

SPECIAL EDUCATION DISTRICT OF MCHENRY COUNTY

2022-2023

BUDGET HEARING

August 3, 2022

- **Planning & Budget Process**



BUDGET SUMMARY

FUND	FY 22	FY 23
Education- SEDOM	\$ 1,077,438.00	\$ 1,021,178.39
Education - Transfers	\$ 0.00	\$ 0.00
Transportation		
Operations and Maintenance	\$ 415,873.00	\$ 251,594.00
Debt Service		
Total (Based on Expenditures	\$ 1,493,311.00	\$ 1,272,872.39

FY 23 BUDGET QUICK FACTS

- ◉ July 1 - Tentative FY23 Budget has been on public display for 30 days
- ◉ Learning Environment Coordinator Position will enter its fourth year which will represent four consecutive one-year contracts and thus present tenure eligibility. The board will review the status of this position and determine the future course of this F.T.E.
- ◉ The L.E.C. has been requested for 3.0 days of service in one member district and is already planning PD activities for next year.
- ◉ SEDOM will begin the year with 3.0 Full time employees and will have a significant employment relationship with approximately 5.0 individuals under a fee for service arrangement.
- ◉ A.S.E.P. (Association of Special Education Personnel) ceased to be a recognized organization on 7-1-22 which means that SEDOM is no longer bound by a negotiated labor contract when hiring future employees.

CONTRIBUTING FACTORS TO THIS AND FUTURE BUDGETS: EDUCATIONAL FUND

- ◉ SEDOM Currently provides services at the actual cost and does not charge any form of overhead fees
- ◉ SEDOM does not charge for Related Service Provider professional development
- ◉ SEDOM continues to pro-rate audiological services at \$75.00 per hour
- ◉ SEDOM does not require a member district to purchase any specific service which impacts economy of scale
- ◉ SEDOM allows member districts to send 2 staff members to an Administrator Academy for no charge
- ◉ SEDOM does not charge an Administrative Assessment
- ◉ SEDOM continues to own six classrooms in Huntley 158 and has pursued opportunities to sublease the classrooms

CONTRIBUTING FACTORS TO THIS AND FUTURE BUDGETS: EDUCATIONAL FUND

- S.E.D.O.M. continues to serve as the Fiscal Agent for the R.O.E.-R.S.S.P. program for \$6000.00 annual compensation.
- S.E.D.O.M. has worked with 3 Regional Superintendents during this past calendar year and this created additional systemic challenges.
- The current Regional Superintendent unexpectedly severed the agreement in late March 2022 then requested additional time to consider the decision and then subsequently chose to continue our relationship as the Fiscal Agent for the R.S.S.P.
- The current Regional Superintendent has hired a Director of Student Services to over see the R.S.S.P. and Truancy programs. We have not had any conversations regarding further systemic changes, but they are anticipated.

CONTRIBUTING FACTORS TO THIS AND FUTURE BUDGETS: OPERATIONS AND MAINTENANCE FUND

- ◉ The SEDOM is Center is approximately 50 Years old and the original systems are reaching the point where parts and materials are not available for repairs and systems need to be entirely changed
- ◉ Planned vs. emergency maintenance will need to be considered within the framework of a comprehensive plan
- ◉ Larger expenses are reviewed by the Executive Director within a group of CSBO's however the need for a direct hire Building Service Worker still does present itself.
- ◉ HVAC systems continue to present a challenge.
- ◉ SEDOM is an official member of the Harvard-Woodstock Enterprise Zone.

SEDOM 2028

- ◉ The current lease with S.E.A.L. expires in July of 2024. While we are aware that S.E.A.L. has or is in the process of acquiring a property in Elgin we are of the impression that S.E.A.L. will maintain a presence in this building however we do not know if it will be a smaller presence leading to a reduction in rent or if it will be the same.
- ◉ S.E.D.O.M. has been approached by two different developers in the past six months regarding the potential sale of this building with the goal of converting the shell of the building to other uses.
- ◉ It is our estimate that the sale of this building and surrounding property could generate between \$1.0-1.3 Million dollars.
- ◉ While S.E.D.O.M. maintains the ability to terminate the lease with minimal notice the logistics of exiting the building is a factor that will need to be fully explored.

FUND BALANCE ESTIMATE

(UPDATED TO REFLECT 6/30/23)

FUND	FY 22	FY 23
Education	\$ 2,413,389.00	\$ 1,624,159.00
Operations and Maintenance	\$ 1,296,473.00	\$ 1,556,667.00
Debt Service	\$ 10,504.00	\$ 10,504.00
Transportation	\$ 10,000.00	\$ 10,000.00
Total	\$ 3,730,366.00	\$ 3,201,330.00

DEFICIT BY DESIGN

	Revenue	Expenditure
FY20	\$568,008.00	\$825,452.00
FY21	\$559,253.00	\$831,423.00
FY22	\$624,127.00	\$829,892.00
FY23	\$474,638.00	\$802,169.00

DEFICIT BY DESIGN

Fund Balance Deficits/Surplus			
		Fund 10 (Education)	Fund 20 (O&M)
FY 19 - FY 20		\$(235,202.39)	\$87,360.08
FY 20 - FY 21		\$(395,550.78)	\$36,736.19
FY 21 - FY 22		\$(284,144.59)	\$(115,652.51)

SEDOM 2028

- ◉ SEDOM is projected to have a 3.2-Million-dollar fund balance by June 2023.
- ◉ At present, without any intervention or further anomalies and considering the current C.P.I. trends, SEDOM may exhaust its fund balance in approximately 8-11 years.
- ◉ It is projected that by 2029 SEDOM will have to plan for future dissolution or seek additional sources of revenue
- ◉ Dissolution requires 100% of member districts to concur. If one member district is not in agreement than SEDOM continues.

OCTOBER STRATEGIC PLANNING MEETING:

- ◉ Outline current functions of SEDOM, including programming and financial status.
- ◉ Establish a common understanding of the current situation about assets, resources, liabilities, labor relations and describe the trajectory of the organization through 2032.
- ◉ Establish lists of the items that the districts value as well as those items that are negotiable.
- ◉ Identify whether new or different services are desired and ideas for service delivery.
- ◉ The outcome of this meeting will be either a unified vision of the direction that SEDOM will move toward or the establishment of structural options that need further reflection/research in preparation for meeting #2.
- ◉ Based on the results of meeting #1, the leadership team will give further specificity to an organizational plan that gives guidance to issue of the viability of the SEDOM Cooperative and the ways that it can be of service.

OCTOBER STRATEGIC PLANNING MEETING:

- ◉ SEDOM has financial reserves, facilities, a command staff and an established infrastructure and a strong and relentless desire to serve.
- ◉ The October Conference will be a defining moment for the future of the organization.
- ◉ Dissolution requires 100% of member districts to concur. If one member district is not in agreement than SEDOM continues.
- ◉ Trend data has shown the emergence and success of smaller cooperatives emerging from the “shell” of larger organizations.

IDENTIFIED NEEDS AND TRENDS

- ◉ Continued need for specialized diagnostic services
- ◉ Continued need for audiology services
- ◉ Continued need for technical assistance
- ◉ Continued need for support to District Administration
- ◉ Continued need for compliance support
- ◉ Continued need for Professional Development
- ◉ Reduced need for itinerant and related services
- ◉ Continued specialty area supervision
- ◉ Mental Health/Crisis Support

SHORT TERM VARIABLES INFLUENCING THE BUDGETARY PROCESS

- ◉ Audiological Program Costs
- ◉ SEDOM Center Maintenance
- ◉ Operational Knowledge of Building Systems
- ◉ Status of the Relationship between the ROE-RSSP Program and SEDOM
- ◉ Potential Sale of the SEDOM Center

ESSENTIAL LONG-TERM QUESTIONS THAT WILL INFLUENCE FUTURE BUDGET CREATION:

- In the future what services will we offer and what economic resources will be needed to support those services?
 - Impact of the Cessation of the Association Agreement
- In the future what property will we own and what economic resources will be needed to maintain the property?
 - Current Leasing of the SEDOM Center and Potential Sale of the Building
 - Huntley 158 classrooms -

LONG TERM VARIABLES INFLUENCING THE BUDGETARY PROCESS

- ◉ Do we anticipate that SEDOM will own this building in 5 years?
- ◉ Labor Gap Analysis- Supply vs. Demand vs. legal and compliance related factor
- ◉ Status of the Evidence Based Funding Model
- ◉ State of SEDOM's role as the RSSP Fiscal Agent

FY23 BUDGET HIGHLIGHTS

- ◉ Membership Fee to be paid with fund balance. No charge to districts.
- ◉ FY 22 Projected Deficit was \$499,683.00. Despite this anticipated deficit our fund balance decrease ended the year at \$409,898.74 which was \$89,784.26 less than anticipated. The estimated ending fund balance for FY 22 was anticipated to be \$4,160,480.00. SEDOM's actual fund balance ended at \$3,730,365.60. 10.34% under target. Mainly due to FY 21 Construction costs paid out in FY 22.
- ◉ The FY 23 Projected Deficit is \$336,378.69

FY 23 BUDGET HIGHLIGHTS

- Itinerant and diagnostic services based upon reimbursement of actual costs from Districts
- Audiology services to be billed at an hourly rate
- Audiology rate will be maintained at \$75.00 through the pandemic and will increase per year until it reaches the actual cost

DIAGNOSTIC SERVICES

Assistive Technology Services	Per Referral
Audiological Services	Contract for 86 Days
Autism Services/ADOS	Per Referral
Bilingual Services	Per Referral
Functional Driving Services	Per Referral
Vision Services	Per Referral
Seating and Mobility Services	Per Referral
Behavior Analysis/Consultation	Per Referral
Person Centered Planning	Per Referral

REVENUE SOURCES

◉ Local

- Member Districts through billing for services provided

◉ State

- Evidenced Based Model -Base Funding Minimum

◉ Federal

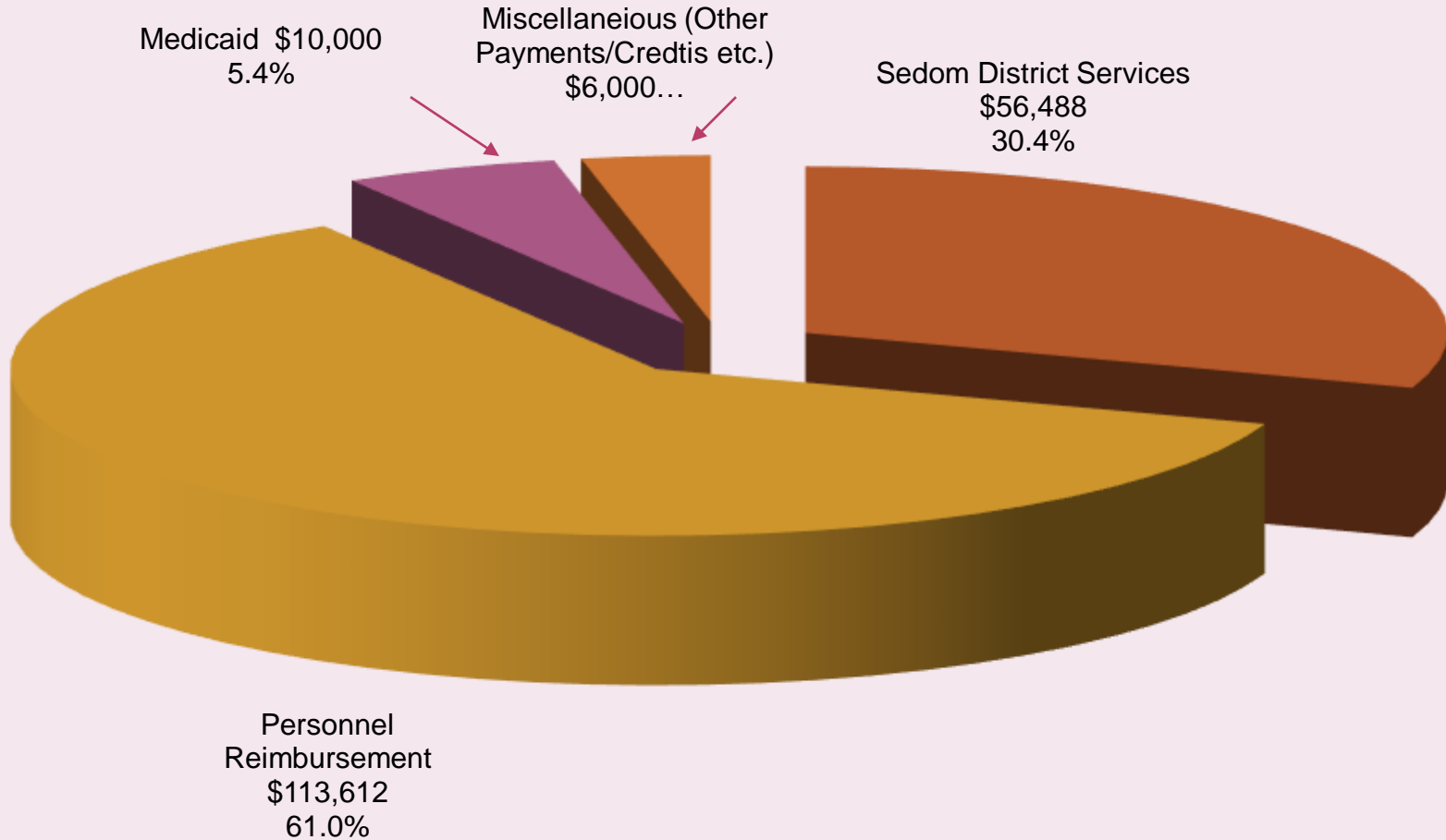
- Medicaid
 - The District has partnered with R/G Consultants to explore all potential reimbursable Medicaid dollars

◉ Other

- Investments, Grants, and Donations, Outside Professional Development, Tuition

Projected Education Fund Revenues 2022-2023

Excludes RSSP Revenue



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Sedom District Services \$56,488

Personnel Reimbursement \$113,612

Medicaid \$10,000

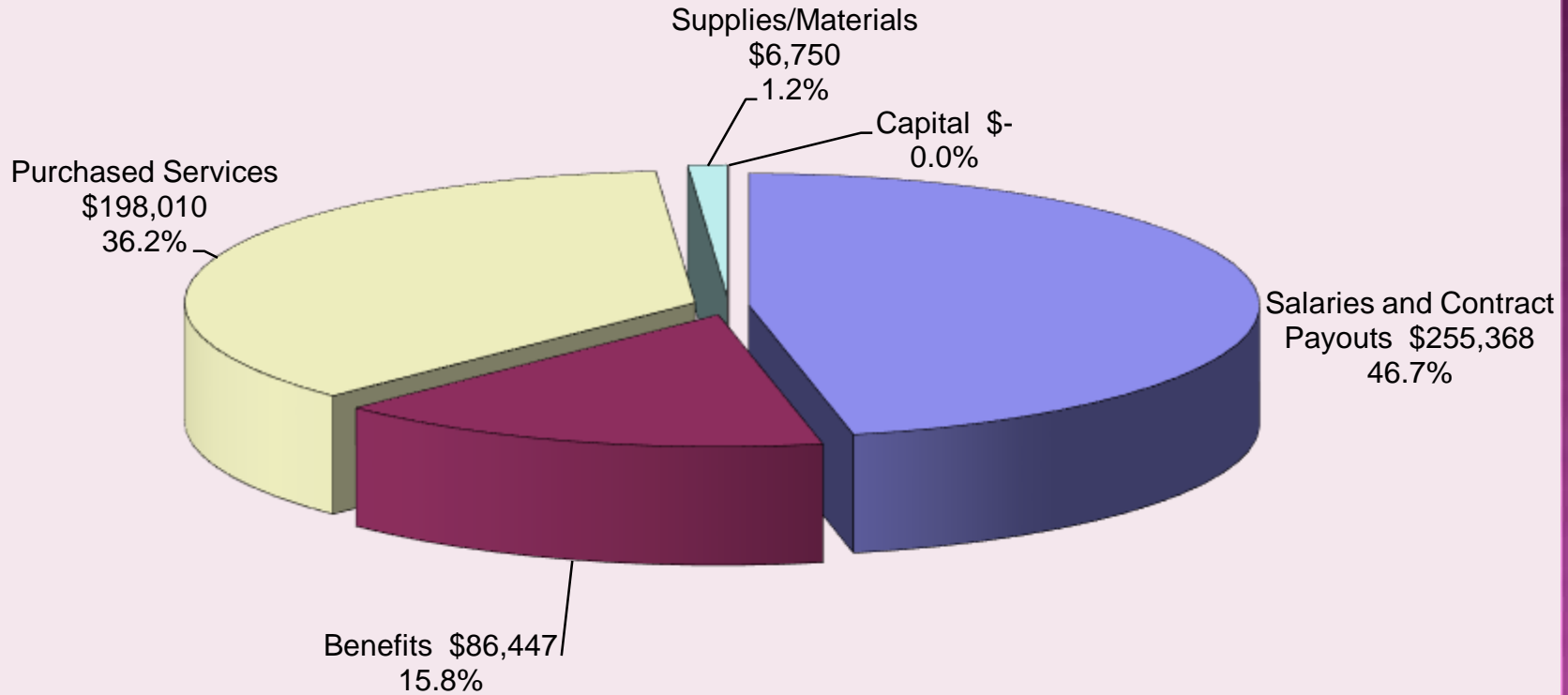
Miscellaneous (Other Payments/Creditis etc.) \$6,000

TYPES OF EXPENDITURES

- Salaries
- Benefits
 - Insurance
 - Pension
 - Unemployment
- Purchase Services
- Supplies & Materials
- Capital Outlay
- Other
 - Memberships

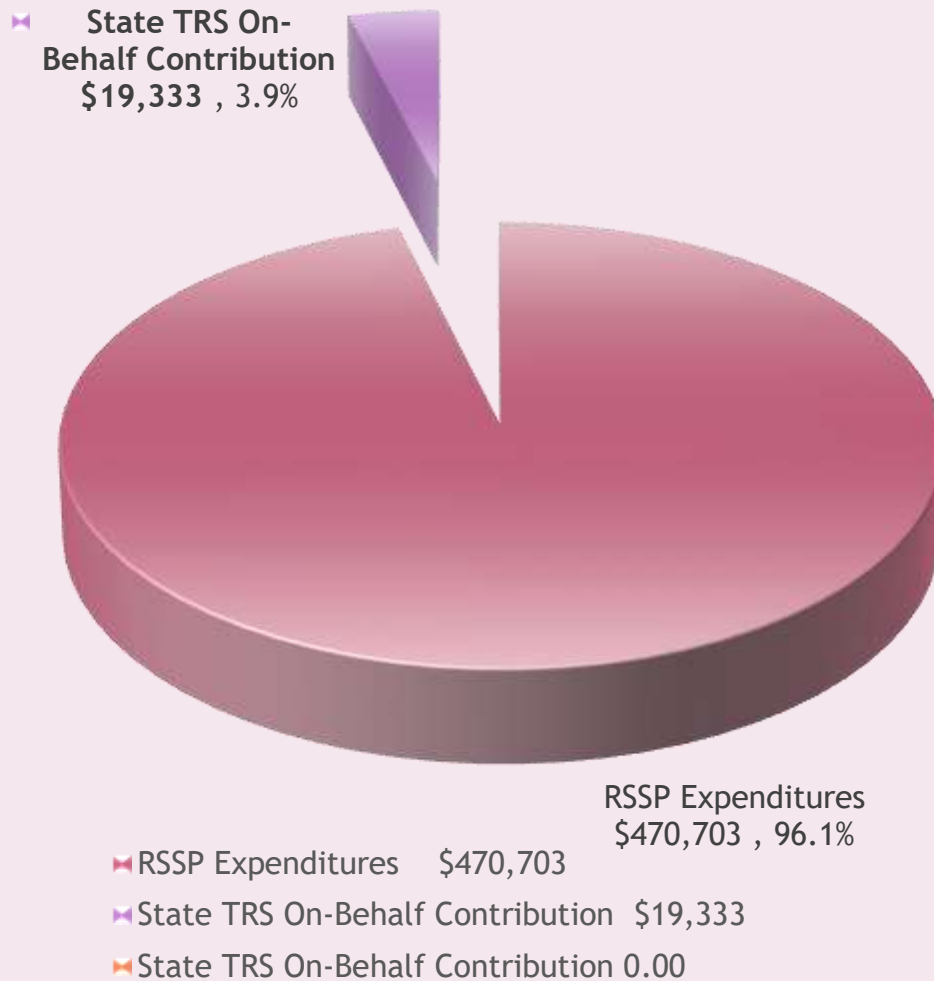
Projected Education Fund Expenditures 2022-2023

Excludes RSSP Program



■ Salaries and Contract Payouts \$255,368	■ Benefits \$86,447	□ Purchased Services \$198,010
□ Supplies/Materials \$6,750	■ Capital \$-	

Projected Education Fund Expenditures & Revenues 2022-2023 Flow-Through Items



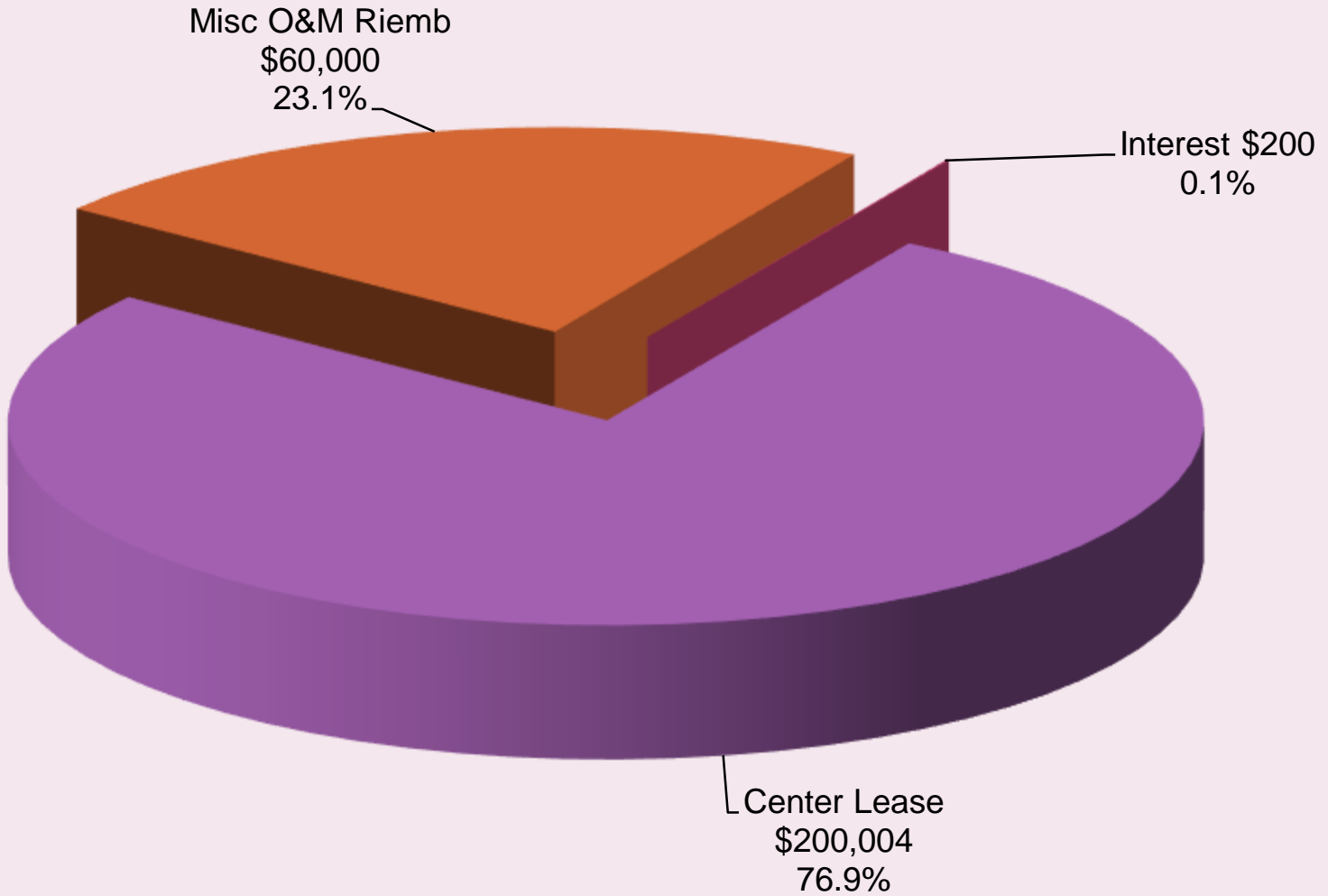
TRANSPORTATION REVENUE/EXPENDITURE

- ◎ \$10,000 remains in the fund balance, no revenue or expenditures expected.

OPERATIONS & MAINTENANCE REVENUES

- ◉ FY22 Rental Revenue from Lease to SEAL
\$200,000
- ◉ Misc. SEAL O&M Reimbursement for Utilities
- ◉ Potential Sub-Leasing of Huntley Classrooms

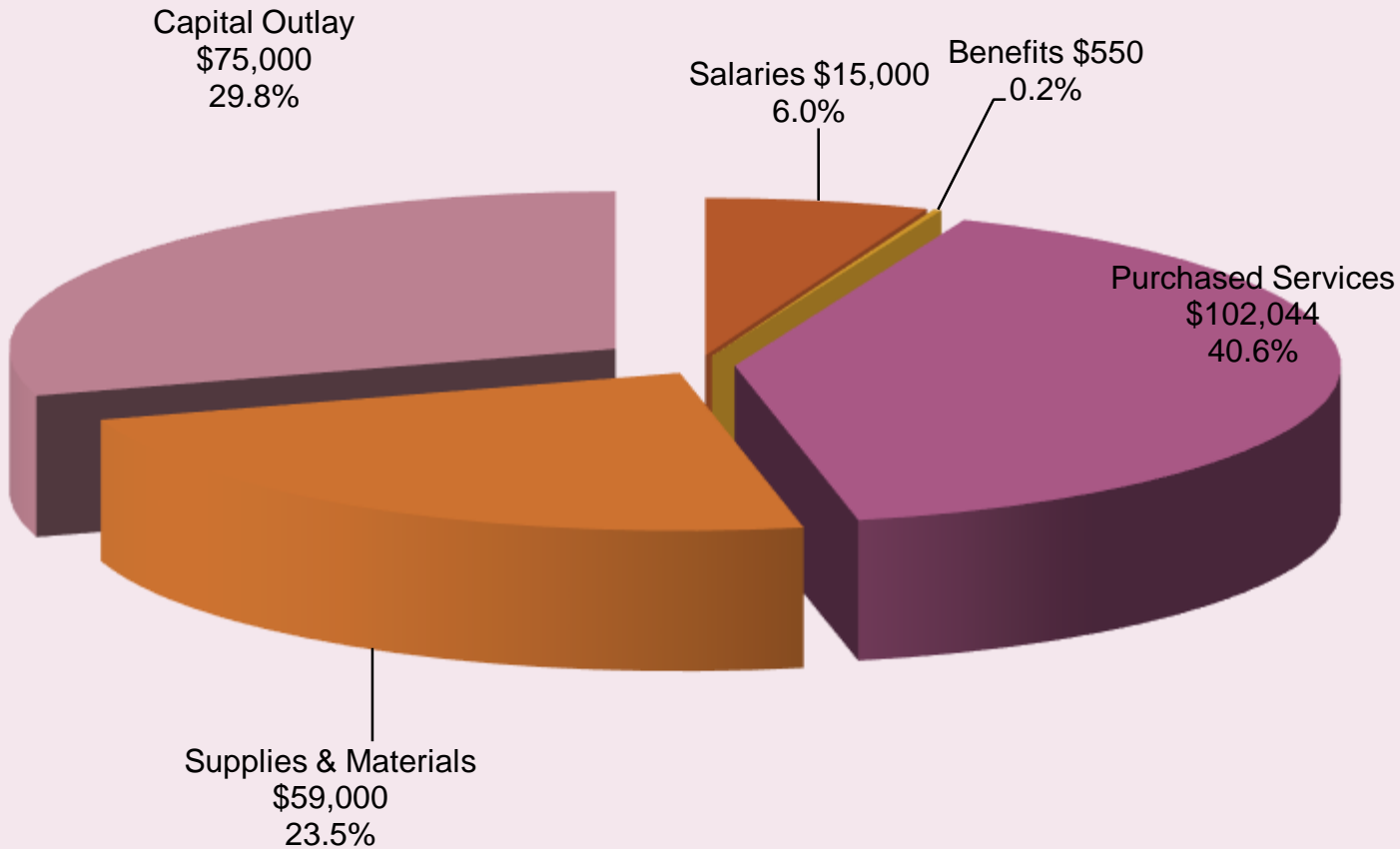
Projected Operations & Maintenance Fund Revenues 2022-2023



OPERATIONS & MAINTENANCE EXPENDITURES

- ◉ Classroom lease payments (empty classes) to Huntley
- ◉ Insurance costs for property/casualty continue to decrease
 - FY 19 = \$54,758
 - FY 20 = \$50,565
 - FY 21 = \$52,391
 - FY 22 = \$46,373
 - FY 23 = \$40,694
- ◉ Capital Outlay included in the amount of \$250,000.00 for potential repairs/maintenance which includes Maintenance Grant Expenditures
- ◉ Unknowns= The building has several systems that may need unexpected maintenance (food service preparation areas, swimming pool, HVAC)

Projected Operations & Maintenance Fund Expenditures 2022-2023



DEBT SERVICE

- ⦿ The debt service fund balance is \$10,504.00
- ⦿ These dollars may be transferred to the O/M and Educational Fund

RECOMMENDED COSTS

Services billed at actual cost to participating districts.

- OT/PT
- Autism Specialist
- Behavior Consult
- Hearing Itinerant
- Orientation and Mobility

RECOMMENDED COSTS

○ Audiology Services

- Audiology FM Maintenance based on \$100/child
- \$75/hour for services

○ Diagnostic Services

- Any evaluations or other services requested based upon assigned staff (billed at actual cost)

○ Membership Fee

- Membership Fee to be paid with fund balance. No charge to districts.

WRAP UP

There is a role for SEDOM to play moving forward, however the size of its mission and the manner that it performs its mission is in the preliminary stages of being decided, and while this is being decided, SEDOM continues to be dedicated to:

- ◉ Functioning as a service agent for each of its member districts
- ◉ Supporting education excellence by partnering with member districts in providing superior special education programs, utilizing any and all available resources
- ◉ Protecting your assets and proper financial information reporting
- ◉ Ensuring that all McHenry County students with disabilities are afforded opportunities to develop their full potential and achieve the greatest possible success in their lives

QUESTIONS?

