

2024-25 TENTATIVE BUDGET
BUDGET ASSUMPTIONS & NOTES
JUNE 18, 2024

Revenue Assumptions

1. Property taxes compose 70% of the District’s operating revenues. 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 2023 was finalized in April 2024 with a Change in the Consumer Price Index (CPI) increase capped at 5.0% and increases in Equalized Assessed Value (EAV) of 8,500,000 from new construction.

Current Year Levy: Levy Year 2024 assumes a CPI increase of 3.4% 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	<u>\$ 7,276,410</u>	<u>\$ 787,600</u>
			\$ 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-additional Tier funding of \$350,000 is included in the tentative budget. Although the budget implementation bill passed for FY25 includes increased funding, the specific tier funding allocations have not been released. Tier funding allocations will be reflected in the final budget.

4. Corporate Personal Property Replacement Tax (CPPRT) receipts increased over budgeted expectations in FY22 and FY23 for all districts across the state. CPPRT distributions were reduced in FY24 to adjust for reconciliation of prior year estimated payments to actual returns. We will adjust for the final budget after the State releases CPPRT estimates for FY25 in August. All revenue from CPPRT goes into the Education Fund.

5. The University of Illinois officials agreed to a 3-year extension of the impact aid agreement for 7/1/24 to 6/30/27, with a reduced payment of \$35,000 in FY25. The previous 2-year agreement called for annual payments of \$40,000. The expenditures specifically budgeted from this source of funds are \$3,290 to the Urbana Free Library (9.4%), \$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.

6. The \$50,000 TIF I 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 approved to continue participation in the CEP program for another four years, until June 2028.

Quest Food Management Services is the District's foodservice contractor for the 2024-25 school year. We anticipate 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 \$22,440 that will be covered by facility sales tax receipts.

9. The Education Fund assumes \$850,000 in revenue from energy incentives and credits for the geothermal system that was placed into service at Thomas Paine in August 2023.

Expenditure Assumptions

10. The budget includes salary increases, per the 3-year negotiated agreement with the UEA, expiring 2026.

- Licensed Faculty - flat increase of \$2,000 + step, 4.6% avg increase (including step)
- Educ. Support Staff - \$18.50/hr min starting salary, 3.56% avg increase (including step)
- Non-union support staff -
+\$1.50/hr for wages < \$17/hr, +\$1/hr for wages > \$17/hr, 6.96% avg increase
- Administrative staff - avg increase of 4.5%

11. Benefits as follows:

- Employer TRS – 0.58%
- Employer TRS on salaries paid with federal funds – 10.34%
- 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. (2024 rate 8.01%)

- Social Security (FICA) – Board pays 6.20% on salaries of all non-certificated employees.
- Board contribution to medical insurance premiums will be \$10,200 per employee, an increase of 6.25% over the prior year.

**THE BUDGET ASSUMES THERE WILL BE NO COST SHIFT
OF TRS TO SCHOOL DISTRICTS FOR THE FY 25 YEAR.**

12. The economic environment for energy markets has stabilized and budgets are expected to be consistent with FY24. The District has a fixed price electricity purchase agreement with Calpine Energy for 50% of our electricity usage.

13. Under the intergovernmental agreement with the City of Urbana, USD covers 75% of the cost of two SROs and the City pays 25%, which was estimated to be \$260,080 for FY25.

14. In FY20, the Education Fund began paying Adult Education administrative salaries. In FY24, Adult Education will also bill up to \$75,000 in Storefront costs to the District.

15. Per Board request, a \$10,000 budget line was added for Board support of student activities/trips.

16. Some expenses were moved from the Ed Fund to the ESSER grants in FY22, and continued to be paid by ESSER in FY24. In some cases, positions were added in addition to those originally covered by the Ed Fund. The expectation is that once ESSER funds are expended, the budgets will revert back to the Ed Fund, with adjustments to positions based on attrition and reallocation for needs across the district.

The deadline for spending ESSER funds is September 30, 2024. For expenditures that the District expects to maintain after the grant ends, we have spread the movement of these expenses into the Ed Fund over two fiscal years. For FY24, Network/Hardware Techs, the Thomas Paine Assistant Principal, UMS Summer School, and a portion of curriculum materials and digital subscriptions were moved to the Ed Fund from ESSER. Student Engagement Advocates, Clinical Professionals, Nurses, and the Director of Equity will move to Ed Fund in FY25.

17. Registration fees will continue at \$100. Families may apply to qualify for reduced or waived fees.

18. The budget currently includes \$50,000 for potential penalties from the TRS Cap legislation. This amount will be increased for the final budget to account for penalties related to the EEOC settlement.

19. Interest earned in the Working Cash and Bond Funds will be transferred to the Education Fund annually.

20. The District's portion of the Indoor Aquatic Center loss is estimated to be \$266,665, the same as prior year.

21. **All other funds besides Education Fund budgets will reflect no changes for the tentative budget.** Changes will be reflected in the final budget.

22. Facility Sales Tax revenues are stable and are budgeted based on prior year receipts. Facility Sales Tax expenses are allocated 33% to pay-as-you-go projects and 67% to long-term debt financing, as directed by the Board with the 2021 Alternate Revenue Source debt financing.

23. 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:

<u>FY 01-02</u>	<u>\$ 766,000</u>	
<u>FY 03-04</u>	<u>\$1,983,160</u>	(\$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 budget for crossing guards for FY24 has increased to \$46,250.

- Due to rising costs, beginning in FY00 alternative tuition (Circle) of approximately \$600,000 was paid annually from Medicaid Funds. Due to the 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. The budget for Medicaid revenues for FY24 is \$300,000.