



A Quick Lesson On Property Taxes

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1. Why do I pay more every year in property taxes to the school district?



Because the tax assessor determines that your property is worth more each year and because the State of Illinois has shirked its responsibility for funding K-12 Education, leaving property tax owners to foot the bill through higher tax levies each year.



2. It seems to me that I would be better off if my property didn't go up in value. That way I would pay less every year - right?



You're right you would pay less taxes but would you really want to give up the appreciation on your property? Someday, hopefully, you will sell your house and receive more than what you paid for it. However, with the current turmoil in the housing market, appreciation is not guaranteed.



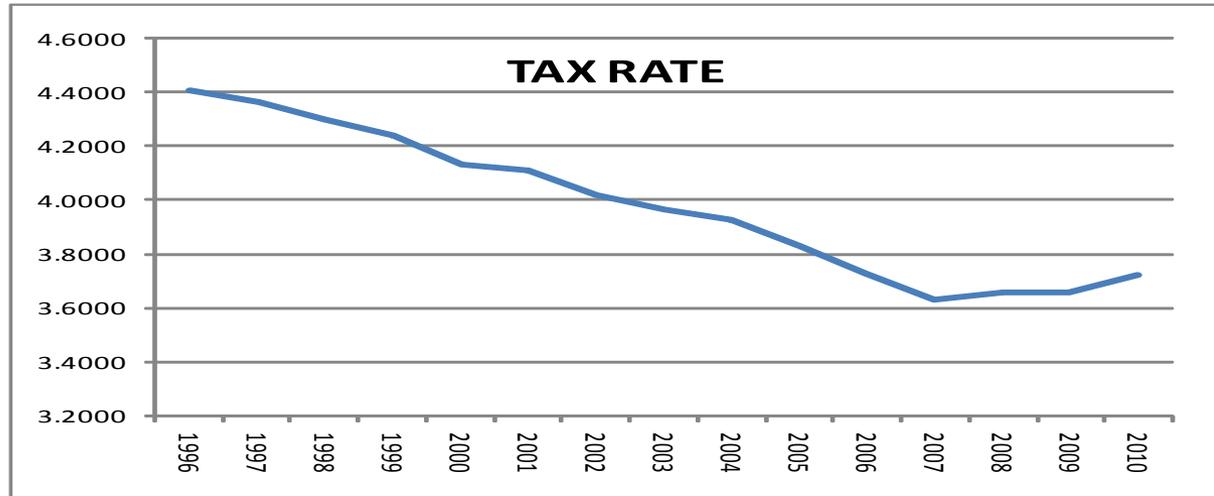
3. With all the new commercial and residential property growth, shouldn't I be paying less property taxes to the District?



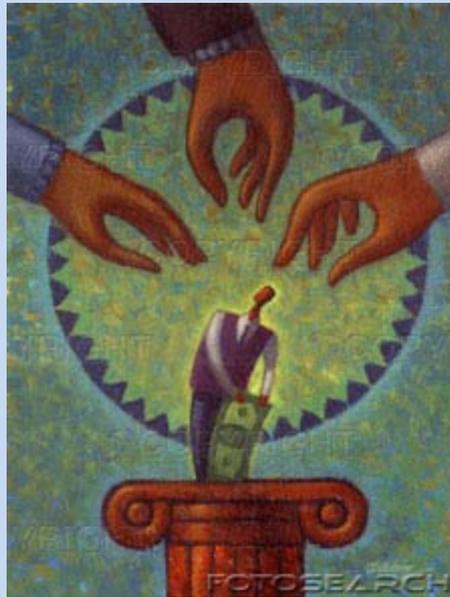
First, you are correct the District for years experienced record growth in its assessed value. That is the reason why the District's tax rate fell year after year. Under "tax caps", when the assessed value increases faster than the increase in total property taxes from one year to the next the tax rate will fall. However, the last three years, total assessed value has increased very slightly. As such, the tax rate has started to inch back up.

TAX RATE IN UNIT 4

TAX YEAR	SCHOOL YEAR	RATE	INCREASE/DECREASE	CUMULATIVE DECREASE
1996	1997-1998	4.4097		
1997	1998-1999	4.3653	-0.0444	-0.0444
1998	1999-2000	4.3037	-0.0616	-0.1060
1999	2000-2001	4.2437	-0.0600	-0.1660
2000	2001-2002	4.1330	-0.1107	-0.2767
2001	2002-2003	4.1098	-0.0232	-0.2999
2002	2003-2004	4.0214	-0.0884	-0.3883
2003	2004-2005	3.9645	-0.0569	-0.4452
2004	2005-2006	3.9271	-0.0374	-0.4826
2005	2006-2007	3.8288	-0.0983	-0.5809
2006	2007-2008	3.7273	-0.1015	-0.6824
2007	2008-2009	3.6296	-0.0977	-0.7801
2008	2009-2010	3.6554	0.0258	-0.7543
2009	2010-2011	3.6546	-0.0008	-0.7551
2010	2011-2012	3.7238	0.0692	-0.6859



4. Doesn't almost all my property tax dollars go to the school district?



- **If you live in the City of Champaign, just over 50% of your Total Property Taxes go to the School District. This is actually down from 1996 when 54.32% went to the District.**



5. Why is the City Of Champaign able to operate with a tax rate about one-third that of the School District?



The City receives many other taxes and fees that the School District does not get. The City can even issue debt without voter approval.



Compare City School District 2011 Revenue Budget

Unit #4 School District All Operating Funds

Property Taxes	\$69,510,527	70.96%
Other Local Revenues	\$5,688,136	5.81%
General State Aid	\$7,182,527	7.33%
Restricted State Aid	\$5,000,076	5.10%
Restricted Federal Aid	\$10,578,781	10.80%
Total Revenues	\$97,960,047	100.00%

City of Champaign All Operating Funds

Investment Income	\$1,330,000	1.35%
Utility Tax	\$3,250,000	3.30%
Sales Tax	\$28,960,000	29.39%
Motor Fuel Tax	\$1,980,000	2.01%
Income Tax	\$5,790,000	5.88%
Sewer Use Fees	\$2,020,000	2.05%
Property Taxes	\$23,160,000	23.50%
Other	\$32,060,000	32.53%
Total Revenues	\$98,550,000	100.00%

Other includes Food & Beverage Tax, Hotel/Motel Tax, Grants, Fines & Fees, etc.

6. Doesn't the District receive tons of money from the state in addition to all the property taxes that I pay?



If only that were true. The truth is that as a school district receives more property taxes, it gets less state aid. It's the State's way of dumping their responsibility to pay for education on local tax payers. Over the last two years total state funding on K-12 Education has decreased by \$450 million.



7. What does the District do with all those tax dollars? When did teaching reading, writing & arithmetic get so expensive?



The Days of The Little Red School House Are Gone Forever.



The money goes to 40 very different programs designed to meet the needs of all our children who speak 55 different languages.



Social Structure served by the Champaign School District

Regular Programs:

Elementary Level

Middle School Level

High School Level

Special Education Programs: As many as 20 different programs

Remedial (Title 1) Programs



Additional Programs

Summer School Programs

Interscholastic Programs

Gifted Programs

Bilingual Programs

Truant/Alternative Programs



Additional Programs

Attendance and Social Work Services

Guidance Services

Health Services

Psychological Services

Speech Services



Additional Programs

Improvement of Instruction Services

Library Services

Assessment and Testing Services

Board of Education Services

Executive Administration Services

Office of the Principal Services



Additional Programs

Business Support Services

Food Services

Fiscal Services

Information Services

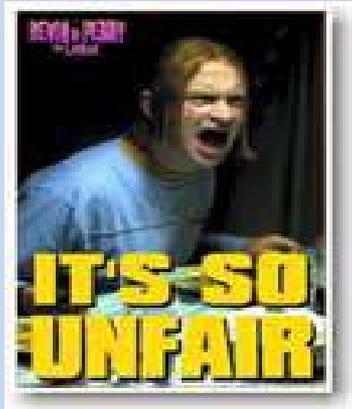
Human Resource Services

Data Processing Services

Community Services



8. What are some of the issues and problems caused by funding education primarily through property taxes?



1. **It leads to a very inequitable way of funding with some wealthy districts spending \$25,000 per student and some poor districts spending \$4,500 per student (Champaign about \$11,000).**
2. **It ties the quality of a child's education to the affluence of that child's community.**
3. **Children that reside in communities of poverty or significant minority concentration are more likely to attend a school on the state's academic watch list.**
4. **Tying the quality of the public education that a child receives to the wealth of his/her community is not just unfair, it is both morally and socially wrong.**
5. **It allows the State to shirk its responsibility and forces local property owners to foot the bill recently making Illinois the 50th state in the nation in the amount of school funding provided by state revenues.**

9. I thought providing for education was the duty of the state. If so, how does Illinois match-up with other states when it comes to providing for education?



According to the Center For Tax and Budget Accountability - a non-partisan, non-profit research and advocacy think tank that promotes fair, efficient and progressive tax, spending and economic policies - Illinois consistently ranks close to the bottom in amount of funding by the state.

10. When the state establishes the Foundation Level - the minimum amount that each District should have to pay for education - does it consider the actual cost to provide education?



The current Foundation Level is not tied to any actual costs of education. The reason for that is quite simple - the State of Illinois is broke. Every year it raises less in revenue than is needed for healthcare, education and everything else. So instead of doing what's right and raising enough state tax revenues to tie the Foundation Level to actual costs it avoids its responsibility , leaving thousands of children with an inadequate education.

11. In 2000, the Education Funding Advisory Board or EFAB, a nonpartisan board, was established to identify the minimum annual per-pupil funding level based on the actual cost of providing an education. Why doesn't the state appropriate that amount?



The state doesn't consider the actual cost of providing an education because it is broke. The current system simply doesn't raise enough state revenue to meet its obligations - so much easier to dump the responsibility on local taxpayers.

For FY 2011-12 EFAB recommended a Foundation Level of \$8,360

The State Budget contains a Foundation Level of \$6,119

12. Isn't there a better way to fund education than through property taxes?



HB/SB 750 introduced several years ago would have raised the tax revenue needed to fund schools fairly and still allowed Illinois to rank in the bottom 10 nationally in total tax burden. It also would have guaranteed all property owners in the state minimum property tax relief equal to 20% of the amount paid to the local school district. Finally, over 60% of all tax payers in the state would not have seen an increase in their income taxes.

Sample Property Tax Bill - Champaign School District

Market Value of Home	\$150,000
Assessed Value of Home	\$50,000
Portion of Assessed Property Tax Used To Support Education	\$1,864
Portion of Assessed Property Tax Paid By State (20% of Education)	\$373
Net Property Tax Bill	<u><u>\$1,491</u></u>

Instead of local property taxpayers having to pay their full local assessment, the state will pay at least 20% of that school assessment for them.

In addition, State Senator Mike Frerichs recently introduced a plan to reform our state's tax system to produce greater revenues and more equality.

13 Who is the bad guy in all this - the School District that year after year makes me pay more in property taxes even if we don't use the system or the State of Illinois that refuses to solve its inequitable and inadequate funding system even after creating 3 Blue Ribbon Committees, litigating 2 State Supreme Court Cases and offering numerous band-aids to the existing broken system while annually 2 million public schools children pay a price that no one can calculate?



Well let's review:

- 1. Your property taxes go up because your property is worth more every year. The school district has nothing to do with valuing your property.**
- 2. While the community has seen tremendous increases in assessed value, tax caps limit the growth in property tax dollars that the District receives. This accounts for the large decrease in the tax rate since the inception of caps - from 4.4097 in 1996 to 3.7238 in 2011-12.**
- 3. If you live in the City of Champaign, you pay about 50% of your total tax bill to the School District - down from over 54% in 1996.**
- 4. The City has a much lower tax rate because it has numerous revenue sources not available to the District.**

5. The current method of funding K-12 education is very unfair with some school districts paying \$25,000 per student while others spend \$4,500 (Champaign is about \$11,000).

6. Current method of funding ties the quality of a child's education to the affluence of that child's community.

7. Children that reside in communities with high concentrations of poverty are more likely to attend a school on the State's Academic Watch List.

8. The current method of funding allows the State to shirk its responsibility for funding education and to make local tax payers foot the bill.

9. Illinois consistently ranks as one of the lowest in the nation in terms of funding provided by the state.

10. In calculating the "Foundation Level", the State does not take into account the cost to provide education.

11. The reason for this is simple - the State is broke. Every year it raises less revenue than is necessary for healthcare, education, pensions, etc.

12. Instead of doing what's right and raising enough state tax revenues to base the Foundation Level on actual costs the State avoids its responsibility, leaving thousands of children with an inadequate education.

13. In 2000 the State created the Education Funding Advisory Board to determine the actual cost of providing an adequate education. The State has never funded an amount equal to what EFAB recommended.

14. In 2011-12 EFAB recommended \$8,360 for the Foundation Level while State funded \$6,119.

15. There have been bills introduced into the General Assembly such as HB/SB 750 which would have granted substantial property relief while raising enough state revenues to properly fund the Foundation Level while also not raising income taxes on 60% of tax payers.

16. While it is easy to criticize the property tax system on which K-12 education is funded and while it is popular to criticize the local government that receives the majority of property taxes, in reality it is the State that refuses to fix a broken system that is broke and is more than willing to dump its responsibility on local property owners.

17. While we all benefit from the State being one of the lowest in total tax burden (state income tax, sales tax, property tax, etc.), perhaps it would be more beneficial to look at ways to fix the problem & keep our state in the lowest 10% in total tax burden while also providing for the educational needs of our children.

18. If the State is one of the lowest in total tax burden it is because it is shirking its responsibility to fund K-12 education. This results in local tax payers having to foot the bill for the State. Rather than criticizing the School District why not take a look at the real problem - inadequate state funding which may make you feel good today but carries with it an enormous price for the future.



Finally, someone needs to represent the needs of the children in this District. Loss of the increase in property tax revenues would disrupt their education. Too many times their voices are not heard. Too many times their needs are not met. Too many times too many children fall thru the cracks.

It is not their fault the state has refused to fund its share of education. It is not their fault that your tax bill goes up. It is not their fault they weren't born in a community that was willing to pay \$25,000 per child to support education.

The system is broke. Let's fix the system. And not penalize our Children.

We must continue to levy property taxes as it is the only revenue source available to us to pay the for the increasing needs of our diverse student body.