TO: Illinois State Board of Education
FROM: Robert E. Schiller, Superintendent  
David Wood, Director

Agenda Topic: Action Item: Hazel Crest School District 152 ½ - Approve the School Finance Authority’s Proposed FY04 Budget for the District.

Staff contact(s): David Wood, Donna Luallen and Harry Blackburn

Purpose of Agenda Item

Provide the Board with an understanding of the financial difficulties confronting Hazel Crest School District 152 ½ and the School Finance Authority’s proposed FY04 budget for the district.

Expected Outcome(s) of Agenda Item

The Board will approve the SFA’s proposed FY04 budget to keep the district operating one more year. The SFA will continue to work on a plan to dissolve and merge the district but there is no current agreement with any of the surrounding districts and there are sufficient resources to balance the budget one more year.

Background Information

The State Board of Education was informed last September and October of the pressing financial difficulties in Hazel Crest School District 152 ½ through media coverage, Harry Reynolds the district superintendent and others. Staff worked closely with the superintendent who attended a September 30 board meeting where a resolution to petition the State Board of Education for immediate appointment of a Financial Oversight Panel was considered.

The district was certified as in financial difficulty under Article 1B and a Financial Oversight Panel was established.

The FOP was subsequently replaced by a School Finance Authority pursuant to legislation passed in the fall session.
The State Board recently participated in a meeting with the SFA, local legislators and school district to discuss the district's ability to remain open in FY04. The State Board also signed a Loan Agreement with the SFA and began to make payments of the $4.5 M provided by the GA last fall.

**Superintendent’s Recommendation**

The Superintendent recommends the State Board approve Hazel Crest School District 152 ½ School Finance Authority proposed FY04 budget.

**Next Steps**

Continue to work with the SFA to manage the district's finances and to prepare a final merger and dissolution plan for the district.