

Edwardsville School Board faces major financial challenges

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Superintendent's Comments

Comments from Feb. 9, 2015, Board of Education Meeting

An overview of the District's financial challenges was presented to the Board of Education and parents in attendance. The Board continues to be concerned regarding the state's financial woes and the stagnation of property tax revenues.



Finding ways to address continued budget issues facing District 7 schools will continue to be a major focus for the Board of Education, as it has been for the past seven years. Declining state revenue, stagnation of EAV (property tax revenues), maintaining employee salaries and benefits, and the addition of personnel needed to maintain class size are the primary reasons for continuing budget deficits.

The Board has reduced expenditures by over \$12 million, utilized all of its working cash reserves as the District’s primary means for balancing the budget, and, last year, issued new working cash bonds (\$9 million) as a two-year, short-term solution, all in an effort to preserve programs, prevent massive employee layoffs, maintain reasonable class size, and avoid going back to the taxpayers for an Education Fund tax increase. The District anticipates that its reserves will be depleted at the conclusion of the 2015-16 school year.

During the past eight years, taxpayer share of financial support to the District has continued to increase while the State of Illinois’ support of public education has declined to last in the country.

Local Share State Share

2008 68% 27%

2015 78% 17%

While the Board continues to be concerned that the District 7 taxpayers are providing approximately 80% of the financial assistance for District 7’s operations, *the community must have future conversations regarding increasing the Education Fund tax rate.*

Since 2008, the District has lost \$7 million in State funding, or close to a 42 percent decrease. The State’s financial condition will only worsen as it will experience a \$4 billion revenue loss annually with the sunset of the income tax increase on January 1, 2015. A \$5.7 billion deficit is projected for next year’s budget.

General State Aid Total

FY 2008 \$11.0 million \$16.7 million

FY 2015 \$6.1 million 89% proration \$9.8 million

The District 7 Board of Education, along with every school district in Illinois, faces tough budget decisions, as legislators will find it extremely difficult to find new revenues to support education.

The number of school districts attempting to balance budget deficits by either seeking an Education Fund tax increase to generate additional revenue or by implementing operating expenditure reductions continues to grow:

- Triad School District is proposing to reduce expenditures by \$1 million and seek a 50-cent Education Fund tax increase from \$1.84 to \$2.34
- During the past two years, Granite City School District has borrowed \$10 million, reduced staff and closed a school building. Now, the district is asking voters for an 80-cent Education Fund tax increase from \$2.55 to \$3.35
- Last year, Bethalto School District issued \$3.1 million in funding bonds as a short-term revenue solution to help maintain programs and services.
- Alton School District indicates reserves will be depleted within the next two years.

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

- Seeking revenue increases in the Education Fund; the District's current rate of \$2.15 is one of the lowest among unit school districts in Madison County.
- Implementing employee reductions, since 80% of the District's budget involves personnel. The District has reduced as many positions as possible without dismantling academic programming
- Reducing student programs, knowing further reductions would involve the dismantling of many student programs.
- Borrowing more funds
- Issuing more bonds that will need to be repaid with interest

Governor Rauner's State of the Budget Address that will Impact Education

At last night's Board meeting, Finance Committee member Greg Roosevelt stated that it is critical that the Board and citizens of the District 7 community pay close attention to Gov. Rauner's State of the Budget Address scheduled for Wednesday, February 18, as tough decisions remain to be made on the budget that will have a profound impact on Illinois public schools. He further elaborated on the proposed Senate Bill 16 legislation that could have a negative impact on school districts such as District 7.

Facilities Committee Discussed District 7 Summer Projects

Facilities Committee member Paul Pitts provided a list of projects discussed by the Facilities Committee to be completed this summer. Projects include continued flooring replacement at Lincoln Middle School, replacement of lower level Lincoln Middle School bleachers, and replacement of Nelson Elementary School windows.

Technology Lease Purchase

Last night, the Board of Education approved entering into a 10-year, \$1 million lease agreement with First Clover Leaf Bank for the purpose of upgrading the District's technology infrastructure. The District's last upgrade occurred in 2002.

The Lease-Purchase agreement includes the following items:

- Upgrade of main network and core edge switches with fiber cabling interconnects to all buildings, including Hadley House
- Cabling from core edge switches to classrooms to provide wireless access at Edwardsville High School, EHS South, Liberty Middle School, Lincoln Middle School and Hadley House.

The agreement has a ten-year repayment term at a 2.99% interest rate. The annual payments will be approximately \$113,350.00 and will be paid from the District's \$0.05 technology lease levy. This levy is used as a primary source to address technology needs and generates approximately \$600,000 annually. Approximately \$425,000 of the annual technology lease levy funds District 7's financial and student information systems and the current outstanding lease purchase.

Technology Goals

Goal 1: Install fiber optic cabling and upgrade the network infrastructure in all schools.

- Outside vendors will install fiber optic cabling
- District employees will install and configure the network components
- All work will be completed by the end of July 2015

Goal 2: Install wireless access infrastructure at Edwardsville High School, Edwardsville High School South, Liberty Middle School, Lincoln Middle School, and Hadley by July 2015.

Goal 3: Install wireless access infrastructure to intermediate and primary schools beginning with the 2017-2018 school year, if funds are available.