



January 11, 2012 meeting

Summit Hill District 161 Board Briefs

Serving 3,497 students living in portions of Tinley Park, Mokena, and Frankfort

For additional information, please contact Superintendent Barb Rains at 815.469.9103

Doing More Without More:

Building capacities considered as an option to slow erosion of District's financial position

Members of the Board heard a presentation concerning building capacities during its initial focus on options to slow down the erosion of the District's financial position over a three-year period. Federal grants are drying up, state aid cuts have reached record levels, relief from obscure state mandates remains elusive, and consumer confidence has been slow to return. Over the last five years, District 161's revenue growth has been limited to 1.8% each year. Yet as financial resources have stopped growing, the responsibility of the school district for better academic results continues to increase. District 161 will have a projected \$2.5 million deficit in the Education Fund in the 2012-13 school year. Utilizing its "savings account" (fund balances), District 161 currently has adequate funds to operate. In 2015-16, the District's financial plan indicates this "savings account" will be depleted unless the District implements additional belt-tightening measures to more efficiently utilize local tax dollars while continuing to provide a solid educational experience for students.

District 161's long-term financial plan was created in 2005. The plan was revisited in 2010 due to the economic downturn. The plan includes reducing expenses, raising class sizes to reduce staffing, negotiating a new teacher contract, and refinancing construction bonds from the 2005 referendum. While there are a variety of variables that affect Summit Hill's future, from a strategic point of view, the overwhelming issue is the continued drop in state and federal funding that continues to deplete cash on hand. This issue was somewhat masked in the last few years with the arrival of unexpected federal stimulus money, new commercial property, and CPI increases. If state and federal funding remains at current levels and the District continue with business as usual, the full effect of this "perfect storm" will arrive in 2015-16. At that time, the District will need an Education Rate increase referendum of new cash to pay its bills.

The presentation on January 11 began the discussion of a three-year plan to slow down the erosion of the District's financial position to ensure resources would be maintained for current kindergarteners as they move through Grade 8. In terms of past planning efforts, during the 2010-11 school year, expenses were reduced and class sizes were increased by one student. During the 2011-12 school year, the District received unexpected federal stimulus funding and new growth that was not budgeted which led to a reprieve from further cuts. Class size remained the same. At the planning session for the 2012-13 school year which takes place on February 3, the 1st year of 3-year plan to slow erosion of financial position will be introduced. The plan calls for expense reductions to resume. Also, options for financial savings related to building usage will be explored. Recommendations for the 2013-14 planning session may include continued incremental expense reductions, review of the need for additional downsizing, the potential sale of District-owned 30 acres of land located behind Rogus School, and increasing class size. Recommendation for 2014-15 planning session may include continued incremental expense reductions, continued increase in class size, and refinancing the 20-year 2005 construction bonds (\$39.5 million) which are callable in 2014-15.

The predominate cost driver is staffing, constituting about 2/3 of the District's operating expenses. There are two major ways to limit or reduce staffing costs: dismissing staff and increasing class sizes which translates to lower staffing requirements. Many other expenses and overheads such as maintenance, utilities, and transportation are relatively fixed and it is difficult to make substantial reductions in them but the District will do so just the same.

The strategy to "do more without more" includes a reduction in bus activity runs/routes for a potential savings of \$235,400; a 25% reduction in workbooks for a potential savings of \$92,250; and a reduction in extramural stipends totaling \$27,500. Additional potential savings may result from the negotiation of a new teacher contract in 2013; re-bidding the transportation contract and benefits contracts in 2013; and re-visiting the cleaning and energy efficiency contracts in 2013.

In focusing on building capacities, the Board was informed that in the late 1990s, enrollment grew steadily with gains of up to 200 students per year. Demographic studies projected an eventual plateau of around 4,200 students. A building referendum was passed in 2005 to expand District facilities to accommodate this eventual build out capacity. Since the economic downturn and housing market collapse of 2008-09, local growth has now essentially evaporated with enrollment plateauing at 3,500 students. In 2012-13, it is projected that Dr. Julian Rogus School will be operating at about 60% capacity per architectural determinations based on square footage, Indian Trail at 54% capacity, Mary Drew School at 48% capacity, Arbury Hills at 43% capacity, Frankfort Square at 48% capacity, Walker at 70% capacity, and SHJH at 63% capacity. In exploring an option to downsize current building capacity in Grades 1-4 from five to four buildings, it was noted that Mary Drew School was extensively remodeled in 2008 to accommodate additional growth in enrollment. Students from Rogus, Indian Trail, and Frankfort Square were redistricted to attend Mary Drew School. Due to the economic downturn beginning in 2008, enrollment growth has not materialized. An option presented was to downsize by re-purposing Mary Drew School until sustainable growth returns. An option would be to lease the building. Mary Drew students potentially would return to their previous home school for 2012-13 school year in this model. Mary Drew staff positions would be addressed by individual position. Upon further review of this option, capacities at other Gr.1-4 schools would remain manageable. Non-use of the building is projected to produce a net savings of \$230,000. Overall, a decrease of two sections would be anticipated which would result in a potential savings of \$120,000.

District parents, staff, and community members have the opportunity to participate in advisory sessions that take place the day following the Board presentations in January. At the advisory sessions, administration documents ideas and comments that are generated.

In personnel matters, the Board

- approved the appointment of Abbie Wertin as a Social Worker;
- approved the appointment of Elizabeth Matthias as a Special Education Resource Teacher; and
- approved the employment of Karen Labedz as a teacher to fill a FMLA.

In other matters, the Board

- appointed Denise Wildeveld as a member of the Board of Education to fill the seat vacated by Dee Molinare until the organizational meeting in April 2013;
- recognized Dee Molinare for her 10 years of service as a member of the Summit Hill Board of Education;
- recognized Summit Hill Jr. High student Matthew Montalvo who was named the December 2011 recipient of the Kiwanis Student of the Month award;
- recognized Dennis Merz from the Frankfort Fire Protection District for his care and concern in delivering safety training to Summit Hill staff members over the years;
- approved Presidents Day in lieu of Lincoln's Birthday as a holiday beginning February 2013;
- heard plans for the January 24 half-day teacher in-service; and
- heard that the Kindergarten registration drive will begin on February 9 from 3:45 p.m. – 8 p.m. at Dr. Julian Rogus School.