Committee: Finance

Date and Time: May 21, 2025

Location: J.E. Hill Administrative Center; Board Room A

In attendance:
Tamara Mitchell, Chair; Susan, Dr. Susan Harkin, Facilitator, Board Member Maria Opdycke, Brad Jones, Charles Dan, Crystal Barriga, Jason Orloff, Johanna Peterson, John Brady, Kelly Farley, Kevin Jackson, Kevin Miller, Mary Ramatowski, Shane Carey, Shawn Connolly, Svetlana Gayares, Thomas Weber

Meeting overview

6:00 p.m. - 6:40 p.m. - Finance Subcommittee met in Board Room A. Ms. Mitchell and Dr. Harkin collectively presented the information for the night. The discussion portion of the meeting covered the following topics: revisit the focus and goal of the subcommittee; reviewed the subcommittee's journey to date; discussed the Racial Equity Impact Analysis (REIA) tool and assessed how the REIA could and should be applied to the work we are doing; reviewed financial revenue levers (i.e., various types of debt/bond financing); discussed class size minimums, maximums and introduced the committee to the 70/30 rule (i.e., classrooms that serve students with general education required in their IEP must be served in classrooms where at least 70% of students do not have an IEP;

6:45 p.m. - 7:30 p.m. - The committee worked on a group activity that challenged them to cut $12.5 million dollars from a District's FY27 operating budget while simultaneously identifying a funding source to address $200 million of capital needs. The committee was given the flexibility to choose any combination of revenue generation, expenditure reduction (including building closure, consolidation and/or sale), or debt financing to close the funding gap. This activity involved the committee working in small groups of 4 and sharing ideas out at the end. Responses were as follows:

- Group #1: Revenue generation: explore all possible avenues of debt financing; evaluate Right At School partnership; explore fee-based preschool. Expenditure reduction: temporarily shut down 4 schools for renovations, possibly on a three year cycle, then create a rolling cycle to renovate additional schools.

- Group #2: Revenue generation: sell shuttered schools, introduce paid pre-K at each elementary school, consider shifting to a K-8 model districtwide (similar to CPS) and sell bonds for capital improvements. Expenditure reduction: eliminate early education transportation, close 3-4 schools, pause sustainability efforts.
- Group #3: Revenue generation: issue life safety bonds or bonds for building capital, pursue sponsorship for buses to cover transportation costs, rent schools for community summer programs. Expenditure reduction: for school closure, explore the option of expanding elementaries to include 6th grade, and close one middle school. This option would preserve neighborhood schools and walkability for elementary students. An unintended consequence regarding Title I funding was mentioned (i.e., consider the shift of low-income students when boundaries are being redrawn because Title I funding could be lost).
- Group $4: Revenue generation: close 3 schools. Expenditure reductions: review support services for SPED (this is incorporated in the SPED audit), review purchased services, consider reducing instructional staff by 20-30% (this could be tricky due to contractual and statute class size limitations.

7:46 p.m. - 8:00 p.m. - The full Steering Committee met w/subcommittee share out. The Finance Subcommittee shared that they would like to know the following:

1. Can you please provide what the expected useful lives are for each facility after capital expenditures are made (i.e., how many years will the capital expenditures extend the useful life of the facilities).
2. Can you please provide an analysis of revenue and expenses/cash flows for each facility considering renting vs. selling.
3. Can you please provide an estimate of the fair value/sales price of each facility.
4. Can you please provide a time frame to renovate each facility and could those renovations be performed without having to displace students (i.e., would the renovations involve closing the school for a period of time?).
5. Can you please provide considerations related to moving students to other schools during renovations, if necessary (e.g., do other schools have the capacity to take on additional students during the renovations?).
6. Can you please provide a break-down of the current expected costs of renovation/capital between 'must haves' and 'wants.'

8:00 p.m. - Meeting adjourned.