

**OAK PARK AND RIVER FOREST HIGH SCHOOL**  
**201 N. Scoville**  
**Oak Park, IL 60302**

**Finance Committee Meeting Minutes**  
**February 19, 2013**

A Finance Committee meeting was held on Tuesday, February 19, 2013. Ms. McCormack called the meeting to order at 7:29 p.m. in the Board Room. Committee members present were Terry Finnegan, Valerie J. Fisher, Dr. Ralph H. Lee, Amy McCormack, Dr. Dietra D. Millard (attended telephonically), Sharon Patchak-Layman, and John Phelan. Also present were Dr. Steven T. Isoye, Superintendent; Michael Carioscio, Chief Information Officer; Dr. Tina Halliman, Assistant Superintendent of Student Services; Amy Hill, Director of Assessment and Research; Philip M. Prale, Assistant Superintendent for Curriculum and Instruction; Nathaniel L. Rouse, Principal; Lauren M. Smith, Assistant Superintendent for Human Resources; Karin Sullivan, Director of Community Relations and Communications; Cheryl L. Witham, Assistant Superintendent for Finance and Operations and Treasurer; and Gail Kalmerton, Executive Assistant/Clerk of the Board.

Visitors included Sheila Hardin representing FSEC; Peter Nixon and Carolyn Ojikutu, OPRFHS Counselors; Ken Florey of Robbins & Schwartz; Carollina Song, Ann Courter, Carolyn Newberry Schwartz, Joan White, and Eric Gershenson of the Collaboration of Early Childhood Care and Education; Mary Jo Haley of the League of Women Voters, John Bokum Jr., Tom Cofsky, Melanie McQueen, Jeff Weissglass, Julie MacCarthy, Stephanie Kiesling, community members; Roger Gouse, graduate student; and Vernecia Gee-Davis, intern; Ambria Jones, students; William Dwyer of the *Oak Leaves* and Terry Dean of the *Wednesday Journal*.

**Tax Abatement**

Mr. Phelan and Ms. Fisher requested a discussion of a one-time tax abatement of debt service. The Board of Education had levied about \$1.6 million after approving a 2.5% increase in December 2012. Two abatement options were discussed: a full abatement totaling \$2.4 million, or a partial abatement of \$1.6 million. If a partial abatement was chosen, the school would not levy the 2.5 percent rate next year, resulting in no change to the high school's portion of the tax bills. A full abatement would actually result in a lower tax bill of approximately \$55 for a home valued at \$315,000, but only for one year. Over the course of the 2 years, the taxpayer savings would be greater. Mr. Phelan wanted to help those community members who were having a difficult time in this economy and he felt a tax abatement would be the right thing to do. Ms. Fisher added that this was an opportunity for the committee to explore whether or not a one-time abatement would negatively impact the District's future.

The Committee asked Ms. Witham to review her report in the packet as to how a tax abatement of the debt service might affect the District. School districts in Illinois are required to approve a tax levy on an annual basis in order to receive property tax revenue for the next school year. The Property Tax Extension Limitation Law (PTELL), or tax caps, limits the annual growth of the levy to the lesser of the increase in the Consumer Price Index (CPI-U) or 5%. Revenue from newly assessed tax parcels are excluded from the tax cap. A fundamental structural imbalance exists in the funding formula because most of the costs related to the delivery of public education (primarily salaries, benefits, utilities and transportation) exceed CPI-U on an annual basis. Tax levies that increase annually based on the rate of inflation provide tax predictability to homeowners on an annual basis. This structural imbalance requires public schools that are heavily reliant on local property taxes for revenue to eventually seek a referendum increase. Property taxes do not increase as enrollment increases.

The current funding structure does not permit districts to reduce a levy in one year and then regain the previous taxing capacity in the following year, thereby providing only short-term tax relief to taxpayers. Therefore, most school districts continue to levy the maximum amount allowable within the PTELL limitations in order to maintain their capacity which will be needed in the short term. For the 2012 Levy, the

District levied within the PTELL tax cap law in order to realize the increase in the consumer price index and to maintain taxing capacity. Exhibit 1 compared the impact of a 0% increase in the 2012 levy rather than the normal CPI-U increase for 2012. The December 31, 2011 CPI was 3.0% and that percentage was used for the 2012 levy increase, allowable under the PTELL limitations.

Several scenarios were provided to be considered when debating whether to abate the levy.

1. The impact of the annual contribution to the Collaboration for Early Childhood (Collaboration) \$4.2 million in 10 years)
2. The impact of the annual cost of the Teacher Retirement Pension transfer to the District (\$15 million over 10 years).
3. The impact of a full abatement of the cost of bond and interest payments for one year.
4. The impact of a partial abatement of the cost of bond and interest payments for one year.
5. The impact of a full abatement of the cost of bond and interest payments for one year, Collaboration and TRS.
6. The impact of using fund balances to pay off debt on the December 1, 2013 call date for a savings of \$1.2 million dollars. The funds would come from the Working Cash Fund which is used for cash flow purposes. The downside to paying the debt service from this fund is that its reserve is limited. The District has 9 months of reserves in other funds, but as they get spent down, Working Cash funds could be used to replenish them. The District may continue to levy into the Working Cash Fund of a \$.05 maximum. The amount of reserves that districts have when they go for referendums depends on the school district and their dependencies on state aide and size.
7. Increased enrollment.
8. Cost reduction targets (removed for this presentation.
9. Long term facility needs, including the pools.
10. Strategic planning.

In 2017, because of increased enrollment needs, the District will begin to spend down its reserves quickly. When the 2023 timeline is reached, large deficits will exist. A referendum in this timeframe may help the district breakeven, but it will be difficult to run surpluses of any size and it would mean serious cost containment.

The Strategic Planning and the Long Term Facility Planning, including the pool study, processes are very near completion. Financial resources will be required for both processes. The Board of Education and community will soon have the results of the plans and they can discuss future direction and the resources required.

The administration asked that the Board of Education, parents, and community members discuss the long- term financial health of the District and develop parameters in which all can agree regarding such things as:

1. Timeframe of a future referenda and how often should a referendum occur?
2. Fund balance policies, what is healthy?
3. Educational excellence and equity in student achievement, what does this cost?
4. Best practices and comparison financial data from other Illinois School Districts, how does OPRFHS compare?
5. How this group will work and what its relationship will be to the current ALT should be considered and discussed with stakeholders.

Mr. Phelan anticipated bringing two motions forward to the Board of Education at its regular February 28 meeting. The first would be support for the full abatement and the second would be for the abatement of \$1.6 million to offset the levy increase, if the first motion failed. Ms. Witham reminded the Board of Education of conversations about paying off the debt which is callable on December 31, 2013 and ending the life safety levy at that time. Its original purpose was to replace the roof. It is an option to levy the \$600,000 in another fund which is below its maximum rate. That \$600,000 could be used to levy into another fund.

Dr. Lee felt this was a discussion about pushing today's burden to the future, which will then end up being more painful. Ms. McCormack struggled with whether the benefit to the taxpayers would be large enough to make the burden of an abatement worthwhile. When she started on the Board of Education four years ago, most of the scenarios now being considered had not even been thought about, e.g., pools, the Collaboration, increased enrollment, and TRS, etc. What if other things arose in another four years? Students already play the political pawn in the referendum cycle with the way schools are funded in Illinois. She disliked the legislation that put schools in the constant position of fearing that a referendum might not pass, as usually they do not.

Mr. Finnegan felt the level of fund balances should be a community-wide discussion. While Mr. Phelan and Ms. Fisher feel it was the right thing to do, others questioned the ramifications to the District. The abatement is not a large dollar amount.

While Ms. Patchak-Layman had not supported the increase passed for the CPI because she had wanted to recognize what was occurring in the community, she felt the Board of Education had missed the "feel-good" opportunity. Now, taxpayers will say the high school abated \$2.5 million and kept \$60 million. The District is using the dollars that people paid six years ago in good faith. That is where the imbalance lies as much of the money in the fund balance should not be there. The question of fund balance level needs to be discussed.

### **Finance Advisory Committee**

In response to the community's conversation about the District's present financial condition, the administration researched, compiled, and provided comparative financial and student achievement data in order to understand the District's financial position in comparison to other high school districts in suburban Cook County. The data was procured from state reports in several public databases for the 2011 school year. While not intended to be all inclusive, it is a collection of data publicly available at this time.

The report provided an overview of Oak Park and River Forest High School characteristics and its educational finances. The statistical information pertained to education finances for the 2010-2011 fiscal year. Included in the report was the aggregated data of the following:

- The Metro Chicago area as a whole
- Oak Park and River Forest High School District 200
- Percentage change from 1 year-ago (2009-2010)
- Percentage change from 5 years-ago (2005-2006)

The Metro Chicago area has 55 high school districts. Suburban Cook County has 27 high school districts, one of which is OPRFHS. The data in this report compared the 55 Metro Chicago high school districts and the 287 suburban Cook County high school districts with OPRFHS data.

The following were areas in which data was provided by Ed.dat Databook Value II: Metro Chicago School Finance Data –FY 2011:

- Revenue per Pupil
- Property Values per ADA
- Education Tax Rates and Aggregate Tax Rates
- Total Expenditures per ADA
- Suburban Cook County Total Expenditures per Pupil Top 10
- Operating Expenditures per ADA
- Suburban Cook County Total Operating Expenditures per Pupil Top 10
- Debt per ADA
- Surplus/Deficit per ADA

- Teacher Characteristics and Salary
- Administrator Characteristics
- High School Graduation Rate
- ACT Test Scores
- Fund Balances Information
- Cook County Demographic Data
- OPRFHS Demographics by Race Compared to Low Income Enrollment %
- OPRFHS Low Income Enrollment Compared to ACT Composite Scores

The administration recommended that the Board of Education form a new advisory committee to focus on the collection of financial data, analysis of that data, and then the group could discuss and recommend appropriate measures and targets for ranking within a selected group of schools to which the community would like to be compared. This committee should also review student achievement data and demographics in order to set financial goals which also support excellent quality educational results. Suggested topics included:

1. Appropriate comparison group
2. Community expectations for student achievement
3. Community taxing capacity
4. Referendum cycles
5. Student achievement targets
6. Fund balance policy
7. Expenditures per pupil
8. Enrollment trends
9. Resource allocations
10. Facility comparisons
11. Communication plans, design of website etc.
12. Others as defined by the Board of Education

It was the consensus to form a committee and for the Superintendent to make a recommendation as to its structure at the regular February Board of Education meeting. The Committee discussed whether this charge should be included in the Strategic Plan by adding another task force. The arguments against doing so were as follows: 1) Steering Committee members had already put in much time and its task forces were yet to be formed; 2) this was a specific study with a list of targeted topics which had not been identified in Strategic Planning as a finance study; 3) this group would feed into future board decisions on referendum cycles, etc. Mr. Finnegan was concerned about the amount of work the administration could bear as it was already involved in the strategic plan, policy review, regular board meetings, etc. He felt this committee would entail a long-term educational process which should stand on its own, move forward swiftly, but not rushed. Ms. McCormack noted that the Board of Education has an opportunity to abate, based on this debt, before an April 1 deadline. The next opportunity to do something would be in December. As such, she suggested waiting until after the results of the Strategic Plan were presented. Dr. Isoye felt this project would take intensive study over time and he suggested bringing the results forward in the fall or winter through a Superintendent's Committee to the Board of Education. Ms. McCormack, Mr. Finnegan, and Mr. Phelan concurred with that recommendation. Ms. Patchak-Layman noted that the community should be involved in order to understand the topic and to be able to make comments. She wanted it to be more open than the Finance Advisory Committee and the Advisory Leadership Team. While both of those entities have had much conversation and understand why they set the targets they did, no one else knows why. Constituting a board committee gives a different layer of open access. Mr. Phelan asked for safeguards that could be put into place to ensure that the community would be involved.

Ms. Fisher asked that research be conducted on the number of Finance Advisory Committees (FACs) that had been constituted and their structures, and then naming this committee more appropriately, i.e., FAC 4.0 or 5.0. FACs, in the past, had extremely helpful community participation. Mr. Finnegan was worried about the size of the committee and keeping the community involved. Dr. Lee was skeptical as the Board of Education had not agreed on the scope of this committee, its composition, or structure, as the Board of Education had not even agreed on the meaning of the terms “fund balance” or “surplus”. Mr. Phelan felt that the first priority is for the Board of Education to understand the topics in depth and then to educate the public. He hoped the committee would start March 1.

Ms. Patchak-Layman noted that the community was discussing fund balance policies, how often should referendums occur, and what does educational excellence and equity in student achievement cost. There are opposing views. When talking about differentiation for students, she was ready to move past that and look at putting monies into a special fund to distribute to the taxpayers as allowed under law, rather than just approving an abatement.

### **ALT Report**

This will be presented at the regular February 28, 2013 Board of Education meeting.

### **Presentation of Check Disbursements dated February 19, 2013**

It was the consensus of the Finance Committee members to recommend that the Board of Education approve the Check Disbursements dated February 19, 2013 at the Special Board of Education meeting immediately following this meeting.

### **Presentation of Monthly Treasurer’s Report**

It was the consensus of the Finance Committee members to recommend that the Board of Education approve the Monthly Treasurer’s Report at the Regular February Board of Education meeting.

### **Presentation of Monthly Financial Report**

It was the consensus of the Finance Committee members to recommend that the Board of Education approve the Monthly Financial Reports at the regular February Board of Education meeting immediately following this meeting.

### **Collaboration of Early Childhood Care & Education**

Dr. Isoye noted that both the Village of Oak Park and District 97 had approved resolutions regarding their intent to work with the Collaboration. It is the intent to bring forward such a resolution to the OPRFHS Board of Education for approval at its regular February 28 meeting.

The Committee members received the results of a survey on Students’ Preschool and K-8 Enrollment from Ms. Hill, which attempted to resolve questions relative to the number of students likely to be affected by the work of the Collaboration and the “flow-through” of those students to OPRFHS. This survey was administered to the current students the week of January 28 in their period 2 classes, except in PE classes as they are not conducive to survey completion. The number of valid responses were 2,324, representing 75% of the student body. The results were as follows:

- 62% of students said they lived in Oak Park or River Forest before kindergarten; 38% said they did not; 1% was unsure.
- 57% of students said they attended pre-school in Oak Park or River Forest; 40% said they did not; the remainder was unsure or did not respond.
- 62% of students indicated they had attended all grades K-8 in Oak Park and/or River Forest schools; 38% indicated they had attended one or more K-8 grade levels in schools other than in Oak Park or River Forest.

- Of students who said they attended pre-school in Oak Park or River Forest, 90% reported continuous K-8 enrollment in Oak Park or River Forest schools.
- Cross-tabulating student responses, 51% of students surveyed said they attended pre-school and all grades K-8 in Oak Park or River Forest before enrolling at the high school.

The data did not allow the determination of the percentage of all Oak Park and River Forest preschool attendees who attended K-8 schools in Oak Park or River Forest and then enrolled in the high school.

A number of student mobility patterns also emerged. They were:

- 20% of survey respondents said they entered Oak Park or River Forest schools beginning in grade 6 or later; 14% enrolled for the first time as freshmen.
- Student responses reflect a wide range of enrollment patterns, including a number of students (7%) whose responses suggest that they moved in and out of Oak Park or River Forest schools during their K-8 years and a larger proportion (31%) who were enrolled five or fewer of their K-8 years in Oak Park or River Forest schools.
- Response rates also reflect distinct racialized patterns, such that White students were more likely than their peers in all other racial groups to report having lived in Oak Park or River Forest before kindergarten; having attended pre-school in Oak Park or River Forest; and having attended Oak Park or River Forest schools continuously throughout their K-8 years (Table 2). Among students reporting that they lived in Oak Park or River Forest before kindergarten, racial disparities in reported pre-school enrollment were present but less pronounced (Table 3).
- In addition to the survey data, over the past four years, students enrolling at OPRFHS from another high school or from a middle school outside of Oak Park and River Forest have scored in the lowest two PSAE performance levels at rates twice as high as their peers who entered from schools in Oak Park or River Forest (Table 4).

Discussion ensued. To Mr. Phelan and Mr. Finnegan the data revealed that approximately 60% of OPRFHS students and their families would have been touched by the Collaboration if it had been in effect when their children in the 0-3 years of age. There was also the unseen data that others may have benefited from as well. Dr. Lee stated that Oak Park and River Forest were magnets for families with special needs children because of the reputation of OPRFHS's Special Education program and its ability to serve students with high academic abilities. Oak Park and River Forest do not have a reputation for early childhood. It would be a reasonable expectation that people would move into Oak Park and River Forest earlier if there were such an acclaimed program. Ms. Patchak-Layman noted that the study conducted by the high school matched the study she had conducted for the small cohort of students in her son's class at Longfellow.

Ms. Newberry-Schwartz responded to questions from the Board of Education relative to its budget. The budget is informed, based on market research regarding rent as of the summer of 2012, the number of staff as compared to other agencies, square footage for employees in comparable agencies, and salaries. Village Hall currently houses the Collaboration, including its four part-time employees, in a 13' x 13' foot office. The work space is not conducive for having conversations, writing, etc., and other space would be sought from another public agency. Staff salaries would be comparable to the non-profit sector in the Oak Park and River Forest area, as well as the job responsibilities. Ms. Newberry Schwartz offered to create a chart of this information. The growth in the budget meant more staff would be added as needed. Ms. Newberry-Schwartz was unprepared to discuss ramping backwards (25%, 50%, and 75%), as the Collaboration had planned to deliver the results desired. Any changes would require talking about the different components. This proposal entails a full implementation over a three-year period and is cost effective, as it leverages many dollars. The Collaboration is working to make sure that qualified services are provided to the children in Oak Park and River Forest from birth to 3 years.

Ms. Newberry-Schwartz continued that there is precedence for 501(c)3 entities receiving significant government contracts. Increasingly, 501(c)3 entities are taking on governmental roles or are becoming an extension of government services and making sure that the services are provided. Earlier discussions ensued about whether taxing parties should do something about early childhood. The response was yes. While the Collaboration looked at the Youth Interventionist model, the decision was made not to pursue that because every jurisdiction was playing a role or saw a clear benefit to them around early childhood. There was also concern because the early childhood field is comprised of an amalgam of private providers, not-for-profit providers, proprietary providers, and public providers. As such, a structure needed to be created that allowed for all to be part of the dialogue. Distrust between some of the jurisdiction did exist, but District 97 looked for a way of cross fertilization. The Collaboration also wanted to leverage private dollars and it would be in a better position to do so if it were a nonprofit organization. Ms. Patchak-Layman stated that generally governmental agencies put out a request for proposal and then contract for specific service. Ms. Newberry-Schwartz noted that the need to do something about the fragmentation of services and to make them a higher quality was recognized. The impetus for the Collaboration was a public impetus, not a private one. Some jurisdictions view the Collaboration as a partner agency so that creates some conditions around the bidding. The Collaboration's working group had a discussion about a contract for services needing to be bid. Ms. Patchak-Layman wanted accountability for the dollars going into the service and being specific as to what services. Ms. Newberry-Schwartz responded that the programs proposed were well defined. Some are currently being done by the Collaboration. Others are based on the affirmed or approved programming in the state of Illinois. There are clear accountability measures and they were derived through that strategic planning model, which are beginning to be picked up in the state, i.e., looking at children, improving service delivery, system integration across the early childhood sector. The Collaboration does have the databases to do this.

Ms. Patchak-Layman was familiar with a model that the state used to contract 501(c)3 corporations to do voucher programs. The partnership model used by the Village, the Village has a direct interest in the activities with the partnership agencies and uses it to develop community block grant to review partnerships with the agencies. How does the model being presented fit with the partnership/agencies? Ms. Newberry-Schwartz stated that it was a different model. She also noted the Collaboration was committed to obtaining either grant dollars or private funding, such as for home visits, and, if successful, it intended to reduce the amount of dollars collected from the government agencies by that amount.

At 9:42 p.m., Ms. McCormack moved to enter closed session for the purpose of discussing litigation, when an action against, affecting or on behalf of the particular District has been filed and is pending before a court or administrative tribunal, or when the District finds that an action is probable or imminent, in which case the basis for the finding shall be recorded and entered into the closed meeting minutes. 5 ILCS 120/2(c)(11); seconded by Mr. Phelan. A roll call vote resulted in six ayes and one nay. Ms. Patchak-Layman voted nay. Motion carried.

The Finance Committee resumed is open session at 10:38 p.m.

### **Adjournment**

Ms. McCormack adjourned the Finance Committee meeting at 10:39 p.m.

Amy McCormack  
Secretary