Public School Funding in Illinois

1. According to Illinois State Board of Education’s (ISBE) ILEARN* website, per pupil funding in Illinois currently ranges from about $5,500 (Central SD 51, Tazwell Cty) to over $22,000 (Rondout SD, Lake Cty) across its 892 districts. The average per pupil spending in Illinois for FY’08 was $10,470. On average, funds are 65% local, 28% state, 7% fed.

2. Public schooling in Illinois was systematized state-wide in the 1850s with the initial intention of being fully funded by the state. It quickly reverted into being virtually locally funded with a very low flat grant per pupil from the state. The first “foundation” level, established in 1927, was distributed inversely to local property tax wealth, and represented the first significant increase in state aid. In 1974 a new “foundational” level of school funding was established (in response to the 1971 Serrano case in CA, which ruled that disparity of per pupil funding across districts violated the CA constitution). It guaranteed that districts with equal tax rates would have equal per pupil funds, and poverty weighting was instituted. In 1984 the state largely returned to its former “foundation” formula because it was felt the new method raised local property taxes too much.

3. Since then, the Illinois Supreme Court has twice (1996 & 1999) rejected lawsuits which challenge public school funding in the state as inequitable and unconstitutional, arguing that school funding is a legislative matter. While the Illinois constitution (1970) does not include education as a fundamental right, it does state: “The state shall provide for an efficient system of high quality public educational institutions and services… The state has the primary responsibility for financing the system of public education” (Section 1 of Article 10).

4. A “foundation” level represents the amount that state officials—and indirectly the citizens who vote them into office—believe affords every child in the state a “high quality” public education. Initially this level was set arbitrarily. Under Governor Ryan in 2000 the Illinois General Assembly created the Education Funding Advisory Board (EFAB) to make recommendations regarding the foundation amount and supplemental aid for poor districts. EFAB came up with a method based on empirical data on the real cost of “an efficient” and “high quality” education in Illinois. EFAB determines its recommendation based on the average of what “low-spending schools exhibiting a high academic performance” spend, the latter defined as 67% or more of non-at-risk students passing the ISAT.

5. The foundation level in Illinois is currently (FY2010) $6,119 per pupil, over $1200 less than the $7,388 EFAB recommends. Set arbitrarily to begin with, the foundation level rose only to cover inflation (by ’95 it was $2,863) until FY99 when it jumped 38% to $4,225. It increased only for inflation until summer 2004 when, after a record overtime emergency budget session, it increased $154, to $4964, which was only attained by instituting a 4% across the board cut everywhere else. In FY06 it went up $200, in FY07 another $170, FY08 $400, FY09 $225, and this year $160. These increases were only achieved by borrowing from pension funds & Medicaid. The “97 continuing appropriation” law that guaranteed these funds was rescinded in 2002.

6. The following formulae are used (as a “resource equalizer”) to determine how much of this foundation money the state gives to each district as its General State Aid (GSA).

   a) “Foundation Formula” (A): Applies to districts whose available local resources** per pupil are less than 93% of the foundation level (at present = $5,690.67 or less). In FY04, 720 (80.63%) of Illinois school districts qualified. GSA per ADA* brings these districts up to the fnd level.

   \[ (\text{Fnd level} – \text{local resources per pupil}) = \text{GSA per ADA} \]

   For example, if a district has $3,900 in local resources per pupil, then its GSA per pupil = $2,219

   b) “Alternative Formula” (B): Applies to districts whose available local resources** per pupil are between 93% and 175% of the foundation level (i.e., schools too wealthy for the foundation formula but not wealthy enough for the flat grant). In FY04, 133 (14.9%) districts qualified. In these districts, GSA per ADA* slides from 7% to 5% of the foundation level ($428.33--$305.95). The exact amount can be calculated in the following way:

   \[ (7\% \text{ Fnd level}) – [(\text{local resource per pupil} – 93\% \text{ Fnd level}) ÷ 41] = \text{GSA per ADA} \]

   For example, if a district raises $7,342.80 per pupil locally (120% Fnd), then its GSA per pupil = $372.91

   \[
   \begin{align*}
   & \quad $428.33 – \left( [($7,342.80 - $5,690.67) ÷ 41] = $428.33 – (1,652.13 ÷ 41) = $428.33 – 40.30 = $388.03
   \end{align*}
   \]
c) “Flat Grant Formula” (C): Applies to districts whose available local resources** are more than 175% of the foundation level (at present, $10,708.25 or more). In FY04, 40 districts (4.48%) qualified. These districts receive a flat GSA grant of $218 per ADA*. $218 = GSA per ADA*. So, whether districts raise locally $10,800, $13,000, $16,000, $20,000 or more per pupil, they all receive $218 per ADA* in GSA.

**Note: Average daily attendance (ADA) for those three years. Up until 2005, the Prior Year's best three months’ average daily attendance (B3MADA]) or [the average of this figure and the 2 prior years’ audited B3MADA].

**Note: Average daily attendance is the greater of either [the prior year’s best three months’ average daily attendance (B3MADA)] or [the average of this figure and the 2 prior years’ audited B3MADA].

8. Finally, in addition to this GSA that goes to all districts, there is a “poverty grant” available to districts depending on their Percentage of Low Income* students. The present formula for calculating this, revised in 2005, is as follows:

If % Low Income* < 15%, then Poverty Grant = Low Income* Count X $355

All others (i.e. % Low Income* > 15%) use this formula:

Low Income Count X ($294.25 + ($2700 X % Low Income X % Low Income))

For example, if a district has 50% low income students, their poverty grant will be:

Low Income Count X ($294.25 + ($2700 X .50 X .50))

For a district that has 100% low income students, their poverty grant will be:

Low Income Count X ($294.25 + ($2700 X 1))

If a district has 75% low income students, their poverty grant will be $1,813 X Low Income Count.

With 25% low income students, they will get $463 per low income student. With 100%, they'll get $2,994.25.

[*Low Income Count is determined by averaging the IL Dept of Human Services’ poverty counts for the last three available years. The Percentage of Low Income is the Low Income Count divided by the Average Daily Attendance (ADA) for those three years. Up until 2005, 1990 census poverty figures were being used to calculate the grant!]

9. In sum, the Total State Aid districts receive consists of their General State Aid (i.e. determined by foundation formula unless Held Harmless) plus their Poverty Grant. Additional state $ is variously distributed for “mandated categoricals” including items such as free lunch/breakfast programs, orphanage education, special education and transportation.

This school funding system is better than it used to be, but it remains one of the most inadequate and especially inequitable in the country. Furthermore, without addressing the structural deficit that results from Illinois’ outdated and regressive tax code, we will not be able to continue down this path of barely keeping up with inflation. State legislation (SB750) was introduced in April 2004—and revised versions, SB 2288 in January 2009 and HB 174 in May 2009—that attempts to fix the tax structure so that Illinois can generate adequate, reliable, sustainable revenue now and into the future in a fair (i.e. progressive) fashion with rates that are competitive nationally. See details on CTBA website. Without such reform—which will pass without active support from the public—the State will never be able to pay its fair and constitutional share of school funding. Even with such reform, it will be difficult and eventually impossible due to the unsustainable bias at the heart of our monetary system that increasingly centralizes wealth in the pockets of fewer and fewer of the wealthiest 20% of the population at the expense of the 80% (on this, see my VEEA article and draft essay at http://www.ilstu.edu/~lteckri/).

10. For further information see the following websites:
Center for Tax and Budget Accountability (CTBA): http://www.ctbaonline.org/ (Read Illinois’ School Funding Formula)
*Illinois Local Education Agency Retrieval Network (ILEARN; this useful site lists financial data for every district in the state since FY’97): http://webprod1.isbe.net/ilearn/ASP/index.asp
Illinois State Board of Education: http://www.isbe.state.il.us/
Illinois Association of School Boards: http://www.iasb.com/
Office of Management and Budget (Governor’s office): http://www.state.il.us/budget/
Educational Funding Advisory Board (EFAB): http://www.isbe.state.il.us/EFAB/default.htm

http://www.ilstu.edu/~lteckri/