

February 3, 2012

Dear District #41 Staff and Parents/Guardians,

The District is preparing recommendations for the Board of Education that will reduce expenditures for the 2012-2013 school year by more than \$1,000,000. This includes a reduction in operational costs and staffing levels in every employment category – teachers, special services staff, administrators, teacher aides, custodians, district office staff, and building office staff, phased in over the next two years. The majority of the reductions will be effective in 2012-2013 with the remaining reductions effective in 2013-2014. We want to keep you informed as we move through the budget planning process. A great deal of thought and consideration has been given, as it should be, to the final recommendations.

To provide some context, the following is an overview of the District's current financial status:

- District #41 has been well managed over the years. We are proud to have received the Illinois State Board of Education highest financial rating since 2004. We also have one the lowest per pupil costs among elementary school districts in Lake County.
- District #41 was one of only 79 Illinois Schools Districts (out of 868) honored with the SchoolSearch™ 2011 Bright Star Award, which recognizes academic performance in the upper one-third and expenditures per pupil in the lowest quarter of Illinois School Districts (2010 IL Report Card data source). This achievement spotlights the great academic outcomes we have achieved while also exercising fiscal restraint.

Despite these achievements the District has faced more significant challenges impacting our financial stability. Since 2007, District #41 has been losing enrollment. To address this decline, the District reduced eleven classroom positions. Enrollment has dropped almost 100 students since last school year. Demographic predictions by McGibben Demographic Research indicate a similar trend will continue the next three years or so. The District will continue to lose enrollment after that but most likely at a slower rate. General State Aid has not increased in the past three years, and most categorical and special program grants have been reduced or eliminated.

Here are some of the actions we have taken and will consider to address the serious imbalance between revenues and rising expenses, while maintaining a strong focus on supporting quality teaching and learning:

- Greater use of electronic communications and AlertNow to distribute District Newsletters; upgrading the District web site as a primary source of information for parents and community members; reduction of building and department budgets, and on-going examination of building operational and maintenance costs.
- Over the past four years, District #41 has reduced staff incrementally due to declining enrollment and increased operational efficiencies.
- This fiscal year (2011-2012), the District #41 Board of Education made a decision to draw down from our financial reserves to cover a projected \$1,000,000+ deficit. This is similar to a family decision to dip into its savings to cover routine household expenses, such as mortgage payments, rent, utilities, or food. It is a temporary solution that buys time and provides a quick fix to an ongoing challenge.

Here are important points to know as the District plans for 2012-13 and 2013-2014:

- Even with a reduction in expenditures of more than \$1,000,000, the District will still have a budget deficit.
- We have been strategic in identifying staff reductions that will not result in significant changes to class sizes over the next two years.
- We remain focused on our responsibility to remain good stewards of both the District's academic quality and its fiscal resources.
- We will continue to fund essential initiatives that increase the capacity of staff to meet current and future instructional challenges and enhance learning outcomes. These include sustained investments in professional development, curriculum development, instructional materials, and classroom technology.
- During the 2012-2013 school year we will reconvene the Financial Advisory Committee that will allow District, parent, and community representatives to consider and review additional budget recommendations.

For your information, here's a recap of financial information and where is it currently available on the District web site:

- 1) District Newsletters - April, 2011 and August, 2011 (News and Events Tab)
- 2) Staff and Parent Letter - October, 2011 (Finance Tab)
- 3) Financial Advisory Minutes - October, 2011 – January, 2012 (Finance tab)

More detailed financial information is also available under the Finance tab, which includes the Audit Report 2011, Annual Financial Report, 2011-2012 Budget, Budget at a Glance, and the January 23, 2012 PMA Financial Projections Report. *The PMA Report is the most timely and pertinent. It is an excellent report and can be reviewed in around 20 minutes.*

If you have questions, you may contact me directly at (847) 245-8001 or the Director of Business Patricia Volling at (847) 245-8010. We would be happy to answer questions or meet with you.

Sincerely yours,

A handwritten signature in cursive script that reads "John Van Pelt".

Dr. John Van Pelt  
Superintendent of Schools  
Lake Villa School District #41

JVP/jl