

SUPERINTENDENT KUFFEL'S FINAL STATEMENT REGARDING EDUCATION FUND SUSTAINABILITY

Over the past several months I have shared several thoughts related to the Education Fund sustainability. As we review future risks and negative consequences to short-term borrowing, and we couple that with the lack of additional income from the Evidence-Based Funding Model, some new option needs to be explored. Therefore, I maintain a recommendation that an Education Fund Referendum should be at least considered as an option.

The downside to issuing Working Cash Fund bonds has been shared before:

1. Issuing costs
2. Interest paid that does not benefit students
3. Potential for a "back door" referendum
4. A bond and interest rate that does not generate the same amount of revenue, nor is it as easily available as it would be applying that same rate to the Education Fund

Considering a referendum for 2019, prior to a Presidential election creates some significant short-term pain, if the request was for a \$0.50/\$100 EAV increase in the Education Fund. Presently, I believe that the long-term request should be \$0.65/\$100 EAV, but considering the positive impact of the sales tax on the health of the Operations and Building Maintenance Fund, there would be some operational "cushion" by potentially sharing revenue between Fund 10 and Fund 20 if necessary. There is always some room to levy the \$0.05 in the Working Cash Fund, periodically to build back some internal "bank", as well.

This school community holds high expectations in all areas: from staff performance, student performance, to high quality programs and amenities. The high level of pride requires a commensurate commitment to fund such expectations. There is no foreseeable scenario where the State provides significant increases in moving this District towards adequacy, even with the new Evidence-Based Funding Model. The future of school funding in Illinois with State dollars for District 228 is a future where competition for dollars is based upon lower property wealth and high concentrations of students in poverty. This is clearly evident in the fact that our Preschool for All Grant for FY 2019 has been zeroed out (as it has for many local districts). For us, that is another reduction in Education Fund revenues of more than \$150,000.

Taking pride in an overall low tax rate is a talking point that seems to appease only the Board of Education. Few in this community have ever acknowledged our school tax rate, and in fact, the overarching sentiment continues to be that Geneseo is a high tax community. The facts do not bear out that Geneseo CUSD 228 overtaxes its public, certainly not in comparison to many of our peer and area districts.

You can see that in 5 years the roughly \$0.23-\$0.25 Working Cash Bond tax rate will be coming off the levy, and at some point the construction bonds will be paid—but I urge you to consider

how long we can sustain, maintain and perhaps even grow some of the innovation we have come to expect. It took courage to put the 2013 and 2015 sales tax and construction referenda on the ballot. It was done because people believed that children of today and well into the future deserved to live our mission of Teach, Learn, Care. It will take courage again to muster up an effort to see where the community believes that mission of Teach, Learn, Care takes shape moving forward. Will our mission manifest itself in "cuts" or will we try to build our Local Capacity Target to the financial position where the State expects it to be. At some point the Board of Education will need to address whether or not reaching a financial support level towards "Adequacy" based on EBFM is a priority.

I wish you all the best moving forward. We have tried our best over the last 15 years to keep the District patched and plugged into a school community that keeps fostering student opportunities. You have employed a superintendent who has successfully passed an Education Fund Referendum. You, the Board of Education, have all stated that you are here for the taxpayers and here for the students. Reconciling what some may see as a conflict in that statement is your leadership challenge. I have confidence that the governance team will do what is in the best interest of students first, because strong, viable schools are a major asset to this community and this place does not "settle".

Respectfully submitted,

Scott D. Kuffel

Levy Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Rate Setting EAV	\$ 362,133,178	\$ 365,754,510	\$ 369,412,055	\$ 373,106,175	\$ 376,837,237	\$ 380,605,610	\$ 384,411,666	\$ 388,255,782	\$ 392,138,340	\$ 396,059,724	\$ 400,020,321
EAV Growth Assumption	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01
Education Fund \$	\$ 8,510,010.09	\$ 8,595,230.98	\$ 8,681,183.29	\$ 8,767,995.12	\$ 8,855,675.07	\$ 8,944,231.82	\$ 9,033,674.14	\$ 9,124,010.88	\$ 9,215,250.99	\$ 9,307,403.50	\$ 9,400,477.54
Education Fund Rate	2.3500	2.3500	2.3500	2.3500	2.3500	2.3500	2.3500	2.3500	2.3500	2.3500	2.3500
Yearly ED Fund Increase	\$ 85,220.89	\$ 85,952.31	\$ 86,811.83	\$ 87,679.95	\$ 88,556.75	\$ 89,442.32	\$ 90,336.74	\$ 91,240.11	\$ 92,152.51	\$ 93,074.04	\$ 93,974.04
Bond & Interest \$	\$ 2,455,987	\$ 2,550,191	\$ 2,623,074	\$ 2,724,202	\$ 2,825,202	\$ 2,923,071	\$ 3,020,401	\$ 3,116,312	\$ 3,211,812	\$ 3,307,312	\$ 3,402,812
Bond & Interest Rate	0.6782	0.6972	0.7162	0.7352	0.7542	0.7732	0.7922	0.8112	0.8302	0.8492	0.8682
WCF Cost	\$ 544,286	\$ 649,129	\$ 721,102	\$ 823,640	\$ 924,340	\$ 1,023,340	\$ 1,120,990	\$ 1,217,337	\$ 1,312,387	\$ 1,406,142	\$ 1,498,604
WCF Rate Alone	0.1503	0.1775	0.2493	0.2476	0.2453	0.2415	0.2310	0.2210	0.2110	0.2010	0.1910

Last yr of 2016 WCF

Last yr of 2018 WCF

2019 REFERENDUM

Impact of a \$0.50 rate incr in Education Fund	2.8500	2.8500	2.8500	2.8500	2.8500	2.8500	2.8500	2.8500	2.8500	2.8500	2.8500
ED FUND REVENUES	\$ 10,528,243.56	\$ 10,633,526.00	\$ 10,739,861.26	\$ 10,847,259.87	\$ 10,955,732.47	\$ 11,065,289.80	\$ 11,175,942.69	\$ 11,287,702.12	\$ 11,399,461.55	\$ 11,511,220.98	\$ 11,623,080.41
CHANGE IN ED FUND	\$ 1,847,060.27	\$ 1,865,530.88	\$ 1,884,186.19	\$ 1,903,028.05	\$ 1,922,058.33	\$ 1,941,278.91	\$ 1,960,691.70	\$ 1,980,298.62	\$ 2,000,101.60	\$ 2,020,101.60	\$ 2,040,101.60
Combine ED Fund + B & I	3.0282	3.0472	3.1142	3.1069	3.0997	3.0392	3.0837	2.8410	2.8351	2.8295	2.8249
Rate (Keeping 2.35 ED Rate)											
Combine ED Fund + B & I Rate (Adding \$0.50)				3.6069	3.5997	3.5392	3.5837	3.3410	3.3351	3.3295	3.3249
Overall rate change for ED Fund + B & I				0.4927	-0.0072	-0.0605	0.0445	-0.2427	-0.0059	-0.0056	-0.0046

2023 REFERENDUM

Impact of a \$0.50 rate incr in Education Fund	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85
ED FUND REVENUES	\$ 8,681,183.29	\$ 8,767,995.12	\$ 8,855,675.07	\$ 8,944,231.82	\$ 9,033,674.14	\$ 9,124,010.88	\$ 9,215,250.99	\$ 9,307,403.50	\$ 9,400,477.54	\$ 9,493,550.58	\$ 9,586,627.62
CHANGE IN ED FUND	\$ 86,811.83	\$ 87,679.95	\$ 88,556.75	\$ 89,442.32	\$ 90,336.74	\$ 91,240.11	\$ 92,152.51	\$ 93,074.04	\$ 93,974.04	\$ 94,874.04	\$ 95,774.04
Combine ED Fund + B & I	3.0282	3.0472	3.1142	3.0392	3.0837	2.8410	2.8351	2.8295	2.8249	2.8193	2.8147
Rate (Keeping 2.35 ED Rate)											
Combine ED Fund + B & I Rate (Adding \$0.50)				3.6069	3.5997	3.5392	3.5837	3.3410	3.3351	3.3295	3.3249
Overall rate change for ED Fund + B & I				0.4927	-0.0072	-0.0605	0.0445	-0.2427	-0.0059	-0.0056	-0.0046

REFERENDUM YEAR

