

Challenges for Education: K-12 Funding



By Christopher
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Illinois continues to face significant structural challenges in K-12 education and has experimented with ways of avoiding those obstacles. Most notably, the state still sees substantial inequities in the level of resources available to children from different communities. Yet the current crop of reforms in elementary and secondary education utilize approaches that tend to de-emphasize inputs such as resources in favor of standards, accountability, choice, and structural reforms of school governance. In this, Illinois is quite comparable to many other states in embracing such strategies. But the state has been notable in the degree of continued inequity and the extent of its newfound faith in structural remedies of school governance.

Funding

Traditionally, Illinois has been ranked as one of the least equitable states when it comes to the distribution of funding for K-12 schools. Because of its strong reliance on property taxes, the remarkable degree of residential segregation patterns across urban, suburban and rural communities, and the lack of specific language in the state constitution requiring equity of education funding, a recent report by the Center for American Progress concluded that Illinois “has historically been one of the nation’s most persistently inequitable state school finance systems.”¹

While this reputation persists, in recent years Illinois has risen in the rankings on one of the most prominent measures of equity in education finance. The annual *Quality Counts* reports from Editorial Projects in Education in Education (EPE)



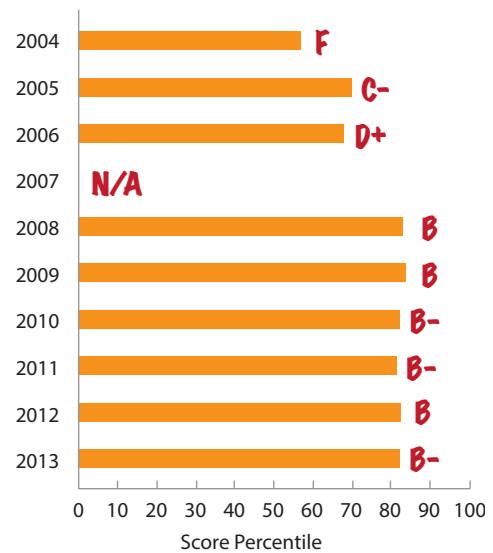
grades the states on several issues, including the fairness of school finance systems. The reports have recently cast the state in a relatively positive light. A decade ago, Illinois was given an “F” grade, while it more recently ranks in the B to B-range, slightly above the national average (see Figure 1). Over the same period, the state’s grade on overall K-12 education funding has fallen as spending has stagnated relative to other states, especially relative to GDP.

However, this relative improvement in the grade for equity in Illinois does not represent a substantive improvement in the equity of education resources, but largely reflects a 2007 change in the grading system used by EPE. Since 2009, the equity score for Illinois has actually been in decline, and still stands out in the Midwest for the level of inequity. As an illustration, the Illinois State Board of Education indicates that the Seneca-Township High School District in north-central Illinois spends \$26,318 per student, while Paris-Union School District 95 in east-central Illinois spends \$6,016 on each student.²

Indeed, the funding structures in Illinois are not only inequitable, but among the most regressive in the nation. The Education Law Center has been providing annual updates on education finance in the states, accounting for a number of factors such as district size and labor costs.³ Illinois is one of only six states where children living in districts with higher rates of poverty receive significantly fewer public resources to support their education. In fact, Illinois rivals Texas as the most regressive state, where students in poorer districts are provided with substantially less money overall compared to their peers in more affluent districts.

And while Texas has a lower overall level of spending on K-12 schooling, the spending

Figure 1
Grades Assigned to Illinois by Editorial Projects in Education Quality Counts Reports (2004–2013)



Education Week Research Center, Quality Counts reports 2004-2013

ratio between wealthy districts and districts with at least 30 percent of students living in poverty is not as severe as in Illinois. In the Prairie State, a child in an impoverished district can expect to have about \$3 spent on his/her education for every \$4 spent on a child in a district with no children in poverty. While federal compensatory programs are intended to alleviate such inequities, spending in Illinois, even after taking account of that federal funding, is still more inequitable than spending in Texas without such federal funding.⁴

¹ Bruce Baker and Sean P. Corcoran, “The Stealth Inequities of School Funding: How State and Local School Finance Systems Perpetuate Inequitable Student Spending,” (Washington, DC: Center for American Progress, 2012); Business and Professional People for the Public Interest, “Illinois Ranks near Bottom in Fair Distribution of Education Funds New National Study Finds,” news release, October 12, 2010, http://www.schoolfundingfairness.org/PDF/IL_SchoolFundingFairnessStudy—BPIRelease.pdf.

² Thomas A. Kersten, *Taking the Mystery out of Illinois School Finance*, 6th ed. (Ypsilanti, MI: National Council of Professors of Educational Administration, 2014).

³ Bruce Baker, David Sciarra, and Danielle Farrie, “Is School Funding Fair? A National Report Card,” (Newark, NJ: Education Law Center, 2012). Business and Professional People for the Public Interest, “Illinois Ranks near Bottom in Fair Distribution of Education Funds New National Study Finds.”

Charter schools

Such significant and chronic inequities in educational funding exemplify entrenched gaps in the opportunities available to young people in Illinois – gaps due largely to family background and residence. An apparent remedy that has been popular with policymakers for dealing with such opportunity gaps has been to offer families a choice of schools beyond those available from their local school district, while at the same time creating more autonomous schools that can inject some competition into the public school system.

Charter schools are perhaps the best illustration of this approach. These schools are publicly funded, but are typically run by organizations other than school districts, including private organizations that are afforded a substantial degree of autonomy. Charter schools have enjoyed bipartisan support since first being introduced in Minnesota in 1991 (and in 1996 in Illinois), and there are now more than 6,000 such schools in the U.S. serving more than 2 million students, with 145 charter school campuses operating in Illinois as of 2013.⁵

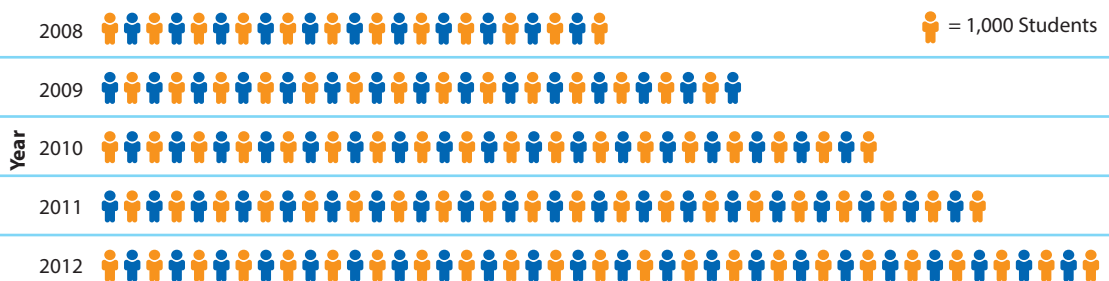
Illinois has also seen a remarkable growth in the number of these schools, reflecting the hope that they can bring new ideas and innovations into public education and thereby offer students trapped in underperforming districts access to higher quality educational opportunities. This strategy is also very

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much aligned with the approach used in Chicago to leverage contract schools for encouraging new operators to run schools and thereby create new opportunities for students. From 2008 to 2012, the number of students attending charter schools in Chicago nearly doubled (see Figure 2).⁶

This approach will likely accelerate further as Chicago Mayor Rahm Emanuel pursues a strategy of closing numerous public schools and inviting new charter school operators to assume a greater role in the city. Yet as charter schools have become a primary mechanism for education reform in Illinois, the questions that need to be addressed regarding the effectiveness of that approach mirror the questions about the larger charter school movement in the nation. The two main issues revolve around the types of students served in charter schools and the relative effectiveness of these schools. With respect to those issues, the evidence is not particularly clear, and certainly not as compelling as charter advocates suggest.

Figure 2
Number of Students Enrolled in Charter Schools in Chicago



Source: Charter Sector Overview, Illinois Network of Charter Schools, 2013



First, with regard to the populations served, the hope was that charter schools would offer educational opportunities to disadvantaged students. Indeed, the concentration of charter schools in urban areas means that charter schools are more likely to be located in areas with higher concentrations of poverty. For instance, charter advocates have noted that about 87 percent of students in Illinois charter schools are from low-income households, compared to 48 percent of the public school population.⁷ This is, of course, because most Illinois charter schools are located in Chicago. The percentage of Chicago charter school students from low-income families (91 percent) is actually much closer to the percentage of such students in the host district (85 percent). Yet, as with national discussions of selection bias in assessing charter schools,⁸ there is reason to think that the dichotomous measure of subsidized lunch eligibility as a measure of economic resources masks the distribution of disadvantage in charter and public schools, as families choosing schools often tend to be among the more advantaged of the disadvantaged category.⁹ And, as with national data, evidence indicates that Illinois charters are serving a smaller proportion of students with special needs. Anecdotal evidence suggests that schools may often adopt marketing and punitive strategies to discourage attendance from “problem” students.¹⁰

These issues become important when considering the second question: whether charter schools are more effective, offering quality educational opportunities that improve academic achievement. Theoretically, it is expected that such schools would be more effective, since they are free from burdensome regulation and must compete for students. Again, evidence provided by charter advocates would suggest

that this is the case, as groups such as the Illinois Network of Charter Schools (INCS) laud the fact that the top (non-selective, non-private) schools in Chicago are charter schools.¹¹ However, charter school performance is in fact much closer to that of CPS schools, and far outpaced by selective CPS schools. Yet such claims as those from the INCS are not warranted, as they do not take into account issues of student demographics, selection bias, attrition, etc. Other research suggests that overt and covert selection and self-selection of students more than explains higher outcomes in charter schools, as has been the case with other cross-sector comparisons.¹² Even studies that have attempted to control for such factors in finding an advantage for charter schools tend to neglect school-level demographics, and, in fact, find a miniscule effect of attending a charter school.¹³

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⁴ Bruce Baker to School Finance 101, June 29, 2012, <http://schoolfinance101.wordpress.com/2012/06/29/how-much-does-federal-title-i-funding-affect-fairness-in-state-school-finance-systems/>.

⁵ Illinois Network of Charter Schools, “Profiles 2013: A Guide to Illinois Charter Public Schools,” (Chicago, IL: Illinois Network of Charter Schools, 2013).

⁶ “Charter Sector Overview,” (Chicago, IL: Illinois Network of Charter Schools, 2013).

⁷ Ibid.

⁸ Martin Carnoy et al., *The Charter School Dust-Up: Examining the Evidence on Enrollment and Achievement* (Washington, DC: Economic Policy Institute, 2005); Christopher Lubienski and Sarah Theule Lubienski, *The Public School Advantage: Why Public Schools Outperform Private Schools* (Chicago: University of Chicago Press, 2013).

⁹ John F. Witte, *The Market Approach to Education: An Analysis of America's First Voucher Program* (Princeton, NJ: Princeton University Press, 2000).

¹⁰ James Warren, “Some Students Really Pay for Breaking the Rules,” *New York Times*, February 17 2012.

¹¹ Illinois Network of Charter Schools, “Charter Sector Overview.”

¹² Lubienski and Lubienski, *The Public School Advantage: Why Public Schools Outperform Private Schools*.

¹³ Center for Research on Education Outcomes, “National Charter School Study,” (Palo Alto, CA: Stanford University, 2013); Andrew Maul and Abby McClelland, “Review of National Charter School Study 2013,” (Boulder, CO: National Education Policy Center, 2013).