

**Charles City Community School
Fiscal Committee Presentation
December 16, 2003**

Impact of Across the Board Cuts on Charles City Community Schools

District Profile

Current Enrollment:	1653
Declining Enrollment District:	Loss of nearly 300 students over the past 10 years
Budget Guarantee:	Estimate needing to generate \$317,000 additional in property taxes for FY05 (Estimate based on 1% Allowable Growth)

- The 2.5% Across the Board Cut means a loss of revenue for Charles City Schools of \$158,000.
- The district's reaction to this cut is to move forward using carryover reserves for the remainder of the year. It is extremely difficult to reduce expenditures during the fiscal year. This will require us to replenish the funds in our reserve fund by increasing property taxes in FY 2005 and through cost reductions.
- The district dealt with the Across the Board Cut two years ago in a similar manner.
- The district has made significant cost reductions over the past 12 years. Reductions total over \$1.5 million and include several administrative, certified and support staff reductions. As with most declining enrollment districts we have reduced to the point where educational programs are now being affected.
- The Board is very cognizant of the impact of raising property taxes. We know property taxes will increase, but we need to protect against a large increase. Our community has been extremely supportive by approving a \$1.34 voter approved PPEL, an Instructional Support Levy and a Local Option Sales and Services Tax. We cannot afford to lose support by increasing property taxes greatly.
- We know that, if Allowable Growth remains at 2% or lower, increasing property taxes and continued cost reductions are our only alternatives.

Property taxes will increase to:

- Fund the Across the Board Cut
- Fund the Budget Guarantee Amount

In Charles City, \$100,000 of increase requires an addition \$.30 in property taxes.

At this point in time, continued cost reductions have/will:

- Increase class sizes
- Reduce offerings
- Reduce staff development activities
- Slow technology purchases
- Negatively impact student achievement

This all is occurring at a time when accountability for schools is at an all-time high. Meeting No Child Left Behind requirements and components of the Iowa Teacher Quality Legislation are extremely important, but under-funded. While money is not the only answer in meeting these requirements, we must have funding to allow us to focus our work on student achievement. It will be extremely difficult or nearly impossible to continue student achievement improvement if class sizes increase, material and equipment budgets decrease and there are no funds for staff development.

The vast majority of districts in Iowa are experiencing declining enrollment and are on the budget guarantee. A 2% allowable growth for a declining enrollment district like Charles City means a decrease in funding each year. This decrease, coupled with increasing costs, especially for salaries and benefits, makes our job of improving student achievement very, very difficult.

Iowa has got to find a way to fund allowable growth increases beyond 2%, and do so immediately. Without appropriate funding our educational system and our kids will suffer. How can we afford to let that happen?