

Edwardsville School District sets tax levy as it anticipates upcoming Prop. E vote

by Cory Davenport, Contributing Writer
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EDWARDSVILLE - Edwardsville Superintendent Lynda Andre presented yet another PowerPoint presentation at its Monday, March 27, 2017, meeting of the Edwardsville Board of Education explaining its need for financial assistance in the wake falling property tax values and a lack of state funding.

The district's news from the preliminary EAV numbers for the 2017-2018 school year for the district has been better than the rest of its usual daunting figures. The assessment of township "multipliers" has caused an EAV growth of more than six percent, following the district's own estimates of the growth rate being as low as 1.9 percent in December 2016.

"As a result of this EAV change due to the application of the township "multipliers," the district could receive an additional \$700,000 in revenue in the Education Fund above what was projected for the 2017-2018 school year," Andre said. "In addition, the district's estimated tax rate for the 2017-2018 school year will drop from \$4.22 to between \$4.10 and \$4.14."

With this new information, the current push for the reintroduction of Proposition E, which would increase property tax for homeowners in the district by 55 cents for every \$100 of equalized assessed values (EAV). Instead of increasing rates to \$4.77, the new levy would increase it to \$4.65 to \$4.69 for every \$100 of EAV.

The Edwardsville School District is also expecting to see a reduction of general state aid in the coming year, because a decline in general state aid is always experienced when the district's EAV increases in a year.

"The only way for the additional revenue received in the Education Fund for the 2017-2018 school year to be sustainable is if the district experiences a similar growth rate in EAV in the 2018-2019 school year," Andre said. "Even with the additional Education Fund tax revenues, the district will still be facing an over \$2.5 million budget deficit next year and will be entering next school year with approximately \$6.7 million of Education Fund debt (negative operating fund balance)."



Since 2009, Edwardsville School District #7 has held a position of the State of Illinois's Financial Watch List - a dismal designation awarded to school districts who are suffering financial hardships. The district is now subject to financial monitoring from the Illinois State Board of Education (ISBE), which began during the 2015-2016 school year, as a direct result of an audit conducted by the ISBE during the 2014-2015 school year.

If these financial hardships continue into the future, Andre said the district could receive an even more dismal Certification of Financial Difficulty designation, which is a direct result of ending both the 2014-2015 and 2015-2016 school years with negative operating fund balances. If that certification does occur, the district may be subject to financial oversight by the State of Illinois (which is at least partially responsible for the district's financial woes already) as early as June 2019.

"a solution that no one finds acceptable on any level," Andre said in her presentation. "Since November 2016, the district's financial outlook has worsened."

In November 2016, Proposition E was declined by the voters by a margin as small as one and a half percent.

"When the current school year began, the district estimated that its negative operating fund balance in the Education Fund would increase to approximately \$6.7 million by the

end of the year," Andre said in her presentation. "This estimate is assumed that the State would eventually pay all outstanding and mandated categorical and grant payments due through June 30, 2017."

Currently, the State of Illinois owes the district as much as \$2.7 million from both the 2015-2016 and 2016-2017 school years, and has yet to pay any mandated categorical payments for special education and transportation in this school year. The state has also paid only five of nine early childhood education payments. That amount will increase to an estimated \$4 million owed by the state to the district, if no additional categorical or grant payments are made to the district, the presentation says.

The state is not paying what it owes the Edwardsville School District, due to a backlog of state bills, now totaling more than \$12.5 billion.

"Last week, the ISBE informed District 7 that, instead of receiving two of the four mandated quarterly categorical payments for special education and transportation, the district should expect to receive only one mandated categorical payment for the 2016-2017 school year," Andre said in a release. "In addition, the state's ability to pay all of the early childhood grant payments due for this school year is now seriously in doubt."

Because of this grim news, the Edwardsville School District Finance Committee and Board approved resolutions to issue tax anticipation warrants, which borrow against future tax revenue, for the education fund to cover salaries and bills, so the district can complete the 2016-2017 school year and the transportation fund to cover students transportation services to assist in completing the 2016-2017 school year, the presentation states.

The amount requested by the board to borrow for the tax anticipation warrants, which were already expected to breach \$4 million has increased to as much as \$7 million.

"This would provide the needed cash flow for the district until it begins receiving property tax payments in June and July," Andre said in her presentation. "If the state does not make any categorical payments for special education or any additional early childhood grant payments, it is possible that the district will need to borrow tax anticipation warrants for the education fund to finish the month of April 2017."



Regardless of the categorical payments, the district will have to issue those warrants by May to finish this current school year. The district only holds an estimated \$250,000 in its transportation fund, while the state currently owes the district approximately \$1.1 million in transportation funding, which is expected to increase to more than \$1.6 million by the end of March if no further payments are made to the district from the state.

"As a result of the state's inability to pay District 7, the district currently owes First Student, the district's transportation provider, approximately \$900,000," Andre said in her presentation. "Due to the notification that the district will now receive only one of four mandated categorical payments for transportation this school year, the board will have to issue up to \$1 million in tax anticipation warrants to finish the school year."

Another result of the state failing to repay the funding it "promised" the district is a \$3-\$3.5 million budget deficit in the district.

"With the district facing the risk of state oversight, the Board of Education must begin making progress toward the June 2019 balanced budget requirement issued by the ISBE while still providing a quality education for District 7 students."