

## District 7 Frequently Asked Questions

1. Was an Education Fund tax increase less than \$0.55 considered?

Answer: Yes, however, the administration recommended this tax rate increase for the following reasons:

- a) To ensure that Education Fund revenues exceed Education Fund expenditures by June 2019, as required by the ISBE
- b) To eliminate the expected June 2017 Education Fund operating debt of \$6.7 million by June 2022 and begin the process of building cash reserves in 2023
- c) To allocate sufficient funding to address annual increases in operational expenditures
- d) To begin the process of replacing/upgrading old/failing academic, technology, and security needs

2. What is the academic and financial impact of asking for a smaller amount?

Answer:

Academically, the District would not be able to fund the replacement of aging textbooks in core academic areas, fund the upgrades to technology to support student access, nor fund the upgrades to failing school security systems.

Financially, the District would not be able to ensure that Education Fund revenues would exceed Education Fund expenditures by June 2019, as required by the ISBE, nor would the District be able to begin reducing its expected June 2017 Education Fund operating debt of \$6.7 million.

3. What is the financial impact of condensing the timelines for replacing textbooks and instructional materials and establishing cash reserves? ( a 2-year plan vs. a 4-year plan)

Answer:

The Education Fund Tax Rate increase needed to accomplish just one of these priorities would cost an additional \$0.10 annually.

4. Why were other Madison County school districts allocated so much more money than District 7 in the recent state budget?

Answer:

The main component of the State's budget for K-12 Education funding is through General State Aid. A significant portion, \$250 million, of the increase in GSA funding this year was allocated based on low-income, meaning low-income districts received a larger increase than District 7.

As an example, District 7 was allocated an additional \$77,720 for approximately 7600 students while other Madison County school districts received the following increases:

- Granite City      \$918,605 (student enrollment of 6365)
- Alton              \$851,902 (student enrollment of 6489)
- Collinsville      \$644,259 (student enrollment of 6558)
- Madison          \$280,704 (student enrollment of 721)

5. Was the 2014 issuance of \$9 million in Working Cash Bonds expected to solve the District's financial problems?

**Answer: No**

The issuance of Working Cash Bonds was planned as a short-term, two-year solution that would address the immediate financial needs of the District for the 2014-2015 and 2015-2016 school years, when, hopefully, State and local funding sources would improve.

It was clearly communicated that if funding did not improve, the cash received from the issuance of the Working Cash Bonds would be exhausted at the end of the 2015-2016 school year, as has occurred.

6. Why will the district be in more debt at the end of this year if expenditure reductions were made and fee increases were implemented?

**Answer:**

The District ended the 2015-2016 school year with an Education Fund deficit of approximately \$4 million and negative fund balance (debt) of over \$4 million. The District funded the 2015-2016 deficit by depleting all of its remaining working cash reserves.

As a result, the District entered 2016-2017 with no reserves to offset any projected Education Fund deficits. Even with approximately \$2 million in operating expenditure reductions and fee increases implemented for the 2016-2017 school year, the District is projecting an Education Fund deficit of approximately \$2.7 million.

Therefore, the Education Fund negative fund balance (debt) is expected to increase to approximately \$6.7 million at the end of the 2016-2017 school year.

7. Since 2009, how have the District's continued budget deficits impacted district operations?

**Answer: The District has:**

- Reduced over \$14 million in operating expenditures— reduced 101 positions
- Begun depletion of \$9 million in existing cash reserves in 2009; reserves were fully depleted in 2013
- Refinanced a portion of the District's outstanding debt
- Frozen salaries of all employees
- Approved new issuance of \$9 million in Working Cash bonds in December 2013 as a temporary measure; those funds were depleted as projected on June 30, 2016

Academically, the District has not be able to fund the replacement of aging textbooks in core academic areas, fund the upgrades to building technology infrastructure to support student access to technology, nor fund the upgrades to failing school security systems.

8. How has the financial condition of the District been communicated to the public over the last few years?

**Answer:**

- a) The District has had a practice of e-mailing to parents and employees information through the Superintendent's Comments after each Board of Education meeting.
- b) Board meetings are televised on the local access channel.

- c) Focus on Finance, a weekly video communication from the Superintendent that began in February 2016, has been e-mailed to all parents and employees and is also archived and posted on the District's main website and all school websites, and on the District 7 Facebook page and all schools' Facebook pages.
- d) EdGlenToday.com and the Edwardsville Intelligencer report on all Board of Education meetings and frequently post the link to Focus on Finance.

9. How long has it been since an Education Fund referendum was approved by the District 7 community?

**Answer:**

The last Education Fund referendum approved by the District 7 community was in 1977.

10. Why has the District been on the State's Financial Watch List since 2009?

**Answer:**

Since 2009, the District has been on the State's Financial Watch List for the following reasons:

- a) The Education Fund has continually run operating deficits ranging from \$2.2 million to \$4.7 million annually,
- b) The relatively low amount of "cash-on-hand" at the end of each fiscal year (less than 20 days), and
- c) Issuance of Working Cash Bonds to fund continuing operating expenditures in the Education Fund.

11. Why did the Illinois State Board of Education begin monitoring District 7 in 2015-2016 based on 2014-2015 results?

**Answer:**

In addition to the reasons the District has been on the State's Financial Watch List, at the end of the 2014-2015 school year, the District had a combined negative fund balance in its operating funds (Education, Operations and Maintenance, Transportation, and Working Cash Funds).

12. How could the State's designation as "certified" impact the District?

**Answer:**

Under Illinois School Code, school districts that are "certified" as being in financial difficulty can be placed under a State financial oversight panel which would control the District's local decisions that impact financial operations.

13. If the Education Fund referendum is approved by voters in April 2017, when would the school district begin receiving the additional funds?

**Answer:**

The District would begin receiving the additional funds in June 2018 to begin supporting 2018-2019 school year expenditures.

**14. Have the District's total Education Fund expenditures increased since FY 2009?**

**Answer: No**

**For FY 2009, the District's Total Education Fund expenditures were \$51.5 million.  
For FY 2016, the District's Total Education Fund expenditures were \$49.6 million.**

**15. Why did the District build the Jon Davis Wrestling Center and the Chuck Fruit Aquatic Center during the budget crisis? How is the maintenance of these buildings funded?**

**District 7 has been fortunate to have received many donations for its athletic facilities from the EGHM Foundation and other local organizations and families. The entire Edwardsville High School Sports Complex is an example of the volunteer efforts of hundreds of booster club parents and donors to provide our students with superior athletic facilities.**

**Specifically, the Jon Davis Wrestling Center and the Chuck Fruit Aquatic Center are examples of buildings constructed through local family donations.**

**In 2009, the Mestamacher family funded the \$3.5 million construction of the Jon Davis Wrestling Center which serves not only EHS wrestlers but also local wrestling organizations that serve youth in this community. Their restricted donation also included the establishment of an endowment that supports the ongoing maintenance needs of the building.**

**In 2014, the Fruit family made a \$4 million restricted donation that, in conjunction with donations from the EGHM Foundation and other private citizens, paid for the cost of constructing the Chuck Fruit Aquatic Center. The aquatic center serves as a physical education facility for Edwardsville High School students for a basic swimming and aquatic lessons and to date, nearly 2,000 District 7 students have participated in this instruction.**

**Operational expenditures of the Chuck Fruit Aquatic Center are paid from the rental fees and contract agreements in place for use of the facility.**

**Universities such as Lindenwood University, McKendree University, and SIU – Carbondale have rented time at the aquatic center. Other organizations such as the YMCA, USA Swimming and other regional swim groups pay to use this facility for competitions. In 2016, more than thirty (30) such competitions were held at the aquatic center, bringing an estimated 4,000 athletes and their families to the local community for these events.**

**16. What is the amount of funding the District is seeking with the upcoming referendum? Why is the referendum amount planned to include both the replacement of lost state funding and the academic, technology, and security needs of the school district?**

**The District has outlined its need for additional revenue totaling \$6.9 million per year below:**

- Address academic, technology, and school security needs, including:**
  - Maintain current academic and extracurricular programming**
  - Replace all textbooks in core academic areas**
  - Restore the curriculum review cycle**
  - Install building-wide WIFI access at high school and middle schools**
  - Restore the technology replacement cycle**

- Update school security systems
- Ensure that the Education Fund is balanced by June 2019, as required by the Illinois State Board of Education
- Eliminate the expected Education Fund operating debt of \$6.7 million and begin the process of building cash reserves
- Address annual increases in operational expenditures

The proposed Education Fund tax rate increase of \$0.55/\$100 of assessed valuation, if passed, would increase the District 7 Education Fund tax rate from \$2.15 to \$2.70 and the total school tax rate from \$4.22 to \$4.77, still one of the lowest in Madison and St. Clair Counties.

The Board of Education’s decision to address the financial, academic, technology, and school security needs in one tax rate increase was made, in part, as a result of the impact this financial crisis has had on all areas of the District’s operation and instructional programs. Many of the ongoing costs of supporting a high quality education program for more than 7,500 students have been deferred due to declining funding. Neither textbook replacements nor upgrading the technology infrastructure that supports the business operation, instructional and communication programs, can wait any longer for funding.

**17. How is the tax on a property calculated?**

The Education Fund Tax Rate is applied at a rate per \$100 of assessed valuation of your home. So, what does that mean and how is it calculated?

The Assessed Value for tax purposes is 1/3 of the Fair Market Value of your home. For example, a house with a Fair Market Value of \$150,000, which is near the average Fair Market Value for all homes within the District 7 community, is assessed at \$50,000 for tax purposes.

Current Total Tax Rate:	\$4.22
Fair Market Value of Home:	\$150,000
Assessed Valuation is 1/3 of the Fair Market Value:	$\$150,000 \div 3 = \$50,000$

If you live in the home, you may qualify for the General Homestead Exemption, which reduces the Assessed Valuation by \$6,000.

$$\$50,000 - \$6,000 = \$44,000$$

The Calculation of the current District tax for a home with a fair market value of \$150,000 is as follows:

$$((\$150,000 \div 3) - \$6,000) \div 100 \times \$4.22 = \$1,856.80$$

If Proposition E passes, the Education Fund tax rate will increase by \$0.55, which would increase the District’s total tax rate to \$4.77:

$$((\$150,000 \div 3) - \$6,000) \div 100 \times \$4.77 = \$2,098.80$$

The yearly increase would be: \$242.00

The monthly increase would be: \$ 20.17

There is also a Senior Citizen Homestead Exemption, for those that are over 65 years of age, which reduces the assessed valuation by an additional \$5,000.

18. Misinformation was distributed last November regarding the average salary of certified staff. What is the actual average salary of District 7 certified staff?

The current average certified staff salary cost for 2017-2018 is \$51,361.

According to the 2016 Illinois School Report Card, the average teacher salary for District 7 was \$50,418, in contrast to the following school districts:

SCHOOL DISTRICT	AVERAGE TEACHER SALARY
Alton CUSD #11	\$51,202
Collinsville CUSD #10	\$58,038
State of Illinois	\$63,450
Granite City CUSD#9	\$64,075

19. Why can't impact fees be used to address the deficit in the Education Fund?

The use of Impact Fees is restricted to:

1. The acquisition of land,
2. The improvement of any existing school site, and/or
3. The construction of new school buildings or additions to existing school buildings

Since the inception of the impact fee ordinance in the City of Edwardsville and the Village of Glen Carbon in 2005, the District receives on average between \$100,000 and \$150,000 annually.