

# Moving from “Sprint” to “Marathon” thinking:

While school leaders have been focusing primarily on 1) Food and care for the community, 2) Communication, and 3) Distance learning, most of these require quick, tactical thinking, or a sprint mentality. As we move toward the longer marathon, district leaders should consider the following:



## **Short-Term Cash Flow (Remainder of the year):**

- Liquid Assets—Consider converting investments to cash.
- Shut down spending in the short term, to the extent possible, other than commodities that are essential for operations.
- Many counties are asking legislators to consider a delay in spring property tax payments to allow zero interest penalty through September. Have conversations with local and state leaders about the impact any property tax adjustments will have to your school district cash flow. Here are talking points to assist with that conversation.

### **Delaying spring property tax payments could:**

- Impair your ability to pay employees based on cash on hand.
- Force conversations with bond counsel for tax anticipation warrants for voter-approved referendum building projects.
- Force delays in capital projects.
- Force delays in paying tuition bills for private placement students.
- Create even more financial disruption with anticipated proration in state transportation and mandated categorical payments due to the revenues being utilized to address the COVID-19 situation.
- Review the pros and cons of lines of credit versus tax anticipation warrants.
- Delay capital projects, curriculum adoptions, large technology purchases.
- Consider a sweep account where the bank will take all your account balances each night and “sweep the balances” into an overnight investment.
- Place buildings in summer setbacks in order to minimize operational costs.
- What will be the ultimate guidance on MCATs and Grants?



## **Staffing and benefits:**

- Consider your staffing plan for the remainder of the school year and next school year.
- Review current vacancies to determine which are mission-critical.
- Review short-term expenditures that can be suspended.
- Negotiate with your health insurance providers for lower rates in response to the crisis.
- Can you postpone elective benefits?
- Adjust professional development for staff to eliminate the use of substitutes.
- Should a COVID-19 related absence be handled differently from a regular absence; the Department of Labor seems to be providing guidance that any absence related to COVID-19 can't count against pay or PTO.



### **Evaluate existing contracts, including those that may be reduced due to school closings:**

- Assessments not administered in Spring 2020.
- Special Education contracts.
- Alternative programs.
- Private transportation, custodial contacts and other other privately contracted work.



### **Travel:**

- Eliminate out-of-state travel.
- Consider reducing line items for FY 21.
- Evaluate, not only staff travel, but student travel plans and assess the likelihood of continuance.



### **Student Registration:**

- We do not know the implications of COVID-19 on student mobility and possible enrollment increases/ decreases in Illinois.
- Consider the implication of COVID-19 on your in-person school registration process.
- Create online registration processes where possible. Consider delaying the annual in-person registration process for next year and only conduct online registration.



### **Tentative Budget Preparation:**

As you prepare your FY 21 tentative budget, expect fiscal challenges, including:

- Delayed or decreased tax receipts, especially in counties where schools access sales tax. Consider the implications to needed revenue for any bonds that were put in place as alternate revenue bonds. How do you pay them if the sales tax falls short?
- Decreased income from interest.
- Potential decreases in state aid for FY 21 as a result of the economic impact of COVID-19. Is it still reasonable to assume base-funding minimums and tier money from FY 20 as the base for FY 21? Generally assuming no new money unless funded by the federal government.
- Expect a very low Consumer Price Index in December which, for property tax-capped districts, will lower property tax receipts for the second half of FY 21.
- Anticipate possible state-mandated reductions to the transportation and mandated categorical grant revenues considering a lot of money will be redirected to help mitigate this public health crisis.
- Reduction in CPPRT revenue as well?



### **Census 2020:**

- Despite COVID-19, the Census will continue.
- Encourage community participation and leverage social media efforts to inform your community.
- Ensure your community is counted, as it will impact your federal receipts.