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School District Number 66

Review of School Finance and School District Capital Funding

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Review of School District Funding Sources

Comparison of Funding Sources by Type of Government

- Villages
  - Share of state sales tax
  - Local Sales tax
  - Motor Fuel tax
  - Water and sewer rates and charges
  - Property tax (12% to 13% of gov't fund revenues)
  - Share of state income tax
  - Federal grants

Differences reflect variation in flexibility and diversity of revenue streams.

- Park District
  - Property tax
  - Recreation fees
  - State grants

- School District (percentages are for Center Cass 66)
  - Local – Mostly property tax (~90%) (87% of Property is Residential)
  - State (~6%) – Increases based on Tier status (see next slide)
  - Federal (~4%)
  - Percentages vary by the local wealth of the community

State Funding:
Evidence Based Funding (EBF) Formula - Tier Distribution

- Each district is assigned to a Tier based on how close it is to its Adequacy Target

Tier	% of New Funding	Adequacy Level (FY24)
Tier 1	50%	<=78%
Tier 2*	49% (*includes Tier 1 districts)	78-90%
Tier 3	0.9%	90-100%
Tier 4	0.1%	>100%

- District 66 is in Tier 4 and received $992 new dollars in FY 2025.
- District 66 has been Tier 3 or 4 since EBF inception (FY19).

Federal Funding Programs

	FY 2026 ISBE Budget (millions)
Vocational Programs	$70.0
Free & Reduced Lunch	1250.0
Special Ed (IDEA)	1026.8
Title Grants	1879.0
Others	281.9
Total Federal Through ISBE	$4,507.7

- District 66 received ~$500,000 of Federal funds in FY 2025 which is primarily reimbursement for special education, orphanage and food service for students that qualify

Property Tax Extension Limitation Law – PTELL ("Tax Cap")

- Enacted in suburban Collar Counties for 1991 levy and Cook County for the 1994 levy
- PTELL enacted for remaining Illinois counties if approved at county-wide referendum
- Limits the increase in property tax extension to 5% or the increase in the "Consumer Price Index-All Urban Consumers" (CPI-U), whichever is less
- Additional revenues available for "New Property"
  - New property includes the following examples: home addition, a new Amazon facility, new subdivision and an expiring tax increment finance district after 23 years

Property Tax Revenues

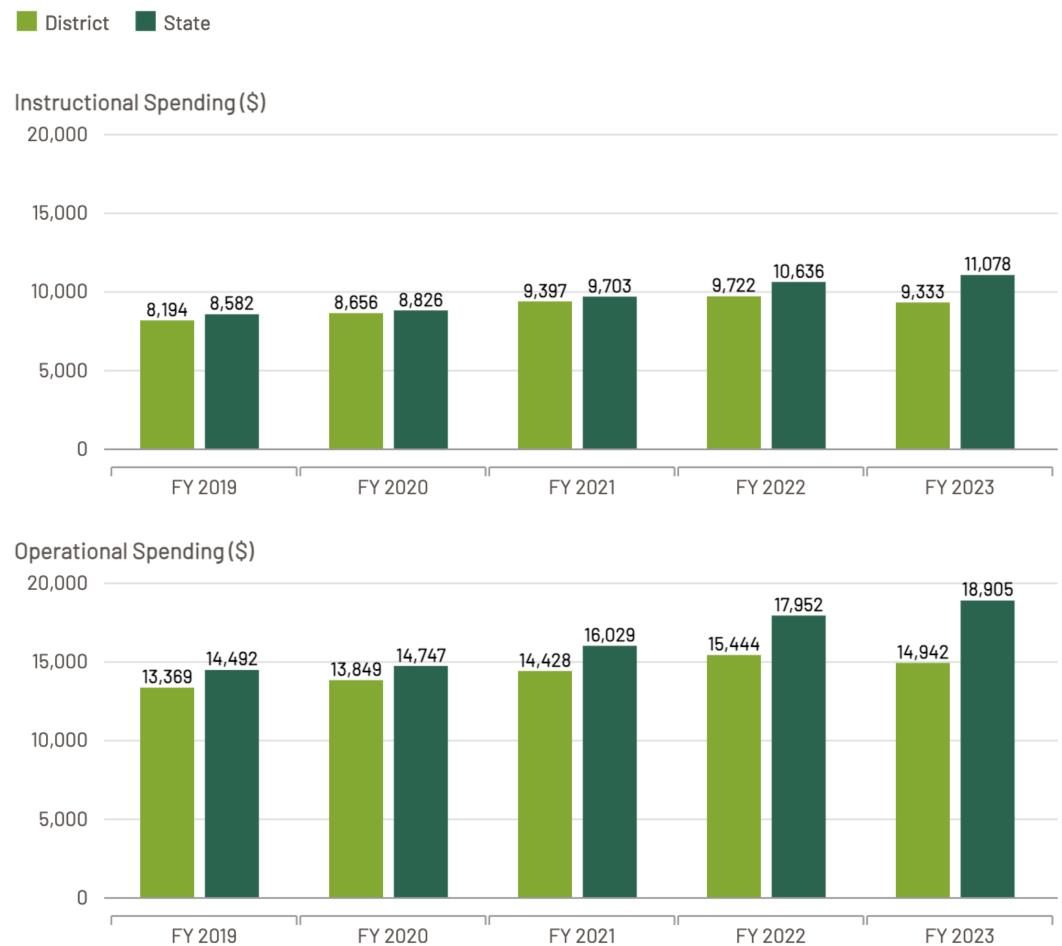
- The CPI (capped at 5%) increase generally covers annual growth in current employee salaries/benefits
- New property, if not TIF'ed, would cover the cost of some enrollment growth; however…
- Revenues from new housing are not available until approximately one to two years after the property is occupied
- The bump in 2024 is due to the opening of a new warehouse

Historical New Property			
		District 66	
Levy Year	Fiscal Year	Est. Market Value	Revenue
2019	2021	$6,575,700	$47,755
2020	2022	$5,062,560	$36,187
2021	2023	$7,476,780	$53,349
2022	2024	$7,073,280	$60,123
2023	2025	$9,035,010	$78,306
2024	2026	$10,107,420	$83,113

District Finances: Operating Expense Per Pupil

Average spending per student in this district, based on financial data collected in the audited Annual Financial Report. ISBE calculates instructional spending and operational spending and divides both by the district's student count. Instructional Spending Per Student includes only the activities directly dealing with the teaching of students or the interaction between teachers and students. Operational Spending Per Student includes nearly all costs for overall operations in this school's district, including Instructional Spending. Learn More

- The data to the right does not reflect the recent limiting rate increase which would increase the District's amount by about $1,000
- This would be reflected in 2024 data which would also show a higher number for the State data



Funding of Capital Needs

Major Capital Revenue Sources

1. District Fund Balance
    a. Funds saved over time to contribute to large capital projects
    b. The District has added on average over $750,000 per year to its fund balance since the limiting rate referendum passed moving balances from negative to positive
    c. The District estimates it will take over a decade to achieve the fund balances to reach the desired State's Financial Profile Score
2. Municipality/Developer
    a. Developer Impact Fees
    b. Developer and/or Village Donations
3. Grants
    a. The State program has not been funded in over two decades
4. Community Request (i.e. Bond or Limiting Rate Referendum)
5. Non-Referendum General Obligation (GO) Bonds or Debt Certificates
    a. Non-Referendum GO Bonds are not available (see next slide)
    b. Additional debt certificates would require significant operating surpluses to pay the annual debt service

Debt Service Extension Base – Limits a District's Ability to Borrow on a Non-Referendum Basis

- If a district is subject to “the tax cap”, the annual debt service (principal and interest) payments on certain non-referendum General Obligation (GO) bonds are limited by its Debt Service Extension Base (DSEB), if available

- If applicable, the DSEB is equal to the amount of non-referendum debt service levied for the year tax caps applied to the county (1994)

- ***District 66 does not have a DSEB***

- The District can issue non-referendum life safety bonds, but only for life safety projects. ***Building Additions do not count as life safety.***

New Development and TIF Impact

Capital Needs for New Development

- If the District were to get a large influx of students, it estimates it would need to issue up to a $17.5 million bond to construct an addition to absorb the new students
  - As a debt certificate, the District could not absorb the additional debt service payment in its operating budget
  - To levy a new tax, current taxpayers would have to approve the issuance at referendum (see table to the right for example impact)

Tax Impact of $17.5 Million Bond

Year	EAV (1)	Debt Service	Tax Rate (Per $100 of EAV)	Median Home (1)	Tax Payment
1	$636,022,230	$1,350,000	0.2123	$425,500	$301.05
2	$648,742,675	$1,350,000	0.2081	$434,010	$301.05
3	$661,717,528	$1,350,000	0.2040	$442,690	$301.05
4	$674,951,879	$1,350,000	0.2000	$451,544	$301.05
5	$688,450,916	$1,350,000	0.1961	$460,575	$301.05
6	$702,219,935	$1,350,000	0.1922	$469,786	$301.05
7	$716,264,333	$1,350,000	0.1885	$479,182	$301.05
8	$730,589,620	$1,350,000	0.1848	$488,766	$301.05
9	$745,201,412	$1,350,000	0.1812	$498,541	$301.05
10	$760,105,441	$1,350,000	0.1776	$508,512	$301.05
11	$775,307,549	$1,350,000	0.1741	$518,682	$301.05
12	$790,813,700	$1,350,000	0.1707	$529,056	$301.05
13	$806,629,974	$1,350,000	0.1674	$539,637	$301.05
14	$822,762,574	$1,350,000	0.1641	$550,430	$301.05
15	$839,217,825	$1,350,000	0.1609	$561,438	$301.05
16	$856,002,182	$1,350,000	0.1577	$572,667	$301.05
17	$873,122,225	$1,350,000	0.1546	$584,120	$301.05
18	$890,584,670	$1,350,000	0.1516	$595,803	$301.05
19	$908,396,363	$1,350,000	0.1486	$607,719	$301.05
20	$926,564,291	$1,350,000	0.1457	$619,873	$301.05
21	$945,095,576	$0	0.0000	$632,271	$0.00
22	$963,997,488	$0	0.0000	$644,916	$0.00
23	$983,277,438	$0	0.0000	$657,814	$0.00
		$27,000,000			

(1) Reassessed at 2% per year

Operational Needs for New Development

- Hypothetical analysis depending upon the dispersion of new kids through the grade levels.
- Amounts could vary depending upon the dispersion

200 Kids Evenly Distributed Per Grade Level PK-8

		Sal/Ben.	Total Cost
Grade Level Teachers	6@	$80,000	$ 480,000
Special Education Teacher	2@	$80,000	160,000
Paraprofessional for IEPs	6@	$28,000	168,000
One SLP	1@	$80,000	80,000
One EL Teacher	1@	$80,000	80,000
One PE	1@	$80,000	80,000
One Music	1@	$80,000	80,000
One Art	1@	$80,000	80,000
One Middle SS/Encore Teacher	1@	$80,000	80,000
One Math/Science Teacher	1@	$80,000	80,000
One ELA/Reading Teacher	1@	$80,000	80,000
Bus Driver	2@	$28,000	56,000
Instructional Materials	200@	$2,000	400,000
Miscellaneous Expenses		$80,000	80,000
			$1,984,000

Source: The District

Funding Sources for Additional Capital Needs and Operational Needs (Assumes Area(s) TIFed)

Operational

1. Current operations cannot absorb the cost without significant increases to class sizes if even possible
2. Limiting Rate increase (would require referendum approval)
3. Increase in General State Aid (GSA) from the State
   a) Currently the District is Tier 4 and does not receive significant additional GSA dollars under the EBF formula
   b) *ISBE estimates the District would move from Tier 4 to Tier 3, and receive $20,000 more for every 100 kids added which is inadequate to address the financial burden development creates*
4. Statutorily required TIF revenues (see appendix for detail)
   a) If a municipality uses TIF funds to support residential development, and there are school-aged kids living in such development and enrolled in the public grade/high school, a school district can request tuition payments to help cover the cost to educate those children

Funding Sources for Additional Capital Needs and Operational Needs (Assumes Area(s) TIFed)

Capital

1. Fund balance (not available)
2. District wide property tax levy (would require referendum approval)
3. Impact fees (amount not known, but would not solely cover the cost)
4. State (grant program has not been funded in over 20 years)

Funding Summary to Cover New Development

- Inclusive of impact fees, the District would need about $3.0 to $3.5 million annually for the additional capital costs and operational costs
  - Based on hypothetical construction cost and operational expenses example (actual amount could vary depending upon dispersion of students)
  - Operational portion would need to increase annually to cover contractual increases and inflation
  - The capital portion of this amount would be lowered by upfront contributions that could reduce or eliminate the need for debt

- Assumes no additional State funding and that class sizes are comparable to current levels

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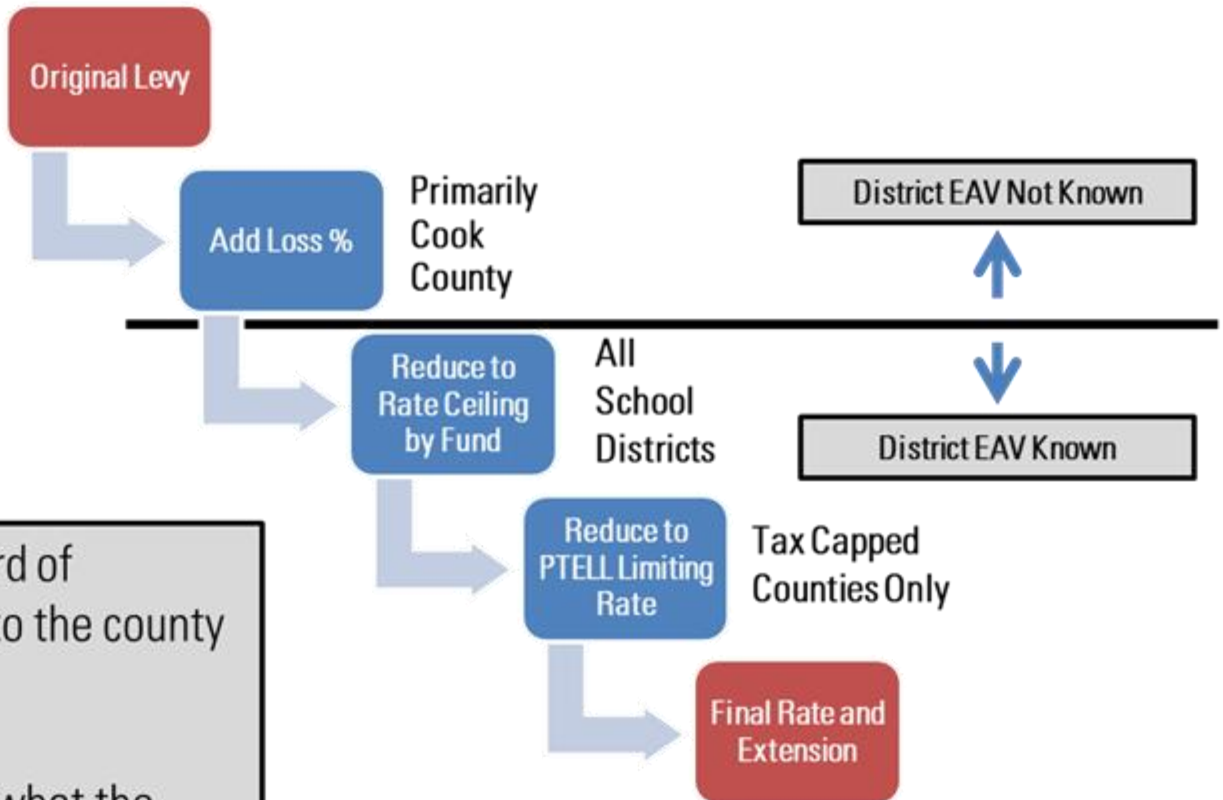
How the Tax Levy Becomes the Tax Extension – *The Request Is Made Before All Variables Are Known*



The **LEVY** is the board of education's request to the county for property taxes

The **EXTENSION** is what the County ends up putting on the tax bills

Summary of TIF Act Section Regarding Impact of TIF District with Residential Development

- If a municipality uses TIF funds to support residential development, and there are school-aged kids living in such development and enrolled in the public grade/high school, the school district(s) are able to request tuition payments to help cover the cost to educate those children.
  - There are annual deadlines for the districts to request these tuition payments from the municipality.
  - If a school district misses the deadline, they cannot go back and recover those payments in a future year.
- The tuition payments are capped by statute as a percentage of incremental taxes from TIF supported housing.
  - The caps vary depending on rules in the Act and the characteristics of the school district(s).
  - A TIF-assisted housing unit is generally interpreted broadly if a project gets direct support under the terms of a redevelopment agreement or indirect support through TIF funded offsite public improvements.
- There can be a mismatch between when the first students enroll and when the TIF fund actually has money to make tuition payments, particularly because property taxes are paid in arrears.
  - In that situation, it's not clear how the mechanics would work on payment.
  - Additionally, the TIF Act says that tuition payments must be made for "net new" students. Some municipalities argue that a school district with otherwise declining enrollment is not eligible for any tuition payments under the TIF Act. Other municipalities assume any additional student is net new.