

SUPERINTENDENT REPORT AUGUST 2017 BOARD MEETING

The start of this school year is certainly filled with much transition, anxiety from failed budget work in Springfield, anticipation of construction completion, and trying to put together all of the pieces from a recently ratified teacher union contract--- but we look forward to great progress and much success for our student learners.

State Budget Issues

I hesitate to write too much about the budget in this report, as things can change so quickly, but I wanted to try to bring you up to a place as current as I can related to Senate Bill 1, and the Governor's amendatory veto on August 2nd. I also wanted to briefly try to explain what the impact of SB 1 would be on District 228.

Keep in mind that the Senate and the House of Representatives both approved a Fiscal Year 2018 budget, and an income tax to support the funding initiatives in the budget (which included a \$350M increase for education. However, the budget resolution also required approval of the Evidence-Based Funding Model that was included in Senate Bill 1 (which also included a House amendment). The evidence-based model has been years in development and was a mainstay of the Vision 20-20 initiative that was a major Alliance effort.

First, what should we know about the evidence-based model:

- The model is based upon the cost of 27 essential elements: for example, providing for specific class sizes in certain grades, technology, reading interventionists, current curricular materials, etc.
- The model also adjusts for costs based upon regional cost differentials-- so the model tries to adjust for costs whether you live in Naperville, Normal, or Nokomis.
- There are also elements that adjust based on demographics-- for example for the total size of the district enrollment, numbers/percentages of English Language Learners, special needs students, low-income numbers of students.
- This combination generates what is called the District Adequacy Target

In Senate Bill 1, you would see all of these pieces included in the model. Also you would see components listed to provide security for school districts to protect against shortfalls, if and when the State starts shifting pension costs to the local school district. The Amendatory veto includes no buffer against pension cost shifts.

SB1 also included an adjustment for salaries to keep pace with inflation, still metered to regional differences in wages. The Amendatory veto does not adjust for inflation. It freezes salaries at a specific year's rate.

The revenue components of SB1 are built around what is called a Local Capacity Target (LCT). This is the dollar amount that the model believes a district would ideally contribute towards the

District Adequacy Target, and this is based on a comparison of all districts in the State. So districts with higher property wealth per pupil would be expected to contribute more than a district with lower property wealth. SB1 reflects the local funds a district can access-- it does not consider tax capped property calculations or TIF areas in what a district can access. The Amendatory Veto includes all property wealth--even if a district cannot access it.

So how does this impact Geneseo CUSD 228?

Our district is considered a higher property wealth district in comparison to most of our "peers". We have suburban Chicago property values per pupil, so there should never be a time we would expect the State to make greater contributions to us than more needy districts in our area or across the State.

The evidence-based model would calculate an Adequacy Target for Geneseo CUSD 228 of \$26,788,195.91. This computes based on the 27 essential elements mentioned earlier. If we calculate our projected FY18 expenses in the areas that this would cover (primarily our Education Fund and Operations Building Maintenance Funds-- Transportation Fund not covered in this), we would project to spend \$19,878,711; obviously less than the model would provide for an adequate education for our students.

The Local Capacity Target for our District would calculate to \$14,331,684 (and this is actually based on figures from 2 years ago). Remember that this is the local revenue that should be generated in order to determine what "gap" exists between the Adequacy Target and the Capacity Target that would create the State Base Funding Minimum. Our 2016 tax levy that is used in the calculations would have provided \$10,465,000. The calculations also take into account the Corporate Personal Property Replacement Tax (approximately \$514,000 for us).

Effectively then, the State would look to provide approximately \$4.8M to our District in base minimum funding, or we would see roughly a \$102,000 increase. The GOP has suggested that HB 1124 is a more fair distribution model, by virtue of not funding Chicago Public Schools as well as SB1 does, but for us that would add approximately \$55,000 more in funding. Our District will most likely never be in a tier of funding based on needs that will generate increased State funding, so in order for us to provide greater resources to offer what is considered the most adequate education--- we will need to provide more local resources.

There is much more to learn and analyze moving forward, but I see no scenario moving forward (and is consistent with the past analysis) that we should expect Springfield to rescue us. At best at this point, in my opinion, we hope that resolution occurs in Springfield just to make sure that the dollars we were currently receiving flow our way to not impact our cash flow position any more negatively than it already has.

You also see two other handouts with this report. One is a nice graphic of the impact of relationship between the Adequacy Target, the Local Capacity and the Base Funding Minimum.

The second related to SB1 shows what pathways the legislative branch can take now since the August 2nd Amendatory Veto.

New Student Registration

On August 3, 2017 the District conducted its annual new student registration. Results were approximately what we expected, but down a bit from our more typical 90-110 students:

Elementary= 45 students

Middle School= 25 (12 of these are coming from St. Malachy)

High School= 13

We will update enrollment figures as we can at the Board meeting and then will send out our first day and 6th day of attendance figures in between the August Board meeting and the September meeting.

HOW DOES SB1 WORK?

Overview Of The Model

1. ADEQUACY TARGET

How much does providing high quality education cost?

2. PERCENT OF ADEQUACY

How well-funded is the district?

LOCAL CAPACITY
How much can the district contribute?

BASE FUNDING MINIMUM
How much does the state currently contribute?

GAP TO ADEQUACY

100% of Adequacy Target



District 1



District 2



District 3

3. DISTRIBUTION FORMULA

How is new money from the state distributed?

WHAT HAPPENS NEXT

