

# 2021 Property Tax Levy Presentation

November 16, 2021

Board of Education Meeting

# Tax Levy Information

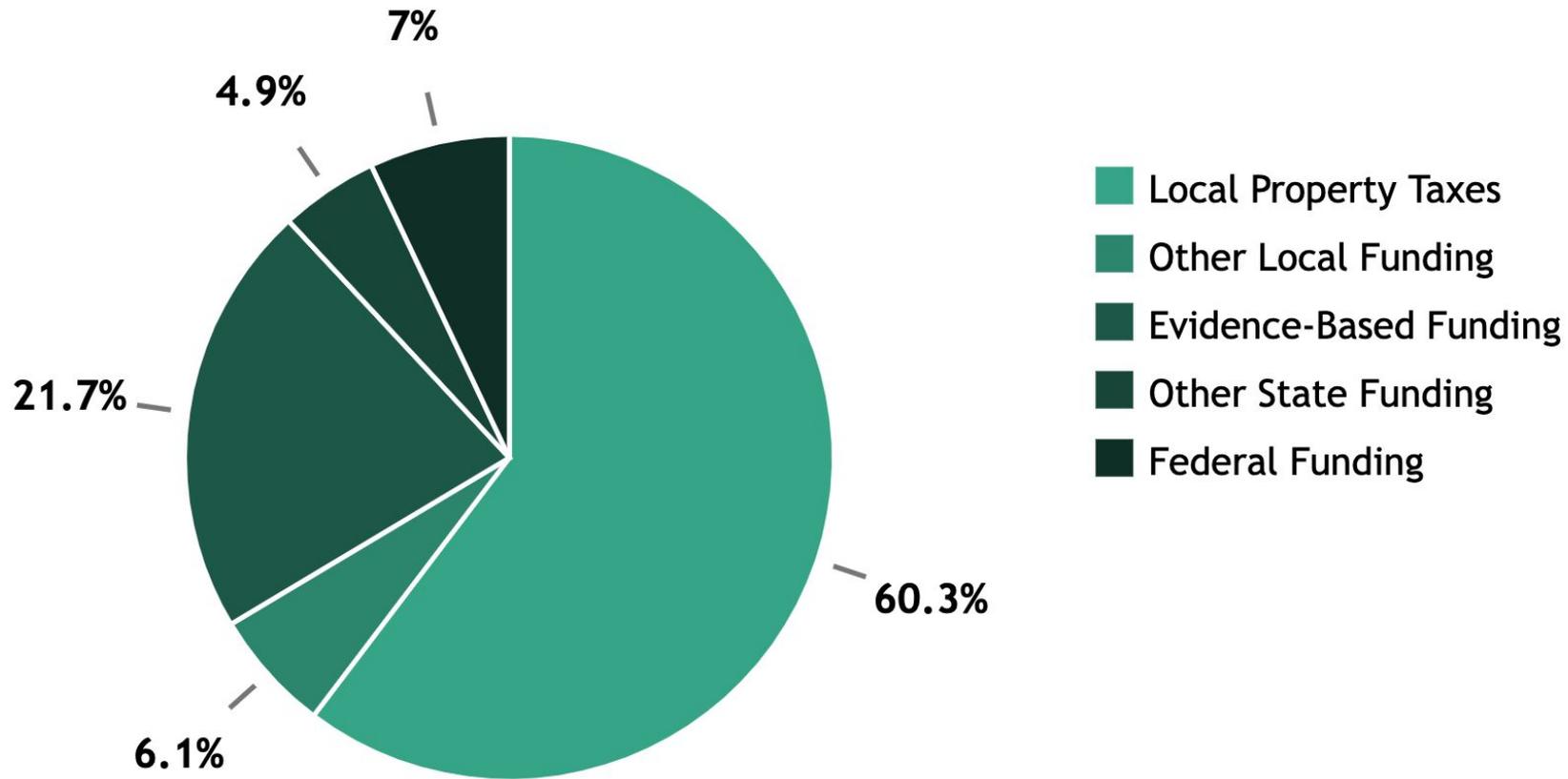
What is the difference between a tax levy and a tax extension?

- A tax levy is the amount of money a school district requests to be raised from property taxes. A tax extension is the amount of money that a school district receives from property taxes.

Why are a tax levy and tax extension important?

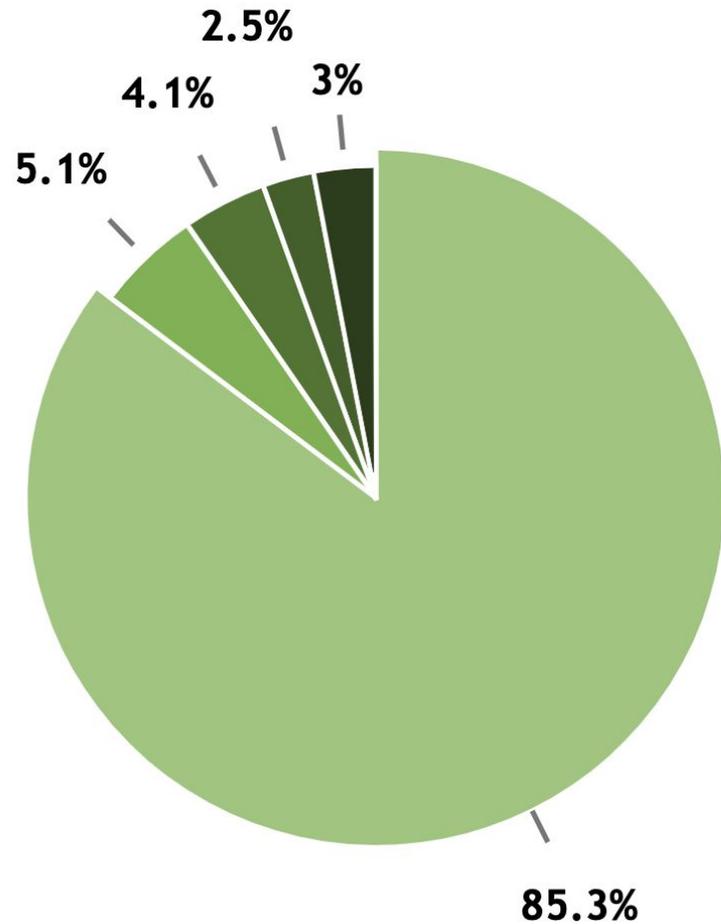
- Most Illinois school district revenue comes from local property taxes.
- For tax-capped school districts, each tax extension is limited by its prior year tax extension plus inflation (CPI-U) on its existing base.

### Illinois School District Averages - Revenue Percentages (FY 2019)



Source: [Illinois School District Report Card](#)

### District Financial Information - Revenue Percentages (FY 2019)



**\$82 M**

- Local Property Taxes
- Other Local Funding
- Evidence-Based Funding
- Other State Funding
- Federal Funding

Source: [Illinois School District Report Card](#)

# Tax Levy Information



## What is the Property Tax Extension Limitation Law (PTELL)?

- Each tax extension is limited by the prior year's tax extension multiplied by the December Consumer Price Index for all Urban Consumers (CPI-U) for the preceding calendar year. PTELL is also known as a "tax cap."

## Does new property count against the tax cap?

- No, new property is added to the tax rolls after the "limiting rate" is calculated. Thus, new property provides additional revenue in excess of the tax cap.

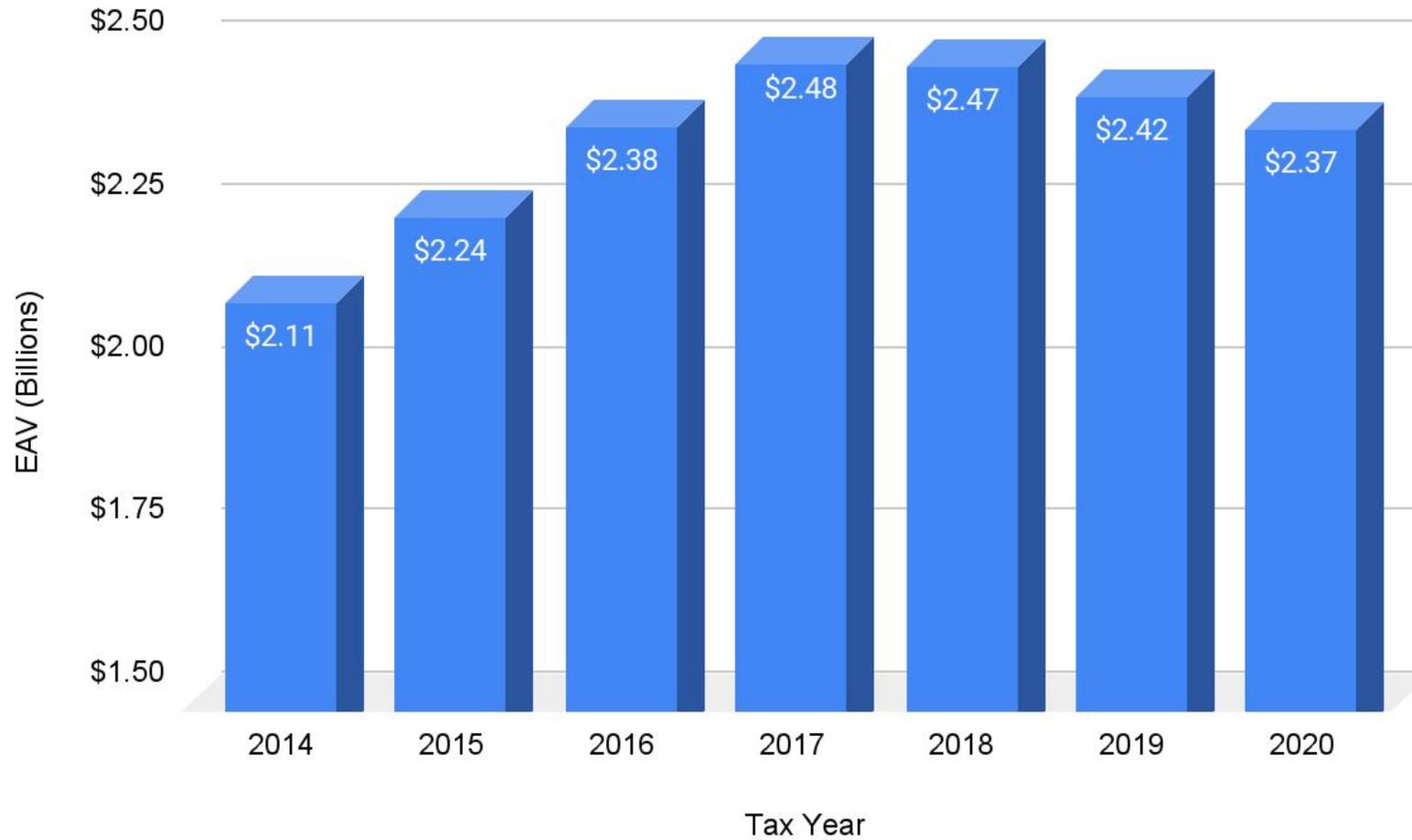
# Tax Levy Information



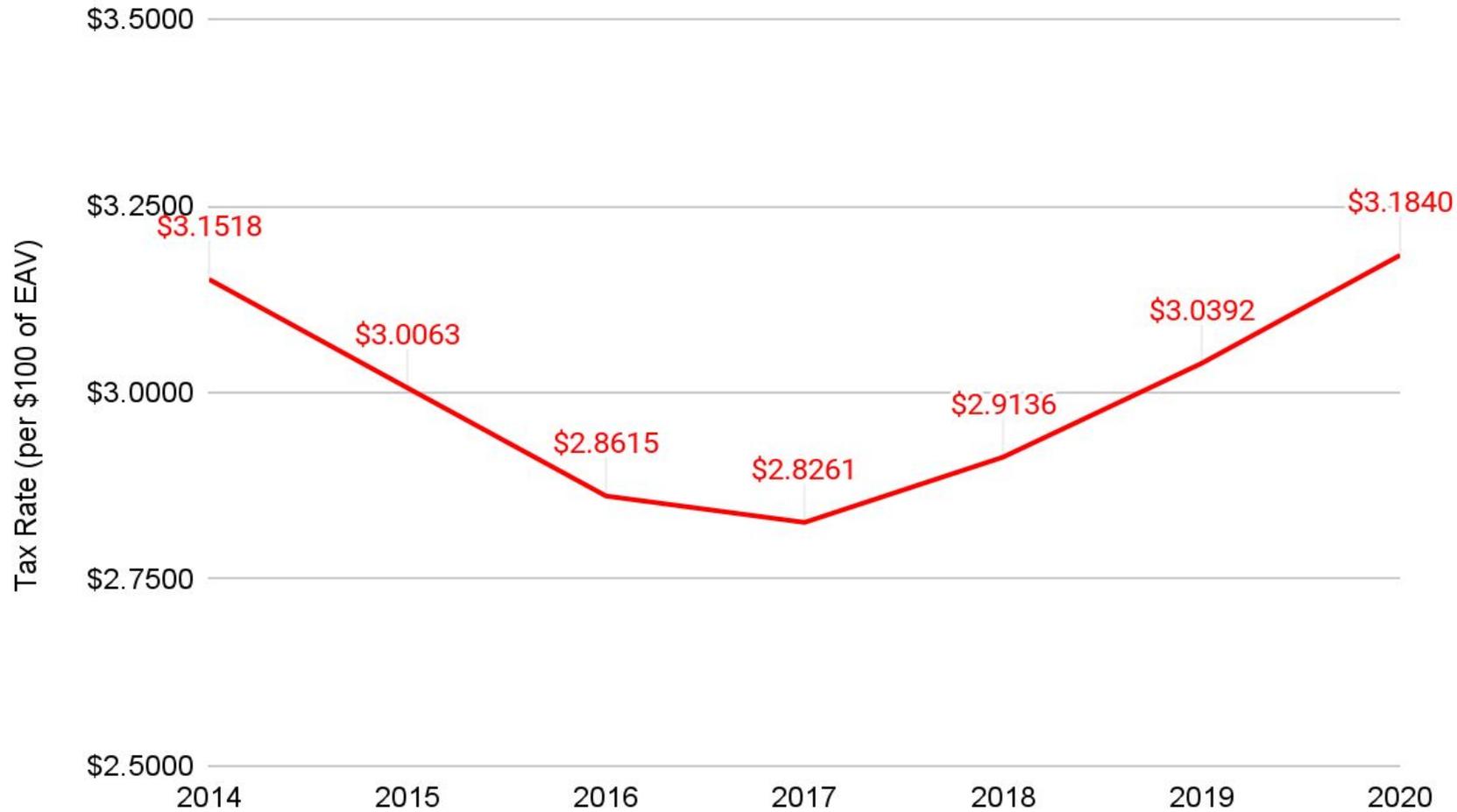
$$\text{Tax Rate} = \frac{\text{Tax Extension}}{\text{EAV}}$$

EAV = Equalized Assessed Valuation (D112 property values)

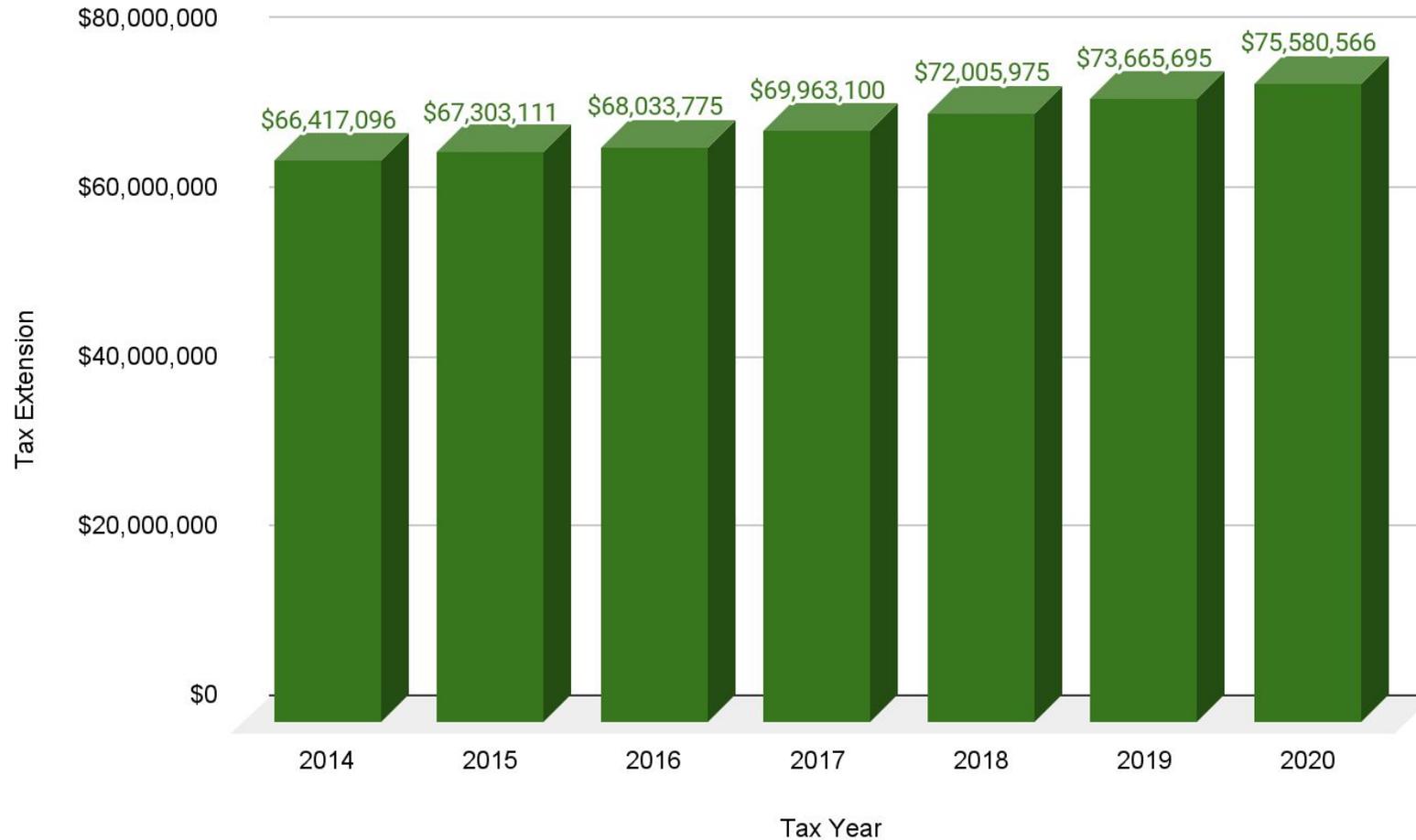
# Historical D112 EAV



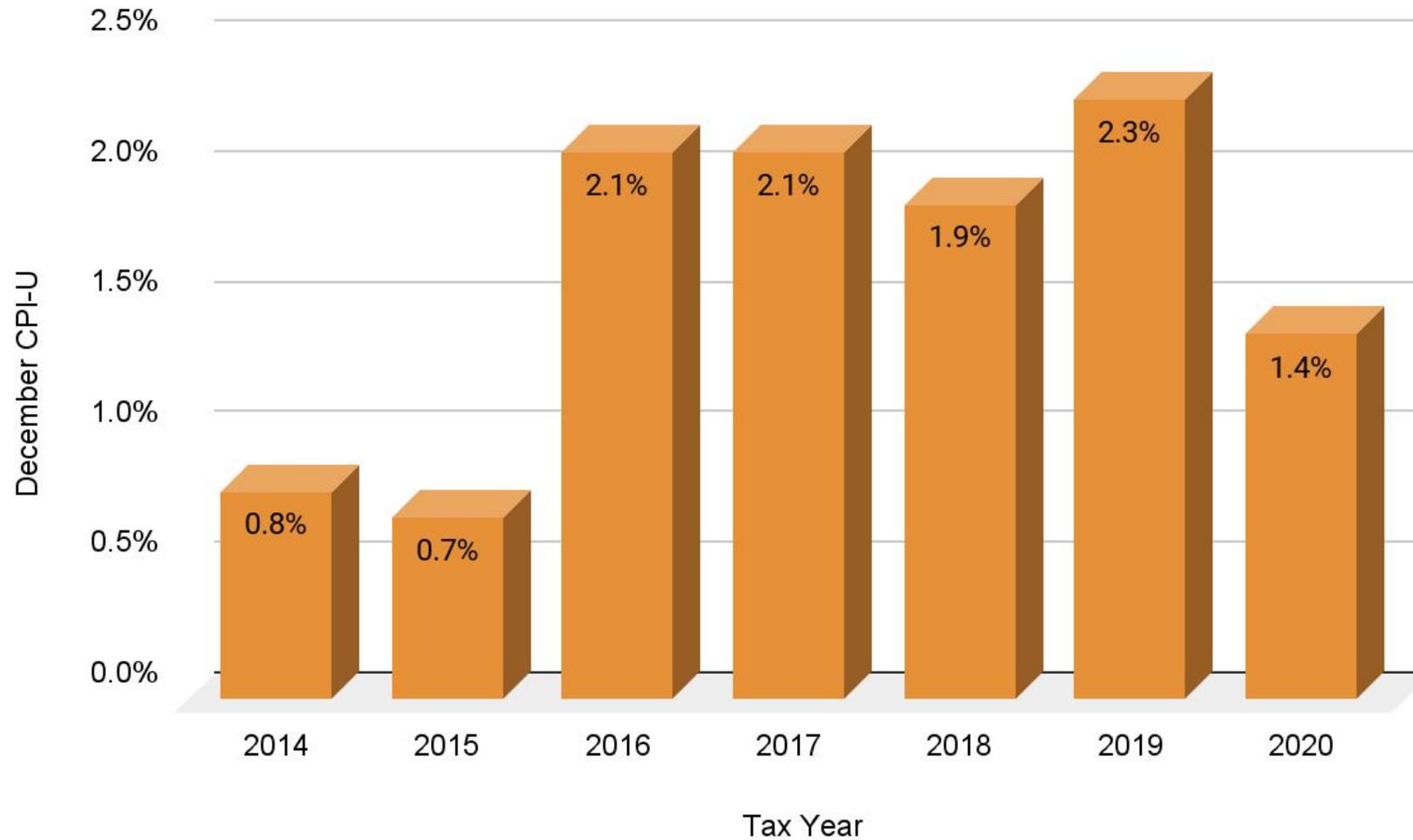
# Historical D112 Tax Rate



# Historical D112 Tax Extension



# Historical CPI-U



# Where is the CPI-U headed?



Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended Oct. 2021
	Apr. 2021	May 2021	June 2021	July 2021	Aug. 2021	Sep. 2021	Oct. 2021	
All items.....	.8	.6	.9	.5	.3	.4	.9	6.2

Source: [U.S. Bureau of Labor Statistics](https://www.bls.gov)

# New Automatic Recapture Levy



*“Beginning in levy year 2021, a taxing district levy shall be increased by a prior year adjustment whenever an assessment decrease due to the issuance of a certificate of error, a court order issued pursuant to an assessment valuation complaint under Section 23-15, or a final administrative decision of the Property Tax Appeal Board results in a refund from the taxing district of a portion of the property tax revenue distributed to the taxing district.”*

-Senate Bill 508/Public Act 102-0519

# New Automatic Recapture Levy



Basically, EAV reductions that were applied after a taxing body's tax rate already had been established historically meant lost revenue for school districts. Now, the County Clerk will recapture those losses from the prior year and automatically add them to the taxing body's levy for the current year.

# New Automatic Recapture Levy



North Shore School District 112 received this estimate from Lake County today.

NORTH SHORE SCHOOL DISTRICT #112

E31112	COE	\$	(107,342.19)	
E31112	PTAB	\$	(323,612.39)	
	<b>TOTAL ADJUSTMENT</b>			<b>\$ (430,954.58)</b>

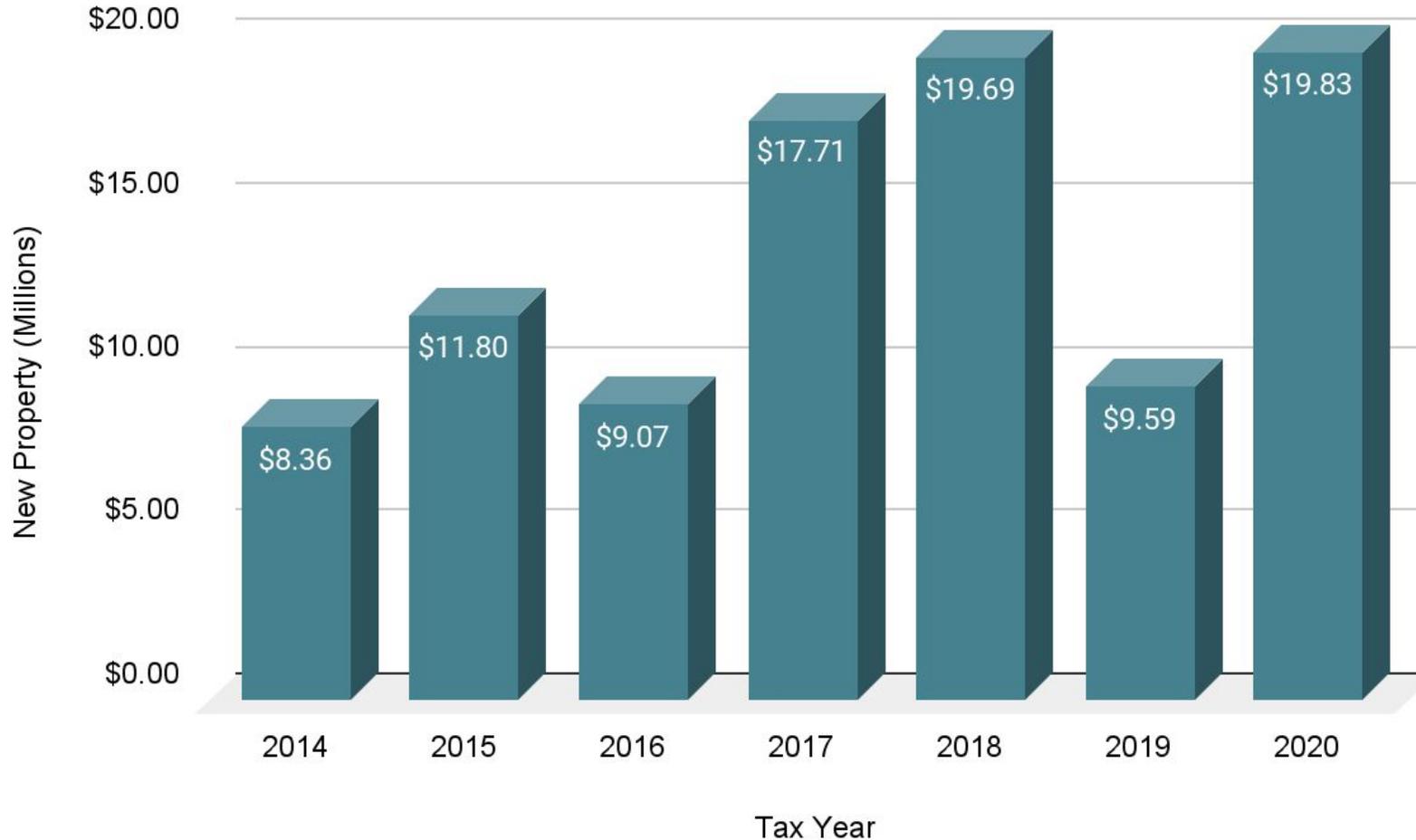
# Levy Comparison

## Prior Year, Current Request, & Anticipated Extension



Fund	Actual Prior Year Extension	Recommended Levy Request	Levy Request % Increase	Est. Current Year Extension	\$ Change from Prior Year	% Change from Prior Year
Education	\$57,770,016	\$64,710,341	12.01%	\$64,069,644	\$6,299,627	10.90%
Operations & Maintenance	\$13,055,500	\$12,486,257	-4.36%	\$12,362,630	-\$692,870	-5.31%
Transportation	\$3,850,019	\$0	-100.00%	\$0	-\$3,850,019	-100.00%
Working Cash	\$5,009	\$211,940	4131.55%	\$209,842	\$204,833	4089.66%
Municipal Retirement	\$100,005	\$0	-100.00%	\$0	-\$100,005	-100.00%
Social Security	\$100,005	\$0	-100.00%	\$0	-\$100,005	-100.00%
Special Education	\$700,012	\$723,645	3.38%	\$716,480	\$16,468	2.35%
<b>New</b> Prior Year Recapture	\$0	\$0	0.00%	\$430,955	\$430,955	Infinite
<b>Total Levy/Extension</b>	<b>\$75,580,566</b>	<b>\$78,132,183</b>	<b>3.38%</b>	<b>\$77,789,550</b>	<b>\$2,208,984</b>	<b>2.92%</b>

# Historical New Property



# Why is NSSD 112 Requesting an Increased Levy?



- 6 of the District's 7 elementary schools have millions of dollars in deferred maintenance that must be addressed.
- District 112's Collective Bargaining agreements increase salary costs in future fiscal years (approximately 3.6% for teachers; CPI-U for support staff).
- Inflation (CPI-U), as noted earlier, is currently running over 5% higher than the previous year.

# What has NSSD 112 done to keep its budget balanced?



## NORTH SHORE SCHOOL DISTRICT 112

Full-time Equivalent District Employees by Type  
Last Ten Fiscal Years

Fiscal Year	Full-time Equivalent Employees									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Instruction</b>										
Total instruction	<u>409</u>	<u>415</u>	<u>417</u>	<u>*445</u>	<u>*452</u>	<u>*463</u>	<u>*464</u>	<u>*462</u>	<u>465</u>	<u>482</u>
<b>Support Services</b>										
Total support services	<u>129</u>	<u>127</u>	<u>124.6</u>	<u>*125</u>	<u>*128</u>	<u>*134</u>	<u>*145</u>	<u>*155</u>	<u>155</u>	<u>149</u>
<b>Total</b>	<u>538</u>	<u>542</u>	<u>542</u>	<u>570</u>	<u>580</u>	<u>597</u>	<u>609</u>	<u>617</u>	<u>620</u>	<u>631</u>

\* as of September of that fiscal year

Reduced 93 Full-Time Equivalent (FTE), 14.7% of its workforce

# What has NSSD 112 done to keep its budget balanced?



HIGHLAND PARK

SUBURBS

## Lincoln, Elm Place schools to close in 2018

By KAREN BERKOWITZ

PIONEER PRESS | SEP 20, 2017 AT 3:45 PM

Lincoln Elementary School and Elm Place Middle School will close in 2018, North Shore School District 112 officials revealed during a school board discussion Tuesday.

The plan, to be approved by the District 112 school board Oct. 3, spares Ravinia Elementary School, which, like Lincoln and Elm Place, was originally set to close this year. That plan was put on hold last December following the news the superintendent was leaving.

Source: [Pioneer Press/Chicago Tribune](#)

The District closed two of its schools, Lincoln and Elm Place, consolidating its schools from 12 down to its current number, 10.

# What has NSSD 112 done to hold down its tax rate?



- In 2018-2019, NSSD 112 sold \$55 million in Alternate Revenue Bonds and will use \$20 million of its cash reserves to help finance necessary renovations of its two aging middle schools. The Alternate Revenue Bonds will be repaid through operating funds surpluses as opposed to a dedicated tax increase.
- Thus, NSSD 112 will spend \$75 million to renovate Northwood Middle School and Edgewood Middle School **without any dedicated tax increase.**

# What does this mean for an individual taxpayer?



Fair Cash Value of House (HP Median Sale): \$563,750  
EAV of House ( $\frac{1}{3}$  of Fair Cash Value): \$187,917  
2020 D112 Tax Rate: \$3.1840 per \$100 of EAV  
Estimated 2021 Increase: 2.92%

2020 D112 Taxes Paid: (\$5,983.28)  
Estimated 2021 D112 Taxes: \$6,157.99  
**Estimated 2021 Increase: \$174.71\***



\*Estimated tax increase is \$14.56 per month for a \$563,750 house

# Levy Timeline

- ~~Approve 2021 tentative tax levy on October 19, 2021.~~
- Hold a public hearing and approve the 2021 final tax levy on November 16, 2021.
- File the 2021 adopted certificate of tax levy no later than the last Tuesday of December in 2021 (December 22nd).

# Key Takeaways



- Despite reducing staff and closing two school buildings, District 112 needs an inflationary tax increase to help sustain its operations while its costs are increasing.
- District 112 has millions of dollars in deferred maintenance that must be addressed.



# Questions and Comments

# Levy Comparison

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