



Illinois Education Research Council

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The School Funding Gap: How Illinois Ranks

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OVERVIEW

In August, 2002 The Education Trust issued its report *The Funding Gap: Low-Income and Minority Students Receive Fewer Dollars*, comparing funding per student in highest poverty and high minority districts to funding per student in lowest poverty and low minority districts in each of the states. (Districts are grouped into enrollment quartiles based on the proportion of child poverty among its students.) The Education Trust report finds that Illinois has **the second largest funding gap between its highest poverty (4th quartile) and lowest poverty (1st quartile) districts**. In 2000, the gap was \$2,060 per student, compared to a national average gap of \$966.

The Illinois Education Research Council wanted to know whether a funding gap translates to *inadequate* funding to states' highest poverty districts. We found that some states have large funding gaps, but still rank quite high in their funding of their highest poverty districts. On the other hand, some states have small funding gaps but fund both their highest poverty districts and their lowest poverty districts quite poorly. So having a large funding gap does not *necessarily* indicate inadequate funding of some schools.

But Illinois has both a large funding gap and a low funding level to its highest poverty districts. Illinois ranks in the bottom third of states (34th out of 47 states) in funding to its highest poverty districts, and in the top 20% (8th out of 47 states) in funding to its lowest poverty districts. If Illinois were to fund its highest poverty districts at the same ranking as it funds its lowest poverty districts, it would spend about \$1,400 more per student than it did in 2000, and would rank 14th in its funding gap instead of second. This funding figure is quite similar to the gap in foundation funding identified by the Illinois Education Funding Advisory Board (2002). We also looked at funding to the middle two quarters of districts in Illinois. Illinois ranks 27th in funding to districts in the third quartile, and 19th in funding to districts in the second quartile. The state would need to spend about \$1000 more per student on the average for these districts in order to reach a ranking of 8th for these groups of districts.

DIFFERENCES IN STATE AND LOCAL CONTRIBUTIONS TO EDUCATION. Illinois' comparative rankings are

related to its heavy reliance on local funding *coupled with* lower state funding to compensate highest poverty districts that cannot raise adequate local funds, even with the same tax effort.

STATE REVENUES: Illinois ranks 46th out of 47¹ states in the overall share of district funding provided from state revenues. **Illinois ranks low in state funding both to highest poverty and lowest poverty districts (41st and 44th, respectively). Illinois uses the little state funding it provides to differentiate between the two types of districts.** The highest poverty districts get about \$1,127 more per student, on the average, than the lowest poverty districts, placing Illinois 14th in the size of this funding differential.

LOCAL REVENUES: Illinois ranks very high in local funding per student for its lowest poverty districts (4th among the 47 states), and 16th in local funds for its highest poverty districts, with similar taxation effort. **Illinois ranks 4th in the difference between local funding per student in its highest and lowest poverty districts (\$3,187 per student more in lowest poverty districts).**

There is great variability in the pattern of funding among the states. Several states fund their lowest poverty districts in a similar way to Illinois (New Jersey and Connecticut for example), and have similar local funding for their highest poverty districts. But they provide more state funding to these latter district than does Illinois. **The Education Trust report notes that high student achievement costs money. But the money needs to be spent on instructional components that make a difference to student learning, like rigorous curricula, well-prepared and supported teachers, and additional instructional time for students who are not meeting standards.** With new state and federal incentives to increase accountability for student learning, now may be the time to tackle the school funding issue for Illinois' schools.

¹ Endnote 1 explains the weighting system used by The Education Trust, and why Delaware, Alaska, Hawaii and Washington D.C. were not included in the analysis. Illinois ranks 48th when all states are included.

THE EVIDENCE

EDUCATION TRUST REPORTS ON FUNDING GAP

In August, 2002 The Education Trust, a Washington, D.C.-based organization that monitors education on behalf of low-income and minority students, issued its report *The Funding Gap: Low-Income and Minority Students Receive Fewer Dollars*. The report compared funding per student in highest poverty and high minority districts to funding per student in lowest poverty and low minority districts in each of the states.

The Education Trust's report comes at a time when states are working to meet the requirements of the No Child Left Behind Act and to close the performance gap between different groups of children. Their report notes that, *"school districts that educate the greatest number of poor and minority students have less state and local money to spend per student than districts with the fewest poor and minority students."* The report continues by saying that *"... a growing body of research teach[es] us that all children can achieve at high levels when the right combination of tools and strategies are employed. These include: high expectations and clear standards that are applied to all students, rigorous curricula, well prepared teachers supported with high quality professional development, additional instructional time for students who aren't meeting standards, and more focused resources. And yes, these things cost money."*

The Education Trust report used state and local revenues (all purposes) to measure the financial support available to districts with the lowest child poverty rates compared to districts with the highest child poverty rates. Districts were ranked based on the percent of students in families in poverty. (Federal funds were excluded since it should supplement, not supplant other funding.) Then districts were divided into four groups with each enrolling approximately 25% of all students enrolled in public education in a state. ⁱ

HOW DOES ILLINOIS RANK?

The Education Trust report finds that Illinois has **the second largest funding gap between its highest poverty and lowest poverty districts** when compared to the 46 other states included in the analysis. In 2000, the gap was \$2,060 per student, compared to a national average gap of \$966 per student. Table 1 shows the rank for each state, and the funding gap in 2000.

This gap demonstrates the large differences in districts' capacities to provide equal levels of education for their students. But if Illinois' highest poverty districts are funded at a higher level than similar districts in other

states, then perhaps the size of the gap is less important than it first appears to be. The Illinois Education Research Council decided to dig more deeply into the numbers to assess whether Illinois is providing *adequate* funding to its highest poverty districts in comparison to other states.

Table 1
Overall Funding Per Student to Highest Poverty and Lowest Poverty Districts: 2000

	Overall Funding Gap	Rank	Funding to Highest Poverty Districts	Rank	Funding to Lowest Poverty Districts	Rank
Alabama	\$991	6	\$5,259	37	\$6,250	24
Arizona	\$845	10	\$4,660	46	\$5,505	38
Arkansas	\$76	33	\$5,275	36	\$5,351	39
California	\$59	35	\$5,202	38	\$5,261	41
Colorado	\$587	14	\$5,672	27	\$6,259	23
Connecticut	\$6	37	\$7,635	3	\$7,641	6
Florida	\$46	36	\$5,656	28	\$5,702	35
Georgia	-\$6	38	\$6,665	10	\$6,659	16
Idaho	\$157	25	\$4,893	40	\$5,050	42
Illinois	\$2,060	2	\$5,400	34	\$7,460	8
Indiana	\$210	22	\$7,038	6	\$7,247	10
Iowa	\$471	17	\$6,534	11	\$7,005	12
Kansas	\$66	34	\$6,476	12	\$6,542	18
Kentucky	-\$133	40	\$5,450	33	\$5,317	40
Louisiana	\$793	11	\$4,718	44	\$5,512	37
Maine	\$148	27	\$6,412	14	\$6,560	17
Maryland	\$912	8	\$6,108	19	\$7,020	11
Massachusetts	-\$530	46	\$6,686	9	\$6,155	25
Michigan	\$1,103	5	\$6,815	8	\$7,917	4
Minnesota	-\$601	47	\$7,325	5	\$6,724	15
Mississippi	\$133	29	\$4,387	47	\$4,520	46
Missouri	\$284	20	\$6,146	17	\$6,430	20
Montana	\$1,535	3	\$4,826	43	\$6,361	22
Nebraska	\$516	16	\$6,005	21	\$6,521	19
Nevada	-\$280	41	\$5,986	23	\$5,706	33
New Hampshire	\$733	12	\$5,395	35	\$6,129	27
New Jersey	-\$324	42	\$9,382	1	\$9,058	2
New Mexico	\$86	32	\$4,873	41	\$4,959	43
New York	\$2,152	1	\$6,445	13	\$8,598	3
North Carolina	\$114	30	\$5,881	25	\$5,995	30
North Dakota	\$93	31	\$5,546	31	\$5,639	36
Ohio	\$394	18	\$6,338	16	\$6,732	14
Oklahoma	-\$57	39	\$4,707	45	\$4,650	44
Oregon	-\$371	43	\$6,341	15	\$5,971	31
Pennsylvania	\$1,248	4	\$6,037	20	\$7,285	9
Rhode Island	\$273	21	\$6,133	18	\$6,406	21
South Carolina	\$332	19	\$5,695	26	\$6,027	29
South Dakota	\$171	24	\$5,532	32	\$5,703	34
Tennessee	-\$497	45	\$5,088	39	\$4,591	45
Texas	\$518	15	\$5,574	30	\$6,092	28
Utah	-\$422	44	\$4,847	42	\$4,425	47
Vermont	\$939	7	\$8,335	2	\$9,274	1
Virginia	\$885	9	\$5,989	22	\$6,874	13
Washington	\$145	28	\$5,644	29	\$5,789	32
West Virginia	\$199	23	\$5,949	24	\$6,148	26
Wisconsin	\$151	26	\$7,375	4	\$7,526	7
Wyoming	\$715	13	\$6,938	7	\$7,653	5
US average	\$966		\$5,846		\$6,812	

Source: Education Trust, August 2002. Funding figures were adjusted for geographic differences and differences in special student needs – see endnote 1.

Illinois ranks in the bottom third of states (34th out of 47 states) in funding to its highest poverty districts, and in the top 20% (8th out of 47 states) in funding to its lowest poverty districts (Table 1). Figure 1 shows states ranked by funding to their highest poverty districts.

Figure 1
Ranking of States by Funding to Highest Poverty Districts: 2000

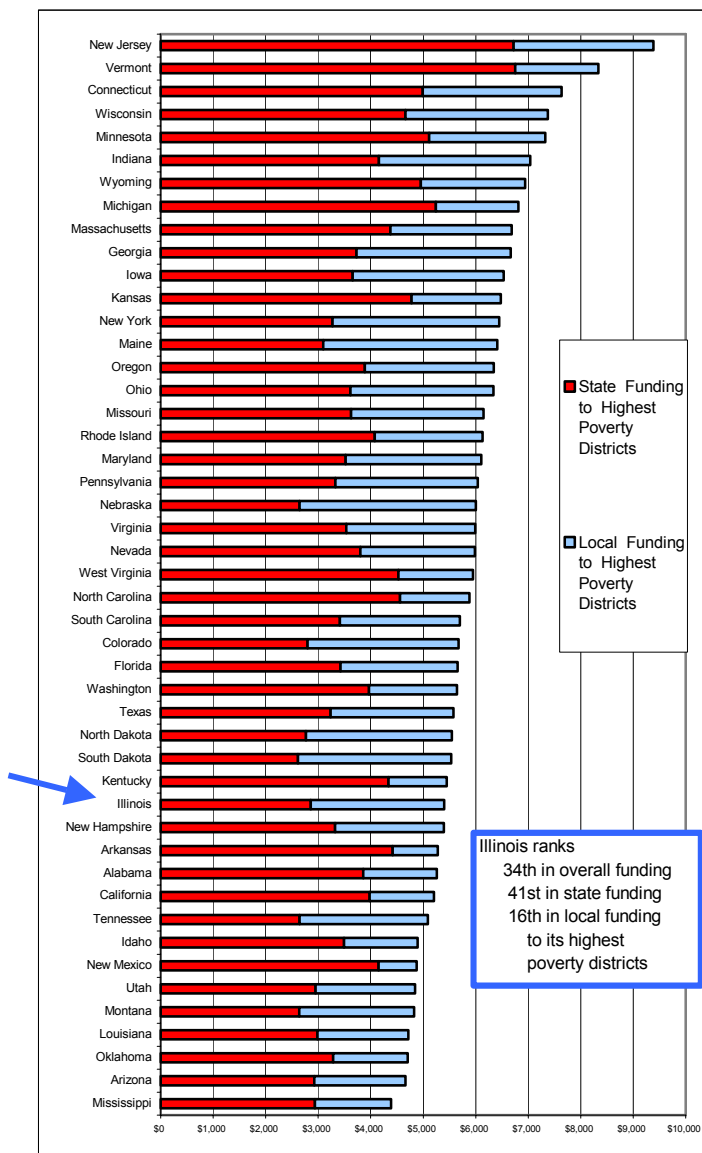
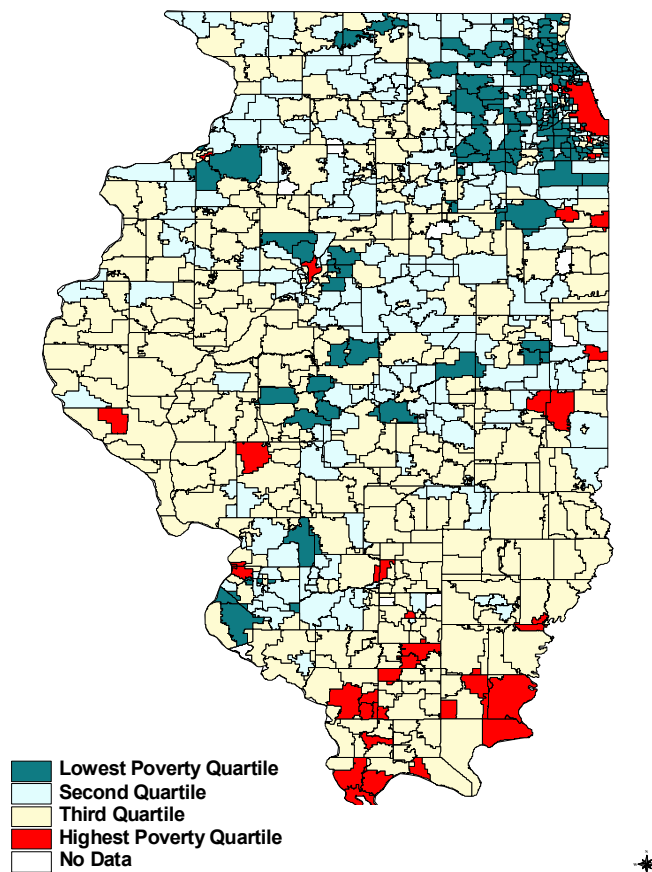


Figure 2
Illinois Districts by Enrollment/Poverty Quartile: 2000 (All Districts)



IS ILLINOIS' PATTERN OF FUNDING TYPICAL?

The answer is no. Some states have large funding gaps between their lowest and highest poverty districts, but still fund their highest poverty districts quite well. How states fund education depends on a number of state characteristics, including the level of local contribution, the presence of equalization factors to account for variances in local wealth, state taxation levels, and the overall wealth of the state. New York is the only state to have a larger funding gap than Illinois, but it actually funds both its highest poverty and lowest poverty districts well, ranking 13th and 3rd, respectively. On the other hand, some states have small funding gaps but fund both their highest poverty districts and their lowest poverty districts quite poorly. Of the 13 states that fall below Illinois in funding to their highest poverty districts, most are states that fund neither their highest poverty nor lowest poverty districts very highly.

So having a large funding gap does not *necessarily* indicate inadequate funding of schools. **But in the case of**

Source: Education Trust, August 2002. See endnote 1.

The map (Figure 2) shows where all four of Illinois' groups of districts (lowest to highest poverty) are located across the state.ⁱⁱ The highest poverty districts are Chicago and nearby districts, and several other urban and rural areas, while the lowest poverty districts are in the northeastern part of the state west and north of Chicago, near other urban areas, and scattered across other parts of the state. Districts in the third quartile are primarily concentrated in the southern half of the state, while those in the second quartile (second lowest poverty) fall roughly into the northern half of the state.

Illinois, there is both a large funding gap between its highest poverty and lowest poverty districts, and a low funding level to its highest poverty districts. If Illinois were to fund its highest poverty districts at the same ranking as it funds its lowest poverty districts, it would spend what Michigan does – \$6,815 per student – about \$1,400 more per student. This figure is quite similar to the gap in foundation funding identified by the Illinois Education Funding Advisory Board (2002) ⁱⁱⁱ Illinois’ funding gap would then be \$660 per student, with a rank of 14 overall.

We also looked at funding for districts in the second and third enrollment/poverty quartiles. (The median district’s percent of children in poverty was 4%, 8%, 18% and 33% respectively from lowest poverty to highest poverty districts.) Figure 3 shows average funding per student for the four Illinois groups of districts. About half of the overall funding gap of \$2,060 is due to the difference between funding for the lowest poverty districts and the second lowest poverty districts (\$7,460 compared to \$6,404). About \$500 per student separates the second from the third quartile group, and the third from the fourth quartile group. Illinois ranks 27th overall in its funding of third-quartile districts, and 19th overall in its funding of second-quartile districts. Lowest-poverty districts ranked 8th.

quartile ranks that are quite similar across the four groups of districts.

If Illinois were to fund its second and third quartile districts at the same ranking as it funds its lowest poverty districts (8th), it would spend \$961 and \$1,008 more per student respectively.

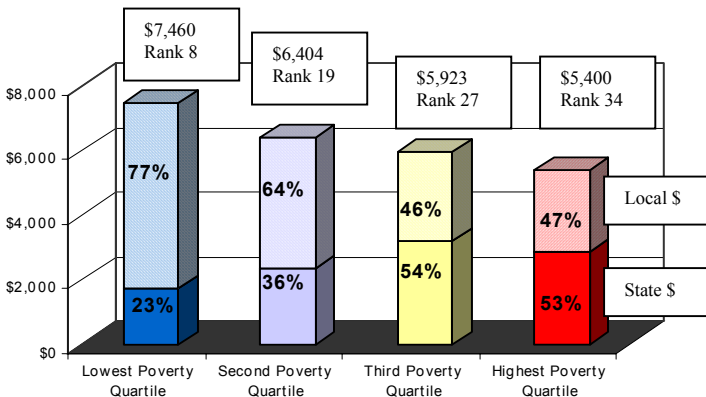
DIFFERENCES IN STATE AND LOCAL CONTRIBUTIONS TO EDUCATION

What might explain why Illinois funds its highest poverty districts so poorly compared to other states, and its lowest poverty districts so well? The answer lies in the state’s heavy reliance on local funding without compensating state funding to its higher poverty districts.

STATE REVENUES: Illinois ranks 46th out of 47 states in the overall share of district funding provided from state revenues (Table 2). ^{iv} Only South Dakota provides a smaller share of education funding from state resources than Illinois.

Table 2 also shows that **Illinois ranks low in state funding both to highest poverty and lowest poverty districts (41st and 44th respectively). But Illinois does use the little state funding it provides to differentiate between the two types of districts, with the highest poverty districts getting about \$1,127 more per student, on the average, than the lowest poverty districts.** Illinois ranks 14th in the size of this funding differential.

Figure 3
Average State and Local Funding Per Student for Illinois Districts by Poverty Quartile
(Each quartile enrolls 25 percent of Illinois’ students)



Source: Calculated from Education Trust data, August 2002. See endnote 1.

This pattern of gradually increasing rankings as poverty decreases is not typical of states across the country (see Table A at the end of the report). Most states have

Figure 3 shows that lowest poverty districts receive 23% of their funding from the state, compared to 36% for districts in the second quartile. Districts in the third and fourth quartiles receive a similar proportion of their funding from the state – 54% and 53% respectively.

Returning to the Education Trust analysis and looking at the highest and lowest poverty districts again, we see that states use state funding in different ways. New Jersey, for example, provides the largest differential in state funding with \$4,809 per student more going to its highest poverty districts than to its lowest poverty districts. That state ranks 2nd in state funding to its highest poverty districts and 42nd in state funding to its lowest poverty districts. Connecticut also shows large differential funding (\$3,327 per student), ranking 5th in state funding to its highest poverty districts and 46th in its state funding to its lowest poverty districts.

A different state funding model is seen in Vermont and Michigan. These states fund both their highest poverty

and lowest poverty districts at a high level of state funding. Vermont ranks 1st on both ranks with almost no difference in funding, while Michigan ranks 3rd and 2nd

respectively, with a difference in state funding of just \$217 per student.

Table 2
State and Local Funding Per Student to Highest and Lowest Poverty Districts, by State: 2000

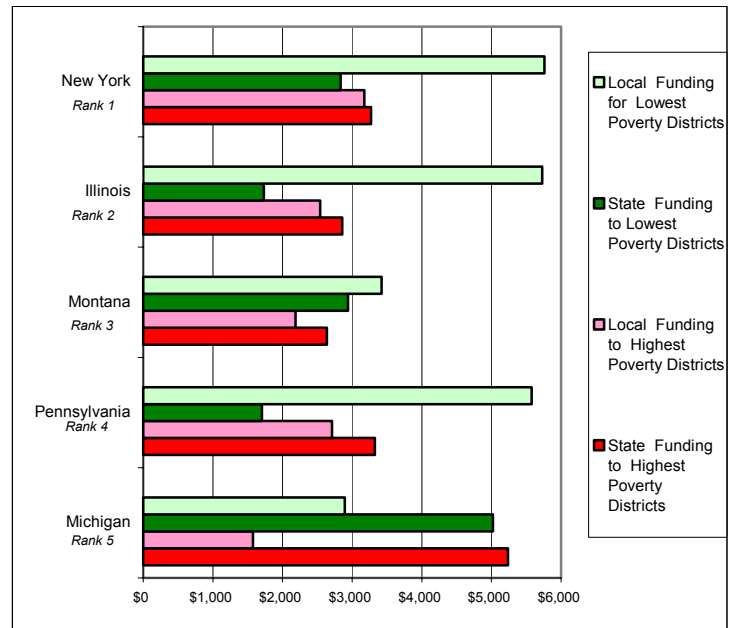
State Funding								Local Funding							
State Share	Rank	State Funding to Highest Poverty Districts	Rank	State Funding To Lowest Poverty Districts	Rank	State Funding Differential	Rank	District Share	District Funding to Highest Poverty Districts	Rank	District Funding for Lowest Poverty Districts	Rank	District Funding Gap	Rank	
62%	8	\$3,857	20	\$3,663	8	\$194	39	Alabama	38%	\$1,402	41	\$2,587	33	-\$1,185	20
46%	30	\$2,927	40	\$2,280	36	\$647	23	Arizona	54%	\$1,733	32	\$3,225	24	-\$1,492	13
75%	2	\$4,415	11	\$4,368	3	\$47	45	Arkansas	25%	\$860	46	\$983	47	-\$123	43
59%	14	\$3,981	17	\$2,643	26	\$1,337	10	California	41%	\$1,221	44	\$2,618	32	-\$1,397	15
41%	39	\$2,796	42	\$2,346	35	\$450	26	Colorado	59%	\$2,876	7	\$3,913	17	-\$1,037	21
40%	41	\$4,989	5	\$1,662	46	\$3,327	2	Connecticut	60%	\$2,646	14	\$5,979	2	-\$3,333	3
50%	25	\$3,427	29	\$3,028	21	\$399	29	Florida	50%	\$2,229	24	\$2,674	30	-\$445	39
48%	27	\$3,727	22	\$3,030	20	\$697	22	Georgia	52%	\$2,938	4	\$3,629	21	-\$691	32
61%	11	\$3,493	28	\$3,201	18	\$293	35	Idaho	39%	\$1,400	42	\$1,849	43	-\$449	38
37%	46	\$2,859	41	\$1,732	44	\$1,127	14	Illinois	63%	\$2,541	16	\$5,728	4	-\$3,187	4
51%	23	\$4,155	14	\$3,393	14	\$761	19	Indiana	49%	\$2,883	6	\$3,854	19	-\$971	24
51%	24	\$3,658	23	\$3,339	15	\$319	32	Iowa	49%	\$2,876	8	\$3,666	20	-\$790	30
63%	7	\$4,778	7	\$3,656	9	\$1,121	15	Kansas	37%	\$1,698	34	\$2,886	28	-\$1,188	19
60%	13	\$4,340	13	\$3,304	16	\$1,036	17	Kentucky	40%	\$1,110	45	\$2,013	41	-\$903	27
49%	26	\$2,985	37	\$2,841	23	\$143	41	Louisiana	51%	\$1,733	33	\$2,671	31	-\$938	25
44%	32	\$3,098	36	\$2,584	28	\$513	25	Maine	56%	\$3,314	2	\$3,976	15	-\$662	35
38%	43	\$3,525	27	\$2,464	32	\$1,061	16	Maryland	62%	\$2,583	15	\$4,556	10	-\$1,973	11
42%	38	\$4,373	12	\$1,582	47	\$2,791	3	Massachusetts	58%	\$2,313	22	\$4,573	9	-\$2,260	8
65%	4	\$5,238	3	\$5,021	2	\$217	37	Michigan	35%	\$1,577	37	\$2,896	27	-\$1,319	17
60%	12	\$5,113	4	\$3,491	11	\$1,621	7	Minnesota	40%	\$2,212	25	\$3,233	23	-\$1,021	22
55%	19	\$2,940	39	\$2,841	24	\$99	44	Mississippi	45%	\$1,447	38	\$1,679	45	-\$232	42
47%	28	\$3,624	24	\$2,472	31	\$1,152	13	Missouri	53%	\$2,522	17	\$3,958	16	-\$1,436	14
44%	31	\$2,638	46	\$2,940	22	-\$302	47	Montana	56%	\$2,188	26	\$3,421	22	-\$1,233	18
37%	45	\$2,647	44	\$2,477	30	\$170	40	Nebraska	63%	\$3,358	1	\$4,044	13	-\$686	33
61%	10	\$3,805	21	\$3,701	7	\$103	43	Nevada	39%	\$2,181	27	\$2,005	42	\$176	46
57%	17	\$3,324	32	\$3,187	19	\$137	42	New Hampshire	43%	\$2,071	28	\$2,942	26	-\$871	28
40%	40	\$6,721	2	\$1,912	42	\$4,809	1	New Jersey	60%	\$2,661	13	\$7,146	1	-\$4,485	1
72%	3	\$4,147	15	\$3,844	5	\$303	34	New Mexico	28%	\$726	47	\$1,115	46	-\$389	41
43%	33	\$3,270	34	\$2,836	25	\$434	28	New York	57%	\$3,175	3	\$5,762	3	-\$2,587	6
65%	5	\$4,560	9	\$3,931	4	\$629	24	North Carolina	35%	\$1,321	43	\$2,064	40	-\$743	31
39%	42	\$2,767	43	\$2,419	33	\$348	30	North Dakota	61%	\$2,779	9	\$3,220	25	-\$441	40
42%	37	\$3,613	25	\$1,981	40	\$1,632	6	Ohio	58%	\$2,725	10	\$4,751	8	-\$2,026	10
55%	20	\$3,284	33	\$2,554	29	\$730	21	Oklahoma	45%	\$1,423	39	\$2,096	39	-\$673	34
57%	16	\$3,890	19	\$3,453	12	\$436	27	Oregon	43%	\$2,451	19	\$2,518	34	-\$67	44
38%	44	\$3,326	31	\$1,706	45	\$1,620	8	Pennsylvania	62%	\$2,711	12	\$5,579	5	-\$2,868	5
42%	36	\$4,075	16	\$2,100	38	\$1,975	5	Rhode Island	58%	\$2,058	29	\$4,306	11	-\$2,248	9
52%	21	\$3,411	30	\$3,212	17	\$199	38	South Carolina	48%	\$2,284	23	\$2,815	29	-\$531	36
35%	47	\$2,616	47	\$1,812	43	\$804	18	South Dakota	65%	\$2,916	5	\$3,891	18	-\$975	23
46%	29	\$2,647	45	\$2,395	34	\$252	36	Tennessee	54%	\$2,441	20	\$2,196	37	\$245	47
43%	34	\$3,234	35	\$2,051	39	\$1,183	12	Texas	57%	\$2,340	21	\$4,041	14	-\$1,701	12
59%	15	\$2,949	38	\$2,624	27	\$326	31	Utah	41%	\$1,898	31	\$1,801	44	\$97	45
75%	1	\$6,752	1	\$6,886	1	-\$134	46	Vermont	25%	\$1,583	36	\$2,388	35	-\$805	29
43%	35	\$3,532	26	\$1,926	41	\$1,606	9	Virginia	57%	\$2,457	18	\$4,948	7	-\$2,491	7
64%	6	\$3,966	18	\$3,655	10	\$311	33	Washington	36%	\$1,678	35	\$2,134	38	-\$456	37
61%	9	\$4,530	10	\$3,799	6	\$731	20	West Virginia	39%	\$1,419	40	\$2,349	36	-\$930	26
55%	18	\$4,663	8	\$3,429	13	\$1,234	11	Wisconsin	45%	\$2,712	11	\$4,097	12	-\$1,385	16
52%	22	\$4,952	6	\$2,227	37	\$2,726	4	Wyoming	48%	\$1,986	30	\$5,426	6	-\$3,440	2
50%		\$3,683		\$2,705		\$978		US Average		\$2,163		\$4,107		-\$1,944	

Source: Education Trust, August 2002. Funding figures were adjusted for geographic differences and differences in special student needs – see endnote 1.

LOCAL REVENUES: Table 2 also shows that Illinois ranks very high in local funding per student for its lowest poverty districts (4th among the 47 states). Illinois also ranks 4th in the difference between local funding per student in its highest and lowest poverty districts (\$3,187 more in lowest poverty districts). This gap exists despite the fact that Illinois' highest poverty districts rank 16th in funds per student from locally generated funding. Unlike other states, Illinois does not make up for this gap with state funds. New Jersey, for example, has the largest local funding gap (\$4,485), but has the second largest state funding differential to compensate for this difference.

Figure 4 shows states with the largest overall funding gaps, by source of funding. Pennsylvania's pattern of funding is similar to that of Illinois, although that state provides more state funding per student to its highest poverty districts. Pennsylvania's biggest gap between quartiles occurs between the 3rd and highest poverty groups, unlike Illinois, where the biggest gap is between the lowest poverty and second quartiles (see Table A).

Figure 4
States with the Largest Overall Total Funding Gaps: 2000 (Average \$/Student)



Source: Education Trust, August 2002. See endnote 1.

SUMMARY AND CONCLUSIONS

The Education Trust report provides a useful place to start understanding how Illinois funds K-12 education in comparison to other states. That report emphasized the gap in funding between the highest poverty and lowest poverty districts in states, and found that Illinois had the second largest gap among the 47 states included in their analysis.

This study has extended that analysis to examine whether Illinois is funding its highest poverty districts better or worse than other states. We found that it is as important to look at these figures as it is to focus on the overall funding gap. Table 4 shows us that even though New York had the largest funding gap, its highest poverty district (includes New York City) received overall funding per student that was exceeded by only 12 other states. And in Michigan, with the 5th largest funding gap, funding to the highest poverty districts was exceeded by only seven other states. Illinois ranked only 34th in its overall support for highest poverty districts. We found that Illinois ranks 27th in its funding of districts in the third quartile, and 19th for second-quartile districts. This graduated increase in ranking was

unusual among the states. Most states' ranks were quite similar across their quartiles of districts.

We found quite different patterns of funding among states with the largest funding gaps. New York funds its highest poverty district through high local funding (3rd) and low state aid (34th), while Michigan is the reverse. Both are among the top five states in the overall funding gap and yet both rank high in overall support of students in their highest poverty districts.

For Illinois, the gap in funding between highest poverty districts and lowest poverty districts reflects a large difference in state and local funds available to these two types of districts. But in the case of Illinois, the gap also highlights the low funding levels to its highest poverty districts, with a ranking of 34th overall, and 41st in support from state funds. Illinois' highest poverty districts are unable to raise sufficient local funding to compensate for this low level of state support. Its lowest poverty districts, on the other hand, are able to generate enough local funding per student to raise their overall level of support to 8th in the nation.

Table 3
Comparison of Rankings of States with Five Largest Funding Gaps: 2000

	New York	Illinois	Montana	Pennsylvania	Michigan
Rank in funding gap between highest poverty and lowest poverty districts					
Total funds per student	1	2	3	4	5
State funds per student	28	14	47	8	37
Local funds per student	6	4	18	5	17
Amount of Funding and Rank to Highest Poverty Districts					
Total funds per student/rank	\$6,445/13	\$5,400/34	\$4,826/42	\$6,037/20	\$6,815/8
State funds per student/rank	\$3,270/34	\$2,859/41	\$2,638/46	\$3,326/31	\$5,238/3
Local funds per student/rank	\$3,175/3	\$2,541/16	\$2,188/26	\$2,711/12	\$1,577/37

Source: Education Trust, August 2002. See endnote 1.

Illinois is a state with wide variation in property valuation per pupil. School districts located in areas of low poverty are afforded the luxury of high revenues per student because of locally generated tax revenue that can be added to the low level of state funding. With about the same level of property-tax effort, Illinois school districts located in areas of higher poverty are not afforded the same opportunity to add to their state-provided funding.^v

Unlike most other states, Illinois' funding for its second and third quartile districts look more like its highest-poverty districts than its lowest-poverty districts, with half of the overall funding gap falling between the lowest-poverty districts and the second quarter of districts. Illinois' highly funded districts appear to be more concentrated than is the case in other states.

The high overall funding level for Illinois' lowest poverty districts is laudable. If Illinois were to raise the ranking of each quartile of districts to that of its lowest-poverty districts, per pupil funds would increase by about \$1000 in second and third quartile districts, and \$1400 in the highest-poverty districts. New Jersey and

Connecticut provide models for how Illinois might look if it were to raise the funding level of its highest-poverty districts to match its lowest-poverty districts. New Jersey and Connecticut fund their lowest poverty districts in approximately the same manner as Illinois. But there is a stark difference in funding for their highest poverty districts. In New Jersey and Connecticut, these districts raise quite similar amounts per student from local funds as does Illinois' highest poverty districts, but the states provide \$6,721 and \$4,989 per student respectively from state sources compared to Illinois' \$2,859.

The Education Trust report notes that high student achievement depends on high expectations and standards, rigorous curricula, well-prepared and supported teachers and additional instructional time for students who are not meeting standards. **As the Education Trust said – high student achievement costs money. But the money needs to be spent on components that make a difference to student learning.** With new state and federal incentives to increase accountability for student learning, now may be the time to tackle the school funding issue in Illinois.^{vi}

ⁱ The Education Trust excluded federal dollars since these are intended to supplement, not supplant, tax revenues raised from state and local sources. Funding figures were adjusted for geographic differences (Chambers' Cost of Education Index) and differences in special student needs by adjusting the pupil count to give extra weight to special needs pupils (2.3) or to children in families with incomes below the poverty line (1.2). State revenues include amounts originating from state governments for all purposes. Local revenues comprise revenue raised locally from all sources. The report excluded districts with enrollments of less than 200, and states where the district poverty level at the 75th percentile wasn't at least 25% higher than the district poverty level at the 25th percentile (Alaska and Delaware) or where the state is a unit district (Hawaii and Washington D.C.). See The Analysis and Technical Appendix at <http://www.edtrust.org> for further details.

ⁱⁱ Districts with enrollments under 200 are not included in the Education Trust or IERC analyses.

ⁱⁱⁱ "Recommendations for Systematic Reform of Funding for Elementary and Secondary Education in Illinois." Preliminary Report of the Education Funding Advisory Board, Springfield, Illinois. August 27, 2002. Note that the dollars included in the Education Trust and IERC analyses include all state funds, not just foundation funding.

^{iv} The Illinois Education Funding Advisory Board report showed that Illinois ranks 48th when all states are included.

^v Illinois' funding formula assumes a property tax effort of 3% for unit districts, 2.3% for elementary school districts, and 1.05% for high school districts. The IERC found that almost all districts make about that level of tax effort to fund their schools.

^{vi} There is an ongoing debate among researchers about the effect of increased resources on student performance. In a 1996 report entitled "The Relationship Between Education Expenditure and Student Achievement: When Does Money Matter", the National Conference of State Legislatures reported that recent research showed that "expenditure mattered when it 'bought' smaller class sizes, more experienced teachers, and teachers with higher levels of formal education. The results also indicated that such conditions were particularly important for school districts with relatively high percentages of students living in poverty." (p. 4). Eric A. Hanuskek, in his chapter entitled "School Resources and

Student Performance” [in ‘Does Money Matter? The Effect of School Resources on Student Achievement and Adult Success’]. Gary Burtless, ed., Brookings Institution Press, Washington, D.C. 1996] concludes that ‘any evidence of effective resource usage is balanced by evidence of other, naturally occurring, situations in which resources are squandered’ (pg. 69). He suggests that this is because of the lack of incentives to improve student performance. The federal No Child Left Behind legislation and state performance assessments are changing those incentives and building an environment of accountability that may make this the ideal time to tackle the school funding issue.

Table A
State and Local Funding to Districts by State and Poverty Quartile: 2000

State	First Quartile: Lowest Poverty	Rank	Second Quartile	Rank	Third Quartile	Rank	Fourth Quartile: Highest Poverty	Rank
AL	6250	24	5608	35	5486	35	5259	37
AR	5351	39	5752	31	5241	38	5275	36
AZ	5505	38	5021	42	5421	37	4660	46
CA	5261	41	5118	41	4955	41	5202	38
CO	6259	23	6128	23	5556	34	5672	27
CT	7641	6	7381	7	7401	4	7635	3
FL	5702	35	5842	29	5817	29	5656	28
GA	6659	16	6731	14	6383	16	6665	10
IA	7005	12	6664	16	6814	9	6534	11
ID	5050	42	5207	40	4822	43	4893	40
IL	7460	8	6404	19	5923	27	5400	34
IN	7247	10	7097	9	6995	7	7038	6
KS	6542	18	6938	11	6366	17	6476	12
KY	5317	40	5732	32	5449	36	5450	33
LA	5512	37	5393	38	5225	39	4718	44
MA	6155	25	5898	28	6427	15	6686	9
MD	7020	11	7395	6	6557	13	6108	19
ME	6560	17	6720	15	6556	14	6412	14
MI	7917	4	7365	8	7034	6	6815	8
MN	6724	15	6543	17	6931	8	7325	5
MO	6430	20	5439	37	5666	33	6146	17
MS	4520	46	4515	46	4696	46	4387	47
MT	6361	22	5349	39	5087	40	4826	43
NC	5995	30	6055	26	6172	21	5881	25
ND	5639	36	6441	18	5795	30	5546	31
NE	6521	19	6891	12	6641	11	6005	21
NH	6129	27	6214	21	6058	24	5395	35
NJ	9058	2	8820	1	8681	2	9382	1
NM	4959	43	4759	43	4848	42	4873	41
NV	5706	33	5664	33	5986	26	5986	23
NY	8598	3	8473	2	8389	3	6445	13
OH	6732	14	6083	25	6053	25	6338	16
OK	4650	44	4759	44	4739	45	4707	45
OR	5971	31	6185	22	6230	18	6341	15
PA	7285	9	7031	10	6717	10	6037	20
RI	6406	21	6741	13	6139	22	6133	18
SC	6027	29	5629	34	6101	23	5695	26
SD	5703	34	5831	30	5754	31	5532	32
TN	4591	45	4703	45	4814	44	5088	39
TX	6092	28	5927	27	5840	28	5574	30
UT	4425	47	4253	47	4240	47	4847	42
VA	6874	13	6119	24	6184	19	5989	22
VT	9274	1	8389	3	8875	1	8335	2
WA	5789	32	5497	36	5720	32	5644	29
WI	7526	7	7397	5	7393	5	7375	4
WV	6148	26	6388	20	6180	20	5949	24
WY	7653	5	7660	4	6574	12	6938	7

Source: www.edtrust.org.