

Williamsville-Sherman CUSD #15 District Dispatch - December 2017



A Publication for Community Members

From the Superintendent's Desk

INVESTMENT IN EDUCATION – Managing Schools Under Tax Caps

Historically, the WCUSD#15 Board of Education have been good financial stewards being fiscally responsible to the local taxpayers. Annually the Superintendent and the Board of Education evaluate the revenue and expenditures. Financial cuts, reductions, and additions are based on the needs of the students and what is best financially for the district. The district has been able to successfully do more with less revenue. For WCUSD#15 to continue the excellent services we provide to all our students and employees, we need to continue to evaluate programs, tighten our belt, and consider future revenue options.

Williamsville-Sherman CUSD #15 receives revenues from three sources; local, state, and federal. For the 2016-17 budget year (fiscal year 2017), the district received 64% of its revenue from local sources, 34% from state sources, and 2% from federal sources. The majority (85%) of local revenue is from local property taxes, fifteen percent is from lunches, textbook rental, and from various other sources. For the 2016 tax year most of property taxes were generated by residential values (82.5%) with farmland at 11%, and commercial, industrial, mineral, and railroad generating the remainder.

Property Tax Extension Limitation Law (PTELL – Tax Caps)

In 1996 Sangamon County passed and approved PTELL. PTELL's stated purpose of the tax cap is to control the growth of property taxes. PTELL effectively controls the growth of expenditures by limiting annual increases in schools' primary source of revenue (property taxes), regardless of enrollment growth, program requirements, building repair needs, or other forces that create a need for new revenue.

The tax cap affects the district's operating tax revenues by limiting the increases in total extensions to the lesser of five percent or the 12-month rate of inflation as measured by the All Urban Consumer Price Index (CPI). CPI has averaged around 2.0% since 1996. CPI has not reached 5% since 1996.

Tax caps slow the growth of property taxes when property values and assessments are increasing faster than inflation. The district's Equalized Assessed Evaluation (EAV) has been increasing faster than inflation. Our EAV has been steady for many years, averaging 4.30% growth for the past nine years. Being limited by CPI and tax caps, the district cannot maximize local revenue even with increasing EAV.

In tax capped districts as your EAV increases, your tax rate decreases when the EAV growth is higher than CPI. This has been occurring on your tax bill for the past several years. Your WCUSD#15 tax rate may continue to decrease due to increasing EAV and

low inflation. WCUSD#15 \$4.51 tax rate ranks 13/19 in Sangamon County Area Districts.

Tax revenue increases in tax capped districts can occur in the following ways:

- WCUSD#15 historically “balloon” levies at 18% each year to capture any additional allowances for EAV growth and new property. Peoples’ property taxes do not increase 18%. Tax caps only allow CPI or 5% tax increases. Balloon Levy ensures we capture all new and additional revenue to help finance the school district.
- Voter approved “limiting rate” referendum. The limiting rate is the PTELL determined amount. Increasing this rate would increase the tax rate and generate additional revenue annually to the district.
- Debt Service Extension Referendum is a voter approved referendum to create the ability to borrow money for operating expenses.

In 1996 when Sangamon County approved PTELL-Tax Caps, WCUSD#15 had zero debt. One could say this was good. But, it causes a financial challenge for the district. When tax caps were passed, the school districts borrowing capacity was set at their amount of debt commonly called their Debt Service Extension Base (DSEB). Since WCUSD#15 had no debt or zero DSEB, we do not have the ability to borrow money without a referendum and voter approval. Schools borrow money to finance operating expenses and facilities repairs or upgrades. WCUSD#15 can not borrow money with out voter approval, thus forcing us to use yearly operating revenues to finance repairs and operating expenses. This is like a homeowner who would not be able to use their home equity line of credit to borrow money to remodel, repair, or enhance their living environment.

Education is a long-term investment, and an investment for the future. Our two Villages investment is the children of WCUSD#15. We owe them the opportunity to chase their dreams and become model citizens for the future. We believe all people benefit from an educated society. The challenge is WCUSD#15 has limited options to increase educational opportunities for students. As the future unfolds, and education changes, any additional educational investments will take voter approval. The stakeholders in the two villages of Sherman and Williamsville can increase the investments.

WCUSD#15 is fortunate to have two growing Villages. If Sherman and Williamsville Villages were not growing, the district would be facing many different challenges financially. WCUSD#15 has adjusted to the reality of tax caps and lower growth in tax revenues by reducing programs, staff, and opportunities for students. Tax caps are a reality I do not seeing going away. We are going to have to work together to increase revenues to increase opportunities for our students.

For up to date district information, I encourage you to follow me on twitter @wcusd15supt, check our website www.wcusd15.org, and like our district Facebook page Williamsville-Sherman CUSD #15. If you have any questions, please contact me.

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