

D211 POST: FROM THE SUPERINTENDENT ON THE 2018-2019 TENTATIVE BUDGET

An article by Superintendent Daniel Cates

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A recent headline in the *Daily Herald* read that the District 211 budget lowers costs and forecasts a \$7.9 million surplus. Understandably, questions arose about the reported surplus given that the article also cited our projected revenues of \$254.3 million, which are substantially below our projected expenditures of \$263.1 million.

To remove any confusion about the budget and to highlight the positive financial course set by the District 211 Board of Education, the District's yearly budget is best viewed within a multi-year financial strategy that will ensure and expand the District's quality educational programs.

Regulations require that school districts utilize a multiple-fund accounting system. Rather than tracking all revenues and expenditures on one ledger, school districts must assign any revenues and expenditures to one of nine different funds within the State's budget format. As a result, school districts commonly report both a yearly "operating budget," which is comprised of a subset of specific funds necessary to operate its schools, and the "overall budget," which includes all nine funds and constitutes the complete financial standing each year. Regulations require an "operating budget" in which revenues equal or exceed expenditures in order to safeguard the yearly delivery of educational services.

In 2016, the Board of Education adopted a five-year strategic plan that included a commitment to become debt free. In December 2017, District 211 achieved this target and now operates with no debt. The District will remain debt free through a strategy of achieving a yearly surplus in our operating budget and carefully planning the use of this surplus to pay for future instructional initiatives and facility improvements in the overall budget.

Through thoughtful planning, cost-cutting efficiencies, and comprehensive project coordination, the District has completed a series of mandated life and safety projects and delivered numerous facilities improvements that will benefit students and our community for many years, all without accruing any debt. Some of the improvements include updating all media centers to create inviting, collaborative learning spaces; establishing the Higgins Education Center to provide multiple special education programs during the day and a range of community services to local families in the evening; and replacing outdated mechanical systems with greater-efficiency systems.

Other notable achievements are equally impactful. Within the current budget, the Board of Education committed to funding all the District's known pension liability to the Illinois Municipal Retirement Fund. In doing so, the District significantly increases returns on this investment and dramatically reduces yearly employer costs.

As reported by the *Daily Herald*, the District 211 overall budget reduces expenditures and anticipates less revenue than last year. This year and in future years, our approach incorporates a plan whereby our revenues will exceed our expenses in our operating budget with the specific purpose of using these residual funds and savings to help pay for the next year's improvements. Our overall budget includes a deliberate plan for expenditures to exceed revenues, including the use of projected surplus funds of \$7.9 million (3%) from our operating budget to pay for improvements in our programs and our facilities without acquiring any debt. Now in range of the Board's targeted level of reserves, future overall budgets and operating budgets will be more closely aligned.

Like any business or household, lowering costs, increasing efficiency, retiring debt, and increasing investment returns empowers the District to optimize our resources toward a singular focus on our primary responsibility of serving students.