



KANELAND COMMUNITY SCHOOL DISTRICT #302

47W326 KESLINGER ROAD
MAPLE PARK, ILLINOIS 60151

PHONE: 630/365-5111 FAX: 630/365-9428

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An Update Regarding the Additional Loss of State Revenue – As we have processed the pending \$2,600,000 in budget reductions, the flow of information to the District to help us assess just how big the financial challenge is that we face has been slow and frustrating in and of itself. One significant factor we have been monitoring is what will happen with state funding for schools for next school year. The \$2,600,000 target assumed that the State of Illinois would fund its current obligations, primarily the general state aid formulas and reimbursements for special education and transportation costs. But we also knew that the difficulties in the state budget could affect the state’s ability to support its obligations, and, therefore, Kaneland’s revenue from the state for next year. Without some indication of the magnitude of the possible effect, however, we could not really take this into account in our planning.

Just recently, we have started to see some clearer indications of the possible levels of reduction at the state level and how they could affect Kaneland’s revenue for next year. These indications come in the form of the recently proposed budget scenarios for the Illinois State Board of Education, comments by legislators that have been cited in recent newspaper articles, and recommendations from PMA Financial Network advising school districts to begin planning for reductions in state revenue. While things are still preliminary, we now have reasonable estimates of the high and low amounts by which Kaneland’s state revenue could be reduced next year. Compared to the amount of state revenue that Kaneland has budgeted for next year, which already reflects a decrease of approximately \$300,000 under the current state aid formula, we believe the range of further revenue loss could be \$800,000 to \$2,200,000. So, now what???

At their meeting last evening, the Board directed the administration to move forward with a plan presented that will account for a loss in state revenue. As part of this plan, the Board will finalize **phase one** of the budget reduction plan, that being the \$2,600,000 plan currently being discussed. We will view the next round of budget reductions, those that will be necessary to account for additional loss of state revenue, as **phase two**. Since we cannot estimate the actual amount of phase two at this time but rather only have the range of loss above, we will prepare additional budget reduction scenarios, perhaps with \$800,000, \$1,500,000 and \$2,200,000 in additional cuts, reflecting the range of possible state revenue loss. These would be cuts in addition to the \$2,600,000 currently under discussion.

Given the discussion that has already taken place regarding budget cuts, planning for a scenario with potentially \$2,200,000 in additional cuts is not going to be possible without further personnel reductions. In light of the wide range of possible revenue loss and the uncertainty as to when a clearer estimate of state revenue could be made, we will advise the Kaneland Board of Education to release a significant number of non-tenured teachers. In determining the number to be released, we will consider both the financial flexibility the District may need to respond to revenue loss, as well as the flexibility in reemployment that will most benefit student programs and services. While our intention will be to re-employ those that we can afford, what we will be able to afford may not immediately be known, given the legislative process here in Illinois.

We have tried to process the budget reduction needed for next year in a transparent and responsible fashion. We have listened to the feedback we have received. At this point in time, it is most frustrating and disappointing that we now have to impose this additional burden, solely due to the irresponsibility of the Illinois State Legislature, on our community this late in the process. The District will continue to use the website and podcast series to provide updates regarding budget reduction conversations taking place at Board Meetings. We will continue to review each and every comment and suggestion submitted through the feedback form available on our website www.kaneland.org.