Lately, there had been a statewide debate regarding school funding in Illinois. Illinois ranks 50 out of 50 states for the percentage of school funding from the state and has the largest funding gap between low and high-income schools in America. This grim reality is both unacceptable morally and is a deep wound to state pride. As a student at Charleston High School passionate about politics, I decided to dig deep into the school funding issue to create a funding formula that works for all districts, not just a privileged few. My formula accomplishes the following goals: It gives school districts and local governments the freedom to pick their school funding sources, which boosts funding for downstate districts and gives all local entities more control over their schools. It allows districts to adopt and/or keep the practices that work best for them, which means communities won’t lose funding and compete against each other for that funding. Lastly, my plan fuels economic growth, calls for the state to fund obligations at one-hundred percent as laid out in the Illinois Constitution, and puts Illinois on the path for foundation level and other education funding increases in the future.

First of all, my school funding plan requires that the state give school districts and local governments the ability to decide where local funding for schools comes from. This power takes away the total dependence on property tax revenue for school funding if that system is not working for a school district. For example, a district could decide to rely on sales tax revenue in addition to property tax revenue to fund schools. The sales tax would be a county-wide tax, and districts could decide whether to opt in or out of that tax. The question as to whether to have the tax would be taken to county voters. More details about voting and implementation are below. The money would be distributed to school districts equally, not based on need. I know some would like to see distribution based on need, but there are several reasons that approach is not ideal. The money would only be from one limited tax; the amount in the pot would be relatively small in comparison to other sources. Making a complex formula to distribute the money would result in officials running out of money to meet the obligations of the formula, and the formula would vary from county to county, which may drive inequality. For example, the formula could give a district $500,000 out of one-million dollars in revenue from a county sales tax. And it could give a second district $700,000. The county would be forced to give one of the districts an IOU. That is not a desired situation, given that, as is discussed further in this paper, the primary funder of education is the state. The sales tax is intended as an aid to struggling schools and a way to reduce property taxes and the cycle of stagnant economic growth in Illinois. I don’t want a local sales tax to encourage the state to not contribute more money to schools or to not address funding inequality because the excuse that local sales taxes are doing so exists. At some point in the near future, the state needs to start taxing services and new categories of goods. The state of Illinois only taxes a narrow range of goods, unlike the other states in the Midwest. Examples are taxes on food for home consumption, the property tax credit on the income tax, and the imposing of taxes on amusement park tickets and haircuts. If sales taxes are not broadened on the state and local levels, then my plan would be much more regressive than necessary. My plan would fall flat because potential capital that could be used to fund schools would go untapped. New and existing local and state sales taxes should be enacted, alongside property tax reform and structural government and economic reform, of course. Using sales taxes, local property taxes could and should be lowered, which would drive people to “spend more at the store.” In turn, the local economy would grow, which would start a cycle of new economic development, bringing with it more revenue sources to fund local schools. Why should consumers’ money be taken from them upfront when it can first fuel economic growth and in addition fund schools? As is discussed further, lowering property taxes is the best thing that can be done for Illinois schools because it helps pull back the economic spiral that schools are stuck in. Economic reform is the most important way to help schools. Moving on, shifting a portion of the school funding burden onto sales taxes allows districts to tap into cash from out-of-state, mainly tourism dollars. That’s important because using money from out-of-state frees up more money of Illinois residents to further fuel economic growth and provides a much-needed revenue stream for Chicago Public Schools.

 Chicago, by far, receives the most tourism dollars of any city in the state. If CPS was able to tap into those extra dollars, not only would that help heal the financial crisis facing the district, but would also direct resources into schools in violence plagued neighborhoods, and enable further property tax cuts for city residents. Those cuts would be put into use by city residents to cultivate economic growth in Chicago, which is the most effective way to address the gun violence crippling the city, along with high-performing and highly-funded schools. Moving on, the point needs to be made though that property taxes and sales taxes would have to be slowly decreased and increased, respectively, to ensure that districts don’t suffer the unintentional loss of revenue because of accelerated rate decreases. Under my plan, district authorities would fashion a local graduated property tax decrease and county sales tax increase plan that takes into consideration the ability of their districts to take on temporary revenue losses and the state level plan. District officials would work with county officials to make come up with a unique plan based on district needs. State authorities would help local governments in every step of the process. Of course, the goal is to ultimately bridge the gap between property and sales tax revenues, prevent gaps from opening up in the first place, and dramatically increase funding to Illinois schools. However, I will admit that temporary revenue losses are not one-hundred percent preventable. If my plan, a dramatic change of an embedded system, is implemented over time and not overnight, then implementation problems should be minimal.

To continue, I’m pleased that my overall funding plan provides more local control over schools (more local funding equals more local control) and that it allows local entities to keep the funding practices that work best for them. For many upstate schools, total reliance on property tax revenue meets and exceeds their needs. My plan allows the winners of the current funding model to continue their practices, while the losers receive the opportunity to change their practices. Schools have three options. Rely solely on property or sales taxes or rely on a mix of both. Personally, I think that a mix of the two is necessary and the best policy for districts in financial distress. I would recommend to parties interested in passing such a tax to promise specific property tax decreases and other economic benefits. However, the ultimate decision will be left up to local county voters. If county voters decide to authorize the tax, then school district and county officials would implement it. Furthermore, I am particularly proud of the fact that, under my plan, the state will not take away a cent of local and state funding from richer districts and give it to poorer districts, like many plans call for. The intentions of that are well-meaning, but that strategy is actually counter-productive. Redistributing wealth from one district to another punishes success, causes communities to compete against one another, and, in the process, become bitter toward one another. But most importantly, redistributing taxpayer dollars sends the message that education can be funded TOO much. How can a mother be told that her child’s education is too exceptional for him or her, so some of the school’s money is going to be taken away? The goal should be to create affluence, not redistribute it. And the state can help with that.

Firstly, the state needs to do its part in terms of fully funding its obligations. My plan should not be misinterpreted as shifting the burden of school funding from the state to local districts and governments, whereas the state hides in the shadows. Local districts and governments cannot and should not carry on without the state meeting one-hundred percent of its funding commitments. I commend the state for funding in full its yearly commitments to school districts for the first time in seven years in 2016. It should be noted that in 2016, the state funded the $6,119 per pupil minimum appropriation for the first time in seven years, not the primary share of state education costs, which is fifty-one percent. Right now, the state is funding around 37-39% of education costs, which is unacceptable. Because of this situation, many IOUs to school districts are still waiting on state action. Funding less than one-hundred percent of the state’s self-defined fifty-one percent primary funding goal isn’t tolerable. For that matter, the state taking on fifty-one percent of the funding burden, and leaving local funding sources with the remaining forty-nine percent isn’t acceptable either. The state has the duty, not just morally, to extend its funding share, but constitutionally as well. According to the Illinois Constitution, Article X, Section 1, “The State has the primary responsibility for financing the system of public education.” Violating the Constitution is the ultimate no-no. Why then is this clear violation of the Constitution being accepted as the status-quo? Illinois desperately needs to be contributing fifty-one percent of funding costs. I understand anything beyond this is almost impossible. Because of this, the state needs to fund this number; not necessary more, but certainly not less. This goal can be met with economic reforms, the restructuring and introduction of new revenue sources, and more local funding freedom and control.

Secondly, the state needs to either fund unfunded mandates or repeal them. Yes, many unfunded mandates are created in good-faith and make sense. And of course, some unfunded mandates, like special education, are necessary. But they can put needless burdens onto local districts. Thirdly, language changes need to be made to Illinois Statue 105 ILCS 5/18-8.05. For example, funding distributions should be based on enrollment, not average daily attendance. This unfairly affects poverty-stricken communities. The state also needs to make sure when increasing funding, it takes into account how far local resources are being stretched. Many districts are pushing tolerance limits on local resources to make up for a lack of state support.

Next, an evidence-based approach, like the one proposed in SB 1403, for allocating state education dollars would have my support if the financing options I propose are included in it. In fact, this formula can be used as the financing backbone of an evidence-based formula. And I support language changes included in a formula, such using enrollment instead of average daily attendance and the financing tiers. However, some concerns should be brought to the table. There are several reasons for this. First, evidence-based funding might give the state too much influence over education by setting “One Size Fits All” standards. According to SB 1403, a “Professional Judgment Panel” would implement standards that all schools would have to meet. From my understanding, if a district didn’t meet the standards, then money would be stripped from it. It’s obvious, however, that not all schools could meet the standards because every district contents with different local challenges and diverse student bodies; and as such, have their own strengths and weaknesses. The logic behind reducing state funding for low-performing schools is that it is motivation for teachers and students to perform better. Instead, the punishment not only degrades the morale of students and teachers by placing unnecessary pressures on them, but removing resources makes it harder for those schools to set higher bars for themselves. The ironic thing is that the schools least capable of meeting the standards, which are schools in rural and poverty-stricken areas, are the ones suffering the most financially. As such, an evidence-based funding model might inadvertently fuel the cycle of school inequality. The “One Size Fits All” approach towards school funding has already been rejected, as shown by the outcry over No Child Left Behind and Common Core. Ultimately, it is important for Springfield and Illinois residents to remember that parents, teachers, and administrators know what’s best for their unique districts and students, not lawmakers at the Statehouse. I think many elements of the evidence-based approach are great, like adequacy targets and tiers, which is further addressed in this paper. But the state cannot make choices and decisions for school districts. Even though the state has an important role to play in watching over schools with fewer resources or with less involved parents, I am afraid that evidence-based funding may enable the state to take too much control over schools by controlling their finances. I think the state can greatly increase its share of funding without giving itself the ability to set “one-size-fits-all standards” and a mechanism which it can dictate local decisions and outcomes. And Illinois needs to ensure that it meets new funding levels as soon as possible. Otherwise, a formula rewrite is pointless.

Moving forward, lawmakers need to end the special education block grant program for CPS special education, but fund its fair share of CPS pension obligations. No other district receives such a grant, and unless all districts start benefiting from one, then the program needs to end for the sake of fairness. In the end, my plan is for all schools, not just CPS. However, my plan can provide massive assistance to CPS. But the district will achieve the best results by structurally reforming the pension and administrative problems it faces. All other school districts in Illinois rely on the state special education funding formula for their special education dollars. A new, reconfigured special education formula is discussed further in this paper.

Two grants are included in the funding formula, a poverty grant and the Property Tax Extension Limitation Law subsidy (PTELL). The PTELL grant should be eliminated over time if the other sections of this formula are enacted. The goal is to reduce reliance on property taxes. But the limitation law bars districts from accessing extra capital available from increased property values. It would be beneficial for school districts to have access to that extra value if lower property tax rates are implemented. The state should not dole out its highly desired dollars to school districts that can access extra local capital. Second, the poverty grant should stay in place, but its growth needs to be checked by lawmakers and state school officials. In addition, a property-tax freeze should not be enacted. The idea sounds great in theory, and has solid economic reasoning behind it. However, a freeze would scare school districts into making unnecessary cuts, would further damage the sour and untrusting relationship between districts and the state, and may endanger school districts if Illinois does not stabilize its finances after a freeze enactment and live up to its promises. A freeze would not even be required if the legislature acted swiftly to enact the economic, structural, governmental, budgetary, and ethic reforms Illinois desperately needs.

The most helpful and important action the state can take is kick its addiction on local property tax revenue for school funding. The state needs to make sure its school funding sources are diversified to safeguard against economic downturns and to make funding increases easier to implement. The local and state aspects of my plan work hand-in-hand. With more revenue from local sources and ever increasing assistance from the state, the standard of school affluence, and with it the standard of education in Illinois, would go up. Therefore, the state would have the option of increasing the foundation level, which is currently set at $6,119 per pupil by 105 ILCS 5/18-8.05. The state would also have the options of increasing funding for schools that have local resources per pupil at or greater than 0.93 times the foundation level and/or districts with resources at or greater than 1.75 times the foundation level as defined by 105 ILCS 5/18-8.05. I am also in support of the Illinois School Funding Reform Commission’s new district adequacy targets. These targets are based on the local property tax base, number of students in poverty, English language learners, and other factors. But to reach the targets, state funding needs to be increased by at least 3.5-6 billion dollars.

General state aid is what mostly has been addressed. Nevertheless, it is important to remember the many funding formulas for special programs, services, and personnel, and the need to fully fund these obligations. Such a service is transportation. For school year 2016-2017 alone, the state owes my district, Charleston CUSD #1, 2.1 million dollars in transportation costs. This figure does not include debt owed for current and past general state aid obligations or other special expenses. Charleston and Coles County taxpayers for forced to make up the difference, and this situation further drives dollars from the classroom, which is completely unacceptable. To address these debts, the state needs to set up an investment/ interest-bearing fund that will, over a period of years and decades, help Illinois pay up k-12 school debt.

Two formula changes in special education need to be made. For the general special education formula, the block grant should be issued for the current school year and enrollment instead of the best three months of average daily attendance should be used. The percentage considerations of 85 and 15 percent, respectively, can stay in place. The other formula is the full time special education personnel reimbursement formula. Illinois gives all school districts in the state $9,000, in effect, for each special education staff member hired. (The formula is school days/180x9,000) This amount is fixed and is not subject to local influences, such as the local cost of living, poverty levels, and local tax resources. Kansas and Burr Ridge have different personnel costs, but both have an equal need for superb special education services and teachers. Kansas would have a much harder time maintaining a special education program with fixed state aid, while Burr Ridge could take advantage of local resources to maintain an excellent special education program. I have come up with a new formula: There should be a fixed rate of $15,000. The Consumer Price Index for Urban Wage Earners and Clerical Workers, used by the Social Security Administration, should be used to adjust for costs of living. The adjustments would be very small, but it is impossible to do unique calculations for every town, village, and city in Illinois. Districts, for every English learner and special education student in poverty, would get five percent of the fixed rate added to each personnel distribution. A special education student is anyone who has an Individual Education Plan (IEP), not only students in special education classes. Another approach is funding special education teachers and services based on the number of general education students and provide state funding for response to intervention. This type of arrangement would boost funding across the board, and allow districts to funnel money for their specific needs, which equals more local control. These benefits make this approach ideal as well. Special education funding is very important to me because of personal experience, and it needs to be a top priority. State accounts for special education need to be boosted over time and lockboxes need to be put on them to protect those accounts from being withdrawn from for other purposes.

Charter school funding is another important issue. Under current conditions, the state pays charter schools the per pupil rate that a student would have had on his or her head in his or her home school district. State-sponsored charter schools have the effect of pulling needed revenue away from home school districts. Charter schools serve a great purpose. But regular school districts must be the priority both for funding and improvements before charter schools. In fact, charter schools suffer from their own funding woes, just like regular districts. My plan calls for a new state fund for charter schools and school vouchers. The goal is to ensure districts lose as little money as possible. The state would incorporate the fund as an investment/ interest-bearing fund that would produce capital for itself. Regular tax dollars would be contributed to the fund, but parents of a certain income level that send their children to charter schools or benefit from vouchers will be required to pay an annual fee to the fund. The fund would pay half of tuition, while sending school districts would pay the other half. The state would pay a sending district the full area per-pupil rate. In effect, districts would be paid half that amount because the other half would be used by districts to send students to charter schools. In addition, private school tax credits should be given to individuals and corporations donating money to fund charter schools and scholarships for low-income students. This tax credit would not be given to families paying fees towards the fund or families receiving a free tuition ride.

 To achieve funding increases, the state, in addition to diversifying revenue sources, also needs to enact a mix of spending cuts and revenue increases. The cuts should be to wasteful programs and common-sense cuts. Some examples of wasteful funding to cut includes earmark spending such as one-million dollars for ethanol research (the federal government already subsidizes it) and $250,000 for the Illinois Department of Corrections Green Recycling initiatives, as well as excess spending in welfare programs such as Medicaid. In addition, it’s crucial that mandated spending programs, like pensions, be reformed. These types of programs are a huge drag on state resources, and will collapse without reform, dragging education funding and all of state government down with it.

A critical source of revenue Illinois is missing out on is internet sales taxes and the Illinois use tax. Existing Illinois law allows for internet sales tax collection if an online seller is selling to an Illinois resident and the seller has operations in the state. If there are not operations in the state, then no sales tax is collected. It wouldn’t hurt to collect sales tax on all online sales. To the point, taxpayers are required to report online sales and make up the difference in sales taxes not paid by online sellers with the use tax. It is up to taxpayers to be honest and self-report it, but most taxpayers don’t. The state should make the tax enforceable. Because online sales are conducted with credit or debit cards, banks should be required to develop software that can identify online purchases and calculate the proper sales/use tax. Then the bank would either send the information thorough their customers’ online bank accounts for self-reporting. All this information can be archived for a certain amount of time for enforcement purposes. All legal protections that protect citizens from improper access by the government to that information would apply. I know this is getting into tax, not education policy, but these issues are very much interconnected.

My plan is at its best with a booming economy and rapid economic growth. Reforms need to be implemented to jump-start economic growth. Without it, my plan can only go so far. The state has to grow the economy and gain a broader and more prosperous tax base to improve school funding. If that doesn’t happen, the system will collapse. My plan gives local districts more flexibility, in part, to buy time for the state to get its affairs together. At some point down the road, the state will have to fundamentally reposition itself as the main source of school funding. Don’t get me wrong, my formula meant to be a permanent solution, but can serve as a Band-Aid in the beginning phases. My plan gives districts more flexible financing options in the short-term. And in the long-term, it keeps property-taxes in check, reduces regression in taxing, and gives districts more freedom to increase or cut spending.

Now is the time for school funding reform. Schools across Illinois are in crisis, and the ride, courtesy of Springfield, is now too bumpy for them to hold onto. My plan is truly bipartisan. It gives the GOP a detailed policy proposal that will help its downstate constituency. It also respects the wishes of the GOP by boosting funding for downstate schools while not taking away money from any district, which causes communities to compete against each other. It also supports more local control over schools and calls for the funding or repeal of unfunded mandates. Democrats will be satisfied because my plan assists CPS, does not take money away from suburban districts, and will boost funding to well-off districts over time. It also allows districts to choose whether or not they are interested in switching funding sources, which ensures that best practices are followed. I am confident that my education funding plan will become law because I know that you, a loyal public servant, are in public service for the same reasons I want to be in it: To serve and make positive change happen for your extraordinary friends, family, and the just as extraordinary citizens of Illinois.