

North Pekin-Marquette Heights District #102

Minutes from December 15, 2020 Board Meeting Agenda Item Titled:

“Transition to the 2021-22 School Year Including Possible Reconfiguration of Buildings”

Mr. Sondgeroth discussed that the district was approaching the time of year when it begins planning for the following school year. He said decisions need to be made regarding how the district will proceed with the Rogers School principal vacancy being created by Mrs. Lindsay’s move to Superintendent for the 2021-22 school year. He explained that there were many factors to consider and that it should not be an automatic decision to hire a replacement given a variety of different circumstances. He indicated that when a teacher retires or resigns, the administration discusses whether that position is still needed or if it can be reduced through attrition or by reconfiguring classes. When making these decisions, the administration looks at the district’s finances and its enrollment. Mr. Sondgeroth said the purpose of his presentation was to discuss planning scenarios for 2021-22 while looking at both the district’s current financial situation and its enrollment.

Currently, District #102’s finances are solid and the district is in a position to weather any small storm that may occur. In spite of solid fund balances, the future of school funding in Illinois is in question right now due to the COVID crises. Different statewide organizations have stated that the state’s financial issues will result in more hard times in coming years for schools, just as it did back in the early part of the last decade. One forecast has projected that Illinois’ current year budget will be reduced by 5%, with next year’s budget possibly being reduced by 10%. The state’s budget is expected to be negatively impacted by the pandemic for several years to come. As a result, schools should plan for the state’s fiscal issues to negatively impact school funding in future years.

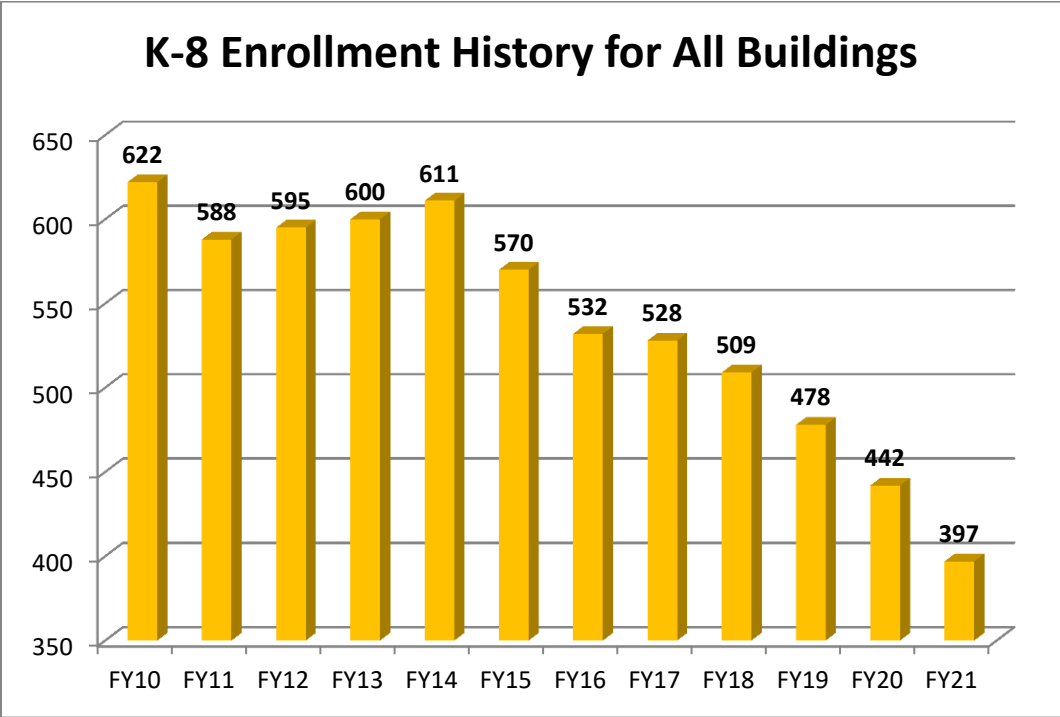
Mr. Sondgeroth said that these were only projections, but pointed out what it would look like if District #102 lost 5% or 10% of its state revenue. A 5% loss would roughly be \$135,000 in lost revenue. A 10% reduction in revenue next year would be a loss of approximately \$270,000. Mr. Sondgeroth again pointed out that the district’s fund balances are strong and can handle some lost revenues, but not knowing how long financial issues may last or how extensive they may be means that the district should not simply ignore the possibility that they are likely coming.

Mr. Sondgeroth also noted that he continues to hear discussion about the possibility of the state shifting some of its expenses to school districts. Mr. Sondgeroth provided an example. He said the state annually makes a payment to the Teacher Retirement System (TRS) on behalf of its districts. Last year’s “On Behalf” payment from the state to TRS for District #102 was over \$1,800,000. As has been discussed, the state could help address its financial issues by shifting some or all of these “On Behalf” payments from the state to individual districts. He stated that such a shift, even if it was only a portion, could significantly increase the district’s expenses without increasing its revenues. This would have the same impact as cutting revenues from a district. It would cause the district to use its excess fund balances to pay its bills. Mr. Sondgeroth stated that, in his opinion, ignoring the indicators which point towards another potential financial crisis in Illinois would be fiscally irresponsible.

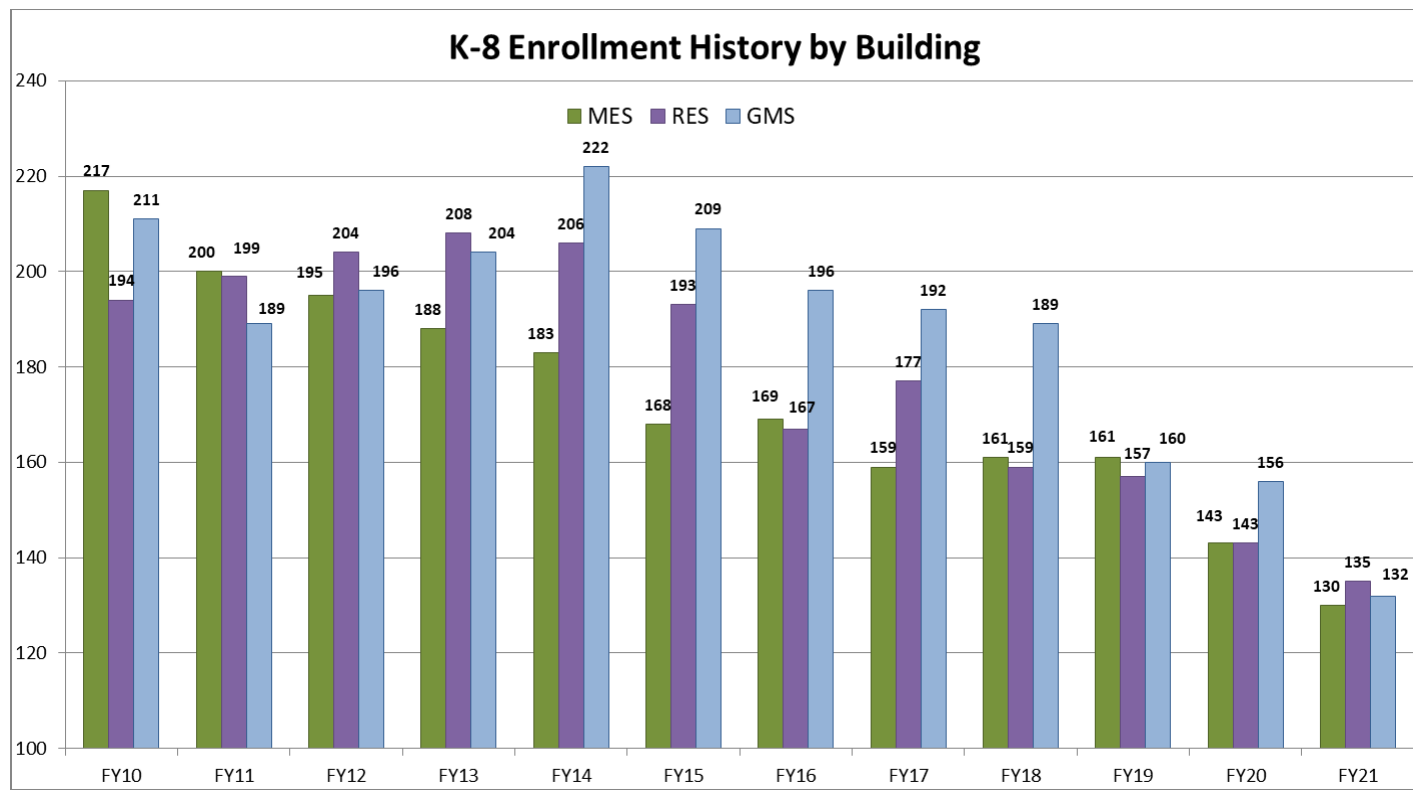
Mr. Sondgeroth also spoke about the referendum the district took to the community in the spring of 2011. That referendum passed the spring before Mr. Sondgeroth was offered the position as Superintendent of District #102. During the interview process, and in subsequent years, the board stressed to Mr. Sondgeroth that the referendum had passed with the promise to the taxpayers that the district would continue to be good stewards of its financial resources. Mr. Sondgeroth said that looking at the possibility of hard times coming down the road, and making decisions accordingly, falls into that narrative of the board being good stewards of the district’s finances, even if dissolving a building is an unpopular decision.

Mr. Sondgeroth moved off the topic of finances and began discussing the district’s enrollment. He distributed a handout containing four graphs to the board and audience members. Each graph showed the declining enrollment trend the district has been experiencing. He reviewed each graph with the board and audience.

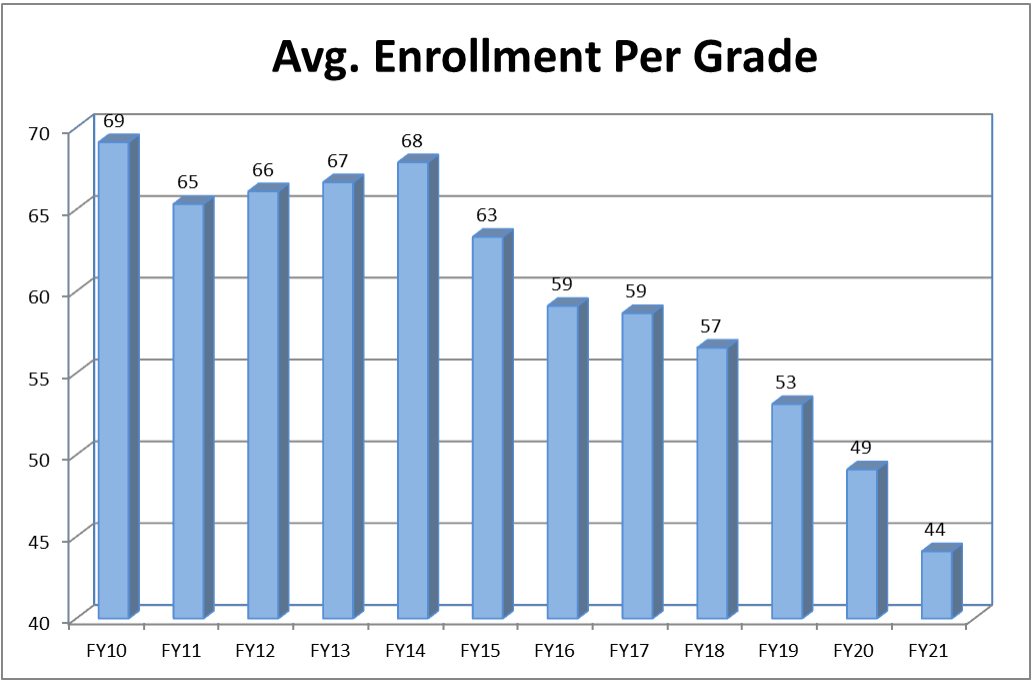
The first chart shows that in the 2009-10 (FY10) school year, just a decade ago, the district’s enrollment in grades K-8 was 622 students. Today, the district’s current enrollment in grades K-8 is 397 students. That number includes both the district’s in-person and remote learners. It’s a loss of 225 students in the past decade. Mr. Sondgeroth noted that in the 2009-10 (FY10) school year, the district’s largest grade level had 86 students. Today, its largest grade level has 51 students, including in-person and remote learners.



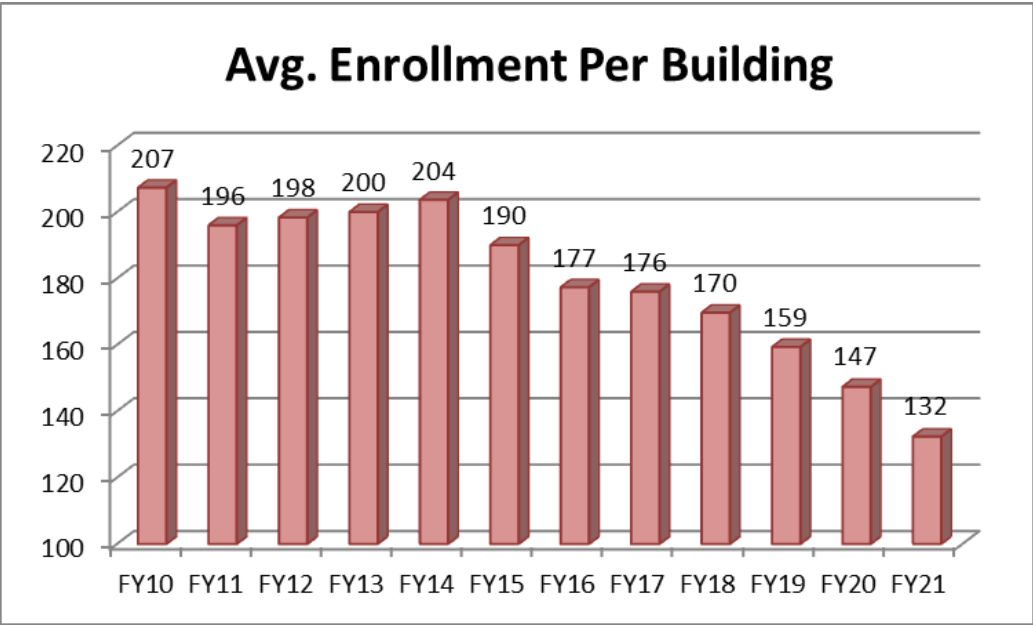
The next chart shows enrollments by building during that same time period.



The third chart shows that the average number of students in each grade level was 69 students in FY10. Today's average number of students in each grade level is 44. (Please note that all current numbers include remote learners.) That's a drop in the average of 25 students per grade level. Over the last 6-7 years, it has become common for the district to reduce a grade level from three to two sections as needed. This is to be expected given the fact that the average size of each grade has dropped by 25 students, the equivalent of one section.



As the district's enrollment has decreased, so has the enrollment in each building. The final chart shows that back in the 2009-10 school year, the average enrollment of the three buildings was 207 students. Today, the average enrollment of the buildings is 132 students. That's a decline of 75 students per building. Mr. Sondgeroth noted that in looking back at enrollment records he could find, MES had an enrollment of over 300 students, but housed grades K-3 instead of K-2.



Given the low number of students enrolled in the district's Pre-K program, as well as the current Kindergarten enrollment (39 students); there is little indication that this downward trend in enrollment will change. The

district has currently begun accepting out-of-district students into its Pre-K program to keep its enrollment at state-required levels for the grant it receives to fund the program. Just years ago, the district maintained a waiting list of students whose parents wanted them enrolled in the program. These out-of-district students help build up the Pre-K enrollment, but will not be students that help the district's enrollment when they move to Kindergarten in a year or two.

After his comments on finances and enrollment, Mr. Sondgeroth stated that, as a result of what he has presented, he was recommending that the district consider streamlining its resources. He suggested that the board begin discussions to consider closing Rogers School and relocating its students and staff to many of the vacant rooms the district currently has at both Marquette and Georgetowne Schools.

He said he suggested Rogers as the school to consider closing for the following reasons.

- Physically, Rogers is the smallest building and does not have room to absorb classes from the other schools.
- Currently, Marquette School has a number of rooms that are not designated as classrooms. Some are being utilized for resource purposes and others for storage because they are not being used, but they could easily be turned back into classrooms to absorb another grade level. He noted that back in 2006, 3rd grade was located at MES.
- Georgetowne School has the most room, with anywhere from 7-8 available rooms. It also has many other large areas that are not being utilized to their full potential including a large cafeteria, gym and music rooms that are only used a portion of each day. It also has an auditorium which is rarely used.

Mr. Sondgeroth also stated that he would not recommend selling Rogers School. He believes the district should keep the school with the hopes that the district's downward enrollment trends would eventually change and the district would begin seeing an increase in enrollment numbers again. He indicated that there had been some interest from a local special education organization to lease Rogers School from the district so it could remain open as a school. This could be extra revenue for the district, which could be used to help offset the cost of continuing to maintain the building.

Mr. Sondgeroth closed his presentation by stating that, since the day he was hired, he has always taken seriously the board's mandate to him. He takes pride in seeing the district continue to hold a strong financial position. He believes the decisions he has made in cooperation with the board have served the financial needs of the district well. This has allowed the district to continue progressing over the last nine years without having to consider any massive cuts or significant changes to its programs. He stated that he does not believe that good fiscal management waits for the sky to fall before action is taken. Good fiscal management identifies the potential for hard times and takes action to help reduce the potential impact it might have on the personnel and programs the district has in place. Over the past seven years, as the enrollments have dropped, the district has continued to make necessary adjustments by reducing sections at different grade levels through attrition (retirements and resignations) while trying to avoid using the RIF process to reduce staff. Mr. Sondgeroth stated that acting without using the RIF process is not always possible, but that is his preference.

Mr. Sondgeroth closed by stating that, with Mrs. Lindsay creating a principal vacancy at Rogers, along with the extremely low enrollments and the threat of another potential fiscal crisis at the state level, his recommendation is that the board considers taking action now rather than waiting. He asked the board if it had any questions from the presentation. He ultimately said he was looking for the board to give the administrative team direction to either continue gathering data and information on the topic of dissolving Rogers school or to begin planning for the 2021-22 school year as if the district was going to maintain its current configuration of buildings.

Members of the board discussed different aspects of Mr. Sondgeroth's presentation. Ms. Massaglia, representing the group of Roger's teachers in attendance, asked if the board had considered going back to sharing principals as it once did prior to the 2013-14 school year. Mr. Therry responded stating he was part of the interview process when the district was hiring for a new Rogers principal years ago. He stated that it had

been clearly stated by Rogers staff during those interviews that the sharing of a principal was not effective and did not work. Mr. Sondgeroth also responded stating that it was possible to share a principal, but like Mr. Therry had just stated, it was his clear understanding from previous discussions with some Rogers staff members that the sharing of a principal did not work and would not be a desired course of action.

One specific question the board was interested in learning about dealt with an estimate of potential savings the district might incur if it consolidated from three to two buildings. Mr. Knox also asked Mr. Sondgeroth if, after gathering information and studying the issue further, the board did decide to move forward with this option, when he saw the board needing to make a decision. Mr. Sondgeroth responded by stating, “the March board meeting”. Mr. Sondgeroth also stated that as the district was gathering data, he felt it was important to begin rolling out these discussions to the public in some manner. The board ended its discussion by directing Mr. Sondgeroth and the administrative team to continue gathering data for discussion purposes at future meetings. Mr. Sondgeroth said he would begin gathering information and would reach out to the staff and administrative team to begin gathering questions and concerns that he could assemble to share with the board.