Article for July 4, 2018

The Fayette School District is seeking an operating tax levy increase because it has been forced to deficit spend the last few years due to revenue shortfalls, increasing costs, decreasing enrollment, and underfunded mandatory programs. When deficit spending occurs it reduces the beginning balance of the next year’s budget.

Ideally, a school district strives to maintain a level of operating fund balance between 18% and 25% to be considered fiscally healthy. It should not spend more than the revenue it takes in during the year. When it does, it is dipping into the fund balances it has, which is called deficit spending. The only option a district has to avoid this is to reduce spending and to live within its means. Applying for grants can help offset the costs of instructional materials, computers, professional development and training when they are awarded, but they are usually a one-time award.

Enrollment, attendance, and revenue are all things beyond which a local school board can control. The only factor related to funding the local school board has control over is spending. The district has reduced staff by twenty-two position in the last five years, mainly through attrition, which is a reduction in staff by not replacing those who resign, retire, or otherwise leave the district. When attrition occurs, job responsibilities are redistributed to existing staff members. Living within its means will force the district to continue to reduce positions, programming that is not mandatory, and other extras that enhance the learning experiences for all students, until such time that the district is in a better financial position. The determination of which areas may be reduced will be made when more information is available.

The operating fund balance at the end of the 2018-2019 school year is projected to be 11.30%. The fund balance for the end of this school year, 2017-2018, is expected to be 12.43%. We will know the exact amount soon as we are closing the year down and are working on the final budget report. The 2016-2017 school year ended at 14.03%. Historically, when the district’s operating fund balance drops below 15%, there is not enough cash flow to be able to pay bills each month without getting a Tax Anticipatory Note (TAN). A TAN is a loan that is taken out in an amount necessary to pay bills until the district receives its county tax revenue in December or its local tax revenue in January. When the local tax revenue is received, the district is required to repay the loan with interest immediately.

There will be a Community Forum to share information and answer questions on Tuesday, July 10 at 6:30 in the FHS Library. Information can also be found on the district website at [www.fayette.k12.mo.us](http://www.fayette.k12.mo.us). Click on the link under the 2018 Tax Levy Information section on the home page. In addition to a variety of informational documents, there is a tax levy calculation tool for your use in figuring how the levy increase will impact you. If you have any questions about this issue and cannot attend the forum, please call the district Central Office at 248-2153.