

News Release

Big Hollow School District To Seek \$10 Million in Working Cash To Alleviate Deficits, Reduce Class Sizes and Restore “Specials” Programming

INGLESIDE, IL – November 20, 2007 – The Big Hollow School Board voted unanimously Monday night to go out for referendum in February 2008. District voters will be asked to approve issuance of a \$10 million working-cash bond at a cost to taxpayers of approximately 54 cents per \$100 EAV, or \$540 per year (\$45 per month) on a \$300,000 home, for five years.

“With approval of the working-cash bond solution, the District receives an infusion of \$10 million,” notes Board spokesperson Jan Carsella. “This will let us pay off our current deficit and diminish the reliance on TAWs (tax anticipation warrants) for several years. We can reinstate ‘specials’ programming, which includes art, music and computer instruction, and hire additional teachers to reduce class sizes, effective for the 2008-09 school year.”

Big Hollow’s average class size is currently the highest in Lake County at 28.2. According to projections provided by public finance firm PMA, which assume no new revenues and continuation of the current hiring freeze, next year’s average class size will climb to 30.2, with multiple grade levels reaching the mid-to-high 30s. By 2013, the District would be facing class sizes in the mid-40s and a \$5.2 million deficit. With approval of the working-cash bond, the Board targeted lowering next year’s class sizes to a desired range of 20 to 27.

The Board considered several revenue options in addition to the \$10 million working-cash bond at the 54-cent rate. Those options included:

- **A \$10 million working-cash bond costing taxpayers approximately 24 cents per \$100 EAV.** “The Board explored a lesser rate to soften the impact on taxpayers,” Carsella explains. “But projections told us that the debt restructuring needed with this scenario would cost the District an additional \$12-17 million beyond the \$10 million for a total cost of \$22-27 million, a significantly greater cost over the long term to the taxpayers for the same short-term benefit. At a 54-cent rate, financing the bonds will cost the District much less, an additional \$2-2.5 million.”
- **A 54-cent operational-rate increase.** “In this scenario, we would continue operating at a deficit and relying on TAWs (tax anticipation warrants) for several years to come before the positive impact is felt,” Carsella says. “It is a longer-term solution but doesn’t

address the big concerns from parents, teachers and the Board to immediately decrease class sizes and restore programming.” Another key consideration, according to Carsella: additional revenues from an operational-rate increase mean loss of State aid. The District loses 25 to 30 cents in GSA (General State Aid) for every dollar gained through an operational-rate increase but does not lose GSA with revenues from a working-cash bond.

- **Use of Route 12 sale proceeds.** While the Board recently authorized the District’s attorney to negotiate with a potential buyer, sale of the property is still pending. “Our purchase of the Fish Lake campus property took two-and-a-half years to finalize, so completing a sale may take awhile,” Carsella points out. “When the sale does happen, there will be an influx of cash that the Board may use for operational expenses at that time, likely with an emphasis on educational programming and updating curriculum.”
- **Continued reliance on TAWs.** For the current school year, even with programming cuts, the District will have to issue \$3 million in TAWs to cover the gap between revenues and expenditures. Interest will cost the District about \$63,000 this year and will increase annually as the amount of TAWs required has been increasing by approximately \$600,000 per year. “Eventually we would reach our debt limit and no longer be able to borrow, at which point the State could come in, make any changes they deem necessary and establish a tax rate without voter input,” Carsella says. If the District must continue its reliance on TAWs, Carsella adds, the Board would need to carry forward the hiring freeze and elimination of “specials.”

Results from a Big Hollow teacher survey, conducted by an independent group of District parents and presented at Monday night’s Board meeting, only solidified the Board’s resolve to take action by going out for referendum, notes Carsella. The survey revealed that many aspects of the educational experience have been impacted significantly or severely in the current environment of large class sizes and elimination of specials, including:

- Student learning (e.g., ability to respond to students needing additional support, offer enrichment opportunities and provide one-on-one attention; students’ ability to focus on learning);
- Classroom environment (e.g., classroom space, set-up, and availability of materials); and
- Teaching conditions (e.g., planning and grading time, classroom management, and parent-teacher communication).

Teachers cite restoring “specials,” capping class sizes and updating curricula/textbooks as the top three ways to improve the Big Hollow educational experience.

The School Board’s next regular meeting is Monday, December 17 at 7 p.m.