



# SALES TAX REFERENDUM FACT SHEET FOR CHAMPAIGN COMMUNITY UNIT SCHOOL DISTRICT #4

## REFERENDUM CALLED FOR APRIL 7

The Champaign Community Unit School District #4 continues to face the challenges of repairing and replacing aging facilities, meeting the requirements of a federal Consent Decree to add two elementary strands (K-5 classes) north of University Avenue, and providing equity and excellence for all schools. Tax caps and reduced state funding limit the District's ability to generate revenue. Recent legislation has provided relief through a voter approved increase in the county sales tax to be used for school facilities.

The county wide sales tax option was approved last fall by all school superintendents in Champaign County and taken to the voters in November. Although the sales tax referendum passed in the Champaign Community Unit # 4 and in neighboring Urbana #116, it narrowly failed when the votes from the rest of the county were counted. This was surprising in light of the fact that the areas outside of the Champaign/Urbana districts had much to gain in the way of property tax relief. Superintendents in the districts outside Champaign/Urbana have pledged to work harder to inform their voters about the property tax relief portion of the referendum.

To assure our voters that property tax relief is tied to the referendum, the Champaign Unit 4 Board of Education passed a resolution pledging that property tax relief would be the first use for the sales tax proceeds.

In addition to property tax relief, the one percent sales tax referendum proposed for April 7 will provide additional funding for all Champaign County school districts.

## REFERENDUM SPECIFICS

The Board of Education is carefully reviewing the projections of the amount of annual revenue that will be produced by the increase in the sales tax rate and the resulting projects that can, therefore, be completed. Even with the current recession and the resulting decrease in sales tax revenues, conservative projections continue to show that the annual revenue stream from the sales tax increase will be more than sufficient to make annual payments on \$70 million in bonds. That \$70 million will be utilized to make the following expenditures:

- Pay off existing construction debt from Barkstall & Stratton in 2009-2010. This will save the taxpayer with a home valued at \$150,000, about \$32 in property taxes. (Cost: \$14,500,000)
- Add a strand to Garden Hills Elementary School and make extensive improvements throughout the building (a strand is a K-5 group of classrooms). Construction will begin in 2009-10 and be completed in 2010-11. (Cost: 12,000,000)
- Rebuild B. T. Washington as a new three strand school. Construction will begin in 2009-10 and be completed in 2010-11. (Cost: \$18,000,000)
- Pay off Garden Hills & Centennial Energy Performance Contracts in 2009-10 (Cost: \$2,867,610)
- Build a new three-strand school in Savoy with Construction to begin in 2011-12 and the school to open in 2012-13. The existing Carrie Busey school will be relocated to the Savoy school location in 2012-13 (Cost: \$18,000,000)
- Improve other elementary schools as funds become available. It is projected that approximately \$4.5 million dollars will be needed at each of the remaining elementary schools to make them energy efficient and provide the necessary program improvements so that all are equitable. Improvements in the first elementary school will begin in 2012-13 and be completed by 2013-14. These students will attend Carrie Busey in 2012-13. Improvements in the next elementary school will follow as additional revenues from the one percent sales tax becomes available. (Cost: \$4,500,000)
- Acquire land for a new Central High School as revenue from the one percent sales tax becomes available.
- Utilize a portion of the sales tax revenue in 2015 to pay off the existing Qualified Zone Academy Bonds which are due in 2015 (totaling \$1,964,000 of which \$500,000 is now available in fund balance). The bonds were previously issued for the Early Childhood Center.

TOTAL ESTIMATED COST: \$69,867,610

Dear Parents, Community Members, Staff Members and Students,

Last November, voters in Champaign Unit # 4 and in Urbana #116 approved the passage of a one percent Sales Tax Referendum to be used for decreasing property tax by reducing existing bond debt and for improving facilities. The Sales Tax Referendum, however, was defeated countywide, and the anticipated property tax reductions and facility improvements did not occur. Following the narrow defeat of the Referendum, the fourteen school superintendents in Champaign County met and asked that the issue be put to the voters again on April 7. Superintendents outside of Unit 4 and District 116 said that they would increase their efforts to educate voters about the property tax relief to be provided by passage of the Referendum.

If the Referendum passes in April, the revenue will be shared among the fourteen districts based on enrollment. Champaign Unit 4's share of the sales tax revenue is expected to be approximately \$70,000,000 over 20 years. The first \$14,500,000 of the proceeds will be used to reduce property taxes within the District. This will reduce school district taxes on a \$150,000 home by approximately \$32 per year. The property tax savings will be greater on properties with higher assessments. The amount of savings decreased from \$50 to \$32 on a \$150,000 since November due to a payment being made on bond debt and an increase in the District's assessed value. The Board of Education has passed a resolution pledging that the funds will first be used to pay construction debt and reduce property taxes.

After eliminating bond debt from the 1998 facilities referendum and reducing property taxes, the District will add a strand of K-5 classrooms to Garden Hills Elementary School and build a new three-strand Booker T. Washington Elementary School at the existing location. The rebuilding of BTW and the addition to Garden Hills will fulfill the requirements of the Consent Decree to add two strands of elementary classrooms north of University Avenue. With the Consent Decree set to expire on June 30, 2009, it is very important that we make every effort to fulfill this agreement. The remainder of the funds will be used to upgrade existing buildings, to increase energy efficiency, and to provide space in underserved areas of the District.

Currently, local property taxes fund 66 percent of the District's budget. For the past four years, the Board and administration have focused intently on financial stewardship of these tax dollars by reversing a 10-year trend of overspending the approved budget and by bringing the District's financial status back to "Recognized" according to the Illinois State Board of Education. "Recognized" is the highest financial performance rating given by the ISBE. This stewardship of tax dollars has allowed the District to be proactive in the current recession. We are able to tighten our belts and plan for the future without having to immediately react with dramatic cuts to programs and personnel.

To continue the District's strict stewardship and transparency with the community, a "Promises Made, Promises Kept" committee will be created to monitor all expenditures from the bond funds. Community membership is a part of the committee. Funds will be deposited into a separate account from the general funds and must go toward acquiring land or renovating or building schools.

The age and condition of facilities in Unit 4 are such that significant improvements and additions should be made to ensure excellence and equity for all. After bond debt is retired, all of the sales tax proceeds will be used to achieve these improvements and additions. If you have any questions regarding the sales tax referendum, please contact a member of the Board of Education or the Superintendent.

Sincerely,

David W. Tomlinson, President, Board of Education      Arthur R. Culver, Superintendent

## SCHOOL DISTRICTS IN CHAMPAIGN COUNTY BENEFITING FROM THE APRIL 7 SALES TAX REFERENDUM

Champaign Unit #4, Fisher #1, Gifford #188, Heritage #8, Ludlow #142, Mahomet-Seymour #3, Prairieview-Ogden #19, Rantoul City #137, Rantoul HS #193, St Joseph-Ogden High School #305, St. Joseph #169, Thomasboro #130, Unity #7, Urbana #116

## **FREQUENTLY ASKED QUESTIONS**

The following questions have been directed to the Board of Education and the administration regarding the referendum. Please share this information as appropriate and direct any additional questions to the Board of Education or Superintendent Arthur Culver (u4boe@champaignschools.org or 351-3800.)

### **WILL THE SALES TAX REFERENDUM AFFECT THE CONSENT DECREE?**

The District's Consent Decree is set to expire on June 30, 2009. One goal of the Consent Decree is the addition of two strands of seats (K-5) north of University Avenue. The addition of these strands is the first facility priority to be funded with sales tax revenue and will strengthen the District's legal position that the terms of the Consent Decree have been fulfilled. However, no facility funding will be made available from sales tax revenue until after payment of bond debt to reduce property taxes.

### **WILL ANYTHING CHANGE AT GARDEN HILLS AND BTW WHEN THE STRANDS ARE ADDED?**

In addition to added space and improved infrastructure, both schools will implement programs to attract families. Committees will review magnet school proposals to determine the appropriate direction for the schools. All renovations and new construction will be energy efficient and sustainable. The new and renovated buildings will be healthier for staff and students, as well as more economical to operate. New and renovated buildings will meet the U.S. Green Building Council's LEED (Leadership in Energy and Environmental Design) criteria for new school construction.

### **HOW WILL THIS AFFECT MY PROPERTY TAXES?**

Each school district will handle this issue separately. Champaign Unit 4 will reduce property taxes by paying off all existing construction debt. The amount of property tax relief has decreased from \$50 on a \$150,000 home to \$32 since the November Referendum due to an increase in the District's assessed value and a principal payment being made on bond debt.

### **WILL ANY ITEMS BE EXEMPT FROM THE SALES TAX INCREASE?**

Yes. Qualifying foods (groceries, not food eaten on premises), drugs, farm equipment and parts, farm inputs, cars, trucks, ATV's, boats, RV's and mobile homes will be exempt from the sales tax increase. The sales tax will be paid by all who buy goods and services in Champaign County.

### **WHERE WILL THE NEW SCHOOLS BE BUILT?**

A new BTW Elementary will be built on the current site. A replacement school for Carrie Busey will be built in Savoy on land donated to the District. The Carrie Busey staff and students will move to the new location when the school is completed, Proximity A for Carrie Busey will be assigned to the new site. The District will solicit the help of a committee including a diverse group of community members to make recommendations to the Board of Education for the acquisition of property for existing facilities and future school sites.

### **WHAT WILL BE DONE FOR MIDDLE SCHOOLS AND HIGH SCHOOLS?**

The revenue from the sales tax increase will make a significant impact on the District's goal of providing high quality educational facilities for all students, but it is not sufficient to meet all of the District's facility needs. Aging middle school and high school buildings, lack of land space, and changing program needs challenge secondary schools. Future referendums will be needed for secondary buildings and upgrades. However, the District will not seek such a referendum until at least 2015, after the community has had the opportunity to assess the District's stewardship of public funds used for building and enhancing facilities. The Board and the administration intend for the District to continue to demonstrate the kind of financial stewardship necessary to build public confidence and believe the public will want high quality secondary facilities to match the enhanced elementary buildings.

### **HOW MUCH SALES TAX REVENUE IS EXPECTED?**

Conservative estimates of Unit 4's share of the sales tax are approximately \$6,800,000 per year. The District will issue bonds for \$70,000,000 and use the annual sales tax proceeds to repay the bonds over 20 years. The funding can be used to pay existing debt and reduce property taxes, to build new facilities, to renovate existing facilities and to acquire land for future building. The principal and interest payments on the debt will not exceed \$5,800,000 annually. This cushion helps protect the District from the possibility of reduced sales tax revenue. Any revenue not used for bond payments will be spent on facilities needs, not on personnel or operating expenses.

### **HOW WILL THE SALES TAX REVENUE BE MONITORED?**

A committee will be formed by the Board of Education to monitor expenditures of sales tax revenue. This "Promises Made, Promises Kept" committee will monitor all expenditures of sales tax revenue and make quarterly public reports to the Superintendent and the Board of Education.