



# School District Finances

1. Understand, and
2. Get Involved

*Presented by Scott Herr*  
– [www.scottherr.org](http://www.scottherr.org)

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# TOPICS

- About Me and Palatine CCSD 15
- Understanding School District Finances
  - Main revenue sources
  - Where does the money go?
  - ISBE “Financial Profile”
- Key Questions
  - Are budgets balanced?
  - Using taxpayer resources wisely?
  - “Property Rich” or “Property Poor”?
  - How do districts make ends meet?
- District Comparisons
- Information Sources

# About Me and Palatine CCSD 15

- Scott Herr
  - Member of Palatine CCSD 15 school board
  - Elected April 2011
- Palatine Community Consolidated School District 15
  - 12,000 students from kindergarten through 8th grade
  - \$144.3 million expenditures this school year
  - 832 teachers
  - 920 other employees including:
    - Program assistants
    - Bus drivers
    - Building maintenance
    - Food services
    - Administration
  - Roughly 110,000 residents in District 15 boundaries

# Main revenue sources

- Largest source in suburbs is...
  - ... property taxes
- Palatine CCSD 15 2010-11
  - Property taxes: 74%
  - State: 13%
  - Federal: 6%
  - Other: 7%
- Complex Illinois funding formula based on:
  - Property Equalized Assessed Values (EAV)
  - Corporate Personal Property Replacement Taxes
  - Average Daily Attendance
  - Low-Income Count
  - See [http://www.isbe.net/funding/pdf/gsa\\_overview.pdf](http://www.isbe.net/funding/pdf/gsa_overview.pdf)

# One other revenue source: Bonds

- Property Tax Extension Limitation Law (PTELL) passed in 1991
- Limits non-referendum bonds to amounts outstanding in 1991 (1995 for Cook County)
  - Luck of the draw whether districts had a normal amount of bonds outstanding at the time
- Some districts use long-term bond proceeds to pay short-term operating expenses
- Best used for long-lived capital assets
- See <http://tax.illinois.gov/publications/LocalGovernment/PTAX1080.pdf>

# Palatine Property Tax Example

- A \$300,000 house with minimum homeowner exemption
  - **Total tax bill** **\$7,153**
    - Elementary district 15 \$2,445 34%
    - High school district 211 \$2,050 29%
    - Harper Community College \$274 4%
    - Everything else \$2,384 33%

# Where does the money go?

- Education is very labor intensive so...
  - Salaries and benefits
    - 84% of spending for Palatine CCSD 15 last year
- Other spending areas
  - 4% - Operations and maintenance excl. labor
  - 3% - Capital and non-capitalized equipment
  - 9% - All other expenditures

# ISBE “Financial Profile”

- An assessment by Illinois State Board of Education
- Ratings are:
  - **“Financial Recognition”**
  - **“Financial Review”**
    - To be given limited review by ISBE
  - **“Financial Early Warning”**
    - ISBE to monitor closely and offer proactive technical assistance
  - **“Financial Watch”**
    - ISBE also to determine whether to certify “financial difficulty” and qualification for “Financial Oversight Panel”
- Main focus is whether districts are close to failure

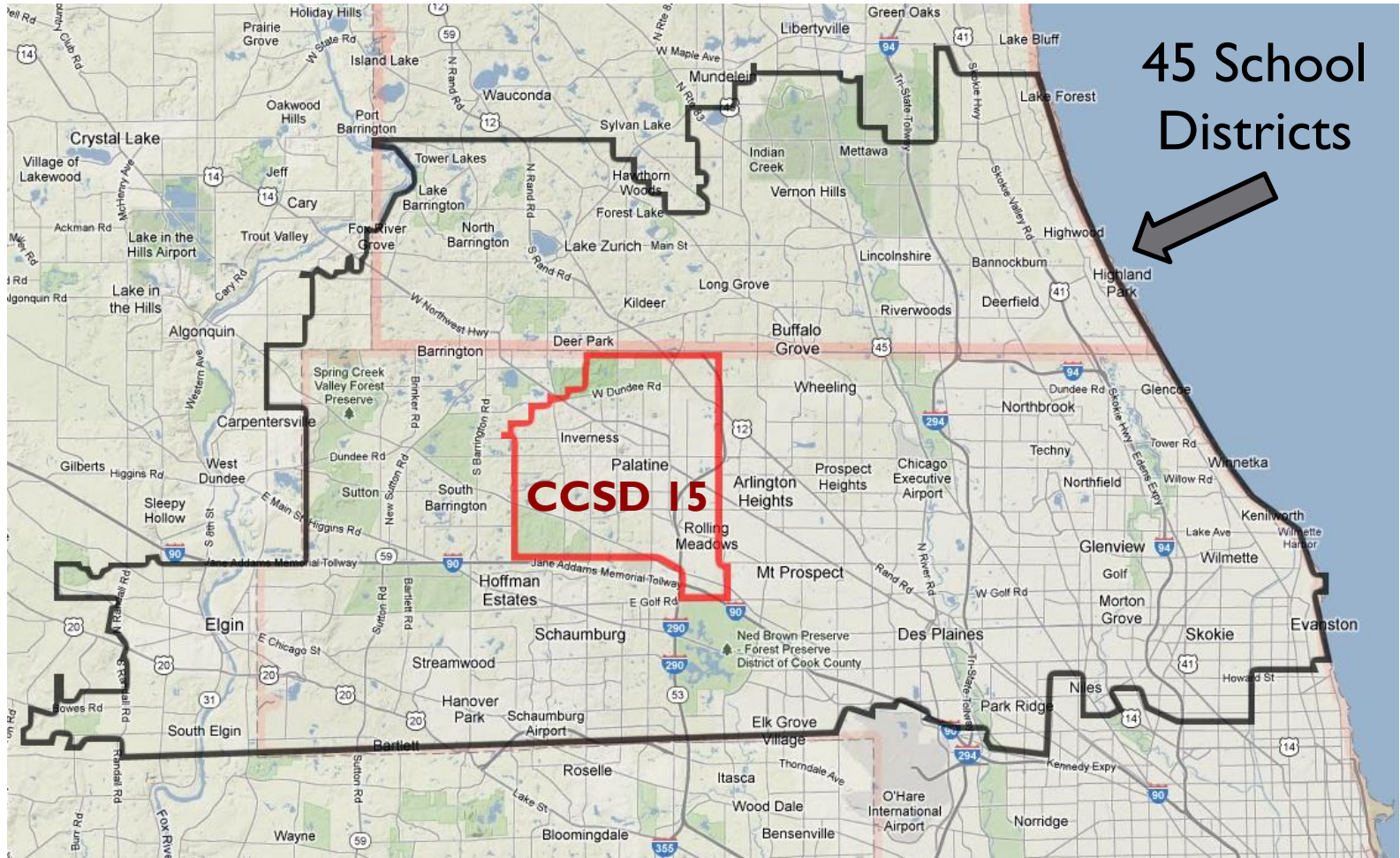
# Are budgets balanced?

- Sizeable federal stimulus revenues in 2008-2010 may have masked structural deficits
- Best indicators are:
  - Annual Statement of Affairs for year ended June 30, 2011
  - Budget for 2011-12 school year
- Revenue is much more stable than in private sector but...
  - ... some uncertainty in Illinois and federal funding
- Does your district have a balanced budget statement included in their policy (typically policy 4:10)?
  - Palatine CCSD 15 considering such a statement
- If not balanced what is being done to establish sustainable and stable budgets?
  - Palatine CCSD 15 forecasts a deficit of 6.9% of revenue for 2012-13
  - Currently working with stakeholder groups on options

# Using taxpayer resources wisely?

- June fund balance of **3-4 months spending needed** to manage cash flow
  - Bulk of property taxes received spring and fall
  - Typical low cash balance just before fall property taxes received
- Some districts have large fund balances - why?
  - Fund balances as of June 30, 2011 – examples:
    - Wheeling CCSD 21      **2.4 months** of spending
    - Palatine CCSD 15      **4.7 months**
    - Township HS 211      **8.0 months**
    - Schaumburg CCSD 54      **10.5 months**
    - Arlington Heights D25      **13.3 months**
    - Elk Grove CCSD 59      **13.7 months**
  - If not earmarked then should be in taxpayer hands
    - Taxpayers can pay off mortgages of 4/5/6% instead of invested by districts in CDs earning <1%
- Does your district have a fund balance policy?
  - Defined actions if forecasted to go below minimums or above maximums
  - Palatine CCSD 15 considering a policy
- What choices has your district made in property tax rates and spending?

# District Comparisons



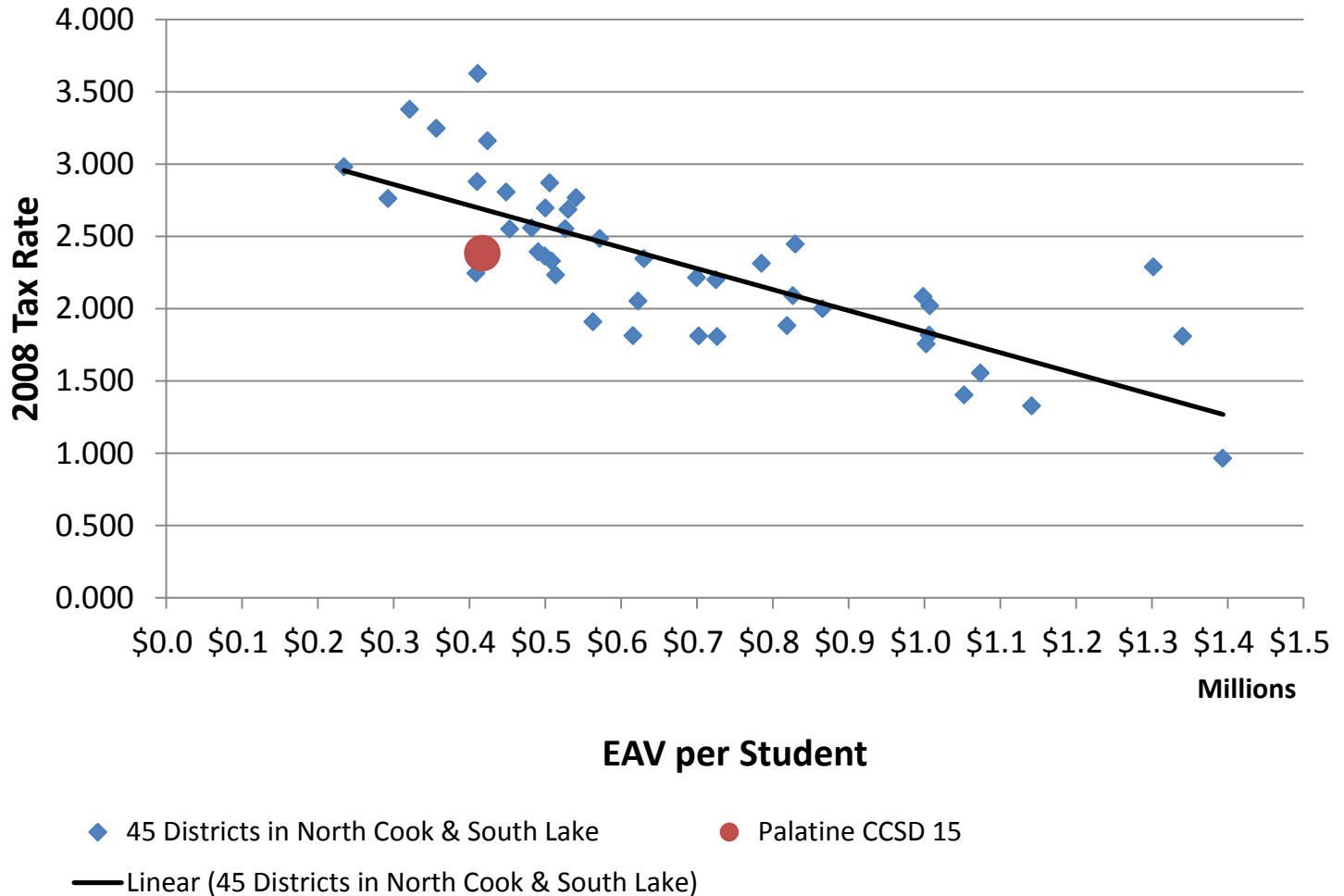
# “Property Rich” or “Property Poor”?

- Most funding is from property taxes...
  - ...so property value per student has a big impact
- What affects property values per student?
  - Ratio of residential to commercial properties
  - Average # of students per household
  - Typical value of properties
- Property values per K-8 student in 2008:
  - #1 Lake Forest SD 67 **\$1,393,667**
  - #38 Palatine CCSD 15 **\$417,102**
  - #45 U-46 (Elgin and nearby) **\$234,455**

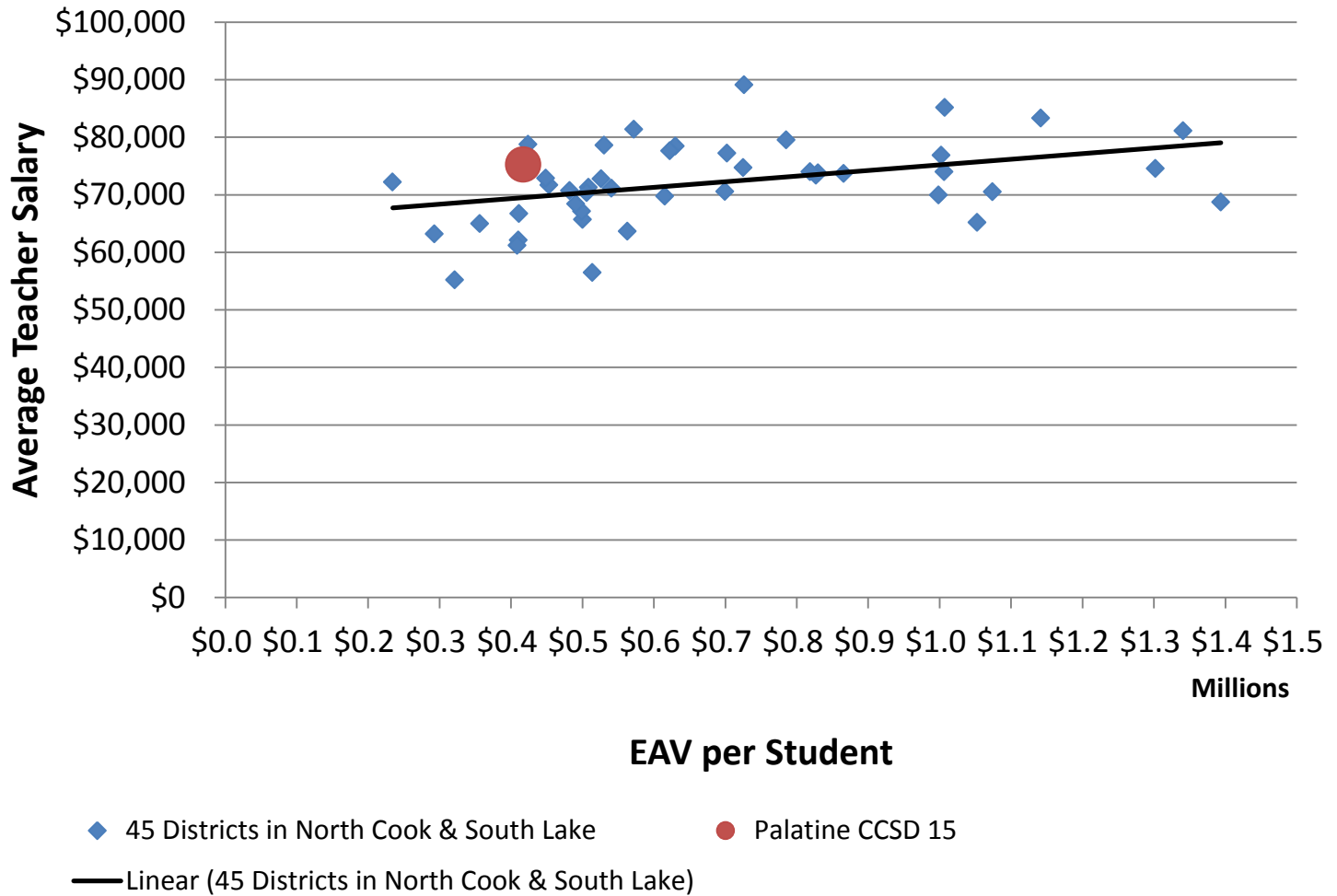
# How do districts make ends meet?

- “Property Poor” districts especially have a challenge balancing:
  - Tax rates
  - # of teachers (affecting class sizes)
  - Employee average salary+benefits
  - Fund balances

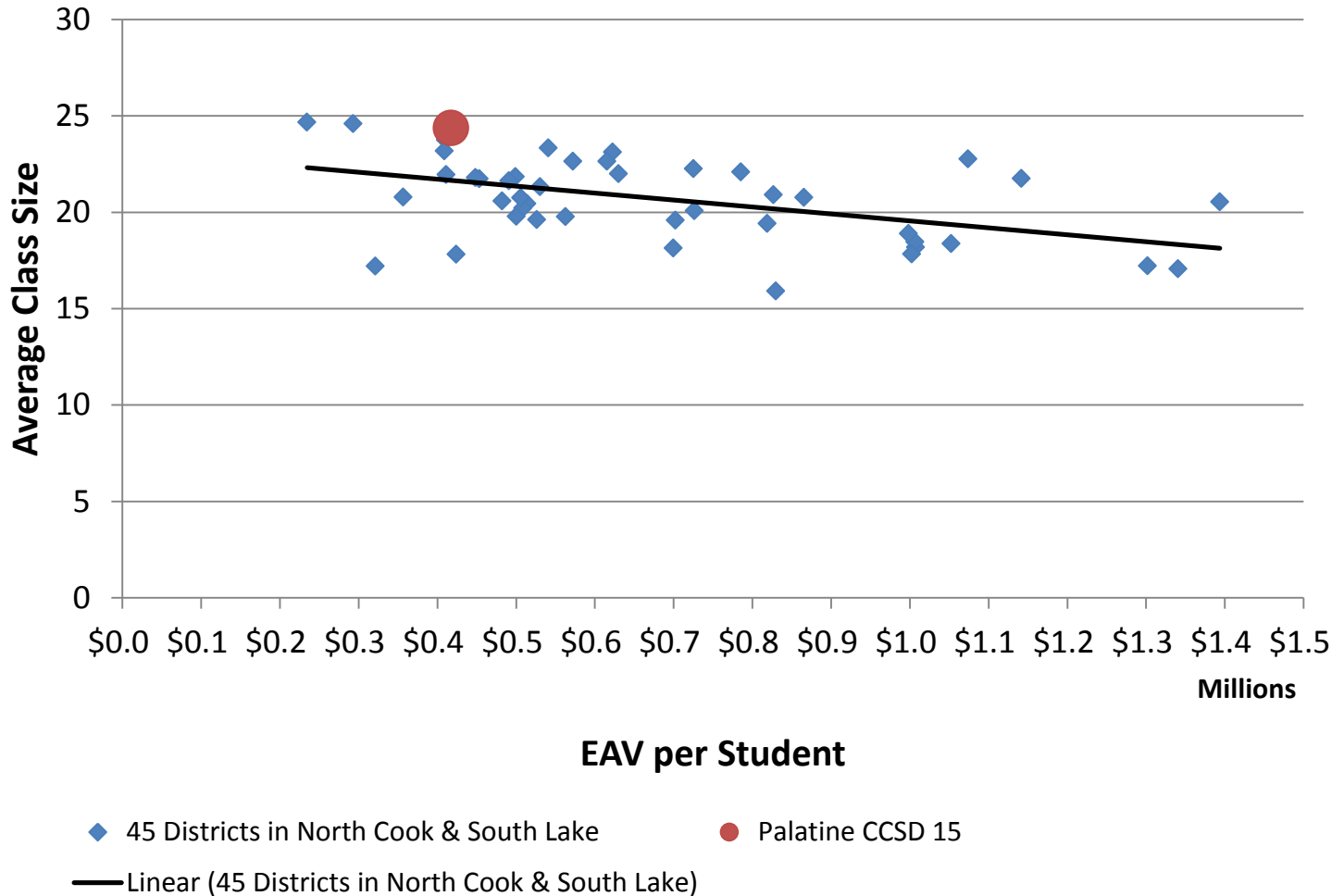
# District Choices: 2008 Tax Rate vs EAV



# District Choices: Average Salaries vs EAV

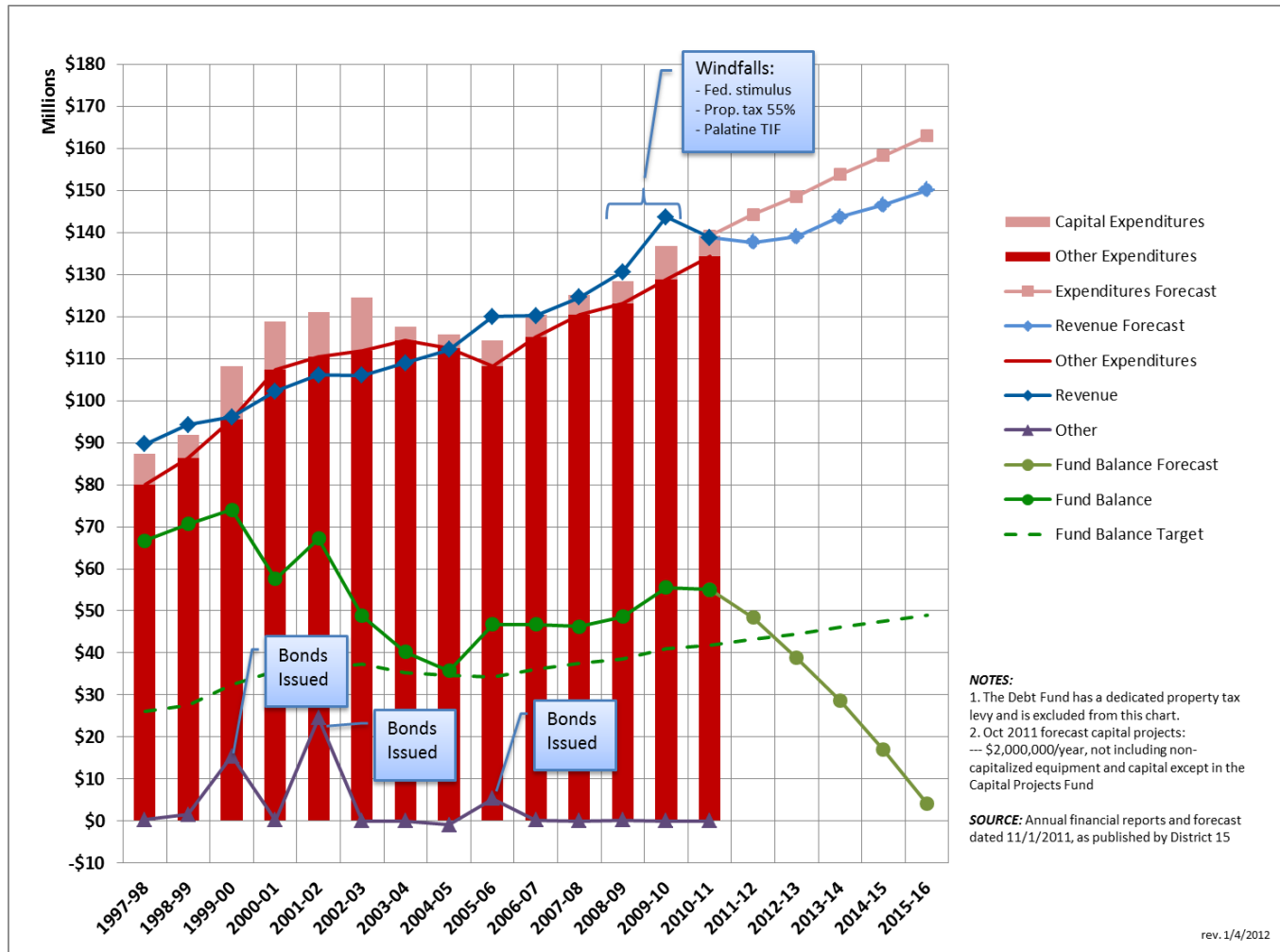


# District Choices: Average Class Size vs EAV



# Palatine CCSD 15

- Historical revenues / expenditures
- & Forecasted revenues / expenditures
- & Fund balances



# Data for a few districts:

## HS District 211 and 214 feeder districts

District Name	2008 EAV per K-8 Pupil	2008 Tax Rate K-8	Prop Taxes % of Total Exp	Average Teacher Salary	Average Class Size	Pupils per Other Cert Staff	Operating Exp per Pupil
Comm Cons SD 59	\$702,476	1.810	82%	\$77,221	19.6	29.1	\$14,039
<b>MEDIAN of 45 Districts</b>	<b>\$572,204</b>	<b>2.313</b>	<b>85%</b>	<b>\$72,198</b>	<b>20.8</b>	<b>24.0</b>	<b>\$13,787</b>
River Trails SD 26	\$500,176	2.696	81%	\$65,678	19.8	20.2	\$15,276
Prospect Heights SD 23	\$499,209	2.363	80%	\$67,117	21.8	25.2	\$12,511
Schaumburg CCSD 54	\$482,322	2.559	83%	\$70,705	20.6	28.2	\$12,530
Arlington Heights SD 25	\$448,578	2.807	89%	\$72,889	21.8	28.2	\$11,888
Wheeling CCSD 21	\$424,116	3.161	89%	\$78,785	17.8	34.0	\$14,650
<b>Palatine CCSD 15</b>	<b>\$417,102</b>	<b>2.385</b>	<b>80%</b>	<b>\$75,289</b>	<b>24.4</b>	<b>35.2</b>	<b>\$11,584</b>
Mount Prospect SD 57	\$408,932	2.246	75%	\$61,171	23.2	28.6	\$10,497

# Information Sources

- Lots of publicly available information including:
  - Illinois Interactive Report Card:
    - <http://iirc.niu.edu/>
  - Summary Financial Data for 864 Districts (“ILEARN”)
    - <http://webprod1.isbe.net/ilearn/ASP/index.asp> (“Base of Details”, Excel format)
  - District Report Cards
    - <http://webprod.isbe.net/ereportcard/publicsite/>
  - ISBE Financial Reports:
    - [http://www.isbe.net/sfms/html/financial\\_archive.htm](http://www.isbe.net/sfms/html/financial_archive.htm)
    - Annual Financial Reports
    - Annual Statements of Affairs (ASA)
    - School District Budgets
    - School District Financial Profiles
  - Illinois Teacher Salary Study
    - [http://www.isbe.net/research/htmls/teacher\\_salary.htm](http://www.isbe.net/research/htmls/teacher_salary.htm)
  - Certified Staff Teacher Service Records (TSR):
    - [http://www.isbe.net/research/htmls/teacher\\_service\\_record.htm](http://www.isbe.net/research/htmls/teacher_service_record.htm)
  - Cook County property tax “agency reports”
    - <http://www.cookcountyclerk.com/tsd/taxagencyreports/pages/default.aspx>
  - Plus most districts have extensive financial data on their websites



**QUESTIONS &  
ANSWERS**



# Contact Me

## Scott Herr

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**ADDITIONAL INFO**

# More district data (#1 to #23)

District Name	2008 EAV per K-8 Pupil	2008 Tax Rate K-8	Prop Taxes % of Total Exp	Average Teacher Salary	Average Class Size	Pupils per Other Cert Staff	Operating Exp per Pupil
Lake Forest SD 67	\$1,393,667	0.965	87%	\$68,714	20.5	18.4	\$13,987
Sunset Ridge SD 29	\$1,340,790	1.809	93%	\$81,137	17.1	14.4	\$22,930
Bannockburn SD 106	\$1,302,082	2.288	107%	\$74,587	17.2	18.9	\$17,858
Niles ESD 71	\$1,141,750	1.327	92%	\$83,318	21.8	18.5	\$14,229
Fairview SD 72	\$1,073,970	1.555	108%	\$70,539	22.8	17.5	\$13,889
West Northfield SD 31	\$1,052,550	1.402	87%	\$65,209	18.4	21.9	\$13,824
Northbrook ESD 27	\$1,007,335	2.019	80%	\$85,164	18.2	16.7	\$19,796
Northbrook SD 28	\$1,006,541	1.816	86%	\$74,021	18.5	17.2	\$16,638
Avoca SD 37	\$1,002,393	1.755	85%	\$76,856	17.8	14.2	\$17,833
Winnetka SD 36	\$998,551	2.083	91%	\$69,932	18.9	17.2	\$17,842
Glencoe SD 35	\$865,754	1.999	99%	\$73,702	20.8	18.6	\$15,276
Kenilworth SD 38	\$829,841	2.446	77%	\$73,819	15.9	21.8	\$16,797
Northbrook/Glenview SD 30	\$826,904	2.089	96%	\$73,384	20.9	16.8	\$16,684
Skokie SD 68	\$818,908	1.882	90%	\$73,981	19.4	26.5	\$14,388
Lincolnwood SD 74	\$785,372	2.313	98%	\$79,550	22.1	24.0	\$14,870
Golf ESD 67	\$726,572	1.807	89%	\$89,121	20.1	29.8	\$13,787
Lincolnshire-Prairieview SD 103	\$725,329	2.200	93%	\$74,734	22.3	21.0	\$14,914
Comm Cons SD 59	\$702,476	1.810	82%	\$77,221	19.6	29.1	\$14,039
North Shore SD 112	\$699,746	2.215	83%	\$70,566	18.1	22.3	\$14,495
Deerfield SD 109	\$630,172	2.346	95%	\$78,451	22.0	22.8	\$13,447
Barrington CUSD 220	\$622,542	2.053	78%	\$77,655	23.1	29.2	\$13,290
Wilmette SD 39	\$615,591	1.812	76%	\$69,738	22.6	20.3	\$13,122
Morton Grove SD 70	\$572,204	2.484	107%	\$81,372	22.6	30.5	\$12,051
<b>MEDIAN of 45 Districts</b>	<b>\$572,204</b>	<b>2.313</b>	<b>85%</b>	<b>\$72,198</b>	<b>20.8</b>	<b>24.0</b>	<b>\$13,787</b>

# More district data (#24 to #45)

District Name	2008 EAV per K-8 Pupil	2008 Tax Rate K-8	Prop Taxes % of Total Exp	Average Teacher Salary	Average Class Size	Pupils per Other Cert Staff	Operating Exp per Pupil
<b>MEDIAN of 45 Districts</b>	<b>\$572,204</b>	<b>2.313</b>	<b>85%</b>	<b>\$72,198</b>	<b>20.8</b>	<b>24.0</b>	<b>\$13,787</b>
Glenview CCSD 34	\$562,937	1.909	85%	\$63,668	19.8	26.9	\$13,420
Aptakisic-Tripp CCSD 102	\$540,834	2.767	85%	\$71,128	23.3	18.8	\$14,790
Park Ridge CCSD 64	\$530,239	2.685	87%	\$78,612	21.3	24.0	\$13,450
Evanston CCSD 65	\$526,214	2.552	76%	\$72,771	19.6	21.2	\$14,579
East Maine SD 63	\$513,962	2.233	71%	\$56,471	20.5	23.8	\$12,940
CCSD 62	\$508,490	2.329	79%	\$71,263	20.2	24.6	\$12,265
Kildeer Countryside CCSD 96	\$506,082	2.869	103%	\$70,378	20.8	25.8	\$12,394
River Trails SD 26	\$500,176	2.696	81%	\$65,678	19.8	20.2	\$15,276
Prospect Heights SD 23	\$499,209	2.363	80%	\$67,117	21.8	25.2	\$12,511
East Prairie SD 73	\$490,752	2.393	82%	\$68,404	21.6	26.0	\$12,399
Schaumburg CCSD 54	\$482,322	2.559	83%	\$70,705	20.6	28.2	\$12,530
Lake Zurich CUSD 95	\$453,280	2.549	86%	\$71,711	21.7	30.0	\$10,162
Arlington Heights SD 25	\$448,578	2.807	89%	\$72,889	21.8	28.2	\$11,888
Wheeling CCSD 21	\$424,116	3.161	89%	\$78,785	17.8	34.0	\$14,650
<b>Palatine CCSD 15</b>	<b>\$417,102</b>	<b>2.385</b>	<b>80%</b>	<b>\$75,289</b>	<b>24.4</b>	<b>35.2</b>	<b>\$11,584</b>
Skokie SD 73-5	\$411,234	3.626	99%	\$66,703	22.0	26.0	\$12,661
Hawthorn CCSD 73	\$410,463	2.878	78%	\$62,138	23.7	26.8	\$12,472
Mount Prospect SD 57	\$408,932	2.246	75%	\$61,171	23.2	28.6	\$10,497
Skokie SD 69	\$356,577	3.247	85%	\$64,978	20.8	29.5	\$11,512
Diamond Lake SD 76	\$321,324	3.378	75%	\$55,210	17.2	24.5	\$12,465
CUSD 300	\$292,923	2.761	64%	\$63,172	24.6	40.5	\$10,514
SD U-46	\$234,455	2.980	60%	\$72,198	24.7	59.0	\$9,860