

**PROVISION FOR CONTINGENCY:** Used in budgeting, not record keeping, to identify an estimated amount of money to be used for unforeseen purposes.

**PUBLIC SCHOOL:** A school operated by publicly elected or appointed school officials in which the program and activities are under the control of these officials which is supported primarily by public funds.

**PUBLIC ACTIVITY FUND:** Financial transactions related to school-sponsored pupil activities and interscholastic activities. These activities are supported in whole or in part by income from pupils, receipts, and other fund-raising activities. Support may be provided by local taxation.

**PUPIL TRANSPORTATION SERVICES:** Consists of those activities involved with the conveyance of pupils to and from school activities, as provided by State law. This includes trips between home and school, or trips to school activities.

**PURCHASED SERVICES:** Personal services rendered by personnel who are not on the payroll of the district, and other services which may be purchased by the district. See also *Contracted Services*.

**QUADRENNIAL YEAR:** The general assessment year, occurring every four years, when all property assessments are reviewed.

**REAL ESTATE:** Land, improvements to site, and buildings; real property.

**REBATES:** Abatements or refunds.

**RECEIPTS:** This term means cash received. See *Revenue*.

**REFUND:** A return of an overpayment or overcollection. The return may be either in the form of cash or a credit to an account.

**REFUND OF PRIOR YEAR'S EXPENDITURES:** Revenue coming from a refund of an expenditure made to a prior fiscal year's budget. A refund of an expenditure made in the same fiscal year's budget may be recorded in the appropriate expenditure account as a reduction of the expenditure.

**REFUNDING BONDS:** Bonds sold to repay other bond issues, the accrued interest on other bonds, and to refund other valid and subsisting evidences of indebtedness that are due and payable. Refunding bonds may be sold without voter approval.

**REGIONAL SUPERINTENDENT:** The chief school officer, for the county or counties that comprise an educational service region, who exercises supervision and control over school districts and cooperatives within that region. There are 57 regional superintendents in Illinois.

**REGULAR DAY SCHOOL TUITION:** Tuition for nonresident pupils attending the regular day school in the district. Separate accounts must be maintained for tuition received from patrons, and for tuition received from other districts.

**REMODELING:** Any major permanent structural improvement to a building. It includes changes of partitions, roof structure, or walls. Repairs are not included here but are included under maintenance.

**RENT FUND:** (Section 35-23 Illinois School Code) When a tax is levied to provide revenue for paying rent to the State of Illinois Capital Development Board for a state-owned school building, the receipt of taxes shall be recorded in the Rent Fund. The payment of rent shall be an expenditure of this fund.



**REPLACEMENT OF EQUIPMENT:** A complete unit of equipment purchased to take the place of another complete unit of equipment which is to be sold, scrapped, or written off the record, and serving the same purpose as the replaced unit in the same way.

**RESERVE:** An amount set aside for some specified purpose.

**RESOURCE EQUALIZER FORMULA:** A method of distributing general state aid to local districts. Guarantees same tax and state aid yield for districts with same tax rate up to a legislatively defined maximum tax rate and maximum assessed valuation.

**RESTRICTED GRANTS-IN-AID:** Revenues received as grants by the district which must be used for a categorical or specific purpose. If such money is not completely used by the district, it usually must be returned to the government unit. Separate accounts may be maintained for general source grants-in-aid which are not related to specific revenue sources of the governmental unit, and for those assigned to specific source of revenue as appropriate.

**REVENUES:** Additions to assets which do not increase any liability, do not represent the recovery of an expenditure, do not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or a decrease in assets, and do not represent contributions of fund capital in Food Service and Pupil Activity funds.

**SALARY:** The total amount regularly paid or stipulated to be paid to an individual, before deductions, for personal services rendered while on the payroll of the LEA. Payments for sabbatical leave are also considered salary.

**SALE OF BONDS:** Proceeds from the sales of bonds, except that if bonds are sold at a premium, only those proceeds representing the par value of the bonds would be included.

**SALE OF FIXED ASSETS:** Proceeds from the sale of school property. Separate accounts may be maintained for sale of real property and for sale of equipment.

**SCHOOL PLANT:** The site, buildings, and equipment constituting the physical facilities used by a single school or by two or more schools sharing the use of common facilities.

**SCHOOL PROBLEMS COMMISSION:** A 17-member commission created by the General Assembly to survey and study the problems pertaining to the public schools in Illinois. A report is issued annually by the commission.

**SCHOOL SITE:** The land and all improvements to the site, other than structures, such as grading, drainage, drives, parking areas, walks, plantings, play courts, and playfields.

**SCHOOL SYSTEM:** All the schools and supporting services operated by the board of education, a specified administrative unit or by another organization which operates one or more schools. See also *Local Education Agency*.

**SCHOOL TERM:** A prescribed span of time when school is open and the pupils are under the guidance and direction of teachers. See also *Term*.

**SECONDARY SCHOOL:** A school comprising any span of grades beginning with the next grade following an elementary or middle school and ending with or below grade 12.

**SECURITIES:** Bonds, notes, mortgages, or other forms of negotiable or nonnegotiable instruments.



**SERIAL BONDS:** Issues redeemable by installments, each of which is to be paid in full, ordinarily out of revenues of the fiscal year in which it matures, or revenues of the preceding year.

**SITE AND CONSTRUCTION FUND:** All of the proceeds of each construction bond issue shall be placed in a Site and Construction Fund to separate these special moneys from operating moneys. The special moneys may be spent for the purposes specified in the bond indenture and on the ballot.

Expenditures which would ordinarily be charged to the Educational Fund, but which may be charged to the Site and Construction Fund (unless paid before the Site and Construction Fund is created), include election expenses, fidelity insurance, architect's fees, legal fees for title search on sites, fees for the legal opinion on the bonds, and other such administrative costs directly related to the construction project.

Expenditures which would ordinarily be charged to the Operations and Maintenance Fund, but which may be charged to the Site and Construction Fund (unless paid before the Site and Construction Fund is created), include the actual construction costs, builder's risk insurance, purchase of land and other site costs, landscaping, parking lots, sidewalks, utility connections, etc., and other items directly related to the construction project.

**SOIL PRODUCTIVITY INDEX:** An index ranking the capability of soils for producing grain crops under certain levels of management. The highest ranking in the State under an average level of management, is 130.

**STATE AID FORMULAS:** The formulas legislated by the General Assembly for apportioning General State Aid.

**STATE PROPERTY TAX APPEAL BOARD:** The highest State quasi-judicial body which hears appeals from taxpayers and taxing bodies on property tax assessment decisions of County Boards of Review.

**SUBSIDIARY ACCOUNTS:** Related accounts which support in detail the summaries recorded in a controlling account.

**SUMMER SCHOOL:** The name usually applied to the school session carried on during the period between the end of the regular school term and the beginning of the next regular school term.

**SUPERVISOR OF ASSESSMENTS:** The individual appointed by a County Board, or elected in a county, to supervise township assessors in completing original assessments and to review their work. The Supervisor has the power to revise and equalize assessments and is the Clerk of the Board of Review. In commission counties, the Supervisor of Assessments makes the original assessment.

**SURETY BOND:** A written promise to pay damages or to indemnify against losses caused by the part of parties named in the document, through nonperformance or through defalcation; for example, a surety bond given by a contractor or by an official handling cash or securities.

**SURPLUS:** The excess of the assets of a fund over its liabilities; or if the fund also has other resources and obligations, the excess of resources over obligations.

**TAX ANTICIPATION NOTES (TANs):** A method of borrowing money by issuing general obligation notes. Cannot exceed 85 percent of the tax levy and cannot be used if Tax Anticipation Warrants are outstanding. The County Clerk reduces the regular tax rate by an amount necessary to produce an amount to pay the principal of and interest on the outstanding notes.



**TAX ANTICIPATION WARRANTS (TAWs):** A method of borrowing money in which as yet uncollected taxes are the security for the lender. Warrants cannot be issued for more than 85 percent of the total tax levy and must be repaid from the taxes when collected.

**TAX ASSESSMENT AND COLLECTION:** Activities concerned with assigning and recording equitable values to real and personal property, assigning a millage rate (dollars yield per thousand dollars), and receiving yield in a central office.

**TAX CODE:** A number used by the County Clerk that refers to a specific combination of taxing bodies.

**TAX EFFORT:** The extent to which a local school district levies a local tax for schools.

**TAX EXTENSION:** The amount which the County Clerk determines is due from the taxpayers of the district. Extension by the County Clerk would be the same as the levy unless the extension would require a tax rate above the legal maximum for the district. In that case, the County Clerk reduces the extension to the amount available with the maximum tax rate.

**TAX LEVY:** The amount of local tax money which the Board of Education certifies to the County Clerk as necessary to operate the schools in the district for the fiscal year.

**TAX RATE:** A percent or fraction determined by dividing the extension by the total equalized assessed valuation. For example, if the Board levies \$100,000 and the total assessed valuation of the district is \$20,000,000, the tax rate is .005 or 0.5%. Most often it will be stated in relation to \$100 of AV or, in this case, 50 per \$100 or just "50 cents".

If a rate is \$4.25, this means taxes of \$4.25 are due on each \$100 of assessed valuation. Since the law provides that taxing shall be uniform, after the rate is determined for all property, it can be applied by anyone to a particular piece of property. Assume a \$90,000 piece of property is assessed at \$30,000 (33-1/3% of market value). Each \$100 of AV will be taxed \$4.25 in our example. There are 300 dollars of AV (\$30,000 divided by 100). The tax bill should be \$1,275 (300 times \$4.25).

**TAX RATE LIMIT:** The tax rate limit is the maximum tax rate that the county clerk may extend. Illinois law authorizes maximum tax rates without referendum, but districts may increase tax rates, within limits, subject to voter approval. A back-door referendum provision exists. When the board proposes a tax rate increase and it is not opposed by the required number of electors within a stated time period, then the board obtains the authority to increase the tax rate. A limited number of tax rates exist without a tax rate limit.

**TAX RATE MAXIMUM WITH REFERENDUM:** The voters of the local district can authorize maximum tax rates for various purposes beyond the maximum tax rate without referendum and up to absolute maximum tax rates scheduled by law.

**TAX RATE MAXIMUM WITHOUT REFERENDUM:** The General Assembly has authorized school boards to levy taxes up to stated tax rates without approval by the voters.

**TAX YEAR:** The term refers to year of assessment. For example, tax year 1991 refers to assessments based on January 1, 1991 value and taxes billed in calendar year 1992.

**TAXES:** Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit. The term includes licenses and permits. It does not include special assessments.



**TAXES RECEIVABLE:** The uncollected portion of taxes which an LEA or governmental unit has levied and which has become due, including any interest or penalties which may be accrued. Separate accounts may be maintained on the basis of tax roll year and/or current and delinquent taxes.

**TAXING BODY:** A governmental organization that levies a property tax.

**TAXING DISTRICT:** The territorial area under a taxing body's jurisdiction.

**TEACHERS' ORDERS:** Teachers' payroll warrants (checks) which are issued when the board does not have sufficient funds to make payment. By agreement between the district and the bank, the bank cashes them and the district redeems the orders at some future date and pays the bank a stipulated rate of interest.

**TERM:** A prescribed span of time when school is open and the pupils are under the guidance and direction of teachers.

**TOWNSHIP ASSESSOR:** The person elected to make original assessments in a political township. Townships of fewer than 1,000 population must have an elected multi-township assessor in combination with one or more other townships.

**TRANSPORTATION FUND:** (Section 17-2, 17-8 Illinois School Code) If an LEA pays for transporting pupils for any purpose, the Transportation Fund must be created. Costs of transportation, including the purchase of vehicles and insurance on buses, are to be paid from this fund. Moneys received for transportation purposes from any source must be deposited into this fund, except for the portion of state reimbursement applicable to other funds (e.g., utility costs from the Operations and Maintenance Fund) as provided in Section 29-5 Illinois School Code.

**TRIAL BALANCE:** A list of the balances of the accounts in a ledger kept by double entry, with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal or their net balance agrees with a controlling account, the ledger which the figures are taken is said to be "in balance".

**UNIT DISTRICT:** A school district that includes all grades (pre-K through 12). Sometimes called a 12-grade district. Territory in Illinois is organized either as a unit or as dual districts.

**WADA:** Average daily attendance (ADA) increased by a weighting factor for pupils in grades 7, 8 and 9 through 12. Pupils in 7 and 8 are weighted at 1.05 and 9 through 12 at 1.25.

**WEIGHTED PUPILS:** The use of weights, or factors, to provide different funding levels for pupils with varying educational needs. In the General State Aid law, grade pre-K-6 pupils are weighted 1.00, grade 7-8 pupils are weighted 1.05, and grade 9-12 pupils are weighted 1.25. Pupils from families with low incomes provide an additional weighting depending on the percent of low-income pupils in the district. The additional formula weighting for low-income pupils in a district ranges from zero to a maximum of .625.

**WORKING CASH FUND:** (Section 20-1 et seq Illinois School Code) If a separate tax is levied for working cash purposes or if bonds are sold for this purpose, this fund shall be created. Cash available in this fund may be loaned to the Educational Fund; the Operations and Maintenance Fund; or the Transportation Fund in order that the use of tax anticipation warrants in these funds will be reduced or eliminated.





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# ***Ed Equity Coalition***

## **The Inequity in Illinois School Finance**

**An Analysis of:**

**The Current Situation**

**The Historical Record**

**Alternative Solutions**

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American Jewish Committee  
Chicago Panel on Public School Policy and Finance  
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Chicago Region PTA  
Chicago Urban League  
Cities in Schools  
Community Renewal Society  
Designs for Change  
First Congressional District Education Task Force  
League of Women Voters of Chicago  
Mexican American Legal Defense and Education Fund  
METRO (United Methodist Church)  
Northeastern Illinois University - Center for Inner City Studies  
Parent Community Council  
Parents United to Reform Education  
Illinois Rainbow Coalition  
Youth Guidance

This report was prepared by staff from the Chicago Urban League and the Chicago Panel on Public School Policy and Finance. The Joyce Foundation has provided support to both organizations in their effort to provide the public with information about school finance equity.

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# **The Inequity in Illinois School Finance**

## **I. Executive Summary**

### **The Current State of School Finance in Illinois**

On November 13, 1990, 47 school districts known as the Committee for Educational Rights, filed suit against the State of Illinois charging that inequity in school funding violates the right to equal protection under the state constitution. While the Supreme Court will determine the constitutionality of current school funding, the state legislature will be charged to formulate a solution. The EdEquity Coalition, comprised of 17 Chicago-based not-for-profit organizations, prepared this report to provide Illinois citizens with an analysis of current inequities in school finance, the historical roots of those inequities, and funding options which will open a dialogue regarding the best method to redress current funding inequities.

Schools in Illinois are supported by revenues received from local property taxes, state aid and grants, and federal grants. The balance among these sources of support varies from district to district due to differences in property wealth, tax rates, and the number of low income students qualifying for special assistance from the state or federal government. State and federal grants are designed to provide extra assistance to students who have special needs related to poverty, handicaps, language barriers, or vocational orientation. General state aid is provided to attempt to offset some of the differences in taxable property wealth between districts. However, some variations in property wealth between districts are so great and the relative level of state support so low, that the disparity in revenues available to support the education of individual students has reached intolerable levels, exceeding a ratio of 5:1. Some school districts spend \$10,000 per pupil, while others can only afford \$2,000.

School districts receive local revenues primarily from local property taxes. A district sets a tax rate which is then applied to the value of all property within its boundaries. The resulting property taxes make up 55 percent of all school revenues in the state. Most school districts also receive some small revenues from other sources such as student fees, interest on deposits, bonds, etc. In 1988-89, all local sources provided \$5.0 billion for public elementary and secondary schools in Illinois.

The State of Illinois provides revenues to local school districts in two major ways. Distributive Aid is assistance from the state which is designed to assure that all school districts have at least a minimum level of support for each student. This amount is called the foundation level. In 1989-90, the foundation level was set at \$2,384 per pupil. School districts which could not raise that much revenue by using a minimal tax rate would be assured of enough state support to achieve that level of minimal funding. A few districts



in Illinois have been unwilling to tax themselves even at the minimum level, and thus do not qualify for even the foundation level of support. In 1988-89, the State of Illinois distributed \$1.8 billion in distributive aid.

The state also provides special grants to school districts to provide particular services to special categories of students. These grants are known as categorical grants. Similarly, the federal government provides support to individual school districts for specific purposes. In 1988-89, the state distributed \$0.7 billion in categorical grants to school districts, while the federal government provided \$0.5 billion to school districts in Illinois.

Total support to school districts in Illinois in 1988-1989 was \$7.9 billion. Of that amount, 62.8 percent came from local sources, 31.5 percent from state sources, and 5.7 percent from the federal government. Because local sources provide the dominant share of funds for public schools and since local funds are affected by differences in property wealth, the resources available to provide an education for each student are distributed inequitably. Therefore, the current public education funding system in Illinois must be revised.

### **Causes Of Inequity**

The causes of inequity are the result of changes in three key areas: school enrollments, property wealth, and state policy. School enrollments have declined by 600,000 since 1973, while, during the same period, the percentage of low income students has jumped from 13.8 percent to 27.8 percent of the state's student population.

Another cause of inequity is related to shifts in property wealth. The Chicago metro area EAV (property wealth) has increased by \$25.1 billion between 1981 and 1988 due to dramatic increases in residential, commercial and industrial property values. The total EAV in the 96 downstate counties, on the other hand, dropped \$1.5 billion during the same period. Downstate devaluation resulted from dislocations in the economy and a legislatively mandated farm land reassessment designed to protect income-poor, property-rich farmers.

Changes in state policy have heightened student inequities. In 1980, the state legislature amended the state aid formula, the effects of which were threefold: incentives for school districts to raise local taxes in order to receive greater state aid were removed; the poverty weighting factor to offset economically disadvantaged students was decreased; and aid to districts with high levels of disadvantaged students was decreased.

### **Inequity for Taxpayers**

In addition to inequitable funding for students, some taxpayers bear an unfair tax burden while others pay very little. For instance, during the 1988-89 academic year Niles, located in northern Cook County, taxed itself at only \$0.99 per \$100 EAV for its elementary schools; in southern Cook, Park Forest taxed its property owners at \$6.51. Despite high tax



efforts, Park Forest realized only \$2,200 per pupil compared to the \$6,200 raised in property rich Niles. Moreover, taxpayer inequity translates directly into inequitable educational services such as the pupil - teacher ratio and average class size. Again, in Niles there were 10.2 elementary pupils per teacher, whereas Park Forest averaged twice as many pupils per teacher (21.4).

Tax Rate Comparisons Elementary Districts, 1988-89					
DISTRICT	DIST NO.	TAX RATE	EAV PER PUPIL	PROPERTY TAX REV PER PUPIL	TOTAL REVENUE PER PUPIL
Niles Elementary	71	\$0.99	\$691,739	\$6,179	\$7,713
Park Forest Elementary	163	\$6.51	33,103	2,139	4,638

Source: 1989 METROSTAT DataBook

Chicago Panel on Public School Policy and Finance

## Definition of Equity

There are two primary equity issues in funding public education: **revenues per pupil** and **taxpayer burden**. In order to judge the ability of various funding options to reduce the current disparities in Illinois, the EdEquity Coalition has adopted the following definitions of equity:

**Equity in Per Pupil Revenues.** An equitable funding system for public education would find the ratio between per pupil revenues from general state aid and local taxes to not exceed 1.5 to 1 between the 5th (lowest in per pupil revenues) and 95th (highest in per pupil revenues) percentile districts.

**Taxpayer Equity.** An equitable funding formula, at the same percentiles, would allow no more than a 1.5 to 1 ratio in operating tax rates per \$100 of EAV, while maintaining a balance between non-residential and residential tax burdens.

## Funding Options

The EdEquity Coalition has been examining the following funding options and the extent to which each option achieves equity. The options are explained below in brief form. However, combinations of these options are possible and, indeed, are likely as the legislature considers solutions to the current inequity in school funding



## **1. Increased Foundation Level Proposal**

One option for a more equitable funding system in Illinois is to increase the foundation level of support which the state provides. The Increased Foundation Level method would reduce the gap in funding by increasing revenue for the poorest districts. Under the current formula, the state would need to provide a foundation level of approximately \$4,200 per student to achieve equity (as defined by the Coalition). To accomplish this level of support, the state would need to increase its school funding level by \$3.325 billion. To raise these funds the state could raise the income tax from its current rate of 3% to 5.25%.

## **2. Income Tax - Property Tax Offset**

The Income Tax - Property Tax Swap option proposes decreasing the local property tax and increasing the state income tax in districts across the state. The purpose of this option is to alleviate the property tax burden by simply changing the balance of the sources which fund education. This proposal has **no effect** on per pupil revenue equity between school districts, but it does have a slight impact on taxpayer equity. Under this option corporate taxpayers would pay \$133 million less in taxes statewide, while individual taxpayers would end up paying \$133 million more in taxes.

## **3. County Assumption**

The County Assumption formula would pool all property value in each county and then distribute the generated property tax revenues to each district in the county on a per pupil basis. General state aid would also be directed to the individual county and subsequently distributed to the districts. This option eliminates the inequities in both taxpayer and per pupil dollars which currently exist within counties. However, inequities would still exist between counties having a significant industrial, manufacturing and residential wealth compared to low wealth counties. The overall revenues per pupil would decline from 2.22:1 to about 1.9:1.

## **4. State Non-Residential Education Property Tax**

The Non-Residential Property Tax proposal creates a statewide Educational Tax Rate for all commercial, industrial, railroad, and mining property, removing these properties from the tax base of the local school districts. The resulting revenues would be added to the State's Common School Fund and distributed to school districts in accordance with the current formula. Using the 1989-1990 school year as a base, this option would raise the state foundation level to \$2,749 and would achieve the Coalition's definition of equity in revenues per pupil at 1.42:1.



## **II. Introduction: Inequity Challenged as Unconstitutional**

The level of funding available to support public schools varies significantly across Illinois. The gap between the high spending school districts and the low spending ones is so great that it can be considered nothing less than immoral. Some school districts in this state spend more than \$10,000 per pupil while others spend only about \$2,000. The ability of some school districts to spend five times as much on each student as can other districts is primarily related to differences in the value of property located within those districts. Frequently, the differences in property wealth mean that taxpayers in the high spending districts pay *lower* taxes than do taxpayers in the low spending districts. Thus, the current scheme of funding schools in Illinois is inequitable to both students and taxpayers.

On November 13, 1990, 47 school districts, known as the Committee for Educational Rights, filed suit in the Circuit Court of Cook County charging that this inequity violates the Constitution of the State of Illinois. It is anticipated that eventually this suit will be heard and decided by the Illinois Supreme Court. Similar cases in Texas, Kentucky, and New Jersey have resulted in orders by the Supreme Courts of those states to create entirely new ways to fund schools which will assure greater equity.

This report provides the citizens of Illinois with an analysis of the inequity which now exists in school finance, the historical roots of the current situation, and an analysis of options which are available to Illinois law makers as they seek to redress this unconstitutional inequity.



### **III. The Current State of School Finance in Illinois**

Schools in Illinois are supported by revenues received from local property taxes, state aid and grants, and federal grants. The balance of these sources of support varies from district to district due to differences in taxable property wealth, tax rates, and the number of low income students qualifying for special assistance from the state or federal government. Most state and federal grants are designed to provide extra assistance to students who have special needs related to poverty, handicaps, language barriers, or vocational orientation. General state aid is provided to offset some of the differences in taxable property wealth from district to district. However, the differences in property wealth are so great and the relative level of state support so low that the gap in revenues available to support the education of individual students has reached intolerable levels, exceeding a ratio of 5:1.

School districts receive local revenues primarily from local property taxes. A district sets a tax rate which is then applied to the value of each taxpayer's property to determine each individual's tax bill. The County Assessor establishes the value of all property within each county and county officers collect taxes for schools along with all other property taxes levied by cities and towns, park districts, and other taxing bodies. These school tax receipts are then distributed to each district in which each property is located. The state applies a formula to assure that properties are equally assessed in each county. Most school districts also receive some small revenues from other local sources such as student fees, interest on deposits, bonds, etc. In 1988-89, all local sources provided \$5.0 billion for public elementary and secondary schools.

The State of Illinois provides revenues to local school districts in two major ways. Distributive Aid (also referred to as General State Aid) is assistance from the state which is designed to assure that all school districts have at least a minimum level of support for each student. This minimum amount is called the foundation level. In 1989-90, the foundation level was set at \$2,384 per pupil. School districts which could not raise that much revenue by using a minimal tax rate would be assured of enough state support to achieve that level of minimal funding. A few districts in Illinois have been unwilling to tax themselves even at the minimum level, and thus do not qualify for even the foundation level of support. In 1988-89, the State of Illinois distributed \$1.8 billion through this school aid formula.

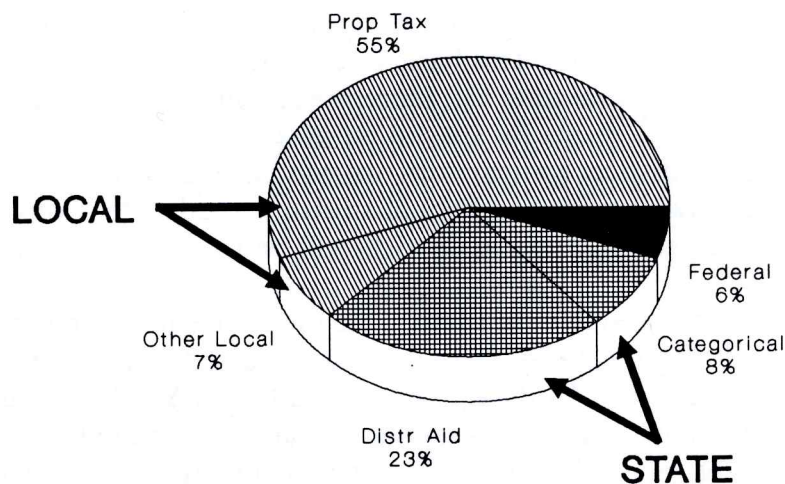
The state also provides special grants to school districts to provide particular programs and services to special categories of students. These categorical grants provide extra support for students with handicaps, students who speak a language other than English, gifted students, and students who are at risk of academic failure. In addition, the state provides support for some general programs, such as the reading improvement program, which are distributed to all school districts on a per pupil basis. In 1988-89, the state distributed \$0.7 billion in categorical grants to school districts.



The federal government provides support to individual school districts for specific purposes. The three largest programs include support for educationally disadvantaged students (Federal Chapter I programs), free or reduced price lunch (for economically disadvantaged students), and impact aid for those districts in which large federal installations are located (this impact aid replaces property taxes districts would have been able to collect had the property been privately owned). The federal government also provides support to states for specific programs such as special education, bilingual education, and vocational education. In 1988-89, the federal government provided \$0.5 billion to school districts in Illinois.

Figure 1

### Sources of School Funding Illinois, 1988-89



Thus, total support to school districts in Illinois in 1988-89 was \$7.9 billion. Of that amount, 62.8 percent came from local sources, 31.5 percent from state sources, and 5.7 percent from the federal government. Because local sources provide the dominant share of funds for public schools and those local funds are related to differences in property wealth, differences in revenues per pupil are very great. In part, this reflects the state's unreasonably low foundation level of support provided to school districts with low property wealth. Because the state relies upon local sources to provide such a large share of the



costs of public schools, and the taxable property wealth on which local sources depend is so unevenly distributed, student support for education is also unevenly distributed. Based on the right to equal protection under the law, the EdEquity Coalition contends that this uneven distribution of support for students is unconstitutional.

### **How Uneven is Student Support?**

There are three types of school districts in Illinois: elementary districts which educate children in grades Kindergarten to eight; high school districts which comprise grades nine to twelve; and unit districts (K - 12). Because of the large differences in the numbers of children served by each type of district, the state's school finance system treats each type differently, making comparisons between types of district difficult on most measures. This report will also focus on differences between districts within these three types of districts. But the EdEquity Coalition is very concerned about inequities which exist between the three types of districts.

At some points, during this report, we will refer to total revenues available, from all sources, to school districts to educate their students. However, to calculate inequities, we will primarily be referring to a basic level of funding which should be available to all students within each district in the state. This basic level of funding is drawn primarily from local property tax receipts and general state aid, thereby excluding capital bond receipts and other local fees, state categorical grants for special purposes or special student needs, and federal supports. For most statistical comparisons, we will be comparing these basic levels of support. Since districts have varying numbers of students to educate, from as few as 19 to as many as 400,000, comparisons between districts will be made on a per student basis.

Under the current funding system in Illinois, the difference in revenue per weighted student between districts during the 1989-1990 school year ranged from a high of \$9,509 in the McAuley Elementary District in DuPage County, to a low of \$2,011 in the Farrington Elementary District in Jefferson County. This is greater than a 4.7:1 ratio between revenues available to the child living in the McAuley district as compared to the child living in Farrington.

McAuley is, admittedly, one of the extreme case school districts. It has an average daily attendance of only 18 students. Such extreme situations do not represent very many children and do not represent the mainstream experiences of most Illinois school districts. To avoid the unrepresentative extremes, this report will regularly examine differences among the 90 percent of schools in the middle of the spectrum, that is, between the school districts at the 5th and 95th percentile. When all districts in the state are compared, the 95th percentile district is Butler Elementary (DuPage County District 53) with revenues of \$5,192 per pupil. The 5th percentile district is Millstadt (St. Clair County District 160) with revenues of \$2,339 per pupil. The ratio between the 95th and 5th percentile districts is 2.22:1. Thus, the gap between the 5th and 95th districts is not nearly as large as the gap