

GUEST OPINION

# Lee school board's use of its reserves could cost district millions

"Reserves help district avoid cuts" headlined the Local and State section of The News-Press on Jan. 12.

The subtitle revealed the board's plan to use \$15 million in reserves to cover the 2012 shortfall.

With \$34.5 million in reserves, the budget director effectively portrayed the Lee County School Board's goals: "We'll try to get through two additional years, fiscal year 2012 and fiscal year 2013, with no major cuts ... that will allow us to ride out the storm until things turn around."

Whoops, did I miss

something? Property tax revenue is projected to decline for another year or two then stabilize. The county tax base will be lower.

Homes on the tax rolls for \$220,000 have sold for \$80,000 — individual tax increases can't exceed 3 percent under homestead provisions. The recovery will be slow.

Substantial new home construction is not on the horizon. And even under the most optimistic conditions, district tax revenue lags new appraisals by a year. Depending on reserves simply won't



*Les Cochran of San Carlos Park worked in public administration for more than 30 years, retiring as president of Youngstown State University in 2000.*

work!

The plan is fraught with other issues. Last fall, the board increased faculty and staff salaries at a cost of \$4 million. The board failed to effectively exercise its fiduciary responsibility.

The salary increase is NOT the issue. Rather, the board used one-time money to fund an ongoing obligation; thereby, violating a basic budget tenet: Never increase continuing

costs without having ongoing revenue.

What other actions contributed the remaining \$11 million problem? How much was budget creep? Where were the costs increased? Why weren't corresponding cuts made? Did the board approve these expenditures? If so, did board members knowingly contribute to the problem?

Further, a \$10 million shortfall is likely for 2013. Is any or all of this amount part of the \$15 million? If so, the use of one-time money to cover ongoing expenditures produces a double dip — \$25 million (\$15 million in 2012 plus \$10 million in 2013) could be used to pay the original \$15 million tab.

Regardless, the outcome is the same.

Reserves are depleted. Quality investments are curtailed. Salary increase options are eliminated. And the new superintendent is left with no discretionary dollars.

Dramatic changes are eminent in the operation of the state's public schools. Lee County schools have an opportunity to assume a leadership role. As the old slogan prescribes, "pay me down or pay me later." Tax increases are off the table. Help is not coming from Washington. And the state's \$3.5 billion shortfall can only compound the problem.

Popular or not, prudent management compels the board to reduce spending in a planned, systematic fashion.

For example, a three-year plan might reduce expenditures by \$15 million to accommodate the shortfall, invest \$7 million to improve C-rated schools, increase employee salaries 5 percent (\$20 million) over the three years and extend the school year for elementary students by 20 days per

year (\$18 million).

These initiatives would cost \$60 million, representing 8 percent of the district's \$750 million operating budget. Considering the level of quality improvements, it's hardly a daunting task!

The first step toward reform starts by having administrators, key staff members and union leaders in the same room; all charged with the same task: Produce a plan that achieves the goals and is approved by the board before the new superintendent is appointed.

Can you imagine how superintendent candidates would view the position if such actions were under way? They'd have an opportunity to lead a district that was willing to shape the future rather than being shaped by the future!