

2023-24 TENTATIVE BUDGET
BUDGET ASSUMPTIONS & NOTES
JUNE 6, 2023

Revenue Assumptions

1. Each fiscal year, property tax revenue is composed of portions of two tax levy cycles. Approximately 47% of the “Prior Year Levy” is received in July through November of the fiscal year. Then, approximately 53% of the “Current Year Levy” is received in May and June.

Prior Year Levy: Levy Year 2022 was finalized in April 2023 with a Change in the Consumer Price Index (CPI) increase capped at 5.0% and increases in Equalized Assessed Value (EAV) of 34,400,000 from new construction and of 15,500,000 from TIF 2 that expired on 12/31/2022. The total Levy Year 2022 tax extension increased by \$4.8 million over the 2021 Levy.

Current Year Levy: Levy Year 2023 assumes a CPI increase of 5.0% and growth from new construction of 6,000,000.

We anticipate a property tax collection rate of 99%, as normal.

2. The following are Urbana’s Tax Increment Finance (TIF) districts. All increases in EAV since the inception of the TIF represent the TIF increment. The EAV noted below represents Levy Year 2022 EAV. All tax revenues earned on this increment go to the City of Urbana until the expiration of the TIF:

<u>REVENUE</u>	<u>DESCRIPTION</u>	<u>EXPIRATION</u>	<u>EAV INCREMENT</u>	<u>ANNUAL TAX</u>
TIF 4	N. Cunningham	12/31/2025	\$ 16,978,020	\$ 1,830,860
CENTRAL	Lincoln Sq/downtown	12/31/2040	\$ 7,276,410	\$ 787,600
			\$ 24,254,430	\$ 2,618,460

The District has two potential refund liabilities related to Presence Hospital. TIF 3, which included Presence Hospital, expired in 2013. On July 1, 2015, the City of Urbana released TIF 3 surplus to all taxing districts. The distribution to the District was \$6,510,480. There is also a separate potential refund liability for Presence Hospital which the County Treasurer estimated at \$95,172 related to taxes paid directly to the District in Levy Years 2003 through 2012, outside of the TIF. These amounts are escrowed in the respective funds, based on the tax rate, due to refund potential.

3. State Evidence-Based Funding is estimated to remain stable following the budget implementation bill passed for 2023-24. At this time, the additional Tier funding allocations have not been released. Tier funding allocations will be reflected in the final budget.
4. The U of I impact aid agreement with the University of Illinois officials was reduced by \$10,000, to a payment of \$40,000. The two-year agreement expires 6/30/24. The expenditures specifically budgeted from this source of funds are \$3,760 to the Urbana Free

Library, \$600 in salaries for instructional support, \$2,850 in supplies for the Multi-Cultural Program at King School. Our initial agreement with the U of I began 7/1/94.

5. Corporate Personal Property Replacement Tax (CPPRT) receipts increased over budgeted expectations in FY22 and FY23 for all districts across the state. The Illinois Department of Revenue has indicated that CPPRT distributions will be reduced by 5% in FY24 to adjust for reconciliation of prior year estimated payments to actual returns. Even with this reduction, we are anticipating an increase in budget for CPPRT revenues of \$100,000 in FY24. We will adjust the budget after the State releases CPPRT estimates for FY24 in August, as needed. All CPPRT receipts go into the Education Fund.
6. The \$50,000 TIF 4 revenue from the City of Urbana will be utilized district-wide for technology.
7. The District entered the USDA's Community Eligibility Program in the 2015-16 school year. All K-12 students are eligible for breakfast and lunch at no charge under this program. We were recently approved to continue participation in the CEP program for another four years, until June 2028.

Quest Food Management Services will be the District's foodservice contractor for the 2023-24 school year. We are anticipating an increase in foodservice participation in the coming year. We will be continuously monitoring the program to assess if it is performing at expected levels.

8. Federal sequestration will reduce the amount of interest rebates received for federal government QZAB bonds. The sequestration rate of 5.7% will result in a reduction in interest rebates of \$22,400 that will be covered by facility sales tax receipts.

Expenditure Assumptions

9. The tentative budget includes salary increases, per the 3-year negotiated agreement with the UEA, expiring in 2026. Total increases to salaries, net of retirement savings, are estimated at \$2,105,000 in the Ed Fund and \$89,000 in the O&M Fund for FY24, as follows:
 - Licensed Faculty – flat increase of \$3,100 + step, 6.6% avg increase (including step)
 - Educ. Support Staff - \$18/hr min starting salary, 17.1% avg increase (including step)
 - Non-union support staff -
+\$1.50/hr for wages < \$17/hr, +\$1/hr for wages > \$17/hr, 7.76% avg increase
 - Administrative staff – avg increase of 4.5%
10. Benefits as follows:
 - Employer TRS – 0.58%
 - Employer TRS on salaries paid with federal funds – 10.60%
 - Teachers Health Insurance System (THIS) – 0.90%
 - Employer THIS- 0.67%
 - Employee Benefit Allowance (EBA) - \$3,000 per employee. EBA is a benefit for those employees waiving district health coverage. (subject to negotiations)
 - Medicare –Board pays 1.45% for all employees

- Illinois Municipal Retirement Fund (IMRF) – Board pays on salaries of all non-certificated employees working over 600 hours annually. (2022 rate 10.36%)
- Social Security (FICA) – Board pays 6.20% on salaries of all non-certificated employees.
- Board contribution to medical insurance premiums will be \$9,600 per employee (subject to negotiations), an increase of 5.5% over the prior year.

THE TENTATIVE BUDGET ASSUMES THERE WILL BE NO COST SHIFT OF TRS TO SCHOOL DISTRICTS FOR THE FY 24 YEAR.

11. Due to favorable electric generation capacity pricing for the coming year, utility budgets decreased by \$225,000. The economic environment for energy markets remains unstable and we will continue to analyze the budgetary impacts of energy costs. The District has a fixed price electricity purchase agreement with Calpine Energy during times of peak usage through January 2024.
12. Funding for a School Resource Officer for both Urbana Middle School and Urbana High School was budgeted at an annual cost of \$280,030, an increase of \$10,030 over FY23’s budget of \$270,000. Under the intergovernmental agreement with the City of Urbana, USD covers 75% of the cost of two SROs and the City pays 25%.
13. Beginning in FY20, the District supplements the Adult Ed TAOEP grant budget by approximately \$350,000 for Student Engagement Advocates (SEA) salary and benefits above what the grant can cover. SEA overages are being paid by the ESSER grant in FY24.
14. The following expenses were moved from the Ed Fund to ESSER grants in FY22. In FY23, positions and programs were added in addition to those originally covered by the Ed Fund. The expectation is that once ESSER ends, these budgets will revert back to the Ed Fund or be moved to other grants, with adjustments made based on attrition and reallocation for needs across the district. The district plans to phase the movement of these expenses over the next two fiscal years, to soften the impact. The ESSER grant ends on 9/30/2024.

	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
a. TAOEP Grant SEA Overage	\$349,050	\$349,050	\$349,050
b. Clinical Professionals	\$283,790	\$605,225	\$622,105
c. Nurses	\$292,537	\$720,418	\$739,845
d. Network/Hardware Techs	\$462,647	\$753,019	\$773,970
e. C&I Instructional Materials	\$110,000	\$110,000	\$110,000

Network/Hardware Techs, Thomas Paine Assistant Principal, and UMS Summer School programming, and a portion of C&I Instructional Materials will be paid from the Education Fund in FY24.

15. Facility Sales Tax Revenues are budgeted to stabilize to pre-pandemic levels. Facility Sales Tax funds go 33% to pay-as-you-go projects and 67% to long-term debt financing (as directed by the Board in 2021 Alternate Revenue Source debt financing).

16. Registration fees will continue at \$100. Families may apply to qualify for reduced or waived fees.
17. The budget includes \$50,000 for potential penalties from the TRS Cap legislation.
18. Interest earned in the Working Cash and Bond Funds will be transferred to the Education Fund annually.
19. The District's portion of the Indoor Aquatic Center loss is estimated to be \$280,000.
20. The Grant, O & M and Capital Project Fund budgets will reflect no changes for the tentative budget. Changes will be reflected in the final budget.
21. The Transportation Fund will reflect no changes for the tentative budget. Any changes in contract pricing from First Student and MTD, and any changes in state reimbursement will be reflected in the final budget, after the transportation claim is complete.
22. No new expenditures will be added to the budget unless the source of revenue (or decrease in expenditure) is identified.

HISTORICAL INFORMATION

- Due to a previous accumulated deficit in the Education Fund, the district implemented the following expenditure reductions over past years:

FY 01-02	\$ 766,000	
FY 03-04	\$1,983,160	(\$150,550 implemented during 02-03)
FY 04-05	\$ 515,000	
FY 10-11	\$2,000,000	Educ. Fund
FY 10-11	\$ 278,700	O & M Fund

- Settlement with Carle Foundation regarding the tax case was approved in October, 2013 for a total of \$5,737,500. The final payment was made in June 2018. The following payments were agreed upon:

\$3,750,000 due month following dismissal
\$ 397,500 due July 1, 2014
\$ 397,500 due July 1, 2015
\$ 397,500 due July 1, 2016
\$ 397,500 due July 1, 2017
\$ 397,500 due July 1, 2018

Carle taxes of \$3,000,000 for levy year 2012 (payable 2013) were not paid impacting the FY'13 and '14 budgets by \$1,500,000 each year.

- Beginning in FY17, the Education Fund began funding the \$40,000 cost of the crossing guard program, which has historically been the responsibility of the City of Urbana. The cost has grown over time with wage increases to a total budget of \$50,000.
- Due to rising costs, beginning in FY'00 alternative tuition (Circle) of approximately \$600,000 was paid annually from Medicaid Funds. Due to a new state mandated claiming system, funding for Administrative Outreach portion of Medicaid has significantly decreased, causing us to increase the tuition budget in the Education Fund to cover these costs.