

2025-26 FINAL BUDGET
BUDGET ASSUMPTIONS & NOTES
SEPTEMBER 2, 2025

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.

Prior Year Levy: Levy Year 2024 was finalized in April 2025 with a Change in the Consumer Price Index (CPI) increase capped at 3.4% and increases in Equalized Assessed Value (EAV) of 11,000,000 from new construction.

Current Year Levy: Levy Year 2025 assumes a CPI increase of 2.9% and growth from new construction of 7,000,000.

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	\$ 1,108,755
CENTRAL	Lincoln Sq/downtown	12/31/2040	<u>\$ 7,276,410</u>	<u>\$ 787,600</u>
			\$ 24,254,430	\$ 2,618,460

3. The District is receiving an additional revenue of \$32,000 of vocational funding over the prior year from the City of Urbana for the agreement under TIF IV. It is anticipated that this is the last year of this revenue with TIF IV expiring in December. However, there will be a significant increase in our EAV that will positively impact our property taxes for FY27. Because of this, we will balloon levy in December 2025 to ensure we capture all of the additional revenue for FY27.

4. TIF 3, which included Presence Hospital, for tax years 2003-20012, expired in 2013. The District settled with Presence Hospital in June 2024 for \$5,338,641.11 following a multi-year tax case similar to Carle Hospital regarding taxes paid to the district. The District is estimating approximately \$90,000 from the settlement agreement between the taxing bodies for overpayment in this process.

5. State Evidence Based Funding-additional Tier 1 funding of \$933,345 is included in the District’s FY26 revenue. This is the third year, since the inception of EBF in FY18, that the district has been categorized for Tier 1 funding.

6. 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 and FY25 to adjust for reconciliation of prior year estimated payments to actual returns. It is anticipated the district will see an approximate \$100,000 decrease in revenue over the prior year's budget. All revenue from CPPRT goes into the Education Fund.

7. 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 until the end of the agreement. 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.

8. 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 until June 2028.

Quest Food Management Services is the District's foodservice contractor for the 2025-26 school year. We anticipate an increase in foodservice participation in the coming year. We are still continuously monitoring the program to assess if it is performing at expected levels.

9. Federal sequestration will reduce the amount of interest rebates received for federal government QZAB bonds. The sequestration rate is expected to stay at a rate of 5.7% until 2030 and will result in a reduction in interest rebates of \$17,805 that will be covered by facility sales tax receipts.

10. The Education Fund will assume a total of \$950,000 in revenue from energy incentives and credits for the solar system that was placed into service at the Sixth Grade Center and Thomas Paine. This is \$100,000 over the incentives we received last year. This is a one time revenue increase.

Expenditure Assumptions

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

- Licensed Faculty - flat increase of \$2,000 + step, 4.45% avg increase (including step)
- Educ. Support Staff - \$19.00/hr min starting salary, 2.87% avg increase (including step)
- Non-union support staff - 4% avg increase
- Administrative staff - 3% avg increase

12. Benefits as follows:

- Employer TRS – 0.58%
- Employer TRS on salaries paid with federal funds – 10.49%
- 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. (2025 rate 8.14%)
- Social Security (FICA) – Board pays 6.20% on salaries of all non-certificated employees.
- Board contribution to medical insurance premiums will be \$10,800 per employee, an increase of 5.88% over the prior year.

**THE BUDGET ASSUMES THERE WILL BE NO COST SHIFT
OF TRS TO SCHOOL DISTRICTS FOR THE FY 26 YEAR.**

13. The economic environment for energy markets has stabilized and budgets are expected to have a slight increase in utilities over FY25. The District has a fixed price electricity purchase agreement with Calpine Energy for 50% of our electricity usage.
14. Under the intergovernmental agreement with the City of Urbana, USD covers 75% of the cost of two SROs and the City pays 25%, the District’s portion is estimated to be \$308,186 for FY26. This is a \$14,536 increase over FY25.
15. The contractual agreement with Quest Food Service expects a CPI increase of 2.9%, which is expected to be an increase of \$98,551.
16. In FY20, the Education Fund began paying Adult Education administrative salaries. In FY24, Adult Education began to bill Storefront costs to the District, as well as the overage of Student Engagement Attendance Advocate salaries.
17. ESSER has been finalized. We are not expecting any additional implications at this time.
18. Registration fees will continue at \$100. Families may apply to qualify for reduced or waived fees.
19. The budget currently includes \$75,000 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.
20. Interest earned in the Working Cash and Bond Funds will be transferred to the Education Fund annually.
21. The District’s portion of the Indoor Aquatic Center loss is \$299,550, an increase of \$43,205 of the prior year.
22. Debt Service is showing three payments in FY26 when there are usually 2. Payments are usually made late June, but with the Provena settlement, we waited until July 1 to pay. We anticipate being back on the regular payment schedule in FY27.
23. The Transportation Fund is reflecting a 4% increase in rates with First student per the approved 3-year contract extension. We are currently in year 2 of the extension. Year 3 will also reflect a 4% increase. Mandated Categoricals for transportation reimbursement have historically

been too little to cover all transportation costs, the original intent was to cover 80% of allowable costs, and it is expected to be in the low 70's for FY26.

24. 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 and 2024 Alternate Revenue Source debt financing.

25. Construction Project Bonds were sold in FY25 to fund the construction of the Sixth Grade Center. Even though there is no new revenue coming in besides interest, you will notice a budget of expenditures to finish the final pay outs of construction for the SGC. The budget also includes the proceeds of the \$3,500,000 issuance of the 3-year rolling Working Cash Bonds that fund summer facilities projects and technology improvements throughout the District.

26. There are anticipated increases of expenses in Tort to pay for insurance expenses as well as attorney fees.

27. The Life/Safety fund includes, but is not limited to, the completion of the following amendments:

- UHS Auditorium- stage curtains
- Doors at Fire Walls; Doors at Stairways & Occupancy separations; Corridor Doors at UHS
- Library Doors at UHS
- Bleachers at UIAC
- Door and Frame at Tiger Academy
- Roof VFDs at King
- Single Exit Door and Concrete Panels at DPW

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 FY26 is \$330,000.