



Oak Park Elementary School District 97

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TO: Board of Education
Dr. Carol Kelley, Superintendent of Schools

FROM: Robert Grossi – Financial Consultant to the District

SUBJECT: Recalculation of General State-Aid Claims

DATE: July 3, 2019

Background

A major factor in determining the level of general State-aid dollars as school district receives is the amount of property wealth within the school district. Essentially, the lower your property wealth, the higher your District's level of general State-aid, to make up for the District's lack of ability to generate resources locally.

School districts are also subject to property tax appeals after the County establishes the property wealth within a school district. If a school district's property wealth is decreased due to taxpayers successfully appealing the Assessor's calculation of their property's value after the State calculated general State-aid, the District can recover general State-aid as if that reduced value was factored into its original calculation.

Since 2000, the District has been party to an agreement with their law firm, Franczek, to submit successful property tax appeals to ISBE. Per the agreement, Franczek is to receive 15% of any recaptured general State-aid dollars the District received. Since 2000, Oak Park School District 97 received \$4.5 million in additional general State-aid as a result of these filings.

Due to the State's challenging financial situation, it currently only distributes a small portion of the recalculation claims to the District. The remaining distributions get pushed back to future years. As of today, the State owes District approximately \$6,815,547. If the District received all these funds, Franczek would receive fees totaling \$1,037,332.

In fiscal year 2019, the District received \$312,188 from the State for general State-aid revaluations. Franczek has given the District two options to consider in paying this year's invoice: (1) pay \$46,818, which equals 15% of the \$312,188 or (2) Pay \$309,277 to eliminate all future claims against the District, which could total \$1,037,332.

Recommendation

It is recommended that the Board of Education accept the buyout offer from Franczek, which represents a 2/3rds reduction in the payments made to Franczek should all payments be made by the State.