

Geneva Public School District (304)

- ❖ Total Debt (principal & interest) is **\$325,600,000** 1/3 rd of a Billion Dollars
- ❖ Nationally, schools our size have an average total debt of \$50,000,000
- ❖ We have out-spent other schools our size by 6:1 (6 times the national average)

Source: William Blair & Company 10/24/11

The school board says by definition, our debt is the principal only. (About half of the above)

- ❖ That's just silly; we owe the entire amount, principal and interest, or \$325,600,000
- ❖ We, the taxpayers, have to pay this huge (total) debt back by 2027
- ❖ The heavy pain takes hold in 2016, when we must pay **\$23,794,798** in principal & interest

When you over-spend on schools, there is no easy way to get out of debt. Selling a school is not practical

- ❖ You just have to suck it up – property owners pay higher taxes and schools cut their costs
- ❖ Our taxes are going up, but no meaningful cost cutting has been done by the school board
- ❖ New growth won't help, as our area is forecasted to remain flat for many years

If we don't correct course, Geneva taxes could double in 15 years

- ❖ Geneva school employees are in this too and need to understand the burden on taxpayers
- ❖ A new 3-year teachers contract is coming up – an opportunity to set our future course
- ❖ We need to re-think our policy of buying a brand new fleet of buses every 2 years
- ❖ The Board must step up - Start thinking out of the box – Start doing more with less

Our home values, annual property tax rates and the very future of Geneva is at stake

- ❖ Refusing to seriously cut costs, and creating high taxes, can start a very negative cycle
- ❖ It's already started, many property owners are challenging their house assessments
- ❖ Your taxes are going up, and if we stay on our present trajectory, it will become surreal

Source: William Blair & Company 10/24/11

Realtors will start seeing the 2016 wall of pain and begin focusing customers on other areas

- ❖ Geneva can very quickly go from being the place to be – to being a place to avoid
- ❖ By 2016 we will be repaying over \$23,000,000 a year in principal and interest
- ❖ By 2016 our school operating budget could be bumping \$100M, from the current \$78M

Projection based on past budgets

Do most people see their personal financial situation keeping pace with the above tax situation?

- ❖ The answer is NO. However, make no mistake about it, this is the course we are on
- ❖ The facts are scattered here and there, often confusing and lacking transparency
- ❖ However, there is one fact painfully clear: we have to take action now, by doing some heavy cutting and managing our way through this mess

Our future depends on what we do now. Will we all pitch in? Or, will taxpayers be left to crash and burn?

- ❖ This matter is not the private business of the school board. It's everyone's problem to solve.

This is not about placing blame for the problem. But is about taking responsible steps to deal with it

- ❖ Our choices are few
- ❖ You shouldn't add more debt, to cope with heavy debt, but we have done just that
- ❖ The board replaced (good) 5% un-callable bonds, with (not so good) 9% callable bonds
- ❖ Premium bonds were issued without informing the taxpayers
- ❖ Refunding bonds and pushing out the length is not an option

For the board, increasing the overall debt was easier than reducing the annual operating budget

- ❖ Our taxes will go up more because of past unwillingness to make hard choices
- ❖ Few, if any, taxpayers understood what was going on
- ❖ But the fog of confusion is lifting; taxpayers are starting to get it.

What's done is done, let's move on. But let's do that with genuine transparency and ongoing dialog

- ❖ We need the school board to lay out the interest and principal payments through 2027
- ❖ We also need them to overlay at least 3 scenarios of operating budgets through 2027
- ❖ Finally, we need the property owner tax impact estimates for the above 3 scenarios
- ❖ Don't say it can't be done. It can easily be done.

It appears we have about four basic choices for Geneva taxpayers to deal with our school debt

- 1) Draconian cuts starting in 3 - 4 years
 - The danger with waiting is it may become too late to make cuts thoughtfully
- 2) Raise taxes significantly over the next 10- 15 years
 - This will make the Geneva School District uncompetitive and unattractive
- 3) File for bankruptcy in a few years because taxes have become unbearable
 - Our school and town will acquire a bad reputation and high borrowing costs
- 4) Start major cutting now
 - **This is the most responsible approach in our opinion**

Everyone must have their voice heard. Every citizen has to sacrifice, including school employees. Taking full responsibility right now is absolutely necessary.

We are a town of 22 thousand, with a school debt of a Third of A Billion Dollars

- ❖ A debt that is reported to be 6 times the national average for school districts our size
- ❖ A problem that will make our home worth less, taxes unbearable and area unattractive

What should we do? Continue “kicking the can down the road” until we hit a brick wall?

- ❖ Or, should we start dealing with the problem in a serious way, starting now?
- ❖ Do we have any other choice other than starting to cut cost now?

Geneva taxpayers must get involved. How can they do that?

- ❖ Start talking through text, Face Book, Tweet, email, phone and face to face
- ❖ Join GenevaTAXFACTS (www.genevataxfacts.org) , attend school board meetings, speak up
- ❖ Start voting – elect people who will do the right things

A debt problem is **not** the private domain of the School Board. It's the taxpayer's problem.

- ❖ Will the Geneva School Board stay status-quo, or become part of the solution?
- ❖ The sun will come out a little brighter tomorrow, if we start solving problems tonight
- ❖ This is not about blame. It's about doing the right things starting now
- ❖ It's about transparency, clarity, and doing better for taxpayers
- ❖ The board must engage the community by creating a board task force consisting of three board members and five at-large community members. Community members should have educational, financial or business backgrounds

We have been hit by a perfect storm. A combination of poor planning, management and response.