

April 1, Education funding: A system struggles

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As both East and West Aurora school districts go after tax hikes this month, school administrators concede that the referendums are only patches to an incredibly broken system of funding education.

Officials say they've waited years for school funding reform that has never come, and they need money now or Aurora schools will face deep budget deficits, slashed programs, unpaid bills and laid-off teachers.

But as the April 17 vote nears, residents who say they're already burdened with high property taxes have to wonder: Will long-term solutions ever follow?

'Built-in differences'

According to a state review last month of the budgets of all school districts in Illinois, both East and West Aurora are in serious financial straits.

East Aurora's finances ranked in the bottom 6 percent of Illinois schools, landing the district on the state's financial watch list four years after receiving recognition for its budget management.

West Aurora received the state's second-lowest rating, putting it in financial early-warning status.

School administrators point to a system that underfunds education and limits the amount of money schools can tap into, and say the districts' financial fates have now wound up in front of voters.

Problem is, that means the only way to really boost their budgets is to turn to residents like Elias Garza.

Despite a decreasing tax rate, Garza said the money he's paid to the school district has jumped from \$2,695 in 1994, when he first moved into his East Side home, to \$4,406 last year. The assessment on his house has gone up, but Garza said rising property value doesn't benefit him when he doesn't want to sell.

"I, for one, will not vote for any school referendum," he said. "Aurora's becoming unaffordable for me."

Not surprisingly, going to the voters has proven to be a "painful process," said East Aurora School Board member Russell Pietrowiak, and past tax-hike referendums in both districts have failed repeatedly.

The tax rate for East and West Aurora schools last year fell well below that of most Fox Valley districts, and both spent more than \$1,200 less per pupil than the state average. And while most area districts have passed operating fund rate increases over the last decade, West Aurora schools have not seen a hike since 1988, and East Aurora since 1993.

According to West Aurora School Superintendent Jim Rydland, his district now spends about \$400 less per student than in 1989, when the numbers are adjusted for inflation.

Area administrators say their districts are struggling because Illinois' school structure forces them to rely so heavily on local property taxes.

"The state funding system in Illinois creates inequities, and when you have (a reliance on) local funding, you're going to have built-in differences," Rydland said. "Students get significantly different opportunities for education in one district than another."

'Need to fight City Hall'

At a local level, the clearest way to relieve the burden on individual homeowners is to generate commercial development. But even within the city, community members have repeatedly said they see inequities among the two districts as both announced their referendums.

"For some reason, we don't develop the East Side of Aurora. We just put houses," said Fernando Chapa, executive director of the Latino Community Engagement Council, at an East Aurora School District luncheon in January to get community leaders to endorse the referendum.

At a meeting the following month to discuss how much of a tax hike the district would seek, East School Board member Juanita Wells echoed the concern: "What we need to do is ... go to City Hall and say we need more commercial money on the East Side. Stop beating up the school district. ... We need to fight City Hall."

According to data provided by both districts, West Aurora's total equalized assessed value, which measures the amount of taxable property in the district, was about twice that of East Aurora's. In 2005, the latest date when non-estimated information is available, West Aurora's EAV was \$1.5 billion; East Aurora's was \$744 million.

And, until recently, new development has boosted the West Side's property values at continuously higher rates than the East Side's. From 2000 to 2004, the amount of taxes West Aurora could levy rose an average of 5.6 percent each year. East Aurora's levy climbed at a slower pace, at about 4.6 percent each year.

In 2005, however, the levy in East Aurora jumped 7.2 percent, surpassing West Aurora's increase, which was 5.7 percent.

Signs of development

City officials say that's the result of concentrated efforts over the last few years to develop both sides of Aurora -- and at least a modest sign of more growth to come. "There's a lot (of new development). Well, I wouldn't say huge amounts, but there are things going on," said Dan Barreiro, East Aurora School Board vice president and the city of Aurora's director of community services. "Compared to years passed, our EAV has been growing pretty healthy. There are a lot of subdivisions taking place. You have a lot of small pockets of development."

According to Bill Wiet, Aurora's community development director, the city for the first time issued more residential permits in 2006 in East Aurora than in any other school district in town. Many were for retirement communities and neighborhoods built for senior citizens, which bring in tax dollars without the additional students, Wiet said.

Wiet said new commercial development is steadily coming in around the edges of the East Aurora district, including a 10,000-square-foot retail center near Farnsworth Avenue and Molitor Road, which was recently approved by city officials; the White Oak Business Park that stretches into the far northeast corner of the school district; and a handful of new stores near Farnsworth Avenue and Indian Trail Road.

On the West Side, most of the new construction has occurred along Orchard Road and near Interstate 88, where a number of new businesses have gone up over the last few years.

Though much of the major construction coming into downtown will be in developer-friendly areas that prevent either school district from getting money for new growth, Wiet said he expects "spin-off developments" in surrounding areas.

"The East and West school districts do have a lot (of development) going on, given the perception of being built out," Wiet said. "The projects over the last five to 10 years have been a lot more than a lot of other municipalities can claim, and you won't see the land availability that's still in both these school districts."

Tax caps

But even if massive new developments came and EAV skyrocketed, school districts could still not tap into all the new money.

State tax caps, implemented in Kane County in 1991, limit how much districts can levy from year to year if property values increase more than the cost of living.

The caps are a protection for homeowners, to prevent huge spikes in property taxes that occur solely because the market value on their houses rose.

But because neither district has passed an operating rate increase over the last decade, East and West Aurora are also the only two local districts where the tax rate has dropped significantly from 1995 to 2005.

"Not only are we not a high-taxing district, we don't even have access to our own wealth," said East's Pietrowiak.

With stressed taxpayers and caps limiting the benefit of new development, the real solution, said East Aurora School Superintendent Jerome Roberts, "is going to have to come from Springfield."

Waiting for the state

Last year, East Aurora school officials traveled down to Springfield, eager to testify on what seemed to be a promising bill to change the state's education funding structure. But when they arrived, Jay Augustine, the district's assistant superintendent for finance, said he looked around the room and knew it was just another reform bill that would stall in Congress.

"About half the people were for it and half the people were against it, and they had some very powerful people against it," he said. "The school districts that are wealthy don't want to give any money outside their district. They want to keep it local."

Because of the district's relatively small property tax base and a high percentage of low-income students, Augustine said they've come to rely heavily on state funds and are affected by any "hiccup" in the system.

Statewide, legislators say they're making changes this year.

Last month, Gov. Rod Blagojevich proposed a 2008 budget that included increasing general state aid to schools by \$800 million.

Earlier this year, the Metropolitan Mayors caucus announced its support to use higher income or sales taxes to fund schools. And in November, state Rep. Bob Pritchard, a Republican from Hinckley, formed the first Illinois Legislative Education Caucus devoted to looking at school reform and new funding options.

Pritchard said past school funding reform bills were "dead on arrival" because they were "created by people beyond the political process and couldn't be politically supported."

"By involving the legislators in these types of bills from the beginning, it'll move things much further," Pritchard said. "The idea is that the proposals that come forward will have compromise. They will be bills that people will support in a bi-partisan fashion."

Sign of hope

For some advocates, the movement at the state level this year is a sign of hope.

"The sense is that there is a strong possibility of passing legislation in 2007," said Clare Fauke, communications coordinator for A+ Illinois, a state funding reform advocacy group that launched a campaign in February for new legislation. "We're putting everything we have to make that happen. This is not something that can wait until 2008 or 2009. It has to be this year."

State legislators also have recently offered incentives for school districts to merge and save on administrative costs. Over the years, residents and educators have tossed around the idea of consolidation in Aurora, a town that includes a handful of school districts.

But local superintendents are more cautious, saying they've heard decades of empty promises about each new year being the time for change, and any reform in the coming years will be encumbered by politics.

"I'd love to be able to walk into West Aurora and Indian Prairie and say, 'Hey, guys, let's have one big happy family.' How long do you think that will take?" East's Roberts said. "Thirty years I've been hearing 'We need reform.' Nothing has happened so far."

"Does (funding reform) sound great? Yes, but I'm a concrete guy. I like results, and with the current system we absolutely must do something," said West's Rydland. "I don't want the community to think it's going to be solved in Springfield. I'm not willing to wait for Springfield."

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