

School District U-46

Elgin, Illinois

October 15, 2018

The Finance Committee of the Board of Education met at 5:00 p.m. in Room 140 of the Educational Services Center, 355 East Chicago Street, Elgin, Illinois, to present the Proposed 2018 Tax Levy. In attendance were Board members Sue Kerr, Melissa Owens and John Devereux. Also in attendance were Tony Sanders, Chief Executive Officer, Dr. Jeff King, Deputy Superintendent of Operations/Chief School Business Official, Dale Burnidge, Director of Financial Operations, Robyn Cornelissen, Financial Controller, Steve Burger, Assistant Superintendent of Elementary Schools Instruction and Equity, Dr. Josh Carpenter, Assistant Superintendent for Teaching and Learning, Lela Majstorovic, Assistant Superintendent of Secondary Schools Instruction and Equity, Dr. Ushma Shah, Assistant Superintendent of Elementary Schools Instruction and Equity, Keith Walker, Information Services, and Carlos Conejo, Information Services.

1. Open Meeting and Introduction

Ms. Kerr opened the meeting and everyone present stated their name and title.

2. Presentation of the Proposed 2018 Tax Levy

Mr. Burnidge began the presentation by going over the 2018 Tax Levy timeline as well as the Abatement timeline. Mr. Burnidge reviewed the Tax Levy terms: Property Tax Levy, EAV (Equalized Assessed Valuation) and New Construction. Mr. Burnidge reviewed the property tax extension limitation law (PTELL) stating limits the increase in property taxes to the CPI with a cap of five percent. Over the last five years, the District has had lower CPIs. The average CPI has been 1.8%. Over the last three years, the average CPI has been 1.6%. New construction is added to the CPI amount and the bond and interest payments are also outside of those limits.

Mr. Burnidge reviewed the five year history of Tax Levy requests and stated from 2013 to 2016, the actual extension increases. The highest extension being 1.32% in 2015. The last two years, the CPI has increased to 2.1% so the District's extensions will increase more than they have in prior years. Regarding Tax Levy assumptions, the District has two key components that are utilized in creating a levy that is unknown until April 2019. Mr. Burnidge stated they are: 1) estimating an increase in EAV of 3%; and 2) estimating \$20 million in new property for the current levy based on last years' actual value of \$15.7 million.

Mr. Burnidge went on to discuss the EAV and Tax Rates and the relationship between the two. Mr. Burnidge stated the property rates are determined after the EAV rates are finalized and the total levy requests have been made. Mr. Burnidge discussed the various reasons property taxes can increase year over year.

Mr. Burnidge stated every year corporate tax appeals shift between \$3 million and \$4 million in funding to other taxpayers shifting the burden on homeowners. If the burden

increases, the tax increases regardless of what the taxing districts request. Mr. Burnidge reviewed samples of how property taxes are calculated depending on house value and EAV.

Mr. Burnidge explained how School District U-46 compares to other surrounding districts as it pertained to operating expenditures and the per capita tuition charge from 2017. This was the last year before the evidence based funding came into effect. The District is just under \$12,000.00 for operating expenditures per pupil and just over \$10,000.00 for per capita tuition charge. The evidence-based funding should help narrow the gap. Mr. Burnidge stated the State of Illinois is trying to offset some of these variances in property taxes by funding through the evidence-based funding formula to offset what can be raised locally.

Mr. Burnidge stated the District is estimating an increase in the levy of 2.52% leaving an increase to existing homeowners to 2.1%. Mr. Burnidge stated the abatement being done this year should flatten the impact for existing homeowners for the coming year. Ms. Kerr confirmed with Mr. Burnidge the figures stated are without the bond, the interest or the abatement. Mr. Burnidge stated the total abatement would be about \$9.6 million.

Ms. Kerr asked with the new evidence-based funding model, is the District still going to see per capita tuition charge or operating expenditures per pupil or is the model being changed. Mr. Sanders responded the per capita tuition charge (PCTC) has been removed with the new formula. The operating expenditures will still be in existence. Mr. Sanders stated he as well as every other Superintendent from districts that have a charter school that is run by the state have signed a letter stating this is something that needs to be addressed by law due to the state having no other way to fund other than the per capita tuition charge. In response to Ms. Owens, Mr. Sanders stated the legislature must authorize the change. Mr. Sanders stated there was an attempt to resolve this issue during the last session and it did not happen. Mr. Sanders stated it would be brought back again during veto session; however, for this school year, the District received correspondence from the state regarding the amount of PCTC calculation the District would be receiving.

Ms. Kerr asked if anything has been said regarding the \$50 million for tax relief. Mr. Sanders stated in response that calls have been placed with the State Superintendent's Office. The District has been told they are working on the process. In response to Ms. Owens, Mr. Sanders stated if no district accesses the \$50 million, at the end of the year, the State will divvy up the funds across each school district based on the Tier.

In response to Ms. Kerr's question about a property tax freeze, Mr. Sanders stated the property tax freeze never passed and believes it will always be a continuing conversation for the State.

Ms. Owens asked about the new growth estimate and asked if that was the standard estimate used by the District. Mr. Burnidge responded that was correct. Mr. Burnidge stated new growth has been consistently at \$15 million for the last few years.

Ms. Owens asked when the District will see EAV for new housing construction projects.

In response, Dr. King stated the District would see the EAV one year after the construction projects have been completed.

3. Public Participation

There were no public comments.

4. Adjournment

Ms. Kerr adjourned the meeting.

Approved this 19th day of November, 2018.

/s/ Donna Smith //

President

/s/ Miguel A. Rodriguez //

Secretary