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**SCHOOL FINANCE REFORM: EQUITY OR ADEQUACY**

A Brief Look at Several Widely Circulated  
Proposals for Reform

Peter S. Weber  
G. Alan Hickrod

Center for the Study of Educational Finance  
Illinois State University  
Normal, IL 61761

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This series of monographs is dedicated to Professor Lucy Jen Huang Hickrod, late of the Sociology Department of Illinois State University. Death has forever taken Professor Huang Hickrod from intellectual labors, but she remains an inspiration to her husband, her family and her many friends. *Sic transit Gloria Mundi.*

## INTRODUCTION

Previous monographs in the MacArthur/Spencer Series have convincingly presented a case for school finance reform. Few debate the existence of considerable inequities inherent in Illinois' current funding system. These inequities go beyond a simple "dollar for dollar" comparison of expenditures per pupil. Debate over taxpayer equity has become a very familiar sound in and around the Illinois State Capitol during recent legislative sessions. Taxpayer and student equity will no doubt continue as dominant issues, demanding considerable legislative attention, until they are dealt with substantively. It is likely that they will somehow be dealt with together.

This monograph will examine several proposed school finance formulas that intend to address the disparities in funding and/or taxation produced by the current system of funding schools. The analysis will be necessarily conceptual, as each model is still either in the developmental stage or has not been simulated for the purpose of demonstrating actual impact. Moreover, specific algebraic expressions are not the purpose here. Rather, the underlying goals and assumptions made in each of the proposals is the focus of discussion. The distribution formulas examined will include the State Board of Education Prototype, the Adequacy Plus Property Tax Relief (APPTAR) model, full state assumption, the Changing How Illinois Education is Financed (CHIEF) proposal, full state funding of elementary education and a proposal introduced during the 86th General Assembly in the form of Senate Bill 1902.

Following a brief description of the individual proposals, they will be examined collectively, as they share a common thread. Each assumes that Illinois schools are, at least in part, inequitably funded because funding for elementary and secondary education is inadequate to meet equalization needs. It is the struggle to attain adequate funding for elementary and secondary education that makes more in depth discussion of these specific proposals unnecessary. Like putting the cart ahead of the horse, efforts to develop distribution models for a pool of money that just isn't there is premature. The emphasis on effort must rather be on making increased appropriations for education acceptable to policymakers and the public.

Finally, this monograph will review the political reality that must be faced in any attempt to change the way Illinois schools are funded. This discussion will include the demand for property tax relief and educational accountability which will most likely have to be addressed.

As this monograph went to press, debate opened on the possibility of restoration of a state property tax for K-12 education; therefore, a short appendix has been added on this topic.

## THE PROPOSALS

### State Board of Education Prototype

The State Board of Education developed a prototype finance formula designed to provide adequate local support for education while providing taxpayer equity and granting tax relief to those paying a disproportionate amount of property taxes. It also was created to slow the rate of increase in local operating revenue of the high wealth-high tax effort school districts and reduce revenue/expenditure disparities between individual school districts. The prototype would revamp the general state aid formula in order to equalize the distribution of general state aid among districts and provide for the incidence of low-income, educationally deprived students. (ISBE, 1989)

In order to accomplish these goals, the ISBE prototype suggests several specific funding reforms. First, the prototype calls for changes in the organizational structure of the funding system. For the purpose of local property tax collection and general state aid distribution only, the proposal would divide the State into county units -- with the exception of Cook, DuPage and Lake Counties. DuPage and Lake would be divided into two districts each, while Cook would have 27 township districts plus Chicago, which would be maintained as a separate unit. While this organization would not actually eliminate any current local school districts, it would reduce their number for school funding purposes from 956 to 131.

Second, the prototype would create county/township wide fiscal variables. In other words, the real equalized assessed valuation (EAV) of each of the 131 county/township districts would be the sum of the real EAV of the unit districts and high school districts assigned to the county/township. The weighted average daily attendance (WADA) and the corporate personal property replacement revenues (CPPRR) would be the sum of all the districts assigned to the county/township.

Third, local property taxes for the operating needs of the district would be standardized at a uniform rate. Consideration would be given to stratification, which recognizes geographic cost-of-living differences. The local property tax collected at the uniform rate would be added to the total CPPRR of the county/township and the sum would be redistributed to the individual districts comprising the county/township in proportion to their WADA counts.

Fourth, the prototype would modify general state aid distribution. The flat grant would be increased and the alternate method would be eliminated. Chapter 1 weighting would be eliminated so the pupil count would be based solely on WADA. The calculation rate used in the formula would match the taxing authority of the county/township. The foundation level would be indexed for Cook, DuPage, McHenry, Lake, Kane and Will Counties to

allow for cost-of-living differences. The primary general state aid distribution would be to the 131 county/township units. The secondary distribution of general state aid would be made to the individual districts comprising the county/township unit in proportion to the WADA of the individual school districts.

Fifth, the general state aid formula would include a fixed foundation level. The foundation level would be defined as a factor of the most recently available State total for computation of tuition divided by the corresponding year's WADA.

Sixth, a categorical program, outside of the general state aid (GSA) formula would provide a low income supplement for districts having a high incidence of low-income students. Districts with differing concentrations of Chapter 1 students would receive grants calculated as a percentage of the GSA foundation level for each WADA student.

Finally, a local revenue supplement is proposed for those counties/townships experiencing a decline in local revenue as a result of reductions in operating tax rates. If a county/township receives less local revenue than it would otherwise have received using the product of the actual district operating tax rate and EAV, State funds would be paid to the county/township in an amount equal to the difference. This local supplement would then be distributed only to those individual districts within the county/township which experienced a loss in local revenue. The distribution would be made in proportion to the WADA of the districts involved.

Are the specific reforms in the prototype effective in achieving it's espoused goals of school finance reform? The first goal is to achieve taxpayer equity and property tax relief in high taxing areas. Clearly, taxpayer equity is achieved by providing for a uniform property tax rate and shifting the burden of tax from the regressive local property tax to the State (most likely in the form of a higher income tax). Property tax relief is provided, as well, for those districts whose tax rates had been in excess of the uniform rate.

The prototype also addresses the rapid increase in the amount of local operating revenue available to high wealth -- high tax effort school districts. Increased revenue can only be acquired through increased assessed valuation or increases in the State foundation level.

Revenue/expenditure disparities are reduced by this plan. The local revenue supplement, a variation of a "hold harmless" provision, prevents the immediate achievement of perfect equity. Over time, however, inflationary increases in the foundation level will gradually reduce the amount of the loss supplements until they disappear. The "hold harmless" aspect of the prototype, then, allows for a phasing in of equity so as not to financially punish high spending districts at the outset.

The prototype plan, like many of the plans to follow, addresses many of the equity concerns in the State. Like any other plan, it can be criticized for specific provisions it does or does not include. For instance, rapidly growing school districts would argue that there has to be a provision that increases appropriations or taxing authority in order to keep up with the physical demands of a growing student population. Costs associated with additional school buildings, teachers, and other resources that are required in such districts are not accounted for in this plan.

The greatest problem with the prototype, however, is a problem that will be discussed in greater detail later in this monograph. This plan is capable of addressing equity concerns, but only with additional State funding for education. The prototype does not lay a plan for securing the necessary dollars to make the prototype work.

### **The Adequacy Plus Property Tax Relief (APPTAR) Model**

APPTAR is broken into four main parts that develop around the three major assumptions of the model. It first assumes that the State government is solely responsible for meeting the financial needs of a minimally adequate level of education at the K-12 level. Where this minimal or adequate level is set determines the overall cost of the program to the State. Naturally, the higher the adequacy level, the more the program costs. Different versions of APPTAR have been introduced with various adequacy levels.

The second assumption of APPTAR, involves a local "enrichment" mechanism. After the State has met its funding responsibility, a percentage equalizing model is used to provide for a State and local sharing of costs above the minimal level. A percentage equalizing formula maintains that the amount of education to be purchased by a community should be determined by that community. Each district determines the size of its budget and the State pays a share of that budget determined by the district's aid ratio. APPTAR caps the expenditure per student that will be equalized by the State at the 90th percentile or the 10th highest expenditure. In effect, this provision sets up a "reward for effort."

For formula purposes, three additional provisions in this section of APPTAR must be noted. First, APPTAR continues to weight pupils according to the poverty impactation in the district. However, the model would no longer measure wealth simply on the basis of property valuations. It would combine property valuation and median family income data. Second, because of strong evidence suggesting a link between poverty and poor test scores, the plan also proposes that poverty impactation aid be greatly increased when the percentage of poverty in a district exceeds 50%. Third, the plan suggests attaching a geographic cost-of-living index to any cost factor in the formula. This will cause greater funds to flow to districts with higher costs and less funds to flow to districts with lesser costs.

The third assumption of APPTAR is that property tax relief is needed and should be offered in certain areas of the State. A scaler is established as the third part of the model under which affluent districts would receive a majority of the new state aid. This money, however, could only be used to provide property tax relief in the affluent districts. In poor districts, however, the new state aid provided by this scaler could be spent on new educational goods and services. This principle of property tax relief for the rich and new money for the poor is no doubt the most controversial aspect of this proposal.

In addition to the property tax relief provided by the scaler, APPTAR proposes a two year property tax freeze as the fourth major part of the model.

While APPTAR is successful in granting property tax relief, it is not quite so effective in addressing taxpayer equity. Just consider the fact that the scaler provide property tax relief only for affluent districts. In property poor districts the funds from the scaler can only be used to provide educational goods and services. Property tax relief, then, is intentionally granted only to property affluent districts.

APPTAR is what one might term a "Christmas Tree" plan -- there seems to be something for everyone under it. That is the greatest obstacle facing this proposal, because its comprehensive nature makes APPTAR extremely expensive. Simulations run on different variations of APPTAR have set the cost of the plan at anywhere from \$4 to \$6 billion. It is unlikely the State will even consider such a costly proposal, even if it is phased in over several years. Naturally, factors in the plan can be made smaller and the resulting cost would be much less. But with APPTAR you get what you pay for -- the less it costs, the less funding equity you achieve.

### **Full State Assumption**

Full state assumption concludes that (1) current equalization systems are not achieving their goals; (2) education is a state responsibility; and (3) full state funding is the only way to achieve equity in both funding and educational opportunity. Other formulas, unless funded with billions of new dollars, only achieve progress towards the equity ideal.

Full state funding for Illinois' elementary and secondary schools would be accomplished by creating a pool of State revenue from several sources including State income taxes, State sales taxes, net lottery proceeds and a new State uniform property tax that would replace the local real property tax for public schools. The General Assembly would set the Statewide property tax annually to augment other State revenues. The basic State appropriation would be distributed to all local districts on an equal weighted basis.

The Statewide property tax, set by the General Assembly, would have the immediate effect of lowering property taxes in high tax rate districts and increasing taxes in low tax rate areas. Greater equity in taxpayer burden would be achieved. Additionally, equity in funding between districts would be achieved.

At what cost is true equity achieved? Unless significant new dollars for education are made available, full state assumption would result in a "leveling down" of appropriations to high spending districts. After all, if the same piece of pie is cut many more times, the larger pieces are bound to get smaller.

### **The Changing How Illinois Education is Financed (CHIEF) Proposal**

CHIEF was introduced as a package of legislation developed around a central theme -- Illinois can no longer fund public education by relying primarily on the local property tax. Based upon this assumption, CHIEF not only called for a significant increase in State funding for education, but recommended the development of a modified school aid formula to provide greater equity in school funding, and outlined specific proposals for improving the overall delivery of education in Illinois.

As introduced in 1989, CHIEF contained five major parts. First, it called for a significant income tax increase (personal from 2.5% to 3.5% and corporate from 4.0% to 5.6%) to raise approximately \$1.4 billion of new revenue. The education fund rate of each school district would be decreased by 25% causing approximately an average reduction of \$.65 to \$.70 per \$100 of equalized assessed valuation Statewide. The new rate established for the education fund would be frozen at that level, and could not be increased without voter approval, unless it dropped below the authorized rates of \$.92 for dual districts and \$1.84 for unit districts. A "hold harmless" clause would fully reimburse each school district for its lost property tax income by creating a separate State fund with \$560 million of the new revenue from the increased income tax. The remaining \$840 million in new tax funds would be used primarily for educational purposes.

Second, mandates would be fully funded by the State and districts would be given more flexibility in meeting existing mandates. New mandates would include a one year introduction period for planning and implementation.

Third, the plan would approximately double the flat grant amount to \$300.

Fourth, CHIEF would establish a joint Senate and House Task Force to develop a modified school aid formula to take sparsity, density, low income, minority students and wealth into account. Full funding of categoricals would be called for in this modification.



Fifth, a pilot program would be launched to provide various means of improving the quality of education, such as teacher sharing, interactive television or other such cooperative programs.

CHIEF is much more than simply a school finance plan. There are many suggestions for education reform measures, but there are no specific formulas for distribution made by CHIEF. Rather, it suggests raising additional revenue through the income tax and shifts the emphasis in school funding from the local property tax. With the added funding from an increased income tax firmly in place, CHIEF would establish a bipartisan legislative task force to draft a proposal to equitably distribute the money. In other words, this plan successfully puts the cart behind the horse.

### Full Funding of Elementary Education

In a variation of full state assumption, this plan (which was the topic of Monograph 13) would provide for full state funding of elementary education through a higher State income tax, and local funding of secondary education through the local property tax. State policy would equalize funding at the elementary school level, and the hope is that the State would increase funding so that all elementary programs would at least be funded above the current median. Local board policy would prescribe the level of financial support in the high schools. Local control of education, then, would be limited to the secondary schools and the State would prescribe the total program at the elementary level of education.

A special Statewide income tax for education would be created by this plan, raising the personal income tax to approximately 4.5% (from the current 3%), with a corresponding increase in the corporate income tax. Taxpayers would continue to pay both a property tax and an income tax for education, but because about three-fourths of Illinois' students are educated in the elementary schools, and the local property taxpayers would not supplement the cost of operating the elementary school program, there would presumably be a substantial decrease in local support of education.

Perhaps it would be instructive to include a chart from MacArthur/Spencer monograph #13 that illustrates the shift:

Cost for Elementary Education	\$4,006,784,739
General State-aid Appropriation (GSA)	<u>2,650,000,000</u>
Additional GSA from Income Tax	1,346,784,739
Approximate increase in support	50%
Cost for High School Education	\$2,648,263,652
Property Tax Revenue	<u>3,905,267,404</u>
Property Tax Relief	-1,257,003,752
Approximate decrease in support	32%

Because this plan shifts the entire burden for funding secondary schools to the local communities, there would be a mechanism to provide a State subsidy to low-income communities that would have difficulty raising sufficient revenue to provide an adequate and desirable educational program.

This system would presumably relieve a portion of the local property tax burden because local taxpayers would no longer supplement the cost of operating the elementary school program. Movement towards taxpayer equity is accomplished by allowing the State income tax to replace the regressive property tax as the major source of educational revenue. The primary advantage of this shift is that with appropriate funding from the State, every child in Illinois would receive a uniform, adequate elementary education, which is paid for and prescribed by the State. Secondary schools would be supported by the local property tax and the local community would be responsible for determining what they considered appropriate and adequate.

This proposal runs the risk of drastically increasing disparities in per pupil spending at the secondary education level. As local property tax dollars committed to elementary education are freed up, there is no guarantee that the freed up dollars would be rebated to the taxpayer. Rather, certain districts may choose to use the funds to augment their existing secondary school programs and facilities. In this case, neither tax relief nor equity are adequately addressed.

Additionally, there is risk of increasing the gap between elementary education funding and what is truly adequate. The State has a poor track record as it pertains to overall educational funding. What insurance is there that the State will increase its financial commitment to education under this proposal?

#### **Senate Bill 1902 (86th General Assembly)**

Introduced in April, 1990, this bill would substantially revise the procedure by which the State distributes its financial resources for education. State funding under the restructured system suggested in this bill would repeal the existing state aid formula and would eliminate categorical, reform and special program funding. In their place, Senate Bill 1902 would create a new school finance system intended to guarantee a high quality basic education which would achieve the learning objectives established by school districts as required by Section 27-1 of The School Code. Further, it would require the State to relieve some of the burden for funding schools from the local property tax.

Specifically, the plan requires the regional superintendent of schools to determine annually the average cost of providing the basic education for the schools in his/her region (except in Cook County where the State Superintendent would make the determination until the two regional superintendents are elected and assume office). The bill requires that the State pay for 50% of the cost

of a local school district providing a basic education allowing the district to achieve the primary purpose of schooling as defined above. The other 50% of that cost would be provided by a mandatory school district property tax levy. All other existing school district authority to levy any other taxes, except bond and note levies, is terminated, except that pursuant to a front door referendum held after the revised financing system is in place, a district may levy a tax for educational enhancement.

This bill makes a strong effort to promote taxpayer equity (particularly as it pertains to getting what you pay for), but it fails to acknowledge some basic flaws in its operation. First, there are many districts in the State who far surpass the 50% State contribution for a basic education. In some of these districts, with low assessed valuation, it would be difficult at best to raise the per pupil dollars that would be needed to make the 50% local contribution to the basic education. In fact, it would promote taxpayer inequity in some of these low-wealth districts because the state mandated local property tax rate would be much higher in these districts than in high-wealth districts in the State.

Further, this proposal would likely increase the inequities in per pupil spending in Illinois. Under this plan the State would now be making a 50% contribution to the cost of a basic education to school districts that currently operate under the flat grant or alternate method provisions of the state aid formula. Then, the proposal imposes no restrictions on the amount of enrichment these affluent communities vote for their school districts. It has been demonstrated in earlier monographs that affluent districts are much more successful in passing referenda than are property poor districts. The combination of increased State support for these affluent districts and no limits on their ability to tax (outside of front-door referendum requirements) makes it likely that the amount of money these districts can spend per pupil will increase. At the same time, in districts that currently rely on the State for 90% or more of their educational funding, limiting the State's financial responsibility will lead to decreased per pupil expenditures.

#### EQUITY OR ADEQUACY?

The trouble with these plans is that in the practical world, equity and adequacy usually exist in conflict. Too much emphasis on one leads to neglect of the other. For instance, if state policymakers decided that expenditures per pupil should be the same for every school district in the State (equity), and they weren't willing to increase overall funding for education (adequacy), the result would be funding mediocrity. Those districts that have been capable of implementing innovative and successful programs, hiring the most qualified teachers, and providing the necessary physical resources for their students would no longer be able to afford such expenditures.

On the other hand, the current school funding system, which is over-reliant on the local property tax for education revenue, creates a situation in which certain school districts, because of their local property wealth, are capable of almost unlimited educational funding. These districts can afford to provide their students with greater educational opportunity than property-poor districts. Efforts to preserve the rights of these affluent districts to maintain their enviable financial position is done so at the expense of equity throughout the State. So where is the balance struck between equity and adequacy?

Each of the preceding proposals submits as one of its goals greater equity in educational opportunity. They also attempt to address the burden and/or inequities of the local property tax. While the similarity in goals of these plans is interesting, it is the call for new revenue in each proposal that is most remarkable.

The authors of these proposals leave little doubt as to the inadequacy of funding for elementary and secondary education. In order for the specific formulas in each of the above plans to work to its ideal (raising the per pupil expenditures in the low-wealth districts as a means of achieving equity), there must be an increase in dollars available to drive them. The amount of money suggested in these plans runs as high as \$4 billion, and seldom is less than \$1 billion in new dollars. Obviously, this means a legitimate commitment by State policymakers to make education the number one funding priority in the State, and a willingness by taxpayers and policymakers to make the sacrifices needed to achieve equity, adequacy and excellence in our schools. In other words, a higher State income tax for educational purposes.

Because the programs described in this monograph are very expensive, they require a profound commitment to educational funding by the State. What we are really talking about, then, is adequacy -- not equity. These plans are all premised on a sizable increase in funding for elementary and secondary education. Without the money, the specific formulas are not capable of achieving equity (with the exception of full state assumption, which without new revenue would achieve equity at the expense of adequacy). It is my contention, then, that describing the inadequacies of our current funding system as inequitable is a misnomer. "If it walks like a duck..." What we have in Illinois is an adequacy problem that creates inequities. Any number of specific formulas or algebraic equations can address inequity in educational funding or taxation -- however, every formula requires money to drive it, and in Illinois, sufficient money is lacking to promote the equity that is needed.

#### **THE CLIMATE FOR REFORM**

It would make sense in developing a plan for school finance to first determine what level of education programming is necessary to produce a quality educational product. State and local policymakers would then appropriate the funds necessary to meet the

defined need. Unfortunately, in Illinois we have a history of doing the opposite. Tax limits are set and the level of appropriations for education is determined, then schools determine how much the dollars available will buy. This situation wouldn't exist in a state where the first priority was education.

Lack of State funding for education has resulted in an over-reliance on the local property tax. Some local school districts with high assessed valuation are willing to tax themselves at a high rates, providing themselves with abundant resources and programs. Other school districts with low property wealth, even with high tax rates, cannot raise enough local funds to provide an adequate education.

Several proposals for school finance reform have been discussed in this monograph and each is capable of reducing the inequities in per pupil spending in the State. It is also clear that the more expensive the plan, the more likely it is to address these inequities. Unfortunately, it seems much easier to find a plan that provides student equity than it is to develop a successful strategy for raising billions of dollars in new revenue needed to make the plan work.

Additional revenue in the State, particularly in the amount adequacy would require, is not going to be easy to come by. There is a pervasive anti-tax sentiment in the State of Illinois as well as the entire country. The defeat of at least one popular, long-term legislator has been attributed, by many, to a tax revolt in his district. Both gubernatorial candidates are running on a platform of limiting taxes and reducing spending. According to economists, the State is heading into (some would argue has been in) a deep recession. In other words, it will be difficult to convince legislators that they are serving the public good by significantly increasing the income tax. Additionally, the legislature is predisposed to giving property tax relief as part of any tax or school finance reform. If the State is going to provide a dollar for dollar replacement of revenue lost to a local district as a result of property tax relief, as many would have them do, the resulting drain on the income tax could be substantial. The demand for property tax relief, new prisons, public aid, mental health, State Medicaid reimbursements, and many other underfunded programs offer legitimate and significant demands on any new revenue that will compete with the funding needs of education.

Public schools must also be prepared to deal with an entirely new set of accountability measures that will likely come with increased State funding for elementary and secondary education. Increased State funding for education will likely result in more policy decisions emanating from Springfield. This movement towards greater accountability was clearly evident in the 86th General Assembly when legislators in both the Senate and the House gave serious consideration to a school accountability bill proposed by the Illinois Manufacturer's Association. The Legislature also

commissioned a study to determine how funds from the temporary income tax surcharge were used at the local level. It was evident that State policymakers were going to demand better performance (which usually translates into higher test scores) in exchange for increased educational funding.

What alternatives are there then, for convincing taxpayers and policymakers of the need for substantial increases in appropriations for education? At this time, resolution is being sought in two main factions. One group is attempting to resolve the inadequacies and inequities in educational funding by pursuing a legal challenge to the Constitutionality of Illinois' school finance system. The other group is taking a more traditional approach by working to influence public opinion and the policymakers the public elects.

This monograph is not intended to discuss the viability of either approach to resolving the school finance problems in this State. However, it must be said that everyone remotely connected to public elementary and secondary education should be promoting the successes of the educational programs in their communities, as well as increasing the awareness of others not familiar with the inadequacies or inequities inherent in our system of school funding. It does not matter which means are successful, as long as the children in the State benefit from the ends.

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Appendix:  
Restoration of a State Property Tax for Education?

As this monograph was going to the printers, discussion opened in several quarters on the topic of restoring the state to the property tax business. The matter of a "split roll" in property taxation has been explored informally for several years in Illinois. The procedure gets its name from the fact that the property tax rolls would be divided between the local school district and the state. A part of the property tax base would be left with the local school district and a part would be transferred to the state. This would have the effect of putting the state back into the property tax business. It is not, however, a new procedure. During most of the 19th century, this was exactly how the State of Illinois financed K-12 education. First, the state levied a state-wide property tax, and then the local district added a local property tax on top of the state property tax. So, there is historical precedent for such a procedure in Illinois.

There are many, many variations of this notion. Some would take the commercial and industrial valuations to the state level, leaving the farm and residential valuations at the local level. Some would take all non-residential valuations to the state level. Some would have the assessments done at the state level, as well as having the tax rate set at the state level for the property tax-base that is transferred to the state level. Some would take the revenue from the state property tax and earmark that revenue for specific purposes; e.g., a state property tax on commercial and industrial valuations might be earmarked for educational expenditures designed to improve the labor force, thereby helping the commerce and industry that would be supporting the new state property tax.

So far, most of the development in this area has been conceptual. The only computer simulations which are recently available on this subject are from The Chicago Panel on School Finance which has been experimenting with one or two models of this nature, under the leadership of Dr. Fred Hess. Conceptual models have been advanced by Dr. G. Alan Hickrod and Dr. Suzanne Langston Juday. As always, there are strengths and weaknesses of these attempts to split the property tax rolls. The greatest strength is that it would provide the state with a source of revenue other than the income and sales taxes. For those who feel that it is not politically possible to increase either the sales or income tax in Illinois, this may be the only live alternative for finding the necessary dollars for school finance reform. As has been mentioned in the body of this manuscript, no matter which model is examined, the cost of meaningful school finance reform in Illinois seems to come close to two billion dollars in new revenue, and that does constitute an appreciable increase in taxation.

The down side of the "split roll" is that, unless some protection is provided to districts that depend upon the part of the tax rolls that are transferred to the state, what were once quite wealthy districts could, under a "split roll" procedure, become quite poor school districts. As the Superintendent from Seneca, Harlan Cotter, recently quite eloquently put it, "If you do that, Seneca Township High School, as we know it, would no longer exist." But there may be other kinds of "splits" that don't harm the public utility-rich districts quite that much. It is possible to think, for example, of returning a part of the roll to the state; that is, 20 or 30 percent might be transferred to the state and the remainder remain with the local district. Or, one could complete the historical cycle and build a K-12 funding system that started from scratch based upon a state-wide property tax rate that was uniform throughout the state with the rate high enough to produce the "adequate" level of funding that seems to be demanded by all parties. The political problem with the state-wide rate is that some existing tax rates would be increased and some would be decreased. In 1855, when Illinois first levied a state-wide property tax for education, we did not have the range in property tax rates that we do now; consequently, we did not have that particular political problem. But, then, we didn't have to face a Civil War, either.