



**EVANSTON/SKOKIE**  
**SCHOOL DISTRICT 65**

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Every Child, Every Day, Whatever It Takes

**Fiscal Year 2023-24**  
**Tentative Budget**  
**August 16, 2023**

# Presentation Overview

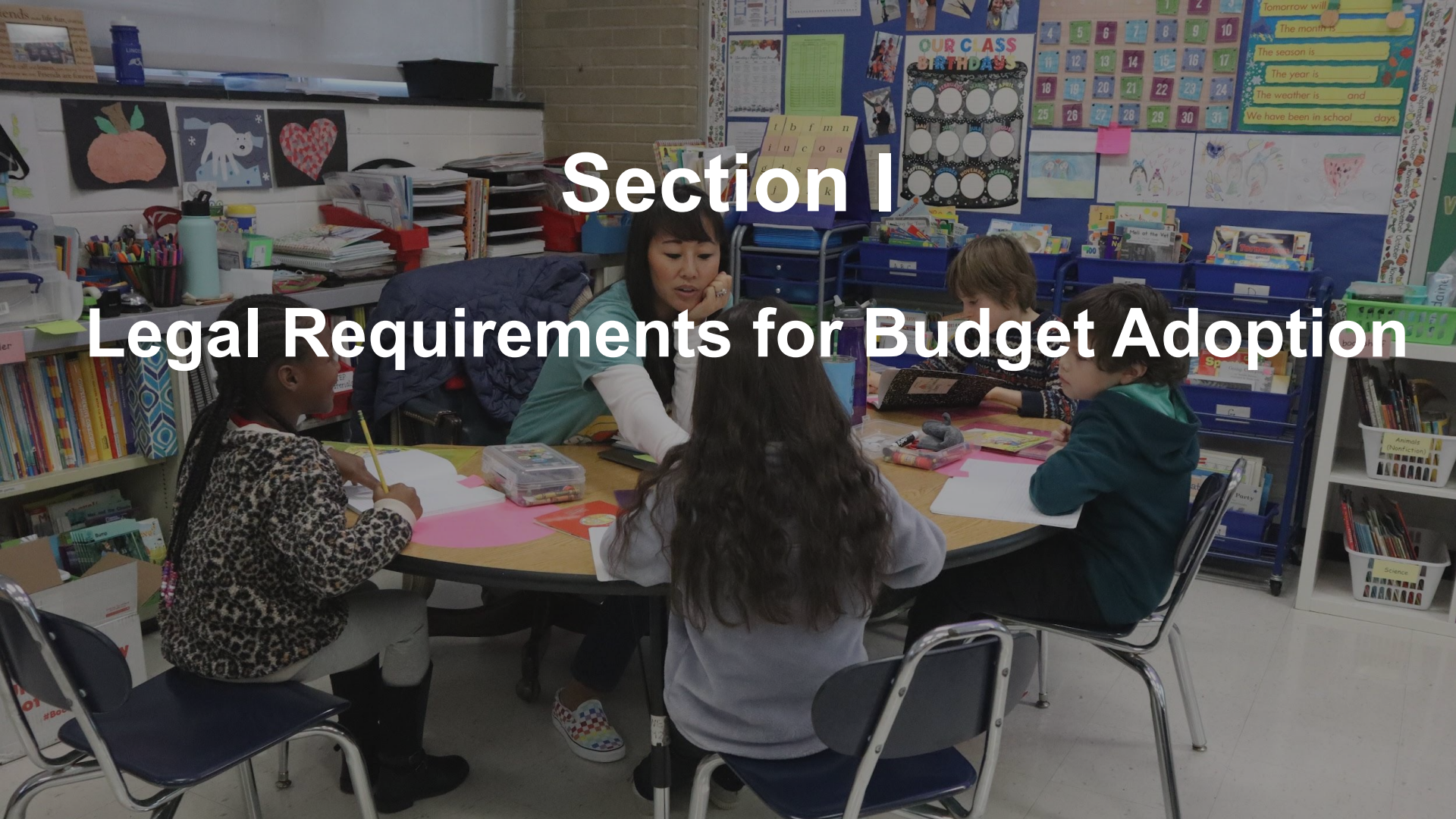


- I. Legal Requirements for Budget Adoption
- II. Overview of FY23 Actual Revenues and Expenditures
- III. Overview of FY24 Budget Revenues and Expenditures
- IV. Overview of FY24 Joint Agreement Park School Budget
- V. Financial Projections FY25-FY29
- VI. Financial Sustainability
- VII. FY24 Budget Next Steps



# Section I

## Legal Requirements for Budget Adoption

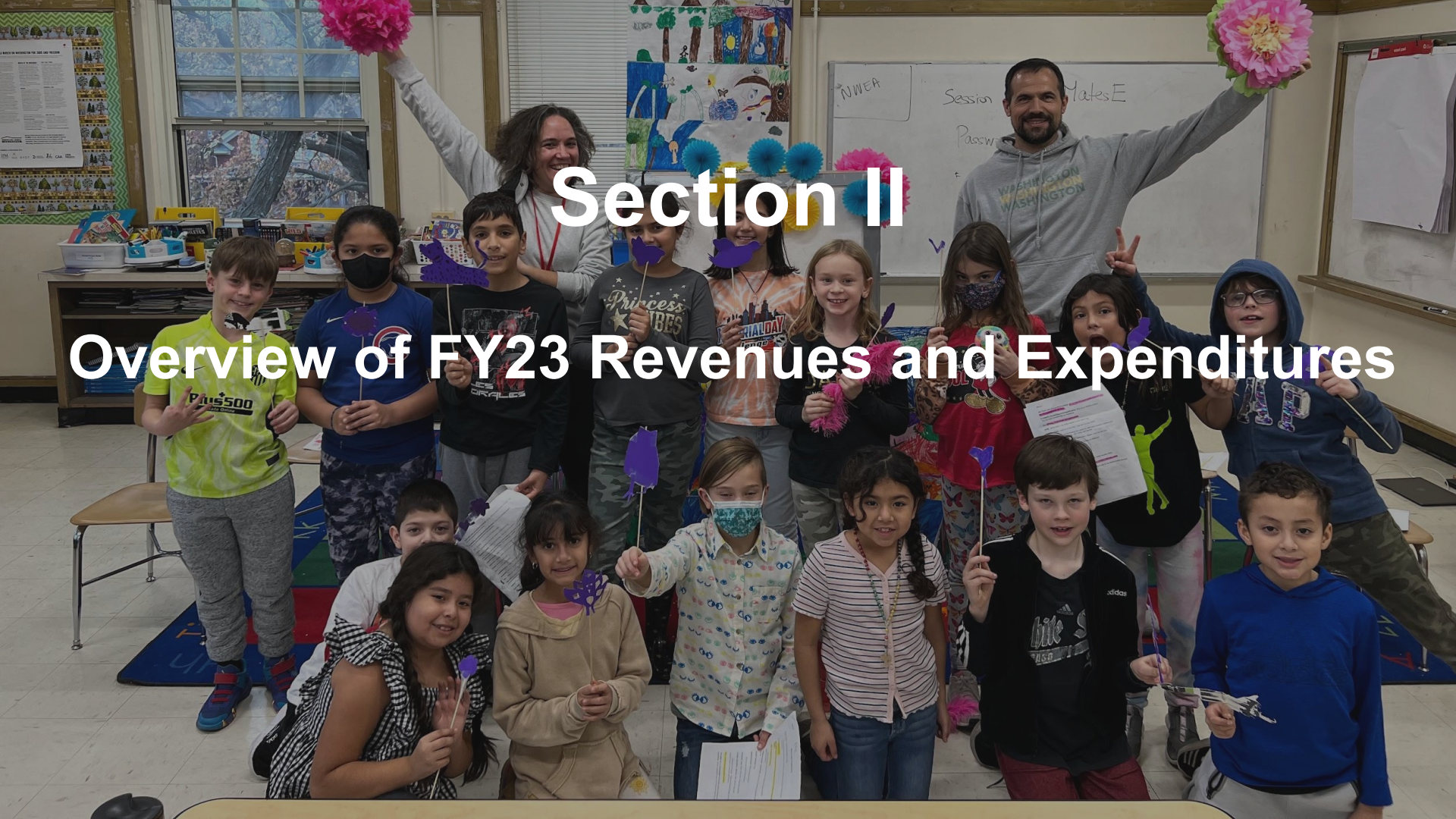


# Legal Requirements for Budget Adoption



- School Districts must adopt a Budget by the end of the first quarter of the fiscal year
- Prior to adoption, a School Board must:
  1. Place the Tentative Budget on Public Display for at least 30 days
  2. Schedule a date and time for a Public Hearing on the Tentative Budget and publish a “Notice of Public Hearing” in a newspaper of general circulation within the District
  3. Conduct a Public Hearing on the date and at the time specified in the “Notice of Public Hearing”





# Section II

## Overview of FY23 Revenues and Expenditures

# FY23 Unaudited Actuals



- **101%** of FY23 Revenues were collected & **106%** FY23 Expenditures were spent
- FY23 ended with a \$7.5M operating deficit (before audit adjustments); \$0.6M surplus was budgeted. This is the 1st Operating Budget deficit since 2009.
- The deficit was exacerbated by late property taxes. District 65 did not receive over \$1.5M in property taxes from the FY22 levy and is scheduled to receive missing funds in August. Cash basis of accounting will prohibit the District from recognizing late revenues in FY23.
- Deficit was also caused by timing of federal grant revenues. Over \$1M in ESSER related expenditures were incurred in FY23, which will be “reimbursed” in FY24.

# FY23 Financial Results (in millions)



CATEGORY	ADOPTED BUDGET 2022-23	UNAUDITED ACTUALS 2022-23	% COLL'D/ SPENT	VARIANCE
TOTAL REVENUES	\$157.2	\$158.6	101%	\$1.4
TOTAL EXPENDITURES	\$156.7	\$166.1	106%	(\$9.4)
REVENUES- EXPENDITURES	\$0.5	(\$7.5)		(\$8.0)
LATE FY23 REVENUES		\$2.5		\$2.5
REVENUES-EXPE XP'S WITH LATE REVENUES	\$0.5	(\$5.0)		(\$5.5)

Positive variance due to better than expected collection of CPPRT and Interest Income. The District did not receive \$1.5M in property taxes by 6/30.

Negative variance due to additional student transportation services, building repair costs, instructional materials, software and purchased services. The deficit was exacerbated by timing related to late property taxes and federal grants.

Adjustment for late FY23 property taxes and ESSER funds to be received in FY24

# FY23 Additional spending took place:

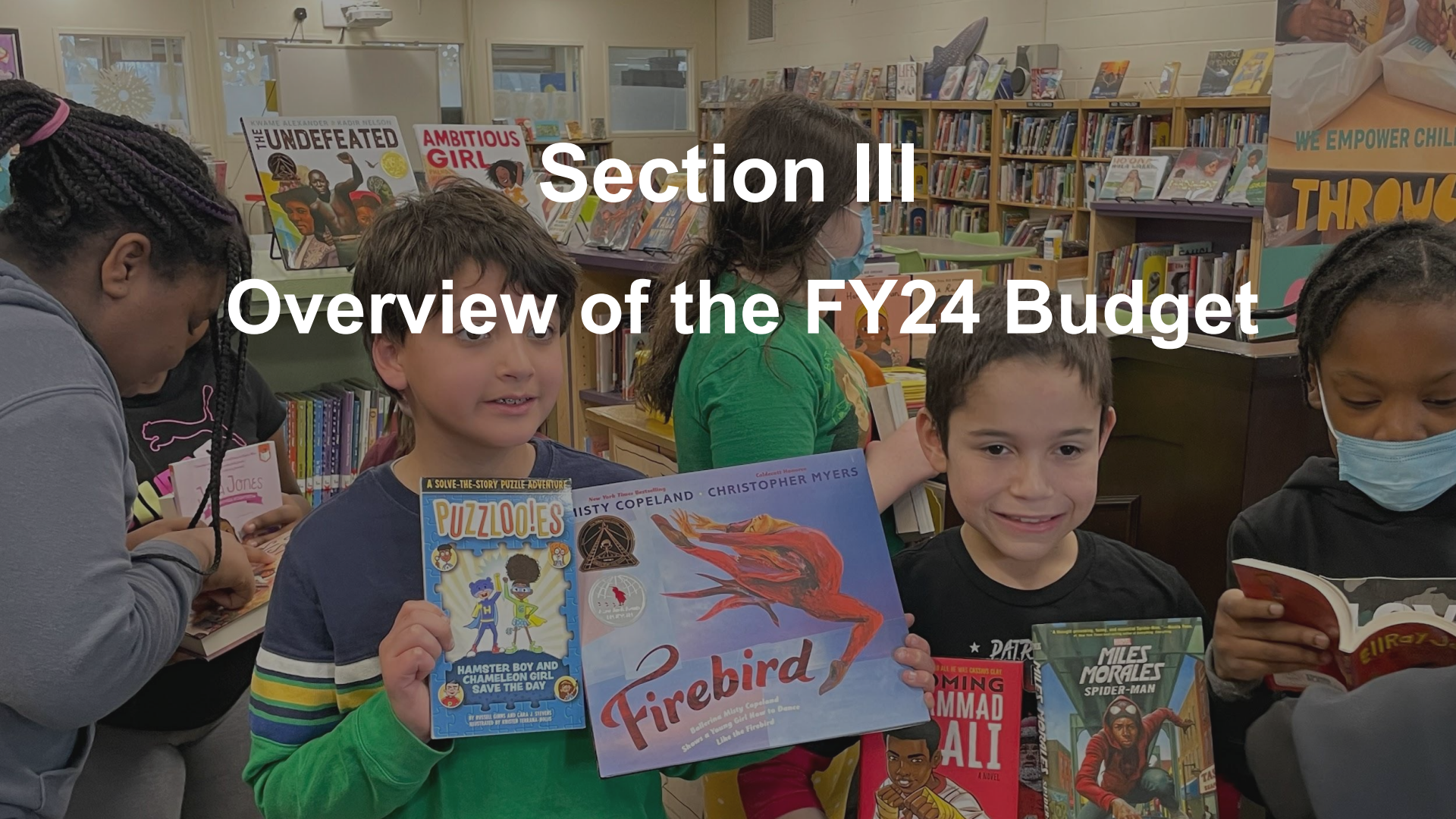


- Student Transportation Services - \$3.6M in additional spending due inflation, driver shortage and McKinney Vento program requirements. Additional students were transported by taxis due to disciplinary and safety issues.
- The District purchased \$1.2M curriculum adoption, after the FY23 budget was adopted, exceeding overall supply expenditures by \$0.8M.
- The District spent \$1.1M more than budgeted on facility repairs across all the District's buildings.
- The Purchased Services category, specifically consultant services, software and special education contractual staffing services, due to staff shortages, exceeded the adopted budget by \$3.4M.



# Section III

## Overview of the FY24 Budget



# FY24 Budget Highlights



- FY24 Operating Budget is a Balanced Budget, with revenues exceeding expenditures by **\$0.8M**
- The Tentative Budget includes over **\$2.4M** in Digital Equity Grant and one-time Medicaid Expansion reimbursement funds - **\$0.6M**
- The Budget includes **\$1.025M** allocation for Capital Building projects

# FY24 Budget Priorities



The budget reflects District's priorities and strategic goals including:

- ❑ Improving the instructional core so that ALL students and especially students of color have access to common core aligned grade level standards,
- ❑ Improving instructional and organizational culture which will include continuing the efforts on culturally relevant teaching, equity learning and restorative practices to address the racial predictability of student performance
- ❑ Improving equity
- ❑ Attracting and retaining quality staff
- ❑ Commitment to accountability
- ❑ Maintaining long-term financial sustainability

# Overview of FY24 Revenues



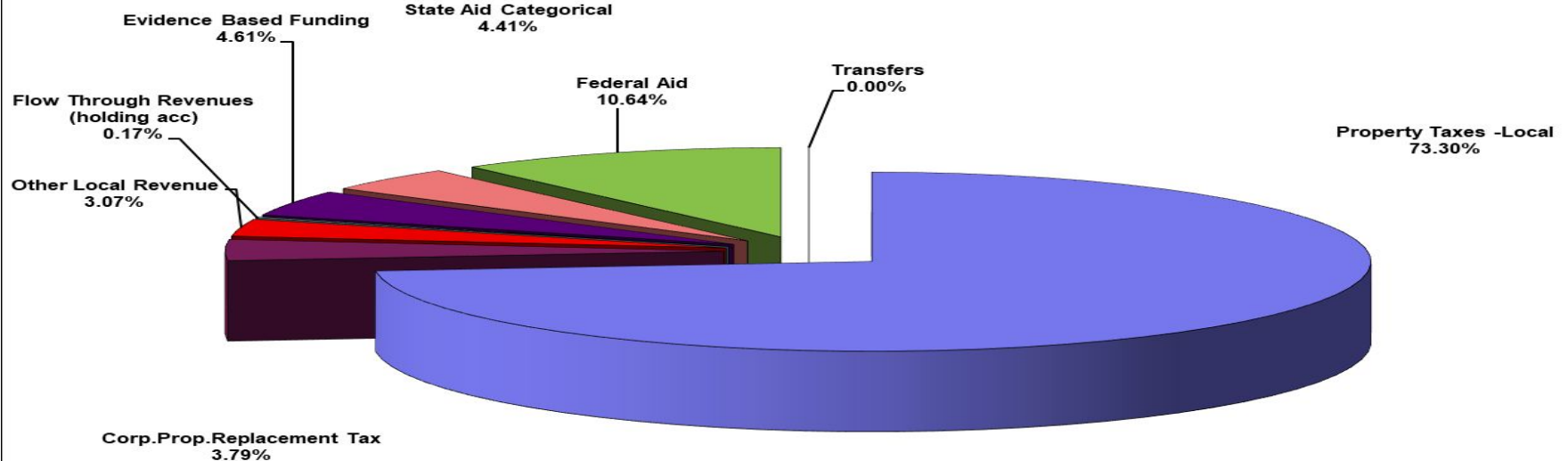
- FY24 Operating Revenues are projected to increase by **8%** over FY23 actual revenues and increase by **9%** from FY23 budget
- Property taxes are projected to grow by the **5%** CPI factor (2021)
- CPPRT and Interest Income are at all time high
- Federal Aid includes \$1M of ESSER funding from FY23, \$2.4M Digital Equity Grant and one time Medicaid Expansion reimbursement of \$0.6M



# FY24 Operating Revenues \$171.5M



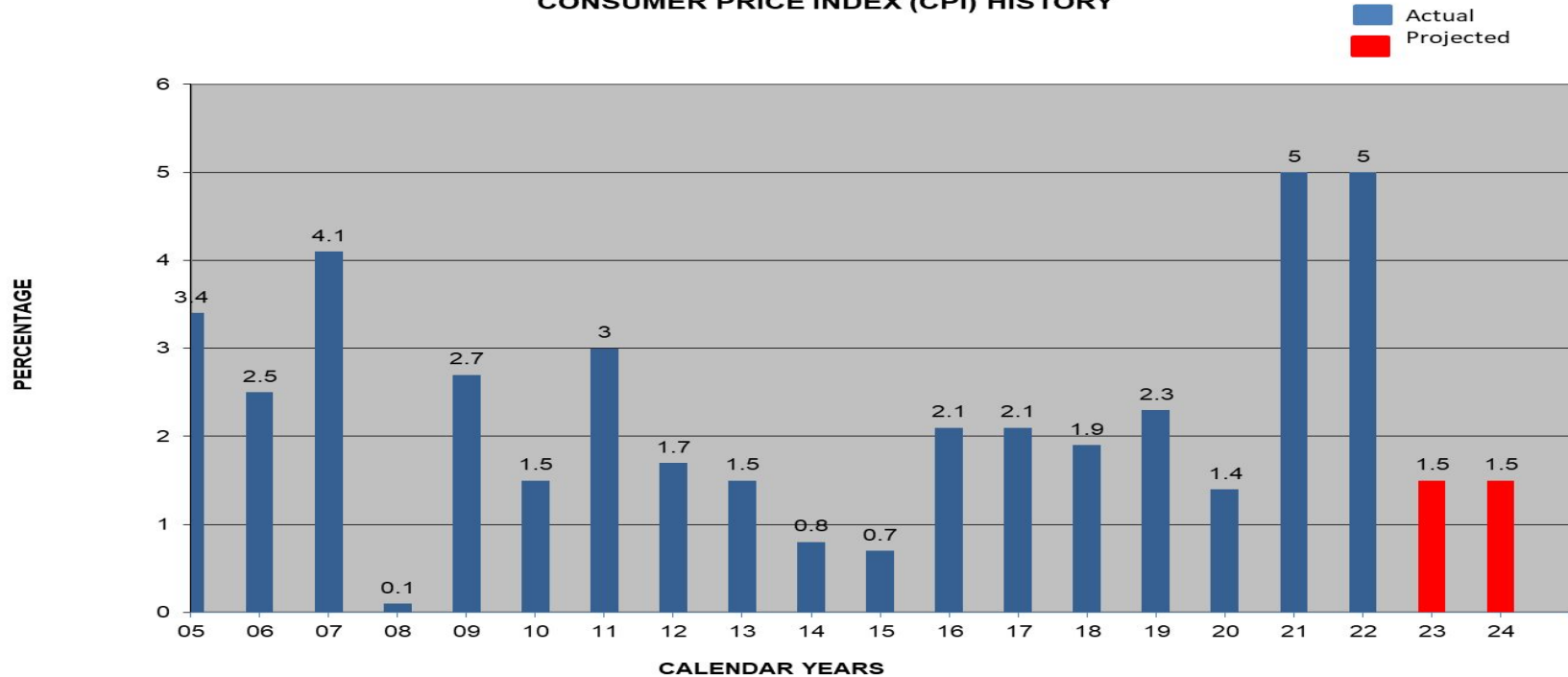
## OPERATING FUND REVENUES BY SOURCE FISCAL YEAR 2023-24



# History of the CPI Factor



CONSUMER PRICE INDEX (CPI) HISTORY



# Overview of FY24 Expenditures



- **FY24 Operating Expenditures are increasing by 3% from the FY23 actuals, or 9% from the FY23 budget, due to the following factors:**
  - Staffing costs (salary increases due to contractual obligations and additional staff - 12.9 FTEs). New positions are due to targeted student programmatic needs for Multilingual and Special Education programs, equity and safety & security.
  - Purchased Services - costs are increasing primarily due to Student Transportation costs, caused by inflation and the ongoing drivers shortage
  - Supplies & Materials and Capital Outlay are increasing due to instructional technology expenditures funded with the Digital Equity Grant. Funding will be received to cover these costs.
  - Other Objects category (net cost of Park School and Special Education Tuition) is increasing by 15% over FY23 actuals; 18% over FY23 budget

# Overview of FY24 New Positions and Staffing Reductions



- 5.2 ESL Teachers - due to student and programmatic needs/equity
- 9.2 Learning Behavior Specialists - due to student and program needs/equity
- 2 Individualized Education Service Coordinators - student and program needs/equity
- 2 Content Facilitators (Science and Literacy) - due to programmatic needs
- 6 School Concierges - due to safety needs
- 4 RICE paraprofessionals - due to student needs (budget neutral)

**Total Additions - 28.4 FTEs**

- 14.5 Classroom Teachers - due to lower student enrollment
- 1 Assistant Manager of Prevention and Special Response - Budget Efficiencies

**Total Reductions 15.5 FTEs**

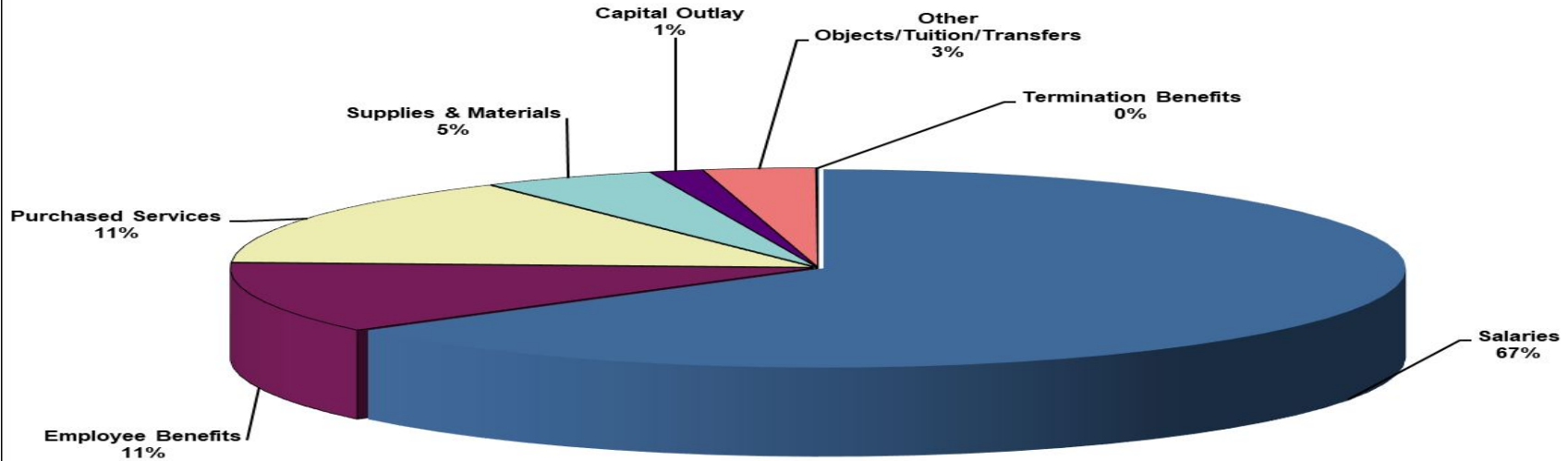
**NET NEW FTEs -  
12.9**



# FY24 Operating Expenditures \$170.7M



## OPERATING FUND EXPENDITURES BY CATEGORY FISCAL YEAR 2023-24



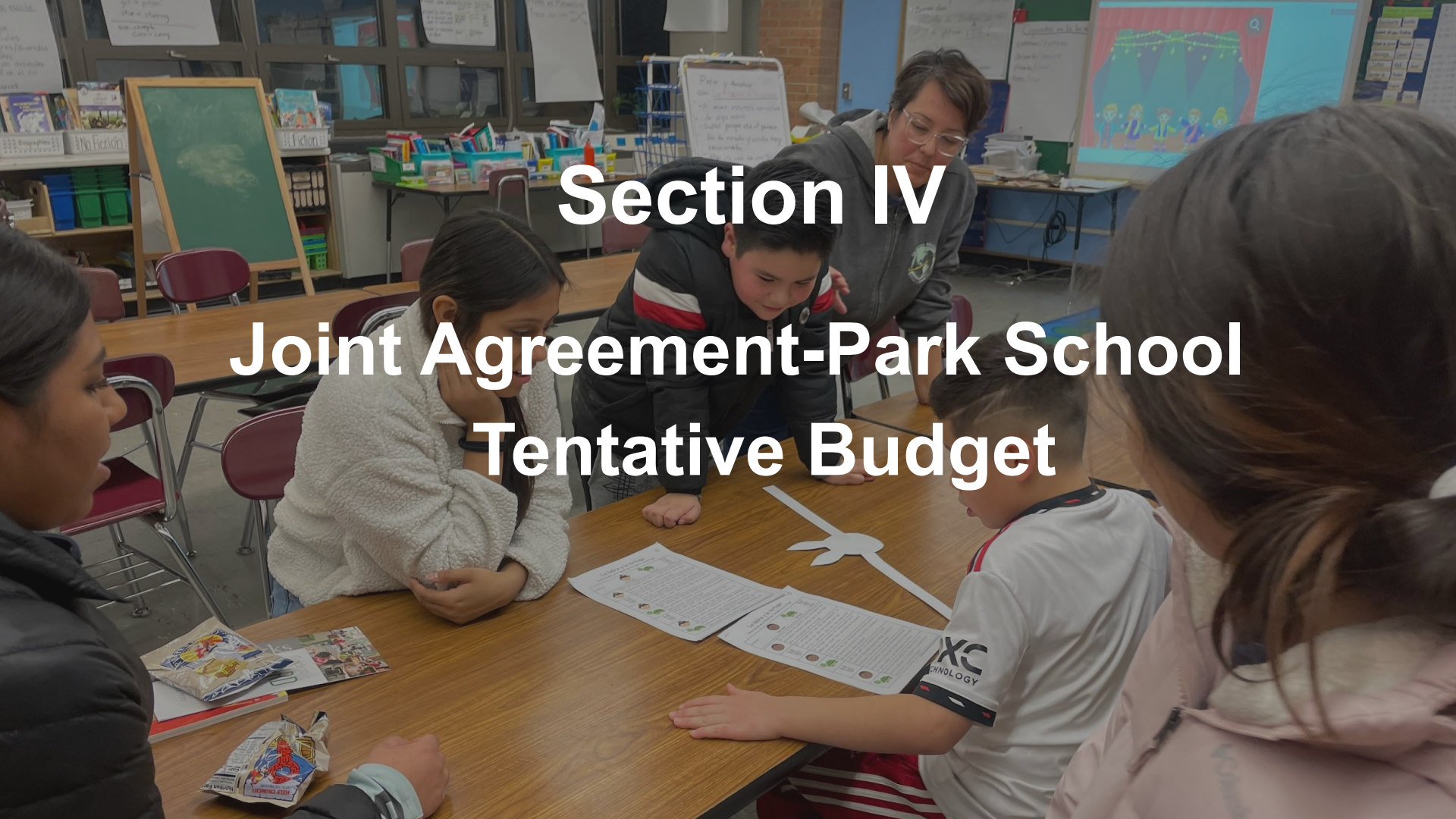
# FY24 Non-Operating Expenditures



- Due to the 2013 bond refunding scheduled for October of 2023, the District will be able to allocate funding of approximately \$3.1M to address capital building needs
- The non-operating budget includes \$1.8M in capitalized interest payment on lease certificates to fund the new Fifth Ward School
- The Capital Project Fund also include budget to start construction of the Fifth Ward School (\$24.9M)

# Section IV

## Joint Agreement-Park School Tentative Budget



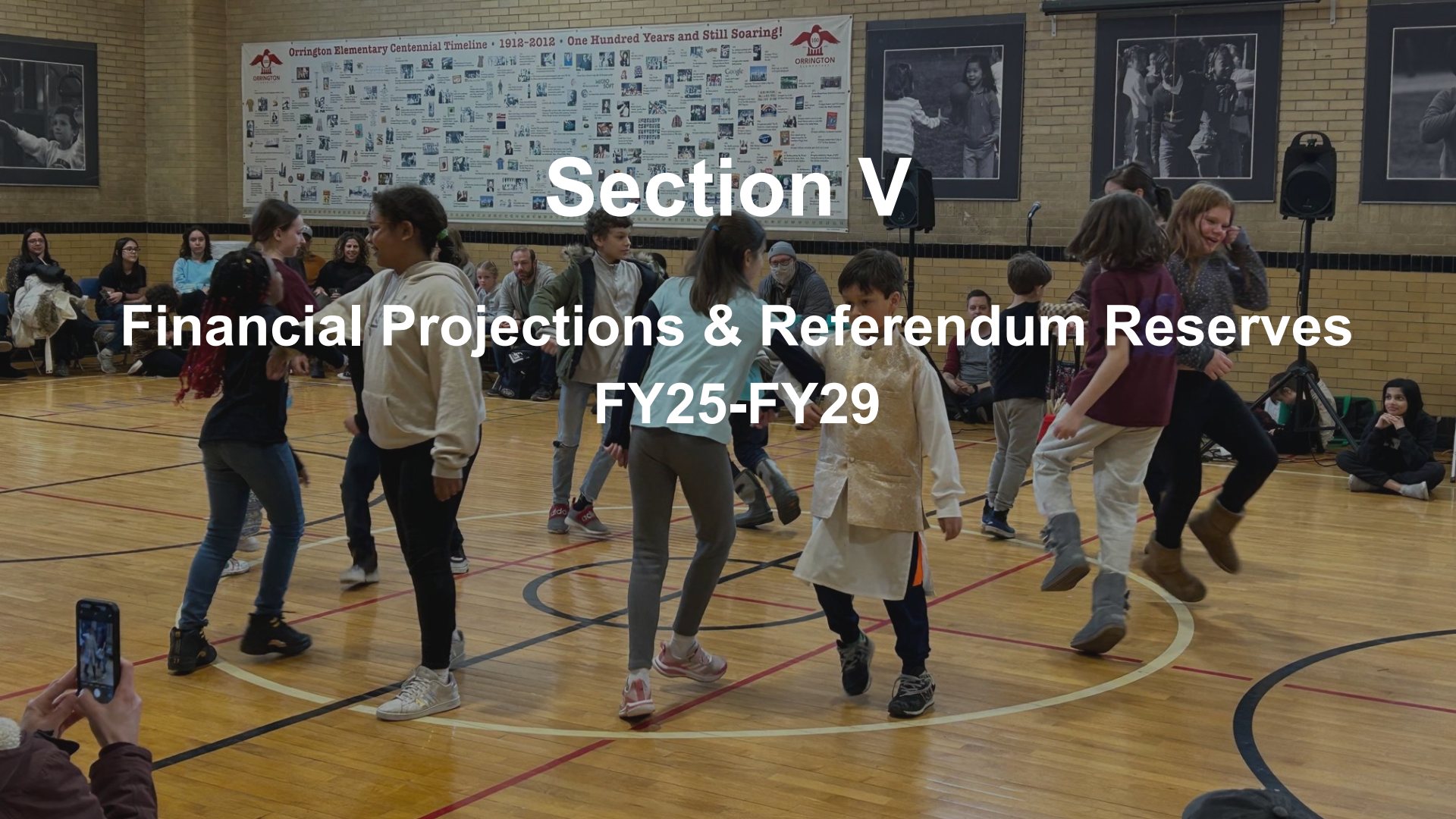
# FY24 Park School Tentative Budget Highlights



- In FY24, Park School Joint Agreement will serve 62 students, including 13 out-of-district tuition paying students
- Revenues are projected to increase by **4%** from FY23 actuals and **10%** from FY23 budget to **\$2.6M**
- Expenditures are projected to increase by **5%** over FY23 actuals and **15%** over FY23 budget to **\$6.2M** due to higher staffing and transportation costs
- Net cost for D65 and D202 is projected to increase by **19%**







# Section V

Financial Projections & Referendum Reserves  
FY25-FY29

# FY25-FY29 Financial Projections Highlights



- The updated projections look less optimistic than the last set of projections due to additional transportation costs and ongoing inflationary pressure
- The 2022 CPI of 5%, which affects FY25, will result in additional revenues. CPI factor for FY26, which is unknown, is being estimated at 1.5%
- Salary expenditures, including DEC and ETAA salaries are unknown in FY25 and beyond
- The net pension cost is being included in FY26 and beyond

# Financial Projections FY2-FY29

(in million)



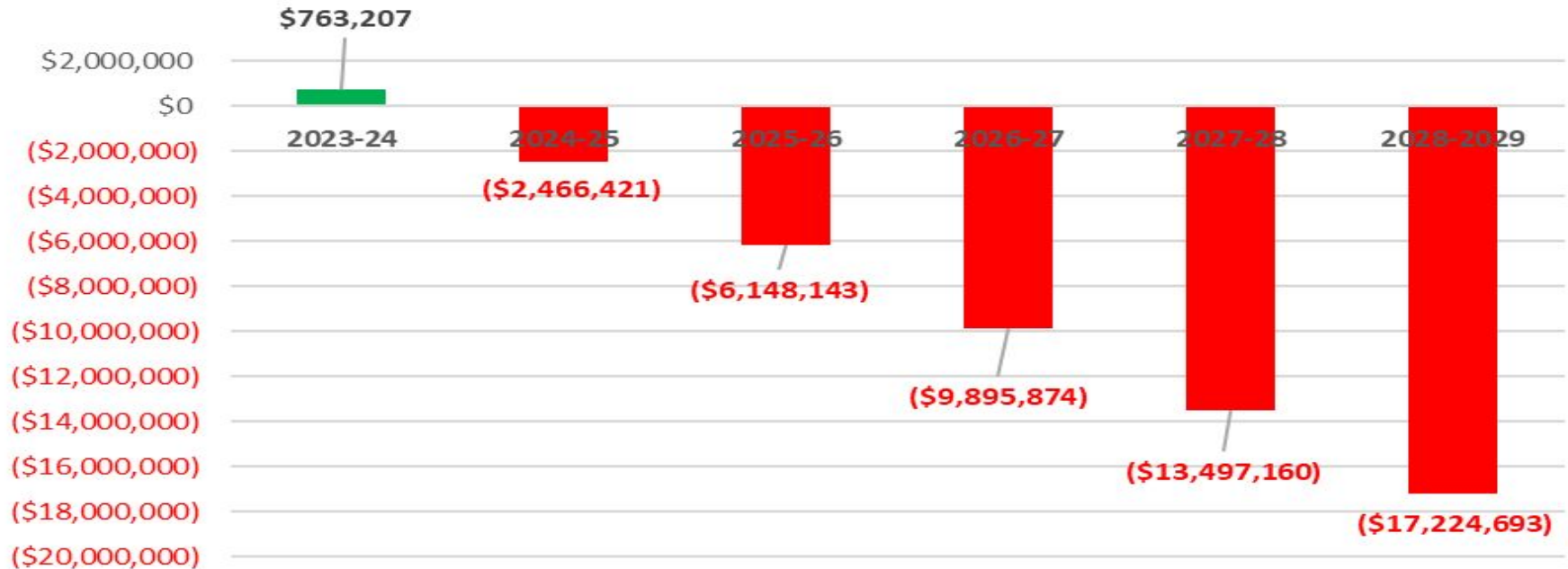
FISCAL YEAR	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
OPERATING REVENUES	\$171.5	\$174.1	\$174.4	\$177.2	\$180.4	\$183.7
OPERATING EXPENDITURES	\$170.7	\$176.6	\$180.6	\$187.1	\$193.9	\$201
REVENUES-EXPENDITURES	\$0.8	(\$2.5)	(\$6.2)	(\$9.9)	(\$13.5)	(\$17.2)
RESERVES SET ASIDE TO MANAGE FUTURE BUDGET DEFICITS	\$0.5	\$0	\$0	\$0	\$0	\$0
NET SURPLUS OR (DEFICIT)	\$0.3	(\$2.5)	(\$6.2)	(\$9.9)	(\$13.5)	(\$17.2)
AMOUNT OF RESERVES USED TO BALANCE BUDGET	\$0	\$2.5	\$6.2	\$9.9	\$13.5	\$17.2
CUMM. BALANCE OF REFERENDUM RESERVES	\$31	\$28.5	\$22.4	\$12.5	\$0	\$0

# Financial Projections FY25-FY29



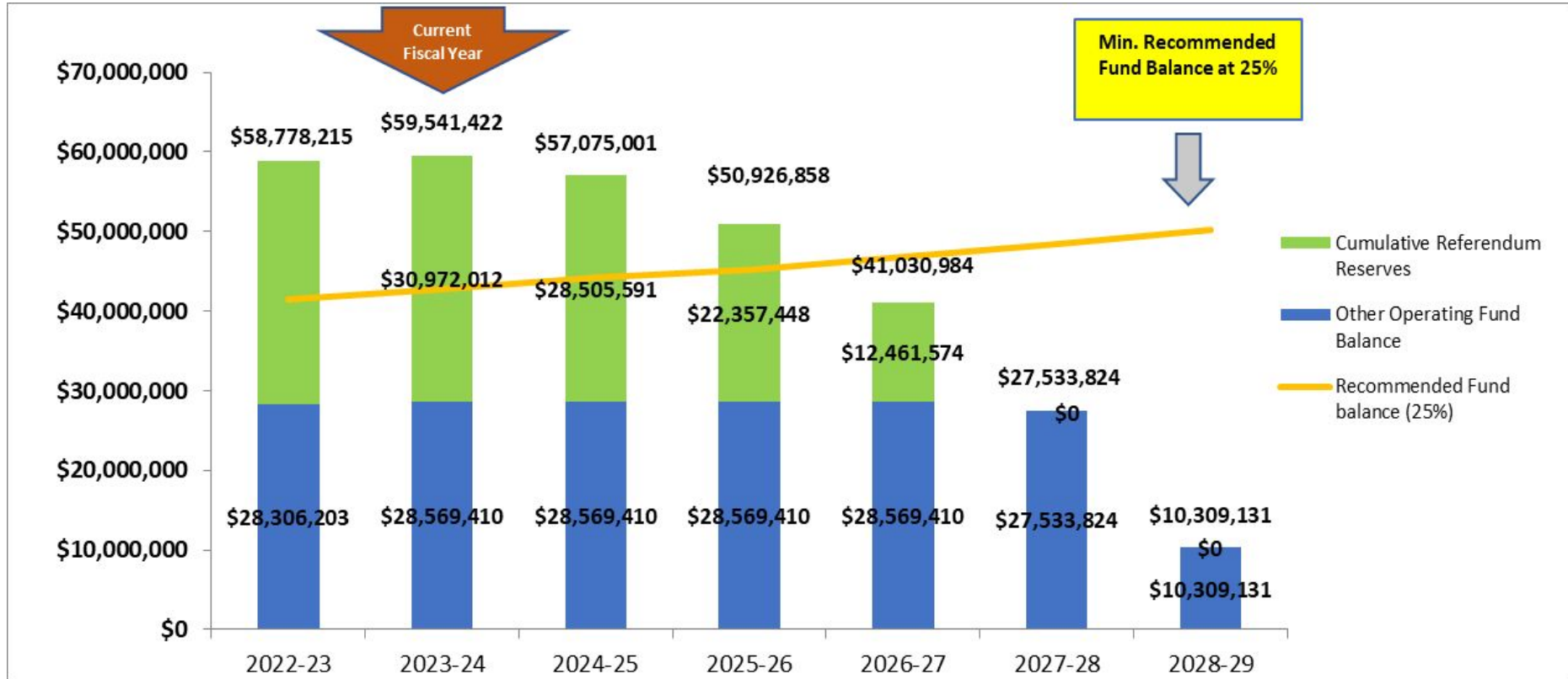
## Projected Operating Surplus/(Deficits) FY25-FY29

(This forecast assumes no budget reductions or changes to expenses)





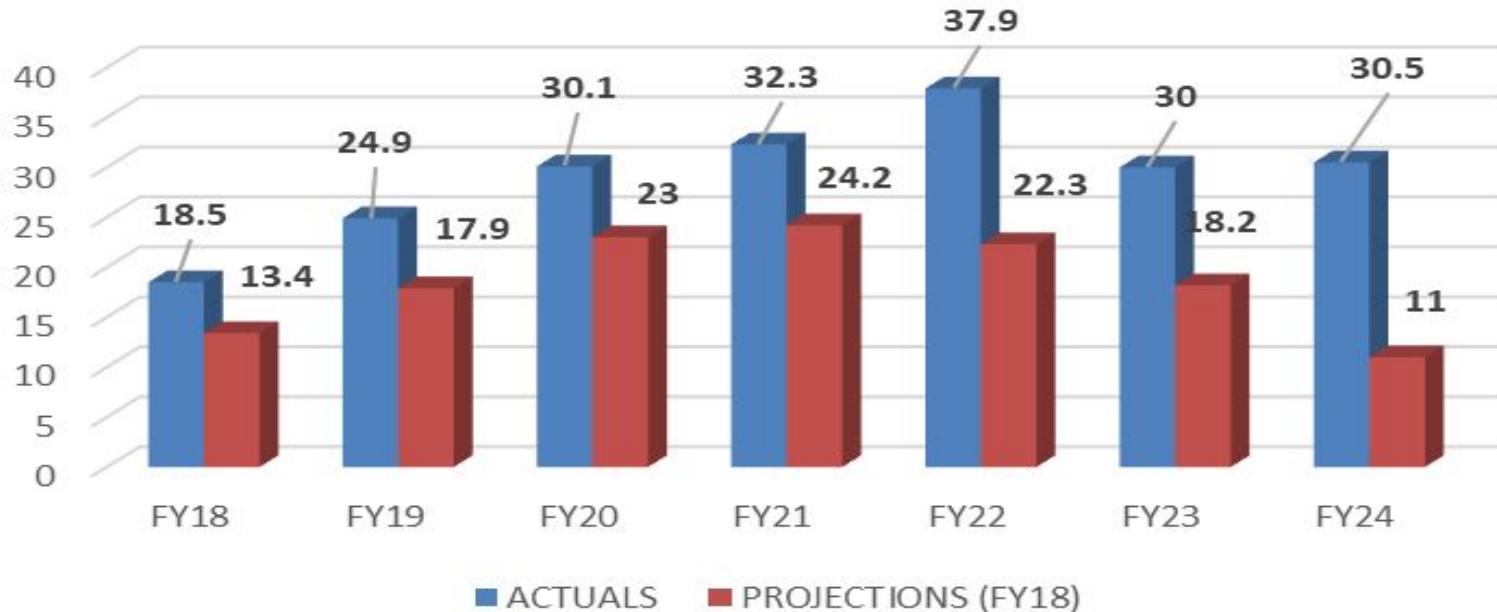
# Projections of Operating Fund Balance



# History of Referendum Reserves



**Referendum Reserves "Original Projections" vs.  
Actuals FY18-FY24**  
(in million)



A photograph of two young children sitting at a wooden table in a classroom. The child on the left is a girl with brown hair, wearing a dark blue t-shirt. The child on the right is a boy with blonde hair and red-rimmed glasses, wearing a grey long-sleeved shirt. They are both looking towards the camera. The background shows a typical classroom environment with shelves, bins, and educational materials. A semi-transparent dark overlay covers the entire image, and white text is centered over it.

# Section VI

## Financial Sustainability

# Steps to Eliminate Future Deficits



- Despite projected future deficits, the District is determined to reduce its spending and eliminate future structural deficits
  - Buildings and Grounds - The District will evaluate immediate building needs and allocate ample amount to address critical repairs
  - Student Transportation - The District will review all non-special education students transported by taxis, assess their eligibility and develop guidelines determining rules & eligibility to request a taxi. These procedures will be shared with schools and the Transportation department.
  - Purchased Services - Consulting contracts and software will be reviewed for cost, application and the return on investment.
- The District will continue to tie its staffing to student enrollment which in FY23 resulted in the elimination of 25 FTEs and 14.5 FTEs, in FY24, of licensed classroom positions. Student enrollment has been decreasing since FY18. Only targeted areas (SpEd and Multilingual) will be eligible to be increased.
- The District will continue to explore additional grant opportunities.



A photograph of three children in a classroom. On the left, a boy with short grey hair and glasses wears a blue and grey striped sweater. In the center, a boy with dark hair and glasses wears a tan blazer over a patterned shirt and a blue and white striped tie. On the right, a girl with curly dark hair and glasses wears a white cardigan with black geometric patterns over a yellow and green patterned shirt and a pink and white striped tie. The background shows a classroom with shelves of books and various posters. The text "Section VII" is centered in the upper half, and "FY23 Budget Calendar" is centered below it.

# Section VII

## FY23 Budget Calendar



# Next Steps – FY24 Budget Calendar



- September 11 - Finance Committee Meeting to review changes to the FY24 Tentative budget
- September 18 - Hearing on the FY24 Tentative Budget and Approval of the FY24 Final Budget
- By October 18- Filing of the FY24 Budget with Cook County and the Illinois State Board of Education





Questions?