



Board of Education

June 27, 2017

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PURPOSE:

To present the proposed Fiscal Year (FY) 18 Budget for discussion and feedback from the community and Board members, and to ensure the proposed FY 18 Budget aligns with the District's Strategic Plan to ***Collaboratively engage all students in a world class education***, and within the Strategic Plan ***Goal 5, Fiscal and Operational Stewardship*** and ***Strategy 9, Resource Allocation***.

BUDGET PREPARATION PROCESS

- 1) Each Department Head received a budget template that included FY 15 actuals, FY 16 actuals, FY 17 Budget, and FY 17 actuals through December. This template was sent in early January.
- 2) Attended meetings with Department Heads to review the budget process and to discuss challenges and priorities in their respective areas.
- 3) School budgets were distributed mid-January.
- 4) Budget information returned from departments and schools was consolidated and presented in draft form to the Finance Committee in February and March 2017.
- 5) Financial Services' leadership collaborated with Cabinet members on several occasions and successfully reduced a \$9.2 million deficit. Through those discussions, a balanced budget was achieved.

FY 18 BUDGET OVERVIEW

- Uncertainty of State funding levels
- Limited ability to increase revenue streams
- Fixed costs of labor contracts
- FY 18 Operating Budget is **BALANCED**
- In FY 17, \$3.3 million in accelerated purchases was made, thus positively impacting the FY 18 budget

FY 18 OPERATING FUNDS REVENUE ASSUMPTIONS

PROPERTY TAXES

2016 Tax Levy

- 50% of the 2016 tax levy property tax revenue is for the FY 18 Property Tax Revenue Budget
- 0.7% Consumer Price Index (CPI) was not budgeted and reduced the tax rate to taxpayers by \$.1348 (saving taxpayers approximately \$2.6 million)
- Equalized Assessed Value (EAV) is expected to increase by 2%
- In an effort to continue property tax relief to Rockford taxpayers, an estimated \$5,046,031 in new property was not included in the property tax levy in 2016
- 99% collection rate

FY 18 OPERATING FUNDS REVENUE ASSUMPTIONS

PROPERTY TAXES (Cont'd)

2017 Levy to be filed in December 2017

- 50% of the 2017 tax levy property tax revenue is for the FY 18 Property Tax Revenue Budget
- CPI for the 2017 levy is estimated at 2.1%
- If the District incorporates a CPI of .5% and EAV increases 2% (levy year 2017), the tax rate is anticipated to be 7.7679%. This is lower than the tax rate of 7.8031% proposed in the tax levy year of 2016.
- In tax levy year 2018, the assumption is that the EAV will increase by 2%, 1% of the CPI is incorporated in the budget, and the tax rate will be 7.6632%.
- \$6 million of estimated new property will not be taken
- 99% collection rate

PROPERTY TAX INFORMATION

PROPERTY TAXES

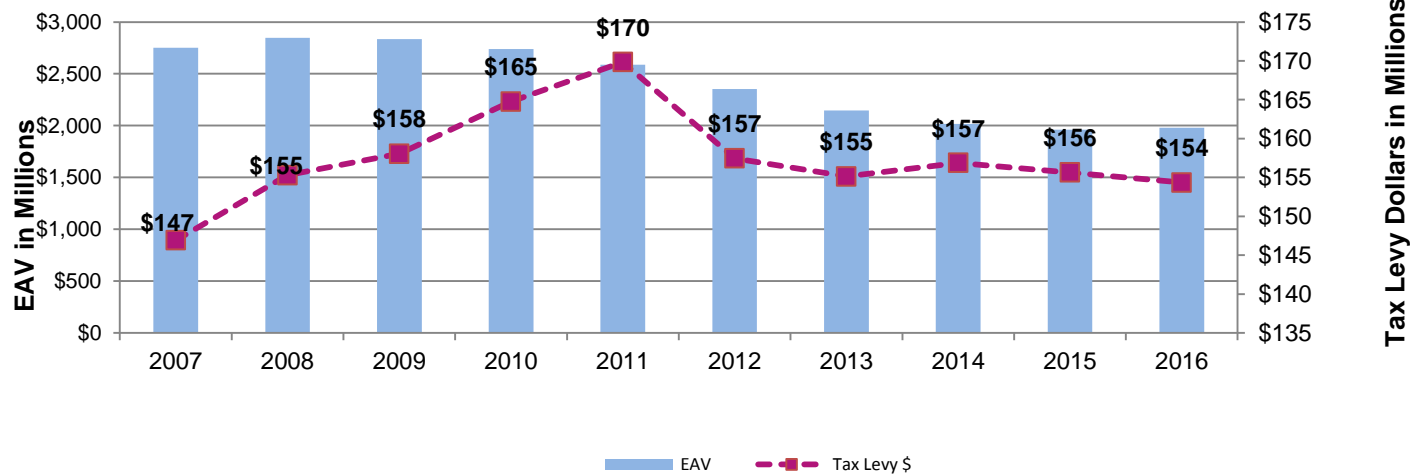
Levy Year	EAV	CPI	New Property	Tax Rate	Tax Rate Difference	Tax Levy \$	Tax Levy \$ Difference
2015	\$1,960,780,052	0.80%	\$6,363,125	7.9379		\$155,644,760	
2016	1,980,725,577	0.70%	5,046,031	7.8031	-0.1348	154,559,970	(\$1,084,790)
2017*	2,000,532,833	2.10%	6,000,000	7.7679	-0.0352	155,266,801	706,831

*All levy year 2017 information is an estimate

In levy year 2016, the decision was made to not take the CPI increase or the new property for the tax levy. By not taking the new property of \$5,046,031, the savings to the taxpayer is approximately \$130,000.00

In levy year 2017, the recommendation is to take .5% of the 2.1% CPI and to also not take the new property in calculating the tax levy. This final decision will occur in October of 2017.

10 YEAR COMPARISON – EAV AND TAX LEVY

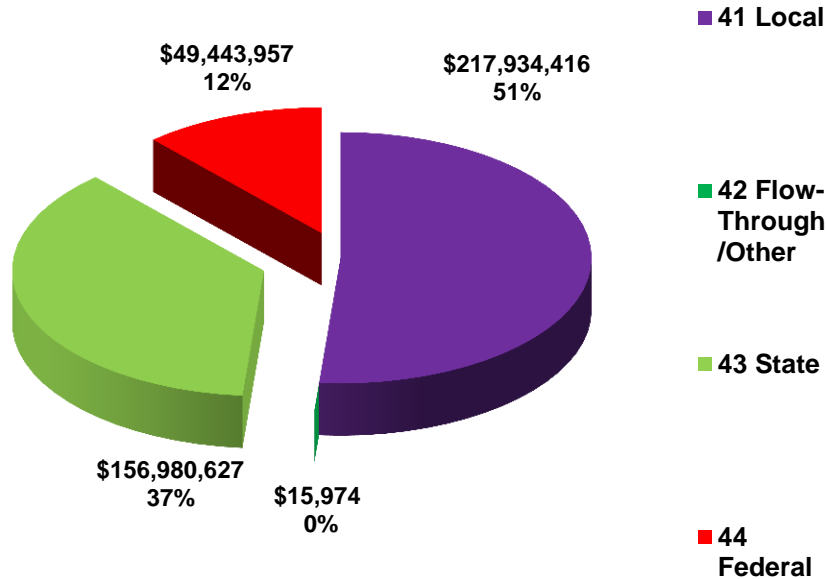


FY 18 BUDGET OVERVIEW

Fund	Fund Description	REVENUE				EXPENDITURES				NET SURPLUS/(DEFICIT)	
		FY 17 FORECASTED ACTUALS	FY 18 BUDGET	FY 17 VS FY 18	%CHG	FY 17 FORECASTED ACTUALS	FY 18 BUDGET	FY 17 VS FY 18	%CHG	FY 17 FORECASTED ACTUALS	FY 18 BUDGET
OPERATING FUNDS											
BEGINNING FUND BALANCE										\$111,267,662	\$104,493,863
10, 17	Educational/Special Education	\$228,273,596	\$243,716,772	\$15,443,176	6.8%	\$236,036,522	\$249,841,075	\$13,804,552	5.8%	(\$7,762,926)	(\$6,124,303)
11	Health Insurance Fund	\$52,543,827	\$53,907,543	\$1,363,716	0.0%	\$52,543,827	\$53,907,543	\$1,363,716	0.0%	\$0	(\$0)
18	Grants	\$36,883,133	\$41,368,278	\$4,485,145	12.2%	\$36,282,195	\$41,012,837	\$4,730,642	13.0%	\$600,938	\$355,441
19	Food Service	\$13,554,439	\$18,410,000	\$4,855,561	35.8%	\$12,995,271	\$17,828,180	\$4,832,909	37.2%	\$559,168	\$581,820
20	Operations and Maintenance	\$24,180,730	\$22,318,953	(\$1,861,777)	-7.7%	\$25,016,314	\$27,831,867	\$2,815,553	11.3%	(\$835,584)	(\$5,512,915)
40	Transportation	\$20,869,233	\$29,912,298	\$9,043,065	43.3%	\$21,830,313	\$19,722,668	(\$2,107,646)	-9.7%	(\$961,080)	\$10,189,630
50/51	IMRF/FICA	\$7,522,019	\$7,289,058	(\$232,961)	-3.1%	\$7,075,503	\$7,446,018	\$370,516	5.2%	\$446,516	(\$156,960)
70	Working Cash	\$1,064,451	\$1,481,319	\$416,868	39.2%	\$0	\$0	\$0	0.0%	\$1,064,451	\$1,481,319
80	Tort Immunity	\$6,438,400	\$5,970,753	(\$467,647)	-7.3%	\$6,323,681	\$6,784,786	\$461,104	7.3%	\$114,719	(\$814,032)
TOTAL OPERATING FUNDS		\$391,329,828	\$424,374,974	\$33,045,146	8.4%	\$398,103,627	\$424,374,974	\$26,271,347	6.6%	(\$6,773,799)	\$0
ENDING FUND BALANCE										\$104,493,863	\$104,493,863
CAPITAL FUNDS											
BEGINNING FUND BALANCE										\$107,897,936	\$68,132,495
30	Debt Service	\$15,877,458	\$16,868,139	\$990,681	6.2%	\$16,728,900	\$16,809,741	\$80,841	0.5%	(\$851,442)	\$58,398
60	Capital	\$316,438	\$175,000	(\$141,438)	-44.7%	\$29,728,081	\$40,417,063	\$10,688,981	36.0%	(\$29,411,643)	(\$40,242,063)
90	Life Safety	\$2,081,263	\$1,962,556	(\$118,706)	-5.7%	\$11,583,618	\$9,344,742	(\$2,238,877)	-19.3%	(\$9,502,356)	(\$7,382,185)
TOTAL CAPITAL FUNDS		\$18,275,158	\$19,005,695	\$730,537	4.0%	\$58,040,600	\$66,571,545	\$8,530,945	14.7%	(\$39,765,441)	(\$47,565,850)
ENDING FUND BALANCE										\$68,132,495	\$20,566,645
TOTAL - ALL FUNDS		\$409,604,986	\$443,380,669	\$33,775,683	8.2%	\$456,144,226	\$490,946,519	\$34,802,292	7.6%	(\$46,539,240)	(\$47,565,850)

Fund 11 is the Insurance Fund and accounts for the District's self-insured health plan for employees and other employee benefits funded by charges to the various departments of the District and by employee and retiree contributions. In prior years, Fund 11 was not budgeted separately during the budget cycle and was reflected at year-end in the financial statements.

FY 18 OPERATING FUNDS BUDGET
REVENUE BY SOURCE \$424,374,974



FY 18 Local Revenue: \$217,934,416

- * Property Taxes \$142,031,826
- * CPPRT: \$19,600,000

FY 18 State Revenue: \$156,980,627

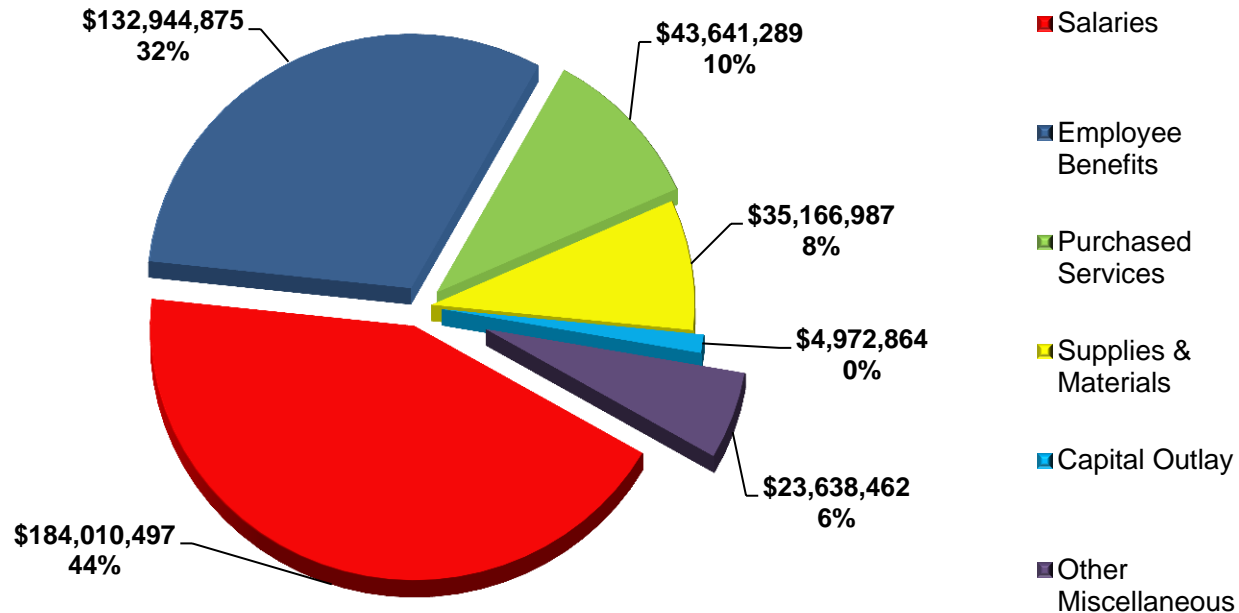
- * GSA: \$117,004,185
- * Special Ed: \$14,442,710
- * Transportation: \$12,484,385
- * Early Childhood: \$9,824,953

FY 18 Federal Revenue: \$49,443,957

- * Title I: \$13,700,000
- * Food Service: \$17,241,000

*Major funding sources within revenue category

**FY 18 OPERATING FUNDS BUDGET
EXPENDITURES BY OBJECT \$424,374,974**



FY 18 BUDGET ASSUMPTIONS OPERATING FUNDS

ENROLLMENT

- District enrollment was budgeted flat per enrollment trends

LOCAL REVENUE

- Property Taxes – CPI is expected to be 2.1% in tax levy year 2017
- CPPRT – Estimated to be \$4.7 million lower than the FY 17 budget (\$24,300,000)

Replacement Tax

FY 13	22,037,762
FY 14	22,762,158
FY 15	23,824,790
FY 16	19,141,723
FY 17 estimate	19,877,461
FY 18 budget	19,600,000



FY 18 BUDGET ASSUMPTIONS OPERATING FUNDS

STATE REVENUE

- General State Aid (GSA) with no proration, expect to receive full funding amount
- 4 Categorical Aid payments (expected to mirror FY 17 funding)
- Adjusted FY 18 Budget to reflect ALL grants awarded
- State revenue is expected to increase by \$9.4 million and local revenue is expected to decrease from the prior year by \$5.2 million for a net increase of \$4.2 million.

FEDERAL REVENUE

- Federal funding is expected to mirror FY 17 except for the decrease in Title II funding of \$1.3 million and an increase in reimbursement for the National Free Lunch/Breakfast program of \$4.5 million.
- Adjusted FY 18 Budget to reflect ALL grants awarded

FY 18 BUDGET ASSUMPTIONS OPERATING FUNDS

SALARIES

- Contractual increases are budgeted

EMPLOYEE BENEFITS

- Health care costs increased by \$1.4 million
- Commensurate pension increases with contractual salary increases are budgeted

PURCHASED SERVICES

- Rentals/Leases of laptops and I-pads: \$2.5 million (FY 17 expense was \$2.5 million and was the first year for the lease of laptops and I-pads)
- Professional Development: \$3.3 million (FY 17 expense was \$2.9 million). There is an increase in this line item because these expenses were charged to a number of different accounts in the past.

FY 18 BUDGET ASSUMPTIONS OPERATING FUNDS

SUPPLIES & MATERIALS

- With the increase in participation in the school lunch program, expenses have increased \$5.0 million but will be offset by additional revenue of \$5.2 million.

CAPITAL/EQUIPMENT

- Investment in technology: \$3.6 million (see following slides for details)
- Furniture for the schools as it relates to the Facilities Master Plan: \$1.3 million

FY 18 BALANCED BUDGET

STEPS IN ARRIVING AT A BALANCED BUDGET:

- Review additional budget requests from the current budget. A number of departments reduced their FY 18 budget (\$3.1 million) to assist in providing a balanced budget. If new programs were requested, funds within a department were found to support the new program.
- Incorporated increases in employee contributions to health insurance.
- Pre-purchased textbooks (\$1.1 million) and school buses (\$2.2 million) in the current fiscal year.

FY 18 BUDGET HIGHLIGHTS – SCHOOL BUDGETS

- The Reading Specialist position was eliminated and an Instructional Coach position launched which aligns with Goal 1, Strategy 1. There were 20 positions in FY 17 and an additional three (3) were included in the FY 18 budget.
- There are five (5) additional Assistant Principals included in the budget to provide additional support to the elementary buildings and assistance to Principals.
- As we move from 28 to 20 elementary zones, the vast majority of schools will have more than 400 students and many over 500 students that will require an Assistant Principal. By adding Assistant Principals incrementally, this will not impact the budget all in one year.
- The ultimate goal in FY 19 is to have all buildings with an Assistant Principal or an equivalent leadership position.

FY 18 BUDGET HIGHLIGHTS - ACADEMICS

- Chief Academic Officer (CAO) Budget: Innovation Grant - Allocation of \$150,000 for teachers and schools to access for special projects that are designed to reimagine teaching and learning. Instructional Council hopes to learn from these projects and classrooms will serve as incubators for great ideas that could advance the District.



FY 18 BUDGET HIGHLIGHTS – ACADEMICS CURRICULUM DEPARTMENT HIGHLIGHTS

Content Area	Description	Allocation	
Middle School Science	Consumables and Equipment to support Next Generation Science Standards (NGSS) - aligned curriculum and instructional program	FY 18 \$35,000	FY 16 \$35,000 FY 17 \$35,000
High School Science	Lab equipment, chemicals, and lab supplies	FY 18 \$35,000	FY 16 \$35,000 FY 17 \$35,000
Fine Arts - Music	New instruments to support growing programs and replace damaged instruments	FY 18 \$200,000	FY 16 \$50,000 FY 17 \$145,000
High School Social Studies and Science	Additional textbooks to support Advance Placement (AP) courses	\$100,000	
Drivers Education	Replace one vehicle in the fleet	FY 18 \$20,000	FY 17 \$20,000



FY 18 BUDGET HIGHLIGHTS – ACADEMICS CURRICULUM DEPARTMENT HIGHLIGHTS (cont'd)

Content Area	Description	Allocation	
K-12 English Language Acquisition (ELA)	Resource adoption in alignment with curriculum design process in K-5, integrated literacy and 6-12 ELA	FY 18 \$1.9 million	
K-12 Physical Education (PE)	Equipment to support fitness-based PE and new PE assessment	FY 18 \$50,000	FY 17 \$60,000
6-12 Math	Calculator refresh and calculator emulator software	FY 18 \$35,200	
Early Childhood (EC)-12 – All Content Areas	Curriculum Leadership Team and Task Force Stipends	FY 18 \$250,000	

FY 18 BUDGET HIGHLIGHTS – SUPPORT DEPARTMENTS

- Hire six (6) Aspiring Teachers that are 12-month paid student teachers: \$120,000
- A new Bilingual Supervisor to oversee 16 buildings and close to 4,000+ English Language (EL) students: \$103,400
- A District-wide Clerical Trainer for data entry, data analysis, and process improvement: \$49,100
- A District Training Specialist to offer training in various District software programs currently being utilized: \$64,000

FY 18 BUDGET HIGHLIGHTS – SUPPORT DEPARTMENTS (cont'd)

- FY 17 brought in over 14,000 new student devices utilizing both Education Fund and Title I funds to lease and purchase devices
- The District will sustain the leases for the next 3-4 years
- Work will continue with these devices as necessary shifts in instruction take place to support effective learning with technology
- Consistent upgrades to District Information Systems

FY 18 BUDGET HIGHLIGHTS – SUPPORT DEPARTMENTS (cont'd)

- Exercising the option to lease devices created a natural refresh cycle for newer mobile devices. At the end of the lease agreement, the goal is to lease newer equipment at a lower annual cost than to purchase.
- After bringing nearly 14,000 new mobile devices during FY 17, 33 buildings have at least one (1) mobile device for every two (2) students. The Early Childhood buildings are not included in this calculation.
- The Technology Department will continue to budget appropriately to support sustainable refresh cycles.

FY 18 BUDGET HIGHLIGHTS – SUPPORT DEPARTMENT CURRENT STATE OF DEVICES

Devices	Number of Devices	Refresh Timeline
Desktops	11,160	5 years
Staff Laptops	2,200	4 years
Student Laptops	4,459	4 years
iPads	5,961	3 years
Chromebooks	9,351	4 years
SMART Boards	1,700	7 years

FY 18 BUDGET HIGHLIGHTS – SUPPORT DEPARTMENT STUDENT DEVICES FY 15 – FY 18

Year	New Devices	Number of Devices	Education Fund Amount	Title I Amount
FY 15	Desktops	1,280	\$829,440	n/a
	Student Laptops	2,785	\$1,698,850	\$0
	iPads Purchased	930	\$0	\$422,220
Total		4,995	\$2,528,290	\$422,220
FY 16	Student Laptops	1,176	\$717,360	\$0
	iPads Purchased	1,290	\$0	\$585,660
Total		2,466	\$717,360	\$585,660
FY 17	Chromebooks Leased	6,270	\$173,916	\$1,530,091
	Chromebooks Purchased	3,081	n/a	\$1,120,751
	iPads Leased	3,342	\$357,930	\$409,860
	iPads Purchased	540	\$0	\$290,050
	Laptops Purchased	641	\$391,010	\$0
	Desktops	1,000	\$712,800	n/a
Total		14,874	\$1,635,656	\$3,350,752
FY 18	Chromebooks Leased		\$173,916	\$1,530,091
	iPads Leased		\$357,930	\$409,860
Total			\$530,846	\$1,939,951

FY 18 BUDGET HIGHLIGHTS – SUPPORT DEPARTMENT LARGE PROJECTS FY 15 – FY 18

Year	Project	Cost	Life (in years)
FY 15	Storage Upgrade	\$600,000	6
	BusinessPLUS PD Module	\$11,700	n/a
	Staff Laptops (410)	\$341,351	4
FY 16	Camera Server Refresh	\$250,000	5
	Network/Wireless Refresh	\$2.5M (90% eRate)	7
	Staff Laptops (750)	\$459,000	5
FY 17	BusinessPLUS PunchOut Module	\$8,100	n/a
	BusinessPLUS Position Budgeting Module	\$5,000	n/a
FY 18	Data Warehouse	\$300,000	n/a
	Server Refresh	\$350,000	6
	SMART Board Refresh	\$350,000	7
	Staff Laptops (750)	\$459,000	4

FY 18 BUDGET HIGHLIGHTS – SUPPORT DEPARTMENTS

What's Coming – FY 18

FY 18 funds will be used to support several areas of technology:

- Teacher laptop refresh cycle
- Teacher laptop refresh approximately every 4 years
- Server/networking refresh
- SMART Board refresh
- Technology tools for new Washington building
- Funds included in FY 18 to support the implementation of Data Warehouse
- FY 17 was an off year for teacher laptop refreshes

FY 18 BUDGET HIGHLIGHTS – SUPPORT DEPARTMENTS

Anticipated Expenses Beyond FY 18

- Continue lease payments for student devices
- Device refresh
- Server/Network/Infrastructure refresh
- Technology tools for new construction
- Sustainability of student devices purchased with Title 1 funds
- Since carryover funds are not reliable, we need to budget funds in FY 19 and beyond to refresh devices purchased with Title I funds
- Continue upgrades of District Information Systems

CAPITAL PROJECTS IN FY 18

CAPITAL PROJECTS ANTICIPATED FOR FY 18:

- \$1,300,000 furniture towards the Facilities Plan
- \$2,267,690 for deferred maintenance
- \$800,000 increase in funding for repairs, maintenance, grounds, and custodial services
- \$75,000 for tree removal
- \$500,000 in cooperation with the Park District for tennis court renovations at Guilford
- \$85,000 for upgrades of the bus wash system
- \$30,000 to replace service van

CAPITAL PROJECTS IN FY 18

CAPITAL PROJECTS ANTICIPATED FOR FY 18 (Cont'd):

- \$400,000 for RESA pool repairs
- \$300,000 for track resurfacing improvements at Auburn and Guilford
- \$300,000 to replace/upgrade Food Service equipment (freezer, dishwashers, kitchens, etc.)

FY 18 BUDGET HIGHLIGHTS – BUS SERVICE

TRANSPORTATION SERVICES

- In FY 16, 27 buses were purchased for a total of \$2.4 million
- In FY 17, an additional 26 buses have been purchased totaling approximately \$2.3 million
- The goal is to replace 26 buses per year
- Currently there is a 10-year rotation cycle for bus replacement. The goal is to replace 10% of the fleet on an annual basis.
- The average age of the fleet over the past several years is as follows:

FY 16 – 7.98 years FY 17 – 6.96 years FY 18 – 6.57 years

FY 18 BUDGET HIGHLIGHTS – CAPITAL FUNDS

PROJECTS IN FY 18

- Parking Lot repairs (Beyer-\$500,000 and Nashold-\$350,000)
- Cherry Valley Area School (\$16 million)
- Kishwaukee Area School
- Windows, HVAC, and electrical at various schools (Eisenhower HVAC-\$450,000, Riverdahl windows-\$350,000, Fairview-\$840,000; Marshall MS-\$560,00, Nashold-\$1 million, Rolling Green-\$2.2 million, and Summerdale-\$466,000)
- Various school building additions and renovations (Carlson-\$2 million, Lewis Lemon-\$1.4 million, and Marshall ES-\$2.2 million)

OTHER COMMUNITY INVESTMENTS – DISTRICT INCENTIVES

- City of Rockford, Rockford Park District, and Rockford Public Schools have partnered to participate in the Homebuyer's Property Tax Freedom Program
 - Three (3)-year property tax rebate incentive
 - First year 2016 was successful
 - Rockford Public School Board of Education voted to extend an additional year
- Rockford Public Schools Board of Education approved an employee incentive program that began in the current fiscal year
 - REA, EOPA, and non-bargaining members are eligible for the \$250,000 appropriation
 - Provides down payment assistance

QUESTIONS?