For more than 50 years, the United States has claimed to provide equal public education to all students, regardless of background or identity. But in fact, as income and wealth inequality have become more brutal and entrenched, low-income students, students of color, and students with disabilities have systematically and continuously been deprived of the resources that more privileged students take for granted. This fact sheet describes some of the sources of the underfunding of public schools, and policies that could finally achieve equity for our schools.

Federal Underfunding of Public Schools

In 1965, the federal government passed the Elementary and Secondary Education Act (ESEA), which sought to address the need for additional resources for schools in economically deprived communities. The legislation recommended that the federal government provide additional funding for low-income students, at a level up to 40% on top of average per-pupil state spending. That commitment, known as Title 1, has been underfunded every year.

If the federal Title 1 commitment had been met, Chicago would have had an additional $700 million to spend on low-income children in 2015 alone. Over the past 13 years — since this year’s high school graduates entered kindergarten — Chicago schools have been shortchanged $6.6 billion in federal Title 1 funds.¹

In 1975, Congress passed the law now known as the Individuals with Disabilities Education Act, or IDEA, which requires schools to provide students with disabilities with the supports they need in school. IDEA assumes that on average, the cost of educating a child with disabilities is twice the cost of educating a non-disabled student, and Congress pledged that the federal government would pay up to 40 percent of this cost. That commitment was also never been met.

If the federal IDEA commitment had been met, in 2015 alone, Chicago would have had an additional $156 million to spend on students with disabilities. Over the past 13 years — since this year’s high school graduates entered kindergarten — Chicago schools have been shortchanged $2 billion in federal IDEA funds.²

¹ US Department of Education Budget Service and US Census Bureau, and National Education Association.  
² Ibid.
Bad Actors

While Chicago public schools struggle, the wealthy and corporations have benefitted from tax subsidies and undermined public education through supporting school privatization.

- Rahm Emanuel and his hedge funder friends have benefited from tax subsidies such as a $55 million TIF subsidy for a high-end convention center managed by a company that Ken Griffin, a major Rahm donor, has a major investment in.

- In the past ten years, Larry Levy and his investment firms have received more than $46 million in subsidies from the city through TIFs.

Make the Rich and Corporations Pay Their Fair Share

This is the wealthiest nation in the world—and among the most unequal—with the greatest concentration of wealth in the hands of the fewest people. Every year, decisions are made by political leaders that strip public funding from public education and send that money to further increase private wealth. Chicago is no exception. But there are several policies that could generate millions of dollars to achieve equity in public schools.

- Closing the carried interest loophole would raise about $473 million a year for Illinois.

- Implementing a millionaires tax would raise approximately $1 billion a year.

- Closing the corporate “performance-based pay loophole” would generate $50 billion over 10 years.

Our cities, states and federal government have the funds necessary to provide all students with an equitable and high-quality education, but they choose to spend resources on police and prisons, corporations and the wealthy. It is time to take those funds back and provide all children with the schools that they deserve.

---

See full report for methodology.
