



EVANSTON/SKOKIE
SCHOOL DISTRICT 65

Every Child, Every Day, Whatever it Takes



FY 2022-23
Tentative Budget
August 15, 2022

Presentation Overview



- I. Legal Requirements for Budget Adoption
- II. Overview of FY22 Actual Revenues and Expenditures
- III. Overview of FY23 Budget Revenues and Expenditures
- IV. Overview of FY23 Joint Agreement Park School Budget
- V. Financial Projections FY24-FY28
- VI. Financial Sustainability
- VII. FY23 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 Proposed Budget
 3. Publish a “Notice of Public Hearing” in a newspaper of general circulation within the District and conduct a Public Hearing on the date and at the time specified in the “Notice of Public Hearing”

Section II

Overview of FY22 Revenues and Expenditures



How did D65 do financially in FY22?



- **102%** of FY22 Revenues were collected
- **98%** FY22 Expenditures were spent
- FY22 ended with a \$6M operating surplus (before audit adjustments); \$0.3M surplus was budgeted.
- The larger surplus was due to additional revenues (property taxes, CPPRT), vacant positions and unspent capital expenditures
- FY22 surplus will be preserved and added to referendum reserves

How did the District do in FY22?



CATEGORY	ADOPTED BUDGET 2021-22	UNAUDITED ACTUALS 2021-22	% COLL'D/ SPENT	VARIANCE
TOTAL REVENUES (in millions)	\$151.3	\$154.6	102%	\$3.3
TOTAL EXPENDITURES (in millions)	\$151.0	\$148.7	98%	\$2.3
REVENUES- EXPENDITURES	\$0.3	\$5.9		\$5.6

Positive variance due to better than expected collection of property taxes and CPPRT

Positive variance due to unspent salaries (vacancies) and capital outlay

Higher than initially projected contribution to referendum reserves

Section III

Overview of the FY23 Budget



FY23 Budget Highlights



- FY23 Operating Budget is the District's 21th consecutive Balanced Budget, with revenues exceeding expenditures by **\$0.3M**
- The Tentative Budget includes over **\$3.7M** in Elementary and Secondary School Emergency Relief (ESSER) Funding
- The Final Budget will include a record amount of grants
- The Budget includes **\$1.025M** allocation for Capital Building projects
- The Budget includes over **\$18M** in initial construction costs of the 5th Ward School

FY23 Budget Highlights



The budget reflects District's priorities, MIRACLES, and strategic goals such as:

- ❑ 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 disrupt the racial predictability of student performance
- ❑ Improving equity
- ❑ Attracting and retaining quality staff
- ❑ Commitment to accountability
- ❑ Maintaining long-term financial sustainability



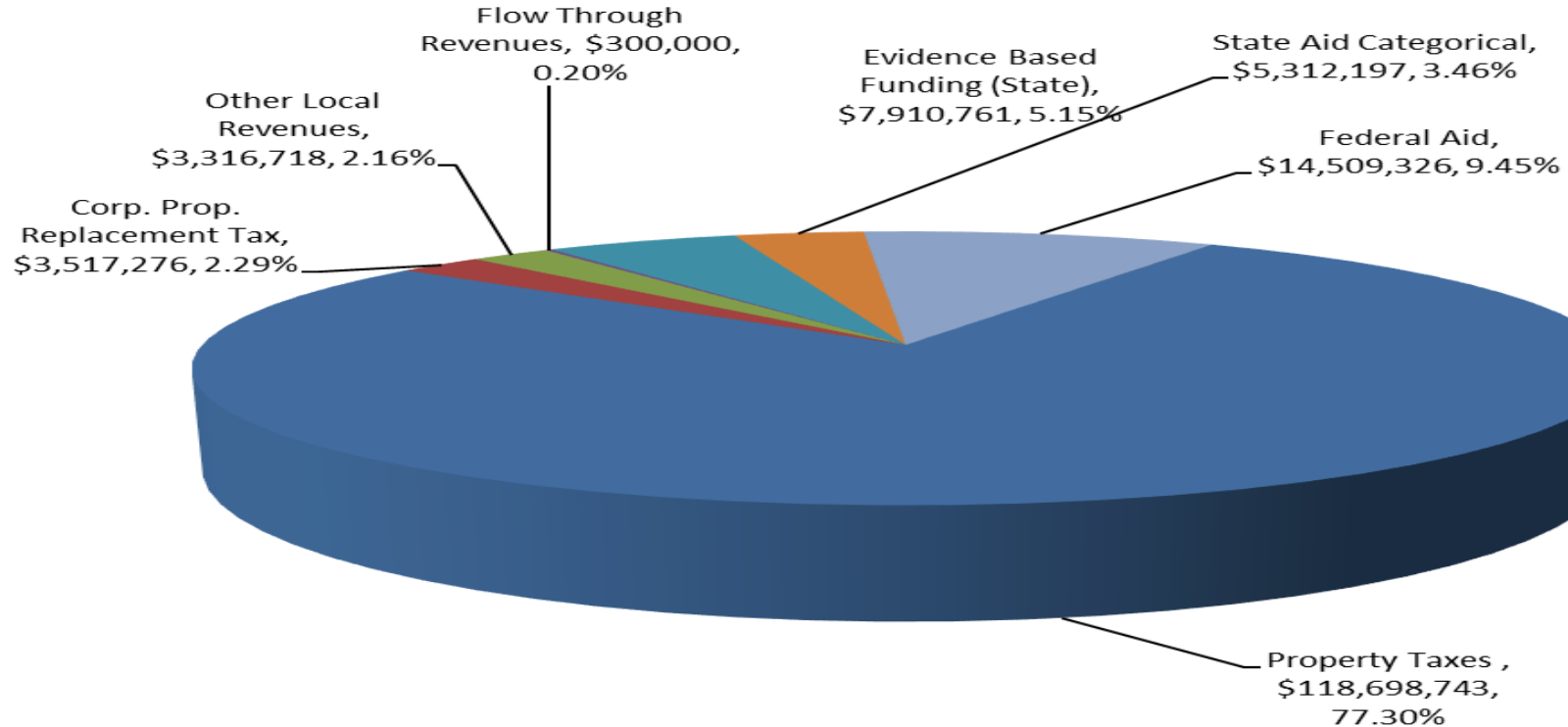


Overview of FY23 Revenues

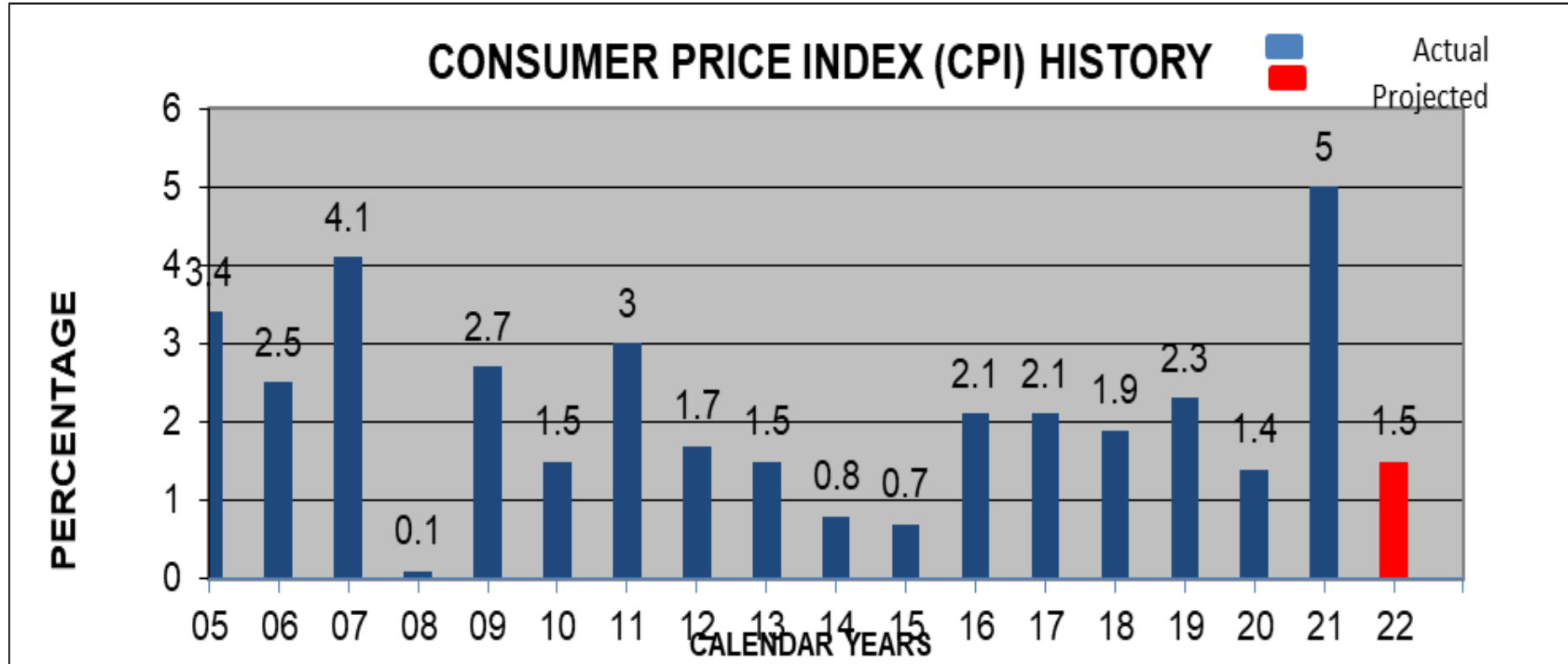


- FY23 Operating Revenues are projected to decrease by **1%** over FY22 actual revenues and increase by **1%** from FY22 budget
- Property taxes are projected to grow by the **1.4%** CPI factor (2020)
- CPPRT revenues are budgeted lower than FY22 actuals but slightly higher than pre COVID-19 pandemic level
- Federal Aid includes \$3.7M of ESSER funding
- The District is a recipient of record number of state and federal grants
- Other Local Revenues remain under pre pandemic levels due to lower interest rates and lower projected enrollment impacting lunch sales and some fees

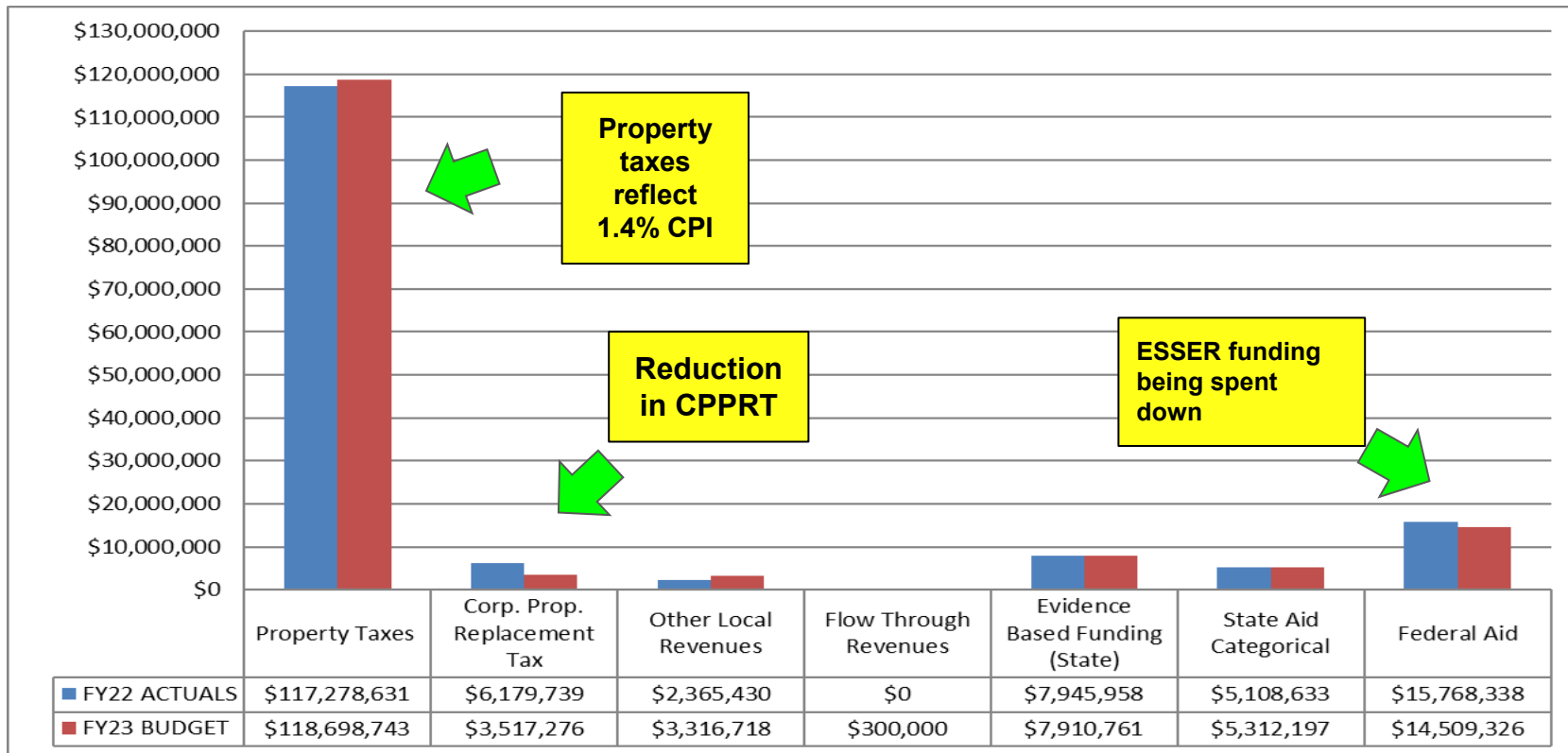
FY23 Operating Revenues \$153.6M



History of the CPI Factor



Comparison of FY23 Budget and FY22 Actuals Operating Revenues



Overview of FY23 Expenditures



- **FY23 Operating Expenditures are increasing by 3% from the FY22 actuals, or 1% from the FY22 budget, due to the following factors:**
 - Staffing costs (salary increases due to contractual obligations and additional staff - 20.3 FTEs). The majority of new positions are budget neutral and or funded from savings or grants
 - Staffing costs reflect savings from 25 licensed and 1 support positions due to decreased student enrollment
 - Student Transportation costs increase of 10 percent
 - Capital Building Projects (\$1.025M)
- **Other Objects (Park School and Special Education Tuition) is increasing by 13% over FY22 actuals; 0% over FY22 budget**

Overview of FY23 Expenditures - New Positions



- 3.5 ESL Teachers - due to student and programmatic needs/equity
- 7.2 Special Education Teachers - due to student and program needs/equity
- 4 Diverse Learning Coordinators - student and program needs/equity
- 1.6 Occupational/Physical Therapists - student and program needs/equity
- 1 Assistant Principal of Dual Language Programs - due to student and program needs/equity and **Grant funded**
- 1 Assistant Principal for Haven - operational needs
- 1 Manager of Prevention and Special Response - district safety plan

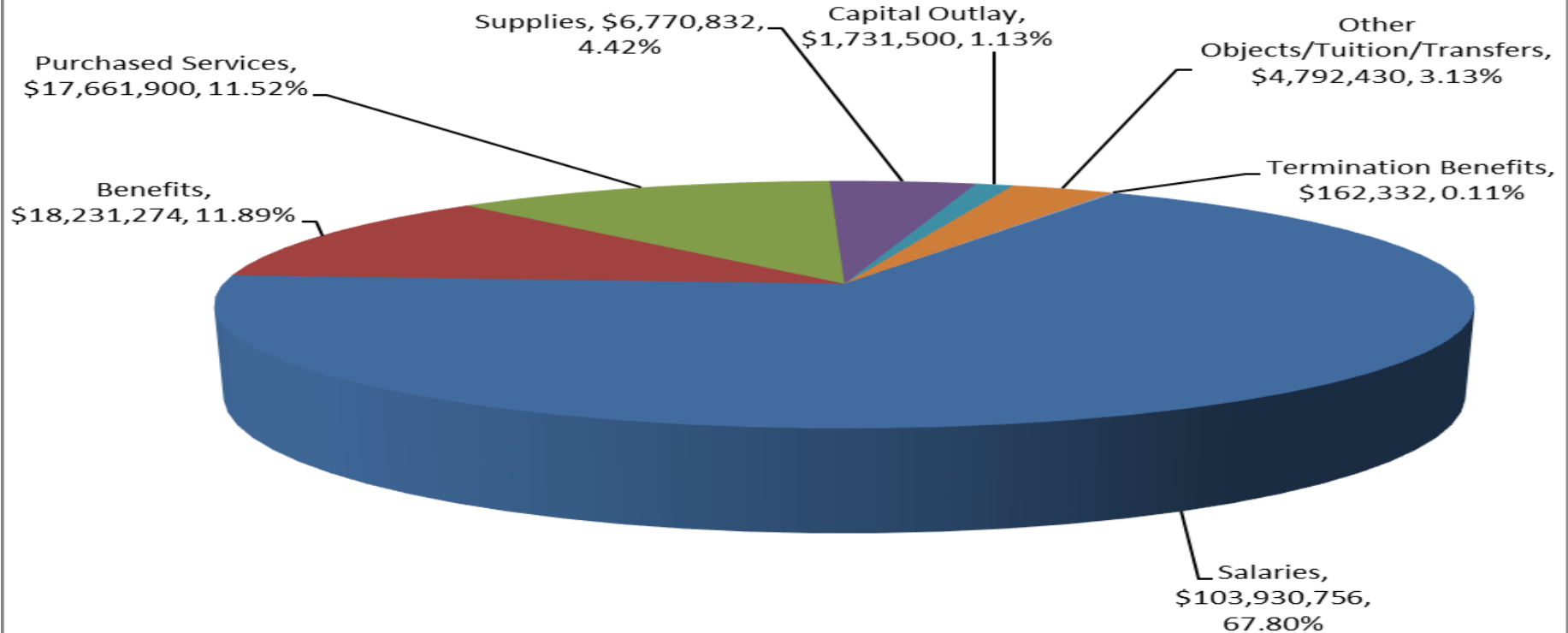
- 1 Assistant Manager of Prevention and Special Response - district safety plan
- 16 School Concierge - district safety plan and funded with security budget
- 1 Multilingual Coordinator - program and student needs/equity and **grant funded**
- 4 FACE liaisons - program and student needs/equity
- 1 Director of Schools - operational, funded with ESS savings
- 1 Manager of Temporary Staffing - funded with ESS savings
- 2 Temporary Staffing Coordinator - funded with ESS savings
- 1 District Receptionist - funded with ESS savings

FY23 Expenditures - Expenditures

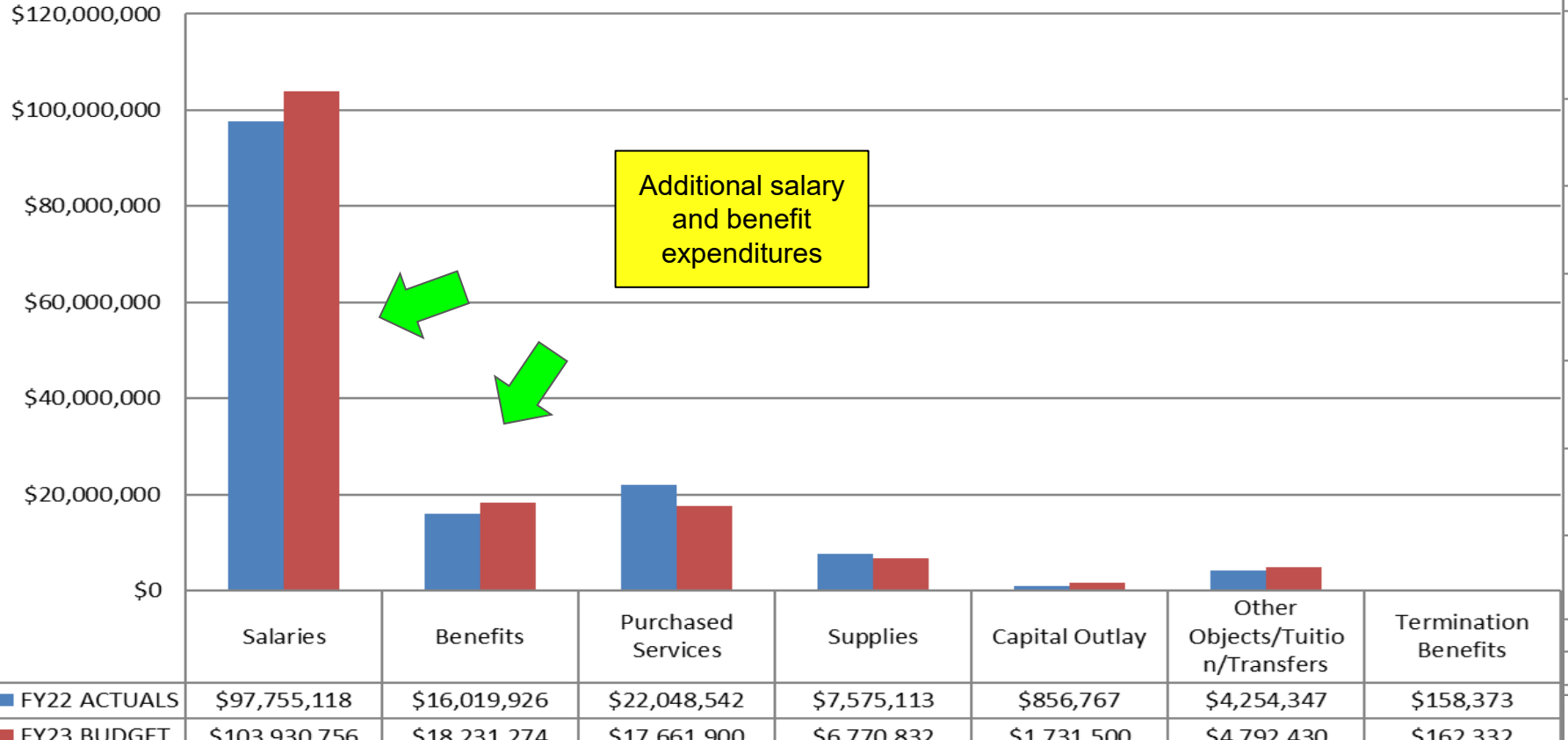


- Overall changes resulted in \$500k additional savings
- The non-operating budget includes \$2M in capitalized interest payment on lease certificates to fund the new Fifth Ward School
- The District continues to improve its buildings. In FY23 capital expenditures in the amount of \$1.025M are planned.

FY23 Operating Expenditures \$153.3M



Comparison of FY23 Budget and FY22 Actuals Expenditures



Section IV

Joint Agreement-Park School Tentative Budget



FY23 Park Budget Highlights



- Park School will serve 65 students, including 13 out-of-district tuition paying students
- Revenues are projected to decrease by **3%** from FY22 actuals and **5%** increase from FY22 budget to \$2.5 million
- Expenditures are projected to increase by **8%** over FY22 actuals and **7%** over FY22 budget due to higher staffing costs to \$5.6M
- Net cost for D65 and D202 is projected to increase by **9%**



Section V

Financial Projections FY24-FY28



Financial Projections FY24-FY28



FISCAL YEAR	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
OPERATING REVENUES*	\$153.6	\$157.1	\$158.2	\$160.6	\$163.1	\$165.6
OPERATING EXPENDITURES	\$153.3	\$155.3	\$160.6	\$166.9	\$173.1	\$179.0
REVENUES-EXPENDITURES	\$0.3	\$1.8	(\$2.4)	(\$6.3)	(\$10.0)	(\$13.4)
RESERVES SET ASIDE TO MANAGE FUTURE BUDGET DEFICITS	\$0	\$1.5	\$0	\$0	\$0	\$0
NET SURPLUS OR (DEFICIT)	\$0.3	\$0.3	(\$2.4)	(\$6.3)	(\$10.0)	(\$13.4)
AMOUNT OF REF. RESERVES USED TO BALANCE BUDGET	\$0	\$0	\$2.4	\$6.3	\$10.0	\$13.4
CUMM. BALANCE OF REFERENDUM RESERVES	\$37.0	\$38.5	\$36.1	\$29.8	\$19.8	\$6.5

FY24-FY28 Financial Projections Highlights



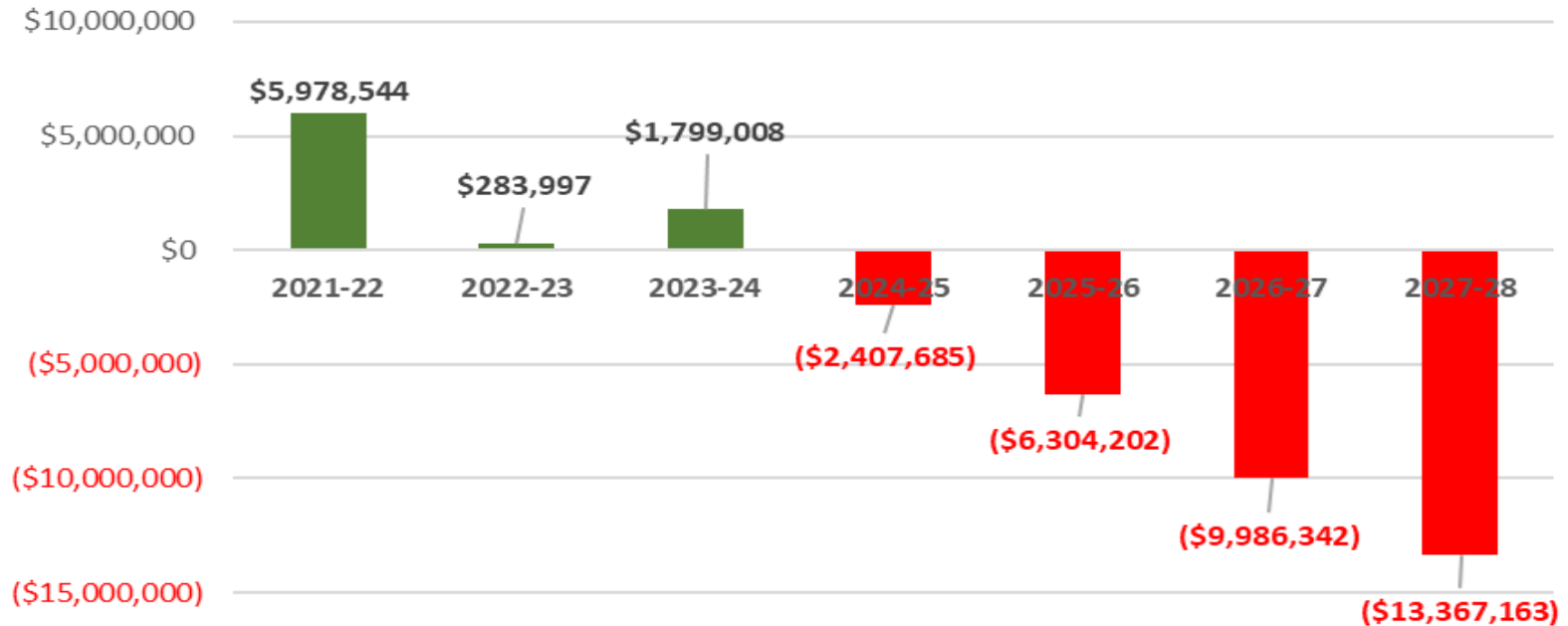
- The updated projections are lookings slightly more optimistic than the last set of projections
- The 2021 CPI of 5%, which affects FY24, will result in additional revenues reducing the structural deficit. CPI factor for FY25 is being estimated at 1.5%.
- Some of expenditures are still unknown (DEC and ETAA expenditures in FY25 and beyond)
- The net pension cost is being included in FY24 and beyond

Financial Projections FY23-FY28



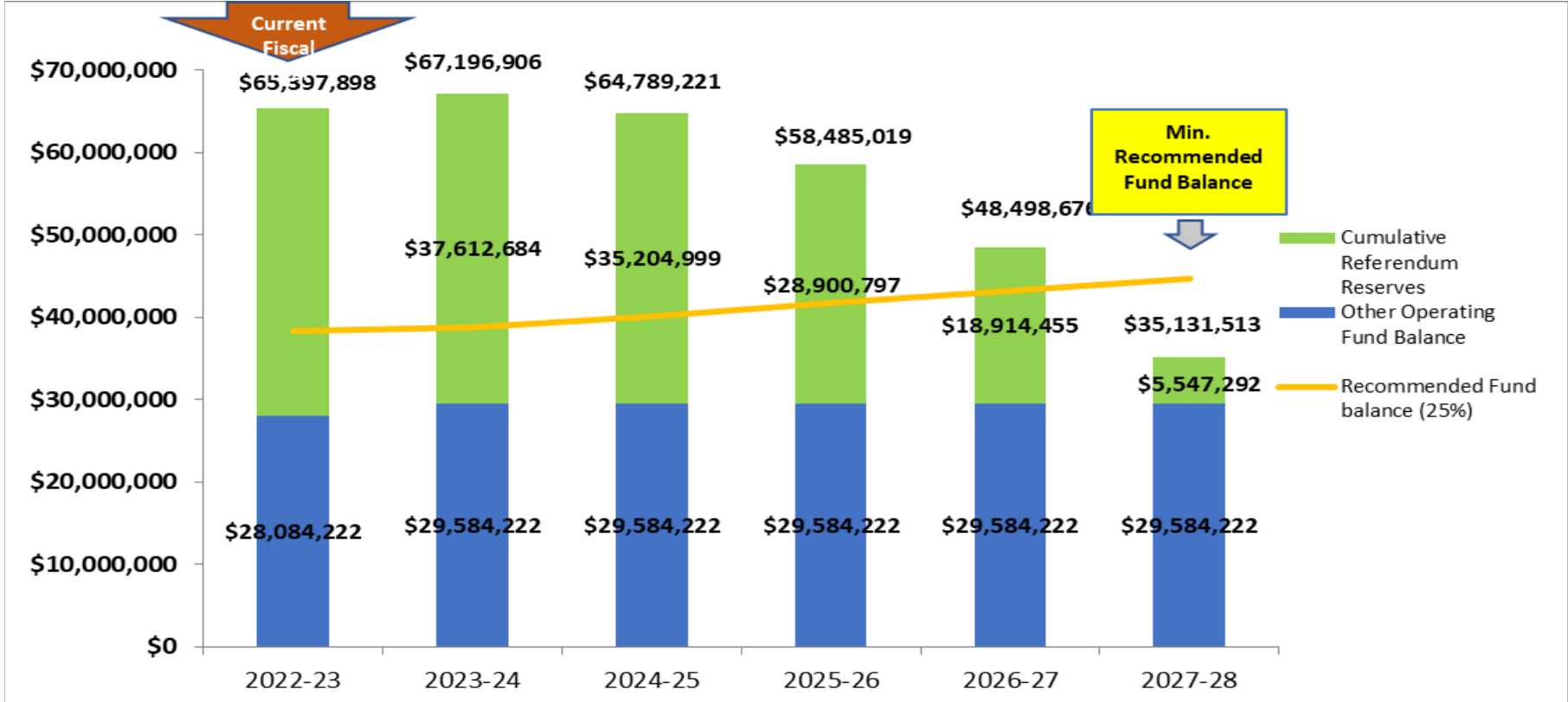
Projected Operating Surplus/(Deficits) FY24-FY28

(without ANY budget reductions or changes to expenses)





Projections of D65 Operating Fund Balance



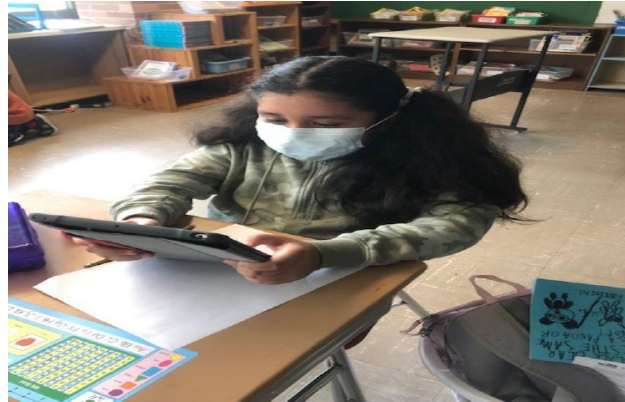
Referendum Reserves



Beg Balance 7/1/18	Added in FY19	Added in FY20	Added in FY21	Added in FY22 (projections)	Projected to be added in FY23	Projected balance as of 6/30/23
\$18.5M	\$6.4M	\$5.2M	\$2.2M	\$4.7M	\$0	\$37.0M

Section VI

Financial Sustainability



Steps to eliminate future Deficits



- In FY21 the District developed a long-term budget balancing strategy to ensure long-term financial sustainability
- In FY22, the District reduced operating budget by \$2.9 million and administrative expenditures by \$1M
- In FY23, the District tied staffing to decreasing student enrollment which resulted in the elimination of 25 licensed classroom positions
- In FY23, the District has been awarded a record number of state/federal grants
- The District will continue aligning District's spending with its strategic and instructional priorities, with a focus on equity

District 65's Financial Sustainability Plan



FY21	FY22	FY23
PHASE 1 <i>(FY21 to be implemented in FY22)</i>	PHASE 2 <i>(FY22 to be implemented in FY22FY23)</i>	PHASE 3 <i>(Implemented in FY23FY25)</i>
<ul style="list-style-type: none">● Impact of the COVID 9 pandemic on the District's budget● Balance the FY22 budget deficit with budget efficiencies and reductions● Micro-shifts in transportation and interventionist services● Map out tasks for Phase 2● Purchasing Card Review	<ul style="list-style-type: none">● Curriculum Audit● Student Assignments● Master Facilities Plan● Demographic Study● Staffing Review● ERP- New Finance and HR software	<ul style="list-style-type: none">● Findings and recommendations from Phase 2 audits and studies will be implemented during Phase 3● Changes in services, educational model structures and design will result in permanent efficiencies and cost savings

Section VII

FY23 Budget Calendar



Next Steps – Budget Calendar



- August 18- Budget Publication Notice
- September 14 - Finance Committee Meeting to review changes to the Tentative budget
- September 19 - Hearing on the FY23 Tentative Budget and Approval of the FY23 Final Budget
- October 19- Filing of the FY23 Budget with Cook County and the state of Illinois

Questions?

