



Lawmakers failing to make education funding choices

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PEORIA — No one argues about the importance of quality education.

But the issue of quality *funding* for education is another matter.

It's not a topic likely to make much headway in the corridors of the Statehouse any time soon, despite the devastating effects Illinois' never-ending budget crisis is having on schools and their students.

"It's a good time to bring the issue up, but it's not a good time to think anything's going to get done," state Sen. Dave Koehler, D-Peoria, said before legislators' recent last-minute (and failed) rush to pass a budget before the May 31 deadline.

The general consensus is economically struggling school districts have three options: raise taxes, reduce expenditures and/or borrow money.

Illinois only has one option, according to many outside the Statehouse: raise revenues, specifically income taxes.

"They can dance around all they want, but they've got to," said Bill Phillips, an education finance professor at the University of Illinois Springfield. Phillips, also an education lobbyist and consultant, suspects that will happen after the November elections.

For now, Gov. Pat Quinn is dancing away from his goal of raising income taxes to stave off budget cuts in education. The Legislature is proposing a budget guaranteed to leave many school districts financially crippled. And, in many cases, income from those districts' main revenue source, property taxes, is stagnant.

"Basically, these kinds of times starve many small school districts out of existence," said Norm Durlinger, co-director of Illinois State University's Center for Study on Education Policy and, until recently, interim superintendent of Peoria School District 150.

The state's ongoing funding crisis sets the stage for more school districts to at least think about merging with other districts or into countywide school districts, in part, because questions about consolidating school districts tend to come up more often when the economy gets tight.

Phillips, like Durlinger, is considered an expert on school district consolidations. He's consulting on merger talks among school districts in Avon, Bushnell-Prairie City and Abingdon. Over the past few years, the number of districts calling him for information about consolidating has grown considerably, he said.

Former state Sen. George Shadid, a longtime proponent of school consolidation, has one word for the renewed interest - finally.

"My own feeling is this is long overdue and the timing couldn't be better," Shadid said.

On its face, combining two or more small school districts into one seems like a reasonable cost-saving strategy.

Illinois has almost 900 school districts in 102 counties. Peoria County, for instance, has 18 school districts. Peoria School District 150, Peoria Heights and Dunlap are among the unit districts containing both grade school and high schools. But there also is a single high school district, Limestone, and eight grade school districts, most with no more than two schools.

Tazewell County has 22 school districts, including 12 grade school districts. That's 22 different school boards and, often, two different tax rates.

"People in grade school and high school districts that aren't consolidated are paying two sets of taxes," said Larry Williams, former Illinois Valley Community District 321 superintendent. "I don't think they appreciate how much higher that can be compared to the unit districts."

Shadid's pet peeve is tiny Hollis School District in Peoria County. With just one K-8 school and about 140 students, Hollis typically nets about \$2 million a year from local property taxes, thanks to a nearby AmerenCILCO plant.

"Why is all this money going to one school district when the districts next door aren't getting any?" Shadid asked. "It's important to have some fairness."

Consolidating districts or creating a countywide district may spread property revenues more evenly, but Phillips and Durlinger warn about the law of unintended consequences.

Joining two or three inefficient districts could create a bigger inefficient district. Varying wage and benefit scales would have to be brought in line with salaries and benefits in the highest-paying district. Transportation costs also could rise.

There also is the emotional component. Often in small towns, the school may be the largest employer, the largest bank depositor and the center of community identity.

The Illinois State Board of Education has very specific rules and guidelines on consolidating schools, as well as incentives, in the way of funding for one to four years, to help schools with the initial costs. But, once the state funding disappears, costs gradually increase. Typically, major savings occur only if districts can close buildings.

"I always tell people, 'Don't consolidate for financial reasons,'" Durlinger said. "Consolidate for curriculums and programs."

Careful consolidations can benefit schools and students, enabling districts to broaden curriculum and attract more teachers. Pros and cons should be considered case by case.

Though consolidation doesn't necessarily lead to savings, districts that might benefit from consolidation could wait until they're so broke that there's no advantage for other districts to consolidate with them, which leaves few options but to dissolve the district.

The problem is not the number of school districts in the state, it's the way the state funds schools, argues Ralph Martire of the Center for Budget and Tax Accountability in Chicago.

Ultimately, Illinois needs to break its dependence on property-tax income as the primary source of education funding, he said. The unequal nature of property values, from city to city and school district to school district, means some districts hardly need any state funding while others can barely survive without it.

It also means almost 80 percent of Illinois' schools were underfunded long before the state's fiscal woes, Martire said. "That's almost all of the children south of Interstate 80."

Attempts to reform how education is financed - typically a combination of raising state income tax rates and offering property-tax relief - has a long and unsuccessful history in Illinois.

Property taxes may not be the fairest way to fund education, but Phillips said they are a more consistent source of income.

"That's why so many educators don't want to give them up," he said. "Nobody wants to turn education funding totally over to the state to screw it up any more than they already have."

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