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TAXPAYERS SUE STATE OVER SCHOOL FUNDING SYSTEM

Lawsuit Raises Constitutional Claim, Says State Violates Equal Protection Clause by Requiring Homes of Same Value to be Taxed at Different Rates

SPRINGFIELD, IL– The long quest to reform Illinois’ controversial system for funding public schools took an unprecedented turn Thursday when the funding system was challenged in court by two taxpayers who say it discriminates against them based on the communities where they live.

In a lawsuit filed in Sangamon County Circuit Court in Springfield, homeowners from south suburban Chicago Heights and downstate Cairo charge that the state’s school funding policy violates the equal protection clause of the Illinois Constitution by effectively forcing residents in economically struggling communities to pay higher property tax rates for local schools than owners of similarly valued homes in more affluent municipalities.

“Illinois’ method of funding education is an unfair system of taxation by location,” said Hoy McConnell, Executive Director of Business and Professional People for the Public Interest (BPI), a Chicago-based non-profit organization whose lawyers, along with the Chicago law firm of Sidley Austin LLP, represent the plaintiffs in the suit.

“Under state school funding policy,” McConnell explained, “some property owners are forced to pay higher school property tax rates than others if they want to reach the state-designated ‘Foundation Level’ — even though the value of their homes is identical. The only difference is where those homes happen to be located on the map. That seems to us to be a stark violation of one of the most sacred tenets of our state constitution: The guarantee of equal protection under the law.”

This funding disparity is exemplified by the two plaintiffs in the lawsuit. Plaintiff Paul Carr is a resident of Chicago Heights, where his high school property tax rate is nearly two and a half times higher than the school tax rate on a property of equal value in the wealthy Chicago suburb of Winnetka. In poverty-stricken downstate Cairo, Ron Newell’s school tax rate is more than double the amount assessed on a property of equal value in the Scales Mound school district near Rockford.

Today over three-fifths of total public school funding in Illinois is financed by local property taxes. The State finances less than thirty percent, one of the lowest levels in the nation.

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The BPI/Sidley taxpayer lawsuit is distinct from a pending action filed in 2008 by the Chicago Urban League, which also challenges the state's school funding system. That suit claims that the system is racially discriminatory against African-American and Latino students, not that it treats taxpayers unequally.

The taxpayer suit is part of a long lineage of efforts to reform the state's school funding system through the courts. While previous attempts at seeking a court-ordered change to the state's educational funding system have been rebuffed, attorneys for the taxpayer plaintiffs note that circumstances have changed dramatically since those rulings. In 1996, the Illinois Supreme Court ruled that school funding disparities were related to the legitimate state goal of promoting local control of education. But since then, the Illinois legislature has effectively centralized control of education by mandating a comprehensive set of learning standards for all of the State's schoolchildren and imposing penalties upon schools and school districts for failure to meet the standards.

"It is no longer the case that our schools operate primarily within the discretion of local school districts," said McConnell. "The State has now dictated the standards for educational performance at the local level, and schools are compelled to comply with those standards. In other words, the 'local control' rationale for inequality in school taxation has been turned on its ear since the last time the Illinois Supreme Court looked at this matter. Also, the Court has never considered the inequality of taxpayer treatment that is at the heart of this lawsuit. These two reasons explain why we think it is appropriate to reraise the school funding question at this time."

Lead counsel for Sidley Austin in the case is Scott Lassar, joined by BPI senior staff counsel Alexander Polikoff.

About BPI:

Founded in 1969, Business and Professional People for the Public Interest (BPI) is a public interest law and policy center that seeks out and addresses some of the Chicago region's most significant social justice challenges. Currently BPI works to increase and preserve affordable housing, transform public housing, improve Chicago's public schools, and promote open and honest government in Illinois. BPI's staff of lawyers and policy specialists uses legal and policy research, advocacy, organizing, litigation, and collaboration with nonprofit, community, business and governmental organizations to accomplish its mission.