

- Currently, Illinois funds its public schools through an over-reliance on **property taxes**. Property tax is a local tax that charges you a certain amount based on the property that you own. Relying on property taxes causes wealthy areas to have well-funded schools and low income areas to have poorly funded schools.
- The state of Illinois contributes only **36%** of school districts' total revenues (the national average is 50%), which places an overwhelming burden on local communities to finance education through property taxes.
- When it comes to school funding, Illinois has not ranked well:
 - The state received a **D+** grade from *Education Week*, a national publication, when it comes to school funding equity. This funding equity gap is the 2nd largest in the nation. For

example, some districts in Illinois spend **\$23,000** per student, while others spend less than **\$6,000**.

◦ Illinois ranks **49th** in the nation for the proportion of state school funding it provides.

- The recommended “foundation funding” level is \$6,405 (according to the Education Funding Advisory Board).
- Currently, Illinois only guarantees a “foundation funding” level of \$5,334, which represents a gap of about \$1,000.
- There are three factors that determine how much a state actually spends per pupil:
 1. Local property wealth
 2. State aid
 3. Federal funds

- Chicago receives less money per pupil than most other large urban districts. On average, Chicago spends **\$8,000** per pupil.
 - Boston spends about \$2,000 more per student.
 - New York City spends about \$4,000 more per student.
- There are a number of different strategies/proposals for enacting school funding reform. Here are a few of them:
 1. **Tax Swap**—this would involve lowering property taxes while increasing the state income tax. HB/SB 750 relies on this method (see below).
 2. **Taxing services**—this would involve extending the sales tax to cover consumer services not currently taxed (i.e. haircuts, lawn care, etc.)

3. **Lottery**—this would involve selling or leasing the lottery to a private entity. This method would provide an immediate influx of cash, but would not address the long-term funding crisis in education.
 4. **Gross receipts tax**—this would involve levying a tax on the total gross revenues that a company takes in. Gov. Blagojevich and the *Chicago Tribune* favor this strategy.
 5. **Raising income tax**—the Civic Committee supports raising the income tax from 3% to 4%.
- **HB/SB 750**, a bill introduced by State Senator James Meeks, would raise foundation level education funding in the state. The bill would do so by raising the state income tax to 5% and expanding the state sales tax to include some consumer services (haircuts, lawn care, etc.), while also offering property tax rebates.