

**MINUTES OF SPECIAL MEETING
OF
BOARD OF EDUCATION, SCHOOL DISTRICT NO. 172
ADAMS COUNTY, ILLINOIS
HELD ON NOVEMBER 10, 2011 – 6:00 P.M.**

Meeting Convened

The Board of Education of School District No. 172, Adams County, Illinois, met in special session on November 10, 2011 at 6:00 p.m. in the Board of Education Office, Room 109, located at 1416 Maine Street, Quincy, Illinois, in said school district.

Roll Call

The meeting was called to order by President Daniels, who directed the secretary to call the roll. On the call of the roll, the following members were present and answered to their names: Members Daniels, Dickerson, Erwin, Krause, Niekamp, and Stone; and the following member was absent: Member Mays. Whereupon the president declared that a quorum was present.

Arrival of Member Mays

Member Mays arrived at 6:01 p.m. which was duly recorded by the Board Secretary.

Questions and Comments

President Daniels opened the meeting to questions and comments to members of the Board, by members of the public and employees of the district, in compliance with state statutes.

Mr. Jeff Kerkhoff asked questions about the Quincy Area Vocational Technical Center's audit. He said the District needs to be informed about findings on the Vo Tech audit.

President Daniels commented about recent reports in the media regarding issues of collective bargaining with the Quincy Federation of Teachers Union. He reminded Board members that the Board is bound by rules covering executive session and not allowed to venture into what the issues are. Member Mays questioned why the Union can speak openly about bargaining issues but the Board cannot.

Financial Presentation – ISBE Representatives

Business Manager Bud Martin introduced Deb Vespa, ISBE Division Administrator and Brent Appell, ISBE Regional Financial Consultant. Mr. Martin said they will present information on worst case scenarios with regard to the District's financial future and answer questions. Ms. Vespa explained that the District is categorized as financial watch because there have been two or more years of negative fund balances in the Operating Funds. She said there has been some improvement due to Quincy receiving federal ARRA dollars and a one-time community donation received last year. Ms. Vespa said she will walk through areas identified to be addressed. The information was presented via a PowerPoint and the Board received a hard copy (Doc. Reg. No. 2568). The FY 12 Budget as adopted shows a surplus of \$312 in the Education Fund. The analysis from ISBE shows the Education Fund ending with a deficit of \$2.8 million due to changes in projected revenue from local property taxes and state sources. Coupled with the \$2.2 million deficit carried over in the Education Fund, the District will need \$5 million to balance that fund. The District may be certified as being "in financial distress" by the State in which case the District would be required to develop a deficit reduction plan delineating steps to eliminate the deficit over the next three years. If the deficit reduction plan is not successful, the next step would be a State oversight panel which would approve or disapprove all District spending. Ms. Vespa said the oversight panel cannot arbitrarily raise the local tax rate. Mr. Martin explained several options to address the District's deficit: 1) continue to borrow with a line of credit that costs the District \$30,000 in interest each year, 2) Issue \$6.2 million in working cash

bonds which will not increase the tax rate, 3) increase revenue with a referendum to increase the District's tax rate, and reduce expenditures. Quincy has had an education fund tax rate of \$1.84 for the past 20 years which is well below the State's average of \$2.57. Member Mays commented that the community has not been miserly because the EAV (property values) have increased which has increased revenue for the District. He cited area county schools with comparable tax rates. Member Erwin said that the District loses State Aid when property values go up due to a formula for calculating payments. The total tax rate for the District's operating funds – Education, Transportation, Building and Working Cash – is \$2.59 per \$100 assessed valuation. General State Aid is figured at \$3 by the State. Consequently, for every \$2.59 that is paid in, the State takes \$3.00 out of what they pay to the District. She said the District has cut and cut and there is not much left. Skimping and cutting does not provide a quality education which is what the community should want to support. She said families will not want to move to Quincy without a quality school system for their children. There was some discussion regarding late payments from the State and what can be expected for next year.

Mr. Martin stressed that issuing the \$6.2 million in Working Cash Bonds would not fix the District's financial problems long term. It would eliminate the ongoing \$2 million deficit in the Education Fund and the borrowing of \$4 million each year due to cash flow problems. The \$4 million loan each year costs the district \$30,000 in interest. Mr. Martin explained that the Working Cash Bonds would not be additional debt but merely move the debt out of the Education Fund to be paid from Debt Service. This will not change the overall tax rate. Member Krause said that further cuts will still have to be made and the Board may need to look at asking taxpayers for an increase in the Education Fund rate.

Members of the audience made comments. Many commented that they did not like that the Board can approve the Working Cash Bonds and it can only be placed on the ballot by voters submitting petitions. They called it a "back door referendum." It was commented that some in the community do not trust the Board because of wasted money in the past referring to building Lincoln School and turning around and selling it. There have been many mistakes and people have memories. Member Krause said the community needs to support the Board and not blame the current Board for past indiscretions. He said that with the increased assessments, students with special needs, federal and state mandates, and the Adequate Yearly Progress requirements of NCLB, the cost of educating students has increased dramatically. Member Krause said Board members are all volunteers; they want a good education for a good price. Member Stone thanked everyone for listening and commenting. He said he hopes the Board can build trust again in the community.

There were comments about the drop in the quality of education Quincy students are getting in the last few years. Fears were expressed about increased class sizes as the District tries to do more with less and less money. Comments were made about the lack of parental support in many homes, children coming to school hungry and ill-prepared. It was stated that the part of the deficit can be blamed on the State's late payments. The State legislature has failed to do its job in providing for the schools.

President Daniels commented that everyone in the room is a taxpayer. Everyone has to follow their conscience. There have been so many changes. You can't look back and say, "When I was in school..." He said since his tenure, the Board has tried to be good stewards of the taxpayers' money. He said so many things are mandated such as prevailing wage, Life Safety Projects. The District cannot thumb its nose at the law. He said there are two paths – increase revenue and decrease expenditures. Administration will be looking at ways to reduce expenditures which is an annual event this time of year. Instruction is the largest expense and will suffer the largest cuts. As far as increasing revenue, timelines for issuing working cash bonds and placing a tax referendum on the ballot will need to be examined. Member Mays said that reducing expenditures needs to be part of the discussion and has not been yet, expenditures have been flat. He asked Attorney Gorman about the process to have the Working Cash Bonds issue placed on the ballot should the Board approve it.

Member Erwin and several in the audience suggested Board and community members visit and volunteer in the schools and serve as mentors to get a first-hand view of what teachers are dealing with. It was noted

that assistance to the District from Quincy businesses such as ADM, Knapheide, and others has been vital in helping fill gaps.

Mr. Martin said that that what he likes about the Quincy District is that while there may be disagreement, we can have discussion. He said to prove a man trust worthy, you have to trust him.

Exit of Member Niekamp

Member Niekamp exited the meeting prior to executive session at 8:15 p.m. which was duly recorded by the Board Secretary.

Executive Session

It was moved by Member Krause and seconded by Member Stone that the Board suspend the rules and go into executive session to discuss collective bargaining. On the call of the roll, the following members voted Aye: Members Daniels, Dickerson, Erwin, Krause, Mays, and Stone; and the following member voted Nay: None; and the following member was absent: Member Niekamp. Whereupon the president declared the motion carried.

Resumption of Rules

It was moved by Member Dickerson and seconded by Member Stone to resume the conduct of the special meeting under rules. On the call of the roll, the following members voted Aye: Members Daniels, Dickerson, Erwin, Krause, Mays, and Stone; and the following member voted Nay: None; and the following member was absent: Member Niekamp. Whereupon the president declared the motion carried.

Adjournment

It was moved by Member Krause and seconded by Member Stone that the special meeting adjourn. On the call of the roll, the following members voted Aye: Members Daniels, Dickerson, Erwin, Krause, Mays, and Stone; and the following member voted Nay: None; and the following member was absent: Member Niekamp. Whereupon the president declared the motion carried and the special meeting was duly adjourned.



Bill Daniels
President



Phyllis Stewart
Secretary