

News Release

**School Board Reviews Updated Financial Projections;
Examines Ways to Reduce Class Sizes,
Address New State Instructional Mandates and Restore “Specials”;
Decision on Referendum Question Slated for Nov. 19th Meeting**

INGLESIDE, IL – November 14, 2007 – The Big Hollow community received updated five-year projections from public finance firm PMA on Monday night, November 12, at a special meeting of the Big Hollow School Board.

“Even with the cuts that were made, which have had a positive financial impact, it’s a very bleak picture you need to address,” PMA representative Howard Crouse told the Board and community members in attendance.

PMA’s updated projections, which show the District \$5.2 million in debt and facing class sizes in the mid-40s by 2013, use the following assumptions:

- Slow-growth enrollment numbers through 2010, moderate-growth numbers thereafter.
- Revenue growth from new development linked to enrollment growth—slower through 2010, moderate thereafter.
- Change in existing EAV (equalized assessed valuation, roughly the cumulative property value within the School District) linked to housing market slowdown through 2009, rebounding modestly thereafter.
- \$399 per student increase in GSA, or General State Aid, this year, with modest annual increases thereafter.
- Continued elimination of “specials” (i.e., no art and music, reduced computer instruction).
- Continuation of current hiring freeze except for addition of two special-education teachers as mandated by State laws governing staff-to-student ratios in special-education classrooms.

PMA explained that the discrepancy between the \$5.2 million deficit now projected for 2013 and the \$31 million deficit projected a year ago relates in part to the cumulative effect of the hiring freeze and other cuts implemented by the Board earlier this year. Another significant factor is the shift to the slow-growth enrollment model for the first three years of the five-year cycle. “We

are looking at a swing of 500 additional students five years out between the old projections and the new projections, and that's largely tied to current economic conditions and the housing slump," notes Board spokesperson Jan Carsella.

The Board, troubled by the current and long-term educational impact of the current set of program cuts and resulting large class sizes, moved quickly to ask PMA to model various scenarios. All scenarios involved implementing class-size targets, reinstating "specials" programming, and adequately staffing for RTI, or Response-To-Intervention, a State-mandated initiative that must be in place by 2010. RTI is an innovative approach to identifying learning difficulties earlier in a struggling child's academic career and using tiered, research-based interventions in a regular-classroom setting to assist those children; however, it places significant additional responsibilities with each classroom teacher.

The preferred scenario involved reducing average class size to 23 (20 for grades K-2, 23 for grades 3-5 and 25 for grades 6-8); bringing back art, music and computer; and hiring eight RTI specialists, one for each grade level. With those assumptions in place, and no new revenue sources, Big Hollow's deficit would be \$16.7 million by 2013.

The Board and PMA then reviewed two options for generating new revenues: an operational-rate increase and issuance of a working-cash bond. PMA explained the pros and cons of each approach. While an operational-rate increase lasts only four years, it takes several years beyond that for its impact to erode; however, every \$1 generated by an operational-rate increase would mean a loss of about 30 cents in General State Aid. A working-cash bond for \$10 million, on the other hand, would give the District an estimated four- to five-year cash infusion limited to that period, yet would not reduce the amount Big Hollow receives from the State. Boosting revenues via a working-cash bond would also require considerably less financial sacrifice for the Big Hollow community in today's difficult economic climate than would an operational-rate increase.

"A \$10 million working-cash bond would address many of the factors projected to cause an operating deficit during the next four years while economic and growth factors stabilize and we gain a clearer picture of what the future will bring," Carsella says. "And it gives us the ability to restore previously cut programs and improve the quality of education in the Big Hollow School District starting in the 2008-2009 school year."

The School Board will meet at 7 p.m. on Monday, November 19, to decide the specific referendum question it will pose to Big Hollow voters. As always, community members are encouraged to attend, ask questions and provide input.