



## Low CPI has local school districts slashing expenses

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Stimulus plan or no stimulus plan, many suburban school districts are hacking away at next year's budgets because of a steep drop in the Consumer Price Index, a figure that determines how much property tax revenue schools can collect.

Teachers, support staff and extracurricular activities like sports programs are among the items on the chopping block in some districts.

Suburban schools are considering the cuts even despite the recent approval of an economic stimulus bill that will invest roughly \$100 billion in the nation's public schools over the next two years - funding they don't expect to share in very much.

"Our revenue is being cut off at the kneecaps," said Deb Parenti, associate superintendent for finance and operations in Arlington Heights-based Northwest Suburban High School District 214.

The 2008 CPI figure is 0.1 percent, down from 4.1 percent the previous year. Tax cap laws prevent schools from increasing their property tax levies by more than 5 percent or the rate of inflation as measured by the CPI, whichever is less. The 0.1 percent limit will leave many districts struggling to cover energy, health care and payroll costs expected to grow by a much higher percentage than that, officials say.

"We already have union labor contracts in place, among other expenses," Parenti said. "How are we supposed to meet our obligations?"

District 214 hasn't had to consider classroom-related cuts yet, Parenti said. Others aren't so lucky.

Wheaton Warrenville Unit District 200, Lake Zurich Unit District 95 and Elgin Area School District U-46 are among the districts that have either approved or are considering cutting teachers and/or support staff next year. Officials say the low CPI is one of the factors behind the discussions.

"Roughly speaking, the drop in CPI translates to about \$4 million that we lost overnight," said Robert Rammer, spokesman for District 200. "We can't make that up anywhere else. Property taxes are about 80 percent of our revenue."

The CPI has fallen below the 2 percent mark just three times since 1998. Its lowest levels during that time period occurred in 1998 and 2001, when it hit 1.6 percent.

Rammer said that the CPI, a measure of the change in prices that people pay for everyday goods and services, hovered near 4 percent as recently as October of last year. But it's the December figure that limits school tax levies. School officials said that falling gas prices helped drive the December figure down.

The challenge that the low CPI presents has many school districts viewing the recently passed economic stimulus package with caution, if not outright skepticism.

Illinois public schools stand to receive \$3 billion in aid under the law. Most of that - roughly \$2 billion - will be given to school districts to prevent just the kind of cuts and layoffs many are considering.

But right now, the stimulus funding doesn't extend past the next two years, making districts reluctant to rely

on it to cover ongoing costs like employee salaries.

"We have to be careful about this," said John Prince, chief financial and operations officer for U-46. "If the money disappears after two years, we can't commit ourselves to costs that go longer than that."

Exactly how the aid money will be disbursed is still being worked out at the state level. Local education leaders expect that poorer districts will end up receiving more than the relatively affluent school districts in the suburbs.

"Believe me, we appreciate whatever help we can get," said District 214's Parenti. "But right now, we have no reason to expect that our share will have a large impact on us."