



NEW LENOX SCHOOL DISTRICT 122
 102 South Cedar Road, New Lenox, Illinois 60451
 Phone 815-485-2169 Fax 815-485-2236

MESSAGE FROM THE SUPERINTENDENT

March 8, 2017

Dear New Lenox School District 122 Families and Community:

Each year when spring approaches there is an abundance of energy in the air around our school district. We focus on evaluating our past decisions and programming and begin planning for the future. This message provides me the opportunity to update you on specific concerns, issues, celebrations, and happenings across the District.

District Finances

As always our first priority is our students, their education, safety, and well-being. However, in order to meet this priority, the District initially must focus on school funding and sound fiscal management. As I finish my 3rd year as your superintendent, I continue to be committed to “not spending more than we take in” and striving to create a surplus to pay “cash” for continued capital improvements.

This goal gets more challenging each year as a direct result of the chaos in Springfield. Our biggest concern at the moment is the proposed property tax freeze in the “Grand Bargain Plan” proposed by legislators. As you recall schools in Illinois are primarily funded by property taxes per the school funding formula set up by the legislation. While I, as you, would love to see my property taxes go down, I also understand that freezing property taxes will have a devastating effect on our schools.

I continue to plead our case to our legislators stating that it is imperative to develop a new way of funding schools before they strip schools of their primary source of funding. I’ve included a chart developed by our Business Manager depicting our reality with a property tax freeze, permanent and/or temporary.

New Lenox School District 122 Property Tax Freeze Analysis (Feb 2017)							
Property Tax Revenue	FY17	FY18	FY19	FY20	FY21	FY22	FY18 - FY22
2.0% CPI + \$20M New Property per Year	41,161,719	42,395,050	43,892,336	45,416,398	46,967,790	48,547,073	227,218,647
0.0% CPI all years + \$20M New Property per Year	41,161,719	41,972,138	42,602,562	43,217,611	43,817,658	44,403,070	216,013,038
0.0% CPI all years + \$0M New Property per Year (Hard Freeze)	41,161,719	41,653,034	41,653,033	41,653,032	41,653,031	41,653,030	208,265,158
0.0% CPI 2017 & 2018 + \$20M New Property per Year	41,161,719	41,972,138	42,602,562	43,652,824	45,143,974	46,661,931	220,033,429
0.0% CPI 2017 & 2018 + \$0M New Property 2017 & 2018	41,161,719	41,653,034	41,653,033	42,370,262	43,817,600	45,290,959	214,784,887
Loss vs 2.0% CPI all years + \$20M New Property all years							
2.0% CPI + \$20M New Property per Year	-	-	-	-	-	-	-
0.0% CPI all years + \$20M New Property per Year	-	(422,912)	(1,289,773)	(2,198,788)	(3,150,132)	(4,144,004)	(11,205,609)
0.0% CPI all years + \$0M New Property per Year (Hard Freeze)	-	(742,017)	(2,239,303)	(3,763,367)	(5,314,760)	(6,894,044)	(18,953,490)
0.0% CPI 2017 & 2018 + \$20M New Property per Year	-	(422,912)	(1,289,773)	(1,763,574)	(1,823,817)	(1,885,142)	(7,185,218)
0.0% CPI 2017 & 2018 + \$0M New Property 2017 & 2018	-	(742,017)	(2,239,303)	(3,046,136)	(3,150,190)	(3,256,115)	(12,433,760)
<p>Note the compounding nature of the losses. Every year's loss becomes permanent and builds upon the next. Revenue loss of this magnitude would be financially catastrophic and unsustainable.</p> <p>School districts will be forced to finance operations and facility maintenance with expensive debt.</p> <p>A permanent property tax freeze creates inefficient funding (debt/borrowing) which costs taxpayers more over time.</p> <p>A permanent cpi only freeze (CPI = 0%, New Property = \$20M) means that NLSD122 must permanently cut \$4,144,004 out of the annual operating budget</p> <p>A permanent hard freeze (CPI = 0%, New Property = \$0M) means that NLSD122 must permanently cut \$6,894,044 out of the annual operating budget</p> <p>A two-year (2017 & 2018) cpi freeze (CPI = 0%, New Property = \$20M) means that NLSD122 must permanently cut \$1,885,142 out of the annual operating budget</p> <p>A two-year (2017 & 2018) hard freeze (CPI = 0%, New Property = \$0M) means that NLSD122 must permanently cut \$3,256,115 out of the annual operating budget</p>							

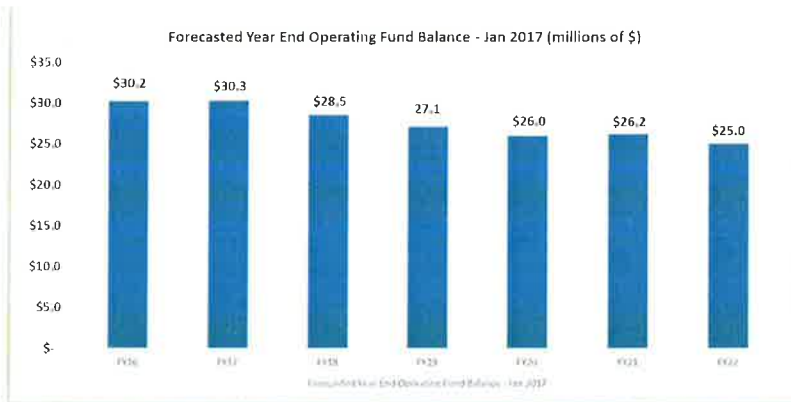
Our neighboring Superintendents and I will be participating in a forum hosted by the Mayor and Village of New Lenox regarding the implications of the proposed tax freeze on March 21st at 6:30 PM at the Lincoln Way Central Auditorium. All are welcome to attend. For your convenience, I have included in this message **Key Points of a Property Tax Freeze**. This provides an excellent summary of the consequences of a freeze.

In addition, I encourage all our parents to reach out to our legislators in support of our schools and against a property tax freeze via the following emails.

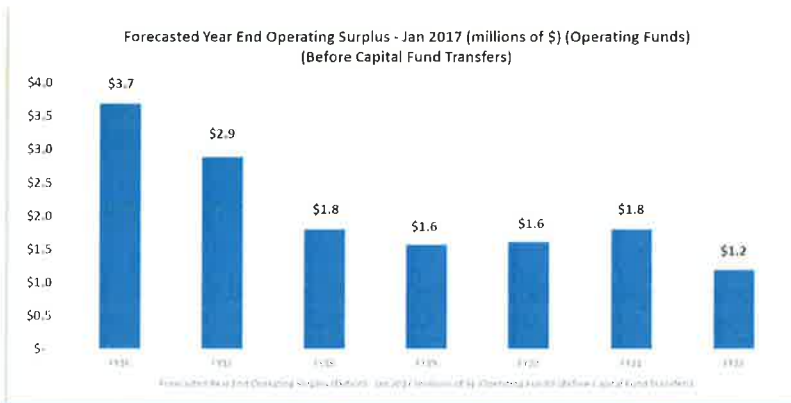
Senator Michael E. Hastings-19th District
District19@senatorhastings.com

Representative Margo McDermed
McDermed@ilhousegop.org

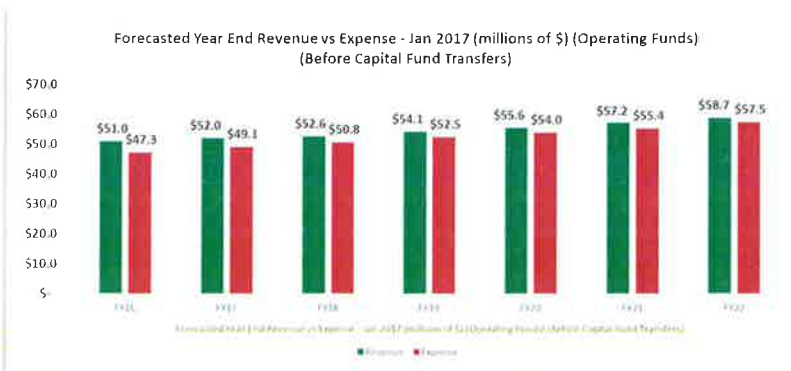
The good news is that, for now, our overall financial status is excellent. With a fund balance of \$30M dollars and a surplus this year of \$3.7M, the District continues to thrive financially. The following charts depict the financial projections of the YEAR END FUND BALANCES, as well as the projected SURPLUS/DEFICIT of the annual budget through 2022, and a synopsis of our spending practices.



Strategically drawing down our overall fund balance by paying “cash” for capital improvements each year.



Employing frugal practices to create a surplus/net balance to pay cash for improvements without increasing taxes.



Working to honor our commitment to not spend more than we take in each year.

Upcoming School Renovations

This summer the District will complete approximately \$2.9M in renovations at multiple schools. The following projects will begin as soon as summer break begins:

- New roof at Tyler School
- New roof at Bentley School
- New epoxy bathroom flooring and new stalls at Nelson Prairie and Nelson Ridge
- Interior painting at Liberty and Martino Junior Highs, as well Tyler and Bentley

Technology Enhancements

This year we implemented a 2:1 environment with 15 iPads placed in each classroom. In Kindergarten, each student has an iPad for a 1:1 experience. Currently, we are developing a plan for each student to have an iPad by 2020. For instance, next year, it is our plan to provide 1:1 technology for K, 1, 6, 7, and 8 grade students. We will be presenting our plan to the Board this summer, as well as a financial plan to support our goals. I encourage everyone to check our Facebook page regularly to see the exemplary uses of technology at the point of instruction in our classrooms.

School Registration Changes

As you prepare to register your children for the 2017-2018 school year, please note the following registration process changes:

- At the time of registration, at least ½ of the fees are due. The other ½ will be due February 15th of the school year.
- Powerschool will have a full pay option or an option to select the ½ down payment.
- If there is a balance of \$117.50 or more for the previous year(s) on the account, the online registration feature will not be activated. Parents will need to come to District Office to register and receive student schedules.

If you have any questions regarding the new procedures, please do not hesitate to contact the Business Office for assistance.

School Board Election

It's that time again when we are all called to exercise our right to vote for our School Board. I encourage everyone to become informed about the potential board members who will be making decisions for your children. Currently, the Teacher's Candidate Forum is running on Channel 6. In addition, the PTO will be hosting a forum on March 16th at 10:30 at Peace Lutheran Church. Finally, the Chamber of Commerce website will also have clips of each candidate. The list of candidates is attached at the end of this message.

Hopefully these highlights give you a glimpse of current happenings within the District. Although it is important to keep you informed of the aforementioned issues, I cannot stress that these issues pale in comparison to the achievements of our students. Our team in District 122 knows that our success is because of you, our supportive parents. We know that you are the heavy lifters providing our students with loving homes. We thank you again for trusting us with your children. We will continue to strive to instill joyful learning in each of your children.

Happy Spring Everyone!

Peggy Manville, Ed.D.
Superintendent





Key Points Regarding the Concept of a “Property Tax Freeze”

- New Lenox School District property tax revenue has been subject to the Illinois Property Tax Extension Limitation Law (PTELL) since 1991. This law puts a maximum cap on how much a school district’s property tax revenue can increase each year. The cap is set equal to whatever the national inflation rate is for the prior calendar year (CPI). Historical inflation averages about 2% per year.
- Over the past 5 years, NLSD122’s property tax revenue from existing properties has only increased an average of 1.7% each year. School district revenue does not fluctuate with the price of homes. When values are increasing, revenue only goes up by inflation (about 2% each year). When values are decreasing, revenue only goes up by inflation (about 2% each year).
- The concept of the current property tax law (PTELL) is that school districts need stable and reliable revenue sources to operate. Revenues cannot be drastically increasing or decreasing depending on the housing market.
- The annual “cost of living adjustment/inflation/CPI” increase in revenue (the 2% average we keep talking about) is the lifeblood of the school district. This revenue increase is what allows an organization to keep pace with labor costs, benefits and the general cost of doing business.
- School districts also receive new revenue when new property is developed. This makes sense because when new homes are built, typically more students come to school and costs increase. New homes and businesses in the community do increase the district’s property tax revenue above and beyond the annual “cost of living adjustment/inflation/CPI” increase.
- Illinois lawmakers have recently proposed several bills to “freeze” property taxes. These proposals are looking to set the “cost of living adjustment/inflation/CPI” to 0% for each year. This means that the school district would collect the same amount of property tax revenue each year into the future with no increases. This can obviously only work if expenses also never increase ever again either.

- Nearly 80% of NLSD122's operating revenues come from property taxes. If the amount of property taxes to be collected each school year never increases ever again, that means that the cost of salaries, benefits, services, supplies and equipment can never again increase either. Such a scenario is not sustainable and not conducive to excellent educational programs. Yes, NLSD122 will still receive additional property tax revenues from new property developments, however, as we discussed before, new property typically means new students and higher expenses. The new revenue may or may not cover the new expenses.
- When you hear your Illinois Legislators tell you that they are going to freeze your property taxes, please ask them to see the "fine print." Please be aware that changes in your home's assessment will still alter your property tax. If your assessment is going up more than the average, your tax bills will still increase. Please be aware that debt payments funded through property taxes are separate from the types of freezes being discussed. Bonds approved and sold in the past have set payment dates and cannot be changed. The taxes pledged to pay these bonds must be levied no matter what happens to the property tax laws.
- What will a property tax freeze do for you? The average New Lenox home sees a 122 property tax increase each year of about \$30. For this \$30, the school system can continue to offer excellent programs and services. For this \$30, the school system can continue to maintain and improve the school buildings. For this \$30, the school system is financially healthy, stable and successful.
- If property taxes are "frozen," your tax bill will still increase to pay debt payments each year.
- If property taxes are "frozen," your tax bill may still increase if your assessments go up by more than average.
- If property taxes are "frozen," the school system will eventually collapse. Continuing to operate without any new funds in future years is not sustainable. At first, districts will need to lay off staff, eliminate programs, increase class size and limit services. If the freeze continued, facility maintenance and repair would need to be deferred or canceled. After a few years, the school system you know and see today would be gone. Schools will be starving for resources and the system will certainly be in terrible distress.
- The worst part of the tax freeze is that as the financial condition of school districts gets worse, schools will be forced to issue expensive debt to fund operations and critical facility maintenance. The debt would likely need to be sold at very high interest rates due to the poor financial condition of the state and now school district. In order to not increase taxes in the short term, much of the debt would likely be scheduled out many years. Now, simple every day expenses would become very costly after accounting for the expensive interest costs. This scenario would be the exact same thing as a person charging everything on their credit card and

only making the minimum payment each month. The cost of everything could double or even triple by the time all the debt is paid off. In the long-run, you will be stuck paying off all the debt and your property tax “freeze” will cost you more money than you could have ever imagined.

- Finally, consider the alternative to a property tax based funding system for schools. The alternative is to reduce or eliminate property taxes and to impose other State taxes to fund the schools. These other taxes would include additional income tax, sales tax and personal property tax along with all kinds of fees and licenses. The funds are collected and all sent to the State of Illinois who then administers and decides how and where to spend all the money. If you currently pay \$5,000 a year to the school district for property taxes, every dollar of the \$5,000 goes directly to your school district in your community. If the State takes over the funding of schools, you may only see \$2,000 or \$3,000 of your same \$5,000 of tax dollars be returned to your home town school district. Other districts with greater “need” may collect a large portion of your tax dollars.

GRADE SCHOOLS
APRIL 4, 2017
CONSOLIDATED ELECTION
FINAL CANDIDATE LIST

The following list includes ONLY the Grade Schools that fall within Will County's Jurisdiction and candidates who filed during the December 12-19, 2016 Filing Period.

UNLESS OTHERWISE SPECIFIED - ALL ARE 4-YEAR TERMS

Name	Address	Vote For:	4
<i>New Lenox School District No. 122</i>			
Board Member			
Theresa Ann Berkey	921 Southgate Rd. New Lenox IL 60451		
Phil Adair	919 Regent St. New Lenox IL 60451		
Rhonda Starklauf	700 Ridgefield Rd. New Lenox IL 60451		
Albert H. Haring	925 S. Bentley Rd. New Lenox IL 60451		
David Rush	2812 Northwind Dr. New Lenox IL 60451		
Chad R. Hull	421 Ashley Ct. New Lenox IL 60451		