Tax Increment Financing in Chicago: Building Neoliberal Exclusion One School at a Time
Stephanie Farmer and Chris D. Poulos
Crit Sociol published online 19 June 2013
DOI: 10.1177/0896920513492806

The online version of this article can be found at:
http://crs.sagepub.com/content/early/2013/06/19/0896920513492806

Published by:
SAGE
http://www.sagepublications.com

Additional services and information for Critical Sociology can be found at:

Email Alerts: http://crs.sagepub.com/cgi/alerts

Subscriptions: http://crs.sagepub.com/subscriptions

Reprints: http://www.sagepub.com/journalsReprints.nav

Permissions: http://www.sagepub.com/journalsPermissions.nav

>> OnlineFirst Version of Record - Jun 19, 2013

What is This?
Tax Increment Financing in Chicago, IL, Building Neoliberal Exclusion One School at a Time

Stephanie Farmer
Roosevelt University, USA

Chris D. Poulos
University of Illinois at Chicago, USA

Abstract
The article examines how the entrepreneurial municipal government in Chicago, IL has deployed tax increment financing revenues to realize so-called urban education reform through the construction of exclusive neoliberal schools. At the same time traditional open enrollment schools are relatively deprived of tax increment financing revenues for school construction projects. In effect, Chicago’s municipal government is allotted the financial flexibility by the tax increment financing program to construct a variegated, unequal and polarized school system consisting of well funded, high quality exclusive public schools and underfunded, lower quality open enrollment public schools. Further, the placement of exclusive schools is also polarized as prestigious selective enrollment public schools are located in high socio-economic neighborhoods and partially privatized charter and contract schools, outside of local democratic control, are located in predominantly African-American low socio-economic neighborhoods, thus disempowering these residents.

Keywords
tax increment financing, neoliberal education, exclusion, urban development, Chicago, political economy

Introduction
The neoliberalization of urban places has involved the reconstitution of the full spectrum of state institutions, from public services to revenue streams. The logic of neoliberal policies weave apparently discrete institutions and state activity into a complex web of interlocking neoliberalizing institutions. Entrepreneurial urban governments actively incorporate market-based, business...
friendly practices and principles in the remaking of public services and government finance (Harvey, 1989). Local governments do not neoliberalize local institutions in the abstract, but rather officials deploy specific mechanisms to enact their policy goals. Tax increment financing (TIF) is a key financial instrument funded by locally generated property taxes and readily available to city governments to finance either private or public sector redevelopment projects (Weber, 2003). TIFs provide municipal governments more flexibility in planning and financing infrastructure in general, and public school construction projects specifically (Briffault, 2010; Weber, 2003). This new flexibility has empowered local governments to reshape the public education system according to a more neoliberal, marketized vision of so-called choice schools (Akers, 2012; Lipman, 2011; Ravitch, 2011). The facility needs for exclusionary choice schools to scale up has created new demands on the way scarce municipal revenues are allocated and is crowding out funding for traditional open enrollment public schools.

Many scholars studying the connection between TIF and public schools have focused on the degree to which property tax revenues channeled into the TIF development fund deprives public schools (as an overlapping taxing jurisdiction) of general operating revenue (Lehnen and Johnson, 2001; Weber, 2003; Weber et al., 2008). Although this is an important line of inquiry, it captures one dimension of how tax increment financing impacts public schools. However, other dimensions need to be assessed in order to understand the wide-ranging impact that the TIF program deployed by entrepreneurial local governments has on public schools and urban development. In the context of persisting place-based class, racial and ethnic inequality and public education reform creating a more variegated education system, not all school construction projects are the same. In this article, we explore some of the ways in which TIF development revenues are allocated to construct exclusive, partially privatized school construction projects in the city of Chicago, IL. Our study seeks to answer such questions as: what types of schools receive TIF funds for construction projects? Who are the specific communities benefitting from the different types of school funded with TIF revenues? How does this affect existing place-based class, racial and ethnic group inequality and uneven geographic development in the city of Chicago? Since Chicago is on the cutting edge of both its use of TIF and the partial privatization of public education, it is appropriate to use Chicago as a single case study that illuminates the interconnections between entrepreneurial municipal governments, tax increment financing and the neoliberalization of public education.

We begin the article by engaging the literature on neoliberal urbanization, tax increment financing and neoliberal public education reform. The next part of the article examines the Chicago Public Schools (CPS) construction projects that have been financed with TIF revenues. We find that Chicago’s entrepreneurial municipal government disproportionately wield TIF dollars to facilitate the remaking of public education into a system of more marketized and exclusionary schools while at the same time shortchanging more inclusive, traditional open enrollment neighborhood public schools. Our findings also indicate an emerging pattern of uneven geographic development where prestigious selective enrollment schools and regional gifted centers are more likely supported with TIF dollars in affluent and gentrifying neighborhoods. Meanwhile TIF revenues allocated for school construction projects in low income, predominantly African-American neighborhoods go towards public-private partnerships formed with exclusive charter or contract schools that are free from local democratic control and have admission policies that can exclude neighborhood children from attending. Tax increment financing of public school construction also contributes to uneven geographic development in working class, middle income and predominantly Latino communities that receive a smaller proportion of TIF funds for schools in their communities relative to more affluent and white communities. We conclude that tax increment financing enables the city of Chicago and Chicago Public Schools to construct a variegated
and stratified public education system of high quality exclusive schools and low quality neighborhood schools.

**Method**

Our research initiates a research agenda for the investigation into the linkages between tax increment financing and school choice education policies. This research is exploratory in nature, making use of available data to establish patterns of tax increment financing, the types of schools receiving TIF funds for construction projects and the communities that are benefitting from TIF investments in schools. Using Chicago Public Schools (CPS) produced documents and data websites, we constructed a taxonomy of schools receiving TIF funds for construction projects using the *Comprehensive Annual Financial Report for the Year Ended June 30, 2011* prepared by the Chicago Public Schools Office of School Financial Services (2011). We collected racial/ethnic and income demographics of the students attending each school and demographics for the neighborhood in which each school is located from the Chicago Public Schools Office of Performance Racial/Ethnic Survey (2012) and the Office of Access and Performance (2012) on-line databases. This snapshot of the data does not give us an understanding of the magnitude of capital investment CPS has made in the school system. The data also does not capture changes in CPS enrollment by school over time, nor the extent of the capital needs present in each school. However, the patterns do give us a sense of the types of schools prioritized by city officials in the deployment of tax increment financing for school construction projects.

**Neoliberalism and Tax Increment Financing**

Neoliberalism has been the hegemonic form of institutional arrangements in US capitalism over the past 30 years (Brenner and Theodore, 2002; Peck and Tickell, 2002). Neoliberalism involves organizing political and economic policy in a manner that privileges private enterprise operating in markets over and against the state operated public sector. Neoliberalism views taxation as mostly inefficient and wasteful 'rent-seeking' by the unproductive state intervening and disrupting the more efficient logic of markets. Neoliberal policy often seeks to outright privatize public sector entities on the same grounds that profit seeking firms operating in markets are inherently more efficient than the public sector. When outright privatization is not feasible, neoliberal policy seeks to parallel or mimic the operations of the market via a variety of mechanisms including public-private partnerships, subcontracting, and an official stance of fiscal austerity for the state (Harvey, 2005). In the US iteration of neoliberalism, devolution of public sector planning and finance responsibilities from the federal scale down to the regional and local scale has contributed to the local dependence on locally generated revenue sources (Eisinger, 1998; Harvey, 2005; Weber, 2003). Fragmenting taxing authority and responsibility for the provision of public service down to 50 states, 3000 counties and 30,000 municipalities has the effect of significantly curtailing the power of the public sector and enhancing the power of the private sector. Furthermore, the increasing reliance on local revenue sources intensifies inter-urban competition for scarce capital investment, jobs and revenue streams (Eisinger, 1998; Harvey, 1989). Federal devolution as well as state and local tax expenditure limitations since the 1970s have provided the exogenous force for local level fiscal austerity (Mullins and Wallin, 2004). Local fiscal austerity measures have also been actively promulgated by endogenous local growth machine elites, yielding a multi-layered drive to austerity and the marketization of public services.
Actual existing neoliberal urban policy is most often Janus-faced. On one side, for the working classes, immigrants and people of color communities, neoliberalism involves the *laissez faire* curtailling and curbing of public services, pushing these strata into the competitive gales of the open market. On the other side, neoliberal urban policy plays a pro-active *aidez faire* role in the economy as a facilitator of capital accumulation via a 'policy repertoire based on capital subsidies, place promotion, supply side intervention, central-city makeovers and local boosterism' (Peck and Tickell, 2002: 47–48; Purcell, 2008). Neoliberal urban policy is *laissez faire* austerity for the majority and *aidez faire* facilitator of capital accumulation for the moneyed elites (Brenner and Theodore, 2002; Graham and Marvin, 2001; Peck and Tickell, 2002; Purcell, 2008).

Entrepreneurial municipal governments, characterized by their promotion of business friendly practices and policies, are the key avenue for facilitating capital accumulation in the era of neoliberal urban policy (Harvey, 1989; Weber, 2003). Entrepreneurial municipal governments are also active agents in bolstering housing markets and providing amenities for businesses and affluent residents in order to enhance property values and thereby taxes. The linkage between the business community and professional-managerial strata is both economic and political. Neoliberal urban policy seeks to attract business investment as a vehicle of economic growth and profit making. Additionally, as income inequality has grown, and real wages for hourly labor have stagnated, the affluent professional-managerial strata have emerged as the target market for an increasing share of business and real estate market activity (Smith, 2002). Neoliberal urban policy is oriented towards a target market of affluent professionals and managers insofar as these strata provide a pool of consumers with disposable income, a concomitantly stable tax base, as well as electoral support. Subsequently, gentrification and high-end residential housing have become the predominant housing strategy supported by local governments at the expense of affordable housing and a more equitable distribution of public services (Hackworth, 2007; Smith, 2002).

Place promotion strategies pursued by entrepreneurial municipal governments are increasingly funded by local revenue sources such as tax increment financing (TIF) (Briffault, 2010; Weber, 2003). TIF is a local finance tool, authorized by state legislatures, which give local governments the ability to form a development fund based on the property taxes generated in the TIF district (Healey and McCormick, 1999; Huddleston, 1984). The theory behind TIF is that, since redevelopment increases a city’s tax base, a city can use part of the anticipated tax increment to fund renewal in advance (Logan and Molotch, 1987). TIF programs are regarded as operating as a closed circuit of development finance whereby tax increments pay off the cost of public expenditures that spark private development, which in turn goes on to generate higher property tax revenues to pay for more public expenditures (Briffault, 2010). The long term goal of tax increment financing is to increase the city’s property tax base by spurring growth-oriented development and attracting more affluent taxpayers to reside in the city (Weber, 2003). The benefits of TIF are said to eventually trickle down to all residents in the form of lower tax rates and a larger tax base in which to fund services.

How TIF districts are formed varies by place. In Chicago, IL, for example, all the properties in the TIF district have their Equalized Assessed Value (EAV) (the baseline property value amount on which taxing jurisdictions draw their revenues) frozen for 23 years. Overlapping taxing jurisdictions such as the schools, libraries, water, and park districts are only allowed to tax on the baseline EAV for the 23 years. Any new tax revenue created above the baseline EAV (the increment) is channeled into the TIF development fund. TIF funds are used to finance incurred and incidental cost of economic development and infrastructure projects in both the public and private sectors. TIF eligibility also varies state by state. Generally, TIF eligibility is guided by some criteria assessing blight and proving that redevelopment would not take place ‘but for’ the TIF subsidy. For instance, Illinois state law requires TIF to be used to remediate blight, prevent an area
from becoming blighted, or foster industrial development (TIF Reform Panel, 2011). Blight is determined by such factors as age, obsolescence, excessive vacancies, and lack of physical maintenance (Healey and McCormick, 1999). New development usually takes the forms of public infrastructure improvements, land assembly and clearance, or through direct financial subsidies to developers and business. Municipalities raise initial funds by floating municipal bonds (general obligation bonds, revenue bonds and notes) on presumed future TIF increment revenues (Logan and Molotch, 1987). Cities thus absorb more debt and risks on the assumption that TIF development will pay off in the future (Weber, 2010).

Local governments have considerable flexibility in devising TIF districts, providing growth machines with a key tool to navigate the tricky terrain of creating locally based revenue sources and facilitating the switch in state investment into non-industrial and competitive land uses in an era of austerity. Although numerous local economic development financial instruments (like enterprise zones and special service areas) have emerged in the last 40 years, TIF is the most widely used (Briffault, 2010). TIF has existed since the 1950s, but was less utilized as a development mechanism under Keynesianism, only emerging as the go-to financial instrument for cities in the neoliberal era (Weber, 2003). The precipitous increase in the state authorization and use of TIF came on the heels of federal devolution and fiscal austerity. In the short time between 1984 and 1992, the number of states that authorized TIF nearly doubled (from 28 to 44), and it was being used in 56 percent of large cities with populations above 100,000 (Briffault, 2010). The growing predominance of TIF also coincided with the shift from TIF as a means to combat blight into 'an all-purpose local government tool for financing public investment in market-oriented development' (Briffault, 2010: 72).

The process of forming, implementing and spending TIF revenues is opaque and flexible. Historically, TIF budgets were centralized and filed within the mayor’s office; aldermen could access information on projects on a project-by-project basis but could not view the program in its entirety. In cities like Chicago, IL, TIF levies do not show up on bi-yearly property tax bills. For more than 20 years, Chicago’s behind-closed-doors decision making process excluded meaningful public involvement and has made the entire TIF process (from designating a TIF to selecting TIF-funded projects) lack transparency (Thompson et al., 2007). TIF programs are not a one-size-fits-all policy, but take multiple forms, as they are adapted to the local context by growth regimes. The city of Chicago’s use of TIF exemplifies this point. First, Chicago is an innovator in TIF porting. In most municipalities, TIF funds remain within the TIF district of origin. In Chicago, the practice of TIF porting allows for TIF funds to move from one TIF district into a touching, adjacent TIF district. Between 2000 and 2005, $35m in TIF money was ported with the intention of bundling revenues to finance larger scale developments. Second, TIFs in Chicago are not tied to specific projects but are allowed to accumulate surplus revenues over the duration of the TIF. Furthermore, the revenues going into TIF funds often exceed the costs of the proposed projects originally tied to the TIF. The excess funds act as a slush fund to be deployed for future projects, or can be ported (moved out) into other TIF districts. Consequently, these accumulated surplus revenues provide Chicago’s local government the flexibility to fund future development proposals or port revenues to other parts of the city. This is reinforced by the way TIF operates as a separate stream of money independent from the city budget, empowering the mayor to pursue aidez-faire urban restructuring.

**Neoliberal Education**

Entrepreneurial municipal governments have expanded the scope of the TIF program from transforming redeveloping industrial spaces into postindustrial landscapes to financing the
neoliberalization of the urban public service nexus. Urban growth machines have an interest in public education insofar as it serves a place promotion function. First, good quality public schools producing skilled workers act as a lure for market activity. Second, a good school system is said to anchor professional-managerial residents, and their purchasing power, to the city’s tax base. As such, schools are increasingly treated as an economic development tool distinct from their public good role. The predominant manner in which growth machines work to neoliberalize urban education follows the national trend of remaking neighborhood public schools into so-called choice schools. Akers (2012) devised a useful continuum for categorizing so-called choice schools based on such characteristics as entry barriers, public and private governance practices regulating the school, admission filtering processes, and attendance fees. Moving from fully public to fully private schools, the continuum starts with traditional, open enrollment publicly managed schools in which all neighborhood children have access. It moves to publicly operated magnet and selective enrollment schools. The application process for these schools has admission requirements that exclude many children from even qualifying. Additionally, in these schools, the application process is open to all children within the city and not just neighborhood children that can be excluded from selective schools. Next are charter schools that are operated by a private entity (with a variety of vague and opaque forms of public oversight) but are primarily financed by public sector revenues (in Chicago, 75% of charter school funds come from the city). Charter schools are open to all students in the city and admission tends to be restricted by an application process and lottery selection. As a result, charter schools tend to have a student body composed of students from higher socio-economic backgrounds relative to the student body of nearby neighborhood schools (Frankenberg et al., 2010; Silverman, 2012). Further, they are not required to retain their students if their academic performance is not up to par, or if students violate disciplinary codes, no matter how minor (Lipman, 2011). They are also not required to provide special education or English as a second language services, necessarily excluding or under-serving children with those needs (Brown and Gutstein, 2009; Drame and Frattura, 2011; Miron and Nelson, 2002; Silverman, 2012).

The provision of choice schools in an era of austerity hinges on the ability of local governments to marketize the public school system. Marketization refers to the litany of policies that shape public education according to market-oriented practices achieved by adopting business model approaches to education and public-private partnerships that open up the public education sector to more profit making opportunities and control (Lubienski, 2005; Miron and Nelson, 2002). The marketization of public education has its political roots in the school choice movement taking shape in the USA in the early 1950s when Milton Friedman suggested that the system of education would be better off under market, rather than state, control (Akers, 2012). Democratic control of education was said to empower bureaucratic and special interests groups that seek to limit change and innovation in the schools in order to retain their privileges and control (Chubb and Moe, 1990). Rather than fight through this system, school choice advocates set out to create a new school system to work in tandem with traditional public education (Ravitch, 2010). The guiding principle for choice school advocates centers on the belief that education should be reconfigured from a public provision into a market-produced good, where schools would compete for consumers (students) through price and product. Parents and their children would be empowered to choose between a range of products (schools) that best meet their needs. If parents were free to choose between different school products, schools would be pitted in competition with each other to deliver the best product on the market, and thus strengthen the school system for all parents and children. By mimicking the market, the school system would be streamlined down to a customer-provider relationship and cut out the so-called external impact of bureaucratic and special interest groups, like teachers’ unions and parent organizations (Lubienski, 2005).
Under this perspective, the social role of public education is reconstituted from a public good that is universally accessible into a consumer good, while the subjectivities of parents and students are transformed from citizens with a social right to education into consumers choosing between fungible products (Akers, 2012). Additionally, the language of school choice provides working class and poor families with an alluring alternative to underfunded schools. However, the actual practice of building exclusive school tends to disproportionately privilege whites who make up a greater proportion of students attending selective enrollment, and middle class African-Americans who are more likely to send their children to charter schools than lower income African-Americans (Burdick-Will et al., 2013; Lipman et al., 2012; Saporito and Sohoni, 2006; Silverman, 2012). In reality, choice becomes more of ‘a slogan that covers up its relation to the continued production of inequality’ (Buras and Apple, 2005: 562–563) and is leading to greater segregation by race and income.

Nonetheless, the school choice reform movement gained momentum in the 1980s and 1990s with a national push for school vouchers and the expansion of charter schools. Urban growth machines, hoisting the banner of school choice reform, became crucial agents in shaping and institutionalizing the neoliberal urban education regime (Hankins and Martin, 2006). Furthermore, the persistence of racial/ethnic segregation and the intensification of economic segregation continue to concentrate poverty and dysfunctional schools in the urban public education system. Under these conditions, parents in cities embraced the school choice agenda as the only seemingly feasible alternative available for their child (Lipman, 2011). The so-called school reform debate of the 1990s moved increasingly towards a business model approach to education, in which competition and market principles became the force shaping education policy. Market-oriented neoliberal urban education policies include the partial privatization of school operations and management formed in charter school public-private partnerships (where privately managed operators have autonomy from the public school agency to devise curriculum, set calendar days, and establish school goals), high stakes testing, performance pay for teachers, and ideological campaigns promoting school choice (Lipman, 2011; Stovall, 2013). Taken together, these policies encourage the dismantlement of the traditional public education system and the roll-out of a market-based, variegated education system.

Tax Increment Financing and Neoliberal Public Education

The move towards marketizing public education through the construction of exclusionary choice schools has created new demands on the way scarce municipal revenues will be allocated. The biggest hurdle confronting choice schools in their efforts to ‘scale up’ their presence in urban public schools systems is the inability to acquire physical structures for schools (Education Sector, 2009). There are different ways in which choice schools can access building facilities – use existing school buildings, share space in traditional neighborhood schools or construct new structures. In Chicago, the expansion of choice schools was facilitated by Chicago Public Schools closing neighborhood schools and then leasing 40 percent of the shuttered schools to charter school operators (Vevea et al., 2013). There are also many shared facilities, or mixed component schools, where students of a neighborhood school attend classes in one section of a building and students attending a school operated by a private management organization attend classes in another section of that same building. Finally, charter schools have received public financing grants from the national government and the Illinois state government for capital projects while the city of Chicago is using tax increment financing to help finance choice school construction projects.

The scholarly and policy examinations centered on the relationship between tax increment financing and urban education is principally focused on the fiscal impacts of TIF district formation.
on school finances. First, the fragmented structure of government finance entails that TIF empowers municipalities in maximizing their control over other taxing jurisdictions drawing from the same local revenue streams. Huddleston (1984) found that TIF helps to diffuse the costs of redevelopment across overlapping taxing jurisdictions. Without TIF, the burden of financing economic development would fall exclusively on the municipality even though all local taxing bodies stand to gain from increases in property values that go on to enhance revenue streams. And because the TIF program insulates municipal governments from political opposition by overlapping taxing bodies (such as the public schools) over the disbursement of revenue sources, municipalities have an incentive to create and overuse TIF (Logan and Molotch, 1987).

The TIF program also curtails growth in school revenue streams in taxing jurisdictions not subject to a tax cap. Development that would not have taken place ‘but for’ TIF investment may enhance the property tax base for schools in the long term but in the short term may jeopardize their fiscal health (Weber, 2003). In her study of municipalities (excluding Chicago) in Cook County, Illinois, Weber determined that schools in municipalities heavily reliant on TIF experienced slower growth in property tax revenues compared to those in municipalities less reliant on TIF. Across Illinois, school districts in TIF dependent urban areas outside of the Chicago Metropolitan Statistical Area (MSA) experienced significantly slower growth rates than those in the Chicago MSA (Weber et al., 2008). Local taxpayers thus experience TIF as a tax increase as school districts raise their property tax rate to compensate for revenue diverted to the TIF redevelopment fund (Lehnen and Johnson, 2001). Additionally, schools in TIF dependent areas were disproportionately compensated by state aid to make up for the shortfall in revenue. The uneven distribution of state aid creates a classic moral hazard dilemma, in which local growth machines are incentivized to capture revenue from school districts with the expectation that the state will backfill the difference (Weber, 2003). Lehnen and Johnson (2001) likewise found that schools in Indiana recovered revenues foregone to TIF through the state’s contribution to the school’s finance formula, thus shifting the cost of local economic development projects onto taxpayers across the state. However, Bruno and Quesada (2011) believe it is impractical to determine a clear dollar value of public school revenues foregone to TIF because other factors mitigate an absolute erosion of revenues, such as the presence of tax caps, state education aid and TIF monies spent on school construction projects.

Assessing the degree to which the TIF program deprives public schools of revenues is vital for evaluating the social impact of TIF. However, what is missing from the scholarship on TIF and schools is an analysis of the types of schools that are constructed with TIF revenues. Previous studies analyze the public school taxing jurisdictions as a single, undifferentiated entity. However, children do not attend a homogeneous public school agency, per se, but rather they go to real, specific schools within the public education system. Since TIF dollars have been used to construct schools (and school construction projects are mobilized to build consent for the TIF program in general), it is important to investigate the specific types of schools and the communities that benefit from these projects. The city of Chicago provides fertile ground to study the intersection of TIF and so-called public education reform, as Chicago is considered a leader of both in the USA. Chicago has not only pioneered TIF but the different waves of school reform implemented in Chicago have been used as models for both President George W. Bush’s No Child Left Behind and President Barak Obama’s Race to the Top initiatives.

**Chicago Public Schools and Tax Increment Financing**

In Chicago, IL, the interest in the school choice movement was motivated, in part, by the business community’s concern for Chicago’s position in the global economy. Business leaders pointed to the
failure in the public education system, and the resulting ill trained labor force, as a reason why global and regional businesses leave or do not locate in Chicago (Lipman, 2002). Choice schools were mobilized as indicators that the city is looking out for the interest of capital and affluent residents. Chicago’s entrepreneurial municipal government helmed by Mayor Richard M. Daley was allotted control over Chicago Public Schools (CPS), the agency responsible for public education in the city of Chicago, in 1995 by the Illinois State legislature. Mayor Daley’s new powers provided him the leverage to reconfigure public education by mimicking market-based approaches within the school system. Among his first steps was to direct CPS to expand its offerings of choices to include more prestigious public schools by adding six more selective enrollment schools to the system and to create new International Baccalaureate and college prep high schools.

Chicago underwent another wave of public school restructuring when the Commercial Club of Chicago proposed Renaissance 2010 (Ren2010) in 2004, calling for more choice schools that were now to be managed by public-private partnerships with charter school organizations (Lipman, 2011). The Ren2010 plan estimated that at least 60 public schools would need to be closed due to what they labeled as under-performance, and replaced by 100 ‘turnaround’ schools composed of a combination of one-third charter, one-third contract, and one-third performance schools. By 2009, CPS was well on the way to realizing the goals of Ren2010, having closed 83 schools and opened 155 new, mostly choice schools. With Ren2010, Chicago became a national leader in the partial privatization of public education where charter schools now comprise 13 percent of CPS schools, far exceeding the nation’s average of 5 percent. The private management of charter schools allows charters to circumvent community directed and democratically elected local School Councils that diffuse budgeting and hiring powers to the community. Furthermore, state law prevents charter schoolteachers from joining the Chicago Teacher’s Union, thus diminishing the power of public sector unions. Combined, the 1995 and Ren2010 reforms unfurled a menu of differentiated schools from which parents with qualified children can apply for places, such as college prep, selective enrollment, magnet, International Baccalaureate, contract, small, performance, military, and charter schools.

As the city of Chicago was remaking CPS into a choice school system, the city government was also expanding its use of tax increment financing. TIF was first introduced in Chicago in 1984 and took off as the city’s primary economic development tool in the late 1990s, expanding from over 40 TIF districts in 1997 to 163 TIF districts by 2010. Currently, TIF districts cover over 30 percent of the city and 40 percent of its taxing base (TIF Reform Panel, 2011). They collect over $500m in revenue each year, or what amounts to 10 percent of the city’s budget. In recent years, the city of Chicago has expanded its use of TIF to include sections of the city that are not suffering from blight and are experiencing advanced, post-industrial forms of economic development. Chicago’s downtown and its surrounding areas have benefitted the most from the TIF program, receiving nearly half of all TIF redevelopment revenues since the program’s inception. The TIF has also been used to subsidize gentrification. For example, the city used TIF revenues to bypass the Cabrini-Green local advisory council’s recommendations for rehabilitating public housing development. Instead, TIF money provided the resources and legal authority to demolish the Cabrini-Green public housing project and replace it with a more gentrified built environment composed of a mix of market rate, affordable and public housing developments as well as upscale restaurants and national franchises like Starbucks (Miller, 2008).

Mayor Richard M. Daley and current Mayor Rahm Emanuel have both defended the TIF program from public criticism that the program benefits private developers on the public dime by emphasizing that TIF has been used to construct essential public infrastructure (TIF Reform Panel, 2011). Between 1986 and 2010, 22 percent of all TIF revenues have been earmarked for school
construction projects, although the majority of those funds were spent after 2006 in the wake of public criticism of the TIF program. Altogether, 28 CPS schools received TIF funds for construction projects, totaling $857.81m in TIF funds (Office of School Financial Services, 2011). In order to get a better understanding of what types of schools have received TIF funds for construction projects, we analyzed Chicago Public Schools’ Comprehensive Annual Financial Report for the Year Ended June 30, 2011 in which they list the schools receiving TIF funds and the benefit amount. We then went to CPS’s website to determine how CPS classifies each school type (neighborhood, charter, contract, etc). Of the 28 schools, 14 are part of the Modern Schools Across Chicago (MSAC) program, a capital plan initiated by Mayor Daley in 2006 to build or renovate 27 schools by 2012. As indicated in the plan, TIF will provide 60 percent of the funding for MSAC projects. As of June 2011, 14 MSAC schools had been constructed or renovated with TIF funds and include a mix of eight neighborhood schools, two selective enrollment schools, one regional gifted center and one small college prep. The remaining 14 school construction projects not part of MSAC were initiated either by Aldermen, Chicago Public Schools and/or the mayor’s office. As TIF documentation has not always been consistently available to the public, we could only find Intergovernmental Agreements formed between 2002 and 2004 for seven of these 14 schools.

We classified each school according to four categories: neighborhood attendance area schools, selective enrollment schools, schools with some form of exclusive admission process, and mixed component schools. First, neighborhood schools make up the majority (69%) of CPS elementary and high schools and are characterized by their open enrollment policy for those students living within the school’s neighborhood boundaries. Second, selective enrollment schools make up less than 1 percent of all CPS schools. All children across the Chicagoland area are able to apply if eligible. However, eligibility is narrowed to those students who score a minimum stanine 5 on the system’s standardized test for math and reading given in the 7th grade. They are further filtered through an application process that includes an entrance exam and letters of recommendation. Altogether, Chicago has 10 selective enrollment schools. Third, exclusive admission schools have an application process that may require report cards and test scores to filter students out, while other schools select their student population via a lottery system. These schools tend to accept applications from students across the city, so qualifying neighborhood children are not always admitted. For the sake of this study, schools with an exclusive admissions process include charter schools, contract schools, classical schools, small schools and career academies. Fourth, mixed component schools are composed of a combination of neighborhood area attendance and regional gifted centers (which have exclusive admission requirements) contained in the same building.

Table 1 displays the list of schools receiving TIF funds for school construction projects by its school classification type. One of the most significant trends emerging from the data is the allocation of TIF revenues to finance construction projects for selective enrollment schools and schools with some form of an exclusive admissions policy. Although selective enrollment schools compose 1 percent of all CPS schools, they received 33 percent of all TIF funds spent on school construction projects. Five of the city’s 10 selective enrollment schools are on the list of TIF-funded school construction projects. Combined, selective enrollment and exclusive admission schools account for over 50 percent of all TIF funds spent on school construction projects, or 40 percent more than what they should if the allocation of TIF revenues were proportionate between school types. Although 69 percent of all Chicago Public Schools are neighborhood attendance area schools, they only received 48 percent of all TIF funds, or a third less than what would be expected if the allocation of TIF revenues were proportionate between school types. It should be noted that one of the neighborhood schools, National Teachers Academy, is a turnaround school. In Chicago, after a turnaround school is closed, all the teachers and staff are fired. CPS places the
school under the management of the Academy of Urban School Leadership (AUSL), a non-profit private operator hired to improve academic performance. Even though it currently operates 25 open enrollment neighborhood schools in Chicago, AUSL has autonomy from CPS to hire and fire teachers and staff and implement AUSL curriculum changes. Therefore if we exclude

**Table 1.** Schools receiving TIF funds by total benefit amount and type of school.

<table>
<thead>
<tr>
<th>School</th>
<th>TIF Funds Received in millions</th>
<th>Neighborhood School</th>
<th>Selective Enrollment School</th>
<th>Schools with Exclusive Admission Process</th>
<th>Mixed Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albany Park Multicultural Academy</td>
<td>$45.35</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Austin Business &amp; Entrepreneurship Academy High School</td>
<td>$37.77</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Back of the Yards High School</td>
<td>$19.8</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beidler Elementary School</td>
<td>$1</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brighton Park Elementary</td>
<td>$25.42</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canter Elementary School</td>
<td>$0.15</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collins Academy High School</td>
<td>$30.3</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coonley Middle School</td>
<td>$2.2</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DePriest Elementary School</td>
<td>$33.16</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hernandez Middle School</td>
<td>$42.36</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jones Academy High School</td>
<td>$67</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Juarez High School</td>
<td>$16.8</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lane Technical High School</td>
<td>$1.89</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lloyd Elementary School</td>
<td>$0.75</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lorca Elementary School</td>
<td>$35</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mather High School</td>
<td>$30.98</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Teachers Academy</td>
<td>$79.34</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orozco Fine Arts and Science Elementary</td>
<td>$0.25</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payton College Prep</td>
<td>$11.13</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peterson Elementary School</td>
<td>$18.05</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prieto Math &amp; Science Academy</td>
<td>$39.4</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raby School for Community and Environment</td>
<td>$22</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Simeon High School &amp; Career Academy</td>
<td>$22.18</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skinner West Elementary School</td>
<td>$42.29</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Shore International College Prep</td>
<td>$72.2</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uplift Community School</td>
<td>$4.94</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Westinghouse College Prep</td>
<td>$129.3</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Ridge Elementary School</td>
<td>$26.8</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total TIF Funds Received</td>
<td>$857.81</td>
<td>$414.61</td>
<td>$281.52</td>
<td>$117.19</td>
<td>$44.49</td>
</tr>
<tr>
<td>Total TIF Funds Received as % of all TIF Funds Given to Schools</td>
<td>48.3%</td>
<td>32.8%</td>
<td>13.7%</td>
<td>5.2%</td>
<td></td>
</tr>
</tbody>
</table>

public-private partnerships from the neighborhood school tally, then the portion of TIF funds going to publicly operated neighborhood schools drops to 39 percent.

There was also a variety of projects financed with TIF revenues. Some of the school construction projects financed by TIF revenues serve as a model of what visionary public schools can look like. A primary example is the newly constructed Back of the Yards High School, a neighborhood school that is part of the Modern Schools Across Chicago plan. The school plans incorporate many LEED green designs such as vegetated and reflective rooftops, efficient lighting systems, and recycled construction materials. Additionally, the school will provide students with new, up-to-date computer and science labs. However, some of the infrastructure projects funded with TIF revenues are superfluous, given the extensive need across Chicago schools for additional classrooms (where some grades have to share classrooms), working air conditioning and heating units, and library facilities (over 160 out of CPS’s 680 schools do not have libraries in their facilities) (Caref and Jankov, 2012). For example, Lane Tech, a selective enrollment school, received nearly $2m in TIF dollars to construct a new football stadium. At the same time, Lane Tech students complain about the stultifying classroom conditions due to the lack of air conditioning in the school.

Schools receiving TIF funds for construction projects are diffused throughout the city. However, taking 30th Street on the Southside as the city’s physical halfway point, 78 percent of schools receiving TIF funds are concentrated in the northern half of the city (this does include some of the most economically underinvested neighborhoods on the African-American and Latino West Side). Although the majority of residents live north of 30th street, the majority of the city’s economic blight and underdevelopment is located south of 30th street. This suggests that TIF development is concentrated in the parts of the city that already enjoy development.

The CPS Office of Performance 2011–2012 Racial Ethnic Survey (2012) provides race and ethnicity demographic data for 27 out of the 28 schools receiving TIF funds (the Back of the Yards Area High School was excluded from the CPS Racial Ethnic Survey in 2011–12 because it was still under construction at that time). Asian students have been excluded from analysis because of their small proportion of all CPS students (3%), which renders analysis problematic. Using the simple indicator of race and ethnicity as a percent of the student population composing each school receiving TIF funds, some significant patterns emerge. First, Latinos compose 44 percent of all CPS students. However, schools with a Latino population that is at or above this proportion received only 27 percent of all TIF revenues going to school construction projects. In contrast, the proportion of white students attending the CPS system is 9 percent. And yet schools with a white student population at or above this proportion received 23 percent of all TIF revenues. In addition, selective enrollment schools and schools with exclusive enrollment processes tend to have a higher proportion of white students relative to the general CPS student population. It should be noted that exclusive enrollment schools also have more race and ethnic mixing than the CPS system as a whole. Another interesting trend shows that schools with a predominately black student population are overrepresented in the allocation of TIF funds. Black students compose 42 percent of all CPS students while 55 percent of all TIF revenues going towards CPS school construction projects had a black student population at or above the CPS proportion. It should be emphasized that since the purpose of the TIF program is to promote development in economically blighted neighborhoods, the distribution of TIF funds should not be proportionate to the racial and ethnic makeup of the school. Rather, since black and Latino neighborhoods are more likely to be blighted and more in need of economic development, predominately black and Latino schools should be receiving revenues that are higher than their proportional makeup of all CPS schools.

Chicago Public Schools conducts its own socio-economic analysis of communities across the city of Chicago (see Office of Access and Enrollment, 2012). CPS divides the city into four
socio-economic tiers, with each tier representing a quarter of the school-age population. Tier groups are constructed by combining standardized test scores with five socio-economic indicators (single parent households, median family income, education attainment score, percentage of population speaking a language other than English, and home ownership rates). The tiers range from 1 to 4, with Tier 1 being the lowest socio-economic grouping and Tier 4 being the highest socio-economic grouping. Graph 1 depicts the uneven distribution of TIF funds and the location of selective and exclusive enrollment schools by each tier quartile. It shows that 36 percent of the schools receiving TIF funds are situated in the highest socio-economic quartile according to CPS’s tier groupings – Tier 4. Alternatively, 36% of schools receiving TIF funds are situated in the lowest socio-economic quartile – Tier 1. When combined, Tier 2 and 3 schools account for 28% of schools receiving TIF funds, even though they account for 50 percent of the whole school-age population. The public schools at the top of the performance hierarchy, selective enrollment schools and regional gifted centers, are more likely to be placed in the high socio-economic Tier 4 neighborhoods. Four out of the five selective enrollment schools and every regional gifted center receiving TIF funds for construction projects are concentrated in high socio-economic Tier 4 neighborhoods. The partially privatized choice schools are more likely to be located in Tier 1 neighborhoods. Four of the five exclusive admissions schools were placed in low socio-economic Tier 1 neighborhoods. Three of these exclusive admission choice schools were part of the REN2010 reform of 2004.

Another dimension towards understanding the way in which TIF was used to finance school construction projects in Chicago consists of the practice of porting. One of the specific ways that the TIF program has been locally adapted in the city is the broad power given to the Office of the Mayor to propose TIF projects and to port funds from one TIF district to an adjacent district. The Mayor can initiate infrastructure projects without consulting the aldermen or the public agency responsible for operating the infrastructure (Thompson et al., 2007). The Mayor does not need to obtain City Council approval for public works infrastructure except in the case of schools. The ability to shift funds from one district to another empowers the Mayor to leverage his porting power over hesitant City Council members by promising to give them more funds for voting a certain way or threatening to take dollars away to realize his vision for Chicago Public Schools (Kerth and Meiffren, 2012; Thompson et al., 2007). The power to port was crucial for Mayor Daley to finance his Modern Schools Across Chicago plan. Altogether $46.8m in TIF funds were ported...
to service the MSAC debt. The ported funds for schools actually inflated the proportion of all TIF funds ported in Chicago, from 5 percent of all TIF revenues between 2005 and 2009 to 15 percent of TIF revenues in 2010.

The Mayor resorted to porting because some of the TIF districts in which MSAC schools were located were not collecting enough property tax dollars to pay off the bonds issued for their construction projects. In order to bring the MSAC plan to fruition, the Mayor’s office sought to port money from other districts not part of the MSAC plan into the TIF districts with insufficient funds. When Mayor Daley proposed his ordinance for the second phase of MSAC funding, including ported dollars, to the City Council in May of 2010, some Aldermen rebelled. Leading the revolt was Alderman Pat Dowell, who protested the porting of $1.6m from a TIF district located in her ward to pay for the Back of the Yards High School that was located in a different ward altogether. In her statement before the City Council in regard to the mayor’s proposed MSAC ordinance, she acknowledged the need for a new school in the Back of the Yards neighborhood. However, Alderman Dowell also recognized at the council meeting that ‘There’s about $12m in unfunded capital improvements for schools in my ward. Yet we’re being asked to build a new school that residents in my district won’t attend.’ She counter-proposed that the City Council block the ordinance to protest the Mayor’s authority to port money from one TIF district to another without consulting the Alderman of that district. Despite her protest the ordinance passed 36–10. The mayor’s priorities for schools and porting powers also took precedence over more democratic community planning processes. Alderman Gene Schulter consulted his constituents to craft a community plan to spend the revenues raised in the two Western Avenue TIF districts located in his ward. Nevertheless, the Mayor earmarked $60m at first (later trimming down the amount) from those two Western Avenue TIF districts to fund two schools in the MSAC initiative, without consulting the alderman. The two schools benefitting from the porting were not in Alderman Schulter’s ward. Alderman Schulter felt especially betrayed because it was the Mayor’s office that approached him to create the two Western Avenue TIF districts in the first place (Joravsky, 2006).

Conclusion

Our examination of the intersection between entrepreneurial municipal governments, tax increment financing and the neoliberalization of public education reveals emerging patterns of uneven geographic development and deepening race and class segregation in the city of Chicago. The types of schools that are financed with TIF revenues contribute to the larger project of neoliberalizing Chicago Public Schools. Our findings show that over half of TIF revenues used for school construction projects went to so-called choice schools with some form of selective enrollment or exclusive admissions process. That selective enrollment schools alone compose 1 percent of CPS schools and yet receive a third of all TIF funds used for school construction projects indicates that the city strongly prioritizes these schools. Meanwhile, neighborhood open enrollment schools compose 69 percent of the CPS school system but only receive 48 percent of TIF revenues, or a third less than what they should if TIF funds were allocated evenly across school types. The data also shows how the remaking of public schools into choice schools involves the investment of the public’s scarce financial resources into more marketized, partially private schools regulated by neoliberal governance structures. These findings indicate a relationship between the flexibility which tax increment financing provides to city governments to remake public schools into choice schools, the growing popularity of choice schools prioritized by entrepreneurial urban governments, and
the enabling of choice schools to ‘scale up’ their reach over the public education system through the allocation of TIF revenues.

Depriving neighborhood schools of TIF revenues contributes to the general neoliberal pattern of bleeding the public sector and then using the resulting failure of the starved state as *prima facie* evidence that public education, and thereby the state, is inherently inefficient and ineffective in delivering services (Gough, 2002; Hackworth, 2007; Peck and Tickell, 2002). This logic goes on to legitimize the conversion of the public domain over to more private control. Chicago residents experience this self-fulfilling prophecy in the effort by the city and CPS to close 54 neighborhood schools in the 2013–14 school year due to so-called ‘underutilization’ of neighborhood school facilities. It is the case, as city officials claim, that between the 2000 and 2010 Census, Chicago lost nearly 200,000 residents, 180,000 of which were African-American. It is also the case that neighborhood schools identified as ‘underutilized’ are located adjacent to the cluster of new charter schools and choice schools opened in the city over the last decade (see Caref et al., 2012 for a map of ‘underutilized’ schools and charter school locations). The previous rounds of school closures in Chicago were followed by the opening of new charter schools in those exact same neighborhoods, and in some cases, in the exact same school buildings that housed closed neighborhood public schools (Vevea et al., 2013). As research shows, unequal education opportunity is concentrated in African-American neighborhoods as 88 percent of students affected by neighborhood school closures have been African-American (Caref et al., 2012: 10). Choice schools replacing closed neighborhood schools are often more segregated by race/ethnicity and socio-economic status than the traditional public school they replace (Burdick-Will et al., 2013; Frankenberg et al., 2010; Renzulli, 2006; Silverman, 2012). Future research should investigate the degree to which the relative under-funding of infrastructure projects in neighborhood schools, facilitated by the allocation of TIF revenues, plays a role in the designation of a neighborhood school as ‘underutilized’, subsequently slated for closure and reopened as a partially privatized choice school.

Furthermore, there is distributional polarization of TIF revenue allocated between school construction projects in lower income Tier 1 and higher income Tier 4 neighborhoods. When combined these neighborhoods account for 50 percent of all school-aged children but nearly three-fourths of TIF expenditures. Meanwhile working class and middle income Tier 2 and 3 communities representing half of all school-aged children receive limited support, receiving a fourth of all TIF expenditures. This trend indicates that the allocation of TIF revenues contributes to some degree of neighborhood development on the bottom, while concomitantly supporting affluent communities at the top. Meanwhile, working class and middle income communities experience uneven development relative to more affluent areas as TIF investment bypasses these areas. The different types of choice schools are also unequally distributed across neighborhoods based on socio-economic status. The CPS trend is to locate selective enrollment and regional gifted centers in higher socio-economic Tier 4 neighborhoods. Prestigious, selective enrollment schools contribute to the city’s place-promotion strategy as a symbolic indicator to current and prospective affluent residents that the city is looking out for their interest even though the public school system as a whole may be suffering. In tandem, choice schools with exclusive admissions processes and partially privatized governance structures tend to be located in lower socio-economic Tier 1 neighborhoods. This pattern has also been identified by other scholars examining charter school proliferation in Chicago (Burdick-Will et al., 2013). Thus, the real neglect experienced in low income African-American and Latino neighborhoods is creating the opportunity for marketized public education to gain a foothold in the city. Furthermore, there are real democratic implications to these trends. Selective enrollment schools, mostly concentrated in affluent neighborhoods, remain under ostensible democratic public control. Meanwhile, TIF dollars generated in low income neighborhoods
are increasingly used to finance partially privatized choice schools that have autonomy from CPS curriculum standards and are not accountable to the public, are not responsible to the democratically elected local School Council, and are not part of the Chicago Teacher’s Union. Choice schools diminish the public sector presence in African-American neighborhoods, and the democratic control that the public sector offers to disempowered African-American communities.

The growing dependence of municipalities on TIF also reproduces pre-existing place-based inequalities and uneven geographic development. Just as federal devolution made cities more dependent on local revenue sources to fund services and economic development, tax increment financing parallels federal devolution by financing school construction projects based on smaller, parcelized urban geographic units. TIF districting in Chicago has carved up a third of the city into 163 parcels. Since the creation of TIF revenues depends upon the property tax values of real estate located within the boundaries of the TIF, pre-existing underdevelopment means that lower income African-American, Latino and other immigrant communities will have a smaller property tax base in which to generate development revenues (Dreier et al., 2004). Therefore recursive logic prevails in that the presence of development attracts more development, while the lack of development goes on to justify continued lack of development. This, in part, could explain why Latino communities are underrepresented and white communities are overrepresented in the allocation of TIF revenues for school construction projects. Development based on local property tax revenues recycled back into the community of origin will both reproduce inequality and allow the development gap between communities to widen. Additionally, the tendency to concentrate school closures in low income neighborhoods that also lack new school construction will exacerbate this property-value divide (Burdick-Will et al., 2013). This pattern also holds when observing that the distribution of TIF funds for school construction projects is strongly concentrated in the northern half of the city of Chicago and many of the most economically advantaged neighborhoods in Chicago. Meanwhile, the southern half of the city (consisting predominantly of low and modest income African-American and Latino communities) experiencing concentrated poverty, capital disinvestment and debilitating blight will be unable to adequately finance school construction projects for quality schools that anchor residents in the community, primarily due to pre-existing underdevelopment. As the South Side is left behind, its development gap relative to the North Side expands. More research is needed to understand how a neighborhood’s capacity to generate TIF revenues impacts school construction financing and porting opportunities.

Growing fragmentation can also undermine the basis for social solidarity undergirding the collective provision of services (Gough, 2002). The porting controversy underscores the way in which tax increment financing generates new forms of tensions and conflicts in the municipal political order. City residents and their political representatives experience TIF as a guarantee that their property tax revenues are going into a redevelopment fund for their neighborhoods. The porting controversy expresses the neoliberal breakdown of social solidarity as communities in one TIF district seek to protect their property tax revenues from the perceived plundering by communities in a nearby TIF district. More research is needed to flesh out the nature of the political tensions emerging from tax increment financing of city projects. Future research should examine how the process of allocating TIF revenues reconstitutes the decision making process between the mayor’s office, the aldermanic offices and the public schools. How are investments in schools determined and who makes these decisions? What role do city politics play in the decision to fund some schools with TIF revenues and not others? How does politics impact where TIF-funded schools are located?

Taken as a whole, our study reveals how Chicago’s entrepreneurial municipal government’s allocation of tax increment financing for school construction projects is remaking the traditional
public school system according to market-based principles. The neoliberalization of urban education is resulting in new forms of social polarization and exclusionary education practices that undermine the conditions for equal access and opportunity that are the cornerstone of traditional public schools. The interconnections between tax increment financing and neoliberal education reveal the deepening of education segregation by both race and class, in the city of Chicago, IL. Although this exploratory research gives us a snapshot of the types of schools supported by TIF funding, we propose further avenues that a research agenda on the relationship between tax increment financing, choice schools and unequal education opportunity can take.

Acknowledgements
The authors thank Sean Noonan, Rachel Weber and the anonymous reviewer(s) for their help and recommendations.

Funding
This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

References
Caref C and Jankov P (2012) *The Schools Chicago’s Students Deserve: Research-Based Proposals to Strengthen Elementary and Secondary Education in the Chicago Public Schools*. Report for the Chicago Teacher’s Union, Chicago, IL.


