TO: Illinois State Board of Education
FROM: Robert E. Schiller, Superintendent
        David Wood, Director, Operations
Agenda Topic: Presentation: Hazel Crest School District 152.5 School Finance Authority
Staff Contacts: David Wood, Donna Luallen

Purpose of Agenda Item
The Board will hear testimony by the Hazel Crest School District SFA on the financial condition of the Hazel Crest School District 152.5 and progress to stabilize the district’s finances. The SFA will detail its plan to continue operation of the district next school year.

Expected Outcome of Agenda Item
The Board will understand the financial status of Hazel Crest School District and accept the recommendation of the Hazel Crest School Finance Authority for Hazel Crest School District 152.5 to remain as an independent school district and not merge with any of the five coterminous elementary districts.

Background Information
The Hazel Crest School District petitioned the State Board of Education in October of 2002 for a Financial Oversight Panel and emergency financial assistance. In December 2002, the Downstate School Finance Authority for Elementary Districts (PA 92-855) was signed by the Governor and the Superintendent appointed five members to serve on the Hazel Crest 152.5 School Finance Authority. The current members of the Hazel Crest School District 152.5 School Finance Authority are: Larry Hupe, Chairman, Steven Wright, Barbara Toney, Mary Grant and Ed O’Malley. The CEO and Financial Administrator is Robert Grossi.

The General Assembly also appropriated $4,528,000 in financial assistance for a state emergency financial assistance loan to operate for remainder of the school year. At that time, the expectation was that the district would not be able to continue and would have to merge into one or two other districts by the end of the 2002-03 school year.

The School Finance Authority was able to cut expenditures enough so that the district was able to remain open for at least one more year. The SFA cut about 100 positions from the FY 04 budget and the district closed two of four elementary schools. The Superintendent resigned and the business manager and assistant superintendent were placed on administrative leave. A new
business manager and Interim Superintendent were hired for FY 04.

The SFA convened a committee of citizens, teachers, and administrators to review the future of the Hazel Crest School District and commissioned a feasibility study to consider consolidation with all of the surrounding districts. Eventually, the School Finance Authority voted on January 5, 2004, to continue to operate the district in FY 05 based on a balanced budget.

**Superintendent’s Recommendation**
The State Board will accept the recommendation of the Hazel Crest School District 152.5 School Finance Authority to operate independently during the 2004-2005 school year.

**Next Steps**
The Hazel Crest School District 152.5 School Finance Authority will continue to monitor and evaluate district finances and operations.