Illinois school budgets at the breaking point

Many, like Wheaton Warrenville School District 200, have been spending more than they take in

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Long before the state's budget crisis led to predictions of dire cuts in education, Wheaton Warrenville School District 200 was spending beyond its means.

The K-12 district, based in the affluent western suburb of Wheaton, consistently ranks among the state's top performers. But that performance has come at a cost. Like a surging number of districts around the state, it is spending more than it brings in, forcing a reckoning.

District 200 has been spending into a deficit every year since 2002. It has taken out millions of dollars in loans and dipped into reserves to pay the bills. Last year the district cut nearly $7 million out of its budget, and this year it plans to cut up to 73 teachers and reduce spending by another $7 million.

District officials blame the tax cap, which brought only $106,000 more in local property taxes this year. They blame the state for being late on $6.4 million in aid payments. And to some extent, they blame themselves and the educational arms race that pressures districts to keep up with their neighbors.

The district recently had the state's highest-paid superintendent. Faced with staff predictions in 2006 of a "problematic" financial outlook, the district agreed to a teachers' contract that raised average salaries 17 percent from 2006 to 2009, more than double the state average of 8 percent.

"It's frankly unsustainable" said Mark Stern, a Wheaton resident who took District 200 to court in 2006 after it refused to make that superintendent's contract public. "The average teacher makes $72,000, which is a pretty good salary even for a full-time job, and (the former superintendent's) contract had everything and the kitchen sink in it."

The Wheaton district is a snapshot of the troubles facing many school districts today. Shackled by teachers' contracts, generous administrative salaries and benefits, increasing special education needs and parents' expectations, many have been overspending. State officials say 41 percent of school districts — 355 out of 869 — were spending into a deficit in 2009. The number is expected to go up to 44 percent in 2010.
As in every budget mismatch, this one is partly about the amount of money coming in — revenue — and partly about the amount of money going out.

On the revenue side, the recession has kept a lid on local tax caps at the same time that the state fell behind on aid payments, said William Phillips, an associate professor of educational leadership at the University of Illinois at Springfield. The governor has proposed big cuts for next year.

"So now they're getting hit with three different major funding sources being reduced and they are doing what they never wanted to do, which is drastically cutting their programs and staff," he said. "The bottom line is, districts are spending more than they're taking in."

Like many school districts, the growth of District 200's tax levy is limited by a cap of 5 percent or the consumer price index, whichever is less. This year's index fell to 0.1 percent, and next year's is 2.7 percent. Had the economy not nosedived and the CPI stayed static at 4 percent, the district would have received an extra $4 million in revenue this year, estimates Bill Farley, assistant superintendent of business operations.

Despite the rough economy, the district did not foresee that state funding, which pays 15 percent of the bills, would dry up. This year, the state has made only its first-quarter payments, and is behind on the rest.

Meanwhile, spending in the district, which draws 13,640 students from Wheaton, Warrenville and parts of Carol Stream, Winfield and West Chicago, has been steadily rising. Since 2005, the gap between revenues and expenses has more than tripled, to $8.6 million for the next school year.

District 200 officials say the salary and benefits they offer teachers and administrators allow it to remain competitive with other high-performing districts, such as those in Naperville and on the North Shore. If there are more teachers or administrators per student and the district is spending 22.5 percent more for each student in the past five years, they say, it's because that's what parents want.

"We react to the needs and desires of the people we serve," said District 200 spokesman Robert Rammer. "People say they want smaller class sizes, good educational programs, and we respond to what our community wants."

Eighty percent of District 200's $151 million budget goes to salaries and benefits — including 100 percent of administrators' health and dental insurance premiums until five years after retirement. In 2006, then-Superintendent Gary Catalani earned $380,000, thanks to end-of-contract bonuses, giving him the dubious distinction of being the state's highest-paid superintendent.

When the school board decided last fall to let go of Catalani's replacement, they not only had to pay his $208,000 salary, but a $60,000 severance payment. The new superintendent, scheduled to start in July, has a lower salary of $195,000, but parents are upset over his $600-a-month travel allowance.

"What were they thinking?" questions parent Julie Georgiou, who has four children in the school district. "He's making $195,000 a year. He can more than afford his car. You couldn't see (that contract) would be an issue, where you're telling people we're going to increase class sizes?"

The ever-expanding staff rolls have contributed too. Enrollment fell by 621 students between 2005 and 2009, without corresponding decreases in staff. The student-to-administrator ratio went from 267.8 to 249.7 during that time, and the district added 31 more teachers.
Officials say initiatives like the federal No Child Left Behind law require more staff to mine assessment data and help struggling students achieve state standards. Plus, a growing population of students who are poor, require special education or English as a Second Language services has put a financial strain on the district.

"All of that costs money," says board member Barbara Intihar. "There's more students coming in without the basics, and we need to give them more attention."

Officials have frozen administrative salaries and are negotiating the next teachers' contract. But, they say, they've got to stay competitive to attract and retain the best teachers and administrators.

"The (teachers' union) says, 'We feel we should have this because the guy down the street is getting this,'" Intihar said. "Our staff says, 'Here's what other districts are agreeing to,' and we have to be competitive. Let's say there's an administrator from Naperville. If all I can offer is a 50 percent pay cut, then what are the odds of him coming here?"

District 200 interim superintendent Charles Baker said the education system as a whole needs to re-evaluate teacher raises, currently based on longevity and education. Those raises need to be tied to performance, he said.

Bryce Cann, president of the Wheaton Warrenville Education Association, which represents 1,082 members, including teachers and counselors, said teachers are being responsive to the district's financial crunch.

"I think what we're looking at is that whatever we put together is done with a careful look to making sure that the district is on a solid financial footing," Cann said.

But, he added: "We believe that it is reasonable to have professional pay for a job that requires a professional."

Expenses aren't just about salaries. Even as the district has tried to cut other expenses over the years, parents have offered resistance.

Case in point: Baker, a former high school principal, remembers a time in the early 1990s when parents expected Wheaton Warrenville South High School to have a swim team even though it had no pool.

"Instead of saying, 'No, we can't have swimming; there's no pool,' we said, 'Yes. We'll figure out a way to have swimming.' It's people like me that created that gap," Baker conceded.

Proposed budget cuts drew 400 parents to a board meeting this month. Everyone from parents of gifted students, to those needing extra reading help, to those whose children are involved in middle school sports argued for their programs to remain intact. No one wanted class sizes increased, not even if it meant one extra student per class.

The gifted reading program was put back in. Thirteen elementary classroom aides were kept. High school competitive swimming stayed too.

District officials say the only solution may be a tax hike to pay for it all. They plan to approach voters for a rate referendum question. If that fails, expect more cuts ahead.

"Communities have to think differently and districts have to think differently" given today's budget
realities, Rammer said. "But will (the community) accept a six-period day at the high school? Will our parents accept an additional student per grade level? That's the conundrum."

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