



# FACT SHEET

## Governor Rauner’s Amendatory Veto of SB1 Artificially Inflates the Equalized Assessed Value of Most School Districts—Thus Underfunding the Classroom

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AUGUST 7, 2017

### 1. BACKGROUND

Senate Bill 1 (SB1), the “Evidence-Based Funding for Student Success Act,” passed the General Assembly on May 31, 2017. The impetus behind SB1 was simple: Illinois historically has had one of the most inequitable, and least adequate, education funding systems in America.<sup>1</sup> SB1 was designed to change all that once and for all, by replacing the state’s flawed approach to school funding with a new formula that, over time, would ensure every school district received the resources it needed to put into place those evidence based practices which the research shows enhance student achievement.

SB1 accomplishes this by identifying a unique “Adequacy Target” of funding for each school district. This Adequacy Target is the dollar amount needed to cover the cost of a school district implementing said evidence-based practices, to educate the specific student population it serves. SB1 then creates a method of funding the Adequacy Target which includes both state and local level resources. The amount of its Adequacy Target a school district is expected to cover from its local revenue sources—primarily property taxes—is called the “Local Capacity Target.”

On August 1, 2017, Governor Bruce Rauner issued an amendatory veto (the “AV”) of SB1 that ***modifies SB1 in a way that makes it impossible for many school districts across Illinois to ever reach their Adequacy Target, thereby frustrating the core intent of SB1 to create an education funding system that is both equitable and adequate.***

And while this highly undesirable consequence is the result of various elements of the AV, the analysis in this fact sheet is limited to the AV’s treatment of Tax Increment Finance (“TIF”) districts. Basically designed as an economic development tool for local governments, once a TIF district is established, its value to local taxing authorities like school districts is typically frozen for 23 years. All growth in the value of the property in a TIF district over that 23 year period is used to fund development of the TIF district, and is generally not available to school districts, park districts, etc. Under the AV, however, the full value of property in a TIF district is included in the calculation of the Equalized Assessed Value (“EAV”) available to a school district for purposes of determining how much of its Adequacy Target that school district cover with its local tax resources, even though the school district cannot access nor levy against a substantial portion thereof.

By including all the value of TIF property in a school district’s EAV, the AV makes it appear as if that school district local revenue to pay for educating children, which the district, in fact, cannot access. Obviously, this creates a funding shortfall between what the evidence indicates that district needs to educate children, and what it can actually raise. Moreover, because the AV attributes artificially higher local funding capacity to schools in TIF districts, it then makes matters worse by reducing the amount of state formula-funding to schools in TIF districts. Hence, the AV shortchanges

schools located in TIF districts twice—once by crediting them for having local tax dollars they cannot access, and then again by cutting their state funding based on that phantom local revenue.

The bottom line: ***under the AV any school district that is located in a TIF district will may never reach its Adequacy Target.***

## 2. POTENTIAL STATEWIDE IMPACT OF THE AV ON SCHOOL DISTRICTS LOCATED IN A TIF DISTRICT

In total, of the \$313.3 billion in EAV in the state of Illinois, \$12.4 billion is in a TIF district. Under to state law, school districts do not have access to a significant portion of that \$12.4 billion.

In Figure 1 below, CTBA has analyzed county level EAV and TIF data from the Illinois Department of Revenue. The ‘TIF EAV’ column shows the dollar value of all the TIF districts in a county. CTBA then took this figure and divided it by the county’s total EAV, giving a percentage of the county’s EAV that is a TIF district. The five counties with the highest percentage are located downstate. Chicago has the seventh highest TIF percentage ratio, and the state average is 3.95 percent.

**Figure 1**  
**TIF and Total EAV by County, FY2015**

County	TIF EAV	Total EAV	% of County in a TIF District
Clinton	\$41,219,463	\$153,292,163	26.89%
Ford	\$28,720,382	\$279,771,842	10.27%
St. Clair	\$373,615,994	\$3,788,086,371	9.86%
Johnson	\$11,735,509	\$130,564,052	8.99%
Williamson	\$97,380,691	\$1,092,493,653	8.91%
Grundy	\$169,168,726	\$1,937,578,748	8.73%
Chicago	\$6,649,500,000	\$77,618,000,000	8.57%
Douglas	\$31,495,257	\$390,891,273	8.06%
Henry	\$72,004,322	\$916,231,472	7.86%
Effingham	\$55,424,064	\$726,679,415	7.63%
Wabash	\$11,134,511	\$150,049,894	7.42%
Moultrie	\$19,801,191	\$267,946,490	7.39%
Rock Island	\$187,760,135	\$2,581,361,050	7.27%
LaSalle	\$184,497,762	\$2,578,868,548	7.15%
Massac	\$11,907,340	\$181,699,058	6.55%
Wayne	\$11,253,644	\$176,789,720	6.37%
Gallatin	\$3,873,127	\$65,477,635	5.92%
Marshall	\$16,423,704	\$280,391,283	5.86%
Madison	\$275,945,687	\$5,047,948,802	5.47%
Jersey	\$17,544,902	\$364,750,914	4.81%
Fayette	\$10,183,174	\$230,041,385	4.43%
Champaign	\$160,097,358	\$3,782,794,676	4.23%
Mason	\$7,591,144	\$192,534,185	3.94%

County	TIF EAV	Total EAV	% of County in a TIF District
Brown	\$3,319,835	\$84,730,675	3.92%
Randolph	\$18,500,861	\$477,867,654	3.87%
Mercer	\$10,381,645	\$273,689,538	3.79%
Cass	\$5,552,819	\$152,669,608	3.64%
DeKalb	\$64,219,493	\$1,805,605,192	3.56%
Stephenson	\$22,812,235	\$642,195,206	3.55%
Fulton	\$16,296,980	\$462,073,570	3.53%
Lawrence	\$4,527,709	\$128,774,602	3.52%
Montgomery	\$14,743,575	\$437,089,360	3.37%
Cook Suburbs	\$2,066,562,329	\$63,812,912,748	3.24%
Franklin	\$11,344,558	\$365,627,584	3.10%
Perry	\$6,123,529	\$201,000,227	3.05%
Stark	\$3,966,287	\$132,622,723	2.99%
Pike	\$6,404,188	\$225,521,855	2.84%
Bond	\$6,189,185	\$221,006,192	2.80%
Livingston	\$19,234,172	\$691,460,381	2.78%
Sangamon	\$108,134,963	\$4,043,554,467	2.67%
Tazewell	\$69,366,343	\$2,640,776,415	2.63%
Kankakee	\$44,729,824	\$1,803,335,381	2.48%
Clay	\$4,950,914	\$208,028,981	2.38%
Peoria	\$80,993,062	\$3,447,815,903	2.35%
DeWitt	\$13,221,321	\$567,985,830	2.33%
Monroe	\$15,624,872	\$792,156,437	1.97%
White	\$3,782,383	\$196,958,829	1.92%
Pulaski	\$701,391	\$37,716,262	1.86%
Iroquois	\$9,221,062	\$506,386,779	1.82%
McLean	\$68,612,088	\$3,811,595,147	1.80%
Vermillion	\$15,606,165	\$871,546,419	1.79%
Winnebago	\$64,410,151	\$3,619,264,661	1.78%
Will	\$325,839,100	\$18,786,974,762	1.73%
Jasper	\$3,356,872	\$197,320,892	1.70%
Carroll	\$5,896,785	\$347,121,669	1.70%
Macon	\$26,578,652	\$1,607,105,025	1.65%
Morgan	\$9,069,194	\$551,335,991	1.64%
Marion	\$6,521,973	\$401,881,048	1.62%
Whiteside	\$12,862,110	\$810,024,840	1.59%
Edgar	\$5,101,739	\$324,067,131	1.57%
Knox	\$11,900,073	\$761,151,294	1.56%
Cumberland	\$2,066,116	\$139,445,870	1.48%

County	TIF EAV	Total EAV	% of County in a TIF District
Bureau	\$9,196,099	\$627,303,118	1.47%
Schuyler	\$1,602,640	\$112,133,952	1.43%
Jefferson	\$6,769,445	\$475,348,405	1.42%
Piatt	\$5,502,165	\$421,575,182	1.31%
Kane	\$146,696,691	\$12,179,059,052	1.20%
Alexander	\$499,547	\$41,717,312	1.20%
Coles	\$6,923,623	\$630,075,593	1.10%
DuPage	\$342,463,536	\$34,242,760,326	1.00%
Logan	\$4,928,484	\$511,923,438	0.96%
Woodford	\$8,057,344	\$868,111,070	0.93%
Edwards	\$621,568	\$71,484,522	0.87%
Warren	\$2,780,950	\$324,672,181	0.86%
McDonough	\$3,592,165	\$439,158,421	0.82%
Hancock	\$2,571,363	\$316,493,540	0.81%
Lee	\$5,744,437	\$726,959,574	0.79%
JoDaviess	\$5,334,406	\$687,019,128	0.78%
Shelby	\$2,660,036	\$353,861,679	0.75%
Crawford	\$3,245,532	\$435,844,248	0.74%
Ogle	\$10,311,345	\$1,502,684,224	0.69%
Jackson	\$5,070,859	\$745,111,359	0.68%
Richland	\$1,419,185	\$210,476,023	0.67%
Hamilton	\$800,378	\$137,286,372	0.58%
Lake	\$135,327,612	\$23,572,037,575	0.57%
Washington	\$1,690,580	\$299,778,378	0.56%
Adams	\$6,282,381	\$1,131,816,324	0.56%
Christian	\$2,477,565	\$538,373,077	0.46%
Saline	\$1,036,197	\$251,493,563	0.41%
Menard	\$792,592	\$271,483,672	0.29%
Putnam	\$484,483	\$169,173,585	0.29%
Union	\$493,713	\$192,347,096	0.26%
McHenry	\$17,468,293	\$7,093,399,988	0.25%
Scott	\$117,769	\$66,978,171	0.18%
Macoupin	\$900,283	\$592,162,551	0.15%
Kendall	\$2,721,952	\$2,641,340,496	0.10%
Boone	\$173,774	\$893,344,235	0.02%
<b>Illinois</b>	<b>\$12,383,763,632</b>	<b>\$313,297,427,207</b>	<b>3.95%</b>

Source: CTBA analysis of IDOR data. Note, incomplete data for Greene, Calhoun, Clark, Hardin, Henderson, and Pope Counties.

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<sup>1</sup> Bruce Baker, Danielle Farrie, Monete Johnson, Theresa Luhm and David G. Sciarra, "Is School Funding Fair? A National Report Card" Sixth Edition, Education Law Center, Graduate School of Education at Rutgers University, (New Brunswick, NJ: January 2017), 25.  
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