



Oak Park Elementary School District 97

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**TO: Members, Board of Education
Dr. Carol L. Kelley, Superintendent of Schools**

FROM: Alicia Evans, Assistant Superintendent for Finance & Operations

RE: Deficit Reduction Plan

DATE: August 23, 2016

Section 17-1 of the School Code (105 ILCS 5/17-1), includes the requirement that the school district's adopted (or amended) annual budget must be filed with ISBE within 30 days of local board action. This is in addition to: (1) filing a certified copy with the county clerk(s); and (2) posting the budget on the district's internet website, if created.

The provision has an additional requirement that to the extent the school district's budget is not balanced; the local school board must also formally adopt a "deficit reduction plan" to balance the budget within three years. The deficit reduction plan is based on ISBE guidelines and must be filed concurrently with the adopted annual budget.

A deficit reduction plan is necessary if the local school board adopts (or amends) the annual budget in which the "operating funds" (Educational; Operations & Maintenance; Transportation and Working Cash Funds) result in total direct revenues being less than total direct expenditures by an amount greater than one-third (1/3) of the ending fund balance (June 30). Note - amounts are determined using only the four funds listed above. If the estimated ending fund balance is not greater than three times the deficit spending, the district must also adopt and file with ISBE a deficit reduction plan to balance the budget within three years.

Therefore, based on the current tentative budget information presented July 12, 2016, a deficit reduction plan will be required. The plan is due at the time the final budget is approved September 27, 2016.

A deficit reduction plan will provide a blueprint to the State about how the district will reduce its deficit over the next three years. It will also provide the District with the early creation of a cost cutting plan if the referendum fails in Spring 2017. The plan will include narratives and financial data for the next three years for the (education, operations & maintenance, transportation, and working cash) funds. The budget has to be balanced by the third year. In general, proceeds from a successful referendum will be included as additional revenues as well as reductions to staff through attrition and other, special education tuition, and purchased services will be included in the plan.