

Referendum FAQ

Community Consolidated School District 89

Frequently asked questions about CCSD 89 referendum

Last updated: October 24, 2018

Note: A previous “Our 89” FAQ – which was centered on the district’s community engagement work – is posted on the district’s website at www.ccsd89.org/Our89FAQ. This document reflects frequently asked questions related to the referendum that will appear on the November 6 ballot.

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How did the Board of Education make the decision to place a referendum question on the ballot?

On August 20, 2018, the Community Consolidated School District 89 Board of Education unanimously agreed to place a tax-rate referendum question on the November 6 ballot. Board members said they supported a ballot question after hearing that residents have expressed a desire to avoid classroom cuts while eliminating the deficit.

The Board members' decision followed months of work by the "Our 89" Community Engagement Committee and surveys of residents. At both community meetings and in surveys, residents said they did not want further cuts that could decrease the opportunities offered in CCSD 89 schools, the quality of the schools, or residents' home values.

In January 2018, Superintendent Dr. Emily K. Tammaru convened a Superintendent's Finance Committee to examine the district's financial status and priorities. The committee looked at the nearly \$3 million in cuts the district has made since 2009, and examined how rising enrollment and increasing costs have affected the district's budget.

After three months of reviewing financial data, the members of the Finance Committee – made up of parents, residents, and staff – recommended two options to the Board of Education: increase the tax rate or make more cuts to programs.

- **Option A:** Increase revenues in order to maintain comprehensive, high-quality educational programming. Increasing revenues would allow the district to avoid cuts to programs that directly impact students.
- **Option B:** Reduce programs and increase fees. The district would need to make about \$1.2 million in cuts during the 2019-20 school year. These cuts could include reductions of: administration, gifted services, band and orchestra, social work services, library staff, and full-day kindergarten. The cuts could also result in larger class sizes. The cuts could be more significant in subsequent years.

The Board asked administrators and the Engagement Committee to gather more feedback. The district hosted three community meetings to share financial data and gather feedback. Community members who attended those meetings said they valued fiscal responsibility, but did not want cuts that would affect programming and potentially property values in the district.

At the community meetings, 84.7 percent of the people in attendance said they supported increasing the tax rate rather than cutting programs to balance the budget. When the district conducted phone surveys this summer of all residents (parents as well as adults who don't have students in CCSD 89 schools), 56.9 percent of residents said they would support a 40-cent referendum.

When will the referendum be on the ballot?

The election will be held on November 6, 2018. Early voting begins September 27, 2018. Voting 'yes' on Election Day will mean voting in favor of raising tax rates to support CCSD 89. Voting 'no' on Election Day will mean voting against raising tax rates to support CCSD 89.

How can I register to vote?

More information about how to register to vote in DuPage County is available at:

www.dupageco.org/Election/Voting/

You can register to vote at the following locations:

<https://www.dupageco.org/Election/Voting/37044/>

You are also now able to register online if you have a valid Illinois Driver's License or State Identification Card. You may register online at: <https://ova.elections.il.gov/>

The deadline to register to vote is 28 days before the election. For the November 6, 2018, election, the deadline is October 9, 2018. Once you have registered to vote, you do not need to re-register unless you move to a different address or change your name.

If the referendum does not pass, what will be cut?

If the referendum does not pass, the Board is committed to making cuts to eliminate the structural deficit. Over the last decade, CCSD 89 has made \$3 million in cuts and reductions by pooling purchasing resources (examples: supplies, insurance, transportation, utilities, legal services), cutting back staff, and more. The next round of cuts will come from non-mandated programs in the district.

Among the potential changes for the 2019-20 school year, include:

- Increase class sizes
- Reduce social worker, counseling programs
- Reduce intervention supports
- Change full-day kindergarten to half day
- Administrative cuts
- Reduce library/media center staff from full to half time
- Eliminate Challenge (gifted) program from second and third grades
- Eliminate elementary orchestra from fourth and fifth grades
- Eliminate elementary band for fifth grade
- Eliminate all elementary and middle school sports and clubs
- Change physical education classes from five days to four

These cuts would balance the budget in the first year. Additional cuts could have to be made in subsequent years.

What would be added if the referendum passes?

Feedback from the community in meetings and surveys was that the community did not support adding programs at this time. The referendum revenue would be used to maintain current programming and build a fund balance back to 10 percent of next year's expenditures, per Board policy.

Would a 40-cent rate maintain current levels and keep up with increasing enrollment? Will the district add staff?

If the voters approve a referendum, the funds would be used to maintain current programming for the growing student population. A 40-cent referendum would generate enough revenue to maintain the current programs, and avoid cuts to classroom programming. The 40-cent rate factors in the cost of additional staffing that will be needed for the district's increasing enrollment. The district has grown by 16.9 percent since 2012. The number of students is projected to grow another 12.2 percent over the next four years. The district will have added about 580 students, a 31-percent increase over 11 years. (Note: This document reflects the most recent 2018-19 enrollment numbers. To see enrollment information, go to www.ccsd89.org/enrollment)

How much of an increase is necessary to maintain current programs?

The 40-cent rate increase is estimated to maintain the district's current programming for at least 10 years. The district's previous tax-rate referendum, passed in 1986, was projected to last 10 years. Thanks to a conservative fiscal approach, that referendum has sustained the district for more than three decades.

How much will a referendum cost homeowners?

The tax referendum would be an additional \$133 annually for each \$100,000 of your home's value.

The average home in CCSD 89 is valued at about \$300,000. This would mean that, if the referendum were to pass, the average homeowner would pay about \$396 more annually to the school district, or about \$33 per month.

There are other factors that could affect your overall tax bill, including exemptions, changes in the tax rates of other taxing bodies, and the area's total property values. There is an explainer found here: <https://www.ccsd89.org/Page/8620>.

What will the referendum question look like on the ballot?

As required by Illinois law, the Community Consolidated School District 89 question will appear on the November 6 ballot with the following wording:

Shall the limiting rate under the Property Tax Extension Limitation Law for Glen Ellyn Community Consolidated School District Number 89, DuPage County, Illinois, be increased by an additional amount equal to 0.4% above the limiting rate for school purposes for levy year 2017 and be equal to 3.3849% of the equalized assessed value of the taxable property therein for levy year 2018?

(1) The approximate amount of taxes extendable at the most recently extended limiting rate is \$24,120,263, and the approximate amount of taxes extendable if the proposition is approved is \$27,352,568.

(2) For the 2018 levy year the approximate amount of the additional tax extendable against property containing a single family residence and having a fair market value at the time of the referendum of \$100,000 is estimated to be \$133.

(3) If the proposition is approved, the aggregate extension for 2018 will be determined by the limiting rate set forth in the proposition, rather than the otherwise applicable limiting rate calculated under the provisions of the Property Tax Extension Limitation Law (commonly known as the Property Tax Cap Law).

Voting 'yes' on this question would be voting to support the referendum. Voting 'no' on the referendum would be voting against the referendum. You can see the ballot question and an explanation of the question here: <https://bit.ly/2lv37Mj>

What is a structural deficit?

Deficit spending means costs are increasing at a rate greater than the consumer-price index and/or the district is spending more annually than it is bringing in annually from tax revenues. (For more information on the CPI, go to: <https://www.bls.gov/cpi/>)

Structural deficits differ from planned deficits, which might occur in a year when there is a one-time expense, such as a large construction project. During deficit spending, districts rely on their reserves to cover any shortfall.

Obviously, continually spending down reserves is not a long-term, sustainable solution. The members of the Board of Education have expressed their commitment to eliminating the structural deficit through increased revenues or cutting school programs.

Why does the school district have a structural deficit?

CCSD 89 has cut nearly \$3 million over the last 10 years by pooling purchased resources (examples: supplies, insurance, transportation, utilities, legal services), cutting back staff, reducing the number of administrators, re-bidding contracts, reducing outside consultants, and more. You can learn more about those cuts and reductions on starting on slide 22 here: <https://bit.ly/2MgoaUe>

During that time, student achievement in CCSD 89 has been exceptional. According to the 2017 MAP scores, CCSD 89 students are in the top 10 percent nationally for academic achievement. Students finished in the 92nd percentile in reading tests and the 86th percentile for math tests. The Board of Education is committed to maintaining a high-quality education while also eliminating the district's structural deficit.

The district's cuts helped the district maintain a relatively strong financial position when the enrollment was declining from 1995 through 2012. From 2012 to 2018, the district's enrollment grew by 16.9 percent. The number of students is projected to grow another 12.2 percent over the next four years. The district will have added about 580 students, a 31-percent increase in 11 years. That enrollment surge - as well as increased costs of contractual obligations such as insurance and transportation in the last three years - have led to the structural deficit.

The district receives limited revenues from the state and federal governments (less than 10 percent of total revenues), so CCSD 89 residents will have to find a solution to this issue.

You can learn more about the funding by viewing the slides from the superintendent's presentation here: <https://bit.ly/2MgoaUe> or by watching a video of the superintendent narrating a summary of the presentation here: <https://youtu.be/l89wh6MR0Os>

Why does CCSD 89 pay for students who live in other towns?

School district boundaries do not match municipal boundaries. For instance, there are two public elementary school districts that serve Glen Ellyn residents: CCSD 89 and District 41. At the same time, people who live in three different towns (Glen Ellyn, Lombard, and Wheaton) attend CCSD 89 schools. Anyone who lives within CCSD 89 boundaries pays taxes to CCSD 89, no matter what town they live in. Municipalities and school districts set their own tax rates and collect their own taxes.

Did the district reach out to residents before deciding to place a referendum on the ballot?

The district had finance and community-engagement committees study the district's finances prior to the Board's vote to place a referendum question on the ballot. The committees were made up of parents and staff, as well as residents without children in CCSD 89 schools. The district then held three meetings that were open to anyone in the community. You can learn more about those meetings at www.ccsd89.org/our89 That page includes the presentations that were shown at those meetings, the documents shared at those meetings, as well as results of the feedback gathered at those meetings.

Finally, the district also conducted phone and online surveys of residents. Most of the respondents to the online surveys had children attending CCSD 89 schools. Most of the respondents to the phone surveys did *not* have children in CCSD 89 schools. In the phone surveys, 56.9 of residents said they would support a 40-cent referendum. This was one of the main factors board members considered when deciding whether to put a question on the ballot.

You can read the online survey results: <http://bit.ly/2MSOcjs>

You can read the phone survey results: <http://bit.ly/2LpdUs3>

Did CCSD 89 have a recent referendum?

The district has not passed an operating-rate increase since 1986, the longest time of any Glenbard 87 elementary feeder district. All of the other elementary feeder districts have passed at least one operating-rate referendum in that time; some have passed two operating-rate referendums. You can see a history of operating-rate referendums for Glenbard 87 elementary feeder districts on slide 51 here: <https://bit.ly/2MgoaUe>

CCSD 89 did pass a bond referendum in 2008. That vote allowed the district to issue bonds in 2008 and 2009 to repair aging buildings, add air conditioning, make significant technology upgrades, and stay ahead of any safety concerns in buildings. The bonds could not legally be used for day-to-day operations of the district, such as supplies or salaries.

As interest rates dropped, members of the Board of Education voted to refinance a large portion of those bonds in 2015 at 1.80 percent. The board voted to refinance \$9.8 million dollars worth of the remaining bonds – the maximum allowed by law. The district saved taxpayers about \$661,000 in interest costs by refinancing. In March of 2018, the board members voted to refinance \$4 million of the remaining original principal payments at 2.3 to 2.5 percent. This saved taxpayers an additional \$88,000.

Has the district tried to make any cuts?

Yes, CCSD 89 has made nearly \$3 million in cuts and reductions over the last 10 years by pooling purchasing resources (examples: supplies, insurance, transportation, utilities, legal services), cutting back staff, and more. You can learn more about those cuts and reductions starting on slide 22 here: <https://bit.ly/2MgoaUe>

CCSD 89 has a history of using taxpayer resources wisely. CCSD 89 currently has the lowest tax rate of any of the Glenbard 87 elementary feeder districts. The district's last operating-rate referendum - passed in 1986 - was expected to be sufficient for 10 years. Through efficient operations, the district has worked within that tax rate for 32 years.

The district has also consistently been recognized for its sound business practices: CCSD 89 has earned the Certificate of Excellence in Financial Reporting from the Association of School Business Officials for 18 consecutive years. The award is given to school districts that have met or exceeded the ASBO's high standards for financial reporting and accountability. If a referendum were to pass, the district will continue to operate in a fiscally efficient manner that prioritizes student learning.

A full list of potential cuts can be found here: <https://bit.ly/2K0SV19> Additionally, you can hear about the cuts in the video summary of finance presentation: <https://youtu.be/l89wh6MR0Os?t=16m47s> (The discussion starts at about the 16:45 mark.)

If the district goes for a referendum, does all of Glen Ellyn, Lombard, and Wheaton vote on it? Or just residents of CCSD 89?

Only the residents who live within Community Consolidated School District 89 boundaries would vote on the referendum. As previously mentioned, the district's boundaries do not match municipal boundaries. Anyone who lives outside CCSD 89 elementary-school boundaries could not vote on a CCSD 89 referendum.

If you're adding more than 580 students, does that mean you're going to build a new school?

No. Last year's boundary work balanced out the school populations. It's not fiscally responsible to add a building. The boundary changes made sure the district was using its existing building space in the most efficient way possible. There is not a need to build another school.

How does the district know the future enrollment projections are accurate?

Dr. John Kasarda, a University of North Carolina professor, is an expert in demography who has been hired by dozens of Illinois school districts, cities, and other government bodies around the country to give population estimates. CCSD 89 hired Kasarda in 2012 to estimate enrollment. At that time, estimating five years out, he projected CCSD 89 would have as many as 1,577 elementary students by the 2016-17 school year. By the end of the 2016-17 school year, the elementary enrollment was 1,544 students, a difference of about 2 percent. Kasarda gives three estimates – a low, middle and high – for his enrollment projections. The district has been using the middle estimate for projections. You can read Kasarda’s report here:

<https://www.ccsd89.org/cms/lib/IL01905542/Centricity/Domain/60/Kasarda%20report.pdf>

I don’t have kids in school. Why does this matter to me?

Every resident’s voice is important because the school district affects everyone in the community. All residents pay taxes to support the school district. Schools are also a bedrock in the community, and quality schools are one of the main factors people consider when choosing where to live. When residents sell their home, demographers studying local trends indicate it is likely that the purchaser will have school-age children. Quality schools will impact the decisions of those purchasers.

Quality schools are also one of the factors that drive home values. Some studies have shown that for every \$1 invested in schools, there is a \$20 return in home value. (Source: <http://www.nber.org/digest/jan03/w9054.html>) That means, according to this study, if you were to contribute \$1 additional dollar through taxes to your local school district, it would increase your home value by \$20.

Why was full-day kindergarten added?

Community Consolidated School District 89 added full-day kindergarten in the 2015-16 school year. The full-day program provides more time to develop language, math, and social-emotional skills at a critical time in a student’s development. The Board of Education approved the full-day kindergarten program after a six-month study that reviewed student literacy and math skills, staffing needs, and school space.

The study found that nearly 25 percent of CCSD 89 kindergarten students were not reading at grade level at the end of the school year. After the first year of the full-day kindergarten program, 8 percent of students were not at grade-level by the end of the year. Additionally, 31 percent more students exceeded national reading standards than prior to the addition of full-day kindergarten. Nationally, 76 percent of kindergartners attend a full-day program.

What is the difference between an operating-rate referendum and a bond (or capital) referendum?

Both an operating-rate referendum and a bond referendum typically require taxpayers' approval.

An operating-rate referendum allows the district to pay for the day-to-day operations of the district including supplies, salaries, and other expenses. The operating-rate referendum is a vote to increase the tax rates that homes in the district are paying annually. CCSD 89 has not sought a referendum to change its operating rate since 1986.

Each bond referendum is written differently. However, in general, bond referendums typically go toward building or construction expenses. Bond referendums allow the district to issue debt to pay for what are often called "brick-and-mortar" projects. The bonds are paid back over time.

CCSD 89 did pass a bond referendum in 2008 to repair aging buildings, add air conditioning, make significant technology upgrades, and stay ahead of any safety concerns in buildings.

As interest rates dropped, members of the Board of Education voted to refinance a large portion of those bonds in 2015 at 1.80 percent. The board voted to refinance \$9.8 million dollars worth of the remaining bonds – the maximum allowed by law. The district saved taxpayers about \$661,000 in interest costs by refinancing. In March of 2018, the board members voted to refinance \$4 million of the remaining original principal payments at 2.3 to 2.5 percent. This saved taxpayers an additional \$88,000.

Why doesn't CCSD 89 consolidate with another district?

Consolidation is one of the questions that was raised by members of the Finance Committee. While the committee considered some benefits to consolidation, they also noted some challenges including: having a willing partner (the district cannot unilaterally decide to consolidate), negative impact on tax rates or class sizes, and the impact beyond current efforts to pool purchasing. Additionally, consolidation is a lengthy process that would not address the district's immediate issue.

Currently, CCSD 89 has a lower tax rate and spends more efficiently than any of the Glenbard 87 elementary feeder districts who would be the districts' natural consolidation partners. Also, the district has already taken steps to move closer to the main goal of consolidation: the pooling of resources and purchasing power to reduce costs. CCSD 89 is a member of cooperatives with at least four other districts to purchase insurance, utilities, transportation, special education services, and legal services, among others. You can find more detail about this on slide 47 of the presentation found here: <https://bit.ly/2MgoaUe>

Superintendent Tammaru gave a presentation at the June 5 community-engagement meeting. Consolidation was one of the topics addressed in the video that summarized that presentation, which can be viewed here: <https://youtu.be/l89wh6MR0Os> (Consolidation is one of the questions addressed starting around the 9-minute mark.)

If there has been no tax increase in 32 years, why do I keep paying more in taxes each year? My property value has been flat (or decreasing) but my property taxes keep going up. Why?

There could be several factors influencing your tax bill. First, the tax bill you receive combines payments to several taxing bodies including: cities, park districts, community college districts, libraries, airports, forest preserves, fire protection, school districts, and more. Changes in any of those taxing bodies could affect your overall bill. CCSD 89 has not passed a referendum to change its operating-rate since 1986.

There are many other factors that could affect your tax bill. Some of those factors include:

- An increase in the assessed value of your property
- A change in the equalized assessed valuation of all the properties in the district
- An increase in taxes levied by local government in accordance with the Property-Tax Extension Limitation Law. Learn more about PTELL here: CPI <http://tax.illinois.gov/Publications/PIOs/PIO-62.pdf>
- A change in your homeowners' exemption

There is a good explanation and example of how your tax bill might be affected on the CCSD 89 website here: www.ccsd89.org/financeFAQ

What are the district's current reserves?

The Community Consolidated School District 89 Board of Education's policy on fund balances can be found here: <https://www.ccsd89.org/site/handlers/filedownload.ashx?moduleinstanceid=378&dataid=2252&FileName=300-20-Fund-Balances.pdf>

The district's current reserves for the 2018 fiscal year (as of June 20, 2018 and before early taxes) were roughly \$1.1 million, or 3.63 percent of next year's expenditures. The district's reserves for early taxes next year (as of June 30, 2019) are estimated to be \$236,000, or .73 percent of the following year's expenditures.

These reserves have decreased by 70 percent in the last 10 years, and the district will be spending early tax money in the 2019 fiscal year.

You can learn more about reserves and the low-cash balance in this video: <https://youtu.be/Q3sO3WClXg?t=1m56s> The conversation about low-cash balance starts at about the 2-minute mark.

Obviously, continually spending down reserves is not a long-term, sustainable solution. The members Board of Education have expressed their commitment to eliminating the structural deficit through increased revenues or cutting school programs.

Can we move the district's office to one of the schools and sell or lease the building to raise money?

Not at this time. The district's rising enrollment means there is not currently space for the administrative staff in school buildings. The district also cannot lease the administrative building to other non-school entities, as state law prevents the district from making any profit on a rental agreement, or risk losing the district's tax-exempt status.

Currently, the market value of the district's administrative building at 22W600 Butterfield Road would not return a good value for taxpayers in a sale.

Is a CPI estimate included in the projections? How much is it, and how was it determined?

Yes, a CPI (Consumer-Price Index) estimate is included in the district's financial projections. The Consumer-Price Index estimates the expected changes in costs for goods and services. For CCSD 89, property-tax revenue increases are capped at CPI. When calculating future budgets, CCSD 89 used a 2 percent CPI increase, which is the average from the last 15 years. The Consumer-Price Index is determined by the Bureau of Labor Statistics. You can learn more about the CPI here: <https://www.bls.gov/cpi/>

Why don't you cut teacher pensions to save money?

Teacher pensions are determined by the state legislature and the district cannot unilaterally cut these benefits. In order to change the benefits, an amendment to the Illinois Constitution would be needed.

It is also important to note that Illinois teachers pay into a self-funded retirement plan rather than Social Security. As state employees, they are not eligible for Social Security benefits.

What percentage of employee pension cost is picked up by the school?

In general, Community Consolidated School District 89 employees participate in one of two pension systems: the Teachers' Retirement System and the Illinois Municipal Retirement Fund.

CCSD 89 pays an amount equal to 0.58 percent of all certified staff salary costs to the Teachers' Retirement System pension. Certified staff members pay 9 percent of their salary into the Teachers' Retirement System pension. The state of Illinois pays the remainder. For the most part, "certified staff" means classroom teachers and administrators.

CCSD 89 pays an amount equal to 12.68 percent of all non-certified staff salary costs in the Illinois Municipal Retirement Fund pension system. Non-certified staff members pay 4.5 percent of their salary into the IMRF pension system. The state does not pay into the IMRF pension system.

It should be noted that Illinois teachers pay into a self-funded retirement plan rather than Social Security. As employees of a state-funded pension plan, they are not eligible for Social Security benefits.

It is also important to note that teacher pensions are determined by the state legislature and the district cannot unilaterally cut these benefits. In order to change the benefits, an amendment to the Illinois Constitution would be needed.

What is the current tax rate? Is this a permanent rate increase or will it expire after set number of years?

The current operating tax rate for CCSD 89 is 2.9849%, and the total tax rate is 3.3184%. The difference between the two rates (0.3335%) represents the rate for repayment of bonds and interest. The county clerk sets the bonds-and-interest portion of the rate, based on the district's total equalized assessed valuation and the repayment schedule on the district's existing bonds. CCSD 89's long-term bonds will be fully paid off in February 2023.

If the referendum were approved by voters, the operating tax rate would be changed from 2.9849 to 3.3849%. This rate increase does not have an expiration time, although future boards and communities can make their own decisions. You can see the ballot question and an explanation of the question here: <https://bit.ly/2lv37Mj>

What is current average class size? What is current student-to-teacher ratio?

The average class size varies from grade to grade, depending on the number of students in each grade, the educational needs of those students, legal requirements, available space, and more. The variety of classes offered at the middle school also affects class size. You can see more information in the March 19 presentation here:

<https://v3.boardbook.org/Public/PublicItemDownload.aspx?ik=42157534> (Slide 13)

While the district enrollment grew between 2011 and 2018, the district has six fewer teachers. Slide 43:

<https://www.ccsd89.org/cms/lib/IL01905542/Centricity/Domain/8/Our%2089%20June%205%20mtg%20presentation%20PDF.pdf>

The district's financial statements show \$40 million in revenue. Why is there a difference?

The financial statements include “on-behalf” payments to and from the state of Illinois into the Teacher Retirement System. You will see a corresponding expense in the CCSD 89 financial reports as well. Legally, these payments need to be recognized on financial statements although the district only serves as a pass-through for those funds.

If CCSD 89 is having financial difficulties, why did Glen Crest get a new electronic sign and Arbor View get a new playground this summer?

This summer, Glen Crest Middle School installed a new electronic sign outside the school and Arbor View Elementary installed a new playground with more accessible play options. The sign and all of the playground equipment were paid for entirely by funds raised by those schools’ Parent-Teacher Organizations. The PTCs collected thousands of dollars from donors to purchase and install these new additions to our schools. The district did not contribute any dollars to purchasing the equipment for these projects.

The new electronic sign outside Glen Crest will provide better opportunities to communicate with parents. The Arbor View playground will allow more children to participate in recreation. The playground was installed by volunteers who worked for several weeks to complete the project. We thank the PTCs and parents who contributed to these incredible projects.

Where can I learn more about the referendum?

All the community engagement and referendum work, documents, news items, and presentations are available at www.ccsd89.org/referendum

You can watch a video summary of the latest referendum informational presentation at: <https://youtu.be/G2rjnhxtzfw>

The following questions were added October 24, 2018

My 2017 tax bill and the district's referendum fact sheet show the 2017 tax rate as 3.3184%. The language on the ballot says the rate will be increased 40 cents, from 2.9849% to 3.3849%. Why is there a difference?

The current operating tax rate for CCSD 89 is 2.9849%, and the total tax rate is 3.3184%. The difference between the two rates (0.3335%) represents the rate for repayment of bonds and interest. The county clerk sets the bonds-and-interest portion of the rate, based on the district's total equalized assessed valuation and the repayment schedule on the district's existing bonds.

The rate of 2.9849% on the ballot language is the current operating tax rate in CCSD 89 and excludes the tax rate for bond repayment. It reflects the wording that must appear on the ballot, as required by law.

The district's bonds will be repaid in 2023. As interest rates dropped, members of the Board of Education refinanced a large portion of those bonds in 2015 at 1.80 percent. Board members voted to refinance \$9.8 million dollars worth of the remaining bonds – the maximum allowed by law. The district saved taxpayers about \$661,000 in interest costs by refinancing. In March of 2018, the Board members voted to refinance \$4 million of the remaining original principal payments at 2.3 to 2.5 percent. This saved taxpayers an additional \$88,000.

If the referendum is successful, the district's operating tax rate will increase from 2.9849% to 3.3849% (40 cents). The bond and interest rate is not affected by the referendum.

Did full-day kindergarten contribute to the need for more operating money?

Community Consolidated School District 89 added full-day kindergarten in the 2015-16 school year after the district studied the issue and held public presentations on the topic. The full-day program provides more time to develop language, math, and social-emotional skills at a critical time in a student's development. The Board of Education approved the full-day kindergarten program after a six-month study that reviewed student literacy and math skills, staffing needs, and school space.

The district was able to add full-day kindergarten in a fiscally responsible manner by eliminating reading interventionists and instructional coaches positions at the same time the full-day kindergarten teachers were added. Because the district was adding early intervention support through expanded kindergarten, administrators felt there would be a reduced need for reading interventionists.

Prior to full-day kindergarten, 25 percent of CCSD 89 kindergarten students were not reading at grade level at the end of the school year. After the first year of the full-day kindergarten program, 8 percent of students were not at grade-level by the end of the year. Additionally, 31 percent more students exceeded national reading standards than prior to the addition of full-day kindergarten.

The district is in line with national and regional programming. Nationally, 77 percent of kindergartners attend a full-day program, according to the most recent data. In the Midwest, 80 percent of kindergartners have full-day kindergarten.

What are the financial projections if the referendum does not pass?

You can see the financial projections for the next four years in the July 16 Board of Education presentation here:

<https://www.ccsd89.org/cms/lib/IL01905542/Centricity/Domain/8/Board%20present%20Our%2089%20071618%20J.pdf> (slide 4)

You can also see the financial projections for the next four years in the June 19/23 community presentations here:

<https://www.ccsd89.org/cms/lib/IL01905542/Centricity/Domain/8/Our%2089%20mtg%202%20presentation%20June%2019%2023%202018.pdf> (slides 26 and 27)

You can also see financial projections in the March presentation to the Board of Education: <https://v3.boardbook.org/Public/PublicItemDownload.aspx?ik=42157534> (slide 6)

These presentations were updated as more financial information came in to the district.

What are the financial projections going forward if the referendum passes?

You can see the financial projections for the next four years in the August 20 Board of Education presentation here:

<https://www.ccsd89.org/cms/lib/IL01905542/Centricity/Domain/8/August%20%202018%20Board%20Present.pdf> (Slide 6)

You can also see the financial projections for the next four years in the July 16 Board of Education presentation:

<https://www.ccsd89.org/cms/lib/IL01905542/Centricity/Domain/8/Board%20present%20Our%2089%20071618%20J.pdf> (slide 33)

What percent does Board policy specify the district should have in reserves?

The Community Consolidated School District 89 Board of Education's policy (Board Policy 300:20) on fund balances can be found here:

<https://www.ccsd89.org/site/handlers/filedownload.ashx?moduleinstanceid=378&dataid=2252&FileName=300-20-Fund-Balances.pdf>

Board policy states that the district should keep 10 percent of next year's expenditures. The district's current reserves for the 2018 fiscal year (as of June 20, 2018 and before early taxes) were roughly \$1.9 million, or 6.11 percent of next year's expenditures. The district's reserves for early taxes next year (as of June 30, 2019) are estimated to be \$236,000, or .73 percent of the following year's expenditures.

These reserves have decreased by 70 percent in the last 10 years, and the district will be spending early tax money in the 2019-2020 school year.

You can learn more about reserves and the low-cash balance in this video:

<https://youtu.be/Q3sO3WClXg?t=1m56s> The conversation about low-cash balance starts at about the 2-minute mark.

Obviously, continually spending down reserves is not a long-term, sustainable solution. The members Board of Education have expressed their commitment to eliminating the structural deficit through increased revenues or cutting school programs.

Is the district asking for more than it needs?

The Board of Education voted to place a referendum on the ballot after multiple conversations with hundreds of community members over several months. After speaking with residents and financial consultants, the Board selected a 40-cent increase as the rate that would maintain current programming and gradually restore fund balances. Following feedback from the community, the 40-cent increase would not add any new programs to the district.

As enrollment has surged and costs have outpaced the consumer-price index, the district has had a deficit budget in four of the last six years and each of the last three fiscal years. The two years there was not a deficit budget, the surplus was under \$200,000 each year - less than a half-percent, even after budget cuts. The cumulative deficit over those five years is \$1.4 million, which was covered by the district's reserves.

The district's reserves have decreased by 70 percent in the last 10 years, and the district will be spending early tax money in the 2019 fiscal year. The district's reserves for early taxes next year (as of June 30, 2019) are estimated to be \$236,000, or .73 percent of the following year's expenditures. Driven largely by enrollment increases, the district is projected to have deficit budgets for at least the next four years.

Continually spending down reserves is not a sustainable solution. The members of the Board of Education have expressed their commitment to eliminating the structural deficit through increased revenues or cutting programs. A 40-cent increase would maintain the current CCSD 89 programs. At a community meeting in June, residents examined the district's budget and worked toward a solution to eliminate the deficit. All 14 tables, and 78 of 88 individuals, raised tax rates when given the options the district is facing. There was no consensus on adding programs. Additionally, 74.7 percent of participants said they supported fixing the financial issues through a tax increase, and 55 percent of participants said they supported a 10-year solution.

In a presentation on August 20 (<http://bit.ly/2Qc2d11>), the Board of Education studied what the fund balance would be over the next several years, if the referendum were to pass. Board Policy 300:20 says the district should keep 10 percent of next year's expenditures in reserves. If the referendum were to pass, the district would reach the 10-percent threshold in 2023. The Board examined a 25-cent operating rate increase but financial and enrollment projections show the district would have a deficit budget and less than 1 percent in reserves after just four years, which did not match the community's desire for a long-term solution.

It is fiscally responsible for the district to have a fund balance. The fund balance is like a savings account for the school district. It ensures the district will be able to pay for services, salaries and student resources during unexpected circumstances, such as a late payment from the state. Without a 10-percent fund balance the district could have to

borrow money to cover bills, which would affect the district's financial ratings. This allows the district to responsibly plan for the future.

The district used community feedback and financial analysis to arrive at a rate increase that would ask for the amount the district needed to maintain programs and rebuild the fund balance, rather than asking to add programs or build excessive fund balances.