

Hightower brings out key financial conditions to board, community

by Dan Brannan, Content Director
January 27 2015 6:35 PM



Superintendent Ed Hightower brought out key financial conditions Edwardsville District 7 and other Illinois school districts are facing in coming months at Tuesday night's Edwardsville board meeting.

"The district is currently owed over \$1.3 million from the state for the 2014-2015 fiscal year," Hightower said.

The superintendent highlighted the 2014-2015 Fiscal Year Proration for the board and those in attendance:

2014-2015 Fiscal Year Proration:

“Regular Transportation reimbursement will be prorated at 72 percent or \$437,000 under the actual reimbursement due to the district from the state.

Special Education Transportation reimbursement will be prorated at 97% or \$32,000 under the actual reimbursement due to the district from the state.

General State Aid was prorated at the 89 percent level, a loss of over \$745,000 to District 7.”

Hightower said as everyone could see the district will not receive approximately \$1.2 million as a result of state’s failure to properly fund education at its promised levels.”

Hightower said the state of Illinois’ financial condition will only worsen over the next two years and continue to negatively impact Illinois schools. For example, he said the state forecasts:

- \$4 billion revenue loss annually with the sunset of the income tax increase on January 1, 2015
- \$5.7 billion projected deficit for next year’s budget
- \$111 billion pension debt
- 121,000 unpaid bills totaling \$5 billion
- No new revenue streams

“As newly elected Governor Rauner has indicated, the state’s budget problems are much worse than he thought, and Illinoisans will have to share in some “sacrifice” to fix it,” Hightower said. “The District 7 Board of Education, along with every school district in Illinois, faces tough budget decisions, as it will be very difficult for legislators to find new revenues to support education.”

Hightower pointed out these types of challenges are nothing new for District 7.

“During the past seven years, the board has been able to address its many financial challenges without experiencing major layoffs, without increasing class sizes, and without major program reductions,” he said. “It has been able to accomplish this goal through expenditure reduction, use of cash reserves, and by approving the issuance of \$9 million in Working Cash bonds last year.

“These bonds were issued to provide a two-year, short-term solution to the district’s continuing budget deficits in hopes that the local and state economy would improve. However, it is obvious that the state’s financial condition will not improve any time soon.”

With the district experiencing a \$3.3 million budget deficit this year and facing a similar or larger deficit next year, this Board simply does not have many options available to balance the district’s budget, Hightower said.

As the board begins deliberating in the months to come, he said it must realistically consider the following options:

- seek revenue increases in the Education Fund
- implement employee reductions, since 80 percent of the district’s budget involves personnel
- reduce student programs
- borrow more funds

Both Illinois and Missouri school districts are seeking ways to increase funding to offset budget deficits, Hightower said. He cited these examples:

- Francis Howell School District in St. Charles County, Missouri, is attempting to address a budget shortfall of over \$22 million
- Triad School District in Madison County, Illinois, is seeking a 50-cent tax increase in their Education Fund in April
- Fort Zumwalt School District in St. Charles County, Mo., is seeking a property tax hike in April
- Wentzville School District is seeking property tax hike for buildings and operations in April
- Alton School District in Madison County, indicates reserves will be depleted within two years

While the board approved a short-term financial solution last year to address continuing budget deficits, it will be faced with the same financial challenges that are only expected to worsen during 2015 and beyond due to the state’s ongoing financial crisis, the superintendent added.

“We will be requesting to meet with the finance committee and the full board over the next few weeks so that the board can begin to develop its plan to address the projected future financial deficits facing the district,” he said.