



## District 15 reserves on verge of rapid decline

By Kimberly Pohl | Daily Herald Staff

Published: 7/30/2009 12:01 AM

School officials in Palatine Township Elementary District 15 will spend the upcoming months discussing cost-cutting measures to prevent healthy reserves from rapidly depleting.

The district's education fund balance stands at more than \$27 million right now, but drops to \$23.3 million in the 2010-11 school year and \$17 million in 2011-12 if the current spending plan remains unchanged.

By 2013-14, the education fund balance is projected to be \$10.9 million - a concern for Merilee McCracken, interim assistant superintendent for business and auxiliary services.

"When you have an inadequate fund balance, you're just putting out fires and unable to look at situations in a proactive manner," said McCracken, hired following Rebecca Allard's recent resignation. "That's not how you want to operate."

Flat revenue, a consumer price index increase of 0.1 in 2008 that's curtailed the amount of property tax the district can levy under state law and the three-year contract District 15 reached in June with its teachers union are all contributors to the dramatic decline.

Still, Superintendent Dan Lukich said the district would be hurting even more had the Classroom Teachers Council not agreed to smaller base salary raises than officials originally projected.

"It could be much worse," Superintendent Dan Lukich said. "Far better agreements were reached than we anticipated."

The deal, which goes into effect Saturday, offers base salary raises of 0.75 percent in the first year, 1.19 percent in the second year and 1.45 percent in the third year. Officials drafted a five-year financial plan assuming 2.13 percent base salary raises. Teachers also get step raises based on years of service.

Beginning this fall, Lukich said discussions will have to start on ways to reduce expenditures and retain the fund balance. He said the top priority is avoiding cuts to the educational program. About 70 percent of the \$147 million budget is allotted for educational expenditures, as opposed to maintenance, transportation and other funds.

Lukich said officials will have to look at limiting transportation service. The district may also be forced to cut staff, though Lukich and McCracken said they hope most reductions occur through attrition.

Less staff is an inevitability as 2008-09 as enrollment dropped for the seventh consecutive year, according to the district's financial report card. And a demographic study of the area projects the district - the third largest elementary district in the state with about 12,200 students - will lose between 100 and 150 students annually over the next decade.

The study's worst-case scenario predicted fewer than 10,000 students will attend District 15 schools 10 years from now, while the most optimistic forecast 11,600 students.

Despite the difficult decisions ahead, taxpayers can rest assured - for now, at least - that no referendum is in the works to seek more money.

"Not only are there no plans, there's no discussion," Lukich said. "Not in this economy."