



The Illinois Business RoundTable

Tort Fund Review

Study Overview

This statewide study examines the extent to which school districts levy and extend property taxes for their tort immunity funds. Property Tax Data for the years 1998, 1999, 2000, and 2001 were provided by the state and are the most recent certified data that was available. This data does not include tort immunity fund levies for Chicago Public Schools.

Property Tax Data for the years 2002 and 2003 has been requested from each of the 102 Counties in Illinois. We have received data from 100 Counties (98%). Of the 890 School Districts in Illinois, we have received data for 836 school districts (93%).

Preliminary Findings

1) The education tort cost has increased dramatically in the last 6 years:

Year	Amount Received	Notes
1998	\$200,292,484	Excludes Rockford and Chicago
1999	\$197,394,475	“ “ “
2000	\$196,691,895	“ “ “
2001	\$244,829,957	“ “ “
2002	\$238,257,409	Excludes Over 50 School Districts due to unavailable data
2003	\$234,418,024	Excludes Over 50 School Districts due to unavailable data

2) Of the 836 school districts reporting data for the two most recent years (2002-2003), more than half of the school districts (63%) increased their tort extensions from 2002-2003 as follows:

- 50 School districts more than doubled their extensions
- 52 School districts increased their extensions between 50-100%
- 90 School districts increased their extensions between 20-49%
- 126 School districts increased their extensions between 10-19%
- 208 School districts increased their extensions between 1-9%
- 241 School districts had either negligible increases or decreases in their extensions.

Data submitted for over 50 school districts was not factored into this analysis because the data was unavailable for the 2002 and 2003 years.

3) Of the 836 school districts reporting data for the most recent year (2003), 158 districts received over 10% of their total property tax levy from the tort immunity tax.

4) Further study to determine whether these increases are attributable to and justified under the specific terms of the Tort Immunity Act is necessary, particularly for those districts whose levies increased over 100% in the most recent year and whose ratio of tort levy to overall operating levies exceeds 20%.

Background

Illinois funds its public schools through a variety of local, state, and federal sources. Article 10 of the Illinois Constitution establishes that the state has the primary responsibility for financing the system of public education. The state meets this requirement in two ways: 1) The legislature, by statute and appropriation establishes the state portion of public school finance; and 2) the legislature also provides in Article 17 of the Illinois School Code for the system of local school funding, through the creation of property tax funds with specific rates and levies dedicated to them for local schools. Through these two combined sources of school finance enabled by the state, over 88% of all monies to Illinois' public schools are provided.

Property tax sources of revenue remain the most reliable and predictable sources of school funding. Because state sources of general fund revenues are less stable, even the growth rate of the property tax is higher over time than state funding.

This revenue growth is, however, limited in a number of ways. In many counties, property tax caps on the extension of school levies have been enacted to limit the growth. With only a few exceptions, Illinois statutes limit most of the rates that schools can apply against the equalized assessed value of property within their districts. These rates can only be raised through a public referendum process in the given district on the specific property tax rate.

Statement of Issue—Unlimited ability for schools to tax for judgements, settlements, and risk management

As a local unit of government, however, schools are enabled to access an unlimited source of local property tax revenue through the extension of a tort immunity tax. Because the extension of these funds is not limited, two statutes seemingly limit when they can be applied:

The Local Government Tort Immunity Act—745 ILCS 10/9-107

Sec 9-107. Policy; tax levy. (a) The General Assembly finds that the purpose of this Section is to provide an extraordinary tax for funding expenses relating to tort liability, insurance, and risk management programs. Thus, the tax has been excluded from various limitations otherwise applicable to tax levies. Notwithstanding the extraordinary nature of the tax authorized by his Section, however, it has become apparent that some units of local government are using the tax revenue to fund expenses more property paid for from general operating funds. These uses of the revenue are inconsistent with the limited purpose of the tax authorization.

School Tort Immunity Statute: 105 ILCS 5/17-2.5

Sec. 17-2.5. Tax for Tort Immunity. The school board of any district may by proper resolution levy an annual tax upon the value of the taxable property within its territory as equalized or assessed by the Department of Revenue at a rate that will produce a sum sufficient to pay the cost of settlements or judgments under Section 9-102 of the local Governmental and Governmental Employees Tort Immunity Act, as now or hereafter amended (745 ILCS 10/9-102), to pay the costs of protecting itself or its employees against liability, property damage or loss, including all costs and reserves of being a member of an insurance pool, under Section 9-103 of that Act (745 ILCS 10/9-103), to pay the costs of and principal and interest on bonds issued under Section 9-105 of that Act (745 ILCS 10/9-105), to pay tort judgments or settlements under Section 9-104 of that Act (745 ILCS 10/9-104) to the extent necessary to discharge such obligations and to pay the cost of risk care managements programs in accordance with Section 9-107 of that Act (745 ILCS 10/9 -107).

TABLE 1- TORT EXTENSION INCREASES 2002 TO 2003
Top School District Percentage Increases

School District	County	2002 Extension	2003 Extension	% Incr
WALTHAM C C SCHOOL DIST 185	LASALLE	\$10,015	\$100,021	898.71%
GRAYSLAKE COMM HIGH SCH DIST 127	LAKE	\$62,781	\$505,417	705.04%
NILES TWP COMM HIGH SCH DIST 219	COOK	\$222,134	\$1,545,000	595.53%
PAXTON-BUCKLEY-LODA CU DIST 10	FORD	\$20,662	\$119,481	478.27%
SOUTHWESTERN C U SCH DIST 9	MACOUPIN	\$52,440	\$300,921	473.84%
FRANKFORT C C SCH DIST 157C	WILL	\$193,596	\$1,071,623	453.54%
NEW HOPE C C SCHOOL DIST 6	WAYNE	\$6,217	\$33,436	437.86%
COMMUNITY HIGH SCH DISTRICT 117	LAKE	\$27,602	\$147,816	435.52%
COMMUNITY HIGH SCH DISTRICT 94	DUPAGE	\$40,832	\$202,888	396.89%
RIDGEVIEW COMM UNIT SCH DIST 19	MCLEAN	\$108,341	\$495,321	357.19%
SIGNAL HILL SCH DIST 181	ST. CLAIR	\$39,550	\$176,793	347.01%
CENTRAL SCHOOL DIST 104	ST. CLAIR	\$38,530	\$164,449	326.81%
WEST LINCOLN-BROADWELL E S D #92	LOGAN	\$25,669	\$109,449	326.38%
CLINTON C U SCHOOL DIST 15	DEWITT	\$200,050	\$768,361	284.08%
PUFFER HEFTY SCHOOL DIST 69	DUPAGE	\$51,638	\$187,316	262.75%
DEPUE UNIT SCHOOL DIST 103	BUREAU	\$16,944	\$60,136	254.91%
NORRIDGE SCHOOL DIST 80	COOK	\$24,816	\$84,720	241.39%
MARSEILLES ELEM SCHOOL DIST 150	LASALLE	\$58,018	\$198,013	241.30%
ROCKTON SCH DIST 140	WINNEBAGO	\$30,098	\$100,128	232.68%
DWIGHT COMMON SCHOOL DIST 232	LIVINGSTON	\$43,163	\$142,936	231.15%
BEACH PARK C C SCHOOL DIST 3	LAKE	\$67,727	\$210,561	210.90%
WINDSOR COMM UNIT SCH DIST 1	SHELBY	\$15,138	\$45,682	201.77%
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ST JOSEPH OGDEN C H S DIST 305	CHAMPAIGN	\$29,966	\$88,019	193.73%
CENTRAL A & M C U DIST #21	SHELBY	\$27,276	\$78,185	186.65%
IROQUOIS WEST C U S DIST 10	IROQUOIS	\$162,438	\$455,601	180.48%
FLANAGAN C U SCHOOL DIST 4	LIVINGSTON	\$79,002	\$218,002	175.94%
BENSENVILLE SCHOOL DISTRICT 2	DUPAGE	\$144,454	\$390,228	170.14%
CALHOUN COMM UNIT SCH DIST 40	CALHOUN	\$102,491	\$275,564	168.87%
SOUTHERN C U SCHOOL DIST 120	HENDERSON	\$77,964	\$207,845	166.59%
HOOVER-SCHRUM MEMORIAL SD 157	COOK	\$76,222	\$192,933	153.12%
BYRON COMM UNIT SCHOOL DIST 226	OGLE	\$199,994	\$504,244	152.13%
RED HILL C U SCHOOL DIST 10	LAWRENCE	\$77,947	\$194,727	149.82%
ORANGEVILLE C U SCHOOL DIST 203	STEPHENSON	\$24,041	\$59,130	145.96%
GRANT COMM H S DISTRICT 124	LAKE	\$54,132	\$131,012	142.02%
NEW LENOX SCHOOL DIST 122	WILL	\$486,795	\$1,146,998	135.62%
ST CHARLES C U SCHOOL DIST 303	KANE	\$563,735	\$1,316,096	133.46%
NORTH BOONE C U SCH DIST 200	BOONE	\$96,260	\$222,523	131.17%
EAST RICHLAND C U SCH DIST 1	RICHLAND	\$188,210	\$429,783	128.35%
GERMANTOWN SCHOOL DISTRICT 60	CLINTON	\$26,760	\$60,042	124.38%
CENTRAL COMM UNIT SCHOOL DIST 4	IROQUOIS	\$205,209	\$460,031	124.18%
GARDNER COMM CONS SCH DIST 72C	GRUNDY	\$16,210	\$35,925	121.63%
BLUE RIDGE COMM UNIT SCH DIST 18	DEWITT	\$167,496	\$370,951	121.47%
GAVIN SCHOOL DIST 37	LAKE	\$2,898	\$6,346	119.01%
LAWRENCE CO C U DISTRICT 20	LAWRENCE	\$59,844	\$124,670	108.33%
GRAND RIDGE C C SCHOOL DIST 95	LASALLE	\$40,009	\$83,013	107.49%

**TABLE 2- 2003 TORT LEVY TO OVERALL PROPERTY TAX LEVY
Districts with Highest percentage tort to overall levy in 2003**

County Name	District Name	Levy Amount	Tort Levy	% of Total Levy
		2003	2003	
JOHNSON	CYPRESS SCHOOL DIST 64	\$177,540	\$87,410	49.23%
ST. CLAIR	EAST ST LOUIS SCHOOL DIST	\$7,457,262	\$3,084,197	41.36%
JEFFERSON	DODDS COMM CONS SCHOOL DI	\$230,940	\$95,000	41.14%
JEFFERSON	OPDYKE-BELLE-RIVE CC SCH	\$303,435	\$101,480	33.44%
ST. CLAIR	MARISSA C U SCH DIST 40	\$1,410,829	\$412,048	29.21%
COOK	FORD HEIGHTS SCHOOL DISTR	\$3,470,038	\$990,000	28.53%
BUREAU	LEPERTOWN C C SCH DIST 1	\$190,365	\$53,762	28.24%
WAYNE	GEFF C C SCHOOL DISTRICT	\$156,800	\$43,000	27.42%
JEFFERSON	BETHEL SCHOOL DISTRICT 82	\$404,178	\$106,890	26.45%
CHAMPAIGN	RANTOUL CITY SCHOOL DIST	\$3,277,424	\$864,770	26.39%
ADAMS	LIBERTY COMM UNIT SCHOOL	\$1,347,706	\$342,000	25.38%
JEFFERSON	MCCLELLAN C C SCHOOL DIST	\$160,106	\$39,490	24.66%
JEFFERSON	INA COMM CONS SCHOOL DIST	\$191,500	\$45,800	23.92%
JACKSON	DESOTO CONS SCHOOL DISTRI	\$737,509	\$174,470	23.66%
LEE	STEWART ELEM SCHOOL DIST	\$563,661	\$131,145	23.27%
SCOTT	WINCHESTER C U SCH DIST 1	\$1,692,965	\$390,500	23.07%
HANCOCK	DALLAS CITY C U SCH DIST	\$785,982	\$179,200	22.80%
CRAWFORD	PALESTINE C U SCHOOL DIST	\$1,144,424	\$260,000	22.72%
FAYETTE	BROWNSTOWN C U SCH DIST 2	\$710,228	\$160,000	22.53%
SHELBY	SHELBYVILLE C U SCHOOL DI	\$3,210,060	\$701,400	21.85%
MORGAN	FRANKLIN C U SCHOOL DISTR	\$1,893,200	\$399,900	21.12%
PIKE	GRIGGSVILLE-PERRY C U SCH	\$1,135,424	\$235,499	20.74%
FRANKLIN	AKIN COMM CONS SCHOOL DIS	\$211,985	\$43,708	20.62%
RICHLAND	WEST RICHLAND C U SCH DIS	\$845,660	\$173,250	20.49%
JEFFERSON	BLUFORD C C SCHOOL DIST 1	\$428,556	\$85,925	20.05%
VERMILION	ARMSTRONG-ELLIS CONS SCH	\$585,544	\$116,668	19.92%
PEORIA	PLEASANT HILL SCHOOL DIST	\$493,348	\$95,163	19.29%
OGLE	FORRESTVILLE VALLEY C U S	\$4,491,868	\$850,759	18.94%
BROWN	BROWN COUNTY C U SCH DIST	\$2,115,535	\$398,700	18.85%
PIKE	BARRY COMM UNIT SCHOOL DI	\$723,488	\$135,738	18.76%
CALHOUN	CALHOUN COMM UNIT SCH DIS	\$1,500,558	\$280,000	18.66%
ADAMS	CAMP POINT C U SCHOOL DIS	\$2,057,430	\$380,000	18.47%
CLINTON	NORTH WAMAC SCHOOL DISTRI	\$258,804	\$47,762	18.45%
PEORIA	HOLLIS CONS SCHOOL DIST 3	\$326,908	\$59,295	18.14%
COOK	PARK FOREST SCHOOL DIST 1	\$9,742,942	\$1,760,000	18.06%
LASALLE	STREATOR ELEM SCHOOL DIST	\$4,548,800	\$812,000	17.85%
CARROLL	SAVANNA COMMUNITY UNIT DI	\$2,015,256	\$354,500	17.59%
MASON	HAVANA COMM UNIT SCHOOL D	\$2,947,622	\$511,005	17.34%
FAYETTE	ST ELMO C U SCHOOL DIST 2	\$853,357	\$142,800	16.73%
ADAMS	QUINCY SCHOOL DISTRICT 17	\$21,531,571	\$3,577,591	16.62%
GREENE	GREENFIELD C U SCHOOL DIS	\$1,571,723	\$260,645	16.58%
SCOTT	SCOTT-MORGAN C U SCHOOL D	\$852,026	\$140,568	16.50%
STEPHENSON	PEARL CITY C U SCH DIST 2	\$1,420,874	\$232,420	16.36%
ALEXANDER	CAIRO UNIT SCHOOL DISTRIC	\$1,226,769	\$200,000	16.30%