

CAC Finance Committee Report

2015 Year End Report

Approved CAC Executive Committee – April 9, 2015

Approved CAC General – April 9, 2015

Presented to the U-46 Board of Education – June 15, 2015

Committee Members

Dan Blake – Chair – Eastview Middle School

Mark LaRue – Bartlett Elementary

Matt Hovey – Hanover Countryside Elementary

Administration Liaisons

Dale Burnidge - Director of Financial Operations

Rickey Sparks – Director of Business Services

Acknowledgements

The committee would like to thank their administrative liaisons for candidness in providing financial data and engaging in conversation about school finance in Illinois. The Finance Committee monthly meetings are open meetings where the public has direct access to ask district representatives questions about U-46 finances. At every meeting administration liaisons provide a financial update. While the CAC Finance Committee does not make any financial decisions, the meetings are an opportunity for the community to provide feedback to decision makers. The Board of Education and Administration's commitment to financial transparency in U-46 allows the community to be aware of the revenue and expense concerns that directly affect the learning opportunities for students in the district.

Committee Work

This year the committee only completed one major task. We developed a short presentation about a potential revenue "Doomsday Scenario" that was presented at the February General Session. This single slide presentation detailed the following scenario that could result in significant revenue loss to the district.

- State Income Tax has expired
- General State Aid, additional proration
 - Further increase in proration from 89% to 81% - \$10M
- Reduction in categorical reimbursements
 - Delay/skip categorical payments - \$20M
 - Reduction in categorical reimbursement rate - \$5M
- Low CPI 0.8% limits possible increase in property tax revenue
 - Reduction in increase in levy from 1.5% to 0.8%
 - Contractual increase for teachers is CPI + 1.5%, Support staff is 0.5% CPI
 - 1.5% salary increase for teachers (not covered by levy increase) will cost about \$2.5M
- Additional cost sharing from pension reform
 - 10% shift – \$2.5M

All of this results in a possible revenue shortfall of \$30M-\$40M.

The purpose of this presentation was to raise awareness of the potential severe effects this scenario could have on the district. We requested that the attendees contact their state legislators and express their concerns.

Recommendations

For this year the committee discussed a possible recommendation to dissolve the committee. The members felt that unless the committee had a more formalized purpose, and could therefore, attract more members, its contributions and value would at best be limited. It was felt that the major issue the committee was originally created to address, increasing financial transparency and the exchange of information, the district has radically improved on over the last five years.

After discussion the members of the committee agreed that rather than recommending the dissolution of the committee we would instead recommend the following.

1. The finance committee does not have a formalized “role.” For example, the E&F Committee is responsible for boundary change recommendations, the Legislative Committee is responsible for the Candidate Forums, the Special Education Committee is responsible for the Resource Fair, etc. We would like to work with the administration and the board to define a more formal role for the Finance Committee.
2. One possible solution is to more closely align the CAC Finance Committee with the Finance Committee of the board. This would allow the board committee to leverage the CAC Finance Committee as a source of detailed and informed community input.
3. Even if the board CAC committee alignment is not possible, we would like to discuss a more formal role for the committee with the board and the administration prior to the start of the 2015-16 school year and determine if a mutually agreeable role can be determined.
4. If a mutually agreeable role for the CAC Finance Committee cannot be created, it is the committee's recommendation that the dissolution of the CAC Finance Committee be considered at that point.
5. In the event the Committee is dissolved, it is our recommendation the Financial Operations department makes periodic presentations to the CAC General Session about the financial health and status of the district.