

School District U-46
Elgin, Illinois
October 21, 2019

The Finance Committee of the Board of Education met at 4:45 p.m. in Room 140 of the Educational Services Center, 355 East Chicago Street, Elgin, Illinois, to present and discuss the proposed 2019 Tax Levy. Board members John Devereux and Melissa Owens. Also in attendance were Board Members Sue Kerr, Eva Porter, and Kate Thommes as well as Tony Sanders, Chief Executive Officer, Steve Burger, Assistant Superintendent for Elementary Schools Instruction and Equity, Dale Burnidge, Director of Financial Operations, Dr. Josh Carpenter, Assistant Superintendent for Teaching and Learning, Robyn Cornelissen, Financial Controller, Ann Chan, Assistant Superintendent for Human Resources, Mary Fergus, Director of School and Community Relations, Dr. Suzanne Johnson, Deputy Superintendent for Instruction, and Dr. Jeff King, Deputy Superintendent of Operations/Chief School Business Official.

1. Open Meeting and Introduction

Mr. Devereux opened the meeting and everyone present stated their name and title.

2. Presentation and Discussion of the Proposed 2019 Tax Levy

Mr. Burnidge gave the timeline for the 2019 tax levy with adoption of the tax levy resolution and Certificate of Tax Levy taking place at the December 16, 2019, Board Meeting. Mr. Burnidge also discussed the Abatement timeline with the vote on the Resolution to Abate on January 27, 2020.

Steve Burger, Assistant Superintendent for Elementary Instruction and Equity, joined the meeting at 5:01 p.m.

Mr. Burnidge explained the property tax extension limitation law (PTELL) regarding the Consumer Price Index (CPI) with a cap of 5 percent. For the past five years, the CPI average was 1.5%. For the past three years, the CPI average was 2.0%. Mr. Burnidge discussed new construction which was outside of the capped amount as well as bond and interest payments. Mr. Burnidge went over the five year history of levy requests and the amount of the actual extension increases. The district always asks for more in the levy than what we know the district is getting so that no funds are left. The starting point for every year is always your previous levy. If new construction is not levied in that year then you can lose those funds going forward.

Mr. Burnidge stated the district has two key components that are utilized in creating a levy that are unknown until April of 2020 which are Equalized Assessed Valuation (EAV) and new construction. The district is estimating an increase in EAV of 12%. Kane County has given the district an estimated of 8.9%; however, the district does not have values from DuPage County or Cook County at this point. Mr. Burnidge stated the DuPage EAV increased 3.6% while the Cook EAV decreased 2.3% last year due to it being a non-reassessment year. Mr. Burnidge explained that Cook County does reassessments every 3 years, and this year the reassessment will be in the portion that includes U-46. The district has estimated an increase of 20% in EAV. Mr. Burnidge stated the district has estimated \$30 million in new property for the current levy. The actual value last year was \$26 million.

Dr. Suzanne Johnson, Deputy Superintendent of Instruction, and Lela Majstorovic, Assistant Superintendent of Secondary Instruction and Equity, joined the meeting at 5:14 p.m.

Mr. Burnidge stated school districts must levy for new growth in year one or the value of the construction is capped forever. Mr. Burnidge stated new growth can be from annexations, expired TIFs, home additions, new residential and commercial construction, and expiration of 4-year exemptions.

Eva Porter, Board Member, joined the meeting at 5:15 p.m.

Mr. Burnidge stated there are several reasons why property taxes may increase year over year such as a decrease in the taxing district's overall equalized assessed value can increase the rate or an increase in taxes levied by the local government and school district in accordance with the Property Tax Extension Limitation Law. Mr. Burnidge stated property taxes may also increase due to an increase in the assessed value of the property, a decrease in assessed value that is lower/smaller than the overall decrease in assessed value for the taxing body, public voting for bond issues such as new construction, an increase in the payments of previously approved bonds and/or a shift in the burden between counties. In response to Mr. Devereux, Mr. Burnidge stated depending the CPI and the other factors, it could end up a decrease or an increase. Mr. Burnidge stated the Department of Labor will equalize out the values.

Mr. Burnidge went on to discuss the Corporate Tax Appeals and stated every year corporate tax appeals shift between \$3 million and \$4 million in funding to other taxpayers which shifts the burden to the homeowners. If the burden increases, the tax increases regardless of what the taxing districts request.

Mr. Burnidge went on to compare U-46 to other districts as it relates to operating expenditures per pupil and per capita tuition charge for 2018. Mr. Burnidge stated 2018 is the first year the district has the evidence-based funding dollars included in the district's numbers. Mr. Burnidge stated the gap between the highest and the lowest is getting closer and shrank by about \$650.00 for the operating expenditures per pupil and about \$1,200 for the per capital tuition charge. Mr. Burnidge stated the variance is still wide but the evidence-based funding dollars should help close the gap.

Mr. Burnidge also compared the 2017 EAV per student and the local revenue per student for each \$1 tax rate between U-46 and other districts. Mr. Burnidge stated again there was a wide variance between the districts depending on the value of the properties in those respective districts.

Mr. Burnidge advised the Board of the proposed 2019 levy without bond and interest with the total dollar of \$288,498,992.00. Due to the unknowns with Cook County EAV reassessment year, Mr. Burnidge stated they have added 1% defensive change so in total the estimated increase from last year's extension is 3.49%. The actual estimated change is believed to be 2.47% leaving the impact on an existing homeowner would be 1.9%.

Mr. Sanders stated the state passed a property relief task force that has been meeting for about 2 months that passed during the last session and signed into law in August and they had 90 days to file a report with the legislature but no later than December 31st. Mr. Sanders

stated the task force recommendations could be very interesting. Mr. Sanders stated his understanding was the task force was going to release a short report with some short-term things the state could do to encourage property tax relief which might include giving districts the ability to reduce their levy request without being considered long-term. Mr. Sanders stated the district protects itself by abating themselves. At one of the meetings, Mr. Sanders stated, it was discussed giving the districts the ability to lower the levy but not give up access to those dollars in the future.

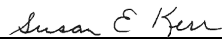
3. Public Participation

There were no public comments.

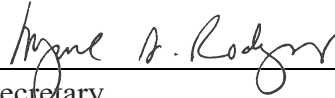
4. Adjournment

Mr. Devereux adjourned the meeting.

Approved this 18th day of November, 2019.



President



Secretary