

## **Finance Oversight and Review Committee Meeting**

**June 24, 2020**

### **Meeting Minutes**

**In Attendance:** FORC Members: Chair - Carrie Hagner, Jeff Mathis, Justin Erkfritz-Gay, Greg Kolar, Holly Spurlock, Lou Anne Johannesson

**Also in attendance:** Rob Grossi

**Absent:** Vice-Chair Dr. Michelle Mangan, Anna Richards, Peter Lisnic, Dr. Carol Kelley, Cheree Moore

Chairwoman Hanger called the meeting to order at 7:03 p.m. (Note: This meeting took place virtually via Zoom)

#### **1) Business Office Restructuring:**

Grossi reported that starting July 1st Dr. Felicia Stark's new title will be Associate Superintendent of Education and will oversee the business office in addition to her role running Student and Administrative Services. Patrick King will be promoted to Senior Director of Finance, and is working on his Certified School Business Official (CSBO) endorsement. The District will no longer have a CFO. Grossi will continue on for a year working on:

- Budget
- Tax Levy/Abatement
- Transfer to new accounting software
- Liaison to FORC

#### **2) Update on Financial Software Purchase and Timeline**

Grossi, reported that the review process was very rigorous. The District has contracted with Infinite Visions. He stated that upgrading the software will allow for alignment of the District's budgets with the ISBE guidelines. Grossi stated that he works with many school districts that use Infinite Visions. The software has a one time cost of \$228,000, which includes training, and an annual fee of \$50,500. He reported that this software will provide a significant return on investment. He said the District has a target conversion date of July 1, 2021. Infinite Visions will supply a project manager to oversee the transition. He reported that the software will allow for an increase of productivity and an elimination of errors due to the efficiency of the software. There was a discussion on a possible reduction of staff in the H.R. Department to help offset costs of

the new software. Spurlock emphasized the need to replace ALIO, which she stated is outdated and was never compatible with ISBe budget items.

### **3) Preparing for the Financial Impact of the COVID-19 Crisis**

Grossi explained that the COVID-19 increases the state's exposure to the economic downturn, with the State projecting a budget gap of about 2.7 billion dollars this fiscal year, and 7.4 billion dollars for fiscal year 2021. This is primarily due to COVID-19. He stated that the General Assembly passed their budget keeping the budget flat for next year and plans to borrow 5.8 billion dollars from the emergency federal loan program.

He stated an important detail from the state budget is that K-12 funding will be flat versus the previous year. Without the loan, legislators were considering a 35 percent cut across the board reductions in the budget. The state is hoping that the federal government will provide a grant sufficient to pay off the loan. He explained that some experts are projecting that the revenue projections are too ambitious and that the budget hole will actually be larger than predicted. Grossi stated that this decision only pushes the financial crisis back by one year. He shared the following assumptions;

- Probability of a future property tax freeze increases
- Property tax collection percentages may decrease
- Evidenced-Based funding may be cut significantly
- Property tax will likely increase
- Probability of pension shift for schools increases
- Property tax collection may decrease, property tax collection will be delayed.

Grossi reminded FORC that the district has a 3-6 month reserve policy. He stated that if the state cuts funding per student, the district would lose substantial financial support. The assumption was that the surplus funds would cover the non capital projects. The district would have been able to fund all of the projects and still have a fund balance in 2025 close to the forecast.

Grossi recommended that school districts create a transformational plan, be adaptive to evolving social distancing requirements, and develop a more cost-effective method to deliver instruction. Grossi recommended that the District consider what it is going to do if revenue decreases by 5%. He recommends that the District develop projections under three scenarios. In doing so, the District should assess its strengths, weaknesses, threats and opportunities.

He stated that back in January he felt the District was in good shape. He said then there need to be levers for unexpected problems, not even anticipating COVID. In

January he had said that the way to preserve fund balances, if there were dramatic events, was to push off or slow down large capital projects (after the referendum money has been spent) and/or borrow money.

Spurlock reported that she has been serving as a board liaison to the Superintendent's task force in the financial impact group. The group has looked at unexpected expenses due to COVID-19 (PPE, Additional Custodial stuff, etc.) as well as cost savings (transportation , etc.)

#### **4. Guidelines for FY 2021 Budget**

The budget will be approved in the fall. Grossi shared 10 items he feels will need to be addressed by the BOE in the next year or so (see presentation). All capital projects for summer of 2002 & 2021 are covered in the 2017 referendum bonds. FORC needs to make a recommendation in the fall on bond abatement (by Feb. 2021) and the levy. He will look to the FAC committee in the fall to revise their 5-year plan. Grossi wants to discuss long-term vision with FORC in the fall. He thanked FORC and looks forward to getting FORC recommendations out ahead of BOE decisions. FORC members all agreed that they are happy to be available to make the needed recommendations.

#### **5. Adjournment: 8:37 pm**