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School aid formula should return to roots

By Jim Nowlan

Over the past two decades, the state school aid formula for local schools in Illinois has moved away from its roots of trying to reduce the gap in total dollars between property poor and property rich school districts.

Downstate districts tend to have been the losers in this shift.

Downstate senator Andy Manar (D-Bunker Hill) has initiated efforts to refocus the distribution formula on "equalization" (in quotes because nobody expects the state to be able to make all districts actually equal in basic spending).

Using the definition of politics as the battle over who gets what, this will be a long political struggle, largely among the three geo-political regions of the state—Chicago and its adjacent suburbs, the outer suburbs, and Downstate.

Any redistribution of the same total dollars creates winners and losers. So the battle probably won't be won, if at all, until there are new dollars for the state formula and thus the possibility that few losers will be created.

Whenever changes are proposed in the state school formula, state lawmakers rush to the state school board staff with requests of: "How does this affect my districts?"

In 1927 during the administration of Gov. Len Small, Illinois began to supplement the property tax dollars available to poor local districts with state-funded equalization grants. Here is how the concept has worked until recently.

The state establishes a "foundation level" of total spending that every district would have available at the least, say $7,000 per pupil. If the local district can only raise $4,000 per pupil from its property tax base, then the state provides that district $3,000 per pupil, "equalizing" the funding at $7,000.

Of course, there are districts, typically in the wealthy Chicago suburbs, that can raise much more than $7,000 per pupil, indeed as much as $20,000 per pupil, from their property taxes alone, so there are still real gaps in spending.

The higher the foundation level, the narrower the gap between poor and rich districts.

And the more money the state has to put into a school funding formula such as this, the narrower the gap.

Yet Illinois state government provides less than one-third of the total local school funding, whereas most states provide about half. We rely much more heavily on the property tax to fund schools than do most states.

Hawaii has a single state school district and the state government provides nearly all the funding, so there is true equalization.

Illinois has gone the opposite direction.

The state provided $6.7 billion in funding for local schools in 2013, yet only a little more than a third of that amount went for equalization grants. Almost $700 million went to Chicago and suburban districts where property values had increased rapidly, in a form of property tax relief.

Further, the weighting of poverty grants for at-risk kids was changed to benefit Chicago as well. In addition Chicago receives a unique block grant of $540 million not available to other

districts. This is the case even though Chicago has a tax rate for schools that is much lower than that of most other school districts.

Certainly Chicago public schools face daunting problems. Yet I have a suspicion that Chicago has also shown more savvy and political clout that Downstate schools and lawmakers in shaping recent changes in the school aid formula.

So senator Manar is to be commended for taking on a complex challenge in his efforts to bring the state school formula back to its roots.

Manar proposes that 96 percent of state aid for local schools be distributed through the General State Aid formula, with poor students provided extra weighting within the formula.

This will create winners and losers. Generally, prospective losers are able to block action in the legislature that would take money away from them.

As noted, only when we reach a point that more state money is available for school funding—and thus only winners are created by change—will a return to the roots of our original school funding be likely.