



Community Unit School District #205

..... *Helping Students Achieve Their Dreams*

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Dear District Stakeholders:

In my continuing attempt to keep you updated about the district financial situation and the State budget situation, I write again today with an update.

As you are all probably aware, the Illinois General Assembly passed a State budget bill that included a Pre-K – 12 spending plan for FY 17, and Governor Rauner ~~has~~ signed the bill. That is certainly great news for the State of Illinois and District 205.

I want to thank all of our District stakeholders ~~that-who~~ took time to call, write, email, text or message our local legislators, the legislative leaders and the Governor over the course of the last six weeks. I have no doubt that the pressure that was applied by Illinois citizens from around the State made a huge difference in getting a budget that could be passed by the legislators and signed by the Governor.

I am certainly relieved that school will start on time; that we will be able to provide a full year of educational opportunities for our students; that our Seniors will graduate on time and that we have more financial resources available to us than we thought that we would.

At this point, I am sure that folks are wondering what this means for District 205. I have reviewed the information about funding increases that ~~has-was-been~~ distributed by the Illinois State Board of Education today. Based on my review of that information, it looks like District 205 will receive about \$598,000 ~~of additional money~~ in FY 17 over FY 16. Any increase in funding is good news to us, but I urge everyone to keep that number in context to our overall District budget.

Our Operating Funds expenditure budget (Education Fund, Operation and Maintenance Fund and Transportation Fund) has averaged slightly more than \$38,000,000 per year for the last 11 years. With the budget reductions for FY 17 that the District 205 Board of Education ~~has~~ approved for FY 17, our hope is to reduce that average expenditure amount in those three funds by \$2,000,000. We have not yet completed work on the FY 17 budget and don't know ~~yet~~ what our expenditures for those three funds will be. What I do know for sure is that our costs for all salaries for FY 17, for all district employees, are scheduled to increase by \$1,050,000. As you can see, the new money of approximately \$600,000 will not match the required new money to pay for the required salary increases across the District.

As we went through the Budget Reduction Process, ~~it was~~ our stated goal ~~that we should~~ was to present a balanced budget to the Board for FY 17. That certainly did not look possible as we planned for no State budget and no Pre-K – 12 approved spending plan. As I write this ~~note~~ today, I am not sure if a balanced FY 17 District budget is possible ~~or not~~. Be that as it may, our

goal should *continue to be* to ~~get to a balanced~~ the budget as quickly as possible as we can and ~~then so we~~ operate with a balanced budget (or a surplus budget) going forward as long as the State maintains its current levels of funding. It is going to be difficult to do this, but this must be the District goal. Saying we have 10 million dollars in the bank sounds like a lot of money, but those reserves must be reviewed in the context of the overall budget. *Our District financial condition is still precarious in my opinion.* Efforts must be continued to right size the district, monitor district expenditures with the goal of operating with a balanced budget; maintain as many of our programs as we can and ~~to~~ build up financial reserves as much as is possible. *There may well be another budget crisis in this state and we need to be prepared for it. The budget deal that was approved in Springfield yesterday was is but a 1 year deal. There are no guarantees going forward about school funding. The approved budget is not a balanced budget. It does not contain new revenue streams.*

In January, I presented to the Board a District Revitalization Plan that emphasized “Right Sizing” the district in order to bring our expenditures in line with several of the financial trends we were seeing; most notably, declining enrollment. Our declining enrollment trend continues; our district wide EAV is stagnant; CPPRT money is stagnant ~~as well,~~ and our low income count is still high but not increasing. All of these factors tell me that we will not see a significant increase in State funding anytime soon (as per the current funding formula), and we must be prepared for a reduction in State funding due to declining enrollment.

I have already heard today from several people, asking ~~questions or making comments about with the possibility of additional revenue from the State, if we~~ will we rescind the RIF notices ~~that we~~ approved by the Board earlier this year. In my opinion, the Board must avoid the temptation to do that. There may be a few positions that we want to reinstate for next year. Our goals of right sizing the district and ~~and being committed to a balanced~~ balancing the budget must remain, and the Board must not lose sight of that goal in order to protect the long term financial security of District 205.

~~Finally,~~ I need to remind our stakeholders that the District’s financial difficulties are not just the result of Operation Rebuild. Operation Rebuild certainly has contributed to our financial difficulty from a bonding standpoint but there are other, significant factors that contribute to the general financial well-being of the District.

For now, we move ahead with the planning needed to start the 2016-2017 school year. What a great task to have to complete! Please continue watching our District web page and other social media for periodic updates about those plans. As always, I welcome your questions and comments.

Finally, I have to ~~again, thank say thank you once again to~~ all of you who reached out to our legislators on behalf of our students over the course of the past several weeks. Your efforts made a difference, ~~and for that I say, thank you.~~

Respectfully,



Ralph Grimm
Superintendent