

School District U-46

Elgin, Illinois

October 18, 2021

The Finance Committee of the Board of Education met at 4:30 p.m. via Zoom and made available to the public in Room 140 of the Educational Services Center, 355 East Chicago Street, Elgin, Illinois, to present and discuss the 2021 Proposed Tax Levy. In attendance were Board members John Devereux, and Melissa Owens. Also in attendance were Board Members Sue Kerr, Dawn Martin, Eva Porter, and Kate Thommes as well as Tony Sanders, Superintendent, Brian Lindholm, Chief of Staff, and Dale Burnidge, Director of Financial Operations.

1. Open Meeting and Introduction

Ms. Owens opened the meeting and stated everyone present.

2. Presentation and Discussion of the 2021 Proposed Tax Levy

Mr. Burnidge began the presentation of the 2021 Proposed Tax Levy. Mr. Burnidge began the presentation by reviewing the 2021 Tax Levy timeline as well as the Abatement timeline. Mr. Burnidge stated the abatement amount will be \$9,605,212.00, which is the same as last year. Including the 2021 tax year, the district will have abated \$48.3 million since 2015.

Members of the Elgin Teachers Association (ETA) joined the meeting at 4:36 p.m. along with Suzanne Johnson, Deputy Superintendent of Instruction.

Mr. Burnidge stated the district is subject to the Property Tax Extension Limitation Law or PTELL, which limits the increases to the amount of the Consumer Price Index or CPI with a cap of 5%. For this tax year, the CPI is 1.4%, which is lower than it has been in the past five years. Mr. Burnidge stated in the past 5 years, the CPI average has been 2.0% and the three-year average has been 1.9%. Mr. Burnidge stated new construction, bond, and interest payments are outside of the cap limitation.

Mr. Burnidge went on to discuss historical CPI since the year 2000 and stated the average has trended down from 2007 to 2016. Mr. Burnidge stated 5.3% is the year over year CPI through August. Recently, the CPI was updated through September and is now 5.4%. Mr. Burnidge stated this could be an issue with the cap for next year if CPI does not come down by December. The last time CPI was over 5% was in 1990, when it was 6.1%.

Mr. Burnidge stated as it relates to tax levy assumptions, the district utilizes two key components in creating a levy that is unknown until April of 2022, the Equalized Assessed Valuation (EAV) and the amount of new construction. Mr. Burnidge stated the district is estimating an increase in EAV of 3%. Kane County has given the district an estimate of 5.9%; however, the district does not have values from DuPage and Cook Counties. Mr. Burnidge stated last year, DuPage County EAV increased 3.5% and Cook County EAV decreased 0.3%. In years without reassessment, Mr. Burnidge stated the district usually does not see much change in the Cook County EAV. The district has estimated \$20 million in new property for the current levy. Mr. Burnidge stated last year's actual value was \$18 million.

Mr. Burnidge stated to figure out the impact of new growth, the district starts with the 2020 tax extension of \$292,753,166 and increase by the CPI, or 1.4% to get a new maximum extension of \$296,851,710. Mr. Burnidge stated the district then adds its estimated new growth of \$20 million in EAV, and that adds about 0.37% for an expected extension of \$297,920,525.

Mr. Burnidge stated there is an inverse relationship between EAV and the tax rates. If the EAV is flat and the CPI is flat, then the tax rate will also remain flat. If EAV is declining or increasing less than the CPI, Mr. Burnidge stated the tax rate will increase, which is what we had in the early 2010's after the housing market decline. Mr. Burnidge stated the district is currently in the third scenario, where the EAV increase is more than the CPI, which will decrease the tax rates. The tax rates are determined after the EAV is finalized and levy requests are made.

Mr. Burnidge stated there are wide variations in the amount of EAV per student different districts can generate. School District U-46 has the second lowest amount of EAV per student at \$155,585 among the compared districts. Mr. Burnidge stated this means that the district is more dependent on the state revenues to make up the difference.

Mr. Burnidge stated the district is in the middle of its surrounding districts as far as Operating Expenditures per pupil at \$14,514.00 for 2020, which is an increase of \$3,110.00 from 2015. Due to the increases in Evidence-Based Funding from the state, the district is showing the largest five-year increase. Mr. Burnidge stated regarding the Per Capita Tuition Charge from the Annual Financial Reports, the district has a five-year increase of \$2,461.00, which is the largest increase for the surrounding districts.

Mr. Burnidge discussed the 2021 tax levy by fund, which totals \$300,154,932. The total requested is 2.53% higher than last year to account for the unknown EAV and new construction amounts. Mr. Burnidge stated the estimated impact on existing homeowners is 1.4%, with an estimated actual increase of 1.77% including the new construction.

3. Public Participation

There were no public comments.

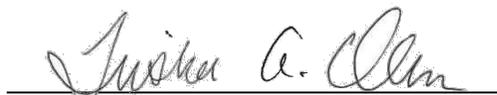
4. Adjournment

Ms. Owens adjourned the meeting.

Approved this 13th day of December 2021.



President



Secretary