A tax increase is necessary to improve Illinois public schools, as this analysis demonstrates. When Illinois is compared to the rest of the United States, it has high wealth, low taxes, and low commitment to education. In fact, it has the financial capacity to have much better funded schools. Illinois ranked 12th nationally in average buying income per household, but ranked only 31st nationally in total dollar value of retail sales per household. The school funding for the city of Chicago ranks behind that of other major cities largely because of the low state contributions. The state has failed to fund important education reform programs authorized by the General Assembly in 1985 in the areas of early childhood programs, full-day kindergarten, dropout prevention, reading improvement, and summer programs for the gifted and talented. State funding for education has actually declined over the past decade, if declining purchasing power is taken into account. Children educated in wealthy districts benefit from the superior educational program. Currently Illinois relies heavily on local resources for education financing, but for districts with the least adequate schools, these resources are exhausted. Illinois must raise the corporate and individual income tax rate to increase the state's share of funding for education. (SLD)
A Tax Increase is Essential to Improve Illinois Schools

Prepared by:

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March, 1989
SUMMARY

I. When Illinois is compared to the rest of the nation, it has high wealth, low taxes, and low commitment to education. However, it has the financial capacity to have much better-funded schools.

II. Chicago’s school funding ranks behind other major cities largely because of the low state contribution in Illinois.

III. The state has failed to fund important education reform programs authorized by the General Assembly in 1985.

IV. State funding for education has actually declined over the past decade, when declining purchasing power is taken into account.

V. Children educated in wealthy districts benefit from a vastly superior educational program.

VI. Illinois relies heavily on local resources for education financing, but for districts with the least adequate schools, these resources are exhausted.
I. ANALYSIS OF ILLINOIS' POSITION NATIONALLY

When Illinois is compared to the rest of the nation, it has high wealth, low taxes, low commitment to education, but the financial capacity to have much better-funded schools.

Illinois' average teacher salary and pupil/teacher ratio are at acceptable levels only because Illinois' heavy reliance on local funding for education allows a few rich districts to spend much more on themselves, thereby raising overall state averages. Data suggests that Illinois has sufficient financial resources to have better education.

1. Illinois is a relatively affluent state.

* Ranks 10th in per capita personal income with $15,586. (D-3)
* Ranks 4th in total personal income with $180,052 million. (D-1)
* Ranks 9th in the ratio of total personal income to total students attending school with $112,816. (D-11)

2. Illinois ranks low in government spending for education as a percentage of available revenues and personal income.

* Ranks 37th in percent of state and local revenues going to education at 33.8%. (H-5)
* Ranks 43rd in state and local government expenditures for education as a percentage of personal income. It spends only $51.08 for every $1,000 in personal income. (H-4)
* Ranks 45th in state government expenditures for all education as a percentage of personal income. It spends only $30.68 per $1,000 in personal income. (H-2)

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1 Codes in parentheses following data identify charts in National Education Association, Data-Search. Rankings of the States, 1988.
3. Overtaxation has not been the reason for Illinois’ failure to spend adequately for education.

- Ranks 45th in state and local government expenditures per $1,000 in personal income with $150.82. (G-4)
- Ranks 34th in state and local tax collections per $1,000 in personal income with $99.23. (E-5)

4. Illinois does have enough total wealth generating taxes between local and state sources that even at a relatively low tax rate, enough revenue is generated to place current expenditures per public and elementary student at $4,217, or 20th nationally.

5. Illinois’ 20th ranking is based on a very strong reliance on local taxes for educational revenue at 55% making it 13th in the nation (F-6), and a low reliance on state revenues at 38%, making it 43rd in the nation. (F-8)

Districts that have strong local tax bases will have well-financed schools and those that have poor tax bases have little funding.

6. The Illinois expenditure per student is at best adequate by some measures and clearly inadequate by others. In no case could it be called excellent.

- Teacher salaries average $29,663, making the state 12th nationally. (C-11)
- Pupils enrolled per teacher are 17.26, making the state 25th nationally. (C-5)
- Average daily attendance as a percent of enrollment is 86% or 50th nationally. (B-7)
7. Illinois currently has low state taxes.

- Individual income tax revenue per $1,000 of personal income ranked 35th nationally at $14.69. (E-15)
- General sales tax revenue per $1,000 of personal income ranked 33rd nationally at $18.70. (E-16)

8. Illinois taxpayers have sufficient financial resources to pay for better education.

Illinois ranked 12th nationally in average buying income per household with $35,906, but ranked only 31st nationally in total dollar value of retail sales per household with $15,449. (D-14,15)
II. CHICAGO RANKS BEHIND OTHER LARGE-CITY SCHOOL DISTRICTS

Chicago's school funding ranks behind other major cities largely because of the low state contribution in Illinois.

1. The student-teacher ratio is high.
Compared to the 50 largest school districts in the country, Chicago ranks 27th in its student-teacher ratio. Among the 23 districts with ratios lower than Chicago's are New York, Philadelphia, Detroit, Milwaukee, Baltimore, Atlanta, Pittsburgh, and St. Louis.2

2. Teacher salaries are low.
Chicago ranks 16th among the nation's 50 largest districts in average teacher salary. Among the 15 districts with average teacher salaries higher than Chicago's are New York, Philadelphia, Detroit, Boston, and Pittsburgh.3

3. Chicago lags in total revenues.
Chicago ranks 19th in the amount of total revenue per student. Among the 18 districts with levels of per-student revenue higher than Chicago's are New York, Philadelphia, Detroit, Milwaukee, Cleveland, Boston, and Pittsburgh.4

4. Illinois ranks 43rd in the nation in percent of revenue for primary and secondary education derived from the state government.

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III. APPROPRIATIONS HAVE BEEN INSUFFICIENT TO
FUND PROGRAMS ALREADY AUTHORIZED

The state has failed to fund important educational reform programs authorized by the
General Assembly in 1985.

The State of Illinois' Education Reform Program of 1985 called for a number of
reforms and program improvements to better serve the needs of Illinois' student
population. Many programs, such as early childhood education, kindergarten classes, and
dropout prevention services, were recognized as essential for Chicago's student population.
Yet state funding levels have allowed implementation of only a small part of this agenda.
Full implementation in Chicago of only a few of the most important programs in the
1985 reform agenda would cost approximately $122.4 million, $95.2 million more than
current expenditure levels for these programs in Chicago.5 The costs for full
implementation in Chicago are as follows:

<table>
<thead>
<tr>
<th>Program</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Childhood Programs</td>
<td>$ 26.7 million</td>
</tr>
<tr>
<td>Full-Day Kindergarten</td>
<td>42.0 million</td>
</tr>
<tr>
<td>Dropout Prevention</td>
<td>16.8 million</td>
</tr>
<tr>
<td>Reading Improvement</td>
<td>24.1 million</td>
</tr>
<tr>
<td>Summer Gifted/Remedial Programs</td>
<td>12.8 million</td>
</tr>
<tr>
<td><strong>COST TO IMPLEMENT REFORMS (CHICAGO)</strong></td>
<td><strong>$122.4 million</strong></td>
</tr>
</tbody>
</table>

Early Childhood Programs The Assembly targeted preschool and early childhood
programs as high priority in the 1985 reform program. Because of shortages in funding,
however, Chicago now serves only 2,600 of its at-risk 3- and 4-year-olds in these early
childhood programs, about 5% of total need. In order to meet the high-priority need
to educate as many of these children as possible, Chicago would have to add 258 new

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programs to its present number. At a constant per-pupil cost, this would require an increase in funding to $26.7 million.

Full-Day Kindergarten  The 1985 reform program spoke of the need for full-day kindergartens to extend and amplify the benefits of preschool experiences. The only full-day kindergartens currently available, however, are funded by Chapter I (for educationally disadvantaged children) or as part of the desegregation program. Many more full-day kindergartens are needed. To provide Chicago's present kindergarten population — approximately 29,300 students — with full-day instruction would cost about $42 million. This figure is for instructional costs only, and does not account for the cost of additional space.

Dropout Prevention  The 1985 reform program called for new approaches to dropout prevention. Existing programs this year are serving 14,145 students in Chicago at a cost of $2.9 million. Some $14.1 million would be needed to serve a meaningful proportion of at-risk students and dropouts.

Reading Improvement  In its 1985 reform bill, the state authorized a reading improvement program to help students having trouble in this basic skill. The current year's appropriation of $12.3 million provides services for students in only a few schools. Analysis shows that approximately $24.1 million would be necessary to move a significant portion of Chicago's 57,000 bottom quartile students beyond that level. Rather than increase, or even maintain this program, however, state funding terminates after the 1988-89 school year. The rationale for termination is that local school districts will take it upon themselves to maintain or increase funds. Given the crisis in revenue availability
in Chicago and many downstate districts, however, this is clearly an unrealistic expectation.

**Summer Gifted/Remedial Programs** The 1985 reforms included initiatives aimed at providing summer school programs to remedial children in math and science as well as courses designed to help seniors reach sufficient credits to graduate. At $6.3 million, this program reaches only half of the students who would utilize this resource.
IV. STATE FUNDING HAS ACTUALLY DECLINED

State funding for education has actually declined for the past decade when declining purchasing power is taken into account.

On an inflation-adjusted basis, Illinois funding for Chicago Public Schools has declined by $98.5 million between Fiscal Year 1977 and Fiscal Year 1987. Furthermore, per capita school expenditures have declined steadily from 1975 to the present compared to other states. In 1975, Illinois ranked 5th in the nation; in 1980, 28th; and by 1985, it had dropped to 34th.

From 1978 to 1988 Illinois fell from 7th in the United States to 44th in per capita spending on education.

During the past three years, monies distributed by the state to all Illinois districts through its basic funding formula have decreased:

<table>
<thead>
<tr>
<th>Year</th>
<th>GSA Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986-1987</td>
<td>$1,823 million</td>
</tr>
<tr>
<td>1987-1988</td>
<td>$1,776 million</td>
</tr>
<tr>
<td>1988-1989</td>
<td>$1,821 million</td>
</tr>
</tbody>
</table>

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6 Chicago Public Schools, Program Budgets.


During this period, the cost of living in the Chicago area has increased by nearly 8%, but Chicago has received only 1% more per student.

A recent study released by the Illinois State Chamber of Commerce found that relative to the performance of other states, spending for education at the state level in Illinois lagged by .91 percent behind national trends as of 1986. This represented allocations of $147 million less than would have been predicted had Illinois followed spending trends typical of other states during the past decade. Spending on elementary and secondary education in Illinois ranked 19th of 23 state categories in terms of Illinois state spending priorities compared with those of other states. Only highways, higher education, payments to vendors, and state-run hospitals have greater shortfalls. 10

V. ADEQUACY

Children educated in wealthy districts benefit from a vastly superior educational program.

School districts located in communities with either high levels of personal income or a large industrial base are able to offer vastly superior educational programs than those, such as Chicago, that do not have strong resources.

Educational quality can be measured through analysis of three criteria: 1) expenditures per pupil in a district, 2) the lowest salary a district is willing to pay, and 3) the pupil-teacher ratio. These measures roughly indicate the quality of facilities and overall strength of the salary schedule available, the quality of the faculty the district will be able to hire, and the level of individual attention permitted the student.

Utilizing these criteria, the following chart demonstrates that in Cook County:

1) Salaries in wealthy districts begin at approximately $19,000.
2) The pupil-teacher ratio in wealthy districts is approximately 12 to 1 for elementary schools.
3) Wealthy districts spend approximately $5,500 per elementary pupil.

Data bases used to create the following analysis were obtained from CPPSPF.
### WEALTHY SCHOOL DISTRICTS

<table>
<thead>
<tr>
<th>District</th>
<th>Per Cap. Income</th>
<th>Pupil-Teacher Ratio</th>
<th>Lowest Teacher Salary</th>
<th>Per Pupil Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunset Ridge</td>
<td>$27,431</td>
<td>14.3</td>
<td>$20,380</td>
<td>$5,198</td>
</tr>
<tr>
<td>Lincolnwood</td>
<td>$23,923</td>
<td>8.0</td>
<td>$20,136</td>
<td>$5,109</td>
</tr>
<tr>
<td>Kenilworth</td>
<td>$46,649</td>
<td>12.7</td>
<td>$18,150</td>
<td>$5,686</td>
</tr>
<tr>
<td>West Northfield</td>
<td>$27,431</td>
<td>8.6</td>
<td>$19,200</td>
<td>$6,785</td>
</tr>
<tr>
<td>Glencoe</td>
<td>$38,101</td>
<td>11.6</td>
<td>$19,492</td>
<td>$6,037</td>
</tr>
<tr>
<td>Northbrook</td>
<td>$23,643</td>
<td>10.9</td>
<td>$19,850</td>
<td>$6,971</td>
</tr>
<tr>
<td>Winnetka</td>
<td>$38,204</td>
<td>12.3</td>
<td>$19,271</td>
<td>$6,035</td>
</tr>
<tr>
<td>Avoca</td>
<td>$38,101</td>
<td>12.3</td>
<td>$20,339</td>
<td>$6,566</td>
</tr>
<tr>
<td>Northbrook</td>
<td>$23,643</td>
<td>13.1</td>
<td>$20,400</td>
<td>$4,722</td>
</tr>
<tr>
<td>Golf</td>
<td>$21,698</td>
<td>11.7</td>
<td>$18,723</td>
<td>$5,506</td>
</tr>
<tr>
<td>Glenview</td>
<td>$21,429</td>
<td>14.2</td>
<td>$20,297</td>
<td>$4,595</td>
</tr>
<tr>
<td>Wilmette</td>
<td>$26,117</td>
<td>13.6</td>
<td>$20,652</td>
<td>$4,804</td>
</tr>
</tbody>
</table>

Because Chicago is a unit district, it is not purely comparable with the elementary districts above. Elementary districts are characterized by lower pupil-teacher ratios, lower starting salaries, and lower expenditures per pupil. Based on its overall statistics, Chicago's characteristics may be estimated conservatively at:

1) Pupil-teacher ratio at 16 to 1.

2) Lowest salary at $17,651.

3) Average elementary per pupil expenditure at $4,000.

Chicago's pupil-teacher ratio averages 4 students above wealthy districts. Its lowest salary is approximately $2,000 lower, and its per pupil expenditure is about $1,500 lower than in wealthy districts.
For Chicago to reach the service levels of wealthy Cook County districts, it would need to increase the number of teachers by about 25% and salaries by about 9%. This would translate into a total increase in expenditures per pupil of approximately 37%, or approximately $740 million in terms of the 1987-1988 budget. This increase still would not pay for maintenance of physical plant which, because of aging and vandalism, has become increasingly inadequate in Chicago.

Clearly Chicago's educational quality criteria lag far behind the level considered adequate by wealthy districts. It is safe to say that residents of those districts would never tolerate Chicago's expenditure level. Many moved to their new districts precisely because they knew that Chicago did not have the financial capacity to provide adequate educational quality.
Illinois relies heavily on local resources for educational financing, but for districts with the least adequate schools, these resources are exhausted.

As other studies have shown, Illinois has over the past 15 years become a state of districts that have funds for education and districts that do not. This is because more than for most states, Illinois relies on the property tax and local funding for educational support. Because of this policy, districts with huge industrial or commercial resources, or which have highly valued residential areas, raise large amounts of funds for their schools with minimum tax effort.

Most of the wealthy districts have exceptionally high property values because they are upper-class residential areas. Other districts actually have excess revenue-raising capacity because they have huge industrial bases that are not being taxed at a high level. In many cases, neighborhoods surrounding highly valued industries are populated with lower income people because their communities are less desirable due to noise, pollution and traffic. Because they have lower per capita incomes, residents may not approve tax levies high enough to extract from industry what it could pay since they would have to pay more themselves. Nevertheless, the presence of high industrial property value potentially allows for solid funding of schools with a low tax effort. Communities of this type include Rosemont, Niles, Stickney, Des Plaines, and Schiller Park.

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12 Center for the Study of Educational Finance, Documenting a Disaster.
Districts With Excess Capacity
But Low Personal Income
(Industrial/Commercial Property Districts)

<table>
<thead>
<tr>
<th>District</th>
<th>Property Value/Student</th>
<th>Pupil-Teacher Ratio</th>
<th>Per Capita Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rosemont</td>
<td>$751,730</td>
<td>8.7</td>
<td>$12,191</td>
</tr>
<tr>
<td>Niles</td>
<td>$595,708</td>
<td>10.1</td>
<td>$13,545</td>
</tr>
<tr>
<td>Stickney</td>
<td>$508,419</td>
<td>9.6</td>
<td>$11,241</td>
</tr>
<tr>
<td>Rhodes</td>
<td>$308,767</td>
<td>9.8</td>
<td>$11,902</td>
</tr>
<tr>
<td>Des Plaines</td>
<td>$240,153</td>
<td>12.0</td>
<td>$13,628</td>
</tr>
<tr>
<td>Schiller Park</td>
<td>$201,934</td>
<td>13.4</td>
<td>$11,376</td>
</tr>
<tr>
<td>Union Ridge</td>
<td>$282,769</td>
<td>9.0</td>
<td>$ 9,708</td>
</tr>
</tbody>
</table>

These districts may be contrasted with the many districts who have little industry, and relatively low per capita incomes. They are forced to exert relatively high tax efforts to generate even relatively meager teacher salaries or pupil/teacher ratios.

Low Capacity Districts

Low Income/Low Assessed Property Value

<table>
<thead>
<tr>
<th>District</th>
<th>Property Value/Student</th>
<th>Pupil-Teacher Ratio</th>
<th>Per Capita Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Chicago</td>
<td>$32,373</td>
<td>15.9</td>
<td>$4,577</td>
</tr>
<tr>
<td>Park Forest</td>
<td>$28,903</td>
<td>16.9</td>
<td>$11,247</td>
</tr>
<tr>
<td>West Harvey</td>
<td>$28,374</td>
<td>15.9</td>
<td>$7,615</td>
</tr>
<tr>
<td>Harvey</td>
<td>$23,828</td>
<td>16.7</td>
<td>$7,615</td>
</tr>
<tr>
<td>Posen/Robbins</td>
<td>$28,174</td>
<td>16.8</td>
<td>$9,303</td>
</tr>
<tr>
<td>Chicago Heights</td>
<td>$46,026</td>
<td>14.2</td>
<td>$8,943</td>
</tr>
<tr>
<td>Markham</td>
<td>$32,575</td>
<td>20.6</td>
<td>$8,221</td>
</tr>
<tr>
<td>Chicago</td>
<td>$42,730</td>
<td>16 *</td>
<td>$9,642</td>
</tr>
</tbody>
</table>

* Estimated because Chicago, as a unit district, combines elementary and high school.
These districts are characterized by low resident incomes and lack of industry as measured by the low property values per student. Despite high tax rates that strain the relatively low incomes, they end up with fewer educational resources. Per pupil expenditures for these districts average around $3,500 while starting teacher salaries range as low as $14,000.

The quality of education for children of Cook County clearly is determined presently by the financial resources available to the communities in which their parents have chosen, or have the means, to live. The levels of teacher salaries and pupil-teacher ratios correlate highly with average per capita income of the district:

<table>
<thead>
<tr>
<th>Per Capita Income</th>
<th>Pupil-Teacher Ratio</th>
<th>Lowest Salary</th>
<th>Expenditure per Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20,000 and Above</td>
<td>12.6</td>
<td>$19,228</td>
<td>$5,270</td>
</tr>
<tr>
<td>$15,000 to $19,999</td>
<td>13.3</td>
<td>$17,957</td>
<td>$4,891</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>15.1</td>
<td>$16,704</td>
<td>$3,853</td>
</tr>
<tr>
<td>Below $10,000</td>
<td>15.8</td>
<td>$16,612</td>
<td>$3,567</td>
</tr>
</tbody>
</table>

These statistics are particularly disturbing when one considers that educational quality is inversely related to the amount of tax effort a district makes. In other words, the communities that are spending the largest proportions of their personal incomes on education have the poorest funded school systems.
Illinois General State Aid for education is allocated through a formula which accounts for relative levels of needs of districts only at the most basic or "foundation" level. Because the state provides so little money for public schools, districts poor in financial resources remain condemned to inferior educational resources. Chicago is one of those districts.

SUMMARY

1) Clearly many school systems in Cook County are inadequate by the standards set by wealthy, well-funded districts. Elite districts do not settle for what poorer districts are forced to.

2) Districts with few financial resources that have the weakest educational systems do not have additional local resources to draw upon to improve them. Chicago has been accused of wasting money. But surely that is not true of every district that has a high level of tax effort, but a low financial base to draw upon. Clearly help of any significant level is not forthcoming from the federal government at this time either. The Chicago Urban League is not satisfied that children educated in school districts with little industry or commerce, must receive less. Children whose parents happen to make relatively small amounts of money do not deserve lesser educations than the more fortunate. The state must raise additional funds from those who have been endowed with better financial resources. Illinois must raise the corporate and individual income tax rate to increase the state's share of funding for education; many districts cannot adequately fund their schools on their own.
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