



# Oak Park Elementary School District 97

260 Madison ▪ Oak Park ▪ Illinois ▪ 60302 ▪ ph: 708.524.3000 ▪ fax: 708.524.3019 ▪ [www.op97.org](http://www.op97.org)

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During our meeting on July 18, 2017, the District 97 Board of Education unanimously approved a resolution authorizing the use of the additional \$2.6 million in revenue that the district will receive this year to help abate the \$4.45 million in debt we still owe on the bonds that helped fund the construction of our two middle schools (Brooks and Julian) in 2002.

Below is detailed information about what led to this unexpected increase in revenue, the process the district used to arrive at the solution described above and the impact this decision will have on taxpayers. Please email us at [d97board@op97.org](mailto:d97board@op97.org) if you have questions or need additional information about this matter or the decision we made to resolve it. In the meantime, we want to thank you for your support of our schools and the children we serve. We also want to assure you that the work we do and investments we make moving forward will continue to be done in collaboration with the community and in accordance with our commitment to strong fiscal stewardship.

Sincerely,

The District 97 Board of Education

## **What led to the increase in revenues?**

In June, we discovered that we would be receiving an additional \$2.6 million in revenue this year due to an unexpected 5 percent increase in the equalization factor that the Illinois Department of Revenue uses to try to achieve uniform property assessment throughout the state. This increase was reflected on the second installment of the property tax bills that Oak Park residents received in July.

The annual calculation and final determination of the equalization factor is handled exclusively by the state, and was completed for this year after our board approved our levy for 2016 and finalized the sizing of the two referenda questions that voters passed on April 4, 2017.

## **Decision about what to do with the money**

In keeping with our referenda promises and our commitment to exercising sound fiscal stewardship, **we immediately decided that we would be giving the \$2.6 million back to the taxpayers.** When discussing how best to accomplish this goal, we focused our efforts on two options—issuing refund checks and debt abatement.

The board's initial preference was to issue refund checks to the community's 19,000 taxpayers because our belief was that it would enable us to return the money in a timelier and more transparent fashion. However, our research of this option, which was conducted with the help of our financial advisors and board attorney, uncovered the following issues and challenges.

- The district has no legal authority to directly issue refund checks. Municipalities, on the other hand, are permitted by law to rebate taxpayers. With this in mind, we contacted the Village of Oak Park to explore the feasibility of working together on this endeavor.
- To help the village facilitate the refund process, we would need to hire a temporary staff person to manage all of the logistics. We would also need to cover the cost of supplies and materials. Our initial cost estimates for this option were between \$30,000 and \$40,000.
- There was uncertainty about the amount of time it would take the village to process all of the checks, and whether its equipment could handle printing them in a short time period.

- The process could potentially be cumbersome for taxpayers because of the likelihood that they would need to complete an application and/or pick up their checks in person so we could verify identification.

Unlike the option of issuing refund checks, the district has the legal authority to execute an abatement of the debt we still owe on the middle school bonds. In addition, there is no cost associated with the implementation of this option, and it is a solution that has been used effectively by school districts and communities facing similar situations. The primary drawbacks associated with the debt abatement option are timing (taxpayers would not see the impact of this option until they receive the second installment of their property tax bills next year, which are due on August 1, 2018) and transparency (while the total refund would be the same with both options, the amount that taxpayers receive would not be spelled out as clearly on the tax bill as it is on a check).

### **Solution for returning the money**

As stated above, the Board of Education unanimously approved the debt abatement option during its meeting on July 18. This decision was based on the results of the research we conducted on both options, the counsel we received from our attorneys and advisors, and the feedback shared by several community members.

As a result of this decision, the \$2.6 million will be used to help pay off/abate the remaining \$4.45 million in debt, which will decrease the size of District 97's portion of the tax bills that are due on August 1, 2018. The total amount of the abatement will be identical to what people would have received if we had chosen to issue refund checks.

### **Future impact and next steps**

While this decision will resolve the issue associated with the 2016 tax levy, it will not address any actions we may need to take in the future should taxes be in excess of our referendum expectations. That is why we are investigating options that will help ensure that the revenue we receive from property taxes in the future aligns with what Oak Park residents approved on April 4. As we explore these options, there are several issues/items we will need to keep in mind:

- Tax Year 2017 is a reassessment year for Oak Park, which adds uncertainty to the calculations.
- Tax Years 2018 and 2019 will include projected new growth from TIF expirations that need to be captured to meet our referendum expectations.
- While Illinois lawmakers have passed a state budget, they have not made a final decision about the formula that will be used to allocate funds to public school districts. As a result, we will need to account for any unexpected loss of state funding or continued uncertainty at the state level when reviewing our options.
- There are multiple variations of property tax cap change legislation, including freezes, being debated in Springfield. Any options we consider will need to account for changes in this legislation.
- The timing of any legislation may or may not coincide with deadlines related to our levy. Therefore, we must establish a schedule and practice of updating the levy as needed to account for any changes in the law.

We will use a variety of resources (email, website, social media, local press, inserts in the OP/FYI newsletter, etc.) to keep the community updated on the status of our investigation into this issue.