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Chicago bests downstate at school funding game

By Jim Nowlan

When it comes to state funding for local schools, Chicago has come out the big winner over downstate in the past decade, which suggests strongly that it is time to rethink the whole school aid formula.

Chicago and downstate Illinois have long been in competition for state funding. Each of these “regions” of the state thinks the other gets more than its share. In fact, both Chicago and downstate benefit at the expense of the generally much wealthier suburbs.

Only half a dozen people in Illinois really understand the complex Illinois formula for state aid to public schools, and the six aren’t allowed to fly on the same plane, or so the saying goes.

The General State Aid (GSA) formula was created in the 1920s during the administration of Governor Len Small of Kankakee. The worthy objective was to provide financial help for property poor school districts that couldn’t generate anywhere near the money from the local property tax as could the wealthy districts.

The GSA formula operated as follows: A foundation level of dollars per pupil was established. Each school district should have at least this minimum foundation level of dollars per pupil. If the foundation level is, say, \$6,000 per pupil and a district can only raise \$3,000 from a base local tax rate, then the state will provide \$3,000 per pupil to bring the district to \$6,000.

Many suburban, generally wealthy districts that generate much more than \$6,000 from local taxes do not participate in the formula distribution and receive only a token amount of state funding.

The GSA formula has become much more complicated over the years. For example, additional funds were provided in GSA for pupils from poverty-level families. And the higher the percentage of poverty students, the greater the grant per pupil.

More recently, school districts that operate under property tax caps (metro-Chicago counties and some downstate counties) were given grants from the GSA formula to make up for growth in local property wealth that could not be taxed fully because of the caps.

Guess which school district not only participates in the GSA formula, has a very high percentage of poverty students, *and* has had rapid appreciation of property values?

You're right! Chicago.

As a result of these relatively new elements in the GSA formula, almost all of the \$1.3 billion in new funding for the GSA in the past five years has gone to poverty grants and state-funded property tax grants, largely for Chicago schools.

Complicated, I know. Truly bewildering if we were to go into the details.

The bottom line is that if all the poverty and property tax grants were to have gone into the foundation formula, as originally intended, downstate districts would be receiving significantly more than a half a billion dollars annually in additional state aid, and Chicago, about that amount less. Another way of putting it is that this money would increase the foundation level by hundreds of dollars per downstate student.

Further, the changes have allowed Chicago to have one of the lowest possible property tax rates for schools, often less than half that for downstate school districts. For example, the Chicago rate is \$2.80 per \$100 of equalized assessed valuation while the rates for [the Ottawa elementary and high school districts is \$6.00 and that for Streator's schools is \$6.35.] [See below for other districts.]

A couple of financial wizards from the Chicago public schools central office have always been among the half dozen or so who really understand the school aid formula. Politically, I respect them for knowing how to tweak the school aid formula to benefit Chicago, while we downstate rubes are blithely unaware of being had.

Downstate should demand a clear accounting of what is going on and further demand a reassessment of the school aid formula.

Moline unit district	\$5.12
Rock Island unit district	\$5.12
Kankakee	\$4.32
Herscher	\$4.42

Above from Illinois School Report Card

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