



PLAYING FAIR WITH THE CHILDREN OF ILLINOIS

Do the public schools of Illinois treat the children and taxpayers in your community fairly?

That is, can your schools afford to give students the same opportunities and same good start in life that chil-

Gather the facts to judge for yourself whether your local schools and taxpayers are being treated fairly.

dren in other communities receive?

What about your school property taxes — are they levied at rates similar to those in communities that boast good schools? Or do your tax rates compare with those in school districts that lag behind the rest of the state? Or — what may be even less fair — do your schools levy taxes at high rates but still lack the income to provide adequate opportunities for students?

The answers to these questions

depend on where you live, but you can obtain some basic facts that will tell you what you need to know. If you should conclude that the school system in Illinois is shortchanging your local schools and your children, the final question is: What can *you* do about it?

THE ILLINOIS PICTURE

In beginning your search for answers, it may be helpful to know what researchers have revealed about “the big picture” in Illinois. Here are some generally accepted observations:

1) There is inequity in school taxes in Illinois. The same \$80,000 home might be taxed at \$600 in one school district, \$1,200 in another and \$1,800 in a third. (In Illinois, the average school tax on a \$80,000 home is about \$1,000, while the average *total* property tax on the home is about \$1,700.)

2) There is inequity in school revenue in Illinois. Some school districts receive more than \$26,000 per pupil

All children are entitled to a good start in life, but some of their schools have much more to offer than others. Here's how you can determine the ability of your schools and the steps necessary to ensure an equal opportunity for every child.

RICH SCHOOLS, POOR SCHOOLS:

- Why some children have better schools than others
- How to measure the wealth of your schools
- Where to look for solutions to inequity

each year while others receive less than \$6,000. Of course, costs and prices vary from one location to another, and some schools must provide a wider variety of programs and services that students need and parents demand. Taken together, however, these differences in school needs may not justify such a wide disparity in school district income. In fact, some schools can provide nearly any program desired by parents and students while others cannot afford the bare necessities.

3) Differences in school income are created by a combination of three factors:

- **Property wealth** — The combined value of all the real estate in a school district determines how much money the schools can generate from their property taxes. Some school districts simply contain a great deal more property wealth than other districts and therefore can generate a great deal more in tax revenue.
- **Tax effort** — The total assessed value of real property must be multi-

plied by the school district tax rate to determine the amount of property taxes the district receives. Established by law, tax rates may be raised only by the voters at a referendum. School district tax rates also vary widely, because taxpayers in some districts tax themselves at high rates to support their schools, while some choose not to.

- **State equalization aid** — The state of Illinois provides equalization funds to compensate for differences in local property wealth, but the dollars appropriated do not bridge the huge gap. School districts that rely primarily on state aid have far less money to spend than districts wealthy enough to rely primarily on local property taxes.

THE PICTURE IN YOUR DISTRICT

To judge for yourself whether your local school and taxpayers are being treated fairly, here are the facts you need to ascertain:

Adequacy: Are your local schools adequately funded? Check with your school board or district superintendent regarding actual revenue and expenses. Ask parents and educators about the variety and quality of educational programs and services for students. Are salaries high enough to attract and keep good teachers and administrators?

It's hard to say how much a good school system should cost, because

variations in enrollment create different degrees of efficiency and some communities need or demand programs that are more costly or less costly than others.

However, the average per pupil expenditure in Illinois in 2008 was \$10,417 — a figure that varies considerably, as indicated earlier. The averages, in fact, ranged from \$7,098 in Southern Illinois to \$12,267 in suburban Cook County, although individual districts may report much lower or much higher spending. (For separate high school districts, per pupil expenditures tend to run about 50 percent higher than the cost for separate elementary districts.)

If you find both the quality and the cost of your schools satisfactory, you need look no further. However, if you find your schools do not measure up, and if they spend less than these average amounts, you should suspect that your school district's income may be insufficient for its needs.

Also look at the number of teachers employed and the salaries they are paid. A district must have enough teachers to support the desired breadth of programs, maintain reasonable class sizes and provide adequate pupil supervision. A district's salary schedule must be competitive in the marketplace in order to attract and keep good teachers and administrators.

Some school districts in Illinois pay their teachers twice as much as other districts. **Exhibit A** presents the

highs and lows in beginning teacher salaries and maximum teacher salaries among Illinois school districts. See how your district's salaries compare.

Ability: If you conclude that your schools are inadequately funded, the first place to look for a cause is your district's property tax base. Property wealth determines the ability of a community to support its public schools.

Your district's tax base consists of the total *equalized assessed valuation*

Revenue needed to run schools varies considerably from place to place. The bottom line is whether our system gives all children an equal opportunity for a decent start in life.

of all taxable real estate in the district. Your school district administration probably can provide this information, as well as the equalized assessed valuation *per pupil*.

Financial inequity among Illinois schools and property taxpayers stems from the great variation in equalized assessed valuations per pupil. Some districts are supported by huge tax bases — \$100,000 or more in equalized assessed valuation per pupil. Others have very small tax bases — less than \$10,000 per pupil.

These differences in ability to support schools create inequities in the quantity and quality of programs available to students in different communities.

Effort: The next place to look for the cause of inadequate funding is your school district's authorized property tax rate. Your tax rate reflects the effort that your community makes to support its schools.

Ask your school district administration for your district's *operating tax rate*. When you multiply this tax rate times your district's equalized assessed valuation per pupil you should get your *property tax revenue per pupil for operations*.

Tax rates beyond minimal levels

Exhibit A — TEACHER SALARIES

Ranges in Scheduled Salaries and Average Salaries Paid Among Illinois School Districts, 2009-2010

	Lowest in State	Highest in State
Beginning Salary, Bachelor's Degree		
Among Elementary Districts	\$22,731	\$45,109
Among High School Districts	\$27,332	\$51,556
Among Unit Districts	\$26,461	\$48,632
Highest Scheduled Salary		
Among Elementary Districts	\$37,730	\$117,170
Among High School Districts	\$49,587	\$127,679
Among Unit Districts	\$40,666	\$109,752

Source: Illinois Teacher Salary Study

Exhibit B — LOCAL EFFORT

The amount of money a school district receives from property taxes is determined by multiplying the district's Operating Tax Rate times the Equalized Assessed Value of the taxable real property in the district. While total EAV represents a community's property wealth — or its *ability* to support schools — its school tax rate represents its actual *effort* to support schools.

If you know your school district's Operating Tax Rate, you can find the rate below to see how your community's tax effort compares with the efforts of other Illinois communities.

2009 Operating Tax Rates Per \$100 of Equalized Assessed Valuation	NUMBERS OF ILLINOIS SCHOOL DISTRICTS		
	Elementary Districts	High School Districts	Unit Districts
More than \$6.00	1	0	1
\$5.50 to \$5.99	1	0	8
\$5.00 to \$5.49	1	0	20
\$4.50 to \$4.99	3	0	60
\$4.00 to \$4.49	5	1	87
\$3.50 to \$3.99	20	1	124
\$3.00 to \$3.49	51	4	73
\$2.59 to \$2.99	113	9	15
\$2.00 to \$2.49	105	16	4
\$1.50 to \$1.99	76	49	1
\$1.00 to \$1.49	15	19	0
Less than \$1.00	4	1	1
Total Districts	395	100	394
Median Operating Tax Rates	\$2.53	\$1.75	\$3.92

NOTE: Keep in mind that an elementary district serves students through eighth grade and a high school district serves grades nine through 12. A unit district serves all grades through 12th. A taxpayer served by separate elementary and high school districts pays taxes to both, and the separate rates must be added together to make comparisons with rates paid in unit districts.

ALSO NOTE: A high tax rate indicates a high degree of local support for schools, regardless of relative property wealth. However, a low tax rate does not always indicate low support for schools. Rather, a few school districts enjoy great property wealth that makes adequate funds available at low tax rates.

are established by referendum. Therefore, they reflect the willingness of each community to support its schools. As a result, some districts have tax rates that are twice as high as other districts. Highest rates are usually found in the Chicago suburban areas; lowest rates are more common in rural areas. (Note, however, that districts with large factories or public utilities often can generate adequate income with very low tax rates, which explains why some home owners have smaller tax bills.)

If your operating tax rate is below \$3.92 per \$100 EAV (in a unit district), then your community's lack of effort may be part of the problem. This is the statewide median for Illinois districts serving elementary through high school grades. The median for separate elementary districts is \$2.53 and for separate

high schools, \$1.75.

Exhibit B shows the number of Illinois school districts taxing property at different operating rates, from high

rates to low rates. See where your school district's operating tax rate ranks, keeping in mind that higher rates depend on voter approval at a referendum.

Note, also, that many of the finest schools in Illinois — those known for attractive teacher salaries and advanced instructional programs — have very high tax rates. There are exceptions, of course, but the top schools in the nation tend to be located in communities that insist on the best and are willing to pay for it. All children will eventually compete with the graduates of these schools.

If your school tax rate is below average, it may mean your community is not doing its share to support its own schools.

Ability and effort must also be examined in combination. As indicated earlier, plenty of school income may be generated by high wealth (ability) and a low tax rate (effort). By the same token, very small and inadequate income may be generated by low wealth and a high tax rate.

Exhibit C illustrates how wealth and tax rates work together in different combinations. If your schools are inadequately funded, you must determine whether the cause is your com-

Exhibit C – DISPARITIES IN PROPERTY TAX INCOME

How different combinations of property wealth and tax effort create disparities in property tax income.

PROPERTY TAX BASES PER PUPIL	PROPERTY TAX INCOME PER PUPIL PRODUCED BY DIFFERENT TAX RATES		
	TAX RATES \$ 1.50	\$3.00	\$4.50
\$ 10,000	\$ 150	\$ 300	\$ 450
\$ 20,000	300	600	900
\$ 30,000	450	900	1350
\$ 40,000	600	1200	1800
\$ 50,000	750	1500	2250
\$ 60,000	900	1800	2700
\$ 70,000	1050	2100	3150
\$ 80,000	1200	2400	3600
\$ 90,000	1350	2700	4050
\$100,000	1500	3000	4500

munity's inadequate ability (property tax wealth) or inadequate effort (property tax rate). If you conclude that effort is the problem, the solution is relatively simple: Work with your school and community leaders to get the tax rate increased at a referendum. Most increases in school tax rates must be approved by local voters.

If the problem is ability (lack of adequate property tax wealth), the solution is more complicated.

THE ROLE OF STATE FUNDING

The Illinois Constitution makes the state responsible for educating all children. The state carries out this responsibility by creating school districts and granting their boards of education a limited amount of taxing authority. For school districts that cannot generate adequate income from property taxes because of low property wealth, the state provides "equalization" money.

The state also provides money to help pay for such specific programs as transportation, handicapped education and vocational education. This aid, however, is provided to all districts without regard for differences in local property tax income.

Unfortunately, state equalization money is insufficient to compensate for differences in local wealth. Only those districts with large tax bases or high tax rates can be sure of affording adequate programs.

If your schools are poorly funded because property wealth in your district is low compared to the rest of the state, you have few options for correcting the situation. Many communities try to attract new business and industry in order to build a stronger property tax base to support schools and other public services.

If your tax base is half the size of your neighboring district's, you must pay double the tax rate to generate the same number of dollars. Is that fair to taxpayers?

Or you can pay the same tax rate and generate half the dollars for your schools. Is that fair to your children?

The solution is for the state of Illinois to equalize funding differences at a level necessary to sustain good schools. That would be fair both to children and taxpayers.

But the fact remains that the state is shirking its obligation to your community — its obligation to see that schools are adequately funded.

What's more, the state's financial contributions to schools have become increasingly inadequate over the past decade. A number of factors have come together to create this situation:

1) The pace of economic growth in Illinois has varied markedly from north to south. Property values and personal income have advanced rapidly in the counties around Chicago, while large regions elsewhere in the state have languished. Thus, the gap between "wealthy schools" and "poor schools" grows ever wider, making it increasingly expensive for state government to make up the difference.

2) State funding for schools has

not matched the commitment to public aid, including Medicaid, public employee pension plans and other state services. Between 1987 and 2009, state spending for elementary and secondary education grew from \$3.6 billion to \$9.4 billion. But its share of the General Fund increased by just one percent, as state spending swelled from \$18.5 billion to \$47 billion over the same period.

3) Our increasingly technological world places greater demands on our workforce and on our schools. Put simply, people must be better educated today in order to find decent employment, and schools are being asked to instill more knowledge in more people than ever before. A good education today costs more than it used to, and society can no longer afford large numbers of poorly educated citizens.

WHAT CAN YOU DO?

What can you do to overcome these problems and see that the children in your community have access to schools that can give them a decent start in life? There is no easy answer. But if you believe the well being of our state and nation depends on adequate schools, then you might conclude that the state should tax to the extent necessary to provide them.

Obviously, some communities can support their schools with little or no help. If your community is one that cannot, you may want to encourage citizen support for more state funding for schools, including additional state taxes to provide that funding.

September, 2010

Additional copies of this publication are available to individuals or groups interested in Illinois education. Write: IASB Publications, 2921 Baker Drive, Springfield, Illinois 62703-5929; or call: 217/528-9688, ext. 1108; or download from <http://www.iasb.com/pdf/playingfair.pdf>.



2921 Baker Drive
Springfield, Illinois 62703
217/528-9688

One Imperial Place
1 East 22nd Street, Suite 20
Lombard, Illinois 60148
630/629-3776

www.iasb.com