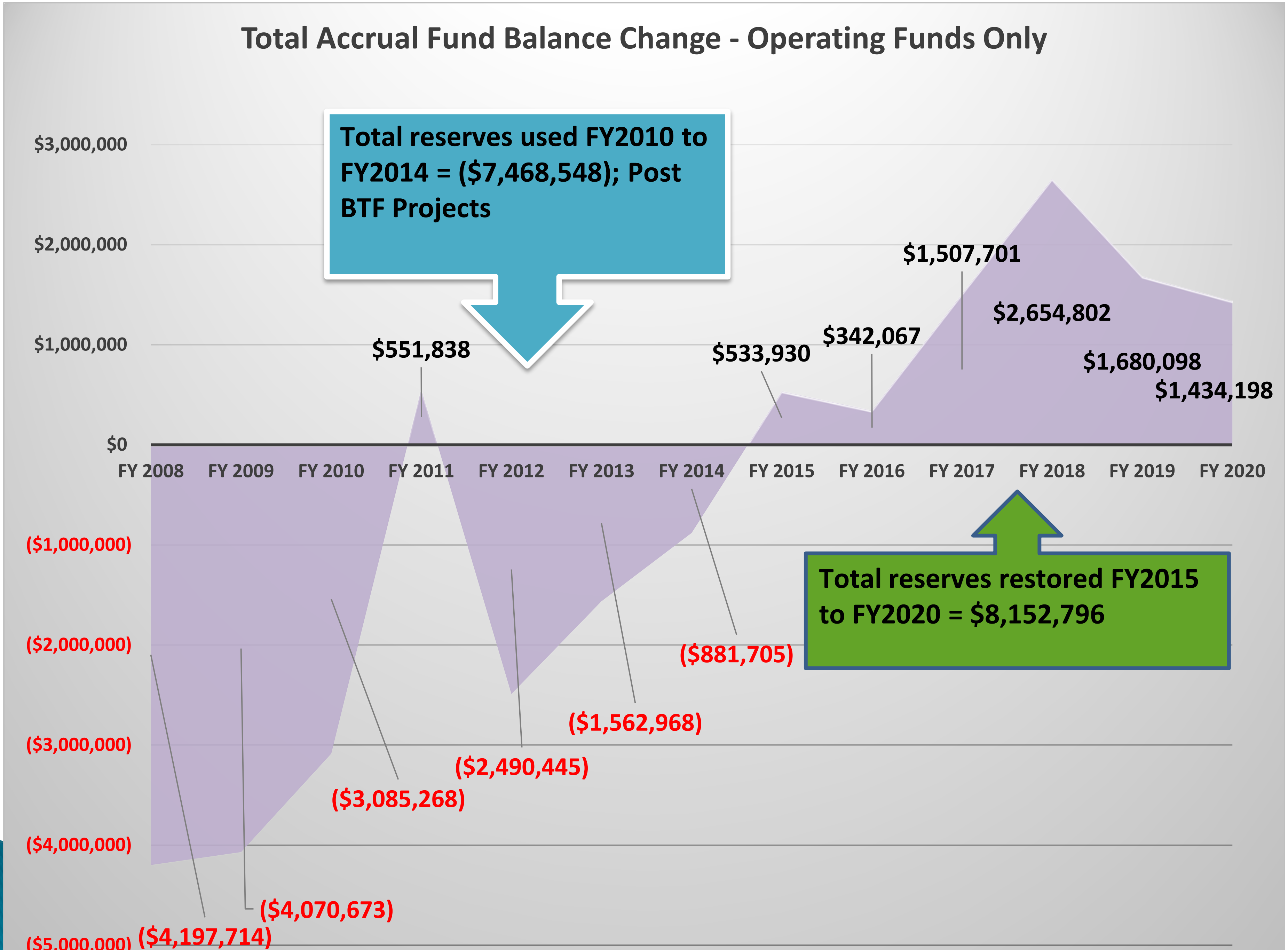
ACCRUAL BASIS FUND BALANCES

FISCAL YEAR	Total Operating Fund Balance (Ed, O&M, Trans, IMRF, WC)	Less Working Cash Bond Proceeds or Balance ONLY	Adjusted Operating Fund Balance	Total Accrual Fund Balance Change
FY 2007	$35,498,143	$0	$35,498,143	
FY 2008	$31,300,429	$0	$31,300,429	($4,197,714)
FY 2009	$27,229,756	$0	$27,229,756	($4,070,673)
FY 2010	$24,144,488	$0	$24,144,488	($3,085,268)
FY 2011	$24,696,326	$0	$24,696,326	$551,838
FY 2012	$22,205,881	$0	$22,205,881	($2,490,445)
FY 2013	$20,642,913	$0	$20,642,913	($1,562,968)
FY 2014	$19,761,208	$0	$19,761,208	($881,705)
FY 2015	$20,295,138	$0	$20,295,138	$533,930
FY 2016	$24,638,172	($4,000,967)	$20,637,205	$342,067
FY 2017	$24,144,906	($2,000,000)	$22,144,906	$1,507,701
FY 2018	$25,464,708	($665,000)	$24,799,708	$2,654,802
FY 2019	$30,859,901	($4,380,095)	$26,479,806	$1,680,098
FY 2020	$30,919,004	($3,005,000)	$27,914,004	$1,434,198

BTF Use of Working Cash$8.8M 2008 & 2009

Fiscal crisis 2010-11 & 2011-12 reduction 35.7 FTE

Audited Financial Statements – modified to adjust for Fiscal Years 2016 to 2020 issued $8 million of Working Cash Bonds – assigned for Facility Improvements and Bus Replacement



Total Accrual Fund Balance Change - Operating Funds Only
Total reserves used FY2010 to FY2014 = ($7,468,548); Post BTF Projects
Total reserves restored FY2015 to FY2020 = $8,152,796
$3,000,000
$2,000,000
$1,000,000
$0
($1,000,000)
($2,000,000)
($3,000,000)
($4,000,000)
($5,000,000)
FY 2008
FY 2009
FY 2010
FY 2011
FY 2012
FY 2013
FY 2014
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020
($4,197,714)
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($1,562,968)
($881,705)
$533,930
$342,067
$1,507,701
$2,654,802
$1,680,098
$1,434,198

Balance $ and Programs

- Managing within fiscal resources and still expanding opportunities and programs to fulfill our mission:
  - Transitions program service expansion
  - Expansion of course offerings – PLTW, pre-apprenticeship programs, career certifications
  - Expansion of Dual Credit Offerings
  - Initiatives with Elmhurst University
  - AVID programming
  - Equity, restorative practices, social justice, cultural competency

Balance $ and Programs

- Technology initiatives:
  - Implemented 1:1 Chromebook program
  - Expanded network capacity for internet, updated all hardware (servers, access points, fiber optic) as of 2019
  - Implementation of internet hotspot program to support students/families
  - Ongoing transition to e-forms, paperless document processing and record keeping
  - Move to electronic registration process including payments

Where have we been?

<u>Budget containment initiatives implemented:</u>

- Annual staffing & position control
- Contractual services & utilities
  - Bid electricity and other services
  - Match to Consumer Price Index (CPI) where possible
- Supplies and Capital
- Facility improvement project deferral
- Bus fleet replacement deferral & transportation route consolidation

Where have we been

Budget containment initiatives implemented

Expenditures:

- Staff Changes since 2015:
  - Student Assessment contract cancelled ($86,000)
  - Director Curric./Instruction & Assessment
  - Director of Student Services
  - Reduced one Assistant Principal each school
  - Reduced IEP Coordinator Position (-1.0) ($70,000 salary)
  - Reduced clerical positions (-2.0) ($100,000 salary)
  - Reduced tech support/mentoring (-0.80)
  - Staffing within same pupil to teacher ratio to FY2018
  - Staff attrition through retirements ~ 45 teachers since year 2012; 35 non-certified since 2015

Budget Containment

Expenditures – All Other

- Reduced 16 transportation routes FY2015 save approx. $50,000 per year
- Bidding / negotiating contracts for: transportation, food services, architect/engineering
- Bidding for supplies, electricity service, capital purchases
- Maximizing grant allocations
- Annual bus replacement – ceased as of FY2012 and not resumed until FY2018 – financed from external borrowing until FY2023 then?
- Annual facility improvement projects:
  - None in FY2015-16
  - Shifted to Capital Projects Fund (Non-Operating Fund) and financed from external borrowing {bond issuance} as of FY2017; only enough through FY2022 then resumes from Operating Reserves or new borrowing

Budget Containment

Expenditures – All Other

- Dept. Commerce and Economic Opportunity (DCEO) retro-commissioning project FY2017, identified HVAC System operating efficiencies, high ROI projects
- Implemented recommendations – final report documented estimated annual operational savings $40,000 as of January 2017

Funding Sources for Facility Improvements and Equipment

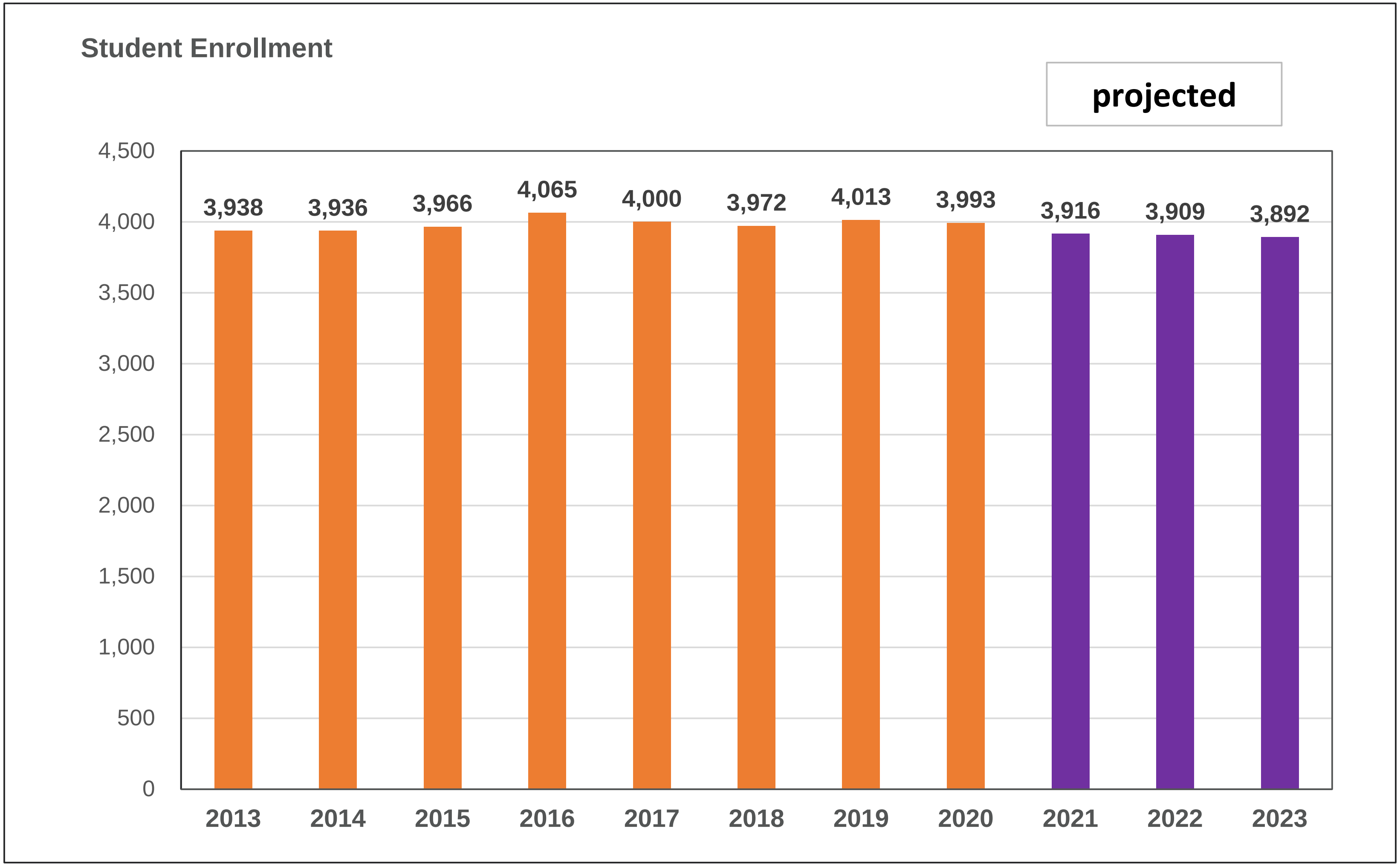
- Traditionally from Operation & Maintenance Fund
  - This is one of 5 main Operating Funds
  - Constraints of Tax Cap and State funding = restriction in this area of spending "Survival Mode"
- Debt issuance allowed for facility improvements, health/life safety projects & capital equipment

Where have we been?

- Debt refinancing & issuance:
  - **December 2015** refinanced Series 2005 $8.7M bonds and borrowed $4.0 million for capital projects/equipment
  - Net borrowing cost $67,000 over 10 years
  - December 2016 refinanced Series 2007 & 2008 total $80M bonds <u>saving taxpayers $10.6M</u>
  - **September 2018** borrowed additional $4.0 million

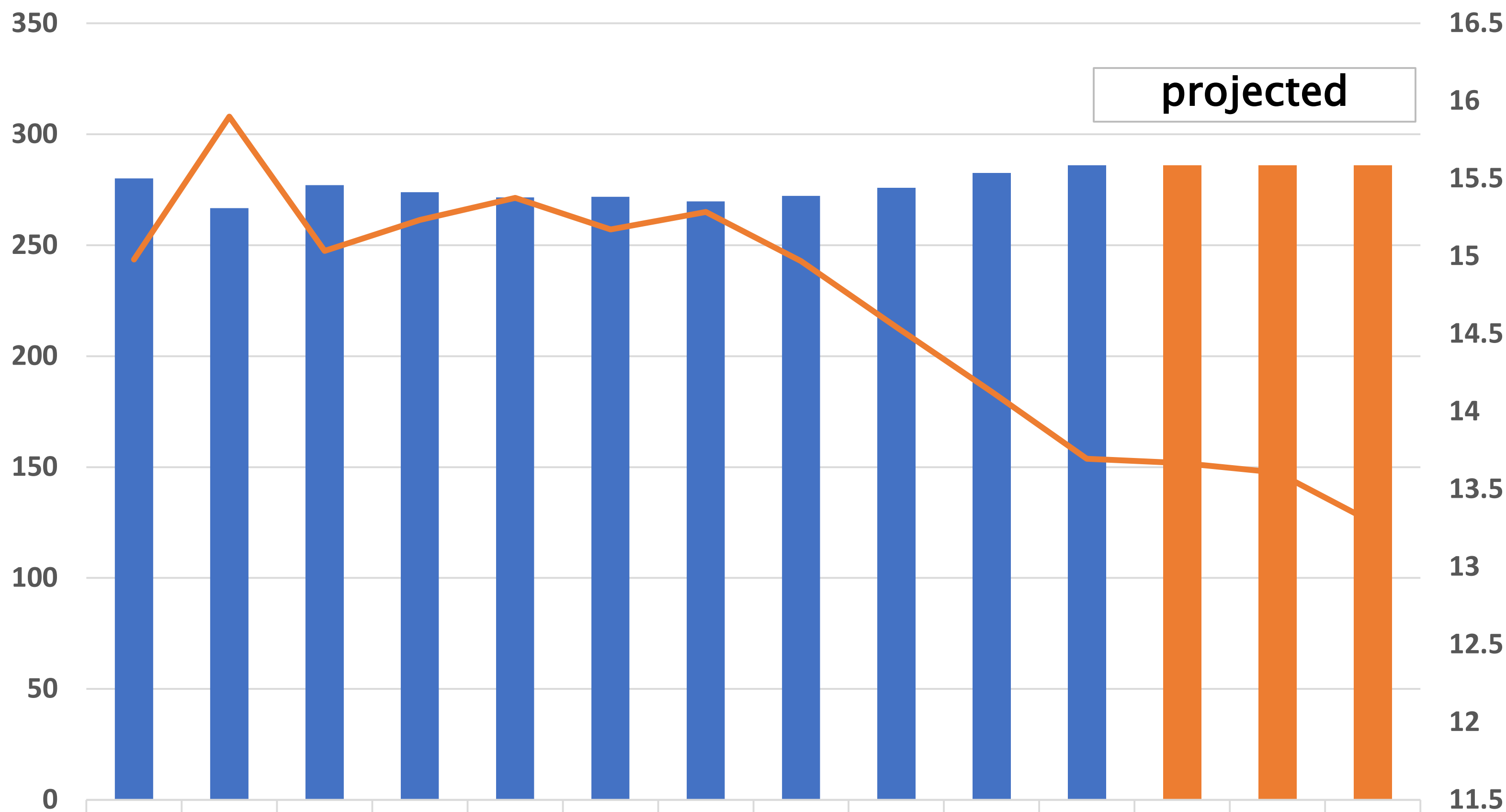
** Required to spend down within 3 years*

- Borrowing capacity remaining is limited, planning for fall 2021 final $4M until outstanding bonds paid down by 2028



Student Enrollment
projected
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
3,938
3,936
3,966
4,065
4,000
3,972
4,013
3,993
3,916
3,909
3,892
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023

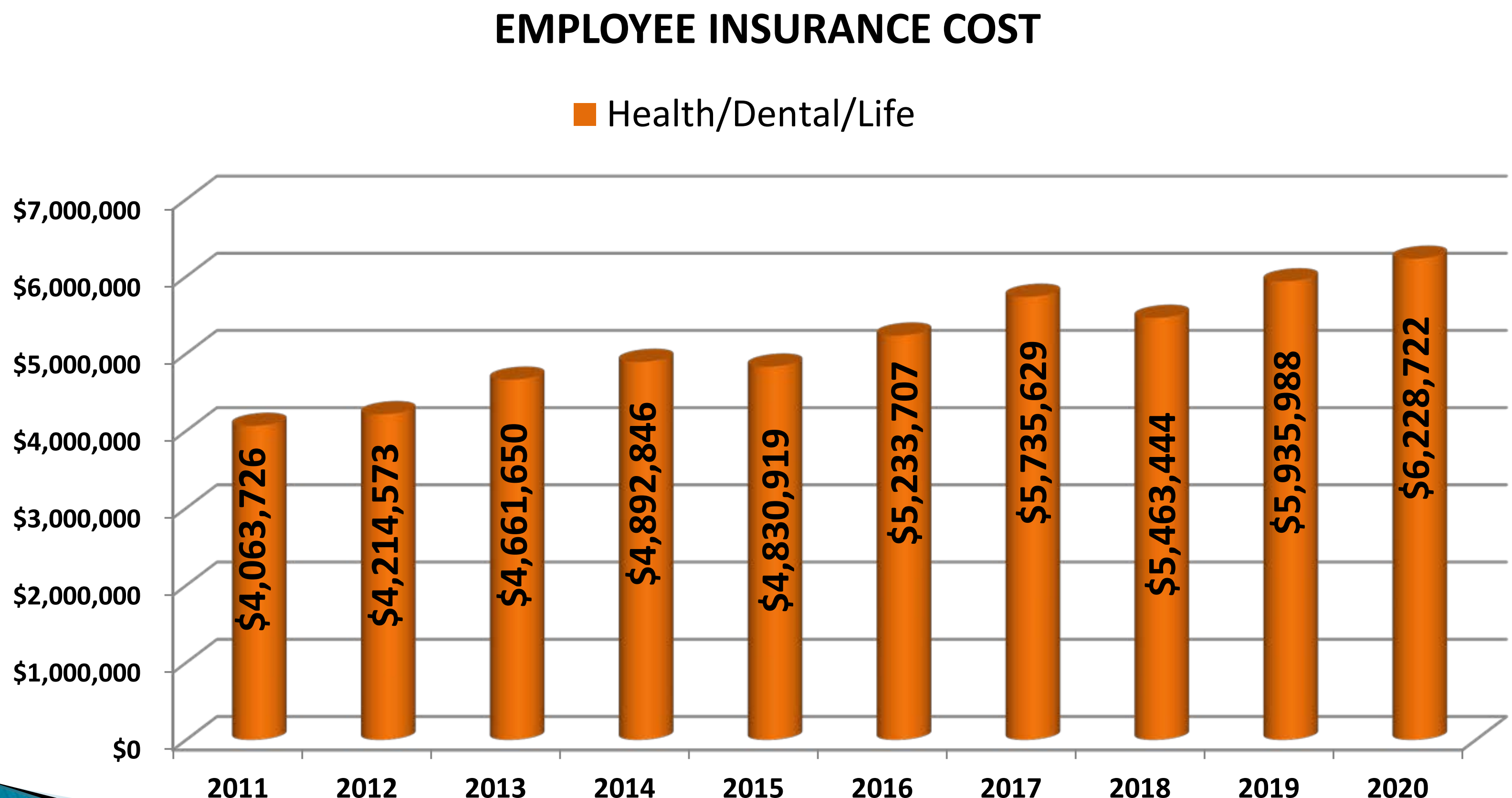
Teacher FTE & Staffing Ratio



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
FTEs	280.1	266.7	277.1	273.9	271.6	271.8	269.8	272.2	275.9	282.6	285.9	286	286	286
Staffing Ratio	14.98	15.9	15.04	15.23	15.38	15.17	15.28	14.97	14.55	14.13	13.70	13.67	13.61	13.29

Expense Drivers

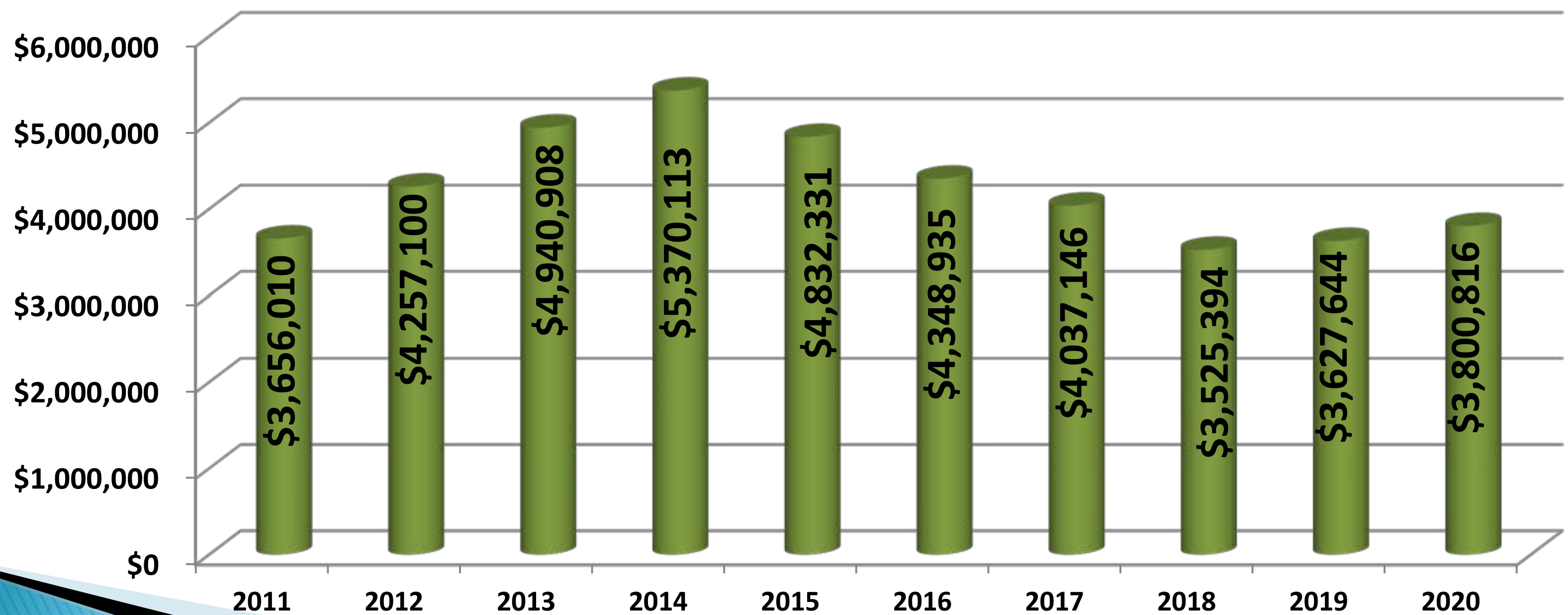
- Employee insurance – past four years
  - Average cost $5.8M p/yr.
  - Trending increase 4.6% p/yr.



Expense Drivers

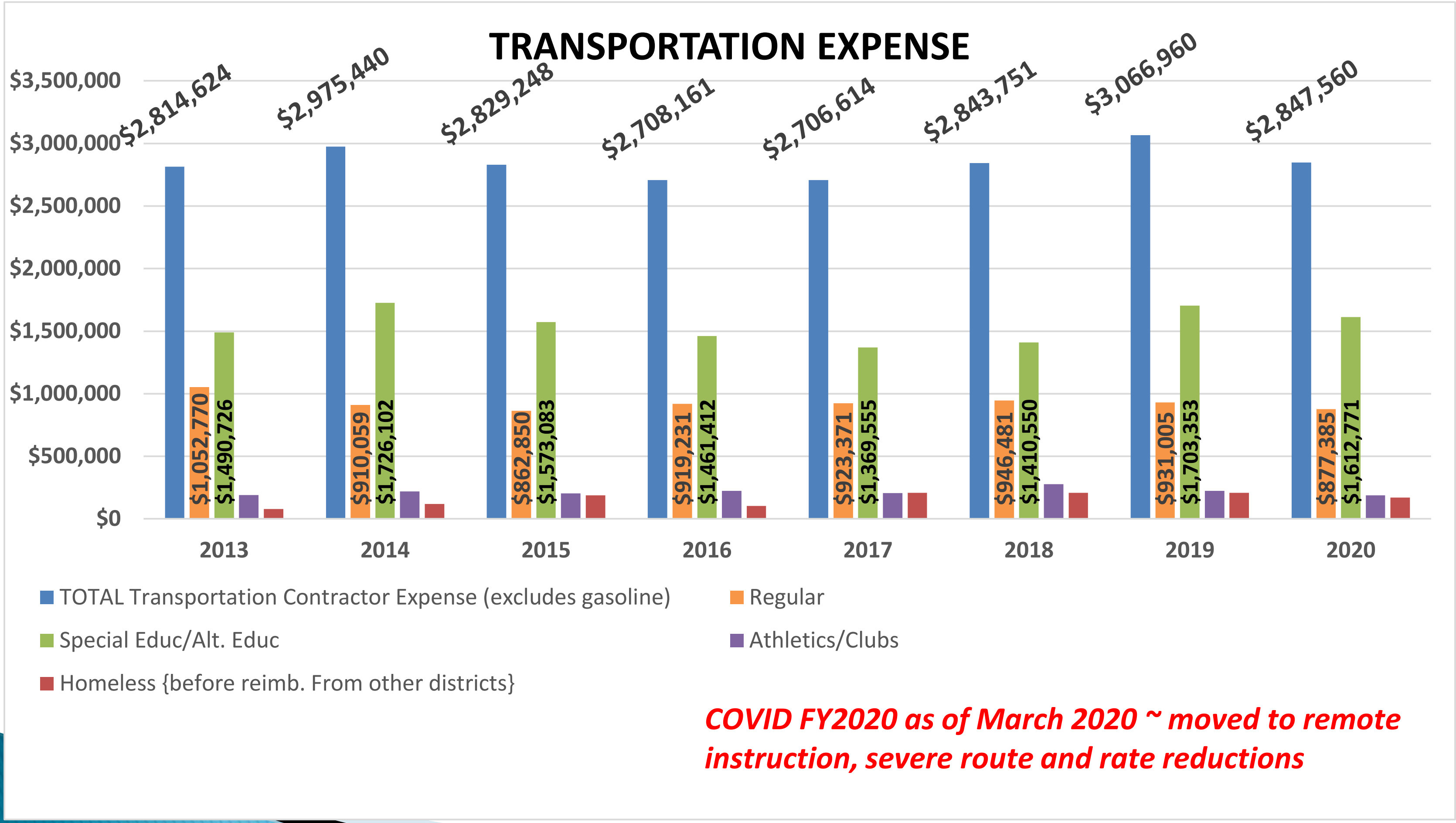
- Outplacement Tuition – past 4 years {Spec. Ed., Alternative and Vocational }
  - Average $3.8M p/yr.
  - Trending down – reversal from 31% increase {2012-2015}

Cumulative 12% reduction past 4 yrs. = ($548,119)



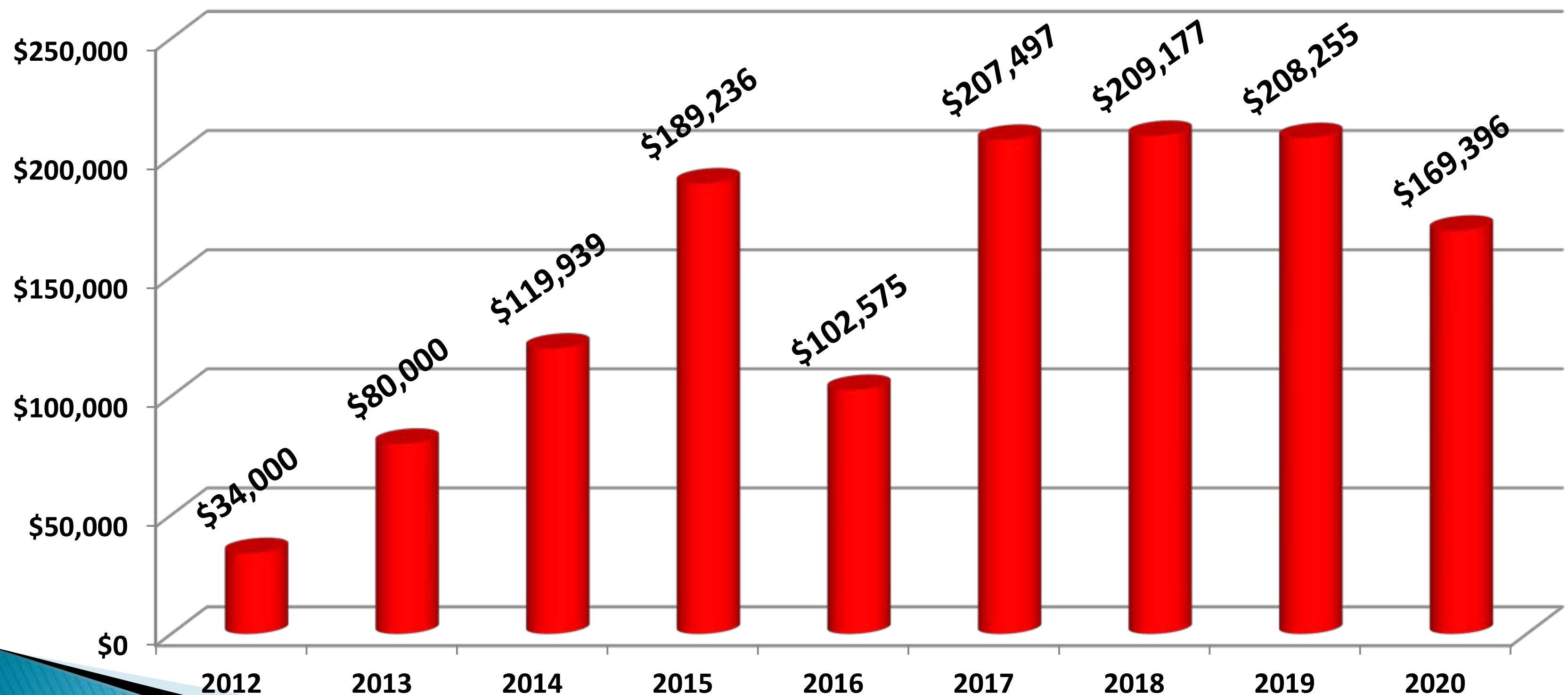
Expense Drivers

- Total expense increase of 2% from 2016-2019



Expense Drivers

- Homeless transportation
  - Average $181,000 p/yr. since FY2015
  - Total $1.3M since 2012
  - Some recovered via billing other districts



Where are we now?

- Financial Reserves, net of advance "early" taxes are at $27.6 million as of June 30, 2020

  {net of Working Cash Bond Proceeds $3M}
- Annual Operating Fund expenditures 2020 budget=$69.6 million

- Budget FY2021 Operating Funds = ($1.5 million) deficit (cash basis)
  - Property tax limited to **CPI = 1.90% plus new property**
  - Expecting 100% State Aid funding $5.4 million
  - **Includes shifted Capital Improvements $855,000 to non-operating fund which "temporarily" takes pressure off Operating Budget**

Where are we now?

- Employee contracts closely indexed to Consumer Price Index
- Relatively stable student enrollment and staffing
- Health insurance increases trending high:
  - COVID impact on families = more signing on to D88 benefits
  - Claim costs on rise = renewal premium trending 6%, up from favorable years averaging 2%
- Tuition for outplacements fluctuating
- Supplies/petroleum & utilities beginning to escalate
- Insurance premiums for workers comp. trending up
- Insurance for property, liability, cyber coverage etc. trending up
- Technology licensing and capital investment demanding more resources to sustain programming

Building Improvement Projects 2021-22

- **WILLOWBROOK**
  - Tennis courts (North) reconstruction
  - West drive parking lot repaving
  - Roof replacement B-Wing
  - Stadium running track resurfacing
- **ADDISON TRAIL**
  - HVAC Replacement Gymnasium
  - Auditorium stage curtain replacement
  - Stadium sound system upgrade
  - Field house curtain replacement
  - Room divider replacement 221/223
  - Baseball field netting/backstop and outfield renovation

Parking lot maintenance and tuckpointing/window sealant both schools

On-going Master Facility Planning for next 3 years

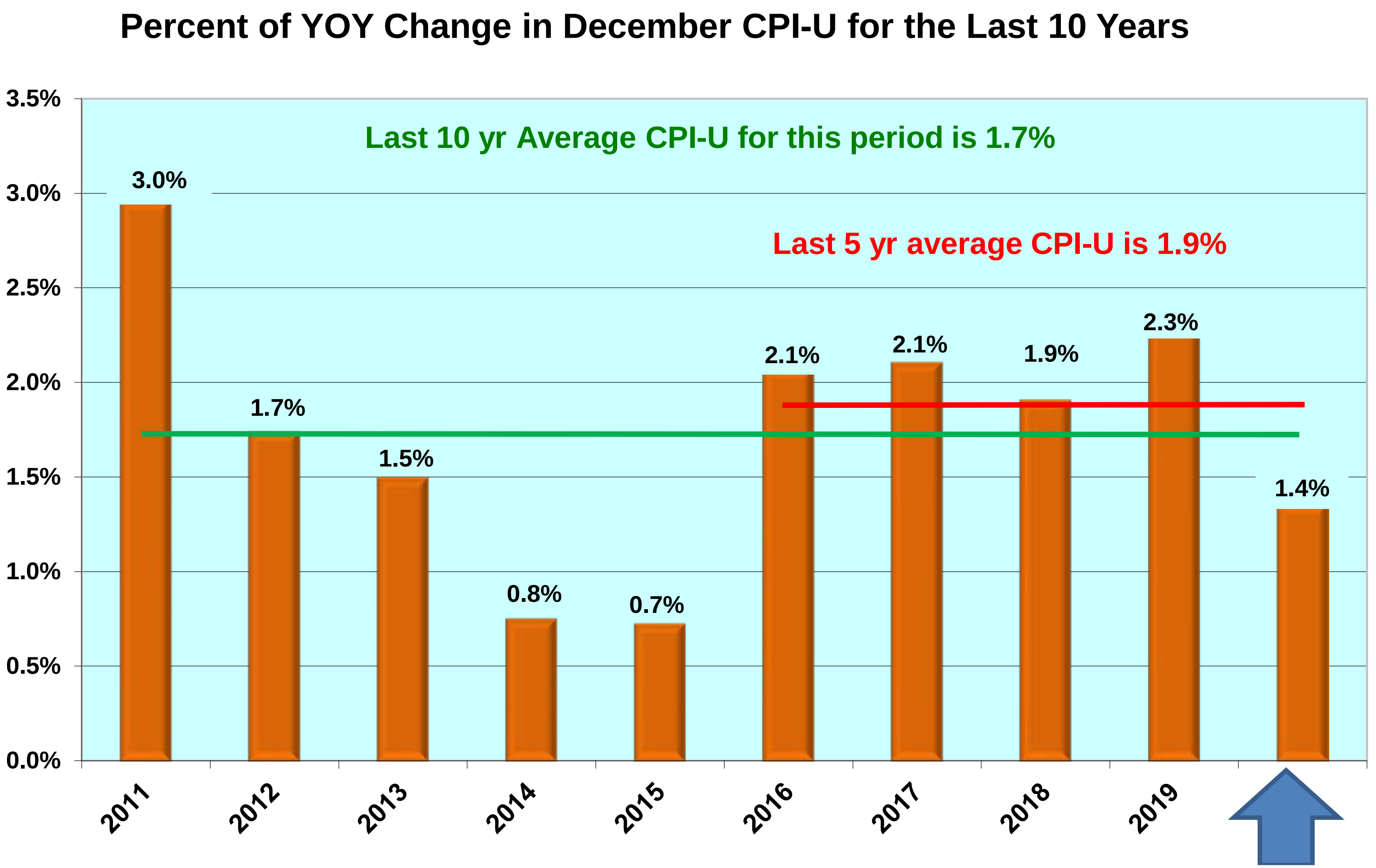
Where are we Heading? Financial Projections

- **Moody's financial rating of Aa1 affirmed 2020**
- **Financial profile score from ISBE has fluctuated from Highest Level of "Recognition" 2006 through 2011, to "Review" and then since FY2016 "Recognition" again**
  - Four key metric's evaluate "health" of district
  - Revenue to expenditures, reserves and debt outstanding
  - Balanced Budget Plan required if annual deficit > 1/3 of financial reserves
  - State now adjusting scoring for Delayed Categorical State $$

Financial Projection Modeling – February:

- Dynamic process
- Assumptions and Updates
- Adjustments along the way

- **Goal = Long Term Sustainability**



Funding for 2021 tax levy = 2022-23 school year

Where are we Heading? Budgeting Strategies / Planning

- Evaluate all programs, staffing, and resource allocation decisions
- Staffing adjustments = attrition/retirements
- Evaluate and be proactive to develop cost effective methods of instructional delivery
  - COVID lessons for on-line instruction for select programming?
- Guiding Principle – Align expenses to CPI
- Capital improvement/bus replacement funding with debt borrowing round 3 Fall 2021?

Where are we Heading? Budgeting Strategies / Planning

- Actively manage all contracted services, pricing changes, competitive bidding etc.
- Competitive pricing for electricity supply, longer term – locked in to Dec 2022
- Pursue new revenue options and protect existing sources via tax levy/property values, TIF management
- Continue to seek staff input – ideas/suggestions for operational efficiencies

What now?

- Actively monitor legislation, changes to future funding
- Advocate with local legislators to protect education funding – seek long term stability
- Communicate with community and staff
- Budget resource evaluation, program offerings, long term planning
- Update financial projections to actively monitor & prepare models to guide decision making

- Q & A / Discussion