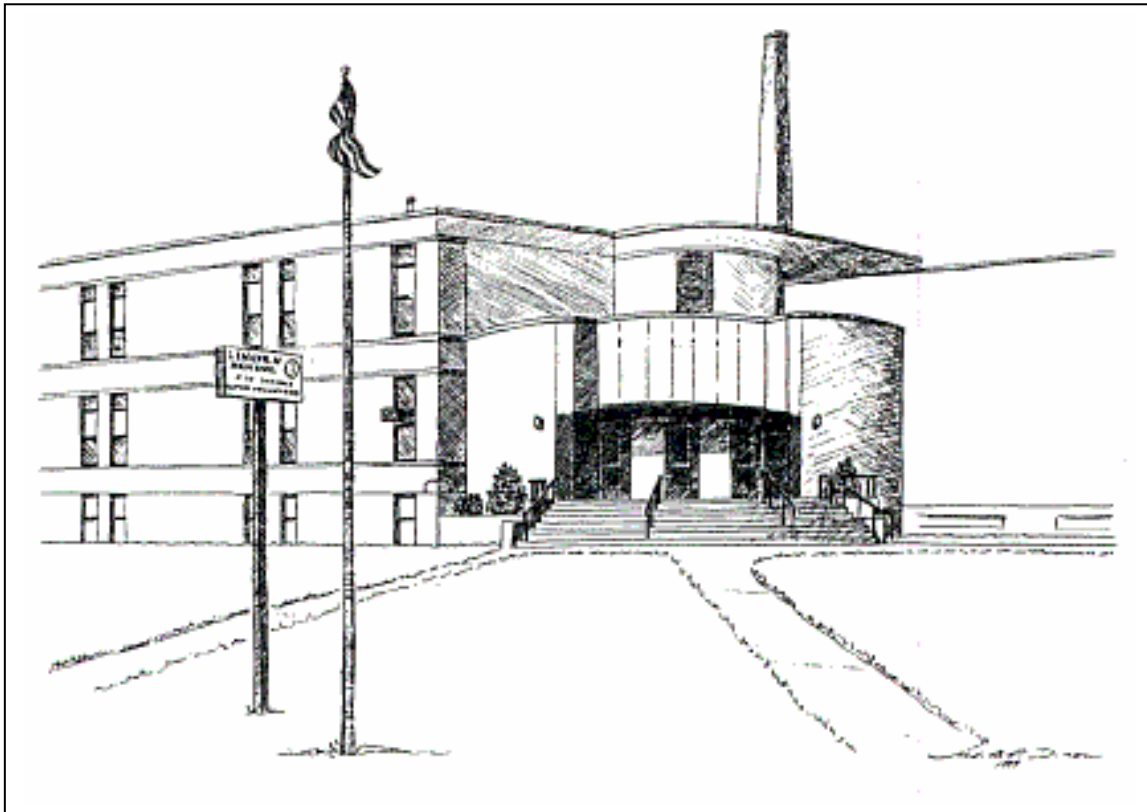


Modern Schools Across Chicago

Will the Mayor's Plan for
Financing School Construction Work?



NEIGHBORHOOD CAPITAL BUDGET GROUP

332 S. Michigan, Suite 500, Chicago, IL 60604 312-939-7198 FAX: 312-588-0750

***“Modern Schools Across Chicago:
Will the Mayor's Plan for Financing
School Construction Work?”***

An Analysis of Tax Increment Financing
Of School Construction

Prepared By:

The Neighborhood Capital Budget Group

: A city-wide non-profit organization

Serving Chicago's neighborhoods since 1988:

Lead Author & Research Analyst: Travis Stein

Executive Director: Jacqueline Leavy

Director of Community Outreach: John Paul Jones

Research Assistants: Jessica Brown, Jennifer Batza, and Simon Sadinsky

For more information, call: 312-939-7198

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What is the Neighborhood Capital Budget Group (NCBG)?

Founded in 1988 by Chicago's grassroots community-based groups, NCBG is a non-profit, non-partisan citywide organization working to create a greater voice for the public in determining the spending priorities of local government, and to get public and private dollars reinvested in ways that alleviate poverty and create jobs in Chicago's neighborhoods.

NCBG's Rebuild Our Schools Taskforce brings together school and community leaders from across the city to address major issues of public investment and community revitalization. These leaders work to ensure adequate, equitable investment in our public school facilities, so that every student can attend world class schools that support a 21st-century curriculum. NCBG works to coordinate the planning of facility investments with community development.

As Chicago's neighborhoods change, school-age populations shift, and school construction funding declines, parents, educators, and other community stakeholders struggle to understand where their school fits into the big picture. Now, in light of several years of school closings, with the launch of the Renaissance 2010 initiative, and now the Mayor's proposal to use \$600 million in TIF funds for school construction, the public needs and deserves a voice in determining the future of our public school facilities and programs.

What is the "Modern Schools Across Chicago" Plan?

On June 15, 2006, Mayor Richard M. Daley announced a plan to **build or renovate 27 Chicago Public Schools over the next six years**. The Mayor announced that \$600 million of this reported \$1 billion construction plan would be funded with Tax Increment Financing dollars; dollars that have historically been used for economic development across City. Although we share the common goal of sustainable and adequate funding for our public schools, NCBG is concerned with how this new capital improvement plan will be implemented. **Will the Mayor's Modern Schools Across Chicago plan work?**

Modern Schools Across Chicago

Total # of Schools: 27

Elementary schools: 15

- New to relieve overcrowding: 8
- New to replace existing: 6
- New facility: 1

High Schools: 12

- New to replace existing: 1
- New facilities: 8
- Renovated: 3

Our Key Findings in Analyzing the Mayor's Proposal:

- The **TIF budget** for public facilities investments over the life of the districts **will not cover the new construction estimates** for these schools.
- By taking the revenue from these neighborhood TIF districts, the **Mayor is compromising the ability of these neighborhoods to fund the economic recovery and development of these blighted neighborhoods**. Taxpayers in these TIF districts and throughout the City have a right to know what tradeoffs they're making.
- **Taxpayers are being taxed twice!** This year, CPS has proposed a \$55 million increase in property taxes and now we're also planning to use our TIF tax dollars for school construction.
- **Since 1996, CPS has spent over \$57 million on schools the district now plans to replace or tear down.**

Our Key Recommendations for Action:

- **Hold joint hearings** of City Council Education Committee and Capital, Economic and Technology Development Committees on the Mayor's plan
- Create a **Citizen's Oversight Commission** to monitor and evaluate both this initiative and the Chicago Public Schools' overall capital program
- Create a **COMPREHENSIVE EDUCATIONAL AND FACILITY MASTER PLAN** to ensure priorities are set in a fair and transparent way, that the neediest schools and communities get the facility investment they need and that CPS is managing its resources wisely
- Create a **collaborative campaign to increase state funding** for school facilities and public education funding. We need to start now to campaign for the General Assembly to act in the November Veto Session.

WHAT IS THE CHICAGO PUBLIC SCHOOLS CAPITAL IMPROVEMENT PROGRAM (CIP)?

When Mayor Richard M. Daley gained control of the Chicago Public Schools in 1995, he inherited a crisis of crumbling and overcrowded schools. The re-structured CPS' responded to the school facility crisis by launching a **major building and renovation effort**, or "Capital Improvement Program" (CIP).

CPS initially identified **3 broad goals for spending the money** that it raised through bond issues and through State of Illinois allocations:

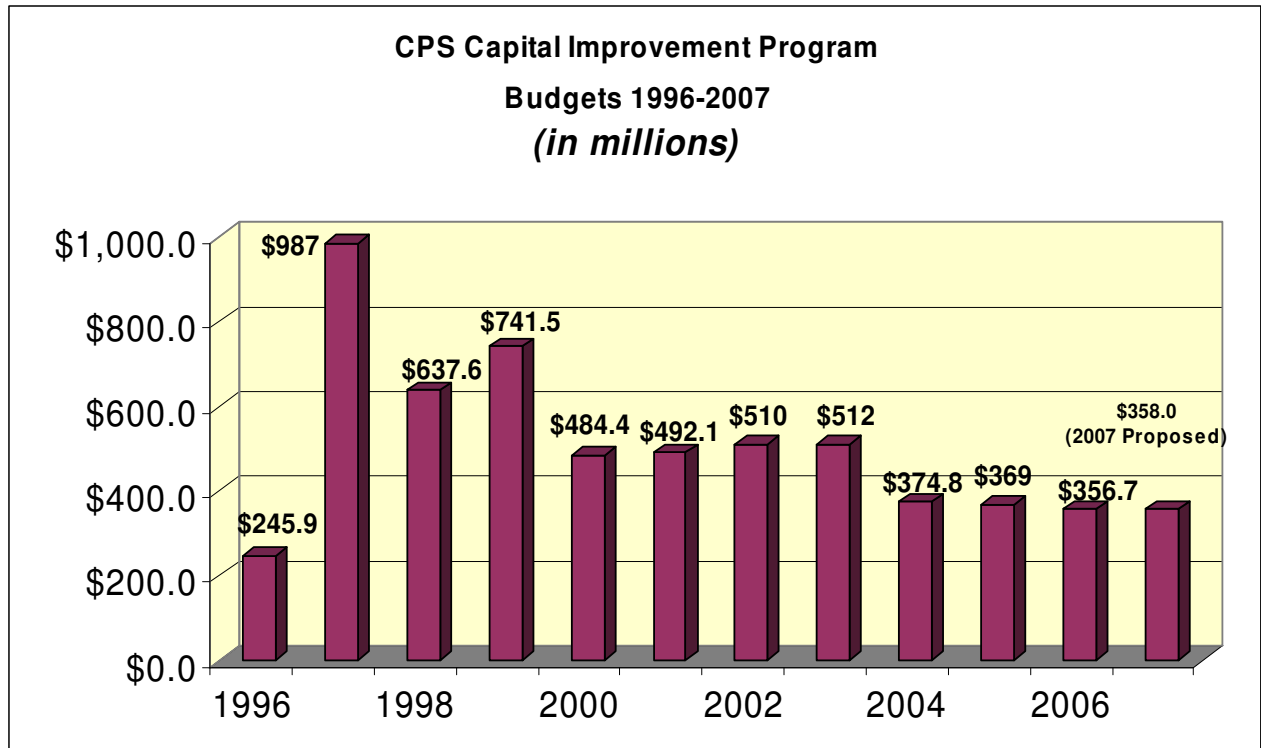
- (1) **Relieve overcrowding,**
- (2) **Bring existing facilities up to minimum building and educational standards,**
- (3) **Provide educational enhancements.**

However, there are very little documented "rules" beyond these goals to let you know where your school falls within CPS' priority areas and if CPS is really spending money on schools most in need.

Funding CPS' Capital Improvement Program

Sources of Funds Over Time:

Between 1996 and 2006, **CPS had budgeted \$5.711 billion for facility improvements and construction** in their Capital Improvement Plan. The \$625.6 million FY 2007 CPS capital budget had not yet been officially approved (\$359.3 million in new school bonds and revenues and \$266.3 million in previous years' projects) when Mayor Daley announced his "Modern Schools Across Chicago" plan on June 15, 2006. His six-year plan calls for building 24 new schools, and renovating three others across the city. His press release projects this plan would cost \$1 billion and would draw on city redevelopment funds from tax increment financing (TIF) districts and Chicago Public Schools bond funds.



Using ‘TIF’ To Fund School Construction:

Mayor Daley’s “Modern Schools Across Chicago” plan is *not* the first time CPS and the City have used Tax Increment Financing to fund school construction. The FY 2005 budget also included \$26 million for TIF-funded projects through the City’s TIF Program to supplement CPS’ construction of two schools, while the FY 2006 budget includes \$1.3 million from TIF funds. The Mayor’s new plan for 2007-2013 aims to use \$400 million in school bond funds, and \$600 million from TIF funds (Sun Times, JUNE 2006).

Though the Mayor’s new six-year plan treats the Westinghouse High School and Skinner Classical Magnet school as new projects, CPS had previously budgeted funds for the construction of these schools with TIF assistance in their FY 2003 Capital Improvement Plan.

By analyzing TIF funded Redevelopment Plans approved by the Chicago City Council, the Neighborhood Capital Budget Group has estimated that \$167.7 million in TIF funds have been used for school construction projects across the City.

Prior TIF Investment in School Construction Projects

School Name	School Address	TIF District Funding Construction	TIF Investment
Jones Magnet High School	606 S. State St.	Near South	\$27,000,000
National Teachers Academy	55 W. Cermak Rd.	24th/Michigan*	\$47,000,000
Jenner Academy/ Walter Payton College Prep HS	1119 North Cleveland Avenue & 1034 N Wells	Near North	\$11,125,000
Simeon Career Academy	8147 South Vincennes Avenue	Chatham Ridge	\$22,185,000
Albany Park Academy	4900 N Sawyer	Albany	\$25,000,000
DePriest	139 S Parkside	Austin	\$18,500,000
Benito Juarez High School	2150 N Laflin	Pilsen	\$15,500,000
Uplift Academy	900 W Wilson	Wilson Yard	\$1,447,244
TOTAL TIF Investment in schools to date			\$167,757,244

Is TIF the best way to pay for improving our school facilities?

NCBG has encouraged CPS to try to *supplement* its own bond proceeds with TIF revenue when there are adequate funds available in the TIF district. But existing TIF policy does not give communities adequate oversight powers to set TIF spending priorities. CPS has no clear policy for determining which schools in TIFs could benefit, and how the decisions are made to fund particular school projects over others. Given the high cost of school construction, heavy reliance on TIF can drain away resources for community economic development. CPS and the City should seek Developer Impact Fees and State funding to augment the School district’s borrowing capacity.

How does CPS prioritize how capital dollars are spent on our schools?

To date, CPS’ evaluation and prioritization process for distributing capital dollars has been unclear. For example, the Mayor’s ‘Modern Schools Across Chicago’ plan does not explain why some schools are receiving new facilities, while others are not.

Langston Hughes and Miles Davis elementary schools both had replacement facilities promised to them in previous CPS CIPs and have been waiting for years for their new facilities. These schools are to be congratulated for their persistent advocacy. NCBG joins parents and education reform organizers to ask: What about the rest of the schools that didn’t win the Mayor’s “lottery” last week?

Following is a list **CPS schools that have been promised new facilities under previous capital budgets and are still waiting** for their replacement schools.

Schools Awaiting New Facilities Under Previous Capital Budgets

School Name	Address	School Type	Capital Project	CPS CIP Year	Unfunded Capital Need	Funded Capital Need
Burnham	1903 E 96th St	Elementary	replacement School	2005	\$ 2,386,000.00	\$ 3,601,000.00
Byrd	363 W Hill St	Closed School	replacement School	2004	\$ 7,177,000.00	\$ 178,000.00
Esmond	1865 W Montvale Ave	Elementary	replacement School	2005	\$ 4,155,000.00	\$ 5,074,000.00
Everett	3419 S Bell	Elementary	replacement School	2001	\$ 4,038,000.00	\$ 2,697,000.00
Inter-American Magnet	919 W Barry	Elementary	replacement School	2005	\$ 3,300,000.00	\$ 352,000.00
Mitchell	2233 W Ohio	Elementary	replacement School	2004	\$ 4,614,000.00	\$ 868,000.00
Stock	7507 W Birchwood	Elementary	replacement School	2005	\$ 2,325,000.00	\$ 3,600,000.00
Warren	9239 S Jeffery	Elementary	replacement School	2005	\$ 3,334,000.00	\$ 2,048,000.00
Waters	4540 N Campbell	Elementary	replacement School	2004	\$ 4,803,000.00	\$ 2,172,000.00
TOTAL					\$ 36,132,000.00	\$ 20,590,000.00

SOURCE: Unfunded and Funded Capital Needs from CPS School Assessments
<http://www.csc.cps.k12.il.us/servlet/CIP?ASMT=Y>;
 Replacement School listings collected from CPS CIP Board resolutions 2001-2005.

In the spring of 2005, NCBG’s Rebuild Our Schools Taskforce learned that **CPS had developed a basic ranking system** that described how schools compared to each other in terms of **capital need**. CPS gave each alderman an individual analysis of each school’s capital needs and how it ranked compared to other CPS facilities.

To date, **these rankings of need have not been made available to the public and it is unclear if these assessments were considered in Mayor Daley’s plan**. There do appear to be two clear exceptions: CPS promised to build replacement buildings for both Miles Davis and Langston Hughes several years ago, and homes in each neighborhood were acquired and demolished by CPS. However, neither Davis nor Hughes’ new facilities are being financed with TIF revenues.

If the Mayor’s Plan is not based on a systematic ranking of existing needs, on what criteria or rationales IS the plan based?

The Need For A Comprehensive Educational and Facility Master Plan:

Government must be able to answer the question of why these schools and why now? We need a **strategic Facility Master Plan and transparent annual capital budget that prioritizes capital improvements to the schools in greatest need** of facility investments. Who decided what repairs were the priorities and which problems would be put on hold? Why should children have to wait until a powerful politician spins “The Wheel of Fortune” to award them a decent, clean, safe and educationally well equipped facility?

What is a “Facility Master Plan”?

A Facility Master Plan governs the allocation of resources to our school buildings. A Facility Master Plan would:

- Create a systematic, data-driven process to **prioritize and distribute school repair, modernization, and new construction projects more equitably** across our neighborhoods.
- **Coordinate** educational and facilities planning with other public agencies as part of the rapid redevelopment of our neighborhoods.
- **Ensure that communities are involved** in planning for schools in their neighborhoods.
- **Serve as an accountability mechanism that provides a clear rationale** for and documentation of CPS’ capital spending decisions to the public and policy makers who are being asked to find more school construction dollars.
- **Map out and document schools’ facility funding needs** this year and in the future.

What are the consequences of not having a clear strategic planning process?

Since 1996, CPS has spent \$57,569,000 on buildings it now plans to tear down and replaced under Mayor Daley’s school construction plan.

Prior CPS Capital Investment in “Modern Schools” Facilities

School under “Modern Schools Across Chicago” Plan	Total Capital Investment to Date
Austin High School*	\$12,483,000
Bouchet Academy	\$9,081,000
<i>Collins High School*</i>	<i>\$8,385,000</i>
Langston Hughes/ Davis replacement Academy	\$1,008,000
<i>Mather High School*</i>	<i>\$6,425,000</i>
Miles Davis Replacement Elementary	\$7,620,000
Ogden Replacement Elementary	\$1,746,000
Powell Replacement Elementary	\$761,000
Skinner Replacement Elementary	\$19,743,000
South Shore Replacement High School	\$17,610,000
Westinghouse Replacement High School	\$52,697,000
INVESTMENTS IN SCHOOLS TO BE REPLACED AND OR TORN DOWN**	\$57,569,000
TOTAL INVESTMENTS	\$137,559,000

**Schools receiving renovations*

***Schools receiving renovations excluded from figure*

SOURCE: CPS School Assessments <http://www.csc.cps.k12.il.us/servlet/CIP?ASMT=Y>

How does Tax Increment Financing work? Can our neighborhood TIF Districts afford to fund these huge projects? How will using this money affect our community development goals?

“Tax Increment Financing,” a special tool that the City of Chicago can use to generate money for economic development in a specific geographic area. TIF allows the City to re-invest all new property tax dollars in the neighborhood from which they came for a 23-year period. These “new” revenues – also called “increment” – arise if new development takes place in the TIF district, or if the value of existing properties rises, resulting in higher tax bills. TIF funds can be spent on public works projects or on subsidies to encourage private development. But TIF also makes it much easier for the City to acquire private property and demolish buildings to make way for new construction. With consistent community participation, TIF can be a tool for implementing a community-based revitalization plan by financing affordable housing development, improving parks and schools, fixing basic infrastructure, putting vacant land to productive use, creating jobs, and funding job training.

Of the 27 schools described in the “Modern Schools Across Chicago”, 12 are in a designated TIF district. As of 2004 (the last year for which TIF district data were available at the time the Mayor’s program was announced), **these 12 TIF Districts had a combined fund balance of \$41.8 million.** For the entire 23-year life of these Districts, the City plans to collect \$510 million in new property tax revenue, and invest approximately \$147 million, or 29% of the “incremental” revenues in “public improvement projects”. The public improvements budget of each TIF would cover public infrastructure projects like “Modern Schools Across Chicago.” Even by foregoing all other economic redevelopment project in these TIFs and using every anticipated TIF dollar for school construction, this \$510 million will still not cover the anticipated \$600 million investment required for the Mayor’s new program.

“Modern Schools” Projects Located in TIF Districts

TIF District	Fund Balance in 2004	Estimated Public Improvement Budget (over 23 yrs)	Estimated Total Budget (Over 23 yrs)	Type of TIF Development Strategy (as outlined in TIF Redevelopment Plan)	Potential School Construction/Renovation in and/or next to District
51st/Archer	\$659,403.00	\$6,000,000.00	\$60,000,000.00	Industrial and Commercial	Southwest Area Elementary
71st/Stony Island	\$3,730,224.00	\$14,000,000.00	\$40,000,000.00	Commercial and Residential	South Shore Area Replacement HS
Addison Corridor North	\$2,768,243.00	\$1,500,000.00	\$6,750,000.00	Industrial	Area 19 HS
Belmont/Central	\$3,372,252.00	\$3,500,000.00	\$16,720,000.00	Commercial and Residential	Northwest Area Elementary
Fullerton/Milwaukee	\$5,976,741.00	\$12,000,000.00	\$40,000,000.00	Commercial and Residential	Avondale/Irving Park Elementary
Galewood/Armitage	\$1,785,992.00	\$29,000,000.00	\$83,750,000.00	Industrial	Belmont Cragin Area Elementary
Greater Southwest Industrial Corridor (East)	\$647,476.00	\$11,300,000.00	\$40,150,000.00	Industrial	Lee/ Pasteur Elementary?
Greater Southwest Industrial Corridor (West)	\$2,974,886.00	\$3,000,000.00	\$43,000,000.00	Industrial	Lee/ Pasteur Elementary?
Lincoln Avenue Corridor	\$3,516,780.00	\$4,000,000.00	\$20,000,000.00	Commercial and Residential	Mather HS Renovation
Madison/Austin	\$2,382,341.00	\$14,200,000.00	\$42,000,000.00	Commercial and Residential	Westinghouse HS
Midwest	\$13,012,237.00	\$43,000,000.00	\$100,500,000.00	Commercial and Residential	Chicago Agricultural West HS And Collins High School
South Chicago	\$1,063,331.00	\$5,250,000.00	\$17,500,000.00	Commercial and Residential	Southeast Area HS
TOTAL	\$41,889,906.00	\$146,750,000.00	\$510,370,000.00		

Source: Fund Balance Data from City of Chicago Annual report 2004; Public Improvement and Total Budget information from TIF redevelopment plans

In addition to taking revenue from these districts' accounts, the City can also transfer funds from one TIF District to fund the redevelopment projects in an adjacent TIF District. This means that any TIF contiguous to a TIF with one of Mayor Daley's "Modern Schools" could be tapped to fund the construction of these schools, **without any notice to or input from the communities** whose TIF districts are funding the project.

There are 28 TIF Districts which have a common boundary with the 12 TIF districts listed above. These contiguous TIF districts had a collective fund balance of \$86 million as of the end of 2004. What funds will be available to continue the creation of jobs and job training in these corridors if the revenues from these districts are being used for the school construction in adjacent communities? Will families in the adjacent TIF districts even be allowed to enroll their students in the schools built under the Mayor's Plan?

Will The Mayor's Plan Work?

The Mayor's new plan sets up a difficult dilemma for communities: a "King Solomon's Choice"- Which mother gets the baby? Do we invest our TIF dollars in job creation and training, affordable housing and small business- or do we build new schools for our kids?

Sustainable, adequate funding for our public schools is our common goal. We know that the Mayor wants to achieve that same goal. We too are frustrated with the Illinois General Assembly and Governor for not providing new dollars or adequate funding for our public schools. But TIF funding is not adequate, fair or sustainable.

With CPS estimating a cost of \$30 million for each new elementary school and \$65 million for each new high school, the identified TIF Districts do not have the funds or budgets to finance the \$600 million that the Mayor pledged for the "Modern Schools" plan. The Mayor and CPS should work with this coalition and policy makers to develop other forms of creative financing and other revenue sources. NCBG is calling for expanded public/private partnerships and a joint, concerted effort to convince the State to pay their fare share of facility improvement needs. Creative partnerships like the new "School Construction Fund," which offers developers variances on zoning requirements in exchange for contributions to school construction, represent an innovative funding source, while increased and sustained State school construction funding is a more equitable approach than over-reliance on Tax Increment Financing. Public school parents, community organizations, taxpayers, and other local stakeholders deserve to have a full understanding of the trade-offs required by the Mayor's approach. The public also needs a much greater voice in the decision making- after all, it's our money, our neighborhoods and these are our children!

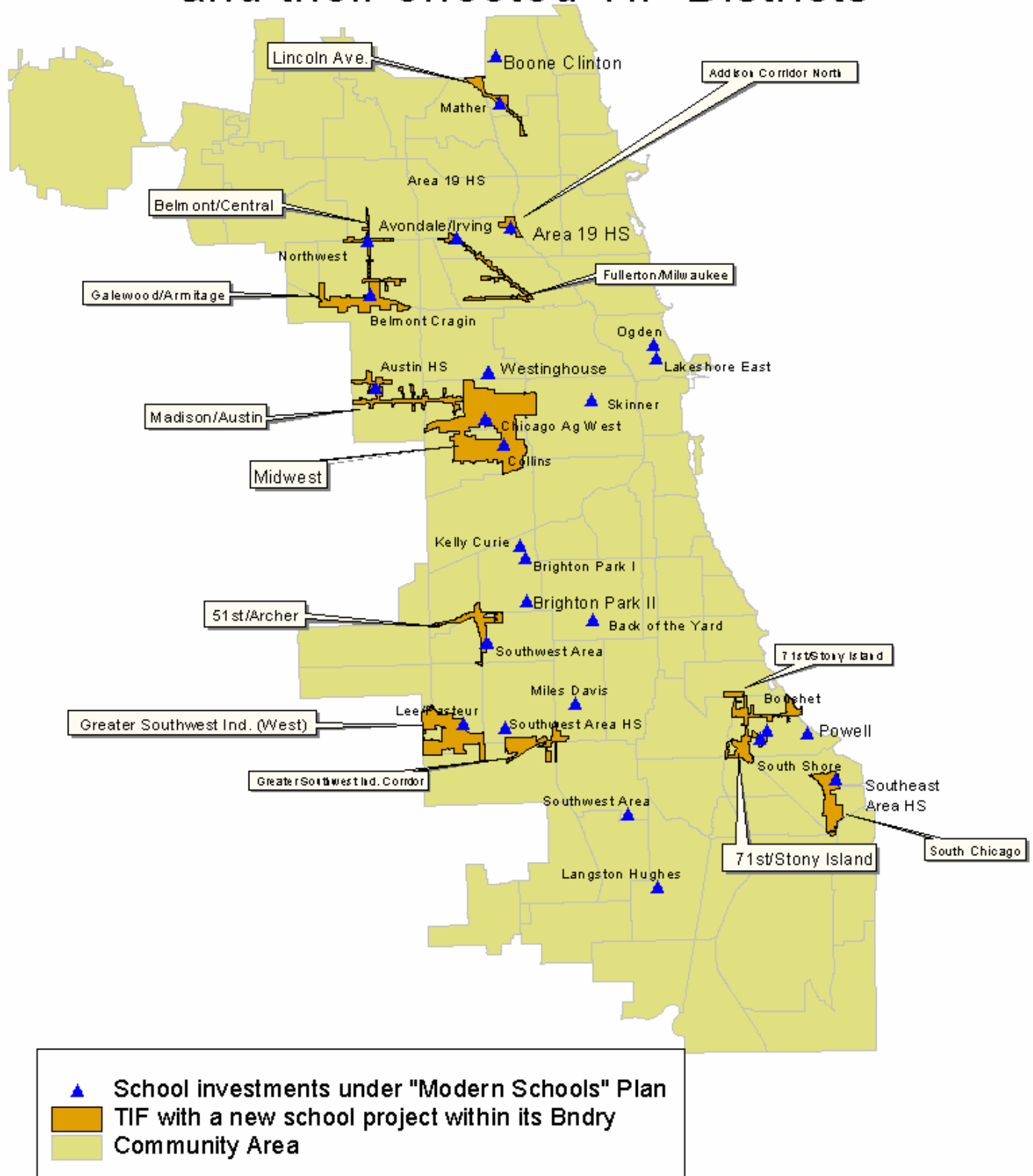
**“Modern Schools Across Chicago”
Elementary Schools**

Elementary Schools	Type of Project	TIF District Contributing
Avondale/ Irving Park Elementary	New to relieve overcrowding	Fullerton/ Milwaukee
Belmont Cragin Area Elementary School	New to relieve overcrowding	Galewood/Armitage
Boone Clinton Area Elementary School	New to relieve overcrowding	Toughy/ Western
Bouchet Replacement Elementary	New to replace existing	
Brighton Park I Replacement Elementary	New to relieve overcrowding	Stevenson/ Brighton Park
Brighton Park II Area Elementary	New to relieve overcrowding	Possible new district
Lakeshore East Elementary	New Facility	TBD
Langston Hughes/ Davis Replacement Elementary	New to replace two existing	Not Inside TIF
Lee/ Pasteur Elementary	New to relieve overcrowding	Greater SW TIF
Miles Davis Replacement Elementary	New to replace existing	Not Inside TIF
Northwest Area Elementary	New to relieve overcrowding	Belmont/ Central
Ogden Replacement Elementary	New to replace existing	TBD
Powell Replacement Elementary	New to replace existing	
Skinner Replacement Elementary	New to replace existing	TBD
Southwest Area Elementary	New to relieve overcrowding	51st/ Archer

**“Modern Schools Across Chicago”
High Schools**

High Schools	Type of Project	TIF District Contributing
Area 19 High School	New Facility	Addison/ Corridor North
Austin High School Renovation	Renovation	Madison/ Austin
Back of the Yards Area High School	New Facility	TBD
Chicago Agricultural West High School	New facility	Midwest
Collins High School Renovation	Renovation	Midwest
Kelly Curie Area High School	New facility	
Mather High School Renovation	Renovation	Lincoln Ave
Southeast Area High School	New facility	S Chicago
South Shore Replacement High School	New facility	71st/ Stony
Southside Area High School	New facility	TBD
Southwest Area High School	New facility	
Westinghouse Replacement School	New to replace existing	Chicago Ave/Central Park

Mayor Daley's "Modern Schools" and their effected TIF Districts



TIFs that qualify for Mayor Daley's "Modern Schools Across Chicago" Plan

