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HOW LONG MUST ILLINOIS STUDENTS WAIT FOR **Fully Funded Schools?**

MARY MCKILLIP & DANIELLE FARRIE

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EDUCATION LAW CENTER

Founded in 1973, Education Law Center ([ELC](#)) is the nation's legal defense fund for public education rights. ELC is widely recognized for successfully advancing equal educational opportunity and justice in New Jersey and states across the country. ELC pursues advocacy work through litigation, public engagement, policy development, research, and communications.

ELC's legal and policy advocacy, which includes the landmark court rulings in the Abbott v. Burke litigation, has significantly advanced the provision of fair school funding, high quality preschool and school facilities improvements, especially for students from low-income families and students of color. ELC's mission is to ensure all students receive a high-quality public education effectively preparing them to participate as citizens in a democratic society and as valued contributors to a robust economy.

PARTNERSHIP FOR EQUITY AND EDUCATION RIGHTS ILLINOIS

[PEER IL](#) is a statewide advocacy network focused on collaboration among school community members, organizers, lawyers, academics, researchers and policymakers in campaigns that drive reinvestment in public education. PEER IL is one of 10 partners across seven states, tasked with building movements around innovative state and local solutions for equity. PEER IL uses a collaboration of organizing, research, legislative and legal work to develop a community-led platform and collective narrative for what fully funded education looks like in Illinois.

ABOUT THE AUTHORS

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The Illinois Evidence-Based Funding for Student Success Act (EBF), a comprehensive overhaul of the state’s school funding formula, was signed into law in August 2017. The Act requires an overall increase of more than \$7 billion in state education aid and sets 2027 as the deadline to reach full funding of the EBF formula. The Act also sets \$350 million as the minimum increase required annually, although that amount is insufficient to comply with the 2027 timeframe.¹

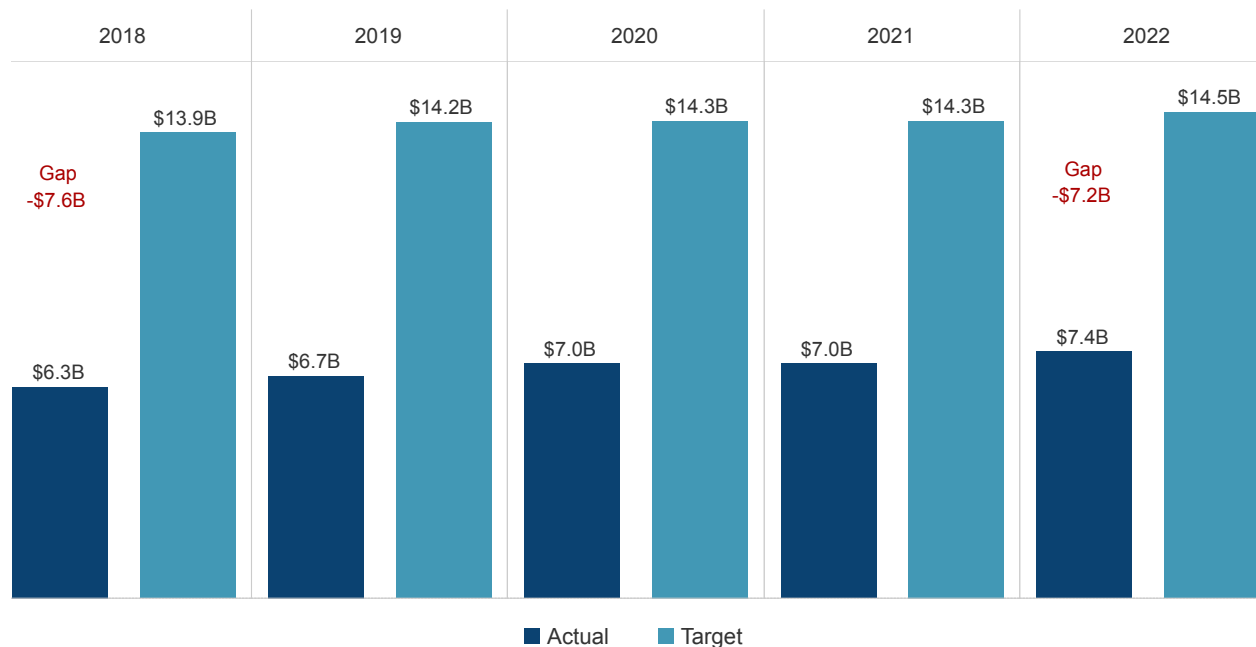
The Illinois Legislature has, since 2018, committed the minimum increase in state aid each year, except for 2021 (Figure 1). To fully fund Illinois’ public schools by 2027, the Legislature must increase state aid by nearly \$1.5 billion per year, far above the \$350 million minimum.²

The intent of the new formula was to correct deep disparities in school funding among

Illinois districts. As documented in Education Law Center’s [Making the Grade 2021](#) report (based on 2019 funding levels), funding distribution in Illinois has been deeply regressive, with average per pupil funding of \$15,527 in high-poverty districts compared to \$18,986 in low-poverty districts. This places Illinois near the bottom of state rankings for K-12 funding distribution, with a solid “F” on the Making the Grade A-F scale.

Inadequate funding for the state’s poorer districts will continue far beyond the Act’s 2027 deadline if the Legislature fails to increase state aid above the \$350 million annual minimum. It also means wealthier districts less reliant on state aid are much more likely to be funded above the formula’s adequacy levels. The bottom line is that generations of future students in low-wealth districts will continue to have significantly less funding and resources for their education.

Figure 1: Illinois State EBF Funding 2018-2022, Actual v. Target



¹ Up to \$50 million of the \$350 million in new funding required can be applied to property tax relief rather than the tiered funding of the EBF formula.
² This report uses data from the ISBE Report Card and EBF Funding Formula Calculation files. For more details, see the [Technical Appendix](#).

Defining Full Funding of the EBF Formula

The EBF law requires Illinois to fully fund school districts' budgets at their Adequacy Target levels by June 30, 2027. The Adequacy Target is the amount set by the EBF formula to be provided to each district in state and local funds to ensure they have the necessary resources so that all public school children have a meaningful opportunity to learn. Consistent with the EBF law, this report defines "full funding" as meeting 100% of each district's Adequacy Target.

The Illinois State Board of Education (ISBE) defines "full funding" of the formula as 90% of the districts' Adequacy Targets. In 2021-22, under this definition, the amount of state aid owed to districts is **\$4.5 billion** rather than the \$7.2 billion in new dollars required to fund districts to 100% adequacy. The ISBE's interpretation does not reduce or otherwise change the districts' expected local contributions under the EBF formula.

The ISBE 90% definition of "full funding" is not authorized by the EBF law or regulations. The ISBE instead justifies the 10% reduction based on its calculation of the average amount of federal funds received by Illinois districts. The EBF law – like other state finance formulas – does not count federal funds towards the state's funding obligations. This is because federal funds allocated under the Every Student Succeeds Act (ESSA) – primarily Title I funds – are expressly provided to "supplement not supplant" state and local revenue. Congress provides these funds to augment a state's education program, especially for at-risk students and students with disabilities. Federal funds for K-12 education are also not assured from year-to-year, as they are subject to federal budgetary fluctuations.

State Underfunding in Illinois

To put state funding gaps into perspective, we can consider a kindergartener who started attending Vandalia Elementary School during the first year of EBF formula implementation in 2017-18. That year, the formula determined that \$9,155 per pupil in state aid was adequate in the Vandalia School District. But the district was only funded \$4,656 for our sample kindergartener. By 2021-22, our now 4th grader should have received \$47,624 from the state over her five years

of schooling. Instead, the Vandalia district received \$26,124, leaving her schools with a \$21,500 shortfall.

At this funding rate, according to the [forecasting estimates of the Center for Tax and Budget Accountability](#), our Vandalia student will be 28 years old and may have a kindergartener of her own before her school district begins to receive 90% of the funding the EBF formula determines is needed to adequately educate students.

Illinois' Schools Cannot Achieve Equity Without Adequacy

The Legislature's goal in the EBF formula is to allocate more state aid to Illinois' most under-resourced students by providing additional funding for low-income students, English learners, and student with disabilities. Under the EBF, formula funding levels are compared to an adequacy benchmark for each district. The formula is designed to allow for increases each year that will move all districts to adequacy by 2027. The annual increases in state aid are targeted to the districts most under their adequacy benchmark level.

Students from low-income backgrounds benefit from [additional in-school resources](#), which the Legislature recognized in the structure of the EBF formula. [Research](#) shows that increasing school funding has long-term economic benefits, such as greater educational attainment, improved wages, and reductions in adult poverty. These benefits are especially strong for low-income students.

However, the Legislature's failure to increase state aid beyond the minimum level in the EBF formula makes it impossible to provide the funding equity promised to under-resourced districts. As districts wait for increases in state aid, they often raise local property taxes. As seen in Figure 2, school districts are raising \$4 billion more in local funding than is required by the formula. While wealthier districts have the fiscal capacity to increase their local contributions, lower-income districts lack that capacity and are most often unable to fill that gap with local revenue.

Illinois school districts have varying gaps in state aid under the EBF formula. Districts serving a high enrollment of low-income students are much more likely to be underfunded by the state, as seen in Figure 3. Districts that are owed less than \$1,000 per pupil in state aid average a student poverty rate of 19%, while districts owed more than \$5,000 per pupil average a poverty rate of 53%.

For the average Illinois district, \$1,000 in state aid represents an 8% increase in per pupil spending.

[Jackson, Johnson, and Persico \(2016\)](#) found that a 10% increase in per pupil spending for a low-income student is associated with an additional half year of completed education, 10% higher earnings, and a 6% reduction in the annual incidence of adult poverty.

Figure 2: Statewide Gaps Between Actual Funding and EBF Targets, 2022

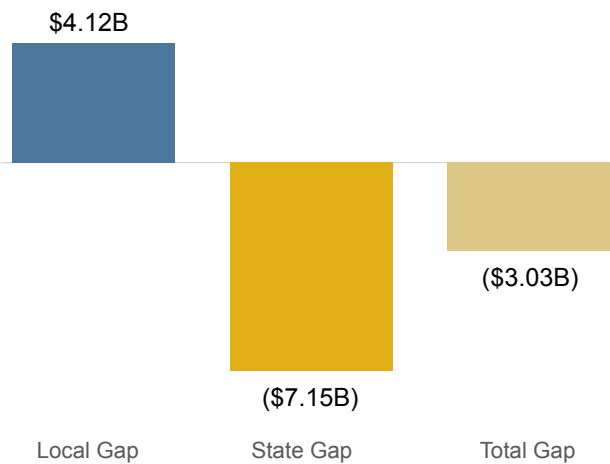
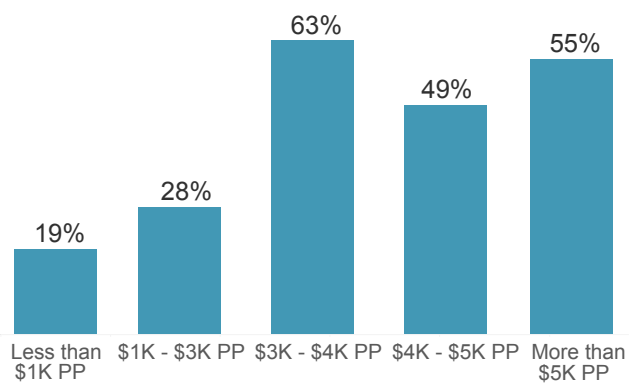


Figure 3: District Percent Low-Income by State Adequacy Gap



For a specific example of current funding inequities, consider Byron and Vandalia School Districts, both medium-sized K-12 districts (see Figure 4). In state and local dollars, Byron received \$14,492 per pupil for FY22, while Vandalia received \$8,785, despite the fact that Vandalia has more than double the concentration of low-income students. According to the EBF formula, Vandalia’s adequacy target (\$12,934) is almost \$1,500 higher than Byron’s (\$11,500). In other words, Byron is funded at \$3,000 per pupil above what the state considers adequate, while Vandalia is funded more than \$4,000 below.

Because Byron has high local capacity from its property tax base, the district receives relatively little state aid through the EBF and is primarily funded through local revenue. The district’s local taxation effort is 2.3%, compared to the state average effort of 4.2%.³ Even with this lower-than-average taxing effort, the district is raising \$3,500 in local revenue per pupil beyond what is required through the formula. Vandalia’s local capacity is lower, and thus they rely more on state aid. Vandalia, with a local taxation effort of 5%, is raising local revenue slightly beyond their local contribution requirements and well above the state average.

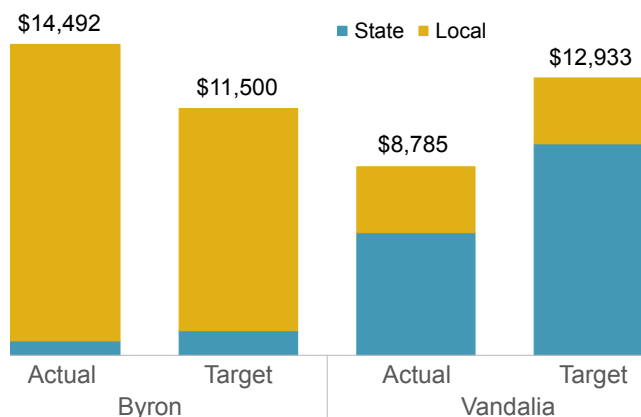
The funding disparities between these two districts under the EBF formula is striking. Because Vandalia serves a larger number of high-need students, Vandalia should receive more funding per pupil than Byron. In reality, a student in Vandalia is funded at 60 cents for every dollar spent on a student in Byron. Byron students are already funded beyond the state’s measure of adequacy with low local effort. While Vandalia is making a higher than average effort, their schools remain deeply underfunded.

The total state aid gap for the Vandalia district is \$5.7 million in FY22. The Legislature would need to increase state aid to the district by over \$1 million every year for the next five years to reach full funding of the adequacy level set by the EBF formula by the 2027 deadline.

Tools for Advocates

Visit [interactive data views](#) to dig deeper into the implications of the state’s failure to fund the EBF. These visualizations provide important statewide context as well as district-level details.

Figure 4: Byron & Vandalia Actual v. Target



³ Effort refers to the amount of tax collected as a proportion of tax capacity — in this case, local property taxes divided by the local adjusted Equalized Assessment Valuations (how much property is worth in the district).

The Time is Now to Invest in the New Formula

The Illinois Legislature must increase state aid well beyond the \$350 million minimum to comply with the 2027 deadline for full EBF formula funding. Not doing so will consign even more generations of students to inadequately resourced schools, especially those in low-wealth, deeply poor communities. The EBF formula targets state aid increases to those districts most

in need of additional funding and resources. These same districts simply cannot make up persistent gaps in funding by raising local revenue to reach the EBF formula's adequacy levels. Without significant increases in state aid over the coming years, the students in Illinois' most impoverished communities will be left out in achieving the promise of an adequate education.

The Constitutional Right to Funding for a High-Quality Public Education

The right to education in Illinois is enshrined in the 1970 state constitution, which requires the state to provide for "an efficient system of high quality public educational institutions and services." Ill. Const. art 10, §1. The constitution delegates "primary responsibility for financing the system of public education" to the "State." The constitution also provides for a State Board of Education, giving it the power to establish goals, determine policies, provide for program planning and evaluation, and recommend financing. Ill. Const. art 10, §2. In 1997, pursuant to new state law, the Illinois State Board of Education adopted the Illinois Learning Standards (ILS), which have been revised over the years. 105 ILCS 5/2-3.64a-5. The ILS are the Board's determination of what represents a "high quality" system of public education, as mandated by the state constitution.

To carry out its constitutional duty to finance a system of high-quality public education and to help all children to meet the ILS, the Illinois General Assembly enacted the EBF formula in 2017. The cost and spending levels prescribed by the EBF formula for each district represent the funding required to provide students with a constitutional high-quality education.

By choosing not to fully fund the EBF, the State is shirking its constitutional duty to finance a system of high-quality education. The unfunded gaps, which disproportionately impact districts segregated by poverty and race, deprive students of their constitutional right to an education that enables them to achieve the state academic standards established by the State Board of Education.

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