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Illinois school finance 101

By Jim Nowlan

There is an old saying that only six people in Illinois understand the state's school funding formula, and they can't fly on the same plane. So, now that the topic is in the news, let's stand back and try to grasp the underlying fundamentals of school finance, which are all about money and politics, that is, the struggle over who gets what.

Illinois schools overall spend more per pupil statewide than the national average, and much more than neighboring states. According to Governing magazine, in 2014 Illinois spent \$13,077 per pupil versus \$9,548 in Indiana; \$10,668 in Iowa, and \$11,186 in Wisconsin.

The problem for Illinois is that we rely heavily on the local property tax to fund our 800+ school districts. As a result, property-rich districts on the North Shore just above Chicago spend as much as \$24,000 per student, without need for any state dollars, while my rural district in Stark County spends less than half that. In Iowa, by contrast, per pupil funding varies little, maybe 3 percent, from district to district.

Teacher salaries account for much of the difference in district spending: The average teacher salary in Stark is \$48,500; New Trier, \$110,000.

In the 1920s, Illinois began to supplement funding for property-poor districts via a formula that calculated state aid inversely to district property wealth. The aim was to "equalize" funding among districts, but there was never enough state money to do so.

In the past couple of decades, school funding for Chicago public schools, with about one-fifth of all public-school students in the state, has become an issue.

Largely black, Latino and poor, the Chicago public school district was not qualifying for much state school aid under the old funding model. You see, Chicago is actually a high property wealth district, with all its commercial, industrial and high-rent housing wealth.

Thus, for Chicago leaders to keep the city's schools share of funding up, new components were added to the school aid formula. First, poverty grants were established. These grants shoot up in a curvilinear fashion as the percentage of poor in districts increases; this means Chicago benefits big time.

Chicago Public Schools also benefit in a major way from a relatively new wrinkle in state school funding. The wrinkle subsidizes districts for local taxes they can't levy because they operate under state-imposed tax caps. Chicago property wealth has skyrocketed in recent decades, so big subsidies.

Yet the issue that has really had Illinois educators wringing their hands for decades has been that of the dramatic disparities in per pupil spending between suburban districts and many downstate districts.

Most state school funding already goes to districts that are low in property wealth and high in percentage of students in poverty. Yet the 30 percent of total school funding in Illinois that comes from state sources (the lowest percentage in the nation) simply isn't enough to bring poor districts anywhere close to rich districts.

For example, the Monmouth IL school district (I drove through there the other day; nice town) receives fully half its school funding from the state. Nevertheless, Monmouth has only \$7,900 total per pupil, versus the state average of just under \$13,000, and \$24,000 for tony New Trier.

It would take a gargantuan increase in state funding to bring Monmouth and the many districts like it anywhere close to New Trier.

So, this past year, Illinois legislators of both parties and educators adopted a new approach to school funding: the evidence-based model.

If implemented, this model would allocate state funding based on the discrete education needs of a district. The model identifies 27 essential elements of education quality, such as class size, availability of full-day kindergarten, special education needs, and so on.

I commend this effort, yet it is obviously still all about the money available to bolster these essentials where they are lacking. But absent another tax increase on top of the one just enacted, there won't be much if any new money for education in the near future.

What is fair? Gov. Rauner says the Dems' proposal would funnel too much money to Chicago schools.

Pointing to a recent research report for support, Dems retort that Chicago and its suburbs (which would never have existed absent Chicago) get much less back in services than they send to Springfield in state taxes.

Metro-Chicago is, they say, subsidizing downstate for education, health care, highways and social services.

So, school funding is still all about money, and the struggle over who gets what.