

# **FINANCIAL WATCH LIST: Alton School District one of three local districts on state's list**

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**ALTON** - Three Riverbend area school districts have been placed on the Illinois Financial Watch List, a designation with some dire undertones for the districts' finances.

Those three districts are Alton, Bethalto and Edwardsville. The Triad School District was also given that designation. To delve a bit deeper into the financial situation of each school district, an identical questionnaire was sent to representatives of each of the three

by Riverbender.com Wednesday morning via email. As of Wednesday afternoon, Alton School District Financial Director Christopher Norman had already responded. The following are the questions asked by Riverbender.com and Norman's answers.

**1) What does this designation mean for your district?**

*It simply affirms what we already knew, that the district is struggling financially due to pro-rated transportation and General State Aid payments and negative property growth for the last six to seven years.*

**2) Why did your district receive this designation?**

*The designation is based on a scoring system used by the state. Frankly, if either transportation payments had not been prorated for the last seven years (\$4 million loss at least) or General State Aid had not been prorated for six years (\$7 million loss at least) or property values had not dropped each of the last six years (\$9 million loss at least) the district would not be on the list.*

**3) How has general state aid been in the last few years?**

*While General State Aid payments have been mostly paid up on time, up until this year, they were prorated. The difference between the prorated amounts and full funding add up to over \$7 million in lost potential revenue.*

**4) Has it been prorated at all?**

*Yes. See question three.*

**5) What about categorical payments? How much does the state owe in those?**

*Keep in mind that categorical payments are reimbursements for expenses the district already paid last year. Just this week, the district received the first set of categorical payments for this fiscal year, which had been due Sept. 30. Therefore, in April 2017, the district received reimbursements for mandated programs where expenses were paid beginning in August 2015. Based on the nearly seven month delay, it appears that this will be the only set of payments the district will receive this year. The lack of three payments within the fiscal year is a \$5 million hole in the budget, which is the primary reason the district has established a line of credit and is considering the use of Tax Anticipation warrants.*

**6) What can be done by your district to assist with this designation?**

*The district's options, without any improvement in the state funding/payment situation, are to cut expenses - which means personnel and programs - or consider options for raising additional revenue.*

**7) What can be done by the state to aid this designation?**

*The state needs to address its own budget situation so that payments for mandated programs can be made in a timely manner. In addition, it would be helpful if the state did not continue to look at new mandates when the funding is not available to cover current mandates. House Bill 156 is an example. While it would be politically popular to increase property tax exemptions, this legislation would cause the Alton School District alone to lose over \$900,000 in operating fund property tax revenue every year.*

**8) Did the One Cent Sales Tax failure affect your district?**

*We did not lose funds, however we lost the opportunity to reduce the property tax rate. In addition, it would have allowed the district to reduce some expenditures out of the building and maintenance fund, which would have helped, and allowed future health-life-safety and other building projects to be completed without impacting the tax rate.*

**9) How could school funding be improved in the State of Illinois?**

*The evidence-based funding model is something that is up for consideration and is worthy of discussion. However, regardless of what method is used, categoricals and General State Aid must be fully funded.*

**10) Edwardsville passed Proposition E. Would your district consider such measures necessary in the future if conditions do not change?**

*A difficult question to answer at this point. But, as noted above, if nothing is resolved at the state level, then all options will need to be discussed.*

**11) Bethalto has joined 16 other districts in a lawsuit against the State of Illinois. Would your district consider such measures necessary in the future if conditions do not change**

*The district is aware of the lawsuit and is reviewing the details at this time.*