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The Impact of Illinois School Funding Reform: An Overview of District Variance

Jordan Fries

The Illinois School Funding Reform Act, recast as Senate Bill 1 in the 2015 General Assembly after the House failed to vote on its prior iteration in December, may be the first bill in almost 20 years with a realistic opportunity to meaningfully shift the manner in which Illinois funds public schools. Yet the proposed funding formula, which prescribes a solution of redistribution rather than increased state dollars, is still in flux and not a wholly equitable prophylactic for the state’s stark disparity in per-student expenditures. Even Senator Andy Manar (D-Bunker Hill), the bill’s proponent, acknowledged the need for further conversation and amendment before SBI reaches its completed version.

Despite the bill’s imperfections, however, Illinois’ need for significant funding reform is imperitive and even incremental progress is positive. Per recent data, Illinois ranks 49th in the United States when it comes to spending education dollars equally among students, regardless of income, and a lowly 50th for the state’s contributory share of the education funding pie. The less wealthy actually pay a higher tax rate for lesser results under the current system. Further, Illinois sets a bare minimum per-student expenditure that all districts must meet – known as the “foundation level” – that is less than half of...
the national average. In practicality, Illinois does not even meet that low threshold. It is no mystery why in 2013 the bipartisan Illinois Education Funding Advisory Committee ("EFAC") declared "the lack of adequate funding for basic education a failure of the state’s moral and fiduciary responsibilities."

In 2014, the Illinois General Assembly attempted to pass SB16, a bill that would make Illinois’ public education funding scheme cognizant of district need by reallocating more state dollars to the poorest students and reducing community variance in quality of education based on property tax rate. In general terms, the bill would accomplish this by unifying over 90 percent of state education funds under a singular formula – effectively eliminating the myriad spending categories convoluting the current process – and consulting factors such as student need and a community’s capacity to financially support its schools to ensure that funding is both transparent and need-driven. Essentially, Illinois would overhaul the General State Aid budget and create a multi-factor weighted formula so that low-income students who tend to require more support to thrive in the classroom than privileged pupils would no longer receive less than those children living in areas with lofty property values. Although SB16 passed in the Senate, the House failed to vote on it during its December 2014 legislative session. However, in January 2015 the Senate reintroduced SB16 as SB1, along with fairly significant $500 million revisions, at the behest of concerned school districts, legislators, community

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8 Id.
9 Id.
10 Id.
11 Illinois’ Funding System Is Broken, supra note 4.
12 JOSHUA CAHOURN, supra note 7.
13 Illinois’ Funding System Is Broken, supra note 4.
14 Frequently Asked Questions, supra note 3 ("The formula combines a base amount for every student with additional funding "weights" calculated for students who face academic challenges, such as low-income or Special Education, and interests ranging from AP to career and technical courses. The calculation varies by district.").
15 Illinois’ Funding System Is Broken, supra note 4.
17 Raise the Bar Illinois, EDGE ILLINOIS, (last visited on Apr. 26, 2015), http://www.edgeillinois.com (additional $500 million to support SB1’s revisions; regional cost difference added to account for variations in cost of living; SB1 temporarily reverts back to current method used by Illinois Department of Human Services for determining whether a student is low income; "Hold
leaders, and parents. While it is clear that SB1’s promised reforms would make state education funding more adequate, it is uncertain whether the new distribution scheme would lead to a sufficiently equitable landscape for all Illinois school districts.

Critics of SB1’s funding formula argue that the bill would disproportionately drain state funding for wealthy Chicago suburban districts with high levels of taxable property, most notably in northern Cook and DuPage counties.\(^{18}\) Taxpayers in such districts can afford to pay up to $15,000 per student in property taxes\(^ {19}\) – hence why Lake Forest High School can accommodate over 20 athletic teams\(^ {20}\) while Chicago Public Schools (“CPS”) closed nearly 50 of its low-income neighborhood schools in 2013\(^ {21}\) - but only receive a few hundred dollars in state funds on average as it currently stands.\(^ {22}\) That state support could be cut even more under SB1, which some SB1 opponents say would simply shift present disparities in funding.\(^ {23}\)

For example, Butler District 53 in DuPage County – with 90 percent of its student population either White or Asian – currently has the highest available local resources (“ALR”)\(^ {24}\) per student of any school district in Illinois.\(^ {25}\) The district only enroll roughly 440 students in grades pre-K through eighth, but

\(\text{Harmless}\)’ provisions added to prevent high tax rate districts from losing more money by providing “Adequacy Grants” and a $1,000 per student loss cap; SB1 may fund up to 18.8 percent of a district’s special education students rather than the state average 13.8 if a district requests it; ALR will be calculated differently for school districts that are subject to limits in how much they can increase Property Tax Revenue by each year to match the Consumer Price Index for that year; impact of this provision will not be felt until property values begin to rise again in the coming years; See S.B. 0001, 98th Gen. Assemb. Reg. Sess. (Ill. 2015) available at http://www.isbe.net/budget/html/ed-funding.htm for state budget and amount of funding available.


\(^ {22}\) Jim Broadway, supra note 19.

\(^ {23}\) Id.

\(^ {24}\) Kelley Elwood, Adequacy vs. Equity: Forum Brings Illinois Education Funding Challenges to Light, EVANSTON ROUND TABLE, (Sept. 24, 2014), http://evanstonroundtable.com/Main.asp?SectionID=16&SubSectionID=27&ArticleID=9334 (“ALR is computed by multiplying a district’s equalized assessed value by an assumed tax rate of 2.36%, and adding in the corporate
each student gets $54,138 in ALR.26 The results of this stunning per-pupil investment are unambiguous. At District 53’s Brook Forest Elementary School, nearly 100 percent of the general education student population is testing at or above state standards, while 67 percent of special education students are reading at such a level.27 Per an Advance Illinois analysis conducted under the SB16 framework, Butler District 53 would stand to lose about $2.3 million in state school funding under the proposed bill.28 Special education alone would face a 53 percent cut amounting to $83,731 in lost special education funds.29 Of course, Butler District 53 is far from an anomaly among suburban districts. According to the Illinois Policy Institute (“IPI”), the districts that will suffer the most significant financial hits are western and northern Cook County, the City of Chicago, and Cook’s collar counties.30 While districts in the collar counties and western Cook County stand to lose something around $200-240 per student under SB1, northern Cook County would lose the most on average - $1,016 per student.31 The Venice Community Unit School District 3 would lose $3,894 per student – a 96 percent decrease from the previous formula.32 In total, State Rep. Ron Sandack (R-Downers Grove), who does have his constituents’ interests to protect, estimates that DuPage County schools would lose $140 million.33

Conversely, school districts with low ALR would largely benefit under SB1. DePue Unit School District 103, a majority Hispanic district located in central Illinois, has the lowest per-pupil ALR of any school district in the state.34 Median home prices in DePue hover near $30,000, and 87 percent of its students qualify as low-income.35 However, the DePue school district only

replacement tax and certain other amounts. In limited situations, an adjustment is made for districts subject to property tax caps.”); (last visited on Apr. 26, 2015).

25 ROG ESTVAN, Two school districts SB 16 and special education funding: The lowest resourced and the highest in Illinois (Oct. 2014).

26 Id. at slide 12.

27 Id. at slide 13 (“The average for students with disabilities in Illinois is for a school district to have only 20% of [special education] students reading at or above state standards”).

28 Id. at slide 15.

29 Id.

30 The Impact Of Illinois’ Education Funding Overhaul, supra note 18.

31 Id.

32 Id.


34 ROG ESTVAN, supra note 24 at slides 4, 6.

35 ROG ESTVAN, supra note 24 at slide 5.
offers $882.02 in ALR per student – well below the $2,822.76 average ALR for other school districts with low-income student populations over 60 percent.\textsuperscript{36} DePue’s abysmal per-pupil ALR allocation looks even worse when you compare it to CPS ($7,719) or the average for Illinois school districts with 20 percent or less of its students classified as low income ($10,097.05).\textsuperscript{37} The funding disparity is obviously reflected in overall achievement levels as measured by ISAT assessment, where DePue students have scored below the state average every year since 2005.\textsuperscript{38} A dearth of ALR also tends to exacerbate academic and social struggles for students with disabilities and English Language Learners, who typically require greater resources than the average student; DePue has higher-than-average numbers of students in each category.\textsuperscript{39} Yet under SB1, DePue would gain $1.8 million in state support, and a 120 percent increase in special education funding from fiscal year (“FY”) 2013.\textsuperscript{40} The potential benefit to DePue under SB1 reinforces the overall trend of Downstate and southern Cook County school districts constituting the biggest “winners” under the funding reform bill.\textsuperscript{41} Ludlow Champaign County School District 142 stands to gain the most – $3,009 per student, which is a 116 percent increase over the previous formula.\textsuperscript{42}

In regards to the City of Chicago, due to its wide range of property values SB1 has a predictably mixed effect on CPS. Per the Illinois State Board of Education, CPS would have lost about $38 million in FY 2014 under the new funding scheme.\textsuperscript{43} Yet, unlike other districts forfeiting loads of state funds under SB1, CPS contains an exceptionally higher-than-average level of student need.\textsuperscript{44} Despite CPS’ unique circumstances, SB1 would effectively terminate the controversial Chicago Block Grant, which provides CPS with an individualized funding scheme distinct from the rest of Illinois.\textsuperscript{45} Sen. Manar believes that eliminating the grant goes toward SB1’s policy of greater uniformity and

\textsuperscript{36} Id. at slide 4.
\textsuperscript{37} Id.
\textsuperscript{38} Id. at slide 8.
\textsuperscript{39} Id. at slides 7, 9 (“About 14% of the students attending District 103 have a disability [and] about 33% are English Language Learners”).
\textsuperscript{40} Id. at slide 15.
\textsuperscript{41} The Impact Of Illinois’ Education Funding Overhaul, supra note 18.
\textsuperscript{42} Id.
\textsuperscript{43} Frequently Asked Questions, supra note 3.
\textsuperscript{44} Id.
consistency in state education spending, but it may mean less state funds for Chicago.\textsuperscript{46}

The IPI further critiques SB1’s lack of oversight in addressing the various ways some districts might conceal their property wealth to qualify for more state aid.\textsuperscript{47} For example, Chicago appears poorer by deducting normal pension costs from its property wealth – the only district that is allowed to do\textsuperscript{48} – and Oak Park Elementary School District 97 receives millions each year through a relatively unknown state subsidy intended to boost aid for select school districts that cannot get more money from property owners due to caps on tax collection.\textsuperscript{49} Additional IPI concerns include SB1’s absence of language tying funding to student performance and the persistence of the district-based system where school administrators ultimately control how money is spent.\textsuperscript{50} If education funding would go directly to Illinois families, according to the IPI, then they could make the best school decisions for their children and the system would be truly fair.\textsuperscript{51} Yet such a system would ostensibly conflict with SB1’s policy goals of fostering a monolithic funding scheme and consistent distribution of state education dollars to each individual district so that pupil expenditures are close to uniform.

Finally, the most divisive issue to be resolved in SB1 is likely equitable funding for special education among districts. Under SB1, school districts would receive increased funds corresponding with the size of their special education populations.\textsuperscript{52} As a result, schools might place more students in special education classes who do not need to be there in order to reap the benefits.\textsuperscript{53} Other states that have implemented similar policies have already witnessed rapid upticks in their special education populations.\textsuperscript{54}

A greater priority for other policy advocates, however, is that special education students receive the individualized resources they need to be successful in the classroom through more comprehensive consideration under SB1. This requires even more urgency by the fact that disabled students miss significantly

\textsuperscript{46} Id.
\textsuperscript{47} The Impact Of Illinois’ Education Funding Overhaul, supra note 18.
\textsuperscript{48} Id.
\textsuperscript{50} The Impact Of Illinois’ Education Funding Overhaul, supra note 18.
\textsuperscript{51} Id.
\textsuperscript{52} Id.
\textsuperscript{53} Id.
\textsuperscript{54} Id.
more school than non-disabled students. In fact, Access Living Education Policy Analyst Rod Estvan argues that special needs should be granted additional weight in SB1’s funding formula and calls for the allowance of greater variance in assessing district special education needs rather than relying on the fixed level of 13.8 percent, which is Illinois’ average percentage of special education students. In other words, under SB1 Illinois assumes that 13.8 percent of each district’s students will require special education services when calculating funding, which is problematic because it does not adjust for district variance when there is a greater need. However, per revisions under SB1, school districts may request additional special education funding for up to 18.8 percent of their students. One problem with the average percentage approach is that it does not account for varying costs for different types of special needs since the funding is distributed in the form of a block grant; for example, a deaf student would be funded at the same level as a student taking speech lessons under this formula. In order to address this potential lack of individualized evaluation, Illinois legislators continue to discuss alternative special education funding methods. In the interim, citizens of Illinois will continue to wait for a system that provides children across the state with an equal opportunity at an adequate education.

56 Frequently Asked Questions, supra note 3.
57 Id.
58 Raise the Bar Illinois, supra note 17.
59 Raise the Bar Illinois, supra note 17.
60 Frequently Asked Questions, supra note 3.