



SUMMARY OF BACKGROUND INFORMATION ADVISORY REFERENDUM ~ FEBRUARY 5, 2008 CITY OF CHAMPAIGN TOWNSHIP

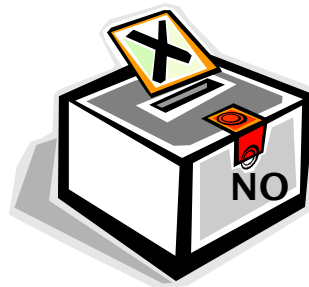
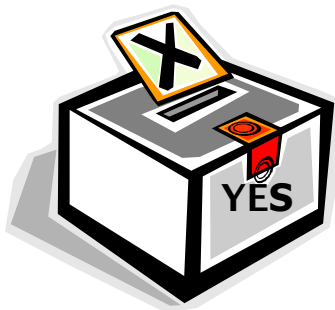
Dear Neighbor:

Township is a grass roots form of government. It is often described as “the last true form of democracy.” Township government is the oldest form of government in our country formed to be *closest* to the people. Although townships are governed by an elected Board of Trustees, this form of government gives a unique role to the average voter through the mechanism of the Annual Town Meeting.

At the Annual Meeting, voters, otherwise known as electors, can take a large number of actions concerning the Township. Township electors can directly authorize through a motion many of the powers that are regularly exercised by the Board of Trustees. This includes, authorizing an advisory referenda to be placed on the ballot by the County Clerk.

At the April 10, 2007, Annual Town Meeting, the electors, authorized by majority vote, to place an advisory referenda question on “Poverty” on the next regularly scheduled election in the City of Champaign Township. The question on the ballot will ask the Township trustees to restore the level of General Assistance Funding provided by the Township according to township law in the state of Illinois. The actual question on the ballot is as follows:

“Shall the voters of the City of Champaign Township ask the Township Trustees to restore the level of general assistance funding by actively pursuing any and all means available to them in order to preserve the health and well-being of individuals, children, families and adults living in extreme poverty in our Township?”



An advisory referendum, stands as a statement of the will of the people for the Township trustees, (a.k.a. Champaign City Council) to consider as they exercise their duties as the governing board of the Township. (60 ILCS 1/30-205)

The City of Champaign Township has a legal responsibility to serve the poor. Townships are mandated by Illinois State Statutes to provide General Assistance to the poor. Under the Illinois Public Aid Code, any individual who satisfies the eligibility requirements, such as financial need and residency, is entitled to receive aid through the Township General Assistance fund. [305ILCS 5/6-1](#) and [305 ILCS5/6-1.1](#)

General Assistance (also known as "GA") is a type of public assistance and one of the services provided by the township. It is often considered public assistance of "last resort." It is administered throughout Illinois by township supervisors (with the exception of Chicago). It is an Illinois state law that townships must provide General Assistance to eligible residents.

Due to budget constraints, on February 1, 2007 the Township was forced to terminate over 50% of the towns eligible clients from General Assistance. The remaining clients had their monthly checks cut from \$212 to \$100 and later raised to the current level of \$150. The Township's long term fiscal outlook is bleak. A detailed analysis of the townships budget forecast indicates that the township cannot continue to operate and provide the services that they are legally mandated to provide with its current tax rate of 0.0357 of the total property tax revenue in Champaign County.

Over the past decade since tax caps were adopted and legal fund balance requirements which has kept the township's levy was artificially low. With the lowered tax rate this forced the spend-down of fund reserves to adopt an annual balanced budget. This process has eventually corroded all of the townships fund balance reserves. In essence, the City of Champaign Township has been trapped in a downward fiscal spiral. Over a period of five years from 1997 to 2001, the Township's total levy for the General Assistance Fund was \$41,854, for an average of only \$8,370 per year. During this period the Township was forced by the "blunt instrument" of tax caps into a lose/lose situation.

The tax levy is the amount of money requested each year by the township to perform mandated township services. The levy amount extended to the township is restricted by the tax rate multiplied by the EAV (equalized assessed value) minus the tax caps, minus the exemptions and minus the TIF district restricted revenues. The Township "Capped" Levy for 2006 was \$422,281.00. Cunningham Township, our neighboring township in Urbana, which is half the size of City of Champaign Township had a levy extension of \$917,175, over twice the amount of funds extended from tax revenues than from the City of Champaign during the same tax period. City of Champaign Township's aggregate levy (Town Fund, General Assistance, IMRF, and Social Security) was lower than most

townships' levy of similar size. The EAV in City of Champaign is over 1.2 billion dollars.

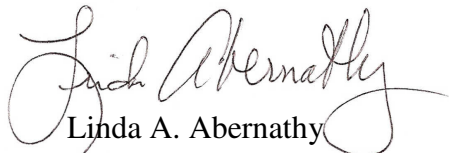
In the two years preceding the 2007 fiscal year service needs drastically increased but the blunt force of PTELL prevented the Township from increasing the levy to address the increased service needs. In fact the Township had to dig deeper into reserves until finally having to adopt a transitional assistance position terminating over 50% of eligible residents from General Assistance the state's mandated basic maintenance program for those considered to be living in extreme poverty and who cannot meet life's bare basic maintenance needs placing them at serious risk.

Unlike municipalities, the Township relies almost entirely on property taxes as a source of revenue. Townships do not receive sales taxes or other fees or fines allowed county and municipal governments. While there are many different budgetary constraints responsible for the Township's current financial crisis only a successful tax referendum will eliminate the Township's financial crisis and maintain a positive fiscal position.

Poverty is not just a problem of developing countries. Poverty exists everywhere, in every city, and every state of the U.S. In spite of the prosperity that the City of Champaign enjoys, many of our citizens go hungry and lack even the basic needs of medical care, shelter and warm clothing.

The February 5, 2008, Advisory Referendum will be a precursor to a hopeful and successful referendum. On the November 2008, the ballot will allow the Township a one time release from the current tax rate and adjusting the rate to a sustainable positive rate to operate the Township's mandated services.

Sincerely,



Linda A. Abernathy
Supervisor, City of Champaign Township