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, Indianapolis would have had an additional $61 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 $604 million in federal Title 1 funds.**

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, Indianapolis would have had an additional $19 million to spend on students with disabilities. Over the past 13 years — since this year’s high school graduates entered kindergarten — Indianapolis schools have been shortchanged $237 million in federal IDEA funds.**

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2. Ibid.
Investment in Police and Prisons Instead of Schools

Over the past few decades, spending on police and prisons has skyrocketed, along with harsh criminal penalties for minor offenses, the criminalization of normal teenage behavior, and punitive school discipline policies. In addition to the unjust incarceration of millions of people, this expansion of the police and prison industry has reduced resources for public education.

In Indianapolis, between 2005 and 2014, government spending was not distributed equally across spending areas:

- Spending on corrections increased by 90%3
- Per pupil spending on instruction decreased by 15%4

![Graph: Divestment in Indianapolis Schools 2005-2014](image)

Bad Actors

While Indianapolis public schools struggle, the wealthy and corporations have benefitted from tax subsidies and undermined public education through supporting school privatization. Wealthy commercial property owners who have benefited from tax subsidies include Eli Lilly, Berry Plastics, FedEx, Enerdel, Dow, Steel Dynamics, Cummins.

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. Indianapolis is no exception. But there are policies that could generate millions of dollars to achieve equity in public schools.

- Passing legislation to close the carried interest loophole would raise about $2.6 million in Indiana.5
- Reversing the Pence income tax cut package would generate $283 million in estimated state revenues6
- Reversing the Pence corporate tax cuts would generate approximately $414 million additional in revenue from fiscal year 2018 to 2022.

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.

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3 US Census Data, Annual Survey of State and Local Government Finances
4 US Census Data, Annual Survey of School Finances
5 See report website for detailed methodology
6 https://iga.in.gov/legislative/2014/bills/senate/1

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THE ALLIANCE TO RECLAIM OUR SCHOOLS

September 2018
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