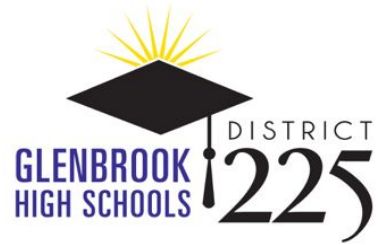


DRAFT



To: Dr. Charles Johns
Board of Education

From: Dr. R.J. Gravel
Dr. Kimberly Ptak
Ms. Vicki Tarver

Date: Monday, February 10, 2020

Re: School Operating Budgets for Fiscal Year 2020-21

Recommendation

It is recommended that the Board of Education approve the school operating budgets for the 2020-21 fiscal year as follows:

- Glenbrook North High School - \$2,649,080;
- Glenbrook South High School - \$2,948,530.

Background

Each spring the Board of Education approves a school operating budget for the upcoming fiscal year for both Glenbrook North and Glenbrook South. The purpose of the school operating budget is to provide for the operational needs of each school which include:

- Department and Program Budgets;
- Discretionary Student Activity Stipends;
- Athletic Event Officials and Supervision Expenses;
- Substitute Expenses for Professional Development Activities and Use of Internal Substitutes;
- Employee Overtime Expenses;
- Small Equipment Purchases;
- Building Maintenance Supplies, Service Agreements and Repair;
- Charter Transportation Expenses (Athletics, Field Trips, Student Activities).

Review of the School Operating Budget Allocation Formula

During last year's discussion of the school operating budgets, it was recommended that the administration review the method for which these budgets are formulated, to ensure that it provides for the operational needs of each school. In response to this recommendation, the business services and school leadership teams conducted a detailed review of expenditure trends. The process provided an opportunity to review how funds have been allocated and utilized over the past four years in several different ways. For example, actual expenditure data information was analyzed:

- By fund (e.g., education fund, operations and maintenance fund, transportation fund);
- By program (e.g., science, world languages);
- By expenditure object (e.g., athletic officials, custodial overtime, duplication expense, instructional materials, professional development).
- By the amount of expenditures per student course registration for a program;
- By the amount of expenditures per staff member in the department for a program;

- By the amount of expenditures per student enrolled in the school by an object; and
- By the amount of expenditures per staff member in the school by an object.

Formula Revision 1: Transition of Capitalized Expenditure Budgets

As part of the process, a comparative analysis was performed to determine the differences between how each school allocated its funds. In reviewing the data one variance stood out, which is the amount spent on capitalized expenditures (e.g., building projects, furniture replacement, large equipment). Table 1 illustrates the amounts both schools spent on capitalized expenditures over the past several years:

Table 1
Capitalized Expenditures by School

	2016-17	2017-18	2018-19	2019-20*
Glenbrook North	\$148,824	\$331,108	\$486,918	\$380,000
Glenbrook South	\$254,080	\$728,139	\$751,796	\$591,181
	\$492,894	\$1,059,247	\$1,238,714	\$971,181

* Reflects budgeted amounts, not actual expenditures.

This particular variance was anticipated, given the historical approach for budgeting capital projects in the school district (e.g., infrastructure projects were funded through the district capital projects budget, learning space enhancements and smaller projects were funded through the school operating budgets). Given the complexity related to capital projects and the need for architectural and construction management services, it has been the intent of the district to consolidate all capital projects into a single district-wide program budget. As the school district returns to a wholly pay-as-you model for capital projects for the summer of 2020, it makes sense to move forward with this transition in the upcoming 2020-21 fiscal year.

In preparation for the change for capital projects, the administrative team created a 3-year master facility plan. This plan was presented to the Board of Education on Tuesday, November 12, 2019, and included all of the capital projects anticipated for summer 2020, and those anticipated in summers of 2021 and 2022. With this updated approach to planning and funding capital projects, the funds previously budgeted in each school's budget will be transferred to a district-level capital projects budget. This one-time change in accounting practice results in an overall reduction in the amount of \$837,275 when compared to the prior fiscal year's allocation. However, these funds have been simply reallocated to the district capital projects fund to support \$1,482,390 in projects that would have previously been supported by the school operating budgets.

Formula Revision 2: Restructuring of the Basic, Facility, and Per-Student Allocation

Under the historical school operating budget allocation formula, 57% of the allocation is based on student enrollment, 21% based on square footage, and 22% is divided equally between the two buildings. In an effort to refine the calculation and validate the cost drivers with respect to how funds are actually spent, the team analyzed each expenditure by object code and categorized expenses by cost driver. The following findings were determined:

- Square footage should not be used as a driver in the allocation calculation. Although Glenbrook South has approximately 15% more square footage than Glenbrook North, the areas that tend to

be most costly to maintain have similar footprints at each school. These areas include the CPA/auditorium, cafeterias, natatorium, main gym, auxiliary gyms, music rooms, fieldhouse, library, and athletic fields. Considering this finding, it is recommended that the facilities allocation be eliminated from the allocation formula.

- A basic and per-student allocation should be used as drivers in the allocation calculation, however, the current percentages need to be recalibrated. Each school has costs that are impacted by the number of students enrolled, as well as expenses that are associated with the general operation of the school. To establish a new baseline year, and determine what percent of the overall allocation should be based on student enrollment, the business services team grouped expenses into the following categories:

Table 2
Expenditures Categorized by Student Enrollment Impact

Enrollment-Driven Expenditures Approximately 25% of All Expenditures	General School Expenditures Approximately 75% of All Expenditures
“Per-Student Allocation”	“Basic Allocation”
<ul style="list-style-type: none"> • Professional Development • Supplies/Materials • Instructional/Test Materials • Books • Electronic Resources • Scholastic Contests/Fees 	<ul style="list-style-type: none"> • Supervision/Security • Officials Services • Curriculum Evaluation • Repairs/Maintenance Services • Electrical, Mechanical, Plumbing Service • Charter Bus • Sanitation Services • Food and Beverage • Capital Outlay, Building/Site Improvements

- The detailed historical analysis revealed that, on average, Glenbrook North and Glenbrook South have spent 25% of their building budgets on student-driven expenses and 75% on non-student driven expenses. This translates to an average expense of \$265 per student for the student-driven expenses. Considering this finding, the recommended revision to the basic and per-student allocations are as follows:
 - 25% of the overall building budget based on student enrollment which equates to \$265 per student; and
 - 75% of the allocation is equally divided between the buildings.

A summary of the historical school operating budget allocations is presented in the table that follows, as well as the recommendation for the 2020-21 fiscal year.

School Operating Budget Calculation

		<i>Historical</i>										<i>Recommendation</i>	
		FY 2015-16		FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20		FY 2020-21	
Consumer Price Index for All Urban Consumers (CPI-U)*		1.5%		0.8%		0.7%		2.1%		2.1%		Revised Formula	
Basic Allocation	Total Budget	\$1,166,885.80		\$1,176,220.88		\$1,184,454.43		\$1,209,327.97		\$1,484,723.86		\$4,200,000	
	Glenbrook North High School	50%	\$583,442.90	50%	\$588,110.44	50%	\$592,227.21	50%	\$604,663.99	50%	\$742,361.93	50%	\$2,100,000.00
	Glenbrook South High School	50%	\$583,442.90	50%	\$588,110.44	50%	\$592,227.21	50%	\$604,663.99	50%	\$742,361.93	50%	\$2,100,000.00
Per Student Allocation	Per Student Budget	\$635.86		\$641.57		\$646.06		\$706.68		\$721.52		\$265.00	
	Glenbrook North High School	2,057	\$1,294,217.00	2,033	\$1,289,007.00	2,023	\$1,306,981.90	2,053	\$1,450,811.02	2,060	\$1,486,328.69	2,072	\$549,080.00
	Glenbrook South High School	3,002	\$1,922,595.00	3,070	\$1,984,926.00	3,106	\$2,006,666.23	3,146	\$2,223,210.66	3,190	\$2,301,644.91	3,202	\$848,530.00
Facilities Allocation	Per Square Foot (sq ft)	\$1.02		\$1.03		\$1.04		\$1.06		\$1.08			
	Glenbrook North High School	580,000	\$594,221.00	580,000	\$598,975.00	580,000	\$601,871.03	580,000	\$614,510.32	580,000	\$627,415.03		
	Glenbrook South High School	670,000	\$683,675.00	670,000	\$689,144.00	670,000	\$695,264.81	670,000	\$709,865.37	670,000	\$724,772.54		
Glenbrook North High School	Glenbrook North High School Subtotal	\$2,471,880.90		\$2,476,092.44		\$2,501,080.14		\$2,669,985.33		\$2,856,105.65		\$2,649,080.00	
	Reduction - Field Turf Contribution												
	Reduction - District Technology Budget	\$91,000.00				\$91,000.00		\$91,000.00		\$91,000.00			
	Grand Total	\$2,380,880.90		\$2,476,092.44		\$2,410,080.14		\$2,578,985.33		\$2,765,105.65		\$2,649,080.00	
Glenbrook South High School	Glenbrook South High School Subtotal	\$3,189,712.90		\$3,262,180.44		\$3,294,158.25		\$3,537,740.01		\$3,768,779.38		\$2,948,530.00	
	Reduction - Field Turf Contribution	\$165,000.00											
	Reduction - Parking Lot / Maintenance Bldg.	\$235,000.00											
	Reduction - District Technology Budget	\$99,000.00				\$99,000.00		\$99,000.00		\$99,000.00			
Grand Total	\$2,690,712.90		\$3,262,180.44		\$3,195,158.25		\$3,438,740.01		\$3,669,779.38		\$2,948,530.00		
Total School Operating Budgets		\$5,071,593.80		\$5,738,272.88		\$5,605,238.38		\$6,017,725.34		\$6,434,885.03		\$5,597,610.00	

* Historically the school operating budget has used the CPI-U level indicated on the prior year's tax levy. For example, the 2019-20 school operating budget will be calculated based on the CPI-U level indicated on the 2018 Tax Year levy (adopted in December 2018).