

# Educational Fiscal Policy and Its Effects on How Our Children Learn: Comparing Minnesota and Illinois

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## Introduction and Hypothesis

This research project compares and contrasts two Midwestern states' - Minnesota and Illinois - educational fiscal policies to find if and how they affect the quality of public school students' educations. Minnesota funds its schools mainly through state revenue, providing equalization across districts of all income levels. Illinois funds its schools mainly through local revenue, which may cause in discrepancies in funding between school districts in wealthier and poorer areas.

The hypothesis is that Minnesota students are learning better than Illinois students, because their state government is ensuring that there are fewer disparities between school districts by providing the majority of the education revenue, or in other words, providing equalization. This is unlike Illinois, where education is funded at the local level, so disparities may exist between wealthier and poorer school districts.

## Methodology

The independent variable in this research is the funding systems of both Minnesota and Illinois. The two most important dependent variables are the performance of both states' students, measured by test scores, and the differences in funding between poorer and wealthier districts.

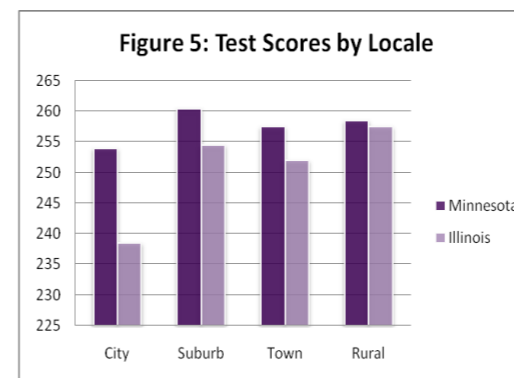
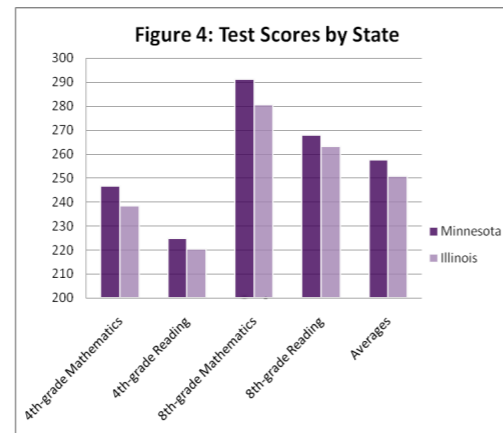
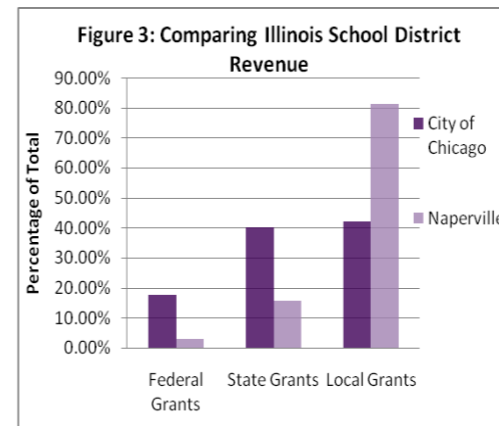
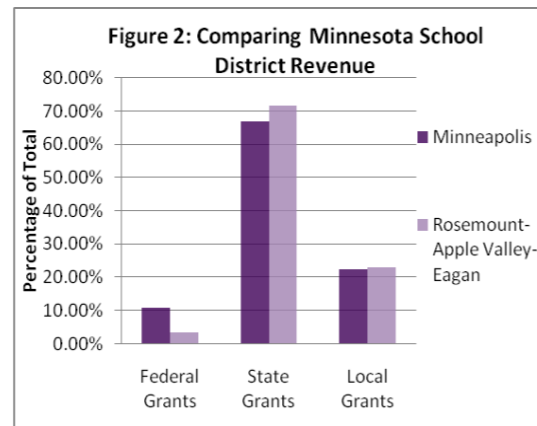
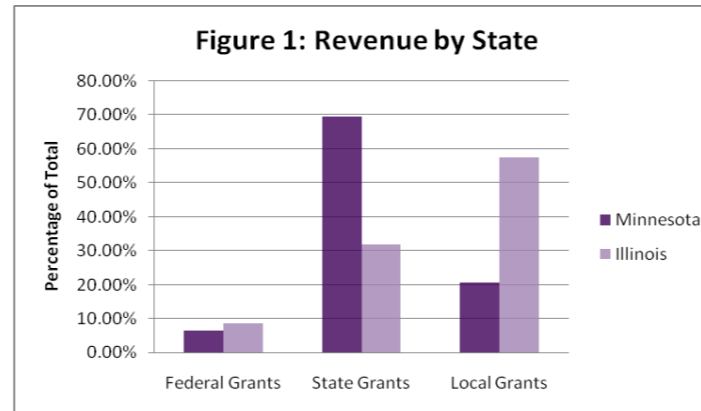
I first examined which level of government the public school revenue came from in both states. Then I went further to examine revenue in sample districts from both states—some affluent and some poor.

Next I examined whether the independent variable, funding mechanisms, affected a dependent variable, standardized test scores. The entire states' scores for 4 categories—fourth-grade mathematics, fourth-grade reading, eighth-grade mathematics, eighth-grade reading—were examined first. I also expected to see that there were disparities in test scores between wealthy and poor districts. Test scores were examined again for each state but now by four "locales" - city, suburb, state, and rural areas.

## Results

Figure 1 details where each state receives its revenue. Minnesota receives 6.50% of its revenue from the federal level, 69.60% of its revenue from the state level, and 20.60% of its revenue from the local level. Illinois receives 8.60% of its revenue from the federal level, 31.80% of its revenue from the state level, and 57.50% of its revenue from the local level. Minnesota receives its bulk of funding from the state dollars, while Illinois receives its bulk of funding from local dollars.

Seven Minnesota public school districts were detailed in Figure 2. The districts ranged from Minneapolis, an inner-city school district, with the lowest median household income of \$37,974, to Rosemount-Apple Valley-Eagan, a suburban school district, with the highest median household income of \$67,685. Luckily for Minnesota students though, their state uses equalization. Minneapolis receives 10.74% of its revenue from the federal level, 66.84% of its revenue from the state level, and 22.42% of its revenue from the local level. Rosemount-Apple Valley-Eagan receives 3.34% of its revenue from the federal level, 71.78% of its revenue from the state level, and 22.88% of its revenue from the local level. The largest difference between the wealthiest and poorest districts sampled in Minnesota is in the federal funding.



## Results (Continued)

Ten Illinois public school districts were sampled in Figure 3. The districts ranged from City of Chicago, an inner-city school district, with one of the lowest median household income of \$38,625, to Naperville, a suburban school district, with the highest median household income of \$88,771. Illinois, meanwhile, does not use equalization. City of Chicago receives 17.72% of its revenue from the federal level, 40.17% of its revenue from the state level, and 42.12% of its revenue from the local level. Naperville receives 2.97% of its revenue from the federal level, 15.76% of its revenue from the state level, and 81.27% of its revenue from the local level. The largest difference between the wealthiest and poorest districts sampled in Illinois is in the local level.

The standardized test scores of each state were examined to determine if different funding mechanisms affect how children learn in Figure 4. Minnesota's fourth-grade mathematics score is 247, while Illinois' is 239. Minnesota's fourth-grade reading score is 225, while Illinois' is 220. Minnesota's eighth-grade mathematics score is 291, while Illinois' is 281. Minnesota's eighth-grade reading score is 268, while Illinois' is 263. Overall, Minnesota scored an average of 258, compared to Illinois' students scoring an average of 251. Minnesota obtained a higher score in all of these categories. The smallest difference is 5 points, demonstrated by the fourth-grade and eighth-grade reading scores; the largest difference is 10 points, demonstrated by the eighth-grade mathematics scores.

The standardized test scores are examined by locales to determine whether there are disparities in learning between affluent and poor districts in Figure 5. Minnesota's cities scored 254 on average on standardized tests, while Illinois' scored 239. Minnesota's suburban areas scored 261, while Illinois' scored 255. Minnesota's towns scored 258, while Illinois' scored 252. Minnesota's rural areas scored 259, while Illinois' scored 257. Minnesota obtained a higher score in all of these locales. The smallest difference is 2 points, demonstrated by the rural areas' standardized test averages; the largest difference is 15 points, demonstrated by the cities' standardized test averages.

## Conclusions and Further Research

There is some evidence that Minnesota and Illinois' educational fiscal policies affect the quality of their public school students' educations. Minnesota receives the bulk of its revenue from the state government; Illinois receives the bulk of its revenue from the local government. These funding mechanisms caused Minnesota to have smaller differences between wealthy and poor districts than Illinois. Minnesota's students outperformed Illinois in standardized tests as well. To conclude, Minnesota students perform better on standardized tests than Illinois students, because there are fewer revenue disparities between wealthy and poor districts, since Minnesota, unlike Illinois, provides equalization by funding through the state government.

This conclusion could be mixed, because these findings may only hold true for Minnesota and Illinois. Further research could be performed across all states. It would be interesting to see if this hypothesis holds true across the country.

## Acknowledgements

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