



Chapter 3: Suburban taxpayers' heavy share

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Your annual property taxes pay for most of the public services associated with suburban living.

They pay for police and firefighters. They pay for parks, libraries, a community college, city or village services, township activities, county roads and courts.

Then comes the big cost: your public school districts.

Two-thirds of the typical suburban tax bill goes to schools. All the other services split the remainder.

That's largely because suburban schools are funded mostly by property taxes.

Over the past decade, suburban schools typically collected 84 percent of their revenue from local sources.

State and federal funds made up the balance.

The arrangement remained stable year after year, even as the amounts schools collected increased at double the rate of inflation.

During the 1996-97 school year, districts in the Daily Herald's circulation area received on average \$7,184 per pupil from local sources.

That per-pupil figure increased to \$10,843 in 2005-06 -- a 51 percent jump.

The rate of inflation during the decade was 24 percent.

In this third installment of the Daily Herald series on public school finance, we consider why some taxpayers pay more than others. (Hint: People who live in expensive houses generally, but not always, pay more.)

But first, we'll consider how tax bills could go up so fast despite the protection of the tax cap. (Hint: New construction sometimes, but not always, fueled the increases.)

Skirting the tax cap

The tax cap has safeguarded suburban homes and businesses since the mid-1990s, limiting tax revenue growth to the rate of inflation.

The cap, however, does not immediately apply to new construction.

When cornfields yield to condos, the property's revenue potential shoots up -- and the tax cap law makes a one-year exception for that large increase.

System-savvy school districts use a "balloon levy" to fully capture the growth.

SCHOOL FINANCE 101

Chapter 2

[Unequal state equalizer](#)

[Big difference: funding varies between districts](#)

[School finance by the numbers](#)

Chapter 1

[Schools' revenue growth outpaces inflation](#)

[The numbers: Total revenue amounts](#)

Here are the total revenue amounts area school districts collected in the 1996-97 school year, the 2005-06 school year, how much that amount changed over the 10-year period, and the total amount of money received over the 10-year period. [View report](#)

Also available is a complete, downloadable look at year-by-year total revenue for area school districts. - [\[XLS document\]](#)

That is, when they go to the county with their levy, or annual request for funds, they ask for a lot more property tax money than they actually expect to receive.

The practice ensures that when the county applies the tax cap formula, districts receive every penny allowed by state law, every year, independent of need.

Taxpayers have only themselves to blame, or congratulate, for the second factor driving up revenues.

Since 1995, voters in 56 school districts covered by the Daily Herald have approved tax-rate increases.

Four districts -- Buffalo Grove-Long Grove Elementary District 96 and Millburn Elementary District 24 in Lake County, Kaneland Unit District 302 in Kane County, and Round Lake Area District 116 -- each passed two tax rate increases during that period.

The low end

Round Lake District Unit 116 taxpayers provided 45 percent of all revenues collected by their Lake County district over the past decade.

It was the lowest local share of any district in the Daily Herald circulation area.

That isn't to say the load was light.

In 2005-06, Round Lake taxpayers paid the highest tax rate in the suburbs -- \$5.59 per \$100 of assessed value.

The average tax rate of the 20 other unit districts in the Herald area was \$4.27.

The Round Lake rate was high for two reasons. The first is low property values.

Property within Round Lake is worth about \$70,000 per student, the lowest per-pupil value in the suburbs.

Property value per pupil is a key measure of a district's ability to raise money from local sources.

"The property values in the district are low and we don't have opportunities to expand," Chief Financial Officer Walter Korpan said. "We don't have the big Targets or Home Depots because you need property for that."

Weak property values, combined with a moderate enrollment growth rate of 29 percent over the 10-year period, created the conditions for the second factor driving the rate.

In the 1996-97 school year, the district ran up a \$2 million deficit, and voters quickly approved a tax rate increase.

It didn't help much.

The district continued to operate in the red year after year. In 2000, voters approved another tax rate hike.

The state seized control of the district in 2002.

The deficits finally stopped -- in the 2003-04 school year.

With its high tax rate, District 116 has since emerged from its financial hole.

Still, the district is stuck with the distinction of raising less per pupil from local sources than any other suburban district -- \$4,588 in 2005-06.

The high end

Less than 20 miles away, Rondout Elementary District 72 -- a one-school district with 22 teachers, two administrators, a bookkeeper and a custodian -- collected \$26.1 million in revenue during the past decade.

Of that, 97 percent came from local businesses and homeowners. It was the largest local load carried by a suburban school district.

To understand why, consider the Lake Forest-based district's 5-square-mile footprint, which includes pockets of homes, business parks, small factories and restaurants.

The estimated value of all property within the district is \$224.8 million -- or \$1.8 million per student.

About two-thirds of Rondout's \$224.8 million tax base comes from commercial and industrial sources, lightening the load for homeowners.

"Unless you are fortunate to have a strong commercial or industrial base, the burden falls on the homeowners, so it can often be difficult," Superintendent Jennifer Wojcik said.

With its financial seesaw tilted toward commercial sources, Rondout has not sought voter approval for a tax-rate increase.

There wasn't a need.

In 2005-06, Rondout collected \$27,336 per student, tops in the suburbs.

Voting to pay more

Rondout residents and businesses provided nearly six times more revenue per pupil to their local schools than residents in Round Lake District 116.

And Rondout had nearly 26 times more property wealth per pupil than Round Lake.

Generally, more property wealth means more local money to schools.

But not always.

Take the examples of Grayslake High School District 127 and Crystal Lake High School District 155.

The suburban districts have nearly identical rates of per-pupil property value.

Each Grayslake student is backed by \$422,000 worth of property; each Crystal Lake student by \$427,000.

But Grayslake taxpayers paid \$15,594 per student in 2005-06, while Crystal Lake taxpayers paid \$9,782.

Grayslake voters passed a tax rate increase in 2002 mostly because the district's enrollment had doubled over the past decade.

The Crystal Lake district has not asked for a tax rate hike in the past decade, mostly because its enrollment grew half as fast as Grayslake's.

In both cases, however, revenue grew.

The pace of the revenue growth largely is in the hands of voters. They can't cut it back much, but they can raise a district's revenue.

It's through the election of school board members that residents can exercise some control on the expenditure side of school budgets.

In the next chapter, we'll consider where the money collected from state, federal and local sources goes -- and how much actually makes it into the classroom.

Next week: instruction costs.