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MINUTES

SANGAMON COUNTY BOARD PUBLIC HEARING

OCTOBER 19, 2010

The Sangamon County Board met in reconvened session on October 19, 2010 in the County Board Chambers. Chairman VanMeter called the meeting to order at 6:30 p.m. Mr. Montalbano gave the Invocation and Mr. Good led the Board in the Pledge of Allegiance.

ROLL CALL

Chairman VanMeter asked the County Clerk to call the roll. There were 20 Present – 8 Absent. Mr. Davsko, Ms. Dillman, Mr. Fraase, Mrs. Fulgenzi, Mr. Mendenhall, Mr. Moore, Mr. Stumpf and Mr. Sullivan were excused.

MINUTES

A motion was made by Mr. Montalbano, seconded by Mrs. Turner, for approval of the minutes of October 12, 2010. A voice vote was unanimous.

PRESENTATION BY SCHOOL DISTRICTS

A motion was made by Mr. Montalbano, seconded by Mrs. Turner, to propose a format for discussion during tonight's meeting. He proposed the first 30 minutes be devoted to a presentation on facility needs from the school districts that are present. The presentation will be followed by questions and comments by the County Board members for a period not to exceed 30 minutes. Following this period, the public is invited to make comments and/or ask questions of either the school districts or County Board members. Only individuals who have signed up will be recognized for comments and questions. Sign up sheets are available at the front desk. The Chairman is instructed to divide the time to speak equally amongst those who have signed up. Mr. Montalbano recommended approximately one hour for input. He stated he believes this format will provide for a well rounded discussion in a timely manner. A voice vote was unanimous to adhere to these rules for the meeting.

Dave Root, Superintendent of Williamsville schools, addressed the Board. He thanked everyone for attending. This essentially has formulated because there is a philosophical shift in how schools are funded in the State of Illinois. Legislature has put in the law that school boards can do resolutions to put on the ballot a 1% sales tax increase. Of course, the County Board is put in a difficult position in imposing this if it passes. Tonight the school boards would like to present what some of their needs are and what the funds would be utilized for. The funds could be used to pay off existing building bonds that were passed through property tax and also to make improvements to facilities.

A-C Central's Board of Education would utilize the sales tax money to abate their building bonds.

Athens School District's Board of Education would use any receipts from sales tax to reduce existing debt.

Auburn School District would use the funds for health life safety required improvements to their facilities. They also have some repairs and renovations that need to be completed. They have also projected some expansion of facilities within the next few years.

Ball-Chatham has a pretty strong overcrowding situation at Glenwood Intermediate School, so they would be using the sales tax receipts revenue to create an addition to that school. They also need repairs at Ball Elementary and would like to construct an addition to Glenwood High School. The Board would abate property taxes with any additional funds remaining.

Mt. Pulaski would be using the money for tax abatement for bonds that were done for a building addition and also for building restoration needs.

North Mac School District would utilize the revenue to complete the required health life safety repairs and for renovations for their schools. They would also use it to complete building updates.

Pawnee School District would use the revenue generated to pay off existing building bonds and interest. Once they are paid in full, they would utilize the revenue to renovate and repair existing school facilities.

Pleasant Plains School District would use the revenue to help build their facilities. They have been involved in doing a facilities study over the last couple of years. You can go to their website to see a pretty comprehensive report of the work they did involving their community. Their primary focus is the 1927 high school building. They have a section that is 84 years old and one that is 56 years old. Their primary concern there would be the cafeteria, which was built in 1956. It probably has the same stove that was put in then, and they are serving 482 students out of that facility. Once the high school renovation is complete, and their district has developed a phase plan, they will then use the additional revenue to pay off existing bond and interest payments that are levied against their property tax. They will also continue to repair and renovate existing facilities.

Riverton School District will use the funds towards four different avenues. First, they will pay off debt on general obligation bonds they have from 2005. Second, they will pay off debt on some bonds they were recently issued. Third, they would pay for annual building improvements. Finally, they would use the funds to purchase additional property. The 2005 bonds are funded through a bond levy to the residents in their district, and the annual payment is about \$750,000. The revenue anticipated from the sales tax for Riverton is about \$1,000,000. The board has discussed trying to provide property tax relief. Instead of going to the taxpayer's to assess about \$750,000, they would only be going to them for about \$250,000. This would provide about \$500,000 worth of property tax relief for the district. All of the campuses in Riverton are relatively land locked, so when adjacent property becomes available they like to purchase it to add to their playgrounds and athletic fields. Right now money for purchasing additional property would come from their general funds or reserves. With the sales tax revenue, they would not have to pay for this from these funds.

Rochester School District would dedicate 80% of the sales tax revenue to debt reduction and the remaining 20% would be used for on-going facility needs.

Sangamon Valley School District would use the tax revenue to improve buildings within their school district while minimizing the cost to property owners. They plan to retire existing health life safety bonds, replace bleachers on the far side of the gym at the middle school, complete tuck point work at Illiopolis Elementary in Sangamon Valley, address any roofing needs, complete work in building to improve energy efficiency, and replace floor tile if necessary.

School District 186 has developed a long range facilities plan. The Board will continue their health life safety projects, including building a new Enos Elementary School, a new Matheny Withrow Elementary School and also to adhere to the State mandates to build five new gymnasiums in their middle schools. They would also extend and renovate Southeast High School.

Tri-City School District would use the revenue to reduce local property tax and for repairs and maintenance of buildings.

Waverly would use the funds to save until there is enough money to complete a health life safety project allowing the district to do the work without raising local property tax.

Williamsville would dedicate all of their money to existing building bonds and interests currently being levied against property taxes. Once they are paid in full, they would utilize the funds to repair and renovate existing school facilities. They have been fortunate enough to have some building referendums in the past where the property owners have been paying through their property taxes. They would be in the position where they could dedicate all this revenue to property tax relief.

Dave Root stated they have outlined some of the proposed projects each school district would do with the money generated. The sales tax revenue would be a long-term solution to address the problems that are always on-going in schools. This would remove the bond payment structure off of property owners.

Hopefully, down the road they would avoid going back to the property tax payers for property tax referendums to build these buildings. This form of funding has been done in three other states. It has been done in Iowa, Georgia and Alabama. Illinois is one of the lowest in how they fund schools, so there is a fundamental structural problem in having it all solely based on property tax. This gives the voters of the County the opportunity to make a decision on whether they would like to shift the burden off of property tax, and utilize revenue generated from about 30% of people who do not live in the County.

Chairman VanMeter asked each of the school board members to clarify how much of the sales tax revenue they would be using towards property tax reduction.

School District 186 said they would apply 10% of the sales tax revenue immediately to property tax reduction. Williamsville stated they would apply 100% of the revenue. Athens did not designate a percentage. Mt. Pulaski would apply all funds to abating their bond and interest payments. Pawnee would also apply all funds. Auburn does not have a percentage, but there would be a direct impact on property taxes as well. Ball-Chatham has significant growth needs, so they would not be able to apply funds to property tax reduction at this time. Riverton did not vote on a specific percentage amount, but what they are presenting to the community is about 70%. The time frame depends on when the sales tax starts flowing to the district. Pleasant Plains has not indicated a specific amount. The conversations revolve around whether or not the 1% passes, and if the County Board approves the 1%. Their primary concern right now is to have facilities to adequately meet the educational needs of their students.

Chairman VanMeter stated the original document provided did cover every school district except Rochester and New Berlin. Dave Root stated that Rochester proposed the 80% reduction, and an update has not been given by New Berlin.

Andy Goleman, County Board District 4, stated his County Board district represents parts of five school districts, including Pawnee, Rochester, part of Ball-Chatham and part of District 186, and he is a resident of the Auburn school district. He stated those who represent the rural areas in particular have been very supportive of their schools and are very proud of them. They have been told the idea of a sales tax for school construction began with a program in the State of Iowa and has grown from there. He also heard in Iowa they recently switched from a county based program to a statewide system because it limits the volatility of relying on a sales tax. He asked if this is accurate. Mr. Root stated to his knowledge they have gone from a countywide to a statewide tax for school facilities. Mr. Goleman asked if it takes a 60% vote in Iowa to approve a school construction bond. Mr. Root stated he does not know. Mr. Goleman asked what happens if revenue dropped dramatically and bonds are issued based upon a certain revenue stream.

Anne Noble with Stifel Nicolaus, who works with school districts in selling bonds of all types including sales tax backed bonds, addressed the Board. She stated bonds backed by sales tax are called alternate revenue bonds. State law dictating how alternative revenue bonds are sold requires districts to have a 25% cushion in the pledged revenue. If they have \$125,000 of annual sales tax revenue projected, they can only have a bond payment of \$100,000 per year to protect them from the volatility you were talking about.

If it were to fall below that 25% cushion, depending on the type of pledge the district makes, they do have a backup property tax glitch. Sales tax revenues would have to fall below the 25% projection, and the projections are based on a feasibility study done by an outside feasibility consultant that specializes in projecting sales tax revenue.

Mr. Goleman stated those in County government have experienced the volatility of a sales tax and the challenges of working with a budget relying on that revenue source. He asked if there would be an impact on the school districts debt structure and finances by switching from general obligation based bonds that are based on property tax to revenue bonds based on sales tax. Mrs. Noble stated she does not think so. Instead of being 100% property tax reliant, the school districts are shifting to a diversified model of funding their facilities. The rating agencies, that rate bonds, have not rated sales tax bonds any differently than the traditional property tax backed bonds. That is how the credit market evaluates the credit quality of the bonds to determine the interest rates. Mr. Goleman asked if the interest rate has increased. Mrs. Noble stated it has not. Mr. Goleman asked if the minimum coverage factor would increase. Mrs. Noble explained that a lot of districts have used more conservative coverage ratios, but there has not been any credit impact to those using just the 125, which is a very conservative coverage number in terms of most revenue bonds. Mr. Goleman asked if they would have to create or increase any reserve funds. Mrs. Noble stated they would not.

Chairman VanMeter asked what kind of a discount they would have to give if they issue bonds backed by a property tax. Mrs. Noble stated there would be none because they have an unlimited property tax pledge. This means you can just raise property tax rates as needed. If property tax values go down, you just increase the rate. You would not have to provide coverage on the property tax backed bonds because you can raise the revenue. Mr. VanMeter asked if the community would not get the full benefit of the revenue. Mrs. Noble stated the 25% percent coverage factor is not lost to the community or the district. They can use it the following year, but in each year they have to collect 125% of what the projected bond payment is. They can use whatever is left the next year for things such as on-going repairs or bond abatement. Mr. VanMeter asked if it limits the maximum amount of bonds they can use. Mrs. Noble stated that it does.

Mr. Good, County Board District 8, stated he represents the Riverton and Spaulding area. He asked if health life safety bonds are covered under tax caps. Mr. Root stated they are. In Williamsville they have a debt service extension base under the tax caps, which is zero. Under the tax caps, even with health life safety issues, they could not even issue health life safety bonds without a property tax referendum. You need to be very careful about the assumption that school districts can just issue health life safety bonds. They come in and do a ten-year health life safety review of your building, you have to file an amendment, and then some school districts have capacity to issue some bonds. Under the tax caps, there are restrictions with that. Mrs. Noble stated that this is correct. The health life safety bonds are subject to tax caps, but every district has its own debt service extension base, so every district's limitation is different. It is based on what debt they had in place when tax caps went into effect.

Mr. Good asked the school districts what their plan is if the referendum is not passed in November. Mr. Root stated this would send a strong message that the community favors putting these types of needs on the backs of property owners because they would have to try and pass property tax referendums. That is the only other way to do this.

Mike Klebe with the Riverton school district stated their plan 2 is to continue what they are doing now and pay off their 2005 bonds. They will continue to go to the residents in the district and assess the same bond levy they do now.

Mr. Good stated he is a small business owner and he budgets every year to run the business. The school districts should budget over the years and plan for building the buildings, paying the teachers, administrators and educating students. He asked where it has changed that you do not budget for buildings anymore.

Mr. Klebe stated they would still have the basic needs of teacher's salaries, the light bills and other day-to-day expenses just like any business does. When money gets tight, you start putting off the things that are not emergencies when it comes to building maintenance. They have a wonderful school district and the residents have always supported the schools. Any big ticket items will have to wait until 2021 when those 2005 bonds are paid off. The smaller ticket items will be done when the money is available.

Mr. Root stated that when you levy and you have a tax cap, there is a limiting rate. The limiting rate goes to your operating expense to run the buildings. You also have your bond payment levy. The majority of the schools do not have the ability to use excess in savings to put towards this.

Walter Milton with School District 186 stated their plan 2 would heavily rely on health life safety, and they would look at other revenue sources that may come in. At some point they would also have to ask for a property tax increase.

Lisa Weitzel with Ball-Chatham stated she is also a small business owner and she can increase her prices when needed. The State does say they are funding them, but the schools just do not have the funds coming in that they are promised. Legislature keeps imposing more regulations on them, and saying they are not going to pay you for them, but you must find the funds to provide the services. In Ball-Chatham they will have to go to their homeowners to ask for a \$30 to \$36 million referendum to complete the building additions and repairs they need.

Mr. Hall, County Board District 7, stated it is a privilege to be present tonight and hear why everyone is here. The struggle he has is that he represents a very large area connected to four other counties, and the business owners in the small towns have said they have concerns that people can drive to Jacksonville if this tax is imposed. He stated he does not believe people will leave for small items, but they will for big items. He said he wishes they had a sunset on this. He asked if they could put a sunset on this for a number of years if this fails in November.

Mr. Root stated he cannot speak for all the school districts, but initially they would then have to pursue property tax increases.

This goes back to that philosophical shift of giving voters the choice if they want to divert this off the property taxpayer's backs to keep property taxes low. The law does not put anything in place for a sunset, but it would allow the County Board to go back and lower the rate if there are no bonds issued against it.

Mr. Smith, County Board District 2, stated he represents the Sherman and Williamsville areas. He asked if the amount of tax imposed by the County Board could be up to a full 1%. Mr. Root stated that is correct because this is an advisory referendum. Mr. Smith asked if the schools could seek the additional percentage difference without returning to the voters for the referendum if this is passed and the County Board levies less than the 1%. Mr. Root stated they could not because they would have to go with whatever the County Board imposes.

Mr. Smith asked if there is an opportunity to come back again in the future to request more to get up to the 1%. Mrs. Noble stated the law is unclear. The General Assembly did not seem to anticipate that possibility when they wrote the statute.

Mr. Preckwinkle, County Board District 25, stated he represents the center of the City on the West side. He asked Mr. Root to describe the philosophical shift he commented on. Mr. Root stated that school funding is based solely on property tax and you have general State aid, and the general State aid is based around property values. The quality of your schools generally dictates property values, and the way it is fundamentally done is through property taxes. With a philosophical shift, you can try to look at a more equitable or more fiscally new way of looking at this by bringing in revenue from another source such as sales tax. Mr. Preckwinkle stated he is trying to understand the urgency of this referendum because property taxpayers would like to know. Mr. Root stated that every school district's needs are going to be different.

Mr. Milton stated that facilities in the Springfield school district are aging, and they need to be in compliance with physical education by the year 2013.

Mrs. Turner, County Board District 19, stated she represents a district located in Springfield. She asked when they would start seeing the funding come into their district. Mrs. Noble stated it would be October 2011, before the districts would start receiving revenue. A new sales tax can only be imposed on either July 1st or January 1st of each year.

Mrs. Turner asked what the timeline is for new construction in School District 186. Mr. Milton stated it would be 2012 and 2013 for the elementary schools. Mrs. Turner asked what assurances they could give that the next members of the school boards would not change these priorities and that the money would be used for what they say it will be used for. Mr. Root stated obviously the elected officials are charged with making sure these initiatives will hopefully maintain. If there is some unforeseen event, a future board could make a decision for that money to go towards that. They have a moral responsibility to follow through with what they said they would do. It would be the same with county board members. There is nothing that would permanently commit a board to maintain what the current board has done, except the fact they are accountable to the voters of their community. Mrs. Turner stated that this presents a dilemma for some people.

Mrs. Weitzel stated they had four new board members in her district join in April 2001, and they all committed to the vision of improving their facility needs. This is a multi-face plan that has been in place. They feel they have significant community support behind what they are doing.

Mr. Root stated if a current board bonds against this revenue stream before another board takes over, the bond would commit future boards. He stated he does not want to be disheartened that another elected body with the county board would doubt other elected officials at the school board level. He is hopeful they all operate in the manner they have committed. Mrs. Turner stated she does not doubt other elected officials, but priorities do change. They do not know how the priorities would change with another board. This needs some careful consideration because they would be imposing a sales tax that is never going away.

Chairman VanMeter stated that under the property tax caps, when you reduce the levy you can raise the levy back up. After the two-year window passes, your property tax would then be capped at that new lower rate. Mrs. Noble stated that voted general obligation bonds are outside of that normal treatment of tax caps. You do have two years to recapture any reduction you made previously, but bond payments are outside of the tax caps. If there is an unlimited property tax cap pledge on voted bonds, it would be outside of the tax caps. It would have nothing to do with setting those limiting rates. Mr. VanMeter asked if the rates associated with those bonds could ever be raised again. Mrs. Noble stated if you lowered bond and interest tax rates in 2012 and then again in 2013, and then in 2014 the sales tax revenue was needed because a tornado came and blew a wing off the building, in 2014 or 2015 the district could re-institute whatever tax rate it took to make the current payment on the bonds. They could not go back and retroactively levy for the payments they have already abated, but they could institute the bond and interest tax rate for the payment currently due.

Mr. Schweska, County Board District 18, stated he represents the Springfield school district, and mostly Lanphier High School. He heard from a precinct committeeman that a lot of his constituents are afraid all of the money would be going to one school district or it would not be divided evenly. Mr. Schweska asked for clarification on this. Mr. Root stated that the money is divided evenly based on school enrollment. It goes by how many kids you have that live in Sangamon County and are enrolled in your school. Mr. Schweska asked what reduction there would be for educational programs for these students. Mr. Root stated he thinks there is a little confusion regarding this. These issues are facility bond issues that have to be passed through a property tax increase for building projects. None of this money would go towards instruction or anything to do with the educational process. If this did not pass, the districts would have to look at bond issuance against property tax for school facility purposes. Mr. Schweska stated he actually heard several school board members say it would cut into educational programs if this failed.

Mike Klebe stated currently they have QZAB bond payments in the Riverton school district that are \$150,000 to \$160,000 per year from their general fund along with their normal building maintenance costs and the purchase of property. By using the sales tax money for these things, it allows the money coming from the general fund to not be spent on the building, but directed to the classroom instead.

Chairman VanMeter asked why District 186 spent a lower percentage of its budget on instruction than other peer schools in the State. Mr. Milton explained that the board has had a major emphasis on student achievement. By the increased test scores they have, it demonstrates they are improving and growing academically. The main goal is to have young people who are competent and can compete in the ever changing global world. He feels his district has really been committed to that charge.

Chairman VanMeter stated that State statistics indicate nearly 28% of the students in District 186 demonstrate some movement from school to school in a single year, which is higher than most of the peer schools in the State. Mr. Milton explained they have a lot of variables they are dealing with, and some are within their control and some are not. The district has made a strong effort in terms of codifying their instructional model and aligning all of the schools so they are on the same page academically. Some of this is a community issue. They are dealing with challenges and social dynamics that are wreaking havoc on the lives of many young people, such as the breakdown of family.

Chairman VanMeter stated that State statistics indicate that District 186 spends almost \$16,000 per year to educate students in the district, consisting of \$5,700 on instruction and \$10,083 on operating expenditures. The teacher's salary is roughly \$56,000. If four students were assigned to each teacher to be home schooled, they could raise the average teacher's salaries by \$8,000 and give incredible personal attention to each student from Kindergarten to 12th grade. He asked what they are missing. Mr. Root explained that he is not really sure why they have moved from the facilities needs to instructional needs. This goes back to how public schools are funded and done in the State. Part of the problem is the funding mechanism and how to make the schools function. There are a lot of issues that are structurally flawed in how they maintain public education.

Lisa Weitzel explained that one teacher could not provide all of the extra curricular programs if they were to home school the children.

Chairman VanMeter stated that State statistics indicate the ratio of administrators to students in peer schools is about 120, and for the schools in Sangamon County it is more like 200. Mr. Milton stated that is an inaccurate assessment. They just went through the numbers last year and they are at around 170. They have reduced the number of administrators over the last four years. They have had a negative four, there are still positions they have not filled, and they continue to make reductions as they speak.

Chairman VanMeter opened the discussion to the public.

Ray Devlin from Rochester stated their schools are great and they are blessed to live there. He is more concerned about the bureaucracy of the State. Everything they seem to be talking about is raising taxes. It does not make any difference if it's property or income taxes. The 1% increase only serves to bail out the teacher's union. It is our retirement and children's college funds that will be taken. This has us spinning in place and getting us nowhere but broke. This educational monopoly has provided prosperity in abundance for the teacher's union and the State bureaucracy at the expense of trampling upon the free peoples right of choice, and drowning any real gain in prosperity for the people of this State and is in direct conflict for the education of our children. There can be no public jobs without the greater prosperity of the private jobs for which Springfield refuses to value as a priority. Every dollar is consumed by the government so we will not be able to invest in the prosperity of our economy or to the direct benefit of the kids' education. The people of Illinois and their children require an educational system that promotes a choice of free people and not a monopoly ran by a rule of thieves. Springfield has allowed the teacher's union to bully the people for far too long, and now the time has come to chart a new course to give the parents the power to choose. Springfield and this failed bureaucracy of union and bureaucrats should see the day when we see our parents and teachers educating our children individually and not by politicians and bureaucrats that manage our kids in their neatly designed boxes.

Kristina Rasmussen from Springfield stated her day job is with the Illinois Policy Institute who is a non-partisan think tank focused on Illinois policies and fiscal policies in particular. She feels the people missing from the room are the people who will pay the higher sales tax. People are kind of scared and money is tight. She feels what she is hearing is for every additional dollar she pays in sales tax she will get 10% back in property tax relief, which is a very significant tax increase for her family. Those who are not currently property owners, because they do not have enough income, will see a 100% sales tax increase. There are exemptions on some basic items in Illinois such as food and prescriptions, but there are a lot of things not covered such as diapers, clothes and basic household appliances. This will hit families' budgets really hard. There will be real sacrifices made by families as they pay these higher taxes. They compete with other counties, states and nations to be a business friendly area. Are we shooting ourselves in the foot by sending a broadcast in this economy that it is going to be more expensive to live and work in Springfield? That is not the message we should be sending. We want to say come here and grow here and we will let you keep a lot of what you earn as opposed to taking it away from you. She stated that she would be interested in the board's thoughts if they would be willing to speak on the competitiveness.

Gregory Blankenship from Springfield thanked the school for their presentation. He is here representing American's for Prosperity, who are a national grassroots organization that believes in limited government and accountability and transparency. He has worked with the County Board and with Dr. Milton on the transparency issue. He asked who the voters would hold accountable if they do not like the way the schools are spending their money.

They have heard a lot about facilities and grants, but one of the things he noticed was the presentation from Riverton. Their plan is to use this tax money, not to directly pay for a new facility, but they will use it and take the money they were using for operations to pay for the facility and then backfill that. That seems contrary to what other school districts are doing. It seems clear to him this is a subsidy.

Mr. Root explained that the accountability goes back to the school boards. They are the ones elected. Mr. Blankenship stated he could not vote someone out of office from another district when he lives in District 186. If you live in Williamsville school district, for example, the concern would be what that school district is doing with the money. Obviously, every school district has a different levy for other operating funds.

Mr. Blankenship stated his concern would be with his tax dollars. What do I get back, and why would I suffer for poor decisions? There is no accountability for the average taxpayer in Springfield who is paying for the sales tax. If you live in Springfield and the money is going to the County, who levies the money? If you spend the money, there would be no way to hold you accountable.

Mr. Root stated the accountability falls with each individual school district's school board. Mr. Klebe encouraged him to attend his local school board meeting, as they are probably the least publicly attended public meetings in this country. You should hold your elected representatives accountable. He explained he does not know if he would characterize the sales tax revenues distributed to the Riverton school districts as a subsidy for their operation. The whole premise of this sales tax is to provide schools with a source of funding to pay for facilities. They plan to reduce their bond and interest tax levy so it will actually be a net gain for their residents and will still provide additional revenue. It will allow them to take money currently being spent from their current operating fund and return in to the classrooms where it belongs. This would not be a subsidy, but a wise and prudent use of the revenue distributed to the Riverton school district.

Paul Rice from New Berlin stated he is self-employed and does rural real estate work. They are in a down economy and to try to impose another 1% sales tax, they will have the distinction of being one of the highest taxing districts in the country at 9% in Springfield. You can go on the Internet now and purchase items now. Each individual school district has its own plan, which is understandable, but it still leaves a lot of things uncertain for the average taxpayer. Illinois ranks 7th out of the 50 states for property taxes, and approximately 50% of property taxes go to school districts. He has not heard any talk about potential down sizing due to the demographics. He asked if there is any talk about consolidation. Everywhere they go businesses are leaving, and they are all down sizing because of the economy.

Jerald Jacobs from Springfield stated that he has an idea to come up with a solution and that is to have a lottery and give that money to education, I'm sorry, we have already done that. He asked if they really think this money is going to be given back to the taxpayer. He is an engineer and was layed off in 2005, and saw his salary go from \$60,000 per year to \$6,000 per year. He had to sell his house, but he dealt with it. They also need to deal with it.

Things go south, and they need to deal with it, and learn to live within a budget. The state and federal governments do not do it, and now you are going to say the local government doesn't do it either. He asked that they just use some common sense.

Anne Noble from Stifel Nicolaus provided some information on how the implementation has gone in the other six counties who have imposed the sales tax. There are 31 school districts that are part of the six counties, and 11 of them have abated and put in place property tax reduction. Five of them are building brand new stand-alone much needed facilities without property tax increases. The rest are doing renovations, health life safety projects, additions and are buying properties. They do track all of the monthly sales tax collections in the six counties and in the three largest counties, Champaign, Jo Davies and Williamson County, you can't look at their collections and say there were no reductions in sales tax revenue from the time the tax cap was put in place because they are in an economic downturn. All across the country sales tax revenues are down. You need to look at whether the revenues in those counties are down, and if those people left those counties and went to the neighboring counties to shop. The answer is no. Each region is different because each region has a slightly economic base. With the data they have collected, they are not seeing people go to other counties to shop.

Chairman VanMeter asked how long it has been since those counties implemented this. Mrs. Noble stated it has been 2 1/2 years for Williamson County and for everyone else it would be a shorter time period. Mr. VanMeter asked if it takes some time before it comes into effect. Mrs. Noble stated it takes about 6 to 8 months. Mr. VanMeter asked if she has seen some property tax reduction in those counties. Mrs. Noble stated they have, but it's just been about one year because they may have only had one levy cycle since it went into affect. Mr. VanMeter stated that they may want to get together with her some time in the future because it is hard to see the property tax reduction. Mrs. Noble stated that they would just have to look at the bond tax rate in isolation because there are different moving variables, but she would be happy to meet with them.

Cheryl Wise from Springfield stated she is hearing a lot of concerns regarding accountability. There is a segregation of the sales tax money so it cannot be co-mingled with the other money in school districts. She believes there will be a separate fund for sales tax money and it will have a very specific purpose. You would not be able to increase salaries, so the unions really do not have an impact on buildings. She has lived in this community since she was 5 years old, and has noticed a decline in the quality of life. One of the variables impacting this is schools. If you go to almost all the District 186 schools you will find they are all at least 50 years old. Our school district tries very hard to take care of our buildings and I think we need to keep that in mind. They have not been able to build new facilities, and the money from the sales tax would go only towards these facilities. The school districts cannot just generate revenue, they have to go out and ask for it. The legislature has given them the opportunity to generate revenue for buildings only, and this is a good opportunity for us to invest in our community. It will be a sacrifice, but they should be willing to make this sacrifice to make our community stronger.

Tom Fitch stated one prospective missing from this discussion is how the decision will affect the people. He has four kids in the Springfield school district, and they have received a great education. Many of our facilities are an embarrassment, when you can walk through other communities and see their facilities. They own a small business and their living is made in this community, so how this community thrives has a direct impact on their livelihood. It is a real problem that they have such a large disparity of facilities between the County and City. If we don't do something about this, it will only get worse. He is involved with the citizens for Sangamon County Schools Group that supports this sales tax. Groups such as the Chambers of Commerce has come out and supported this. The Chamber's board of directors is in support of this, which consists of local businesses. These businesses recruit from all over the country to bring employees to Springfield. St. John's Hospital is also in support of this. This will have a cascading long-term effect on this local economy.

Candace Mueller stated she is coming before them as a local Sangamon County shopper. She is looking forward the passage of the sales tax in November, but she is disappointed that the rewards to children will not take place until July. I would be able to have a penny of my dollar spent going to new, safe and improved buildings for the children in Sangamon County. This is an opportunity for us to reward the children of Sangamon County every time we shop, and she thinks this is a wonderful idea.

Allan Woodson, stated he is a lifelong resident of Sangamon County, graduate of Springfield public schools, Director of Workforce Development for the Greater Springfield Chamber of Commerce and Executive Director of the Business Education Partnership of Sangamon County, which is a countywide coalition of business leaders, educators, social service executives and labor union officials. The Chamber Board and Business Education Partnership Board have both endorsed the 1% sales tax measure largely because their respective members understand the keen distinction between an expense or cost and an investment. He is fully cognate of the need to grow a top shelf local area workforce and to educate the children and be successful in an increasingly competitive global economy. If they are going to require better results of their schools, they need to demonstrate that they are willing to make the necessary investment in the educational institutions. The Chamber and Business Education Partnership recognize that with greater investment comes greater accountability. This is the standard they have stressed and will continue to emphasize to the leaders of their ten-county public school districts who are with them this evening. They will also continue to be actively engaged in efforts to identify and to implement focus strategies designed to increase student achievement. Clearly, education will be the focus of the twenty first century job market, and those communities with the smartest, best trained people will be attracting the most jobs. It is incumbent upon the citizens of this County to invest in education capital as one means to assure our community remains a great place to live, work and raise a family. He has been on both sides of this issue, and has sat on the City Council, but also has been a classroom teacher, and worked for the Illinois Association of School Boards, so he understands what is involved in expenses on both sides of the issue. He emphasized to the County Board to look at this as an investment in their future.

Robert Plunk from Riverton stated he signed up to speak so he could get questions answered that he may not have gotten answers from in the presentation. He said he thinks he heard the 1% sales tax would raise \$19 to \$20 million annually. He asked about the charts that show a 5% decrease in property tax distribution.

He asked if this was because of the anticipated reductions as a result of the sales tax. Chairman VanMeter stated that is correct based upon the presentation from the school boards. Mr. Plunk asked about the proposed combined local tax distribution without school sales tax that was listed on the charts. Chairman VanMeter stated he believes it should say with school sales tax. Mr. Plunk stated he understands this is a sales tax collected by the State and then distributed to the County. Mr. Root stated it goes to the Regional Office of Education and then to the school districts. Mr. Plunk stated he read in the newspapers that there are a lot of school districts not getting State money, but he also read the County and municipalities are not getting funds due to them, and he presumes those come from sales tax. Chairman VanMeter stated that they are getting the money, but are getting it much later than usual.

Mr. Plunk asked if there is any concern the State would use this money to reduce its \$13 million shortfall. Anne Noble stated the money is statutorily for school facilities in Sangamon County. It would never hit the States general fund, and just passes through the Department of Revenue. They have seen no delays for the counties who have the tax in place, but there is a 90-day lag for any sales tax distribution.

Sandy Waldon from Sherman stated that she grew up in Springfield. Her first comment is in regards to the sales tax and whether it will sunset. She understands the County gets ¼% sales tax from the 6 ¼% rate, and the City of Springfield gets 1 ¾% from their home rule. She asked if those would ever sunset. The City and County Board also get property tax money in addition to sales tax money, which is the same thing the schools are asking for. The money the school districts are getting is going to be restricted in how it can be used, but the money the City and County Board receives is not restricted in its use. There were comments made saying some districts were not saying how their money would be used. They would use this money to avoid raising property taxes, so it is not like they are not doing anything with that money to help the property owners. Instead of giving the property owners an abatement by paying off bonded debt, they are in fact using this money to avoid going to the property owners for additional property taxes for building needs. This would be property tax avoidance. She asked how much the school districts would have to raise their property tax rates so it would equal the same amount in property tax revenue. It is her understanding that a lot of these districts would have to raise their rates if they wanted to raise the same amount of money in property taxes that they could get from the sales tax. This is a way to get revenue without raising property taxes. From the records she has from the 2009 school report card, it shows the State average percent spent on education and instruction costs was 46.7%. In 2009 Springfield 186 spent 46% on instruction costs, so that is only a slight difference. The State average for teacher's salaries was \$61,400 so they were below the State's average with the salaries being around \$56,000. The two most important things people ask when they relocate are "what school district am I in?" and "how much are the property taxes"?

If schools can get the sales tax money, improve their buildings and abate property taxes, they get the best of both worlds with lower property taxes and better schools.

Lisa Weitzel stated the school board members spend hours trying to do what is best for their children. This was a means they felt would be best for them countywide. It would give the children a chance to attend good schools that are in good repair and are ready for twenty first century learning.

A motion was made by Mr. Montalbano, seconded by Mrs. Turner, to recess the meeting to Tuesday, October 26, 2010 where the Board will reconvene at the Sangamon County Farm Bureau at 6:30 p.m. for the purpose of holding a public hearing on the board proposition to be decided by the voters on November 2, 2010. A voice vote was unanimous.

MOTION CARRIED
MEETING RECESSED