

## How did D-26 get here?

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CARY – The words “**District 26**” have become almost synonymous with “financial crisis.”

The Cary schools are ranked fifth-worst in the state financially, are in danger of being taken over by the state, and **district** Finance Director T. Ferrier says she comes in to work each morning anxious about fund balances.

“Every day, I’m worried we’re going to bounce payroll or bounce a check to a vendor,” she said during a recent referendum informational meeting.

To cope, officials have cut \$7.8 million over the past two years, which included eliminating nearly all specialist teachers, such as those who teach art and music; closing Maplewood Elementary School; shortening the school day; and increasing class sizes.

Now the **district** is asking voters for a \$15 million bond referendum, which would increase property taxes for school funding. Officials say the money is needed so the **district** can stop relying on multimillion-dollar loans and fend off a state takeover.

The **district** didn’t get to this point overnight, though. A 2002 teachers strike seems to be the starting point for the financial problems, as the year marked the first time that the **district** started deficit spending.

Here’s a look back at how Cary **District 26** went from having a \$12 million fund balance to needing to borrow \$15 million.

- Fall 2002: Teachers strike for a week.

After a new contract is approved, the **district** goes from having one of the lowest starting salaries in the state to having the highest starting salary for elementary teachers in McHenry County. Specifically, those who had worked in the **district** for two or more years received a 19.2 percent pay increase the first year and a 5.7 percent raise the next.

Then-Superintendent Jacklyn Crosby later says in 2005, the year she retired, that the board likely was swayed into making a bad deal.

“We had all these parents standing outside the door yelling and screaming and telling the board members that they needed to give teachers a raise, that they deserved it. Then the board feels pressured, even though the business manager said we don’t have enough money,” Crosby said.

- Fiscal 2002: **District** starts deficit spending with a budget that is \$348,976 over revenue. The deficit spending continues each year through fiscal 2010.

- 2004: A 70-cent limiting-rate referendum fails with 70 percent of voters opposing it. Then, 50 employees and five administrators are cut, but some are brought back because of retirements and other cost-cutting measures.
- June 2004: Oak Knoll school closes.
- Fiscal 2004: The **district** 's deficit spending reaches \$5.6 million. The **district** starts relying on short-term loans known as tax anticipation warrants, taking out \$200,000 in the TAWs. By the next year, the **district** would take out \$4.5 million in TAWs.
- March 2005: The **district** plans to spend \$550,000 on capital projects, including roof repairs at several schools. Money comes from the sale of land in the Fox Trails subdivision, which totaled \$850,000.
- March 2005: Financial projections show a negative \$1.6 million fund balance by the end of fiscal 2008 if cuts aren't made.
- August 2005: School board approves a budget with a projected deficit of \$1.9 million.

The projected deficit was increased from the \$1.3 million that originally was projected because board members allocated more toward teacher training and added teachers at Three Oaks school to deal with an influx of fifth-grade students.

Officials plan to use reserve funding to make up for the deficit.

In a Northwest Herald story at the time, Chris Spoerl – who was not yet elected to the board, but currently serves as board president – is quoted as telling then-board members that if the **district** continues on its path of spending \$2 million more than it draws in, the **district** will be in the red within three years.

- January 2006: Board members say that despite a possible deficit and possible borrowing against future tax dollars, it's too early to forecast a budget problem. The board also decides against asking for a referendum.

“The sheer fact we are taking tax-anticipation warrants does not mean we are in a true deficit position,” then-board President Craig **Loew** says at the time.

- September 2006: Board adopts a \$31.87 million budget for the 2006-07 school year with a projected \$1.8 million spending deficit. Actual budget ends up having a \$2.7 million deficit.
- October 2006: After deficit-spending for three years, the state mandates that the board create a cost-reduction plan.

The board says it will balance the budget over the next three years, with tight cost controls and an expectation of a 21 percent local revenue increase over the next three fiscal years.

**Loew** says at the time that there “really are no teeth to the [state] law” that requires the **district** to follow the plan.

- October 2006: New two-year teachers’ contract is approved. It includes a 6.5 percent pay raise over two years. Theraise is in addition to step increases.
- Winter 2007: Todd Drafall, then-finance and operations director, tells board members that they need to stop chasingsmall savings and cut larger amounts. Specifically, the board is told to cut \$3 million from expenses to meet 2007-08 budgetfigures. No major cuts are made.
- May 2008: Brian Coleman is named superintendent.
- Fall 2008: A three-year teacher contract is approved. Raises are based on experience and education level.
- Fiscal year 2008: The **district** ’s fund balance reaches the negative mark, meaning there is no savings available. Specifically, the fund balance is\$1.19 million in the red.
- April 2009: A \$17 million bond referendum fails. \$10 million would have gone to capital improvements, and \$7 millionwould have gone to end short-term borrowing, or TAWs.
- 2009-10: **District** makes \$1.2 million in cuts, including administrative salary freezes, one administrator reduced, and 8.6 certified staffreduced
- May 2010: Teachers union declines contract concessions, and teachers receive scheduled raises.
- 2010-11: **District** makes \$6.6 million in cuts, including closing Maplewood School, administrative salary freezes, a layoff of about 130total staff, eliminating nearly all specialist teachers, such as those who teach art and music; increasing class sizes; andshortening the school day.
- June 2010: Maplewood School closes.
- November 2010: Voters will decide on a \$15 million bond referendum on the Nov. 2 ballot. The measure would increaseproperty taxes for school funding.
- August 2011: Current teachers union contract expires.

Source: Northwest Herald archives, **District** 26 documents