

TO: Board of Education
FROM: Joel Filas, Chief School Business Official
DATE: October 20, 2025
RE: Business & Operations Report

Monthly Data Spotlight: CPI/EAV/NEW PROPERTY

The Business Office will present the 2025 Tentative Tax Levy during the November Board Meeting. This month's Data Spotlight provides information about three critical variables used in creating the District's Tax Levy: The Consumer Price Index, Equalized Assessed Value, and New Property Values.

I. Consumer Price Index (CPI)

- **Current CPI: 2.9% (December 2024)**
- **Context:** The 2.9% CPI represents the allowable increase to a district's prior year extension under the Property Tax Extension Limitation Law (PTELL).
- **Impact:** This modest CPI continues to cap overall levy growth and underscores the importance of capturing new property to sustain revenue growth. When CPI is low, the **tax levy increase is capped at that lower percentage**, meaning **revenue growth may not keep pace with inflation**.

Example:

- Prior Year Extension = \$10,000,000
- CPI = 2.9% → Maximum increase = \$290,000 (before new property)
- If inflation or cost increases exceed 2.9%, the district loses purchasing power.

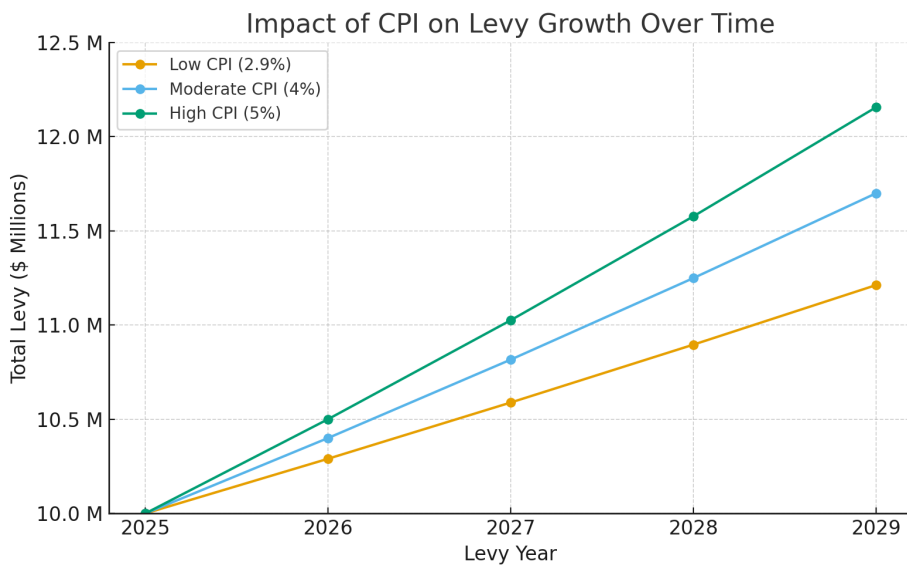
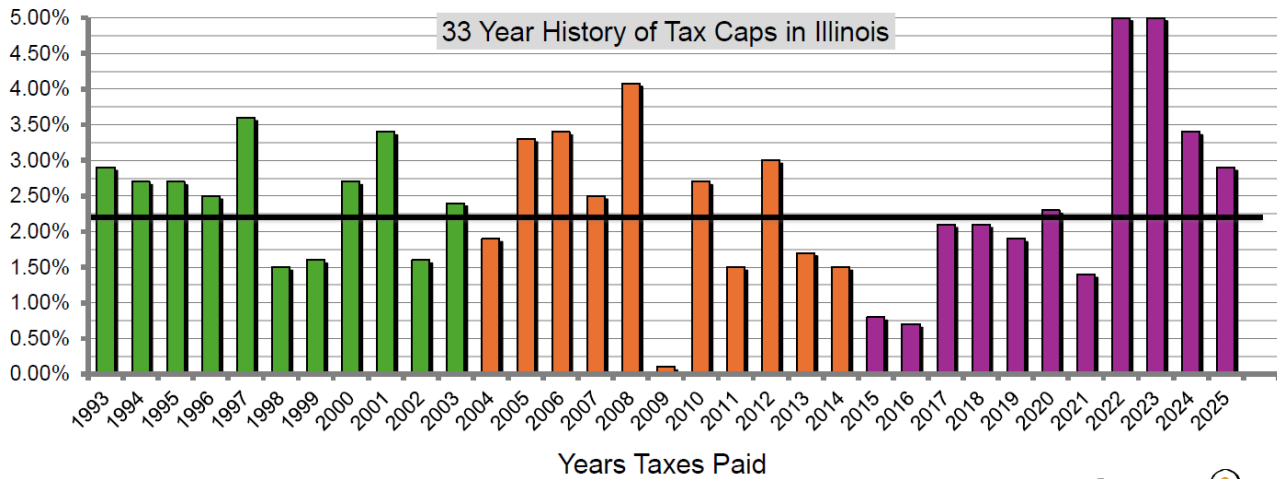
Costs for salaries, benefits, utilities, supplies, and construction **often rise faster** than CPI, particularly in health insurance, transportation, and construction, where costs outpace the general inflation rate. Reduces Capacity for Long-Term Investments

With limited new revenue, the district has **less flexibility** to fund new initiatives, facility projects, or staffing expansions. Capital improvements, technology upgrades, or instructional enhancements may need to be **deferred or phased in more slowly**. A few consecutive years of low CPI create a **structural imbalance**: expenses grow faster than revenues, putting pressure on fund balances and potentially leading to program reductions.

A reduction in local property tax revenue will increase reliance on other sources of revenue. The District will turn to Evidence-Based Funding (EBF) increases, categorical reimbursements, or grants to offset limited levy growth. However, with Evidence-Based Funding (EBF) increases averaging just \$500 per year and categorical reimbursements currently prorated, these sources are not adequate to offset limited levy growth, making local CPI-based revenue stability even more important.

- **Summary:** A low CPI locks in lower revenue growth, constraining budgets in both the short and long term. While it offers relief to taxpayers, it limits a district's ability to keep pace with rising costs and maintain service levels without using reserves or cutting programs.

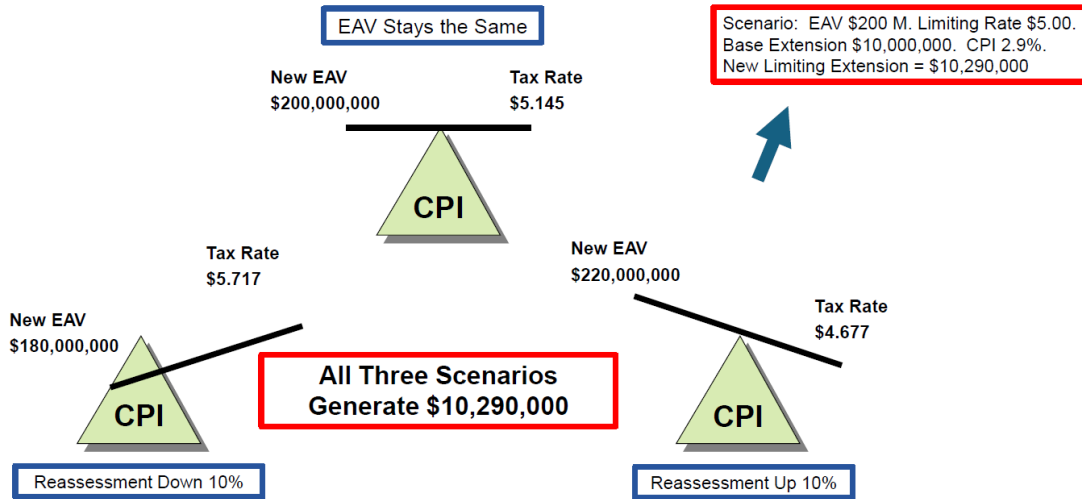
First 11-year period, CPI averaged 2.51% --- Second 11-year period, CPI average 2.33% ---
Third 11-year period CPI average 2.51%, even with 5% CPI for 2022 and 2023 levy year.



II. Equalized Assessed Valuation (EAV)

- **2024 EAV:** \$327,607,326
- **2025 EAV:** Unknown
- **Context:** The district's total EAV reflects all taxable property within its boundaries.
- **Impact:** This figure will directly influence the distribution of the tax rate among funds during the levy process.

EAV Change, CPI and Tax Rate – An Example



Historical	2022		2023		2024	
	Value	New	Value	New	Value	New
C	\$13,979,040		\$13,708,927		\$14,146,377	
F	\$59,544		\$66,680		\$224,780	
I	\$5,849,340		\$5,693,350		\$8,888,014	
R	\$263,163,035	\$96,920	\$275,106,425	\$145,710	\$304,348,155	\$39,740
T	\$283,050,959	\$96,920	\$294,575,382	\$145,710	\$327,607,326	\$39,740
% Inc.				4.07%		11.21%

III. New Property

- **New Property Value 2024: \$34,000**
New Property Value 2025: Unknown
- **Context:** New property is excluded from the CPI limitation, meaning the district can levy additional revenue beyond the CPI increase to capture taxes on new development or improvements.
- **Impact:** Although modest in value, capturing this new property ensures complete alignment with PTELL guidelines and incremental revenue growth.

Levy Year	School Years		CPI	Levy CPI	New Property EAV	NP Tax Value
2021	FY22	FY23	1.40%	1.40%	\$606,160	\$25,030
2022	FY23	FY24	7.10%	5%	\$96,921	\$3,978
2023	FY24	FY25	6.50%	5.00%	\$145,710	\$6,037
2024	FY25	Fy26	3.40%	3.40%	\$39,740	\$1,351
			5.00%	3.73%	\$282,930	\$11,682

PRELIMINARY TAX LEVY INFORMATION

Tentative Tax Levy: The first step in the annual property tax levy process is the presentation of the Tentative Tax Levy to the Board of Education in November. During the Tentative Tax Levy, the Board of Education has the opportunity to review the administration's initial calculation and recommendation.

The main challenge in creating the tentative tax levy for the November Hearing is that two of the three primary variables are unknown at the time of the hearing. Therefore, the administration must make a rational "guess" as to what figure should be applied to the PTELL formula.

2024 Levy Scenarios with New Construction Added

2024 Levy @ 3.4%	New Property	Total Levy	Difference	Levy Increase
\$12,199,331.26	\$ -	\$12,620,431.00	\$ -	3.40%
	\$100,000.00	\$12,624,714.00	-\$4,283.00	3.44%
	\$200,000.00	\$12,629,000.00	-\$8,569.00	3.47%
	\$400,000.00	\$12,637,568.00	-\$17,137.00	3.54%
	\$600,000.00	\$12,646,136.00	-\$25,705.00	3.61%
	\$1,000,000.00	\$12,663,273.00	-\$42,842.00	3.75%
	\$2,000,000.00	\$12,706,114.45	-\$85,683.45	4.11%
	\$3,000,000.00	\$12,748,959.00	-\$128,528.00	4.45%
	\$4,000,000.00	\$12,791,799.97	-\$171,368.97	4.80%
	\$5,000,000.00	\$12,834,645.00	-\$214,214.00	5.16%

2025 Levy Scenarios with New Construction Added

2025 Levy @ 2.9%	New Property	Total Levy	Difference	Levy Increase
\$13,021,133.00	\$ -	\$13,021,133.00	\$ -	2.90%
	\$100,000.00	\$13,025,108.00	\$3,975.00	2.93%
	\$200,000.00	\$13,029,081.00	\$7,948.00	2.96%
	\$400,000.00	\$13,037,032.00	\$15,899.00	3.03%
	\$1,000,000.00	\$13,060,879.00	\$39,746.00	3.21%
	\$6,750,000.00	\$13,289,419.00	\$268,286.00	5.02%

A second challenge during this process presents if the District seeks authorization to levy 5% more than the previous year's extension. If the tentative tax levy seeks authorization to levy 5% over the prior year's extension, the Board of Education must hold a **Truth In Taxation Hearing** before the formal adoption of the Annual Tax Levy in December. Since the District is required to advertise the Truth In Taxation Hearing twenty days before the December Board Meeting, the Board must carefully consider whether or not an unknown variable may necessitate holding this hearing, and present a Tentative Tax Levy in November that reflects this need.

Last year, the District decided to estimate its new property values in an amount that necessitated a Truth in Taxation hearing. This was due to the unknown property value of the new Main Freight Warehouse. As the data above shows, the property has still not been reflected in the new property values. Therefore, the same scenario presents itself again and raises the following questions for discussion:

1. How much is the Main Freight property worth?
2. Will the estimated value increase the levy by more than 5%?
3. What happens if we do not hold a Truth in Taxation hearing and the property assessment is over 5%

NIHIP BOARD MEETING NOTES

Treasurer's Report and Budget

Fiscal Year 2024-2025 closed with a \$4.6 million increase in net position, and the 2025-2026 budget projects a \$5.5 million increase.

Experience Update

The plan year-to-date loss ratios are PPO 97%, HMO 102% and Dental 102%. The overall combined plan loss ratio is 98% with a positive funding variance of \$4.3 million. A loss ratio over 100% will most likely lead to a higher renewal increase; however, an increasing net position could offset higher-than-normal renewal rates.

Roadmap for Future Plan Changes

The Executive Committee developed a roadmap of potential future changes intended to provide transparency and assist in financial planning. The proposed plan changes help maintain members' cost-share contributions as inflation and the cost of medical care and prescription drugs continue to rise. The proposed 2026-2027 plan change recommendations include the continued phase-in of the increased PPO Rx copays approved at the January 2025 General Board meeting. The Executive Committee extensively reviewed adjustments to the internal pooling levels, focusing on increasing pooling levels to address the leveraged trend and shift the risk of large, ongoing high-cost claimants to the districts, rather than the cooperative. The recommendation is not to adjust the pooling levels for the 2026-2027 plan year, but to continually evaluate future options.

FY25 Audit

Baker Tilly will present the completed FY2025 Audit to the Board of Education during the October 20th Regular Meeting. The FY25 Audit presented many new experiences for both the Business Office and Auditors, as a series of Fund Transfers, Fund Reimbursements, Bond Issues, Bond Escrow Payments, and Bond Escrow Receipts presented various safeguards to be implemented for the future. The Business Office is pleased to report that the auditors' estimated Financial Profile Score for the District aligned with our projections and finished in the Recognition Category again this year. Additionally, the District ended the Fiscal Year with 236 days of operating cash on hand - 56 days above the Fund Balance Policy (+\$1,798,160)

School Maintenance Project Grant

The Business Office is pleased to report that ISBE will be offering the opportunity to apply for the School Maintenance Project Grant (SMPG) this year. The **School Maintenance Project Grant (SMPG)** is a dollar-for-dollar state matching grant program that will provide awards up to \$50,000 to grantees exclusively for the maintenance or upkeep of buildings or structures for educational purposes. The District utilized the FY24 SMPG to supplement the costs of our Re-Roofing project, and in FY25, the District used the SMPG to supplement the costs of the locker replacement project.

A LOOK AHEAD

November Board Meeting:

- Tentative Tax Levy Hearing

Respectfully submitted,

