



# Illinois Education Research Council

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## POLICY RESEARCH BRIEF: NOVEMBER 2002

### *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 (4<sup>th</sup> quartile) and lowest poverty (1<sup>st</sup> 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 (34<sup>th</sup> out of 47 states) in funding to its highest poverty districts, and in the top 20% (8<sup>th</sup> 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 14<sup>th</sup> 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 27<sup>th</sup> in funding to districts in the third quartile, and 19<sup>th</sup> 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 8<sup>th</sup> 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 46<sup>th</sup> out of 47<sup>1</sup> 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 (41<sup>st</sup> and 44<sup>th</sup>, 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 14<sup>th</sup> in the size of this funding differential.

**LOCAL REVENUES:** Illinois ranks very high in local funding per student for its lowest poverty districts (4<sup>th</sup> among the 47 states), and 16<sup>th</sup> in local funds for its highest poverty districts, with similar taxation effort. **Illinois ranks 4<sup>th</sup> 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.

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<sup>1</sup> 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 48<sup>th</sup> when all states are included.