

CTBA

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Budget Accountability

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“Equity and *Education Funding* In Illinois and America”

THURSDAY, DECEMBER 5, 2013; 10:00 AM
ERIKSON INSTITUTE TASK FORCE MEETING
451 NORTH LASALLE STREET
CHICAGO, ILLINOIS 60654

Presented by:
Ralph M. Martire, Executive Director

The Equity & Excellence Commission's Charge was to Advise the DOE on:

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“the disparities in meaningful educational opportunities that give rise to the achievement gap, with a focus on systems of finance, and to recommend ways to which federal policies could address such disparities.”

Why Was that the Charge?

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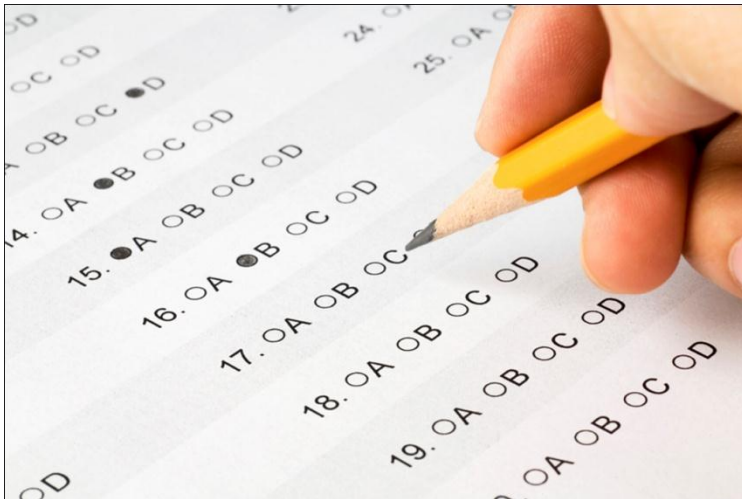
Public Education in America is not so much “Broken”
as it is under-resourced to education all children



Test Scores

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- The International Benchmark:
 - Combined PISA (Reading, Math, Science, Critical Thinking)
- Overall, U.S. schools scored a middling 500 with the OECD average @ 493



Reality ✓ #1

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- **But adjusting for poverty**

➔ U.S. schools w/ 0-10% poverty scored 551, best in the world (Finland was 2nd @ 536)

➔ U.S. schools w/ 10-24.9% poverty scored 527, top in the world for similar profiles (Canada was 2nd @ 524 and 4th overall)

Poverty

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- U.S. scores did not start to drop until poverty got over 25%
- In Illinois, roughly 44% of kids live in poverty.
- In CPS, the number is over 86%.



So the Charge of the Commission was on Point—The Core Issues Remain:

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- Poverty

and

- Insufficient Resources
Inequitably Distributed

Which is Nothing New

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Who first noted these as
core issues in U.S. Education





The NIXON COMMISSION on Education in 1972!

The Nixon Commission Found:

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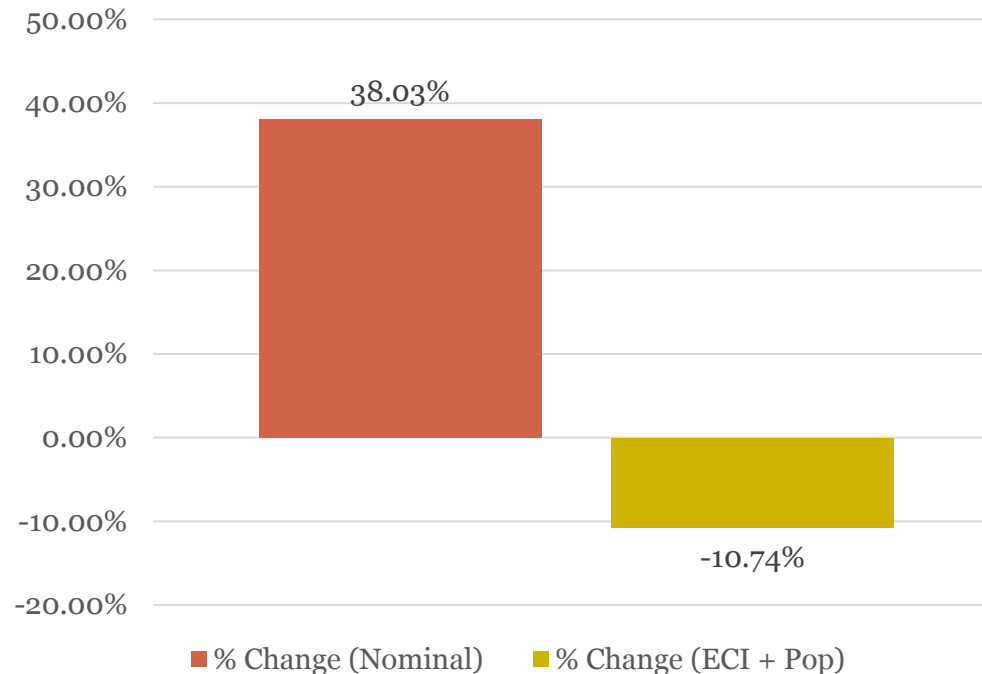
1. Educational funding at the state level is too tied to property taxes—and rarely is connected to the educational needs of children.
2. Money can help solve many of the Educational Problems that have surfaced.
3. States have the responsibility to reform school financing to eliminate disparities and ensure adequacy → If they don't.....



In Illinois, the State has been Cutting its Real Investment in K-12 Funding Since FY2000

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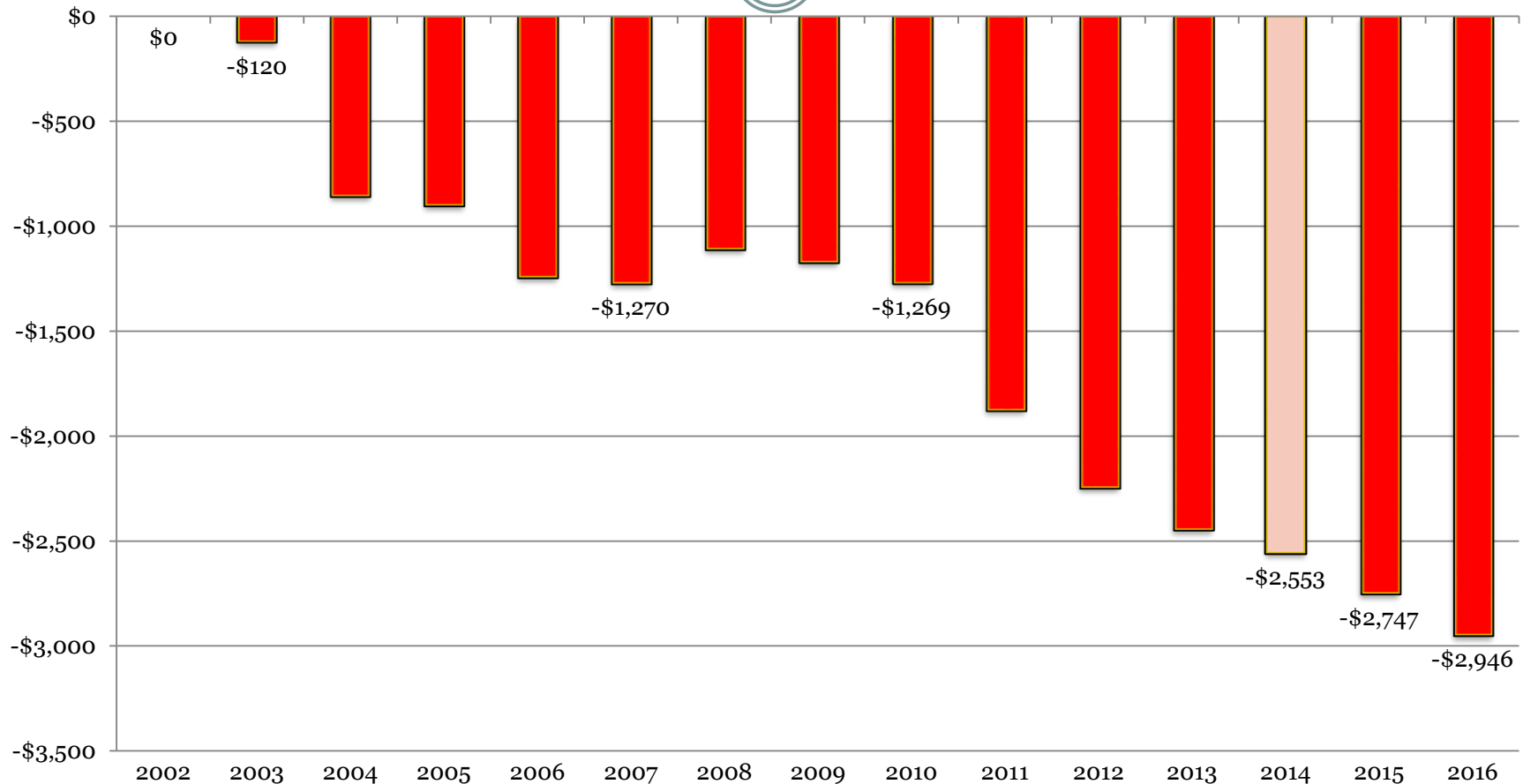
Enacted PreK-12 Education Appropriations for FY2014 Compared to FY2000,
Nominal and Adjusted for Inflation and Population Growth



... Despite the fact that the overall level of education funding is inadequate under both the state's own and national standards.

Dollar Shortfall in State Per-Pupil K-12 Education Funding to Meet EFAB Adequate Education Standard by Fiscal Year

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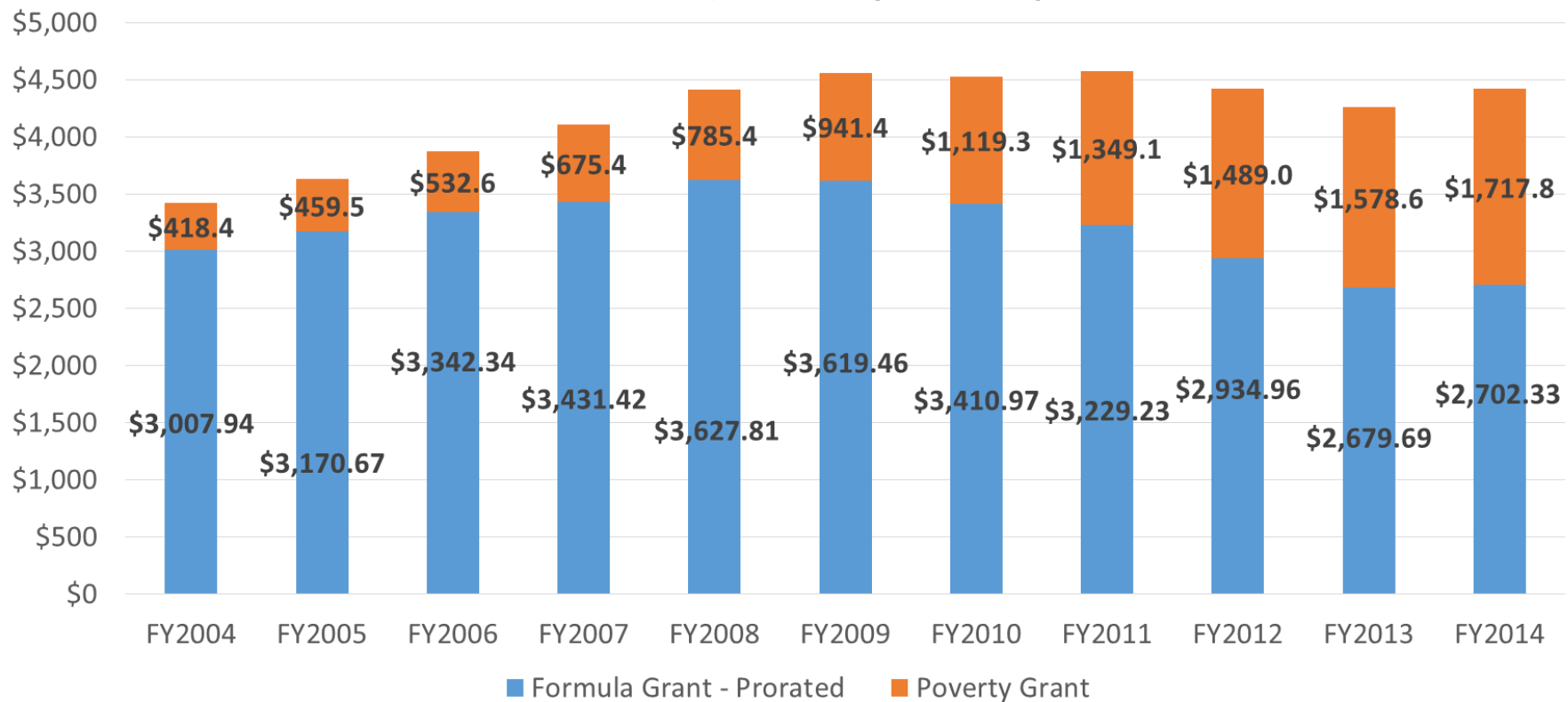


Sources: CTBA analysis of January 2013 EFAB data. Education Funding Advisory Board, *Illinois Education Funding Recommendations*, (Springfield, IL: January, 2013), p. 9. Appropriations adjusted using ECI and Midwest Medical Care CPI (for Healthcare) from the BLS as of January 2013, and population growth from the Census Bureau as of January 2013.

Despite Recent Increases, the Poverty Grant is Not Providing the Additional Support Poor Children Need

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GSA: Formula and Poverty Grant Claims,
Prorated, FY2004-FY2014



Poverty Grant

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From 2009 – 2014, cuts in GSA Formula Grant of \$917 million have offset 93% of the \$988 million growth in the Poverty Grant.

	FY2009	FY2014	Change	% Change
Formula Grant	\$3,619,456,292	\$3,045,596,344	-\$572,859,948	-15.8%
Formula Grant Prorated	\$3,619,456,292	\$2,702,330,957	-\$917,125,344	-25.3%
Poverty Grant	\$941,353,936	\$1,930,104,474	\$988,750,538	105%
Poverty Grant Prorated	\$941,353,936	\$1,717,792,982	\$776,439,046	82.5%

Local and State Share of Education Funding Spending

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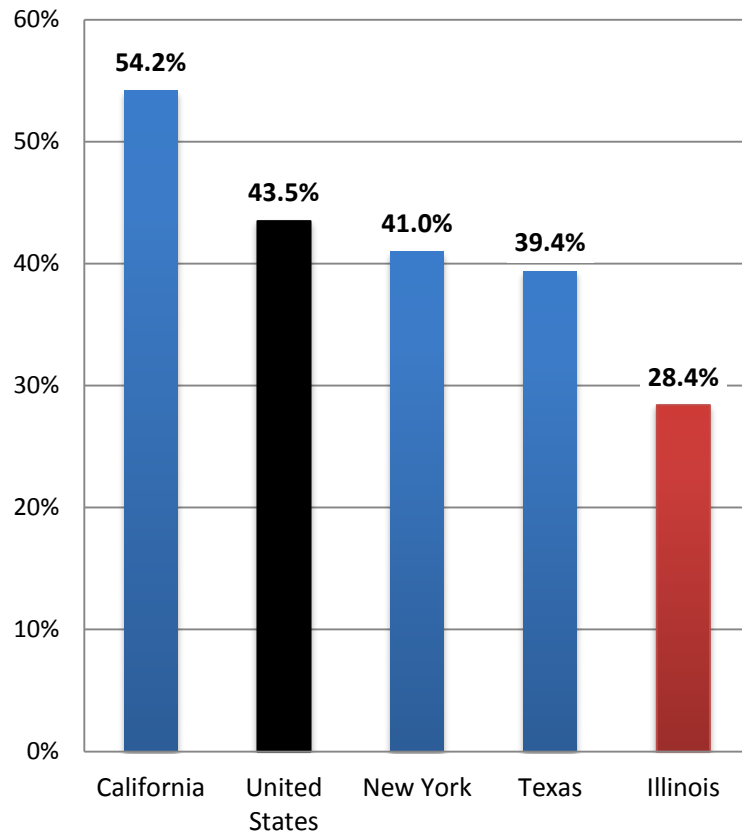


Source: National Center on Education Statistics, 2011. "Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2008-2009 (Fiscal Year 2009)."

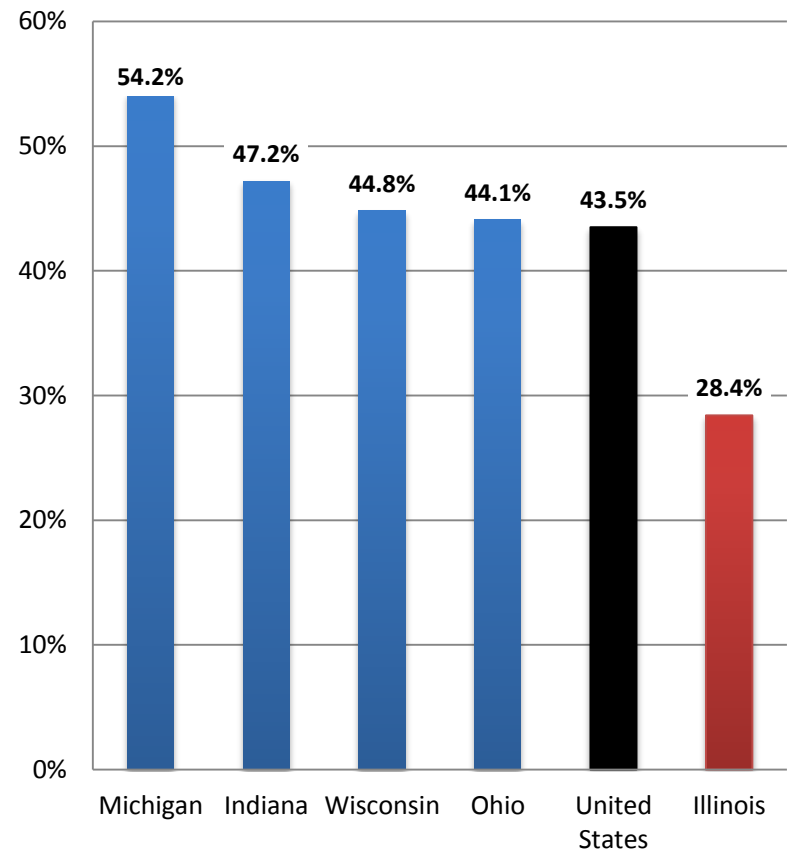
State Share of Education Funding

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State % Spending



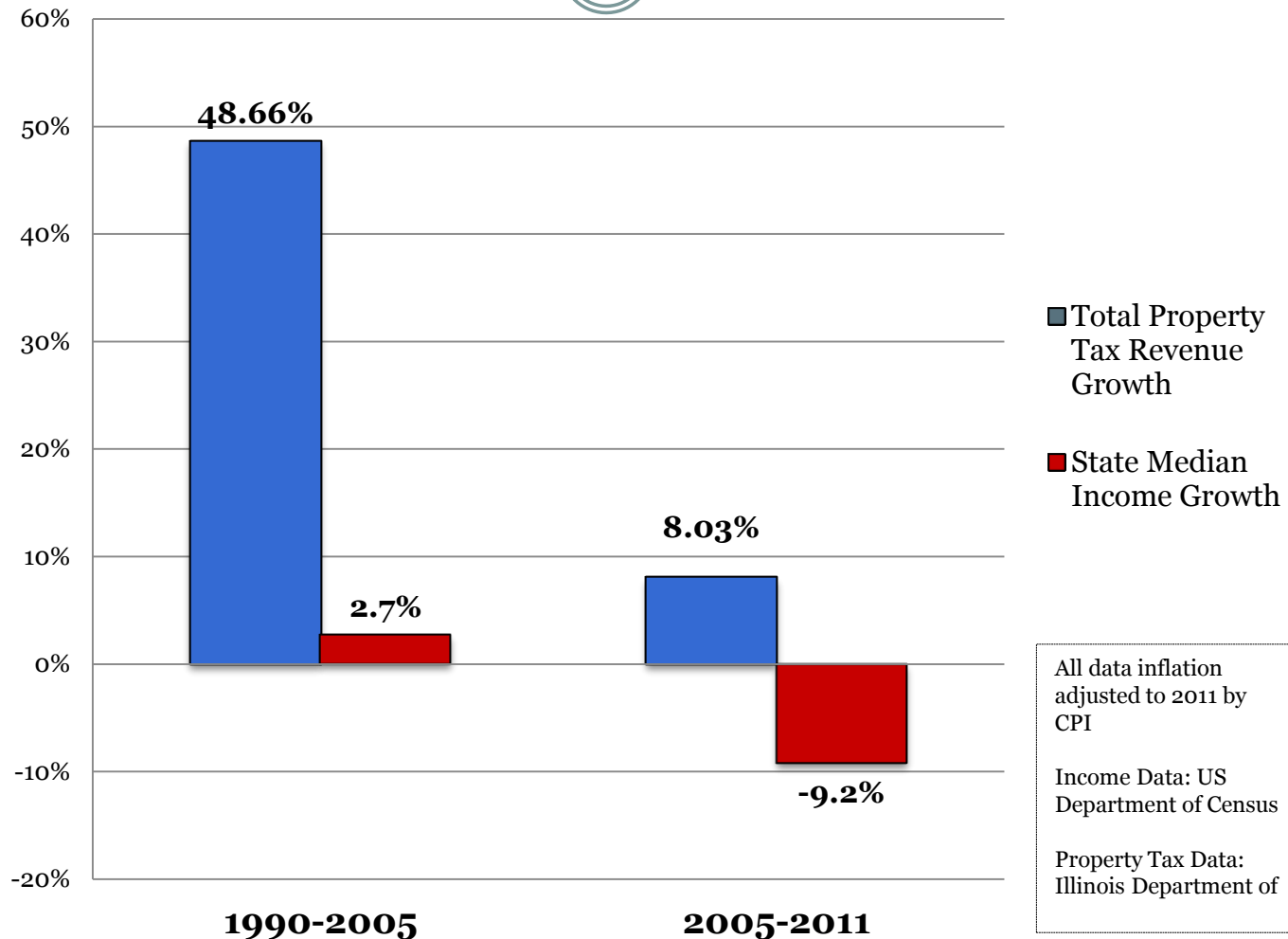
State % Spending



Source: U.S. Department of Education, National Center for Education Statistics, *Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2009-2010 (Fiscal Year 2010)*, (Washington, DC: November 2012).

Illinois Total Property Tax Revenue Growth vs. State Median Income Growth

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How Property Taxes Define School Funding in Illinois

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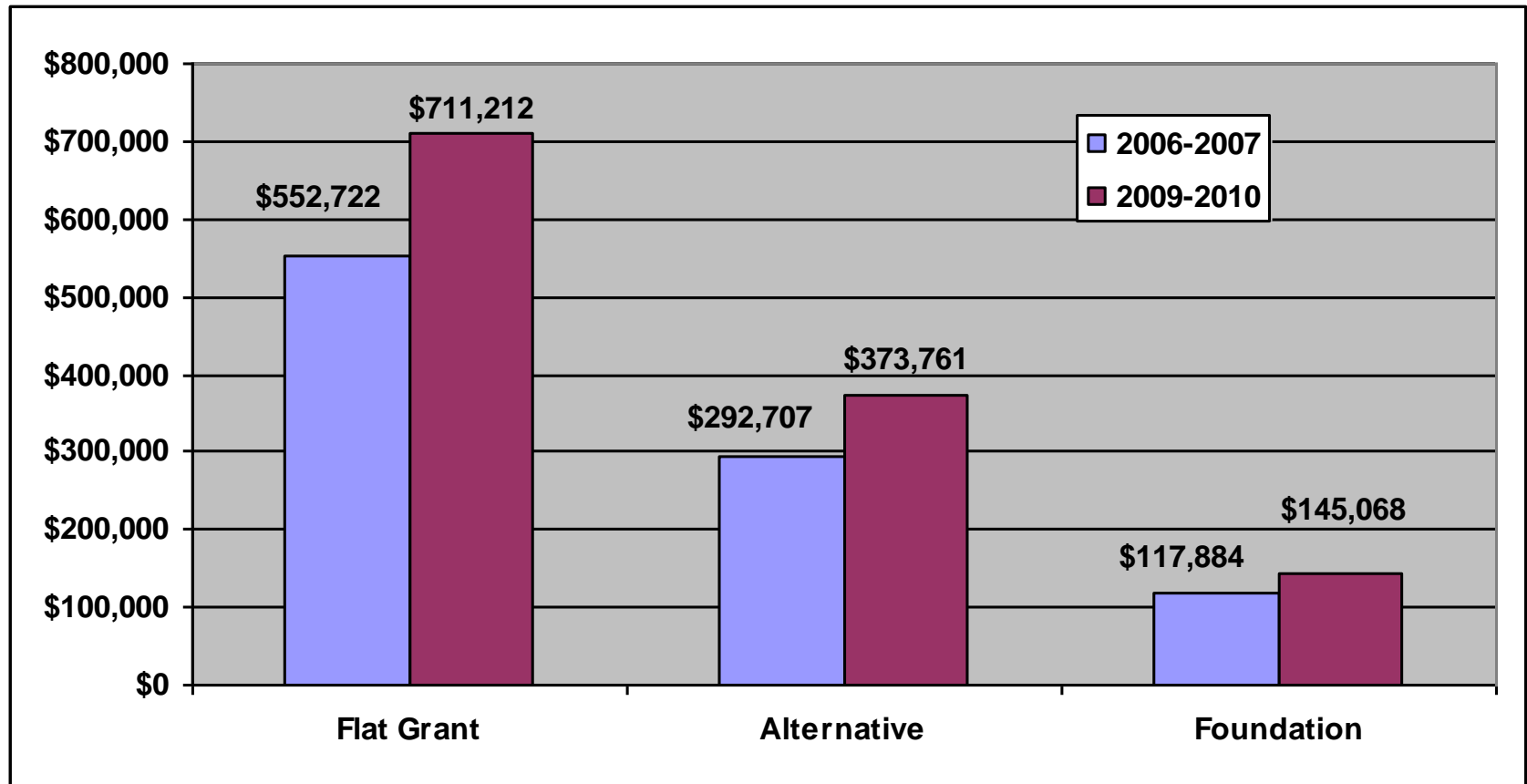
Based upon the ability to pay school operational costs via property tax revenue, the Illinois funding formula divides schools into three categories:

- **Foundation Level**: Schools that are able to fund 93% or less of total Foundation Level via local property tax revenue.
- **Alternative**: Schools that are able to fund between 93 and 175% of total Foundation Level via local property tax revenue.
- **Flat Grant**: Schools whose local property tax revenue exceeds 175% of the Foundation level of funding.

Generally, over 75% of all Illinois schools are funded via the Foundation Formula.

Equalized Assessed Value by Funding Type

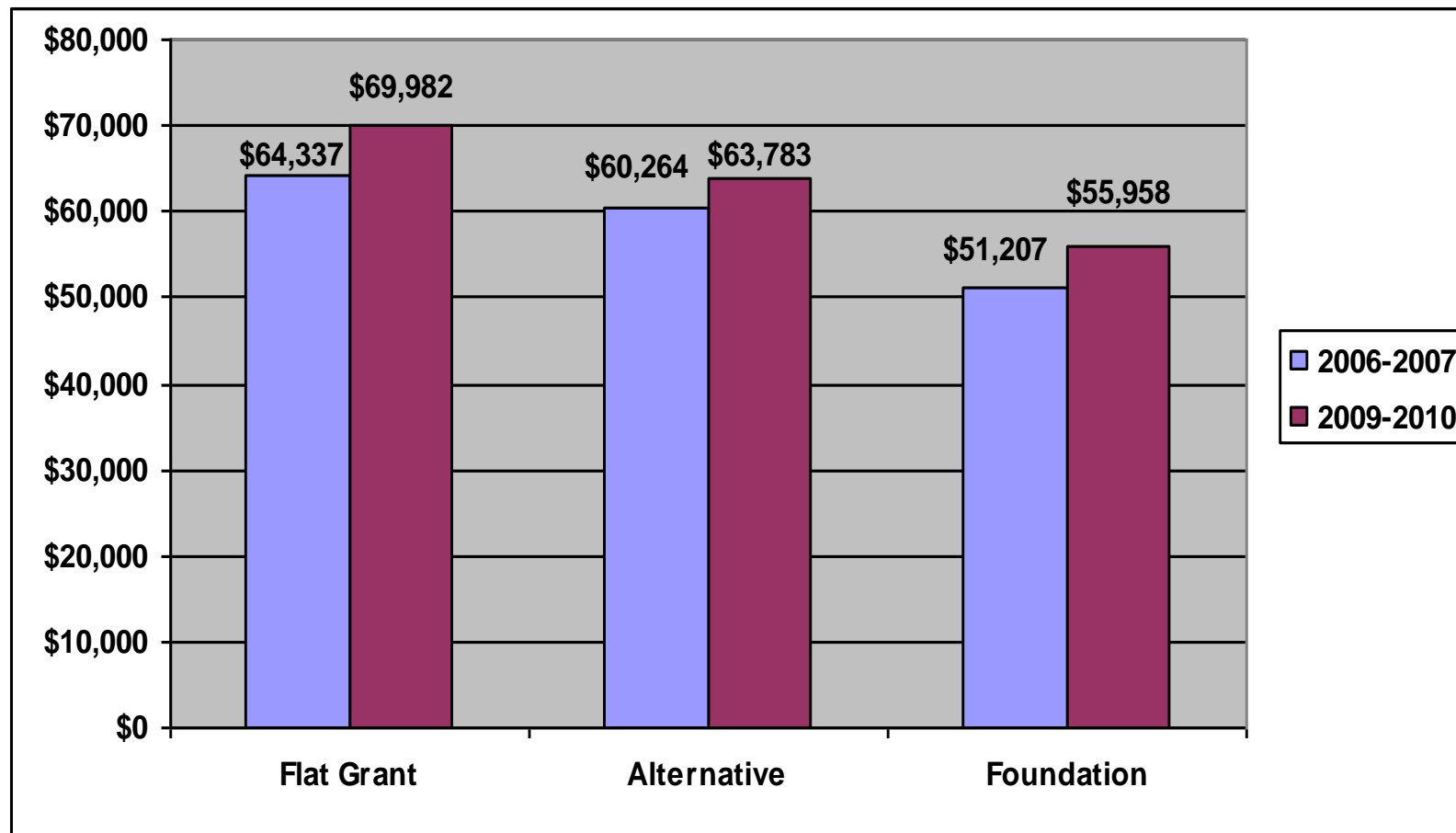
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Equalized Assessed Valuation (EAV) is a measurement of local wealth. Across both years, Flat Grant schools have on average nearly five times more local wealth available.

Median Teacher Salary by Funding Type

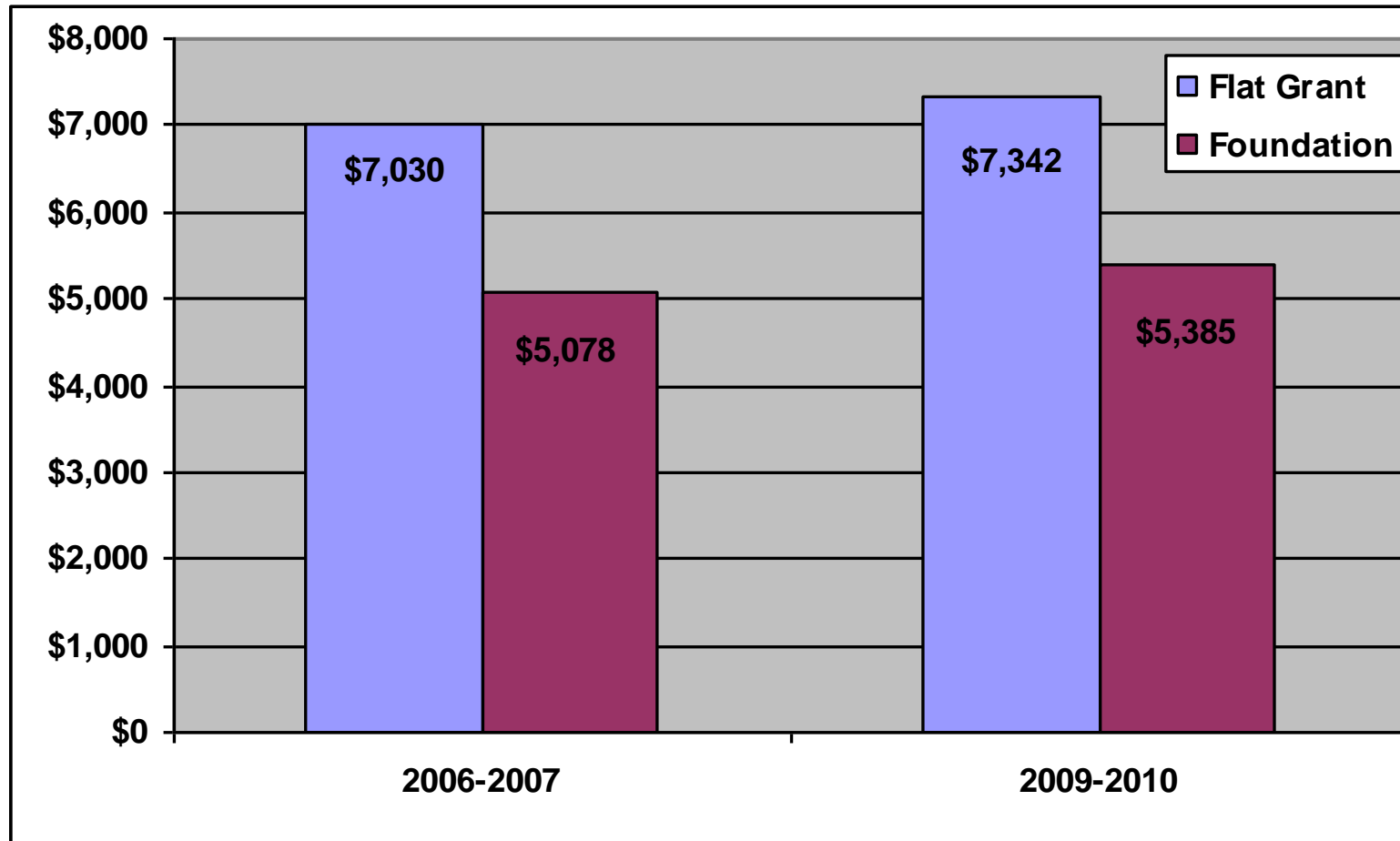
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The difference in teacher salary by funding type is significant. Across both years, teachers in Flat Grant schools were paid on average \$14,000 more than those in Foundation Formula schools.

Differences in Per-Pupil Instructional Spending

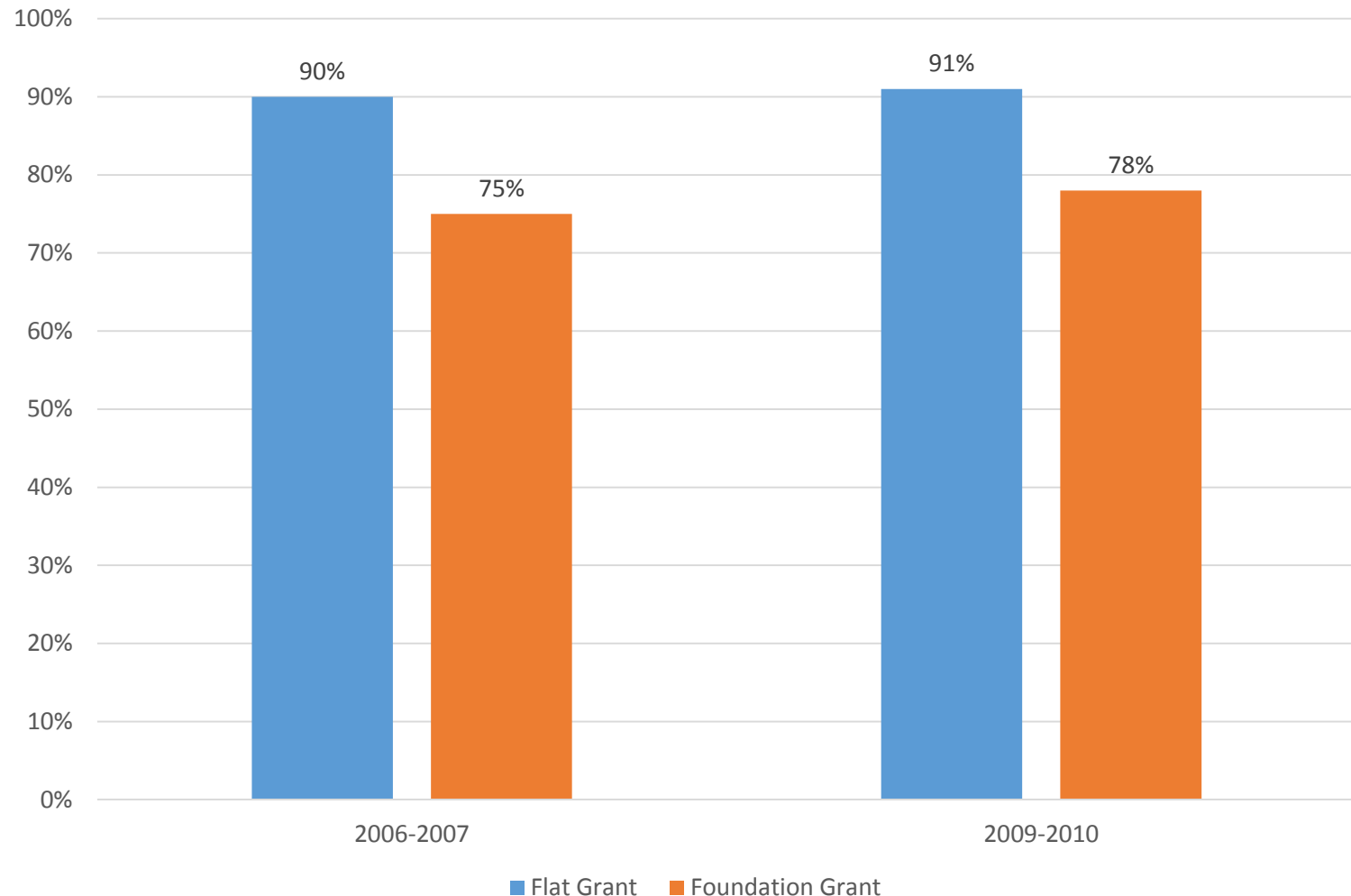
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The difference in instructional spending in 2009-10 was \$1957.

Percent Meeting and Exceeding ISAT Standards (Blended 3rd, 6th, and 8⁴th Grade Composite Results)

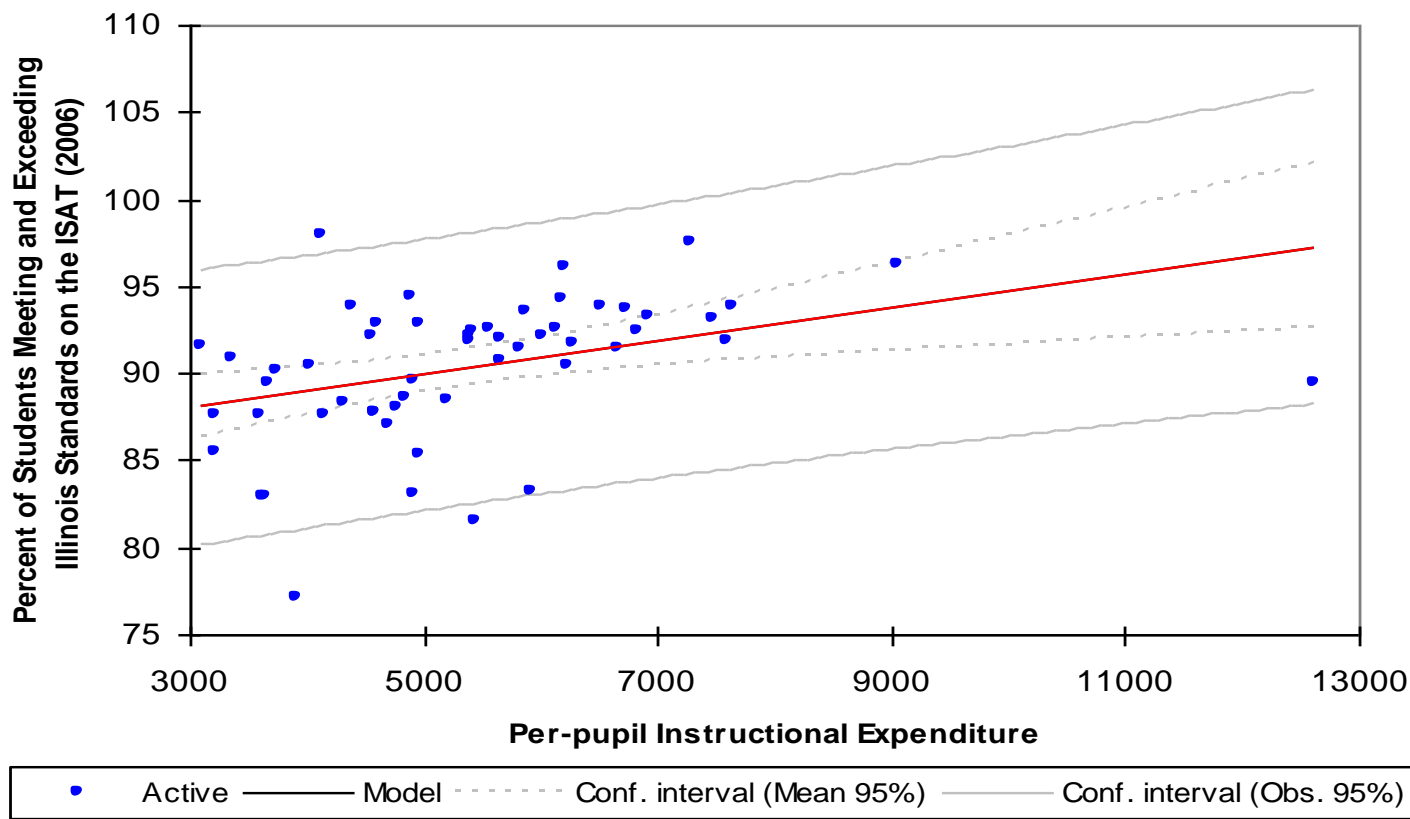
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And YEAH, \$ Does Appear to Matter

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Regression of ISAT Performance Vs. Per-pupil Instructional Expenditure for School Districts with 3-8% Low Income Rates

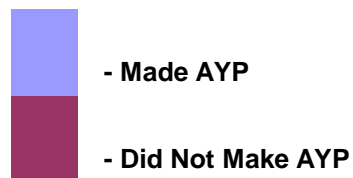
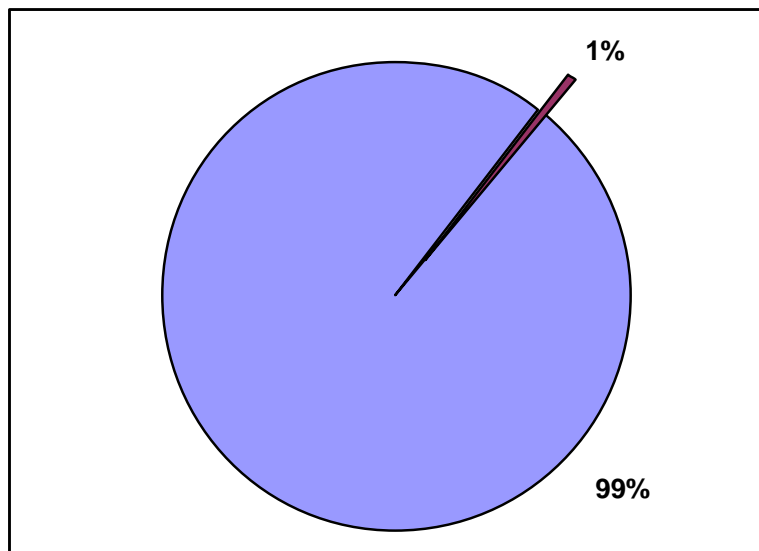


*Linear regression is a statistical analysis that shows the correlation of two or more variables, in this case, how per-pupil expenditures correspond to ISAT test scores. The regression line (heavy red) represents the predicted test score results a school district should obtain, given a specific level of instructional expenditure.

Lowest Poverty Schools Making AYP

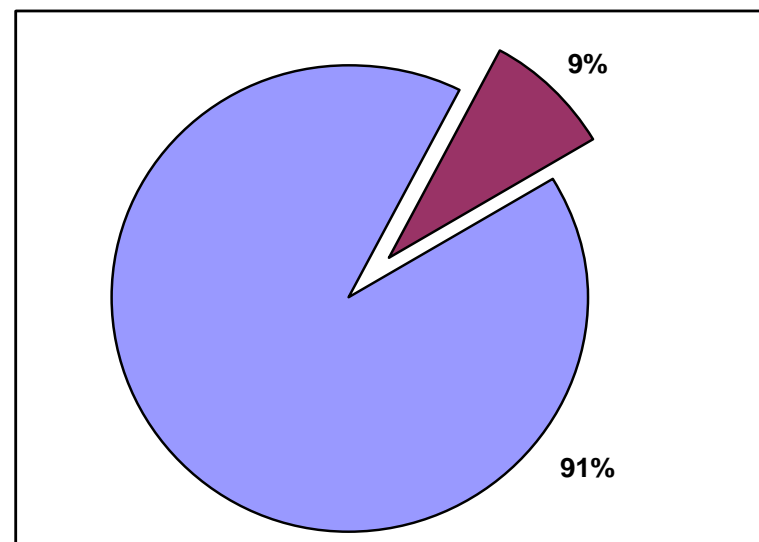
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2006-2007



Across both years in our analysis, over 90% of schools with very low poverty concentrations are making AYP.

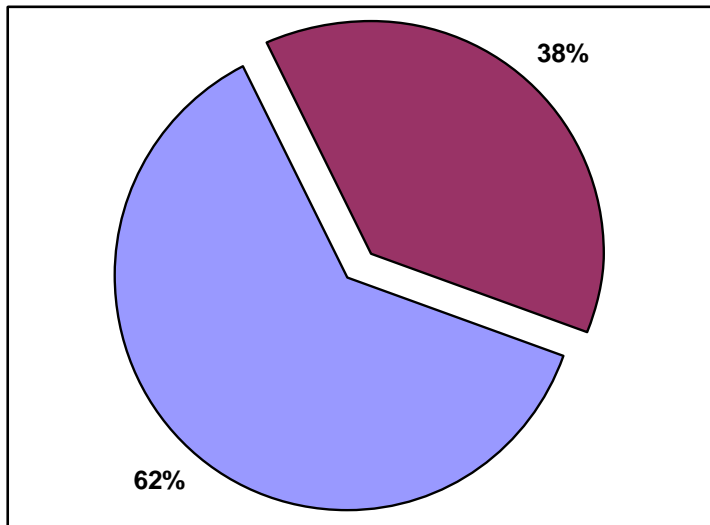
2009-2010



Highest Poverty Schools Making AYP

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2006-2007

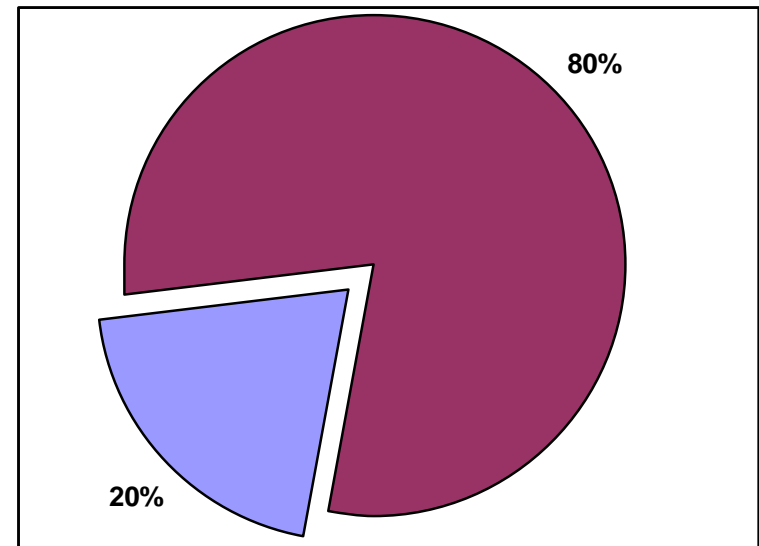


All students deserve an equal opportunity. Our current level of investment is not enough to reach students in schools with the highest concentrations of poverty.



The preceding slide, showing a 90% AYP passing rate differs markedly from this slide, showing AYP passage rates in schools with the highest concentrations of poverty.

2009-2010



Really????

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- YES: Illinois ranks 50th out of 50 states in portion of education funding covered by the state

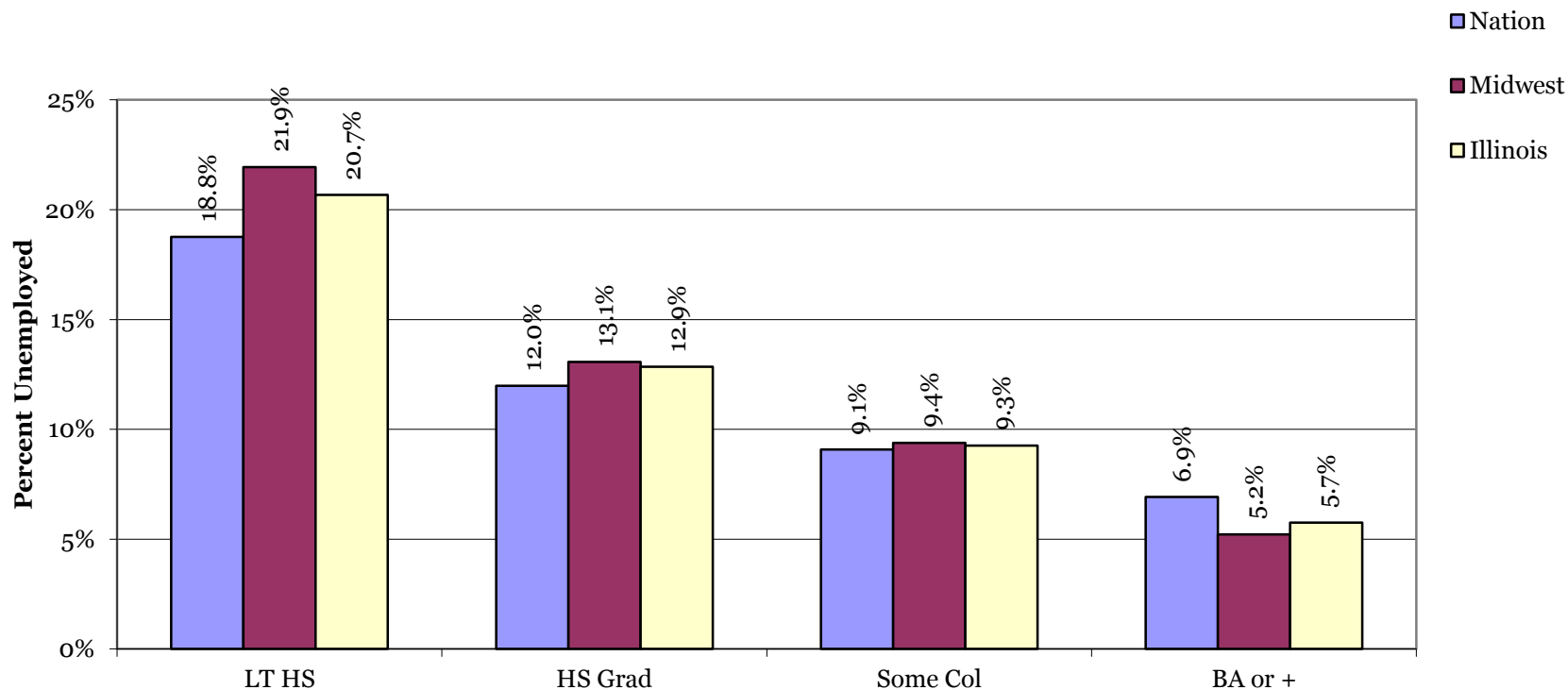
But Education
now matters more
than ever to
economic prosperity:



- Generally: unemployment rates are highest for those with the least education.

Unemployment Highest Among Least Educated, 2010

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Source: EPI Analysis of CPS Data

Wages for Minorities Lag Whites

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Real wages for Whites increased modestly between 1980 and 2010, but :

- The White-Hispanic wage gap is larger in amount, but increased by a smaller percentage, growing from \$4.01 in 1980 to \$5.86 in 2010, an increase of **46%** over 1980
- Real wages for African-Americans declined. The hourly wage gap between Whites and African-Americans grew from \$1.60 in 1980 to \$3.08 in 2010, an increase of **92.3%** over 1980

Still Separate

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- Illinois is the third most segregated state in K-12 education for blacks
- 82% of black children attend majority/minority schools
- 90% of white children attend virtually all white schools

*(*Source: 2006 Education Trust study on segregation)*

... Still Unequal

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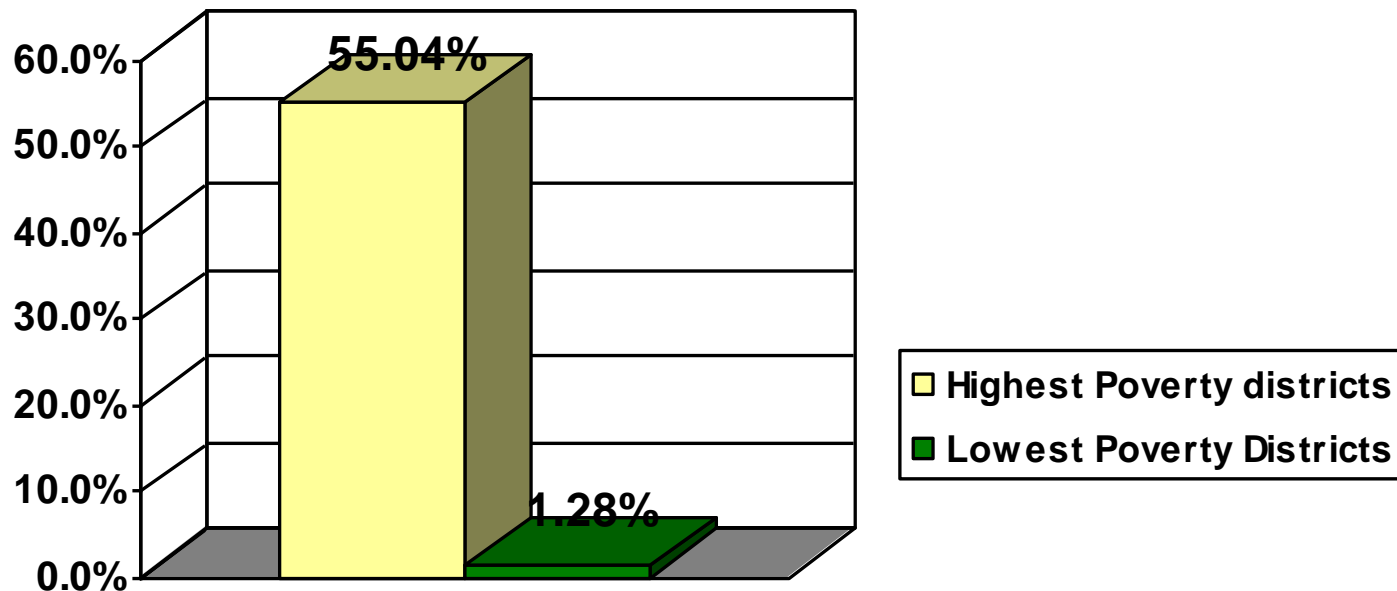
- Minority school districts start out with \$1,154 *less* per child to spend on education
- That's the second worst gap in the nation

*(*Source: 2006 Education Trust study on segregation)*

Race Matters

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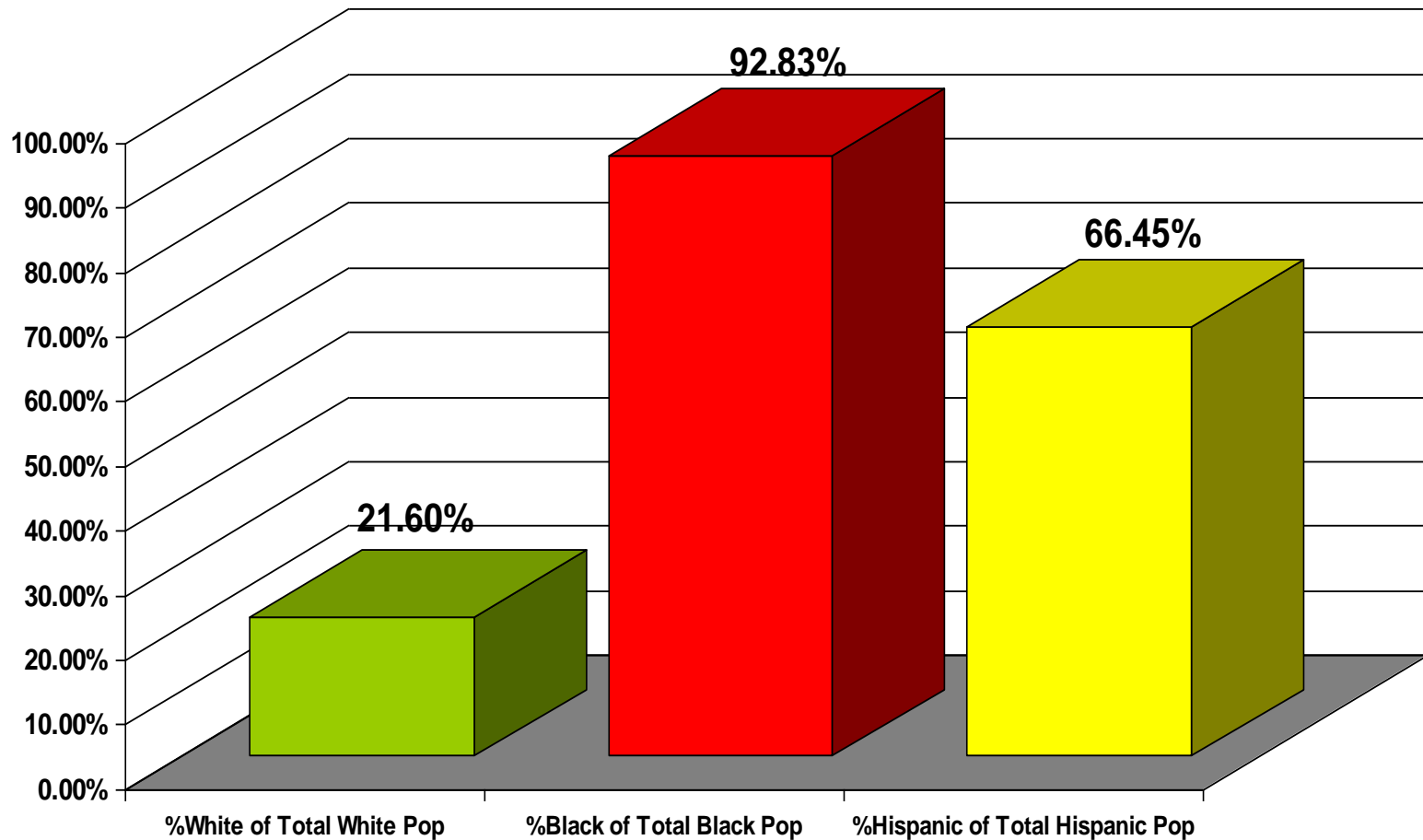
Percentage of African-American Students in High and Low Poverty Schools



Race Matters

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Percentage of Students in Districts with Poverty Rate of 30% or Greater



So —

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CAN WE EXPECT THINGS TO GET BETTER?

FY2014 Enacted General Fund Appropriations as Passed by the 98th General Assembly (\$ Millions)

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Category		Appropriation
(i)	Total General Fund Appropriation for Capped Items (Net)	\$35,697
(ii)	Total Hard Costs	\$11,123
	Debt Service (Pension & Capital Bonds)	\$2,182
	Statutory Transfers Out	\$2,878
	Pension Contributions	\$6,063
(iii)	Repayment of Bills	\$50
(iv)	General Fund Service Appropriations (Gross)	\$25,024
	Healthcare (including Medicaid)	\$7,171
	PreK Education	\$300
	K-12 Education	\$6,386
	Higher Education	\$1,991
	Human Services	\$4,996
	Public Safety	\$1,648
	Group Health Insurance	\$1,346
	Other	\$1,185
(v)	“Unspent Appropriations”	\$500
(vi)	Net General Fund Service Appropriations	\$24,524

FY2014 Accumulated Deficit (\$ Billions)

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Category		HR-389 Revenue	COGFA Revenue
(i)	Projected FY2014 Revenue	\$35.45	\$35.08
(ii)	Projected FY2014 Hard Costs	\$11.12	\$11.12
(iii)	Projected Deficit Carry Forward from FY2013	\$7.79	\$7.79
(iv)	Projected Net FY2014 General Fund Revenue Available for Services	\$16.54	\$16.17
(v)	Projected Net General Fund Service Appropriations	\$24.52	\$24.52
(vi)	Estimated Minimum FY2014 General Fund Deficit	(\$7.98)	(\$8.35)
(vii)	Estimated Deficit as a Percentage of General Fund Service Appropriations	-32.54%	-34.05%

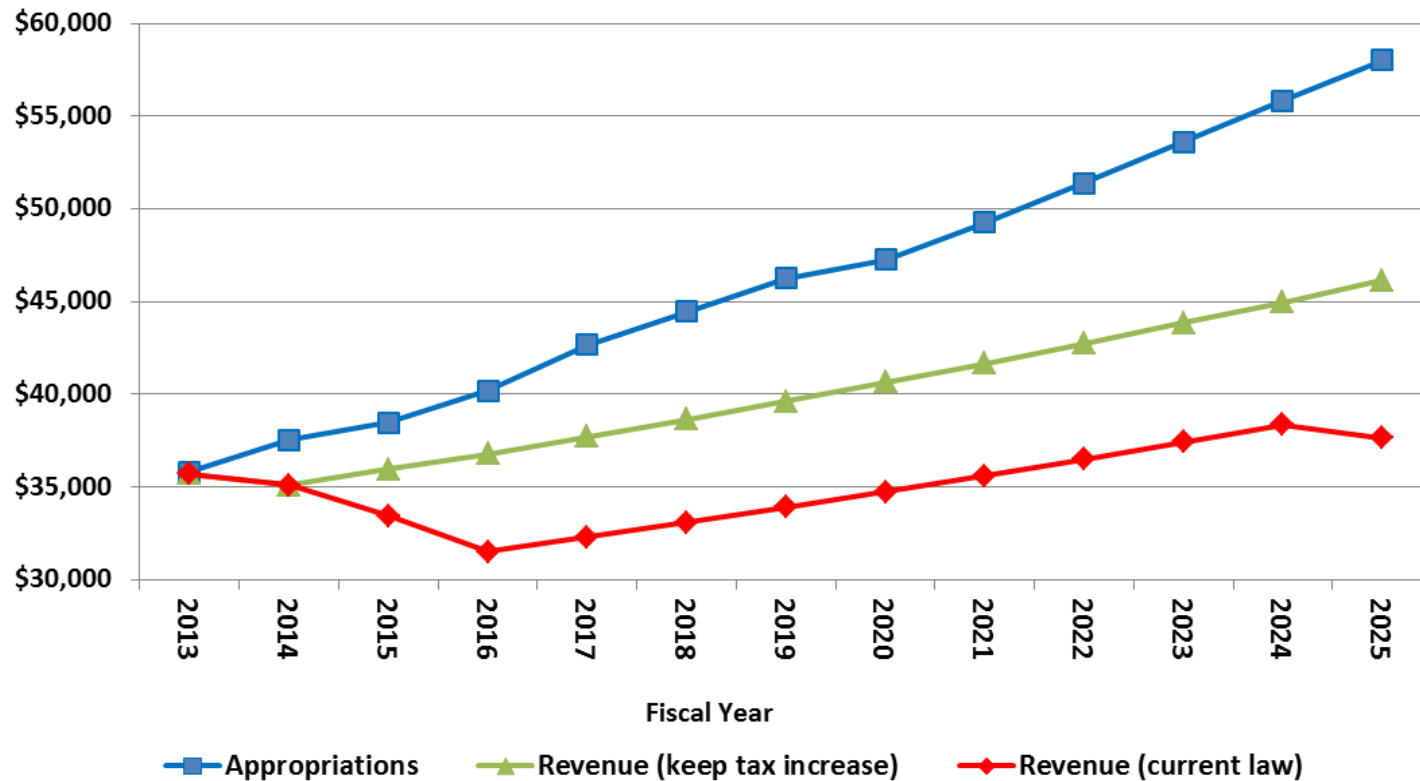
Source: Appropriations from and FY2014 CTBA analysis SB 2555, SB 2556, HB 206, HB 208, HB 213, HB 214, HB 215, passed by the 98th General Assembly; and hard costs from COGFA, *State Budget of Illinois Budget Summary: FY2014* (Springfield, IL: August1, 2013), 26.

This is the 23rd consecutive fiscal year with a General Fund deficit

Which Creates a Structural Deficit

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**General Fund Revenue and Appropriations
(\$ Millions)**



The Solutions

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- **General goals:**

- **Implement a strategic, comprehensive approach for sustainable fiscal and education systems reform that:**

- ✦ Is driven by evidence and best practices;
- ✦ Bridges, rather than reinforces, ideological divides; and
- ✦ Results in adequate fiscal capacity to fund K-12 education sufficiently, sustainably and equitably.

The Solutions

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- **Specific Goals:**

- **Education/Fiscal Reforms Should be Focused on:**

- ✦ Moving to an evidence-based school funding formula;
- ✦ Building collaboration/reducing competition;
- ✦ Building the teaching profession;
- ✦ Investing adequately in poorest schools on up, focusing on equity as core to excellence;
- ✦ Investing in early childhood education, wrap-around services and overall education funding;
- ✦ Enhancing induction/mentoring;
- ✦ Building skills of principals;
- ✦ Ensuring funding goes to K-12 thru “Lock-Box” type structure; and
- ✦ Tying education to needed fiscal reforms.

Net Outcome

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Building capacity so that every school provides high quality education tailored to meet student need.

For More Information

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