

# Burr Ridge School District #180

## Finance Issues

November 20, 2007

### Frequently Asked Questions

#### 1. WHAT DOES THE REFERENDUM LANGUAGE ASK FOR?

The Burr Ridge C.C.S.D. 180 Board of Education approved a .3295 percent, one-year referendum to be voted on during the primary election of February 5, 2008. The official, and somewhat confusing, ballot language states:

*Shall the limiting rate under the Property Tax Extension Limitation Law for Community Consolidated School District Number 180, Counties of DuPage and Cook, Illinois, be increased by an additional amount equal to .3295% above the limiting rate for levy year 2006 and be equal to 1.9435% of the equalized assessed value of the taxable property therein for levy year 2008?*

But what it doesn't state is that this is the exact same tax rate as residents currently pay. This .3295% referendum is identical to the rate currently collected to pay interest on building bonds. These building bonds will be paid off in 2009, meaning as the result of the district's excellent financial management, this rate will no longer be collected.

The referendum is really just a tax rate swap. Instead of using the .3295% tax rate to pay off the building bonds, residents are being asked to continue at their current rate in order to maintain the district's educational, extra-curricular and sports programs as well as low class size.

#### 2. WHY A REFERENDUM NOW?

It has been nearly twenty-three years since the last successful referendum tax increase and eleven years since the last time the Board of Education even requested a tax rate increase. After this long history of sound school financial management, our district is faced with a financial crisis and a unique opportunity to provide for the district's needs without an increase in the tax rate residents currently pay. The Board of Education, mindful of community member needs, purposefully waited until this year, when building bonds would be paid off so that tax payers would see a swap in rates in order to eliminate the impact of the referendum request.

#### 3. WHY IS A REFERENDUM NEEDED FOR THE SCHOOL DISTRICT?

Burr Ridge School District's expenses have and are continuing to outpace revenues, and the school district has begun to use its reserves to pay for operating the school.

**4. WHY IS THE DISTRICT UNABLE TO COLLECT ENOUGH MONEY TO PAY FOR ITS PROGRAMS NOW?**

The tax cap law or PTELL limits the amount of money that school districts can collect from one year to the next. The law limits the school district's local revenue to increase annually by no more than 5% or the Consumer Price Index (CPI) whichever is lower. Since the law went in to effect, the CPI has always been lower averaging approximately 2.5%.

The result is that the most a district can collect from residents is no more than 2.5%. Unfortunately, expenses that the district has to pay, such as electric, heating, insurance, salaries and student supplies continue to rise at a greater rate.

Additionally, the district continues to bring needed programs to meet the diverse needs of our students. We have added programs to help students succeed, while at the same time maintained our already outstanding gifted, band, foreign language and after school programs. As you can see from our stated goals above, the Board of Education is committed to finding the funds to meet the needs of all of our students.

**5. WHAT OTHER OUTSIDE INFLUENCES IMPACT THE DISTRICT'S FINANCES?**

Every year, the state or federal government imposes additional requirements or mandates on the school district, which we have to meet. Unfortunately, rarely, if ever, do these mandates come with the needed funds. In fact, the state of Illinois has been at, or near the bottom in comparison to all other states for school funding. As a result, local revenues are required to pay for these unfunded mandates.

The result is a financial situation where the district must either find additional funds or reduce the educational opportunities and services it can provide to students and community members.

**6. WHAT ARE OTHER DISTRICTS DOING?**

Burr Ridge School District 180 is not alone. The newspapers are filled with stories of Illinois school districts facing difficult financial situations. It is estimated that over half of all Illinois school districts are experiencing the same type of financial difficulties. Several of our neighboring districts in DuPage County are similarly wrestling with difficult financial issues. Like most districts working under tax caps, Burr Ridge 180 will have to ask for a referendum to increase the rate in the education fund every 5-7 years unless the education funding formula is changed significantly.

**7. HOW HAS THE DISTRICT HANDLED THIS IN THE PAST?**

Burr Ridge 180 has always been responsible in its spending. This has kept deficit spending at a minimum and kept taxpayers from any significant tax rate increase for nearly twenty-three years.

However, these savings have been eroding away and will (as tax caps become more restrictive while costs continue to increase) eventually disappear. It is projected that the Education fund will have a deficit balance at the start of the 2009-2010 school year. Prior to then, the district will need to cut programs and services currently in place in order to reduce the amount of deficit.

**8. DOESN'T IMPACT AID OR THE MONEY FROM ARGONNE NATIONAL LABORATORY USUALLY PROVIDE ENOUGH MONEY TO THE DISTRICT?**

Burr Ridge 180 does receive federal impact aid for the portion of Argonne, which is in the district. This portion comprises more than half of the district's seven square mile area. Impact aid provides only a small source of revenue, and often the receipt of these funds is unpredictable. In fact, there have been several years where we have only received a portion of the funds due to the district.

In 2007, the district received partial payments of federal funds for the last three years. As this payment contained partial payments from several years, this was a fairly large and unexpected amount. This revenue helped the district to avoid a significant deficit last year. Not only is this funding unreliable and untimely, it is also not enough (even with the district receiving partial payments due from previous years like this year) to offset the current financial deficits in spending.

Also, due to the way impact aid funds are determined, it is possible that a reduction in the district's tax rate could result in less impact aid funds to the district.

**9. WHY CAN'T THE DISTRICT JUST BORROW MORE MONEY?**

The responsible spending practices of the Burr Ridge 180 school board have kept borrowing to a minimum. Additionally, tax caps will permit Burr Ridge School District 180 to make payments limited to \$151,000 in a year. This means that the most that the district could borrow would be about \$660,000. It would take nearly five years to pay off this amount and would include additional interest payment expenses. This represents only a fraction of the \$10 million dollar yearly budget (FY08).

**10. WHY NOT JUST GET A GRANT OR FIND MONEY FROM OTHER SOURCES?**

Burr Ridge 180 does apply for and receive additional grants from the state. In fact, the early childhood program is funded entirely with grant monies. The district works closely with the Community House to provide programs for our students. While we will continue to develop these partnerships, they are not enough to overcome the district's financial crisis.

### **11. WHAT WILL HAPPEN IF THE REFERENDUM FAILS?**

Burr Ridge School District 180 will not be able to maintain its current level of service, educational programs or class size in the 2008-2009 school year unless this financial problem is addressed. Several educational programs would have to be cut which would jeopardize the quality of education students would receive.

A “NO” vote on referendum on February 5, 2008, would leave little choice but for the board to consider the elimination or reduction such programs as: band, choir, art, Spanish, library services, gifted, sports, after-school clubs and activities, and special education services. Unfortunately, there would also be the need to reduce support staff and teachers resulting in less assistance for students and larger class size.

### **12. WHO WOULD SUPPORT A REFERENDUM?**

Safe, secure, healthy, effective schools are part of the foundation of a community. Students do not have a vote when funding for programs are needed for their education. They must depend on voting members of the community to be their voice.

The district’s academic programs help to ensure that students are able to live up to their potential and are successful as they continue in their education. Additionally, a homeowner in a school district without these co-curricular and after school programs is at a significant disadvantage when attempting to sell their home. This could result in a lower home value as well as increased selling time. It is one thing to not send a child to a particular school, as a matter of personal choice. It is another thing when the school in question cannot afford to provide a foreign language program, band or sports team.

Finally, everyone has an interest in keeping children safe and out of trouble. Our district’s after school programs and sports provide a safe and supervised area for children after school. A potential reduction or elimination of these activities could result in potential student and community safety issues.

### **13. DON’T REFERENDUMS USUALLY RESULT IN HIGHER TAXES?**

As this referendum is only a tax-rate swap, residents will not pay any additional taxes specifically due to the referendum. Rising home values, due to a community’s excellent schools, may result in an increase in taxes, but the rate which is used to determine those taxes would stay the same as it currently is in paying for building bonds. Community members would be authorizing that the tax rate would stay as it is this year after the district paid off bonds. While the language of the question on the ballot may say tax increase, the ballot language does not take in to account the reduction in the tax rate from paying off these bonds beginning in 2009.

### **14. WHO CAN I CONTACT TO GET MORE INFORMATION?**

Superintendent Tom Schneider will be more than glad to respond to any questions you may have and he can be reached at 630-734-6600.