

January 11, 2008

Big Hollow's Very Interesting Journey

Dear Big Hollow Parents,

As we approach the February 5th election, one question you may have relates to WHY the School District is experiencing expenditures that far outpace revenues. WHY is Big Hollow experiencing a multimillion-dollar operational deficit? HOW did this situation arise? To answer the question requires a look back at Big Hollow's history and a quick explanation of how Illinois funds education. Suffice to say...the transition from small (almost rural) school district/community to a more suburban school district/community is a very, very interesting journey!

History Lesson

For many decades, growth in the Big Hollow School District was very slow. As Lake County's oldest continually operating school district, Big Hollow nurtured a proud reputation for providing a high-quality, "no frills" education for the children of what was then a semi-rural community. In 1990, Big Hollow enrolled only 305 students, but the District was carefully monitoring the westward expansion of development. With the approval of the Valley Lakes and Lakemoor Farms subdivisions in 1995, the enrollment explosion predicted by professional demographers appeared on the horizon. The District purchased 62 acres bordered by Fish Lake, Nippersink and Wilson roads with two goals:

- Construction of a new, modern, multi-school campus that would adequately house a soon-to-skyrocket student population;
- The eventual sale of the Route 12 campus, which was a site conducive to future commercial use.

In 1998, the community approved construction bonds for building a new Primary School at the Fish Lake campus. Meanwhile, development began in Valley Lakes. It was the beginning of a period of explosive development within the five communities that send students to Big Hollow.

PTELL's Impact

Before we continue forward, rewind to 1991. This is when Illinois passed PTELL, also known as tax-cap legislation. This law says that taxes collected by Big Hollow cannot grow each year by more than 5% or the rate of inflation (CPI), whichever is **less**. PTELL does not "cap" your individual property tax bill or assessments. Rather, PTELL slows the growth of **total property tax revenues** collected by the School District. This means that although the total value of property in the Big Hollow School District has been growing dramatically, especially during the recent period of rapid development, the increase in property taxes collected by Big Hollow from year to year has only been allowed to grow in the 2 to 4% range. PTELL has actually had the effect of driving down the voter-approved, 1991 operational tax rate of \$2.47 to today's unsustainable level of \$1.80.

This is highly significant, because almost 80% of the District's revenues come from local property taxes. Combine PTELL with state-level funding of education that places Illinois in the bottom five of all 50 states, and the many state- and federally-mandated programs that come with little or no funding, and situations can arise when a serious imbalance in revenues and expenditures occurs.

2000 and Beyond

In 2000, the new Primary School opened. District enrollment had already climbed to 637 and would almost **DOUBLE** in the next five years, to 1,275 by 2005. In 2002, with per-pupil revenues already stagnating and required expenditures continuing to mount, the District twice asked for operational-rate increases. These were the first such requests since 1984, when the community had responded by approving an increase. However, neither attempt passed and the District turned its attention once more to the urgent space needs. In fall 2005, the community approved issuing bonds to build new Elementary and Middle Schools on the Fish Lake campus. Construction began immediately with the new Elementary School opening in August 2006 and the new Middle School opening in January 2007.

Where, you may wonder, have the District's expenses specifically outpaced revenues to pay for them?

- Government-mandated programs are one area. For last school year, 2006-07, operating the mandated Special Education program in compliance with all state and federal guidelines cost the District \$2,488,463, but Big Hollow collected only \$307,536 in revenues earmarked for Special Education.
- Another area is the Operations & Maintenance program. Here, "Operations" refers to the buildings and grounds and includes the cost of energy; utility bills for gas and electricity are rising for Big Hollow, just as they are for individual households. For this fund, the District collected \$172,988 in revenues but spent nearly \$1,178,340.
- In terms of actually educating our children, employing personnel is the largest expense. The pay of Big Hollow's teachers and administrators ranks 245th out of 287 school districts in the six-county Chicago area,. However, the cost of benefits, healthcare in particular, continues to rise dramatically for all employers.

I hope this letter has been of some assistance in addressing the WHY and HOW of the District's operating deficit. I encourage you to visit our Website, www.bighollow.us, for further information.

Sincerely,

Ron Pazanin