



FAQ Regarding District 97's Referendum

On April 5, 2011, District 97 will ask the voters of Oak Park to consider passage of a limiting rate increase that will offer a long-term, sustainable solution for managing its structural deficit, and provide funding that will be invested in the educational experience for its students. Below are responses to some of the frequently asked questions about the referendum. This is a living document that will be updated when there are new developments regarding the referendum.

Why did the district wait 20 years to seek a referendum?

Since passing its last operating fund referendum in 1989, District 97 has managed its deficit spending by identifying revenue enhancements and implementing cost-saving measures that included reductions in expenditures each of the past nine years. Through these efforts, the district was able to remain financially solvent and avoid asking the community for support through a tax increase. However, the district's fund balances are dwindling. Additional revenues are needed to establish a long-term, sustainable solution for its structural deficit and avoid making nearly \$4.5 million in cuts next year.

What is a limiting rate increase?

The district's limiting rate is its operating tax rate (excludes debt service, such as for the repayment of the middle school referendum bonds) as calculated by the Tax Cap Law. A limiting rate increase sets the limiting rate at a level higher than what the Tax Cap formula would allow.

What is the structural deficit?

The structural deficit is the result of the district's expenditures growing at a faster rate than the revenues it brings in via the Consumer Price Index (CPI). For example, the district's structural deficit grew two years ago when the CPI was 0.1 percent and its costs exceeded that percentage.

Why did you ultimately decide to pursue a limiting rate increase over the working cash fund bond option?

In its initial study of this issue, the Board of Education considered five different referendum options, including:

- Limiting rate increase
- Overriding the CPI in the Tax Cap formula
- School building bonds
- Working cash fund bonds
- Increasing the Debt Service Extension Base

Although it is not common practice to fund school districts through the sale of debt, the state's uncertain financial situation (Illinois State Board of Education recommended that districts not include money beyond General State Aid in their budgets for FY11) and the interest rates the district could secure on the sale of bonds made the working cash fund bond option the best one at the time.

However, the board stated throughout the process that it was monitoring the actions of the governor and Illinois House and Senate for any changes regarding state funding for education; and would take any new developments into consideration before selecting the final referendum option. Such a development came in the form of the

recent passage of the income tax increase, which offers greater assurance that the money the district is owed by the state will be paid in a timely manner. When this funding was incorporated into the district's five-year projections, the revised numbers, coupled with changes in the marketplace that caused interest rates for borrowing to increase, indicated that the limiting rate option offers the district a more long-term, sustainable solution for managing its structural deficit, while also reducing the annual amount it is asking for from taxpayers.

How much will the limiting rate increase cost the taxpayers?

An increase in the limiting rate will cost taxpayers approximately \$38 per \$1,000 on their property tax bill. For example, a household that has a \$10,000 tax bill will pay an additional \$380 (approximately \$31.66 per month). Under the working cash fund bond option, taxpayers would have paid approximately \$61 per \$1,000 or \$610 on a \$10,000 tax bill (approximately \$50.83 per month).

Doesn't an increase in the limiting rate represent a non-expiring tax increase?

Even though the working cash fund bond option would have had an end date of December 2018, which is when the debt incurred from the issuance of the bonds would have been retired, the limiting rate increase is a non-expiring tax increase that can fluctuate based on the community's financial stability.

However, this option has several benefits for the district and community:

- The limiting rate option will cost taxpayers \$23 per \$1,000 less on their property tax bill over the working cash fund bond option.
- The limiting rate increase represents a more viable, sustainable solution for the district's long-term financial health, which is highlighted by what its estimated structural deficit would be in 2018 under this option (approximately \$2.5 million) as opposed to what it would be under the working cash fund bond option (approximately \$9 million).
- In 2018, the middle school debt, which represents \$29 per \$1,000 of the latest property tax bill, is set to retire.

Since the district will be receiving the money it is owed from the state, does it still need a referendum?

The money coming from the state is what it already owes the district for items such as transportation, special education reimbursements, early childhood and other state categorical grants, etc. **None of it is new funding.** So, while the developments downstate impacted the type and size of the referendum, they did not change the district's need to seek one in April. Even with the money from the state and the nearly \$1.3 million in reductions being made despite the outcome of the referendum, the district will still be facing a structural deficit of approximately \$4.5 million in FY2012 that will increase in subsequent years.

On January 25, 2011, the Oak Park Teachers' Association announced that District 97 teachers accepted a wage freeze for the 2011-2012 school year that is expected to save the district more than \$1 million. While the district anticipates these savings, as well as the ones from the wage freeze accepted by the administrators last year, will reduce its structural deficit, they will not close it.

The district's financial challenges cannot be solved solely by making cuts in programs and personnel. Permanent reductions are part of the district's plan for managing its structural deficit and increasing its fund balance. However, making cuts will only provide some of the cost savings needed to achieve its goals.

The passage of the limiting rate referendum in April will provide the district with the financial resources to manage its deficit on a long-term basis.

How will the money from the referendum be spent?

The money the district will receive from the successful passage of the referendum will:

- Provide the district with a long-term, sustainable solution for managing its structural deficit.
- Save many if not all of the programs and positions that would have been cut if the referendum failed.
- Enable the district to invest in initiatives such as the increased integration of technology in the classroom, the enhancement of its foreign language and arts programs, and the transformation of schoolyards into outdoor learning environments—all of which are part of its preferred vision for the future and are aimed at helping kids develop into 21st Century learners.
- Enable the district to use its Debt Service Extension Base to fund future capital improvement projects.

What will happen if the referendum fails to pass?

On January 11, 2011, the Board of Education approved a list of reductions that was developed by the district's administration and presented by the superintendent on December 14, 2010. The list includes two categories of reductions:

Reductions in 2011-2012 regardless of the outcome of the referendum

These reductions, which total nearly \$1.3 million, are aimed at improving the efficiency of the district's current operations and enhancing the educational experience for students. They were identified by the district's administration through its analysis of the district's programs, as well as through feedback it received from district employees and community members.

Reductions tied directly to the success or failure of the referendum

This list of reductions, which totals nearly \$4.5 million, was created by the district's administration following months of discussion, study of current programs and outreach to internal and external stakeholders. Its goal was to identify reductions that would help the district address the financial challenges it is facing (starting with an estimated \$4.5 million structural deficit for FY2012), while minimizing the impact on the classroom and keeping the core curriculum intact. If the referendum passes, many, if not all, of the programs and staff positions in this category will be restored/reinstated following the April election. If it fails, these reductions will be implemented starting with the 2011-2012 school year.

The list of items associated with each category of reductions can be viewed by visiting www.op97.org/referendum/.

Please note—On January 25, 2011, the Oak Park Teachers' Association announced that District 97 teachers accepted a wage freeze for the 2011-2012 school year that is expected to save the district more than \$1 million. While the district anticipates these savings will reduce its structural deficit, it is still analyzing the impact this freeze, as well as the one accepted by the administrators last year, will have on its financial future. In addition, the reductions mentioned above were identified using feedback from multiple stakeholders during a process that took several months. Any changes to these reductions will be thoroughly studied before being made. Lastly, the wage freeze, while significant, will not close the structural deficit. Reductions will still need to be made if the referendum fails.

What impact will the change in size of the referendum have on the reductions list approved by the board on January 11, 2011?

Although the state's passage of the income tax increase enabled the district to change the type of and reduce the size of the referendum, it is still facing financial challenges. Even with the money it is set to receive from the state (which is what the district is owed and represents no new funding) and the approximately \$1.3 million in reductions it will make regardless of the outcome of the referendum, the district will still have a structural deficit of approximately \$4.5 million in FY2012.

To reduce the district's structural deficit, the list of reductions approved by the board on January 11, 2011 will remain unchanged, and will be implemented, pending action by the board, prior to the start of the 2011-2012 school year. Additional reductions may need to be made in the years proceeding FY2012.

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Has the district considered cost-cutting measures that would either eliminate the need for a referendum or reduce the amount of money it is seeking?

The district has cut expenditures each of the past nine years. In addition, the list of reductions that were approved by the Board of Education on January 11, 2011 included reductions that will be made regardless of the outcome of the referendum. These reductions, which total nearly \$1.3 million, are aimed at improving the efficiency of the district's operations and enhancing the educational experience for students. They were identified by the district's administration through its analysis of the district's programs, as well as through feedback it received from district employees and community members. The list of these reductions can be viewed by visiting www.op97.org/referendum/.

Would District 97 benefit financially from merging with districts 90 and 200?

There are several issues to take into account when discussing the merger of the three districts.

- Voters of Oak Park and River Forest would have to agree to support merging the districts.
- Merging the districts would require collectively bargaining salary and benefits with all employee groups, which could potentially lead to increased costs.
- State funding to incentivize consolidations has been cut considerably in recent years.

What role/impact does the TIF play in the referendum process?

Based on the current formula it has with the Village of Oak Park, the district will receive more money from the TIF than it would without it. This benefit is due to the increased growth associated with the TIF.

In addition, approximately 15.7 percent of the district's budget is derived from state funding, which is affected by the district's ability to raise property taxes. Under the current General State Aid formula, if the district receives more EAV/property release from the TIF, it loses approximately \$0.52 of General State Aid for every dollar gained in local property tax. So, if the TIF expired today and the district got all the EAV/property release, the net revenues it receives this year would be less than what it receives through its intergovernmental agreement with the village.

How much does the district spend on salaries and benefits?

The district's FY11 budget includes \$46,007,594 for salaries and \$7,823,821 for benefits. This represents approximately 67 percent of the district's total budget.

The median salary for District 97 teachers who earned a bachelor's degree (\$42,272) or a master's degree (\$47,344), and are not currently working toward earning an additional degree, is in the mean among peer districts that include, but are not limited to, those located in Morton Grove, Niles, Park Ridge, Northbrook, Wilmette, Prospect Heights, Arlington Heights, LaGrange, Glencoe, River Forest and Skokie.

The Oak Park Teachers' Association agreed to take a wage freeze for the 2011-2012 school year, which will save the district more than \$1 million.

Furthermore, the district must maintain a competitive salary schedule to retain existing highly qualified teachers and attract strong candidates for open positions in the future.

Where does District 97 rank academically among the public school districts in Illinois?

District 97 is among the nine percent of Illinois public school districts (83 public school districts out of 869) that earned a 2010 Bright Red Apple Award from School Search, which is an educational research and consulting firm that publishes rankings of school systems. The award is based on five criteria:

- Academic Performance
- Pupil/Teacher Ratio
- Operating Expenditure Per Pupil
- Educational Level of Teachers
- Average Teacher Salary

A complete list of the award winners can be accessed by visiting www.wdstudio.net/schoolsearch/agle2010.htm.

The 2010 Illinois School Report Cards for District 97's elementary and middle schools can be accessed by visiting www.op97.org/administration/reportcards.html. These report cards contain the results from the ISAT tests taken in the spring of 2010, and include information that compares District 97 and its schools to other districts and schools in Illinois in the areas of per pupil expenditures, class size, instructional setting and finances.

What has been the district's recent history of spending?

District 97 has exercised sound fiscal management during the past decade that is underscored by the cost-saving measures it has implemented and revenue enhancements it has identified. These savings and enhancements include, but are not limited to:

- Nearly \$1 million saved in 2000 through contracting central office services
- \$1.8 million in staff reductions in 2003
- \$1.4 million in reductions to staff, equipment and materials in 2004
- \$719,000 in staff reductions and savings on supplies and material in 2007
- \$6.3 million in additional revenues from 2004 – 2007 through the TIF and intergovernmental agreement with the Village of Oak Park
- \$1.5 million in FY09 by underspending budgeted operating expenditures
- \$3.2 million in FY10 by underspending budgeted operating expenditures

Information about the district's budget history since 2000 can be accessed by visiting www.op97.org/administration/budget.html.

Didn't District 97 have a significantly higher enrollment in previous decades?

District 97's current enrollment is 5576. The high point for enrollment in the 1970s was 6450 in 1975, while the high point in the 1980s was 4837 in 1981.