


Germantown Hills School
District #69



State of the District Finances
May 4, 2016

**May the 4th be
with you!**

Tonight's Agenda

- Opening Comments from Mr. Steve Nauman, Board of Education President
- Presentation of District Finances and Current Cost Savings Measures- Dan Mair, Superintendent
- Questions and/or Comments from the Audience
 - PLEASE LIMIT TO 5 MINUTES PER PERSON

Objectives for Tonight

1. Explanation of Illinois' financial mess and its impact on education funding for all districts and our District.
2. Explanation of what state education funding actually means for District 69.
3. How Illinois' financial mess has impacted state revenues to District 69.
4. Explanation of other sources of revenue for District 69.
5. Current state of District 69 finances.
6. Steps District 69 has considered and taken as a result of decreased revenue from the state.
7. Explain recent teacher reassignments and how social studies instruction will occur at the junior high next year.
8. Germantown Hills expansion project and its impact on District finances.
9. Other external threats to District finances.
10. What you can do.
11. Opportunity for audience to ask questions.

Illinois' Current Financial Mess



Why is Illinois in this mess?

- The primary cause is our state's unfunded pension liability.
- FY16 we owe over \$7.5B in pension payments. Expected to be 7.8B in FY17.
- This equals 25% of all state revenues.
- This is a result of 25 years of poor government at the state level.
- In addition, we have the Governor and General Assembly leaders deadlocked over producing a full FY16 budget or agreement on a FY17 spending plan.

“For more than a quarter-century, governors and state legislators, Republicans and Democrats alike, made a series of financially toxic moves in the pension systems for state employees and public school teachers. Proposals to fix the perennially underfunded pensions were based on botched calculations—or no calculations at all—and were driven by misguided rationales that weren't fully vetted. Everyone was to blame, yet few accepted responsibility. Even the public-sector unions that stood to lose the most sometimes embraced those choices.”

-The Illinois Pension Disaster: What Went Wrong by Dave McKinney. Crain's Chicago Business. August 10, 2015.

“Our current pension disaster cannot be blamed on benefit increases or salary increases. Between 1985 and 2014 pension unfunded liabilities grew by \$97 billion. Benefit increases only account for 8 percent or \$8 billion of that growth. Pay increases were actually less than what actuaries assumed they would be and actually helped bring down the unfunded liabilities by about \$1.3 billion. The state's failure to properly fund the pension system, however, accounts for 49 percent, or (\$47 billion) of that growth. So simply put, the main reason we are in this mess is because of insufficient pension contributions.”

-Eric Madler, Former Chief Counsel to Senate President John Cullerton

What Does State Funding for Education Really Mean for Our District?



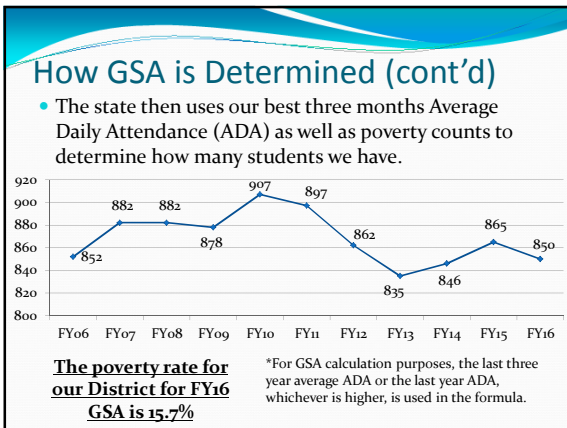
FY15 Sources of Revenue from the State

General State Aid	\$1,531,906
Sp. Ed. Private Facility	\$9,861
Sp. Ed. Children Services	\$78,853
Sp. Ed. Personnel	\$89,646
Sp. Ed. Orphanage	\$16,956
Sp. Ed. Summer School	\$281
Career Ed. Grant	\$848
State Free Lunch Program	\$477
Reg. & Vocational Transportation	\$21,449
Sp. Ed. Transportation	\$73,430
TOTAL	\$1,823,707

How is GSA Determined?

- In accordance to Illinois School Code, a Foundation Level is determined by the Governor and the General Assembly with input from the Education Funding Advisory Board (EFAB) and ISBE. Although, EFAB recommended the Foundation Level to be **\$8,899** for FY16, it has been **\$6,119** since 2010.

(Foundation Level – Local Wealth per Pupil) x Students = GSA



How has the financial mess impacted state revenues to our District?

General State Aid (GSA) and Mandated Categorical payments to Illinois public school districts have been prorated and/or delayed since the 2010-2011 school year.

Due to the budget crisis, many believe state funding for next school year may be delayed until after the November elections.

GSA Proration FY12-FY16

Fiscal Year	Proration Percentage
FY12	95%
FY13	89%
FY14	89%
FY15	87%
FY16	92%

Foundation Level

Fiscal Year	Amount
FY16***	\$5,629
FY15**	\$5,323
FY14**	\$5,445
FY13**	\$5,445
FY12*	\$5,813
FY11	\$6,119
FY10	\$6,119
FY09	\$5,959
FY08	\$5,734
FY07	\$5,334
FY06	\$5,164

FY16 Foundation Level is actually 63% of EFAB Recommendation

*Foundation Level Prorated at 95%
 **Foundation Level Prorated at 89%
 ***Foundation Level Prorated at 92%

Germantown Hills GSA Grants FY11 – FY16

Fiscal Year	Amount
FY16	\$1,724,426*
FY15	\$1,531,906
FY14	\$1,641,018
FY13	\$1,794,527
FY12	\$2,012,639
FY11	\$2,246,016

*If all payments are made

District 69 Total State Revenues

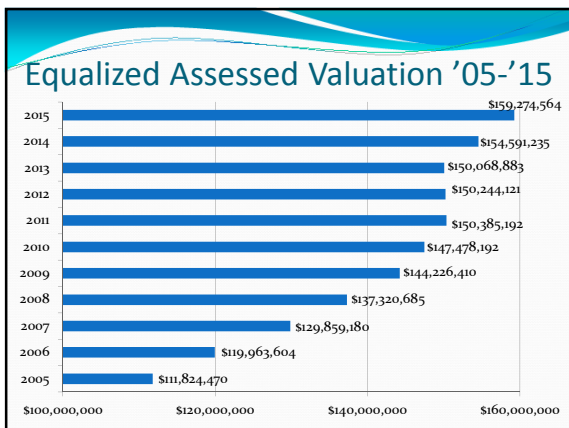
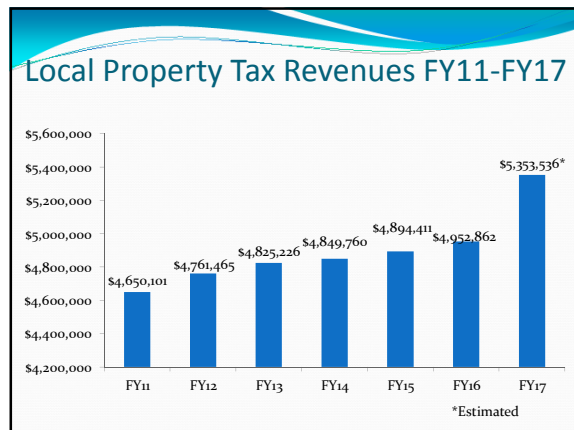
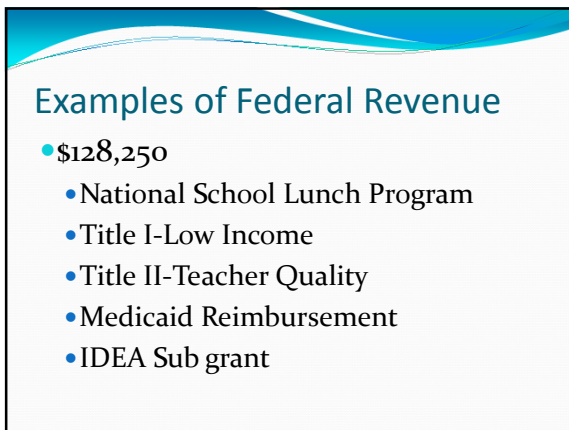
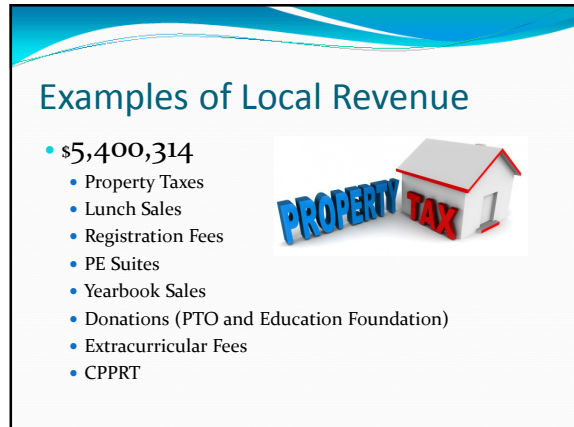
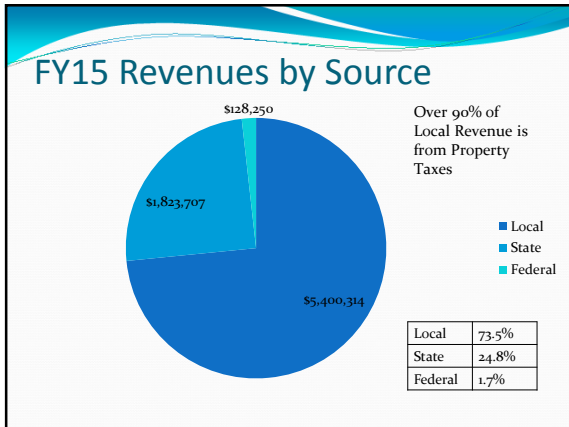
Fiscal Year	Revenue
FY11	\$2,733,131
FY12	\$2,438,352
FY13	\$2,282,028
FY14	\$2,169,639
FY15	\$1,823,707
FY16	\$2,059,035*

A 33% drop in state revenue from FY11-FY15

*If we receive all of our GSA and M-Cat payments

What are other sources of revenue for our District?

Revenue



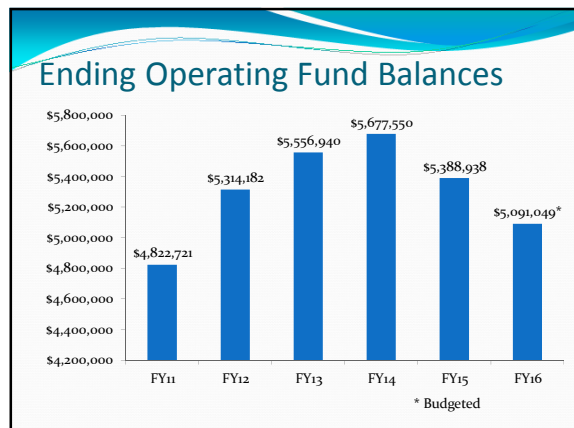
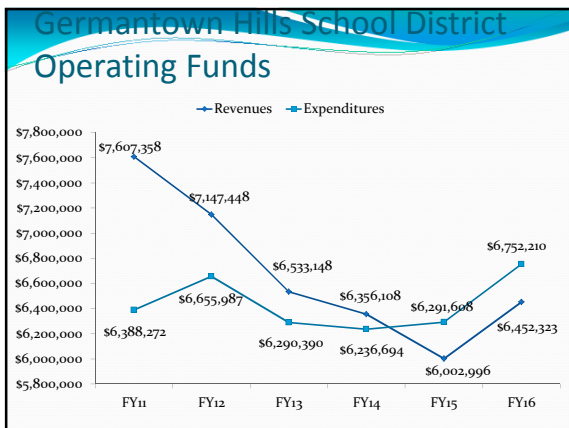
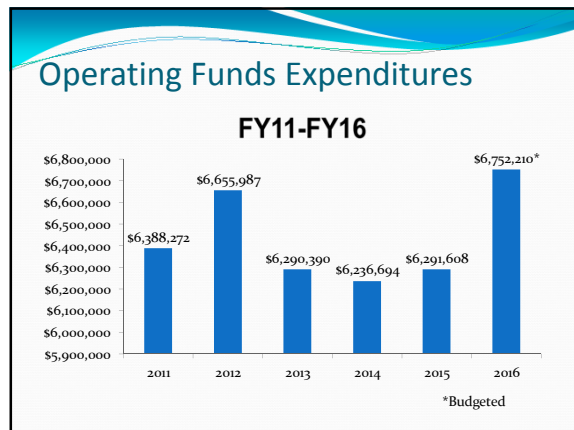
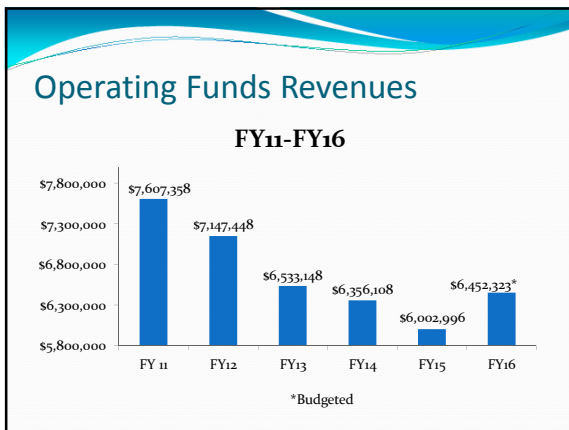
Germantown Hills S.D. #69 State of District Finances

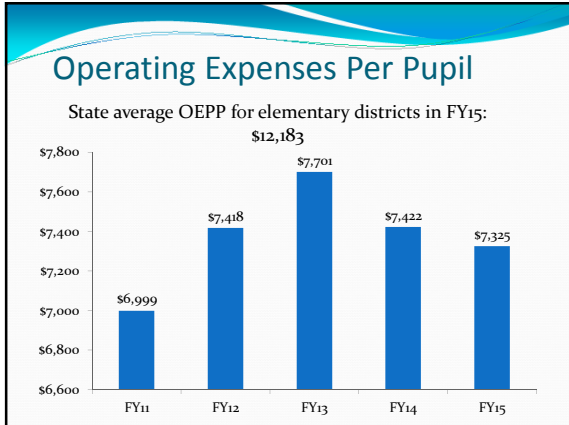


Fund Types

- 10 Educational
- 20 Operations & Maintenance
- 30 Debt Service
- 40 Transportation
- 50 Municipal Retirement/Social Security
- 60 Capital Projects
- 70 Working Cash
- 80 Tort Immunity/Judgment
- 90 Fire Prevention & Safety

The Education, O & M, Transportation and Working Cash Funds are unrestricted and together are called "Operating Funds".





District 69 State OEPP Rank

Fiscal Year	Rank	# Districts
2011	8	376
2012	18	375
2013	21	375
2014	14	373
2015	13	373

SOURCE: ILLINOIS STATE BOARD OF EDUCATION

OEPP Comparison to Neighboring Elementary Districts FY 15

District	Operational Expenditures Per Pupil FY15
Germantown Hills #69	\$7,325
Washington #52	\$7,575
Metamora #1	\$7,619
Washington #51	\$7,658
Riverview #2	\$8,154
Washington #50	\$8,680
East Peoria #86	\$11,010

SOURCE: ILLINOIS STATE BOARD OF EDUCATION

Germantown Hills Financial Profile

Financial Indicators	FY11	FY12	FY13	FY14	FY15
Fund Balance to Revenue Ratio	4	4	4	4	4
Expenditure to Revenue Ratio	4	4	4	4	3
Days Cash on Hand	4	4	4	4	4
% of Short-Term Borrowing	4	4	4	4	4
% of Long-Term Debt Margin Remaining	2	3	3	3	4
Profile Score	3.80	3.90	3.90	3.90	3.65
Status	Recognition	Recognition	Recognition	Recognition	Recognition

What steps has the District taken as a result of decreased state revenue?

- ### Cost Savings Measures FY13-FY17
- Instructional supply budget cut by 25% in from FY13 to FY15
 - Renegotiated gas & electric contracts FY13 - FY16
 - Reduction-in-Force of three 1.0 FTE teachers in FY14
 - Changed insurance providers FY15
 - Cut number of District Curriculum Team meetings FY16
 - Superintendent lowered his own insurance coverage FY16
 - Eliminated junior high social studies positions FY17
 - (Eliminate positions, not people, when possible)

Other Measures Considered

- Cut fine arts programs
- Cut extracurricular programs
- Reduce non-certified staff
- Increase registration and extracurricular fees
- Cut field trips
- Reduce professional development
- Salary and benefit freeze

What impact did the elimination of the junior high social studies positions have on staffing throughout the District?



Rationale

- Salary and Benefits are 75-80% of Education Fund expenditures
- Elimination of three junior high social studies teaching positions would result in several involuntary transfers, but no certified teacher under contract for 2016-2017 school year would be laid off. (Long-term sub 3rd grade, maternity leave in kindergarten and 1-year contract in 1st grade)

- Best case scenario would be no cuts at all, but the Board and Administration sought to find the next best scenario.
 - Desire to eliminate positions not people
 - Integrating Social Studies and ELA instruction is highly feasible with least impact on student learning
 - Could not increase class sizes anymore at K-5
 - Did not want to cut fine arts programs (again positions not people)
 - Almost all aides are written as part of student I.E.P.'s

Administrative Considerations on Staffing Decisions

- All decisions were focused on "What is best for kids?"
- Of the three junior high social studies teachers, two had certification in junior high ELA and one had k-5 certification.
- Did not want to move a junior high teacher to the elementary school.
 - Two displaced junior high ELA and one junior high SS teacher were placed in Intermediate grades.
 - Two displaced Intermediate teachers were placed in the elementary building.

Teacher Input on Staffing Decisions

- Administration made the final decision as to what teachers would be moved in the K-5 grades.
- While the administration had a recommendation for staffing the new junior high ELA team (which teachers at which grades), junior high input was sought.
- Junior High ELA teachers ended up agreeing with administration recommendation.

Impacted Teachers

- Tabitha Cooper - 8th ELA to 6th ELA
- Jeanette Anderson - 8th SS to 6th ELA
- Pat Vaughan - 7th SS to 7th ELA
- Trish Ballard - 7th ELA to 8th ELA
- Courtney Waugh - 6th ELA to 4th Grade
- Megan Weekley- 4th Grade to Kindergarten
- David Wiles- 6th SS to 3rd Grade
- Tina Hasty- 6th ELA to 3rd Grade
- Jen Crawford- 3rd Grade to 2nd Grade
 - Pam Kuntz - maternity leave
 - Krista Davis - long-term sub
 - Mary Heinemann - will not return

Timeline of Teacher Notification

- **March 14th**-Teacher staffing recommendations shared with Board of Education in closed session.
- **March 15th**-Mr. Raffel met with junior high social studies teachers to notify them of the decision.
- **March 16th** - Mr. Mair met with the intermediate staff and junior high staff to inform them of the decision and explain that he would meet individually with each impacted teacher.
- **March 18th**-Mr. Raffel, Dustin Bevard (GHTA President) and I met with all teachers impacted. Teachers were told what their new position and what supports would be provided for the transition.

How will Illinois Social Science standards be taught in the junior high next year?



New Illinois Learning Standards for **Social Science 6-8**

- The number of standards has decreased-less focus on content and more on concepts
- The new standards are banded together by levels of complexity rather than grade levels.
- "In Illinois, the curriculum is determined locally. School districts offer different social science courses for their students. The proposed standards cultivate civic mindedness, historical thinking, economic decision making, geographic reasoning, and psychological and sociological intellect across all disciplines and grade levels. Embedded within a variety of social science courses, the following standards do not necessarily require stand-alone courses but do reflect state mandated content."
- Standards divided into topic: Inquiry Skills, Civics, Geography, Economics and Financial Literacy, History
- Each standard has been labeled Less Complex (LC), Moderately Complex (Mdc), and More Complex (MC)

New Illinois Learning Standards for **Social Science 6-8**

- The new standards focus on outcomes- What students can do after learning takes place
- Concept Driven vs. Content Driven
- **GED Examples-** Social Studies Questions
- "If you can Google it, do not waste instructional time teaching and assessing it." **who said this**

Out with the Old, In with the New

- Teacher Centered vs Student Centered
- Lectures, memorizing dates, battles, state and world capitals, quizzes and tests, an occasional project
- Text-based, stories, discussions, group work, projects that apply the knowledge
- Making the social studies experience rooted in stories and primary documents

Examples of what the new curriculum will look like

- Civil War- concept of a “civil” war (oxymoron), examples throughout history, examples of civil war today, close read Gettysburg Address and compare to other presidential speeches, novel- *The Red Badge of Courage* by Stephen Crane
- American Revolution- read letters of Abigail Adams, read *April Morning* by Howard Fast, students write their own Declaration of Independence
- OTHER TEACHER EXAMPLES

The Germantown Hills School District Expansion Project and Its Impact on District Finances



- Expanding the building was in the last construction design; however, the formal plan to achieve a K-8 campus was added to the 2013 Strategic Plan.
- Funded through issuing General Obligation Bonds for \$7M last December.
- Also, the district refinanced \$1.75M in bonds from 2006 Series.
- Nine year payment schedule will keep payments consistent at the amounts of the last payments of 2006 Series.
- Money for construction can only be used for the construction, equipping and improvements at the middle school. It CANNOT be used for salaries, benefits, instructional supplies, busses or improvements to the other buildings.

Financial Benefits of a Single Campus

- Reduced transportation costs
 - Fewer routes, fewer miles traveled
- Staffing efficiencies
 - Food service, secretarial, paraprofessionals
- Income source through leasing elementary school
 - WCSEA and Easter Seals
- Much more energy efficient
 - LED lighting, geothermal

Additional Benefits to a Single Campus

- Diminished impact on transitions between certain grade levels
- Improved school climate
- No more staff traveling between buildings

Timing was right for construction

- Bids were low. The general contractor bids for the expansion project came in much lower than expected.
- Interest rates were still very low (2.22%).
- What will happen with any money left over from the expansion project?
 - Other capital development projects that fall in the scope of description, i.e. parking lot work
 - Abate money and lower Bond & Interest tax rate over next two years

How will the expansion project impact property taxes?

- The refinancing of the last two bond payments from the last expansion project and the structure of the payments schedule actually lowered the Bond & Interest Tax Rate from what it would have been, but B & I payments will extend seven more years.

Bond Series	2017 Payment	2016 B & I Tax Rate
2006 Series	\$1,100,617	.6910
2015 Series	\$1,058,163	.6643

What are other external threats to District finances?



Property Tax Freeze - HB 696

- Replaces SB 318, which would have frozen levies for 2017 & 2018 at the rate in 2016.
- On April 21st, the Illinois House passed by a 71-31 bipartisan vote a measure proposed by Rep. Jack Franks (D-Woodstock) that would freeze property taxes.
- House Bill 696 also stipulates that school districts cannot receive more in property taxes than they did in 2015 unless voters approve a referendum.
- The measure has now moved to the Senate.

- Pension cost shift to local school districts HB 4272
 - Full pension shift would add approx. \$276K to expenditures a year. This will only go up as salary costs increase.
- The real possibility of no FY17 state spending plan
 - We may start the school year with no GSA or M-Cat payments.
 - As of June 30, 2015, our District had 313 days cash on hand. After that?

- School districts react to threats of state funding loss** - March 22, 2016 Naperville Sun
- Budget battle could delay start of K-12 school year** - April 8, 2016 Quad City Times
- Unthinkable budget scenario for schools not so far fetched** - April 8, 2016 Peoria Journal Star Op-Ed

What are the potential ramifications of no GSA or M-Cat payments?

What can you do?

- ### Become informed!
- [Center for Tax and Budget Accountability](#) - Ralph Martire, Executive Director
 - [Illinois Economic Policy Institute](#) - Frank Manzo IV, Policy Director www.FixTheBudget.org
 - [Illinois Policy Institute](#) - John Tillman, CEO
 - [Germantown Hills School District](#) - Dan Mair, Superintendent

Contact your state legislators!

Senate District #37 Sen. Chuck Weaver 309 I State Capitol Building Springfield, IL 62706 217-782-7818	Representative District #73 Rep. David Leitch 314 State Capitol Building Springfield, IL 62706 217-557-3047
5415 N. University St. Suite 105 Peoria, IL 61614 309-693-4923	5407 N. University St. Arbor Hall, Suite B Peoria, IL 61614 309-690-7375

Volunteer for the Citizen Advisory Council and Look for the Strategic Planning Retreat in 2016-2017

Thank you!
Questions?

