A Message from Dr. Lynda C. Andre, Superintendent

School Finance 101: District 7’s Total Revenue Budget

Background: District 7’s total FY2016 revenue budget of approximately $72 million has three main sources that support the educational programs and services of the District.

- Nearly 80% of funding comes from local sources - property tax revenues
- Approximately 17% comes from the State of Illinois through General State Aid, Transportation and Special Education Reimbursements and Early Childhood Grant
- The remaining 5% comes from federal sources

Revenue by Source

FY 2016

- Local Property Tax Revenue: 78.4%
- State Funding: 16.6%
- Federal Funding: 5.0%

This week, we’ll focus on District 7’s funding from the State of Illinois, its precipitous decline since 2008, and the overall impact on the District’s budget.

As the state began experiencing financial difficulties, state funding to local school districts like District 7 began a steep decline in 2008. Since 2008, annual state funding to District 7 has declined from $16.7 million to $9.5 million.
As a result of this decline in state funding, the District:

- Received $7.2 million less in 2015 than in 2008
- Suffered a total loss of $39.5 million in state funding since 2008

In addition, since the 2011-2012 school year, the state has annually prorated expected funding for District 7. This year, state proration has resulted in a reduction of approximately $2 million in funding that should have been paid to the District based upon the state’s own reimbursement measures.

Since 2008, the Board of Education has taken the following actions to mitigate the impact of declining revenues, including:

- Reducing operating expenditures by over $12 million
- Utilizing cash reserves
- Refinancing a portion of the District’s outstanding debt
- Approving the issuance of $9 million in Working Cash bonds in December 2013

The Board will further reduce its budget for the 2016-2017 school year later this spring. But even with those reductions, the District will still be facing a significant deficit that will require an increase in the Education Fund tax rate to close the gap.

Next week, I will review Equalized Assessed Valuation as it relates to Property Tax Revenues, which provides the District with the majority of its revenue.