

November 12, 2013

A special meeting of the Board of Education of the Oak Park and River Forest High School was held on Tuesday, November 12, 2013 in the Board Room of the high school.

- Call to Order** President Phelan called the meeting to order at 6:35 p.m. A roll call indicated the following members were present: Thomas F. Cofsky, Dr. Steven Gevinson, Dr. Ralph H. Lee, Sharon Patchak Layman, John Phelan, and Jeff Weissglass. Also in attendance was Steven T. Isoye, Superintendent; Nathaniel L. Rouse, Principal; Tod Altenburg, Chief Financial Officer; Gail Kalmerton, Executive Assistant/Clerk of the Board.
- Appointment Of Secretary Protempore** Mr. Phelan moved to appoint Dr. Steve Gevinson as Secretary Protempore; seconded by Dr. Lee. A voice vote resulted in all ayes. Motion carried.
- Visitors** Karin Sullivan, OPRFHS Communications and Community Relations Coordinator; Wyanetta Johnson, Aleta Clardy, John Duffy, and Gay Campbell, community members; Terry Dean of the *Wednesday Journal*, and Charlotte Erickson of *Patch.com*.
- Visitor Comments** None
- Estimated Levy** Mr. Phelan moved to adopt the resolution regarding Estimated Amount to Extend Under the Property Tax Extension Limitation Act, as presented; seconded by Dr. Lee. Discussion ensued.
- Mr. Cofsky noted that while this was a nonbinding recommendation, he was concerned about going for a full levy in light of the completed audit results that showed that the fund balance continues to grow beyond what was anticipated. The Finance Committee members discussed this resolution and its decision was to bring their opinions to the full board for a discussion.
- It was noted that the majority of the fund balance was in the Working Cash, Education (health insurance fund balance is included) and the Operations and Maintenance Funds.
- Mr. Phelan likened any decision made that evening on the levy as being “pre-season,” because adopting an estimated levy is just a matter of law. He felt the District has had a problem of too much revenue for a number of years. The FAC meetings confirmed that fact and that the tax rates in the Village are too high to incent developers or other investors from buying or renting in these communities. Perhaps the rates are so high that other taxing bodies needing

dollars for desired community services cannot access them to do the things they should be able to do. The high school has responded to the revenue problem for at least 10 years by closely monitoring its expenses. A prior FAC Committee and the most recent Advisory Leadership Team (ALT) had explored expenses. Whether the high school has done a great job of controlling expenses or overestimating its expenses, it has been addressing expenses in response to a revenue problem. The high school needs to get to a point to address revenue. The large fund balance has created distrust in the community and an imbalance. The FAC's charge was to determine what the fund balance should be and the path to get there while maintaining smooth operations within the district. He felt the administration's recommendation is the same recommendation that it had made for the last decade in terms of not impairing the high school's tax capacity. Absent discussion from the FAC and absent logical recommendations to move to a different path, he respected the administration's recommendation and he believed the Board of Education should hold to the recommendation until it receives the FAC's recommendation. The Board of Education must determine how to go on a different path and how it will make the finances right with the community. He hoped the FAC would provide 1) a target range of where the maximum fund balance should be; 2) levers to make changes, and 3) a recommendation for the next levy vote and abatement. Until there is a rational approach is recommended by some very intelligent people, the Board of Education should follow the administration's recommendation in terms of the preliminary levy. What really matters is the actual levy and whether or not it is paired with abatement or other issues. He hoped the members of the FAC would make a difference for the community in an appropriate tax bill. He supported the administration's recommendation and hoped that the vote would be different in December.

Ms. Patchak-Layman felt the levy should be reduced by the TIF surplus funds, approximately \$2.5 to \$3 million from the DTOP Settlement Agreement and the Madison Street TIF, which is approximately \$750,000. It is not contingent on the tax rate. At the end of 5 years when the funds expire, the District will be able to collect the tax dollars on that through the levy process without impacting the budget. The DTOP settlement agreement came at the time of the levies for last year and this is the first full year that the District could say that the balance and surplus is part of the high school's budget. She felt there should be an even exchange for those dollars and a reduction of the levy. Those dollars are coming in from outside of the EAV and they should be balanced with the levy. The community would get a tax savings based on what is happening in TIF districts and economic development. Outside of that, they are doing double taxation, paying \$.05 on the dollar to get the money to replace the money being collected in the TIF and coming to the school. At a minimum, this levy should reflect the TIF surplus dollars.

At Mr. Phelan's suggestion to make a motion to amend the motion if so desired, Ms. Patchak-Layman moved to amend the motion to read that the proposed levy extension would be reduced by \$3 million, which is approximately 3 ½ to 4 percent if the 1 ½% from CPI gave the District \$1.5 million. There was no second.

Mr. Phelan called for any other motions to amend the original motion. None were received.

Dr. Lee did not object to the original motion, as it was meaningless, yet he believed it was based on unsound and a dangerous principle, i.e., the perception that ORPFHS has a revenue problem. He believed the high school's fund balance was larger than it should be. He believed this was a medium-sized revenue problem and an enormously large expenditure problem. He believed that treating this like a revenue problem that could be solved within the near future would leave the District in more serious trouble in three to seven years. Two or three years ago, the high school was increasing revenues by \$750,000 per year and increasing expenditures by \$375,000 per year. He estimated that the rate of increased revenues would be about \$375,000 per year, compounded, and the increase in expenditures would be \$500,000. Expenditures cannot be reversed at the same rate as revenues. The Board of Education has not acknowledged an expenditure problem. The District is visibility not wasting money, but that does not mean there is not an expenditure problem. The District has been compounding compensation that cannot be reversed. While one may cut salaries, it would cause an enormous trauma to the district. It is desirable to live within the revenues being received without having to go back to the taxpayers periodically for a higher level of taxation. The Board of Education must start the conversation about what it is going to do about expenditures. He needed to be convinced if this were not true. He supported the motion on the floor because the law requires it, but he objected to cutting revenues while doing nothing about expenditures.

Mr. Cofsky supported the recommendation under the premise that this is a preliminary event and he accepts the responsibility, as a member of FAC, and recognized that the work to be done to come forth with information and recommendations that are aimed at the big picture.

Mr. Weissglass found this a difficult decision. As chair of the FAC he felt it unlikely that any recommendation coming forward would include an increase in CPI this year. At the same time, the FAC has not concluded its work and four the seven members of the Board of Education have not been engaged in the conversation. He saw this as a procedural vote only in order to comply with the law in order to have the hearing 30 days out. He did not except this to be the recommendation that comes forward in December and he did not believe he would vote for CPI unless something extraordinary happened.

The FAC is scheduled to meet two more times. On Monday, November 18, FAC will discuss four models, i.e., bringing taxes in line, bringing fund balance into alignment with the projected deficits, etc., but none will be perfect. He hoped this would be finalized at its December 2 meeting. It was the consensus of the Board of Education members to have a debriefing at the December Finance Committee meeting and then it could determine if it wanted to schedule a special board meeting to give further direction for the December 19 meeting based on what was presented.

Mr. Phelan did not envision voting a package of items, i.e., levy, abatement, combination of the two that would cause taxpayers to spend more on their taxes than they did last year. Last year the high school did an abatement that made sure that the combination of votes would not raise the tax rates given the fund balance. If the FAC said it wanted more time, there were ways still not to hurt the taxpayers. He hoped that the FAC could give a recommendation at least for the first year and options for future years that would chart a reasonable path so that this is not symbolic or arbitrary relief but a decision for the long term.

Dr. Gevinson felt whether the discussion was about revenue or expenditure, the discussion should include the cost of quality. The Strategic Plan could be expensive if a full-blown advisory program modeled on the New Trier or LAB school were implemented. It would be ironic for a district with a healthy fund balance to make financial decisions that diminished the quality of the school. Mr. Phelan was worried that the District was making energetic expense control efforts because the high school was so worried about how much it had. Ironically, he felt that right-sizing the fund balance would free the Board of Education to make more rational decisions regarding the education of the students because the Board of Education was not defending itself.

Ms. Patchak-Layman asked how this was a temporary measure be addressed. Mr. Phelan believed the media would report on the conversation at this meeting. If the taxpayers do not hear it, they will be pleasantly surprised when the FAC makes its recommendations and the Board of Education decides its course. Mr. Dean noted that this would be reported as a preliminary levy and the later report is the final levy.

A roll call vote resulted in five ayes and one nay. Ms. Patchak-Layman voted nay. Motion carried.

Adjournment

At 7:09 p.m., on Tuesday, November 12, 2013, Mr. Phelan moved to adjourn the Special Board Meeting; seconded by Dr. Lee. A voice vote resulted in all ayes. Motion carried.

John Phelan
President

Dr. Steve Gevinson
Secretary