

UNDERSTANDING SCHOOL



FINANCE



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12 Questions & Answers



The laws governing school finance in Illinois affect different school districts in different ways. The 12 questions and answers that follow are stated broadly and apply to most districts. They will provide a general picture of school finance for anyone who has not previously studied the topic.

For more specific information about a particular school district, consult a member of the school board or administration.

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1) What is a school district budget?

Illinois law requires the Board of Education to budget its income and expenses each year and to make the budget available for public inspection before final adoption. The annual budget serves three major purposes:

- The budget represents a plan for receiving and expending money. It tells the school board, its employees and the public how much the school district can spend during the year and for what purposes.
- The budget provides information necessary to determine the amount of school taxes that must be levied on real property, and how much the district expects to receive from state and federal governments.
- The budget also satisfies a minimum level of financial and program information for local, state and federal governments, meets requirements imposed by Illinois law, and provides both expending and taxing authority.

A school district budget is actually many budgets rolled into one, i.e., the budget consists of nine major funds or accounts specifically defined by how the money is collected, held and spent. Among them are:

- Education
- Operations and Maintenance
- Debt Service
- Transportation
- Municipal Retirement/Social Security
- Capital Projects
- Working Cash
- Tort Immunity and Judgment
- Fire Prevention and Safety

A school district budget is actually many budgets rolled into one

The single largest fund is the Education Fund. In addition to all of the direct costs of instruction (teachers salaries, etc.), this fund includes any expenditure not specifically covered in another fund.

While the board of education may, from time to time, make transfers between various items in any one fund, there are limitations to these transactions. Changes may also be made, again with board approval, to transfer money between certain operating funds. Neither of these actions will necessarily improve the financial health of the district. However, they can be used to maintain cash flow, to meet timely payments, and to avert or defer costlier options.

2) Who decides what goes into the budget?

Some of what goes into the school district budget is determined by the Board of Education, based on the advice of its professional staff and local citizens. More and more budget decisions, however, are forced on the board by factors beyond its control.

Each year the administrative staff gathers information from a variety of sources and presents the school board with a proposed budget. After carefully reviewing the budget, the board gives tentative approval and puts it on file for public inspection. The board gives final approval of the budget only after a public hearing.

The timeline for developing a tentative budget to its adoption varies from district to district. The budget must be adopted by September 30, after which it must be filed with the county clerk within 30 days.

Numerous factors are at work throughout this seemingly simple process. Some of these factors affect school income; some affect expenses. Taken together, these factors represent the financial cards dealt to each Illinois school board, as explained in the following sections.

3) How is school income determined?

Four major factors determine the amount of money available for the school budget. They are as follows:

Property values — The total property value in a school district determines how much revenue the district is capable of raising from property taxes. Some school districts have very high property values, sometimes including utilities or industries. Others have low property values. The Illinois school finance formula is designed to equalize these differences in revenue capabilities among school districts in order to equalize educational opportunity for all children regardless of where they live. However, the formula is funded far below the actual cost of running schools, and a school board's ability to raise additional income beyond the state's guaranteed level depends heavily on the district's total "property wealth."

(For more on the relationship between property wealth and equal educational opportunity, see *Playing Fair with the Children of Illinois* on page 20)

Tax rates — Like property values, tax rates play a key role in determining the amount of a school board's local revenue. Like property values, tax rates are also usually beyond the school board's control. Property values are set by the marketplace and the assessor. Maximum tax rates are established by the State of Illinois and can be raised above the maximum only with the approval of voters at a referendum.

State appropriations and federal aid — Each year the State of Illinois appropriates a fixed amount of dollars for the schools. Some of those dollars fund the General State Aid program; some fund special programs. General State Aid is designed to "equalize resources," funneling the greatest amount of aid to districts with the lowest property values. The size of the annual appropriation determines the level at which resources are equalized. Because that level is lower than the actual cost of running schools, school districts must also rely on additional property tax

A school board's ability to raise additional income beyond the state's guaranteed level depends heavily on the district's total property wealth

revenue and income from other sources. General state aid represents about one-fifth of total school district income in Illinois. Combined with state “categorical” grants and other funds, state payments represent one-third of the typical school budget. Federal aid contributes another 10 percent to Illinois schools. This money comes in the form of competitive “block grants,” subsidies for school lunches and breakfasts, and other special education programs.

Combined, these four factors determine how much money a school board is capable of generating for the schools

Pupil enrollment — The Illinois resource equalization system — which involves two out of three school districts — assumes that school costs go up or down precisely with pupil enrollment, i.e., that it costs exactly twice as much to educate two pupils as it does to educate one. The school district’s revenue, therefore, goes down when enrollment declines. Unfortunately, many of the district’s more burdensome expenses do not go down with enrollment unless the decline is so great that some jobs or salaries can be eliminated, a school building closed, major services outsourced, or curriculum and extra-curricular activities cut.

Combined, these four factors determine how much money a school board is capable of generating for the schools.

Local property values and tax rates determine how much money the board can raise from property taxes. Pupil enrollment and local property values determine how far the state will go in making up the difference between the guaranteed amount and the amount raised from local property taxes. Federal dollars don’t factor into this formula but they complement and sometimes confuse the process when boards and administrators attempt to make or explain critical decisions on what the district can afford to offer.

The school district’s tax rate determines whether the school board can spend at, above or below the state’s guaranteed amount, which is always much less than the actual average cost of running schools. The tax rate, however, can be increased only with voter approval.

4) How is state and federal aid to schools determined?

Appropriations for federal and state aid to public schools are determined by the United States Congress and the Illinois General Assembly, respectively. In both cases, the process is much the same. Appropriations bills are developed in committee, based upon the recommendations of the President or the Governor and their advisors, and upon testimony from interested parties.

The bills that emerge from committee may be further modified through amendments before they are voted upon. In both the federal and state processes, the Senate and House of Representatives must pass the bill. It is common for the two houses to pass different bills and for a compromise to be worked out by a committee formed of members from both houses. Finally, the President or Governor must sign the appropriation bill for it to become law.

At both federal and state levels, the process is complicated by the various political factors that accompany consideration of any important piece of legislation. In the case of the education appropriation bills, federal and state lawmakers alike are bombarded with information and opinion from dozens of interest groups, and also must consider the opinions of their constituents who do not testify or write letters but may remember their actions in the next election.

In addition, these decisions are influenced by the amount of money available in any given fiscal year. Lean times or economic recessions can significantly alter state or federal appropriations, regardless of actual need.

Most federal funds are distributed to each of the 50 states in the form of “block grants.” The amount each state receives is based on student population and need. Block grants in Illinois are re-distributed to school districts in accordance with criteria that school districts must apply and qualify for.

Other federal funds are distributed to the states to help them provide education for handicapped children, economically disadvantaged children, and other special purposes. Most of these funds are re-distributed to school districts that have special need or otherwise qualify.

Federal and state lawmakers are bombarded with information and opinion from interest groups. They must also consider the opinions of their constituents

It should be noted that federal aid covers only a small fraction of the cost of special programs for the handicapped or disadvantaged. Some of these costs are financed by special state grants, but most of the cost must be paid from general funds in the school district budget.

5) How is state aid allocated to schools?

State aid to schools comes in different forms. The most substantial form of aid is through the General State Aid program, which helps to underwrite the cost of educating all pupils. The state also provides Special Categorical Aid that:

- helps to underwrite the cost of such state-required programs as handicapped education and pupil transportation;
- encourages schools to offer such programs as dropout prevention or vocational and adult education.

General State Aid is distributed to the schools by the State Board of Education. In order to receive such aid, local school officials must submit claims to the State Board, along with such information as:

- average daily pupil attendance;
- equalized assessed value of all taxable property in the district.

The distribution of General State Aid (GSA) is determined by a statutorily defined funding formula. This formula provides for three different methods of funding allocation, depending on the property wealth of the local school district. Most districts (78 percent of the state's 868 districts in FY 2009) receive state aid under the "foundation" formula. They qualify by having available local resources less than 93 percent of the foundation grant level (in FY 2009, that level was set at \$6,119 per pupil).

The second is an "alternate" formula, for districts (16 percent in FY 2009) that have available in local funds

between 94 and 174 percent of the foundation level. The third is the "flat grant" formula, designated for districts (7 percent in FY 2009) that have available local funds per pupil of 175 percent or more.

The state board can also make additional adjustments for poverty levels, property tax appeals, court rulings and "hold harmless" provisions. Generally, however, two major factors affect state aid: an increase in daily pupil *attendance* causes state aid to *increase*; an increase in the total value of local taxable *property* causes state aid to *decrease*.

School districts are scheduled to receive their general state aid in equal installments distributed twice each month during the months of August through July.

Special Categorical Aid — The Illinois General Assembly allocates a portion of state aid for special purposes. For some state-required programs, a school district merely submits a claim to the State Board of Education. To obtain an incentive-type grant, a school district must apply and hope that its proposal is selected in competition with other school districts.

Most school districts, for example, are entitled to transportation assistance if they submit the necessary claim. School districts must compete, however, for the limited funds available for gifted or adult education grants.

Categorical grants are subject to the amount of money allocated and the preferences for these programs by the state legislature and governor. The number of categories is also subject to change. In FY 2009, the mandated categorical grants included:

- Free lunch/breakfast
- Orphanage tuition (regular ed and special ed)
- Special education, including extraordinary services, personnel, private tuition, summer school and transportation.
- Transportation (vocational and regular ed)

Other categorical grants in recent years included programs for gifted, bilingual, reading, early childhood, career/tech, truant alternative, ADA block, and Summer Bridges.

Two major factors affect state aid: daily pupil attendance and the value of local taxable property

This formula provides for three different methods of funding allocation, depending on the property wealth of the local school district

6) Where does local revenue for schools come from?

A school district budget includes revenue from many sources. Most of those sources are relatively small in amount and serve special purposes — school lunch money, rentals, income from school activities, insurance proceeds and interest are some examples.

The major source of local revenue for public schools is the property tax. The property tax consists of:

- the real estate tax, which is a tax on the real property of homeowners and businesses. This tax represents the largest single source of revenue for Illinois public schools. It is collected by the county and distributed to taxing bodies.
- the corporate personal property replacement tax, which is the tax on businesses and utilities that takes the place of the abandoned tax on personal property. This revenue is significant for some school districts but not for others, depending upon the amount of local business and industry. It is collected by the state and distributed to school districts and other taxing bodies.

The tax on real property also funds a variety of local services, including county and municipal governments, libraries, parks and others. On a statewide average, however, more than half of the typical property tax bill goes for public schools.

The amount of money a school district can realize from the tax on real property is determined by two factors:

- the total assessed value of all taxable property in the district;
- the school district's authorized tax rate.

For example, if property values total \$10 million and the authorized tax rate is 3.5 percent, the district can expect to receive up to \$350,000.

The amount of assessed property value is determined by the elected assessor, who acts in accordance with state law. The law requires that property in all Illinois counties except Cook be assessed at one-third of its fair market

The tax rate cannot exceed the maximum rate established by law unless the maximum is increased by voters in a referendum

value. In Cook County, residential property is assessed at just 16 percent of market value and commercial property is assessed at up to 38 percent.

The amount of the school district's tax rate is determined by the total amount of taxes levied by the Board of Education. However, the tax rate cannot exceed the maximum rate established by law unless that maximum is increased by voters at a referendum.

In addition, for school districts in Cook, five collar counties and 33 other counties that have adopted the "tax cap," a state law limits property taxes extended to a maximum percentage increase over the prior year's extension — regardless of what might happen to school enrollments or school costs.

Stated briefly, the school board adopts a tax levy once each year based on its approved budget. The levy states the amount of property tax income needed to balance the budget.

The county clerk then applies the levy against the district's total assessed property value to determine whether it falls within the authorized tax rate. (For example, a tax levy of \$350,000 applied against a total property assessment of \$10 million would produce a tax rate of 3.5 percent.) The county clerk reduces the school board's levy if it produces a tax rate that is above the authorized rate.

The property tax bill received by the individual taxpayer typically states:

- (a) the assessed value of property owned by the taxpayer,
minus
- (b) any homestead exemptions,
multiplied by
- (c) the combined tax rates of all local governments and services,
equals
- (d) the total amount of taxes due.

Your tax bill will list the amount of taxes owed to each government entity or taxing district, including any local school districts.

More than half of the typical property tax bill goes for public schools

7) Where does school income go?

A school district consists of people, buildings, equipment, and supplies. Thus, a typical school district in a typical year will spend about two-thirds of its income to compensate employees and about one-fourth to heat, light and maintain its buildings. The money that remains — usually less than 10 percent — goes mostly for equipment and supplies.

A typical school district spends half of its funds on student instruction

Another way to look at the school district budget is by type of program or activity. A typical school district spends 50 percent of its funds on student instruction, plus another 15 percent on other student and community services. Insurance, utilities, maintenance, supplies and other fixed charges usually amount to more than 20 percent. Capital outlay, bond retirement, interest, administration and other costs consume the remaining five to 15 percent. Numerous factors affect where a school district's income goes. For example:

- Instructional costs vary with the number of teachers in relation to the number of students (class size) and the amount of compensation (salaries and benefits) paid to the average teacher;
- Operating costs vary with the number, size, age and relative energy-efficiency of school buildings;
- Bond retirement and interest costs, i.e., borrowing and the cost of borrowing, vary with the amount of long-term and short-term debt;
- Other costs vary with the variety and number of programs and services offered to students and the community.

8) How can schools reduce costs?

But what happens when local taxes, state and federal aid don't cover the cost of essential school services? What choices does the school board have if state or federal funding is reduced, local property wealth declines, or voters won't raise taxes?

Schools can realize small savings by cutting back on supplies, postponing improvements or maintenance, lowering utility expenses, cutting staff by attrition, combining duties, eliminating extra-curricular activities, or by reducing other services available to students or the community. However, to make significant or broad cost reductions, a school board must look to its major expenses — people and buildings. Only by eliminating jobs or closing buildings can a school board make significant budget cuts.

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If the board opts to eliminate teaching jobs or close buildings, curriculum and class sizes may be severely impacted. Unless enrollment is declining, these cuts will severely strain the system. Class sizes will grow; facilities will have to be shared; equipment will wear out faster; and maintenance needs/costs will increase. More importantly, individual and overall student performance could be compromised if curriculum cuts are deep or long lasting.

That's why many school administrators keep updated reports and long-term data on population projections, community development, the job market and labor costs, utility capacity and delivery, land values and housing markets. This data can be highly useful in the district's strategic planning. Neither may reduce the frequency or timing of economic downturns, but they can reduce the severity or duration.

In the short term, the school board can control costs only by limiting the amount spent for each teacher, each program, each building, its equipment and supplies, and ultimately the amount spent on each student. While it may find some success in limiting expenses or negotiating wage and benefit concessions, the board is still required to meet state and federal education standards.

In addition to the needs of the regular student population, schools have to provide services or facilities for the handicapped, those who speak little or no English, special education students, truants, and children with other needs. State and federal law also require food service, driver's education, pupil transportation and other services whose costs are not entirely subsidized with outside funds.

Before making any decisions to reduce or cut any

service or program, teacher or building, school boards first listen to parents and taxpayers, teachers and administrators. The board may have a clear vision for the community wants and needs, but it is the board's responsibility to find the support for this vision and to deliver it. Remember, property wealth and population (and resulting enrollment) are the key factors in a school district's financial resources and its ability to raise revenue or control costs.

9) How does our school budget compare with others?

Statewide, the average operating expense per pupil in Illinois was \$11,197 in FY 2009 (the most recent year for which figures are available from the State Board of Education). This average includes districts of all types, from the smallest rural districts to wealthy suburban districts. The highest per pupil expenditures were over \$26,660 and lows were less than \$6,479 per pupil.

Statewide, the percentages of school expenditures devoted to various purposes in FY 2009 were:

Instruction	46.1 percent
Support services	32.2 percent
Capital and other expenses . . .	18.5 percent
General administration	3.2 percent

Revenues for that year came from the following sources:

Local	65.3 percent
State	22.8 percent
Federal	11.9 percent

10) How can we evaluate the financial health of our schools?

Although there are some similarities, the financial health of a public school district should not be evaluated in the way one evaluates a private company. In the private sector, the first place to look is at “the bottom line” — profits. You would also look at a listing of assets and liabilities (balance sheet) to see whether the investors' equity has grown through long-term profitability.

The financial health of a school district is also reflected in financial reports. A statement of current income and expenditures will show whether the district is operating within its means. A balance sheet will show assets, liabilities and fund balances. It will also show whether the district has accumulated any debt against future income.

This essential information is contained in the school budget. It must be available in the school district office and on file with the county clerk. Comments or questions on the budget can also be submitted at a public hearing before its passage (no later than Sept. 30 of each year). Other financial information can be found in the district's School Report Card and in its Annual Financial Report.

The difference between evaluating businesses and public schools, however, comes in the school district's reasons for existence. While profitability is the chief measure of a company's success, a school district's aim is to break even financially while providing a satisfactory educational program for every child who attends.

Generally speaking, a school district is considered financially healthy when three conditions are met:

- The schools are providing all of the programs and services necessary to meet the needs of students as defined by the state and the community;
- Efficient business and educational practices produce satisfactory values for each dollar spent;
- Income matches expenditures each year; or if not in every year, then income and expense should balance over a period of three or four years.

Essential information is contained in the school budget... other financial information can be found in the school report card and annual financial report

In evaluating financial health of a school district, appearances can be deceiving

In evaluating financial health of a school district, appearances can be deceiving. For example, a school district can get very high marks in terms of quality programs and services — but can't accomplish it without spending more than it can afford. Of course, school boards frequently must borrow in order to pay bills on time, but this is typically a cash flow problem caused by delays in receiving tax income or state aid. This form of debt is repaid from *current* income and does not represent a deficit budget.

However, debt incurred against *future* income is not consistent with financial health, especially if it is permitted to grow over a period of several years.

On the other hand, a balanced budget also can be deceiving. In order to make expenses fall within income, a school board may be compelled to reduce programs or services below what the community needs or what the state requires. Yet, by looking only at financial statements, one might conclude that the district is “financially healthy.”

Many school boards find themselves in a dilemma, therefore. They must lower the quality of their schools or operate with a budget that's out of balance. Neither alternative is attractive. To get out of the dilemma, taxpayers typically urge school boards to become more efficient — to eliminate “frills and waste.” Many school districts have introduced management systems for finding and eliminating unnecessary expenses. Where that is not enough to balance the budget, more radical steps must be taken. The school board has only limited options:

- Adopt a deficit budget and hope a more satisfactory solution will arise in the future;
- Increase each teacher's workload (larger class size) or eliminate courses;
- Ask voters to approve a tax increase.

While chances are good that a school district is financially healthy if it has to do none of the above, a few school boards in Illinois find themselves having to resort to all three just to survive.

11) Why do some school boards find it difficult to make income cover expenses?

There are at least four reasons why school boards have difficulty balancing their budgets. All districts are affected by these problems, but some are financially better able to deal with them than are others.

a) Inflation — Inflation has about the same effect on schools as it has on personal household budgets: everything costs more each year. More than half of the typical school district budget consists of salaries, which need to be increased as inflation reduces the purchasing power of the dollar.

b) Tax relief — The Illinois General Assembly has enacted a number of measures over the years to hold the line on real estate taxes. These measures are designed to relieve the impact of inflation on property values. For school districts that cannot raise tax rates without voter approval, freezing property values also freezes property tax income.

Tax relief measures that have eroded school income include the following:

- A general homestead exemption for homeowners that exempts increases in market value from property taxes;
- A special homestead exemption for senior citizens;
- A special exemption for disabled veterans;
- An exemption for homestead improvements that increase market value;
- Preferential treatment for farm land that has a high market value in relation to productivity;
- A cap on increases in tax extensions in the counties around Chicago and many other counties that have adopted the Property Tax Extension Limitation Law.

Also, numerous municipalities have adopted “enterprise zones” or “tax increment financing districts (TIF).”

Freezing property values also freezes property tax income

These are economic incentive programs for businesses and employers that permit them to abate or divert some property taxes from local taxing districts (including many school districts) to use for private or community development. As of FY 2009 Illinois had 97 active community enterprise zones and 979 active TIFs as of 2008.

Most school boards have no desire to increase property taxes. (Remember, school board members pay property taxes, too.) However, these tax relief measures were designed to reduce the impact of inflation on property taxes at a time when inflation was driving up the cost of everything else. In earlier times, modest annual increases in property values kept pace with modest annual increases in school costs. Today, however, school costs go up while assessed property values in many areas are kept artificially low through special exemptions and preferential assessments.

c) State Funding — The state's share of school funding has declined dramatically over the past 20 years. In 1989, state funds made up 39.4 percent of the total public school funding. In 2009, state funds made up 22.8 percent. There have been years with higher and lower percentages, but the result is basically the same: local taxpayers are footing the lion's share of the bill.

Over the same 20-year period, state spending for schools has decreased as a proportion of total state spending. In 1989, schools received 23.5 cents of every dollar in the state's general revenue budget. By 2009, the schools' share of state general revenue decreased to 20.5 cents of every dollar. But there is no guarantee from year to year that the schools will get as much as or more than years prior.

Thanks to low inflation and several consecutive years of increases to the state foundation level, state funding for Illinois schools has been on an upward trend, when measured in real dollars. But the state's severe economic downturn that began in 2007 has resulted in greater uncertainty for state and local budgets alike. Schools cannot take for granted any funding, regardless of its source.

The result is basically the same: local taxpayers still foot the lion's share of the bill

These four factors — inflation, tax relief, state funding, and new requirements — create continuing financial problems for many school boards

d) New programs — Public school services have been expanded and made available to many more people over the past 25 years — presumably to the benefit of the state, the nation and the individuals served. These new services placed new demands on the school budget.

For example: each Illinois school district today is held legally responsible for the education of all children in the district, regardless of physical, mental or emotional handicap. Costs associated with these special students tend to be much higher than the costs of regular programs.

Perhaps because the nation depends upon an educated citizenry, education in America has become more a right than a privilege. Public schools are obligated to extend themselves to the fullest in educating all pupils. These include alternative programs for students who just a few years ago might have been expelled for disruptive behavior. It includes special efforts to guard against all forms of discrimination — racial, sexual, religious, social, or mental ability. These responsibilities do not necessarily involve special program costs, but they do involve organizational efforts that often translate into staff salary costs. The Illinois General Assembly also has legislated innumerable rules for the operation of public schools, all of which create tasks that must be performed to comply with state law. The result is an increase in administrative and clerical workloads — and jobs. These burdensome laws increase each year, always over the protests of Illinois school boards.

Compounding these demands is the impact of the federal No Child Left Behind Act. This framework of standards, assessments and accountability is designed to close the achievement gap between high- and low-performing students. More significantly, however, the NCLB Act imposes significant penalties on schools whose students don't perform adequately. Raising student performance is a laudable goal, but it will only stretch thinner the financial resources for schools that can least afford it.

These four factors — inflation, tax relief, state funding, and new required programs — create continuing financial problems for many Illinois school boards.

12) What do we get for the money we spend on education?

The range of services has broadened — from basic classroom instruction to include food service, health service, counseling, remedial learning, and advanced programs

There are two ways to look at that question. One is to look at what public schools are accomplishing. The other is to consider what the nation would be like if there were no public schools.

The schools often take the blame for many of society's ailments — from racial strife to poverty to crime. People expect a great deal from their schools because there is an unmistakable link between education and quality of life. Educated citizens of America provide the brainpower for advances in science, medicine, technology, art and literature. Uneducated or poorly educated citizens populate the nation's prisons and public aid programs.

Traditionally, the public schools have always been available for those willing to make the effort to benefit from them. Schools today try harder, reaching out to more and more students for whom schooling presents a difficult challenge. No longer do schools turn their back on the physically or mentally handicapped. Students from socially disadvantaged backgrounds who 25 years ago would have quietly dropped out are now remaining in school in ever larger numbers.

The range of services has broadened dramatically, too, from basic classroom instruction to include food services, health services, counseling, remedial learning programs for the disadvantaged and advanced programs in math and science.

William J. Banach, a Michigan educator, put it this way in a speech several years ago:

“Adults should be careful about saying today's young people don't know anything. In a California school district, 120 adults — most of them with college degrees — were given a 10th grade competency test that measured reading, writing and arithmetic skills. In each of the areas measured, the 10th grade public school students scored higher than the adults.

“When we hear about the number of high school graduates who cannot read today, we often forget how many functionally illiterate 60-year-olds are walking around. ...

Here are some places school board members can look for answers in their own schools

In 1900, 11.3 percent of the U.S. population was illiterate. In 1970, according to the Education Commission of the States, that percentage had dropped to 1.2 percent.”

Banach went on to point out that:

- In 1910, the average 25-year-old American had completed 8.1 years of schooling; in 1950, 9.3 years, and in 2003, 12.9 years.
- In 1940, only one in four Americans above 25 years of age had completed high school and only one in 20 had completed college. By 2000, more than four in five had completed high school and more than one in four had completed college.
- Forty years ago, fewer than 25 percent of black students were graduated from high school and today the rate is nearing 80 percent.
- There has been a 97 percent increase in the professional and skilled work force in a single generation.
- Enrollment in American colleges and universities was 6.4 million 30 years ago compared with 15.2 million today.
- Thanks to dropout-prevention programs, more than 90 percent of students enrolled in public schools are attending classes — compared with only 69 percent 30 years ago.

Banach concludes:

“In America we educate a student for about \$7,500 a year — that's barely \$7 an hour. And for that \$7 we transport kids, feed them, check their ears, eyes and teeth, help them deal with substance abuse, counsel them and teach them. Do you know, you can't go bowling or see a movie or do a whole lot of other things for \$7 an hour... .”

What do taxpayers in your community get for the money they invest in education? Here are some places school board members can look for answers in their own schools:

- The percentage of students who graduate, who go on to college or who take jobs.
- Improvements in student test scores. (Illinois averages are higher than national averages.)

- The number of students who make it through school without ever being in trouble with the law, caught using drugs or alcohol or otherwise causing serious trouble.
- The number of students passing all their courses or earning honor-level grades.
- The individual success stories about graduates from a few years ago who have gone on to achieve success in college or jobs.
- School programs that show dramatic results and staff members with outstanding achievements.

Sources:

Illinois Department of Revenue
 Illinois Department of Commerce and Economic Opportunity
 Illinois Tax Increment Association
 Illinois Local Education Agency Retrieval Network

Playing Fair With the Children of Illinois

If you would like to determine whether your schools are adequately and equitably funded compared with schools in other communities, obtain a copy of *Playing Fair With The Children of Illinois*. This pamphlet explains how to evaluate financial adequacy, local tax effort and the state's obligation to ensure equal educational opportunity.

While this pamphlet does not contain specific information about your school district, it does tell where you can obtain this information. It also provides a basis for comparisons and explains how to do it.

Playing Fair is available for download at www.iasb.com/pdf/playingfair.pdf

Further Reading

The following publications may be available in your school district office. If not, they may be obtained by contacting the respective sources.

Illinois State Board of Education, Department of Fiscal Support Services, 100 North First Street, Springfield, Illinois 62777. Phone: 866/262-6663, website: www.isbe.net

State, Local, and Federal Financing for Illinois Public Schools (2000-2001)

Mechanics of a School District Budget

<http://www.isbe.net/sfms/budget/mechanics.pdf>

Illinois State Board of Education, Division of School Business Services, Phone: 217/785-8779

ABCs of the AFR: A Guide to Understanding the Illinois School District Annual Financial Report (Complete list of related links)
<http://www.isbe.net/sfms/ABCsofAFR/ABCsofAFRdefault.htm>

Taxpayers' Federation of Illinois, 430 East Vine Street, Suite A, Springfield, Illinois 62703. Phone: 217/522-6818, website: www.taxpayfedil.org

Practical Guide to Illinois Property Taxes, 2004 (\$20)

Illinois Association of School Boards, 2921 Baker Drive, Springfield, Illinois 62703-5929. Phone: 217/528-9688, website: www.iasb.com

Essentials of Illinois School Finance, Fourth Edition (2008) provides an in-depth examination of school income, expenditures, business management and other aspects of school finance. (\$35 regular, \$25 IASB members.)

Where Does the Lottery Money Go? This flier presents questions and answers about the Illinois lottery and its very limited impact on public school funding. (Free)

Illinois School Law Survey, Eleventh Edition (2010), especially chapters 23 through 26 on Property Tax Income, State Aid and Other Income, Budgeting and Managing School Funds, and School Board Borrowing and Debt. (\$40 regular, \$30 IASB members)