

# Hypothetical Illinois K-12 Funding Model: Eliminating Property Tax Dependence

Total Estimated K-12 Budget (Current State + Local Contribution): ~25billion\*(Assumption:Illinoiscurrentlyspends 25billion\*(Assumption:Illinoiscurrentlyspends 15K/student, with ~\$9.9B from the state and the rest from local taxes/federal funds. This model replaces local property taxes entirely with state-controlled alternatives.)\*

## Proposed Alternative Funding Sources & Estimated Contributions

Funding Source	Estimated Annual Contribution	Key Considerations
1. Progressive Income Tax Surcharge	\$5B	Additional 1–3% tax on incomes >\$250K.
2. Sales Tax Expansion (Services & E-Commerce)	\$3B	Extend sales tax to digital services, luxury goods.
3. Corporate Tax Reform (Closing Loopholes)	\$2B	Eliminate offshore tax shelters, increase rates on large corporations.
4. Statewide Education Surcharge on Gambling	\$1B	5% additional tax on casinos, sports betting, lottery profits.
5. Carbon Tax/Green Fees	\$1.5B	Fees on industrial emissions, fossil fuel extraction.
6. Cannabis Revenue Allocation	\$500M	Dedicate 25% of cannabis tax revenue to schools.
7. "Millionaire’s Exit Tax" (Wealth Migration Fee)	\$300M	1% tax on net worth >\$5M for residents who leave IL.
8. State-Run Municipal Bonds (Education Bonds)	\$2B	Low-interest bonds for capital projects, repaid via future revenues.
9. Public Land Leases (Solar/Wind Farms)	\$200M	Lease state-owned land for renewable energy projects.

Funding Source	Estimated Annual Contribution	Key Considerations
10. Vehicle Mileage Tax (VMT)	\$1B	Replace gas tax with per-mile fee for road funding, divert 20% to schools.
11. Statewide Endowment Fund (Sovereign Wealth Model)	\$500M	Invest oil/gas revenues or other windfalls into a long-term education fund.
12. Federal Grant Maximization	\$1B	Aggressive pursuit of Title I, IDEA, and infrastructure grants.
13. Corporate Partnerships (Naming Rights, Sponsorships)	\$100M	Allow ethical corporate sponsorships for school programs.
14. Statewide Teacher Pension Reform	\$1B	Redirect pension savings into classroom funding.
15. Digital Advertising Tax (Big Tech)	\$500M	5% tax on digital ad revenue from companies like Google/Meta.

Total Estimated Replacement Revenue: ~19.5B\*(Coversthe 19.5B\*(Coversthe 9.9B state contribution + replaces ~\$10B in local property taxes.)\*

## Key Advantages of This Model

1. **Equity:** Eliminates disparities between wealthy and poor districts.
2. **Stability:** Reduces reliance on volatile property markets.
3. **Progressive Revenue:** Shifts burden to high-income earners and corporations.
4. **Innovation:** Taps into emerging revenue streams (carbon taxes, digital ads).

## Potential Challenges

- **Political Feasibility:** Requires legislative support for tax reforms.
- **Economic Impact:** Corporate tax hikes could face opposition.
- **Implementation:** Some taxes (e.g., VMT, wealth tax) require new infrastructure.

## Breakdown of Funding by Category

Category	Estimated Share of Budget
Progressive Taxes (Income, Wealth, Exit)	30% (\$5.8B)
Consumption Taxes (Sales, VMT, Gambling)	25% (\$4.8B)
Corporate/Green Fees (Carbon, Digital Ads, Cannabis)	20% (\$3.8B)
Federal & Partnerships	15% (\$2.9B)
Long-Term Investments (Bonds, Endowment)	10% (\$1.9B)

## Comparison to Other States

- **Hawaii:** Fully state-funded, but lacks progressive taxation.
- **California:** Heavy reliance on income taxes (Prop 98), but still uses some local property taxes.
- **Michigan/Indiana:** Hybrid models with state sales/income taxes supplementing local funds.

**Illinois’ Advantage:** A diversified revenue portfolio could make funding **more stable and equitable** than any of these states.

## Next Steps for Implementation

1. Phase out property taxes over 5–10 years.
2. Pilot regional taxation models (e.g., Chicago metro vs. rural adjustments).
3. Constitutional amendments (if needed) to enable wealth/carbon taxes.