

# Illinois SCHOOL BOARD Newsbulletin

September 2009 / Issue No. 689

## Wal-Mart building transformed to Ottawa school

More than 400 students attend opening Aug. 26

Construction is ahead of schedule at Ottawa's old Wal-Mart building on the city's north side, which will temporarily house Central School elementary students who were displaced by the effects of serious flood damage at the school in September 2008.

The district was able to open the building for its 400-plus Central students by the time school started on Aug. 26.

Ottawa Elementary School District 141 superintendent Craig Doster got the keys and clearance to enter the 90,000-square-foot building in late June, after the Wal-Mart corpo-

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A workman replaces a ceiling tile in an old Wal-Mart building as remodeling is finished up in preparation for Central School students to attend classes there this fall at 2901 N. Columbus Street, Ottawa.

## Suggestions heeded to overhaul Tax Increment Financing (TIF) law

Two important pieces of TIF reform legislation were adopted and sent to the governor this year, including one new measure that complies with some recommendations of critics. Specifically, HB 1345 addresses a 2007 suggestion put for-

Also see *TIF reform ideas attempt to fix concerns*, pages 6-9

ward by the Civic Federation of Chicago, which called for posting information about TIF districts and TIF projects on the Internet.

That bill, sponsored by Rep. Marlow H. Colvin (D-Chi.), was sent to the governor on June 29, was signed August 28 by Gov. Pat Quinn, and is now PA 96-773. It also provides for extend-

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## 2009 Burroughs Award nominations are sought

There is still time to nominate local school board presidents for the Thomas Lay Burroughs Award, which is given annually to the state's outstanding school board president. The deadline for the Illinois State Board of Education to receive nominations is Oct. 16.

Created in 1991 in memory of the late ISBE chairman, the award is presented each November at the Joint Annual Conference of IASB, IASA and IASBO. This year's conference will be held on Nov. 20-22, and the award will be presented on Sunday, Nov. 22.

For more information, phone ISBE's Marsha Moffett or Jean Ladage at 217.557-6626. Nominations may be sent via e-mail to Ladage at [jladage@isbe.net](mailto:jladage@isbe.net). Please indicate in the subject line of the email: Burroughs Nomination.

## Student assessment totals posted will impact choice

Final Adequate Yearly Progress (AYP) information for elementary and middle schools and elementary districts has been posted on the state board website known as IWAS. If schools are identified to offer school choice, through their AYP notification posted in IWAS, the school/district must notify parents at least 14 days before the first day of school regarding their child's option to transfer.

If the school is identified as having to offer Supplemental Education Services (SES), it is required to provide notice to parents informing them of the availability of SES.

Both notices must be approved annually by ISBE prior to distribution. Contact Ev Deimel at 217/524-4832 or [edeimel@isbe.net](mailto:edeimel@isbe.net) for assistance relating to choice and SES notices.

## Former governor to keynote ISBE's annual superintendents' conference this October

**R**oy Romer, former three-term Governor of Colorado, is the keynote speaker this year for the ISBE's Annual Superintendents' Conference, which runs Oct. 27-28. It will be held at the Crown Plaza, in Springfield.

The Oct. 27 speech by Romer, who has served as chair of the Democratic National Party, the National Governors Association, and the Educational Commission of the States, will represent one of the highlights of the conference.

Romer now serves as senior advisor to the New York-based nonprofit, The College Board, in its mission to connect students to college success and opportunity. He was once Superintendent of Schools for the Los Angeles Unified School District and is the former chairman of Strong American Schools.

The feature speaker on Oct. 28 will be Michael Geisen, a science teacher at Crook County Middle School in Prineville, Oregon, who is the 58<sup>th</sup> National Teacher of the Year. He has



Roy Romer



Michael Geisen

just completed a year as a full-time national and international spokesperson for education.

Geisen's primary goal is to ignite passion for learning in his students and his community, preparing them to fully take part in a rapidly changing world.

For further information about the Superintendent's Conference, please contact ISBE's Leigh Ann Smith at 217/782-4870; or email at [lsmith@isbe.net](mailto:lsmith@isbe.net).

Registration closes on Oct. 16. To register, visit the Illinois State Board of Education's conference website at [http://www.isbe.net/supts\\_conf/2009/09\\_registration.pdf](http://www.isbe.net/supts_conf/2009/09_registration.pdf).

## Principal Appreciation Day celebration urged

**T**he Illinois Principals Association is inviting everyone to celebrate Principal Appreciation Day on Oct. 23. This state-endorsed occasion honors the work and commitment of principals, assistant principals and deans in schools throughout Illinois. Parents, school staff, and the community at-large are asked to perform some act(s) of appreciation to acknowledge the leadership provided by these administrators.


The IPA has several ideas and good acts that can be performed for the principal, ranging from sending notes of appreciation to planning a reception with teachers and staff. These ideas are listed on the IPA website at: <http://www.ilprincipals.org/>.

*Illinois*  
**SCHOOL BOARD**  
*Newsbulletin*

**Illinois Association of School Boards**

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**ILLINOIS ASSOCIATION OF SCHOOL BOARDS**

# New edition of collective bargaining book offered

A newly revised edition of the popular book, *Collective Bargaining and the Illinois School Board Member*, by Ronald R. Booth, is now available from the IASB bookstore.

The book has been in print for many years, but the Third Edition includes several embellishments that will help superintendents and others involved in negotiations:

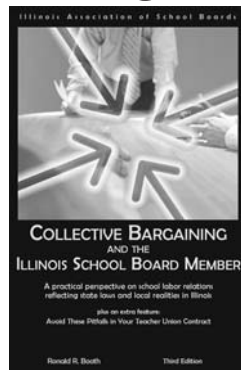
- An article entitled “Avoid These Pitfalls in Your Teacher Union Contract” has been added to the book. It appears as Appendix C.
- An alphabetical subject index has been added at the end, which should make the book more useful as a reference source.

The new edition continues to examine local practices among Illinois school districts at the same time that it explains requirements of the Illinois Educational Labor Relations Act. The book also addresses the pros and cons of alternative bargaining processes; explains the demands of

mid-term and impact bargaining; discusses what it means to win or lose at the bargaining table; tells what to expect when teachers strike; and explains the political nature of public sector bargaining and the key distinctions between labor relations and human relations.

*Collective Bargaining and the Illinois School Board Member* examines such political and managerial realities as:

- what the law requires of educational employers
- the roles of various players involved in bargaining, including the administrator, school board, and community



- prohibited actions of both employers and unions (unfair labor practices)
- the crucial distinction between labor relations and human relations
- the political nature of public sector bargaining and how school officials can successfully deal with it
- the pro's and con's of alternative bargaining processes (collaborative approaches)
- concepts like mid-term bargaining and impact bargaining that have emerged over the years from state labor board decisions
- how to prepare for negotiations
- what it means to win or lose at the bargaining table
- what to expect when teachers strike

A complimentary copy has been provided to each member district. The book is also available from the IASB Online Bookstore at <http://www.iasb.com/shop/>. Member price is \$8 plus shipping and handling.

## Pitfalls and basics of bargaining to be covered at 2009 conference

Besides purchasing the newly revised edition of IASB's now-classic collective bargaining book, school leaders may also wish to attend one of two Saturday panel sessions offered in November at the 2009 Joint Annual Conference. One panel is called “The Ten Most Common Mistakes in Collective Bargaining,” to be held on Saturday, Nov. 21, from 10:30 a.m. to noon. The other panel is called “The Fundamentals of Collective Bargaining and Contract Management,” to be held from 1:30 to 3 p.m.

Organizers of the first of these panels note that because collective bargaining is more an art than a science, there are many ways to negotiate contracts. Given this, there are many opportunities to make an error that could prove costly – either on monetary stipulations or language items. Thus the panelist will help

explain the mistakes most often made by management negotiators, and share suggestions for avoiding them.

Organizers of the collective bargaining “basics” panel say that it presents a terrific opportunity for the novice, plus a refresher course of information for the more experienced school leader.

There will also be a full-day workshop offered on Friday, Nov. 20 just prior to the Joint Annual Conference. It is called, “Introduction to Collective Bargaining for School Board Members and Administrators.” Organizers say the preconference workshop will cover what every school board member needs to know about collective bargaining – and every administrator, too. The topics will include:

- What the law requires of school boards and employee unions;
- Steps involved in bargaining labor contracts;

- Alternative processes;
- Politics and psychology of school bargaining;
- Roles and responsibilities of boards and administrators;
- How to handle labor disputes; and
- How to keep labor relations problems from destroying human relationships.

Each participant will receive a copy of the book, *Collective Bargaining and the Illinois School Board Member*, the basic text for the workshop.

This workshop along with four other full-day and four half-day preconference workshops will be held at the Chicago Sheraton Hotel on Friday, Nov. 20.

See the conference program for official times and locations of these and the many other extremely valuable panels to be offered at this year's Joint Annual Conference, Nov. 20-22.

# Division meetings this fall cover a range of knowledge

Want to learn more about current legal issues impacting school boards or some other special topic or issue of central importance to school leaders? Want to find out what other school boards in your area are doing, and meet your IASB division leaders?

You can do all of this and more by attending one or more of this year's fall division dinner meetings. These IASB division events are close by, reasonably priced, and well worth your time.

Beginning on Sep. 15, and concluding Nov. 3, IASB's fall division dinner meetings are a great place to catch up on school leadership developments, and share ideas and solutions with fellow school leaders and your IASB leadership. The complete schedule is available at IASB's online Events Calendar, at <http://www.iasb.com/calendar/>. You can search the entire calendar or select from the drop-down menu by division, area, event type, subject or keyword.

Whether you are recently elected novice or a veteran board member, the division dinner meeting is the perfect opportunity to learn more about school board service. For example, the topic of legal issues is on the agenda for the Sep. 15 fall meeting of the Wabash Valley Division, which will be assembling at the high school in **Hutsonville CUSD 1**.

That session will cover the latest revisions to the state's Freedom of Information Act, which was signed into law on Aug. 17 as Public Act 96-542, effective January 1, 2010. The session will examine a number of other hot topics, as well, and will be led by David Braun, Attorney, Miller, Tracy, Braun, Funk & Miller, Ltd., Monticello.

On hand at that session and other division meetings will be IASB field service directors, division officers, and other IASB staff and guests. Association staff will present information,

field questions, and greet local school representatives.

The fall division dinner meeting is also the place where you can learn more about school board training opportunities, the upcoming Joint Annual Conference, and Delegate Assembly resolutions, hear reports from IASB's board of directors and division officers, and applaud those board members receiving Master Board Member and School Board LeaderShop awards.

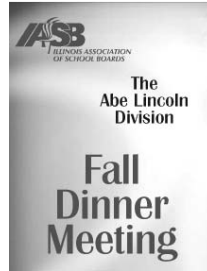
The division gatherings are also a place where aspiring IASB leadership can develop the skills and relationships necessary to take a more active role in helping to lead the Association into the future.

For newcomers to the board of education, division meetings are also the place to hear an up-to-date association report, and get a quick overview of legislative news and prognostications, division updates, and a word from division directors, as well as panel sessions covering topics of major importance to area school boards.

Many meetings also offer a variety of breakout panel sessions similar to the one on current legal issues described above. The topics of these helpful presentations will range from school law and finance to state funding and legislative proposals, and numerous other school management issues.

As mentioned, division meetings provide continuing education for board members. Learning opportunities abound on a variety of topics.

Information about division dinner meetings is mailed to all school board members and every school district office. For more information visit <http://www.iasb.com>.



Nettie Collins-Hart, a second-year superintendent at **Proviso THSD 209**, who attended last year's luncheon, shares tips at this year's event in IASB's Lombard office.

## Luncheon events for new superintendents share facts about IASB

About two dozen school administrators, new superintendents for 2009-10 school year, attended one of two luncheons sponsored by IASB in its Springfield and Lombard offices in mid-August. The luncheons are designed to acquaint those new to the superintendency with IASB services as well as how the Illinois Statewide School Management Alliance works.

Brent Clark, executive director of the Illinois Association of School Administrators, and Michael Jacoby, executive director of the Illinois Association of School Business Officials, also spoke briefly about their associations and how the groups work together.

A highlight at both luncheons was tips on using IASB services from someone who had been in their situation just a year ago. Les Stevens, superintendent from North Greene USD 3 in White Hall, spoke in Springfield; Nettie Collins-Hart, superintendent at Proviso THSD 209, spoke in Lombard.

The new superintendents also received packets of valuable information as well as overviews from IASB staff about Association programs and services.

# K-12 education largely survives state's \$1 billion in budget cuts

State Superintendent of Education Christopher Koch recently warned that without additional revenue, next year's education budget picture will be even bleaker. This year's funding plan contained nearly \$300 million in education cuts. Next year could be worse because \$1 billion in federal economic stimulus money had to be tapped just to fill out this year's budget for general state aid, and that money will not be available again.

"I would urge you to continue communicating with your lawmakers so that they understand the magnitude of this situation," Koch told school leaders in his weekly newsletter dated July 28. "Agency staff is working on the impacts to programs from the previous cuts and the additional funding . . . we hope to have guidance to the field soon," Koch added.

Governor Patrick Quinn then announced a series of budget cuts on July 31 that add up to about \$1 billion, though K-12 public education was spared. In fact, the governor added funding to certain Illinois State Board of Education (ISBE) budget line items.

The Illinois General Assembly

had earlier approved a final Fiscal Year 2010 state budget in mid-July, and the governor had immediately signed it into law (see Alliance Legislative Report 96-27). It left many state programs underfunded, and left the governor with the task of allocating the funds to programs and services he most wanted to be funded while cutting other programs. The budget contained \$3.4 billion in "unallocated" lump sum funding – \$2.2 billion for human services and \$1.2 billion for other sectors of the state budget.

From that \$1.2 billion, the governor directed \$152 million of discretionary funding to Illinois State Board of Education programs – above the level approved by the legislature and enacted in July. The governor added various amounts to ISBE budget line items for FY 2010 to bring them up to 90% of the FY 2009, including \$85 million for early childhood education (for a total FY '10 budget of \$342.2 million)

A line-by-line table detailing the governor's action can be found online at: <http://budget.illinois.gov/documents/budgets/586-ISBE.pdf>.

## NSBA conference in Chicago next April will offer insightful speakers, expert advice

Board members or superintendents who missed out the last time it was held in Chicago should consider attending the National School Boards Association's 2010 Annual Conference. Next year's event will be held April 10-12.

NSBA's 70th Annual Conference will include insightful speakers, expert advice, and hundreds of educational workshops and sessions. Mark your calendar with these upcoming conference dates:

- Registration opens, Sept. 8
- Housing opens, Oct. 7
- Early registration discount deadline, Dec. 30

Event organizers say the most important part of attending NSBA's Annual Conference & Exposition is the valuable information visitors can take home to their community and their local schools. School leaders who have attended NSBA recently say the ideas and strategies participants will learn through clinic sessions, workshops, roundtables, speakers, and exhibitors can be implemented back home.

Although many details of the 2010 conference are still being finalized, updates are being posted on the conference website at: <http://www.nsba.org/conference/>.

## NEWS FROM IASB

### Annual calendar of legal school dates is now posted

IASB's Annual School Calendar of legal dates and deadlines for 2009-2010 is now available on the IASB website, and it includes a PDF version that can easily be downloaded.

IASB makes the Annual School Calendar available to help school districts prepare their local school calendars. Dates listed comply with all statutory deadlines contained in the Election Code, School Code and selected acts of the state legislature. It does not contain dates imposed by the Illinois State Board of Education (ISBE) or its regulations.

The calendar is posted online so that it is available more quickly and to allow for revisions to reflect any new legislation enacted, and for the correction of any errors.

Subscribers to IASB's Online Update will be notified when the calendar is revised. It is available as a PDF online at: [https://www.iasb.com/pdf/cal\\_09.pdf](https://www.iasb.com/pdf/cal_09.pdf).

### Members-Only site offers surveys on board issues

Did you know IASB's Members-Only website includes an interactive feature of general survey questions about current issues in education? It's a place where you can "vote" on the topics and compare your responses to those of other board members. To access this feature, log onto the Members-Only website at: <http://members.iasb.com>.

Registration is required. This requires the member's seven-digit Member ID number and last name. The number appears on the mailing label of all materials sent to IASB members, and begins with "2." After completing this step, members need to set up an account with an email address and a password of their choosing.

# TIF reform ideas put forward to fix school concerns

## Recent suggestions would lessen TIF impacts, costs

*[Editor's note: this is the third in a series of articles on Tax Increment Financing as it pertains to Illinois schools. This article examines four recent studies on TIF uses and reform.]*

When used to offset the high costs of redeveloping blighted sites in poor neighborhoods, Tax Increment Financing (TIF) can be an effective economic development tool. However, there are problems with TIF from a school district perspective, critics say. But suggestions have recently been put forward to improve TIFs and to allow school districts to better live with their effect.

Those who have looked closely at Illinois TIF law are skeptical that it is being used as it was intended. For example, some critics contend that many TIF districts are located in areas that would have attracted investment anyway.

Rachel Weber, a professor of urban planning and policy at the University of Illinois at Chicago, says real estate developers are eager to contribute to political campaigns in the hope of securing support for their projects. In April of this year, the city council in Chicago passed a measure that will, at the very least, increase transparency.

Weber also worries that TIFs are just another way to increase ballooning public debt. Because banks and investors are leery of investing in property these days, she says development funds in some communities will increasingly come from the government or there will be none.

### 'As if community matters'

Among the many sources of recent TIF-reform recommendations is The New Rules Project of the Institute for Local Self-Reliance, a group that aims to bring policy solutions to communities and states to ensure that governments are "designing rules as if community matters." All too often, New Rules Project organizers claim, cities are using TIF to underwrite proj-

ects in affluent areas, or to subsidize construction on undeveloped land.

The New Rules Project says the original intent of TIF "was to level the playing field between economically distressed and more vital areas by providing developers with an incentive to build in ailing neighborhoods. In order to use TIF, after all, municipalities generally must declare the redevelopment site to be 'blighted.'"

Critics say the definition of "blighted" and the rules governing TIF are

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*"Not only do local retailers rarely benefit from TIF, but they must shoulder a higher tax burden in areas where part of the city's property tax revenue is being diverted from city services and used instead to pay off bonds that financed competing shopping centers."*

*— the New Rules Project*

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so loose that these subsidies are more often used to underwrite sprawling development in well-to-do suburbs—exactly the opposite of the original purpose of TIF. Recent examples include:

- The St. Louis, Mo., suburb of Des Peres, which declared the West County Shopping Center "blighted" and provided \$30 million in TIF incentives for the construction of a new mall.
- West Des Moines, Iowa, which created a \$60 million TIF district to fund the development of the Jordan Creek Mall.
- Baraboo, Wisconsin, which designated a corn field and an apple orchard "blighted" and used TIF to help Wal-Mart build a supercenter on the site.
- A suburban Illinois municipality that once obligated \$1 million in

leftover TIF funds to help a developer already engaged in refurbishing a shopping mall. The target of the TIF development was located across the street from the thriving Ford City shopping center.

While not aiding in development of low-income neighborhoods, these subsidies disadvantage independent businesses, according to the New Rules Project. "Not only do local retailers rarely benefit from TIF, but they must shoulder a higher tax burden in areas where part of the city's property tax revenue is being diverted from city services and used instead to pay off bonds that financed competing shopping centers," according to the website, <http://www.newrules.org/about-new-rules-project>.

A growing number of states are considering legislation to reform TIF. The New Rules Project suggests that states should:

- Establish stronger standards for defining blight. TIF should be limited to truly distressed areas marked by a high poverty rate and/or high unemployment rate.
- Prohibit the use of TIF for retail development, except in areas where there is a demonstrable lack of basic goods and services, or for revitalizing historic Main Streets crippled by significant vacancy. Subsidizing retail produces no economic benefit for the community or the region, because the sales and jobs generated by the new store are invariably offset by declines in sales and jobs at existing businesses. This may leave the city worse off financially, because existing streams of revenue will decline, while new revenue is diverted to pay off development bonds.
- Eliminate sales tax increment financing. Some states, including Missouri and Louisiana, allow tax increment financing through sales, rather than property, taxes. This is particularly poor public policy, because the

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basis for sales tax revenue is the community's disposable income, which is finite and cannot be increased by building new stores, only diverted from existing businesses.

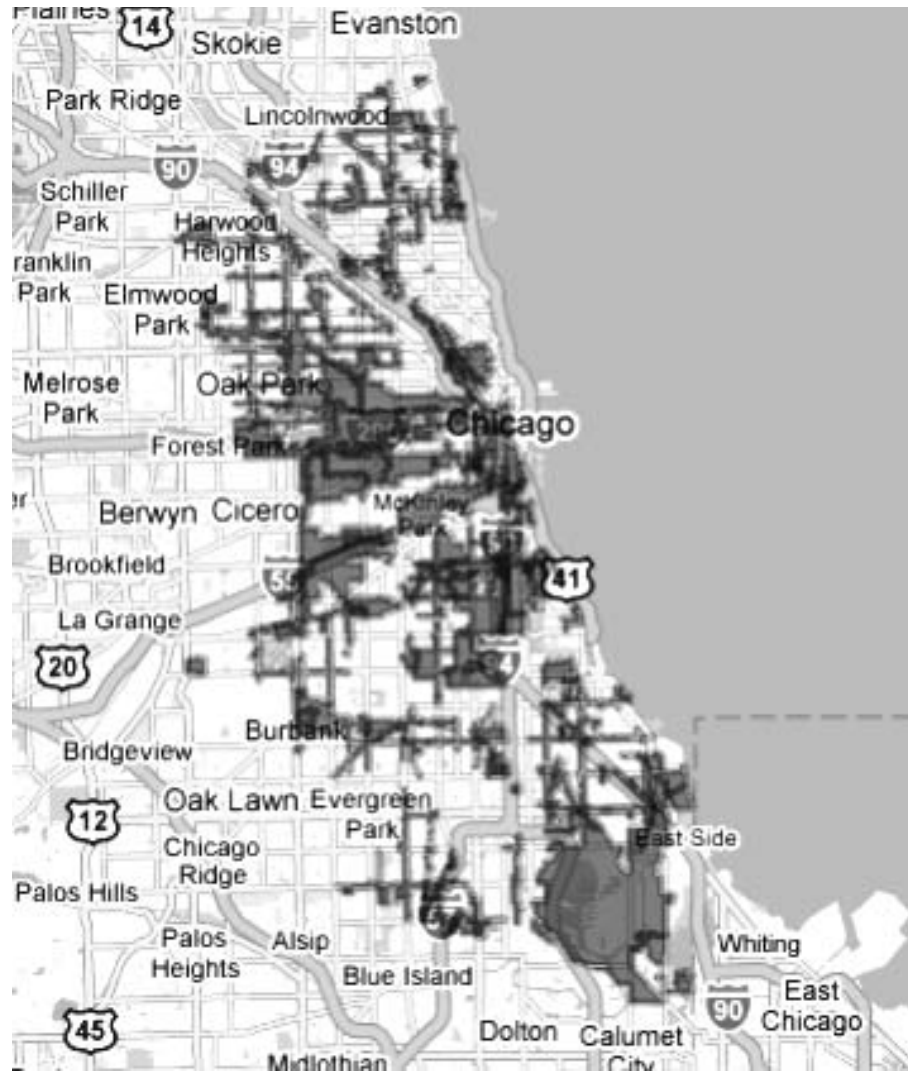
- Prohibit the use of TIF on undeveloped land. Subsidizing greenfield development contributes to sprawl and undermines downtowns and urban neighborhoods, exacerbating the very problem TIF was intended to address.

Another study, this one by The Civic Federation of Chicago released in 2007 on the role of Tax Increment Financing, had yet more ideas. The Federation recommended efforts to “strengthen public reporting” and make TIFs more “transparent.” Specifically, the Federation made three primary recommendations to improve transparency in TIF reporting:

- Full financial information about TIF districts should be included in all municipal budgets;
- All municipalities should make complete information about TIF districts and TIF projects readily available electronically on the internet; and
- Each TIF district should be required to undergo a comprehensive public review every ten years.

The report found that non-home rule jurisdictions in counties without tax caps are quite negatively impacted by TIFs. Because these areas are subject to tax rate limits, TIF slows EAV growth rates, the study said, thereby increasing tax rates. This may cause governments to reach their tax rate limits faster than they would have otherwise and to forego significant amounts of revenue.

How does this work? According to the Chicago study, TIF freezes the Equalized Assessed Value (EAV) within a taxing district for all overlying government taxing bodies. EAV is the denominator in the tax rate calculation, and a smaller denominator means a higher tax rate, which increases the amount taxpayers initially pay com-



A recent map of Chicago TIF districts shows the wide proliferation of such redevelopment areas.

pared to what they would have paid without the TIF.

The impact of TIF on non-municipal taxing bodies is controversial. Opponents often claim that TIF diverts millions of dollars from school districts and other taxing districts. It is argued that these cash strapped non-municipal governments are thereby deprived of badly needed dollars for basic services. In some people's view, TIF is a zero-sum game. Municipalities are the “winners” and other taxing districts the “losers.” TIF represents nothing more than the capture of non-municipal tax revenues by cities and villages. However, the Civic Federation report said this view is overly simplistic.

The report said the financial impact of TIF on overlying taxing districts

depends on the property tax system in place: “Home rule governments such as Cook County are not impacted by TIFs because they are not subject to tax caps. These governments are not negatively impacted by TIF as they maintain the ability to levy additional property taxes.

Non-home rule jurisdictions in counties without tax caps are negatively impacted by TIF because: 1) the amount of EAV they can tax within a TIF is frozen for many years, forcing them to forego revenues if they are already at their rate limits and 2) TIF slows EAV growth rates and thereby increases tax rates, leading many districts to reach their tax rate limits faster than they would have otherwise and thus forego revenues.”

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But the report also identified problems in the interaction between TIF and the General State Aid that many districts rely on. When a TIF is created, it limits the amount of EAV available to the school district by freezing taxable EAV within the TIF at a fixed level over time, effectively making the available EAV lower than it otherwise would have been. This reduces local available resources for a school district and thus increases the General State Aid entitlement of the school district. In tax capped counties, however, the impact of TIF on GSA is overshadowed by the far more significant fiscal effect of the alternative GSA calculation permitted for school districts in counties with tax caps, according to the Civic Federation report.

In order to illustrate the interaction of TIF and GSA, the Civic Federation estimated the effect of dissolving all Chicago TIFs in 2004 on the GSA entitlement of the Chicago Public Schools. For school year 2005-2006, the tax-capped Chicago Public Schools were entitled to receive \$669.1 million from the State of Illinois through the school aid formula (payable 2006-2007). Because the Chicago Public Schools are subject to tax caps, an entitlement amount was calculated using the alternative tax cap formula. If all TIFs had been dissolved in 2004, the CPS would have received an additional \$153.6 million in property tax revenue. The increase in EAV due to the dissolved TIF would have led to a decrease in GSA entitlement of \$110.6 million. Therefore, the net revenue gain for CPS as a result of dissolving all TIFs in one year would have been \$42.9 million.

**Best practices in TIF**

The Government Finance Officers Association (GFOA) adopted a Recommended Practice on tax increment financing in 2006. The report, "Tax Increment Financing as a Fiscal Tool: Recommended Practice," is online at <http://www.gfoa.org>. The Association recommends that the gov-

erning body of a jurisdiction considering TIF should first approve a formal policy that includes statements regarding when TIF is appropriate and the relationship between the use of TIF and the government's overall development/redevelopment plan.

The policy should also address certain issues as part of the evaluation process when considering the use of TIF, the report said, including the economic benefit of a TIF district to the local economy, the fiscal impact to overlying governments and the economic cost of incentives offered. The GFOA also suggests that risk sharing between local government and developers for TIF projects should be documented in an agreement that clearly identifies each party's obligations. Other suggestions included:

- The TIF district should be reviewed periodically to determine if the TIF plan is functioning as intended.
- The review should include performance measures of actual performance as compared to projected performance. Measurements could include actual versus projected tax base, jobs created, and the impact of shifting economic development from non-TIF areas to TIF areas.
- The authorizing government should implement measures to ensure that the use of TIF does not adversely affect the operations of other taxing bodies.

Other TIF reform ideas include three potential modifications: redistributing surplus funds, terminating old and outdated TIF districts, and adjusting the TIF tax base for inflation.

**Freeing the surplus**

Another problem undermining the support for TIF districts is unspent funds. A document recently released by the city of Chicago shows that the windy city's TIF districts ended 2008 with \$1 billion in aggregate unspent funds. According to the Department of Community Development, \$478 million to \$643 million of that amount

is earmarked for new projects in 2009. At the same time, the network of TIF districts (Chicago now has 158 TIF districts, covering 29 percent of the city's land and 13 percent of its property by value) will likely collect several hundred million dollars more in "incremental property tax revenue" this year. So it's entirely possible that the surplus at the end of 2009 could climb towards \$1 billion yet again.

These taxpayer dollars don't have to remain in reserve, however. Oak Forest, for example, recently released surplus TIF funds. As the *Southtown Star* reported: "Taxing bodies within the city, including **Bremen Community School District 228, Arbor Park**

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"There are [\$2 million in] reserves. They've made a ton or money over the years."

— Dale Spencer, Elgin board president

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**School District 145**, Oak Forest Park District and Acorn Library, received tax funds from improved property within the city's TIF district along 159th Street and Central Avenue. Aldermen approved paying out \$142,769, the amount of incremental increase in property taxes received for 2007."

City finance director Colleen Julian said the taxing bodies will receive funds from the TIF district each year for the remainder of the TIF. Orland Park took much the same action in March, as did Chicago Heights in February.

More recently, **School District U-46**, Elgin announced in June it is "strongly opposed" to the possible extension of a 1986 TIF in downtown Bartlett. "There are [\$2 million in] reserves," said U-46 board member Dale Spencer. "They've made a ton of money over the years."

U-46 leaders note that the TIF has produced \$19 million for Bartlett to get its downtown area redeveloped

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## TIF IDEAS *from page 8*

when the original plan was to generate just \$5 million.

Board members, in a resolution passed in June, also say Bartlett has \$2 million in reserves with no plan in place of how to spend it. Board President Ken Kaczynski said the district, which recently gave layoffs to nearly 350 teachers, could better use the \$500,000 additional tax revenue it would collect if the TIF district was dissolved.

Under Illinois law, TIF districts have a lifespan of 23 years and individual municipalities can extend them up to 35 years if they wish. But they can also be dissolved ahead of time. Back in 2007, Oak Park officials considered putting their three TIF district into early retirement to alleviate the chronic underfunding of local schools. More recently, Chesterfield, Mo., actually dissolved a TIF district 10 years ahead of schedule.

### Indexing the tax base

When then-Cook County Commissioner Mike Quigley released a TIF reform report back in 2007, "A Tale of Two Cities," he highlighted a way for the affected taxing bodies to bring in millions more each year without altering a single TIF district: simply index the tax base to inflation.

The TIF laws on the books in both California and Massachusetts require municipalities to do just that. By contrast, in Illinois, the tax base is frozen when a TIF district is formed and stays at that level despite the fact that the value is eroding over time.

Examining a 19-year period, Quigley estimated how much more revenue local taxing bodies would have received if the TIF system was indexed to the Consumer Price Index:

From 1986 through 2005, TIFs in Cook County took in a total of more than \$4.5 billion in tax increment revenues. If inflation on the base had accrued to the overlapping taxing districts rather than to the TIFs, the districts would have earned just over \$3.8 billion, leaving \$700 million in tax revenue to the local governments. Almost \$300 million was lost to TIFs in Chicago, according Quigley's 2007 report "A Tale of Two Cities."

The Quigley report showed the amount of annual funds taxing bodies could have gained if the base was adjusted for inflation was \$60 million in 2005 alone. That number could possibly have grown in the years since.

Last year, State Rep. Elizabeth Hernandez (D-Cicero) took a crack at amending the state's TIF statute to address this issue. But her measure,

H.B.1867, never made it out of committee.

### Giving school districts a say

Abuses of both the letter and intent of the TIF law have been alleged even by TIF supporters. One example is a report authored many years ago by University of Illinois at Springfield (UIS) Professor Kent D. Redfield, a former legislative analyst who helped draft the Illinois TIF law. A key reform idea that he suggested would shift more of the authority for the designation of TIFs from municipalities to other taxing bodies, including school districts.

Several states already give each taxing body in a TIF district veto power over their participation in the TIF, Redfield notes.

School leaders and school attorneys say the current law does not give school districts much power in the TIF-creation process. School districts must adopt a pro-active posture to ensure fair treatment. They must be ready and willing to publicize their rightful cause through contact with local opinion leaders. Perhaps most importantly, it helps if they have already become friendly with those opinion leaders in informal ways well before any local TIF question arises.

## TIF LEGISLATION *from page 1*

ing the life of several existing TIF districts in the city of Chicago to 35 years, rather than the 23 years originally designated.

A second proposed amendment to TIF law this year, HB 4326, was signed into law on Aug. 11 as Public Act 324. That measure, sponsored by Rep. John A. Fritchey (D-Chi.), provides that any private individual or entity that receives benefits under the TIF law for development of a business facility must reimburse the municipality for the value of such TIF benefits if they abandon or relocate the facility in violation of the TIF agreement. The amount of funds to be paid

back would be based on the prorated value of the TIF benefit.

Two other significant TIF reform proposals failed to advance in the 2009 General Assembly. One, HB 4556, sponsored by Rep. Elizabeth Coulson (R-Glenview), would have required municipalities to post details about TIF projects on the Internet, as does HB 1345. But it would have also imposed an alternative requirement that a municipality that does not maintain a website would have to publish TIF projects information in a newspaper at least once a year. The bill never advanced past a first reading in the House.

Finally, SB 1990, sponsored by

Sen. Michael Noland (D-Elgin), would have imposed requirements for an annual TIF project budget and goals review by a locally chosen panel of citizens. It would have provided, also, that any annual revenue in excess of the budget for a TIF project area would have to be returned to the affected taxing districts each year, including school districts.

The latter bill would have further provided that the redevelopment project areas for a TIF would have to be approved by a majority vote of each county board and the governing authorities of the other overlying taxing districts, including school districts.

# Decade of litigation over in Champaign schools

## Voluntary consent decree ends amicably

More than a decade of litigation came to a close on Aug. 3 when the Champaign CUSD 4 Board of Education approved a settlement arrived at in a way that may serve as a model for other school districts seeking to end a federal consent decree. The settlement was approved by the board just days before a judge was to decide whether the district's 1996 consent decree should be extended in three areas.

The past 13 years have seen the implementation of a lottery-based student assignment system, changes in expectations and accountability for teachers and administrators, a variety of initiatives to improve academic outcomes for black students, and one of the most extensive systems of data analysis in the state. The district underwent systemic change, which included dramatic changes in the policies, practices, programs and people affecting teaching and learning in the district's schools, according to a spokesperson.

Superintendent Arthur Culver said the strides in student achievement have been impressive, and have benefitted all students. "When you track the narrowing of the achievement gap, we have raised the floor, not lowered the ceiling," he said. "High expectations, rigorous curriculum and highly qualified teachers are good for all students."

The changes in Unit 4 schools have led to the superintendent being appointed to state leadership roles in the areas of accountability and school finance.

"The decade of work of the Champaign school district in collaboration with plaintiffs will benefit schools across the nation seeking to ensure the success of all students," said Harvard University professor Robert S. Peterkin, who served as court monitor for the consent decree. Peterkin is the Francis Keppel Professor of Edu-

cational Policy and Administration, and director of the urban superintendents program at Harvard.

"The district's capacity for data-driven decision making has increased significantly during the consent decree, and the improvement in student outcomes reflects this growth," Peterkin said.

A highlight of reform is the turnaround of Stratton Elementary, a school that was on the state's Academic Warning List and in danger of a state takeover only six years ago. Stratton was filled at about 50 percent capacity then because the school was seldom chosen in the student assignment process, and plaintiffs were demanding change.

The complete reconstitution of Stratton staff was accomplished under superintendent Culver's direction. The school day was lengthened through negotiation with the teachers' organization and incentives and special programs were added to attract diverse families from throughout the district. Stratton typically has a waiting list for students to enroll now, and the school has earned four Illinois *Spotlight School Awards* for student achievement in a high poverty school.

Superintendent Culver explained the district's strategy: "We took a comprehensive system-wide approach to reform as opposed to the past practice of allowing each school to figure it out for themselves. This change resulted in improvements across the district."

Other factors in achievement growth during the consent decree, according to district leaders, include:

- the implementation of a program called AVID (Advancement Via Individual Determination) that has successfully improved achievement for students with the potential to attend college, but who might need



Supt. Arthur Culver

additional support to complete a college prep curriculum

- recognition of Jefferson Middle School as a National Demonstration site for AVID
- the addition of an Academic Academy for students not successful in a traditional high school
- improvement of the high school graduation rate from 89.6 percent to 92.7 percent from 2003 to 2008 while the rate for the state of Illinois only moved from 86 percent to 86.5 percent
- ACT scores remaining above state and national averages even though every high school junior takes the test
- math and reading scores for black elementary students increasing 30 percent and 23 percent respectively over a five-year period
- math and reading scores for black middle-school students rising by 48 percent, and by 26 percent, respectively over a five-year period
- enrollment of African American students in honors and AP courses increasing by 300 percent
- passage of a countywide sales tax referendum to support school construction during the economic downturn last spring

At a press conference on Aug. 3, both superintendent Culver and board president David Tomlinson vowed to continue the progress made on the equity goals contained in the consent decree. The board agreed to adopt policies and practices that would ensure equity and community involvement in reviewing and discussing equity issues.

The board agreed to adopt several policies regarding opening and closing schools, special-education referrals, and support for students in alternative programs. Absent is any monitoring by a third party, costs to the district, or court oversight, or court

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# NEWS HEADLINES

**Belleville** (July 22, *Belleville News-Democrat*) The Belleville Township High School District 201 Board of Education took a precautionary measure on July 20 by approving the purchase of \$35 million worth of mine subsidence insurance. “We’re not predicting doom and gloom; we just want to be covered on it,” Superintendent Greg Moats said. The coverage, which also includes earthquake insurance, will cost about \$82,000. The Belleville East campus is less than half a mile southwest of a nearby elementary school that has been sinking because of mine subsidence since 2007.

**Carpentersville** (August 3, *The Daily Herald*) Three suburban districts are looking for private investment to help fund the creation of a wind farm. The three districts – Carpentersville CUSD 300, Keeneyville District 20, and Prospect Heights District 23 – are considering a strategy for a public-private partnership that would take advantage of tax credits in the federal stimulus package and culminate in a 20-megawatt wind farm. If they succeed, the districts are hoping to become a model for other public entities in Illinois.

**Chicago** (Aug. 2, *Chicago Tribune*) Federal investigators are looking into admissions practices at Chicago’s selective enrollment schools. They served a grand jury subpoena upon Chicago District 299 schools recently that seeks information on admissions. The federal investigation comes as Chicago school officials launched an internal probe of admissions practices at highly competitive selective enrollment schools after finding irregularities at magnet, gifted and selective schools.

**Chicago** (July 31, *Chicago Tribune*) Chicago Public Schools officials said on July 30 that because of budget shortfalls they could be forced to back away from promises not to

cut classrooms and educational programs. Schools chief Ron Huberman said that because of state budget cuts to specific programs, the district could lose an estimated \$84 million, compounding an already massive budget deficit. The state included cuts to early childhood and bilingual education programs in an effort to address its own deficit.

**Cook County** (July 23, *SouthtownStar*) Regional Supt. Charles Flowers has requested a hearing to appeal ISBE’s move to revoke his professional certificates, a spokeswoman for the ISBE has confirmed. State officials served Flowers with a notice on July 10 that it planned to revoke his certificates. Flowers is head of the Suburban Cook County Regional Office of Education. State Supt. Christopher Koch said certificates may be suspended or revoked upon evidence of “incompetency, unprofessional conduct, neglect of professional duties, failure to meet other reasonable requirements ... and other just causes.” Flowers allegedly failed to approve school calendars or state aid claims submitted by local school districts, certify bus driver training instructors and process teacher certifications, state officials claim.

**East St. Louis** (July 27, *Belleville News-Democrat*) East St. Louis School District 189 is awaiting a decision on its appeal of an agency ruling that it must pay back almost \$6.5 million in tax dollars spent linking classrooms to the Internet nearly a decade ago. A lot is riding on the appeal: millions of dollars in prospective technology grant requests under the federal E-Rate program are being denied until the dispute is resolved, according to a March 30 letter to District 189 from the Universal Service Administrative Co. (USAC). The Washington, D.C.-based nonprofit company oversees the E-Rate program on behalf the

Federal Communications Commission, which is handling the District 189 appeal. An audit of the district is taking place.

**Gurnee** (July 23, *The Daily Herald*) Warren Township High School District 121 leaders deny a state claim that it is treating subpar students differently for state testing purposes. In dispute is whether about 150 underperforming juniors were not allowed to take the Prairie State Achievement Exam in April as a way to boost average test scores. Board members last year approved an administration recommendation to boost their academic program’s rigor. Warren officials said the action was cleared in advance by ISBE, and the state knew that it might mean some students would not take the PSAE in April. School officials say they have supporting documents to prove their case and will appeal the order within 30 days.

**Gurnee** (July 23, *The Daily Herald*) Shoe Carnival Inc. will pay \$400 to Gurnee-based Warren Township High School District 121 for the right to hang a banner and have other promotional activities at five varsity football games this year. School board members voted 6-1 in favor of accepting the firm’s ad dollars. Roberta Pfeiffer, the lone dissenter, said it seems the company will get too much exposure for the \$400. Plans call for Shoe Carnival to have a banner on a fence along Warren’s football field from about 4:30 to 10:30 p.m. on the five game days. The company’s advertising cash stems from a new initiative with high schools.

**Statewide** (July 31, *Chicago Tribune*) Gov. Patrick Quinn has signed a bill doubling the number of charter schools allowed in Illinois. The law also will give the state an edge in the competition for roughly \$5 billion of federal money meant to encourage school reform, the governor said as he signed the bill on July 30.

## CHAMPAIGN *from page 10*

monitor oversight or attorney oversight.

“The success of the district seeking reform is not possible without the superintendent and board of education being jointly focused on improving student performance and being able to withstand the political fallout that always accompanies change,” explained Culver. “The Champaign

board and community have shown great courage during the consent decree process.”

Priorities on the board agenda for the future are the completion of two new magnet schools in predominately black neighborhoods and refinement of the school assignment process that uses economic status as opposed to race as placement criteria.

## WAL-MART *from page 1*

rate office finished its paperwork on the lease. Wal-Mart left the building in 2006 and moved to a larger facility.

“It’s an extremely functional building that is very modern,” Doster said, noting that it has 20,000 more square feet of space than the old Central School, which is located in the center of the La Salle County city. Central is one of five buildings operated by the pre-K to 8 district, which has an enrollment of 2,100 students.

The layout called for physical education classes to be held in the former retailer’s shipping and receiving area, which is nearly as large as any common school gymnasium. Existing office space will be used for district office purposes, and a media center will be in the center of the building. The 23 classrooms of fifth and sixth graders will be along the building’s interior perimeter.

With the advent of a Wal-Mart Supercenter in Ottawa, Doster said many people asked him how the district would get around the incredibly high ceilings. But the building is an older Wal-Mart design that already had a faux, drop-down ceiling where classrooms will stand. Classroom walls are just 10 feet in height, so much of the interior will look like a school.

The district expects that the Federal Emergency Management Agency (FEMA) will reimburse 75 percent of construction and lease costs for the temporary school building, which will cost well over \$1 million.

The district expects to occupy the Wal-Mart building until December 2011. Decisions about a permanent replacement for the school are pending. Doster has said that the amount of state and federal funds available will factor into what the board will decide to do next.

## CALENDAR OF EVENTS

**September 28 – Starved Rock Division Fall Dinner Meeting**, Seneca’s Oak Ridge Golf Club, LaSalle.

**September 29 – DuPage Division Fall Dinner Meeting**, Marquardt Middle School

**September 30 – West Cook & North Cook Divisions Fall Dinner Meeting**, Rosewood Restaurant, Rosemont

**October 1 – Egyptian Division Fall Dinner Meeting**, Woodlawn CCSD 4

**October 1 – Abe Lincoln Division Fall Dinner Meeting**, Pleasant Plains CUSD 8

**October 1 – Northwest Division Fall Dinner Meeting**, Freeport Country Club

**October 5 – Shawnee Division Fall Dinner Meeting**, Anna CCSD 37

**October 6 – Three Rivers Division Fall Dinner Meeting**, Renaissance Center, Joliet

**October 7 – South Cook Division Fall Dinner Meeting**, Glenwood Oaks Rib & Chop House

**October 7 – Central Illinois Valley Division Fall Dinner Meeting**, Dunlap CUSD 323

**October 7 – Corn Belt Division Fall Dinner Meeting**, Ridgeview CUSD 19

**October 14 – Blackhawk Division Fall Dinner Meeting**, Geneseo CUSD 228