

SENATE BILL 1947 (PA 100-0465) THE EVIDENCE-BASED FUNDING FOR STUDENT SUCCESS ACT

*Ensuring equitable funding to help
all students succeed.*

fix the *formula*
ILLINOIS



The Evidence Based Model within SB1947 ALIGNS WITH THE FOLLOWING CORE VALUES

1. Recognizes individual student needs
2. Accounts for differences in local resources
3. Closes funding gaps & keeps them closed
4. Provides a stable, sustainable system that gets all districts to adequacy over time.

#norednumbers

SB1947 meets these four requirements for an equitable funding system, and does so while ensuring that no district loses funding.

HIGHLIGHTS OF SB1947

- ✓ The new formula ties school funding to those evidence-based best practices the research shows enhance student achievement in the classroom.
- ✓ Each school district is treated individually, with an Adequacy Target based on the needs of its student body. The greater the student need, the higher the Adequacy Target.
- ✓ New dollars go to the neediest districts first—those furthest from their Adequacy Target. This will close the gaps in funding that exist in our current system.
- ✓ SB1947 treats students in Chicago the same way it treats students in every other school district in the state by getting rid of Block Grants and reconciling pension payments.
- ✓ **No district loses money.** *No exceptions.* The starting point is the amount of funding the district has this year. All new state funding going forward is on top of what districts currently receive.

HOW DOES SB1947 WORK?

Overview Of The Model


1. ADEQUACY TARGET

How much does providing high quality education cost?

2. PERCENT OF ADEQUACY

How well-funded is the district?

 **LOCAL CAPACITY**
How much can the district contribute?

 **BASE FUNDING MINIMUM**
How much does the state currently contribute?

 **GAP TO ADEQUACY**

100% of Adequacy Target



District 1



District 2



District 3



3. DISTRIBUTION FORMULA

How is new money from the state distributed?

**HOW DOES SB1947
CALCULATE THE
ADEQUACY TARGET?**

STEP 1 Calculate Cost of 27 essential elements

Enrollment = Greater of prior year average (collected Oct 1/Mar 1 & Dec 1 for pre-school special ed) or average of prior 3 years.

Core Instructional Elements

| Core FTE | | | | | | | |
|----------|---------------------------------|-------------|--|-------|-----|--------|-----|
| 1a | Core Teachers K-3 (Low Income) | Class Size | 15 | | | | |
| 1b | Core Teachers K-3 | Class Size | 20 | | | | |
| 2a | Core Teachers 4-12 (Low Income) | Class Size | 20 | | | | |
| 2b | Core Teachers 4-12 | Class Size | 25 | | | | |
| 3 | Specialist Teachers | 5 % of Core | 20% | 6-8 % | 20% | 9-12 % | 33% |
| 4 | Instructional Facilitators | K-5 | 200 | 6-8 | 200 | 9-12 | 200 |
| 5 | Core Intervention Teachers | K-5 | 450 | 6-8 | 450 | 9-12 | 600 |
| 6 | Substitutes | Days/FTE | 33.33% of average teacher or sp ed aide salary | | | | |
| 7a | Core Guidance | K-5 | 450 | 6-8 | 250 | 9-12 | 250 |
| 7b | Nurse | K-5 | 750 | 6-8 | 750 | 9-12 | 750 |
| 8 | Supervisory Aides | K-5 | 225 | 6-8 | 225 | 9-12 | 200 |
| 9a | Librarian | K-5 | 450 | 6-8 | 450 | 9-12 | 600 |
| 9b | Library Aide/Media Tech | K-5 | 300 | 6-8 | 300 | 9-12 | 300 |
| 10a | Principal | K-5 | 450 | 6-8 | 450 | 9-12 | 600 |
| 10b | Asst Principal | K-5 | 450 | 6-8 | 450 | 9-12 | 600 |
| 11 | School Site Staff | K-5 | 225 | 6-8 | 225 | 9-12 | 200 |

STEP 1

Calculate Cost of 27 essential elements

Additional Elements

| | | Per Student | | | | | |
|-----|----------------------------|------------------|----------|------------------------------------|-------|------|--------------------------|
| 12 | Gifted | per Student | \$40 | | | | no CWI |
| 13 | Professional Development | per Student | \$125 | | | | no CWI |
| 14 | Instructional Materials | per Student | \$190 | | | | no CWI |
| 15 | Assessment | per Student | \$25 | | | | no CWI |
| 16 | Computer Technology | per Student | \$285.50 | + \$285.50 by grant for Tier 1 & 2 | | | no CWI |
| 17 | Student Activities | K-5 | \$100 | 6-8 | \$200 | 9-12 | \$675 |
| | | Central Services | | | | | |
| 18 | Maintenance and Oper | per Student | \$1,038 | | | | Salary = \$352.92 |
| 19 | Central Offices | per Student | \$742 | | | | Salary = \$368.48 |
| 20 | Employee Benefits | 0% of Salary | 30% | Norm Cost | \$ - | | Tier 3 for all districts |
| | | Diverse Learners | | | | | |
| 21 | Intervention (Poverty/EL) | Per DHS | 125 | Per EL | 125 | | |
| 22 | Pupil Support (Poverty/EL) | Per DHS | 125 | Per EL | 125 | | |
| 23 | Extended Day (Poverty/EL) | Per DHS | 120 | Per EL | 120 | | |
| 24 | Summer Sch (Poverty/EL) | Per DHS | 120 | Per EL | 120 | | |
| 25 | English Learners (EL) | | | Per EL | 100 | | |
| 26a | Special Ed Teachers | K-5 | 141 | 6-8 | 141 | 9-12 | 141 |
| 26b | Psychologist | K-5 | 1000 | 6-8 | 1000 | 9-12 | 1000 |
| 26c | Special Ed Aides | K-5 | 141 | 6-8 | 141 | 9-12 | 141 |

ISBE will calculate the Adequacy Target for every district and communicate that information annually.

STEP 2 **Multiply FTE by Average Salaries for All Positions**

Annual Salary Adjustments

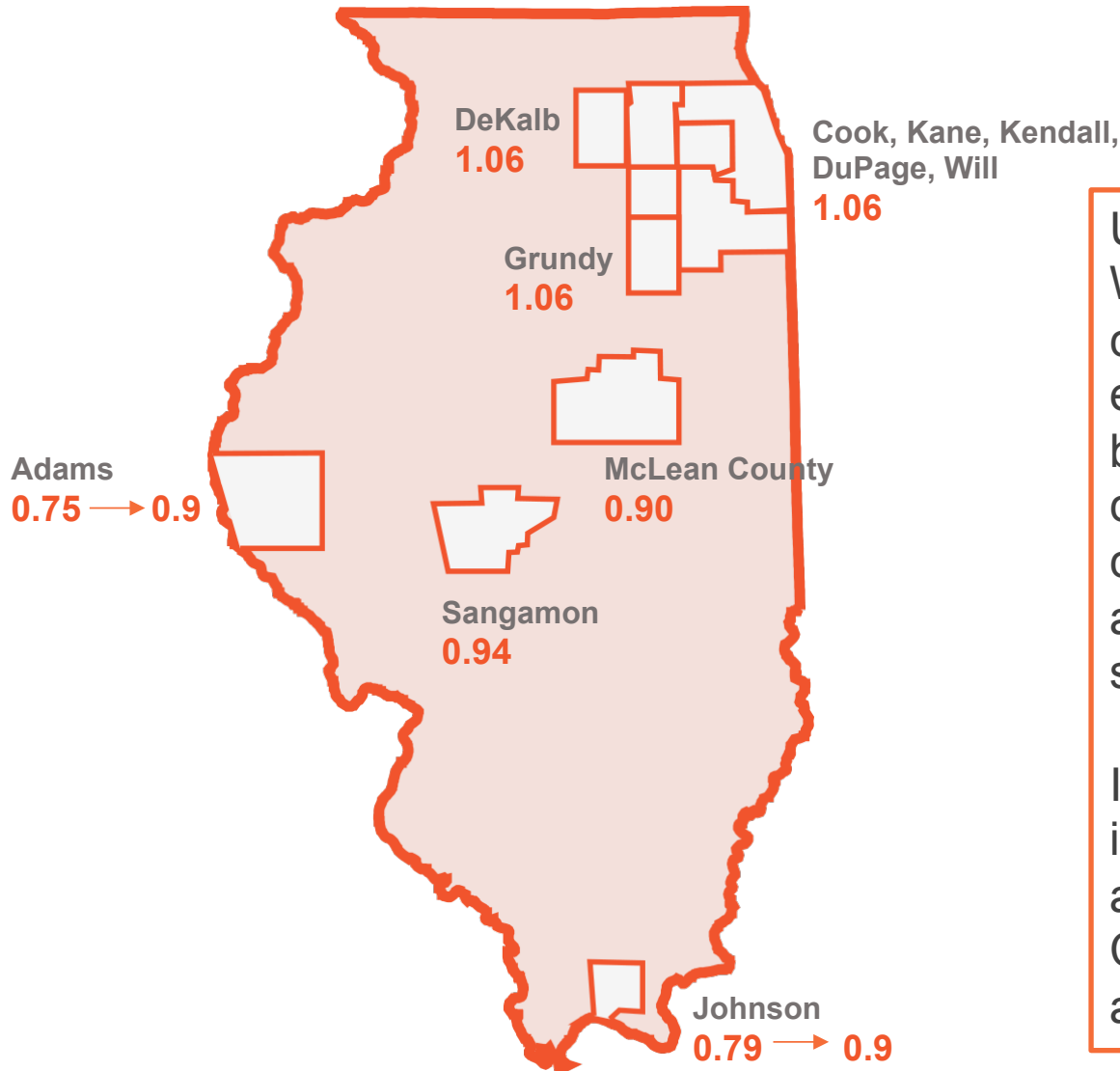
Annually ISBE will calculate average salaries using the Employment Information System (EIS) for all positions except clerical and instructional assistants.

- Average salaries are weighted based on each districts enrollment in order to produce a more accurate value

For clerical and instructional assistants the baseline salary amounts will be multiplied by the Employment Cost Index.

STEP 3 Adjust salary-based elements for regional wage differences

No Region Is Below 0.9 (this allows districts to be more competitive to recruit and retain highly qualified educators)



Understanding Comparable Wage Index (CWI): CWI compares the salaries of non-education employees with a bachelor's degree across all counties of Illinois. Then compares those differences and computes an index for the state.

I.e. The CWI for Cook County is 6% above the state average, and the CWI for McLean County is 10% below the state average.

**HOW DOES SB1947 ASSESS
LOCAL ABILITY TO PAY
USING THE LOCAL
CAPACITY TARGET (LCT)?**

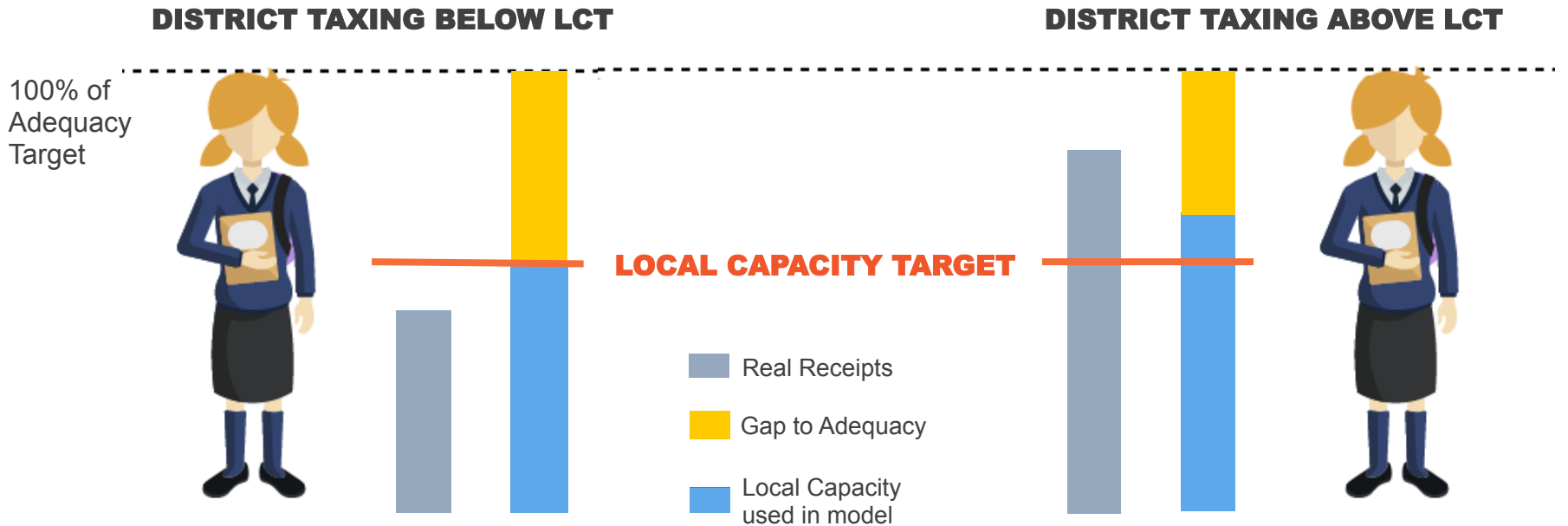
Local Capacity Target Reflects Local Tax Resources That Are Available to **Support Education**



To calculate how much a community can contribute to funding from local property taxes the model uses a **Local Capacity Target (LCT)** plus a portion of real receipts above the LCT.

- The LCT is the dollar amount a district would ideally contribute towards its Adequacy Target, based on a comparison of all districts in the state.
- The LCT is not a value that a district can calculate itself. It is intended to provide an ideal measure of effort that is equitable with other districts based on the relationship between the Adequacy Target and local wealth across the state.
- **ISBE will utilize data from 852 districts and communicate the LCT to each district.**

The Local Capacity Target Provides Fairness In An Inequitable Property Tax System



For districts collecting taxes *below* their LCT:

- The formula uses their calculated LCT.
- This clearly shows that districts are responsible for a portion of how inadequately funded they are – when they tax comparatively low.
- If districts raise more revenue to reach their LCT, they do not lose any eligibility for state funding.

For districts taxing *above* their LCT:

- Real receipts are adjusted downward towards their LCT based on the LCT%.
- Even though they are more adequately funded, they will get more state funding.
- Districts can also lower their taxes and be eligible for more state funding (see property tax relief fund)

Local Capacity Target Details

Step 1: The formula for calculating the ideal property tax extension begins with a comparison of the Adequacy Target to EAV. This results in a unique ratio for every district.

ISBE will use:

- Lesser of Adjusted EAV or PTELL EAV (same as prior GSA formula)
- EAV does not include TIF increment values!
- EAV is adjusted to remove the value of local share of Transportation costs
- EAV is adjusted to remove the value of unfunded pension liability costs

Step 2: All ratios are adjusted based on the grade levels they serve. This allows comparison of all districts.

Step 3: All ratios are converted to a normal curve equivalent score to determine a relative % of local capacity. This is a % of the adequacy target that is ideally supported locally through property taxes.

Local Capacity Target Details cont.

Step 4: If a district's real local property tax receipts exceed the calculated LCT a portion of those receipts are added to the LCT for a more accurate determination of local ability.

Real receipts that are recognized are those above what the LCT would produce, multiplied by the LCT%.

(i.e. If the real receipts are \$100,000 above the LCT and LCT is 40%, then only \$40,000 are counted as additional local ability.)

This recognizes that there are local resources being used to support educational costs, but also recognizes that these districts are taxing higher than others in comparison and gives them more state funds. This is an opportunity for consideration of lower taxes in the future.

**WHAT ADDITIONAL
RESOURCES DOES SB1947
USE TO DETERMINE
AVAILABLE LOCAL
RESOURCES?**

Other Available Local Resources

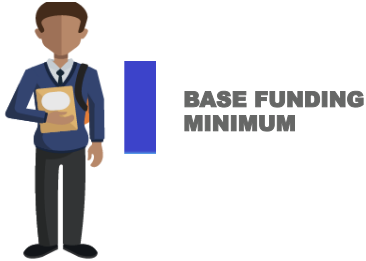
The only other local resource that is included in the EBM formula is **CPPRT**.

The lag in CPPRT for this purpose is the same as the prior GSA formula.

Note: With current reductions to PPRT Fund through the state budget, districts will have less local resources recognized in the formula. This will require more state resources for districts to reach their adequacy target.

**HOW DOES SB1947 ENSURE
NO DISTRICTS LOSE
FUNDING USING THE BASE
FUNDING MINIMUM (BFM)?**

The Base Funding Minimum Ensures **No District Loses Money**



- Every district keeps the amount of state funding it received in FY17. This is the initial Base Funding Minimum.
- Going forward, no district will receive less state funding than it received the prior year.
 - Each new dollar a district receives from the state in Year 1 becomes a part of its Base Funding Minimum in Year 2 and so on.
- If the state does not appropriate enough to cover the cost of the Base Funding Minimum, then funds are first removed from the Base Funding Minimum from the most adequately funded districts. If that still isn't enough, then further reductions are on a per pupil basis for all districts.

The Base Funding Minimum Details

- **FY18 Base Funding Minimum includes:**

- Prior year GSA (including Poverty Supplemental, Equity Grant and PTELL Adjustment)
- For EBM Calculation, Poverty Supplemental is discounted by Preliminary % of Adequacy (i.e. \$100,000 in supplement and a Prelim % of adequacy at 60% means that only \$60,000 is recognized in the EBM calculation, but the district still receives the full \$100,000 in Base Funding Minimum)
- MCATs
 - Special Ed Personnel Reimbursement
 - Special Ed Funding for Children Requiring Special Education Services
 - Special Ed Summer School
 - Bilingual (English Learners)

- **FY19 Base Funding Minimum includes:**

- Prior year Base Funding Minimum plus prior year EBM distributions

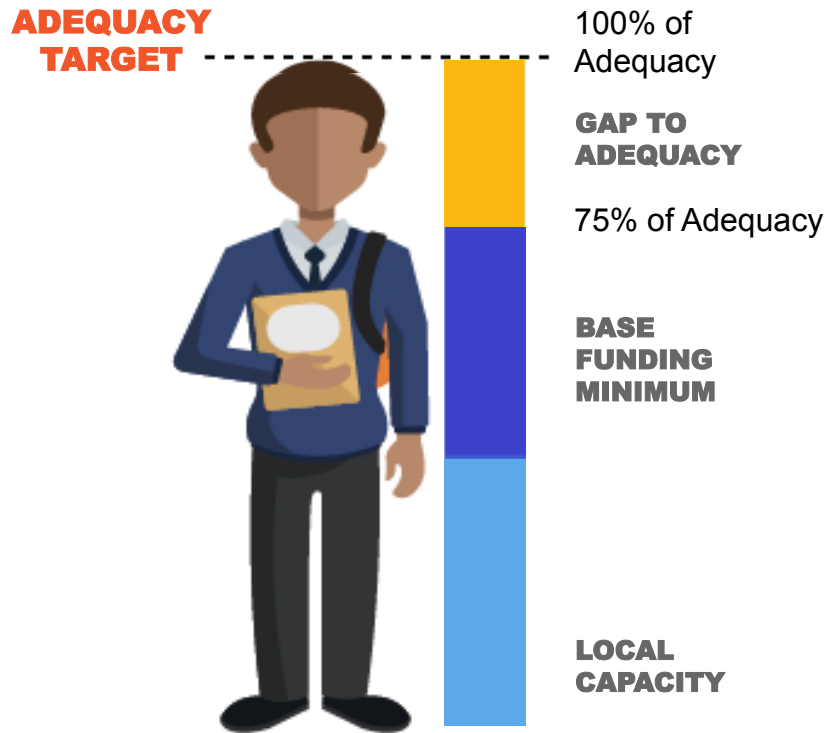
The Base Funding Minimum Details for **Specially Funded Units**

- Specially Funded Units are:
 - Alternative Schools, Safe Schools, Dept of Juvenile Justice Schools, Special Education Cooperatives or entities recognized by ISBE as a Special Education Cooperative, State-approved Charter Schools or Alternative Learning Opportunities Programs
 - Who received direct funding from ISBE during the 2016-17 school year from funding sources within the Base Funding Minimum.
- Base Funding Minimum = the sum of prior year qualifying receipts plus any new distribution from the EBM formula.
- All Specially Funded Units are automatically placed in Tier 4

HOW DOES SB1947 CLOSE THE GAP TO ADEQUACY?

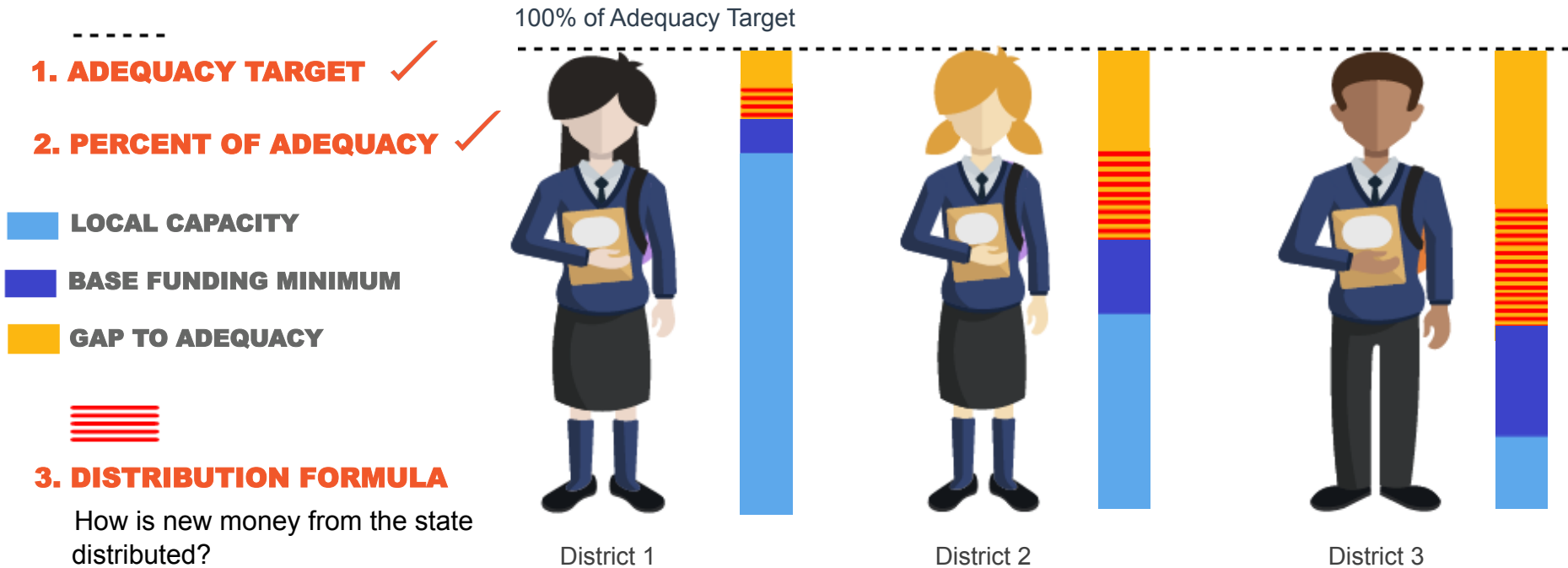
The Formula Distributes New Dollars Based On How Far A District Is From Its Adequacy Target

The current level of funding (includes Final LCT, CPPRT and BFM) for a district is its **Percent of Adequacy** :



For example, if a district has an Adequacy Target of \$12,000 and receives \$4,000 in combined local funding and \$5,000 in state funding for a total of \$9,000, it would be at 75% of its Adequacy Target.

SB1 Invests Dollars Equitably On The Path To Adequacy For All Districts



Districts Furthest From Their Adequacy Targets Receive The Greatest Share Of New Dollars

- **Tier 1** - 50% of all new dollars are allocated to the least well-funded districts in the state. These districts are provided extra support to get to adequacy. The top of Tier 1 is determined by how far 50% of the appropriation will go to fill 30% of the Tier 1 gap.
- **Tier 2 (and Tier 1 districts)** - Most of the rest of the dollars (49%) go to inadequately funded districts proportionally. For example, all districts below 90% of Adequacy have their gap closed by a % determined by the appropriation spread proportionately across the entire Tier 2 gap.
- **Tier 3** - Districts almost at adequacy (between 90% and 100% of Adequacy) share 0.9% of new dollars and get a smaller proportion of their gap closed. **(Tier 3)**
- **Tier 4** - Districts above adequacy are allocated 0.1% of new dollars and get a small increase in funding from the state each year.

SB1 Directs Dollars to the Least Well-funded Districts in the State.

Other Key Provisions?

Other Provisions

- **Property Tax Relief Fund**

A mechanism for high tax districts to receive grants to lower their property taxes. Districts apply for the grants.

Districts above a certain threshold will be eligible for tax relief. The threshold will be determined by the amount appropriated and the amount that districts apply for (districts are limited to apply for a 1% percentage point drop in taxes each year).

- **Mandate Relief**

Allows a school board to determine the frequency of PE as long as it is a minimum of 3 days per 5-day week. Allows districts to exempt on a case-by-case basis 7th – 12th grade students who participate in sports.

Allows districts to contract with a third party for Driver's Education.

Provides a “streamlined” process for mandate waivers.

- **Minimum Funding Level**

The minimum amount of funds to be appropriated and maintain the allocations across all four Tiers is \$350m. Up to \$50m of that minimum may be applied to the Property Tax Relief Fund. If the Minimum Funding Level is not reached annually, Tier 1 allocation rate changes according to a formula and all resources are directed to Tier 1.

- **No More Individual Ed Fund Tax Rate Limit for PTELL Districts**

Eliminates the individual education fund tax rate limit for districts under PTELL as long as the aggregate limiting rate is not exceeded.

Other Provisions

- **Voter Initiated Referendum to Lower Levy**

Allows 10% of voters in districts above 110% of adequacy to petition for a referendum to reduce taxes for educational purposes up to 10%. Petition must be filed at least 6 months before the consolidated election.

Referendum is only in odd number years at the consolidated election in April. May not be repeated until after two future consolidated elections (effectively once every 6 years).

- **Tax Credit/Scholarship Program**

Creates a 75% tax credit for individuals who contribute to a qualified not-for-profit organization.

Scholarships are for students attending private schools and various bands of poverty impact the amount of award.

Scholarship resources are given to the school and the school develops the scholarship program within the guidelines of the law.

All partners opposed these provisions.

WHAT DATA WILL ISBE SEND TO DISTRICTS?

ISBE Data Communication Requirements

- **School Report Card information:**
 - Final % of Adequacy
 - Local Capacity Target (%)
 - Real Receipts (%)
- **Adequacy Target**
 - With the costs and FTE for each of the 27 elements
- **Base Funding Minimum** (not specifically mentioned in legislation, but required to confirm the items below)
 - Total state funds from Base Funding Minimum and new distribution that are allocated for:
 - Students with disabilities
 - Bilingual or EL services
- **Net State Contribution Target** (the gap between the Adequacy Target and Final Resources calculated in the formula)
- **EBM Distribution payable in FY18**
 - Through the Tier in which each district is placed based on the formula in FY18.

**WHAT ARE THE
TRANSPARENCY
REQUIREMENTS FOR
DISTRICTS
UNDER SB1947?**

District Transparency Requirements

• Annual Spending Plan

- Submitted by the end of September as part of the annual budget process
- Identify how funds will be allocated for
 - Low Income
 - Special Education
 - English Learners

(Note: Funds from the BFM and EBM distribution for these three areas must be expended for these functions)

- How funds will contribute to student growth (ESSA)
- How funds will contribute to ISBE education goals

• School Report Card

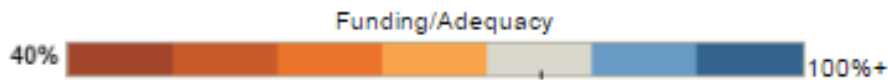
- The following data will be reported on the school report card
 - Final % of Adequacy
 - Local Capacity Target (%)
 - Real Receipts (%)

IS
SB1947 **EQUITABLE?**

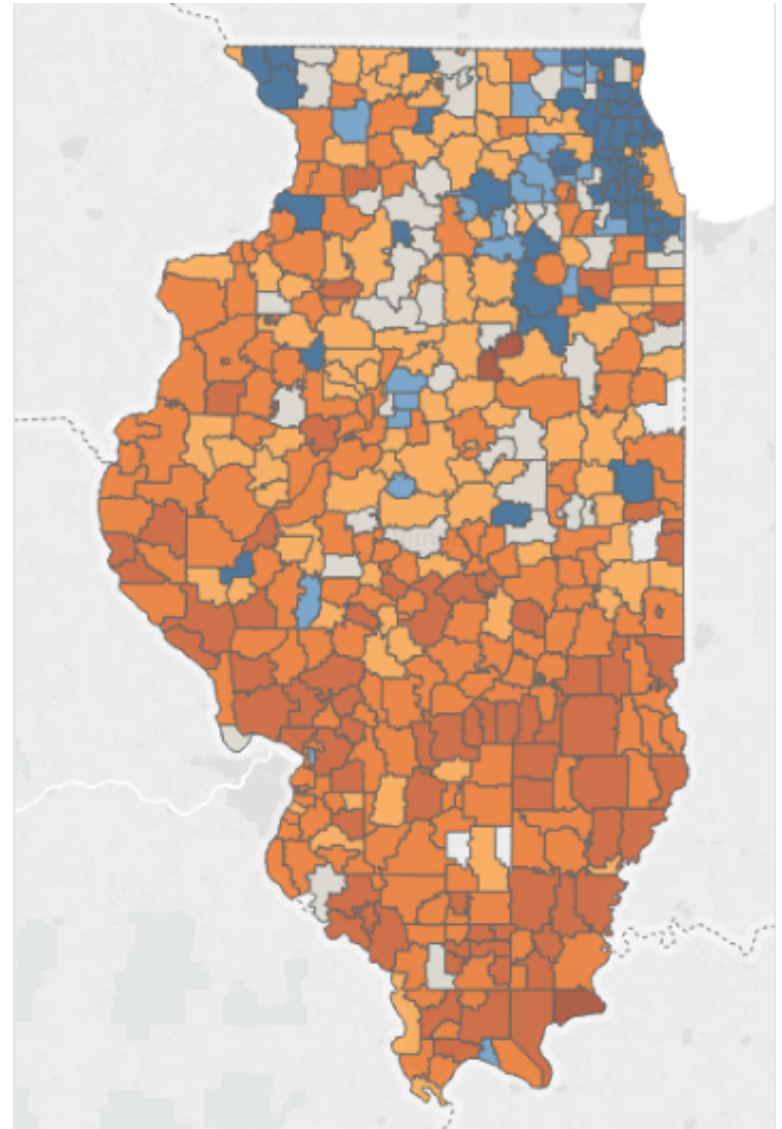
In Sum, Most Districts Are Far Away From Adequacy...

- 80% of districts in Illinois are funded below adequacy
- New funding is required to get to adequacy
- Therefore, no district should lose funding

FUNDING COMPARED TO ADEQUACY



Source: Advance Illinois simulations of FY 17 based on ISBE's May 30, 2017 draft of SB 1 Amendment 1. This is not intended to simulate FY18 allocations.



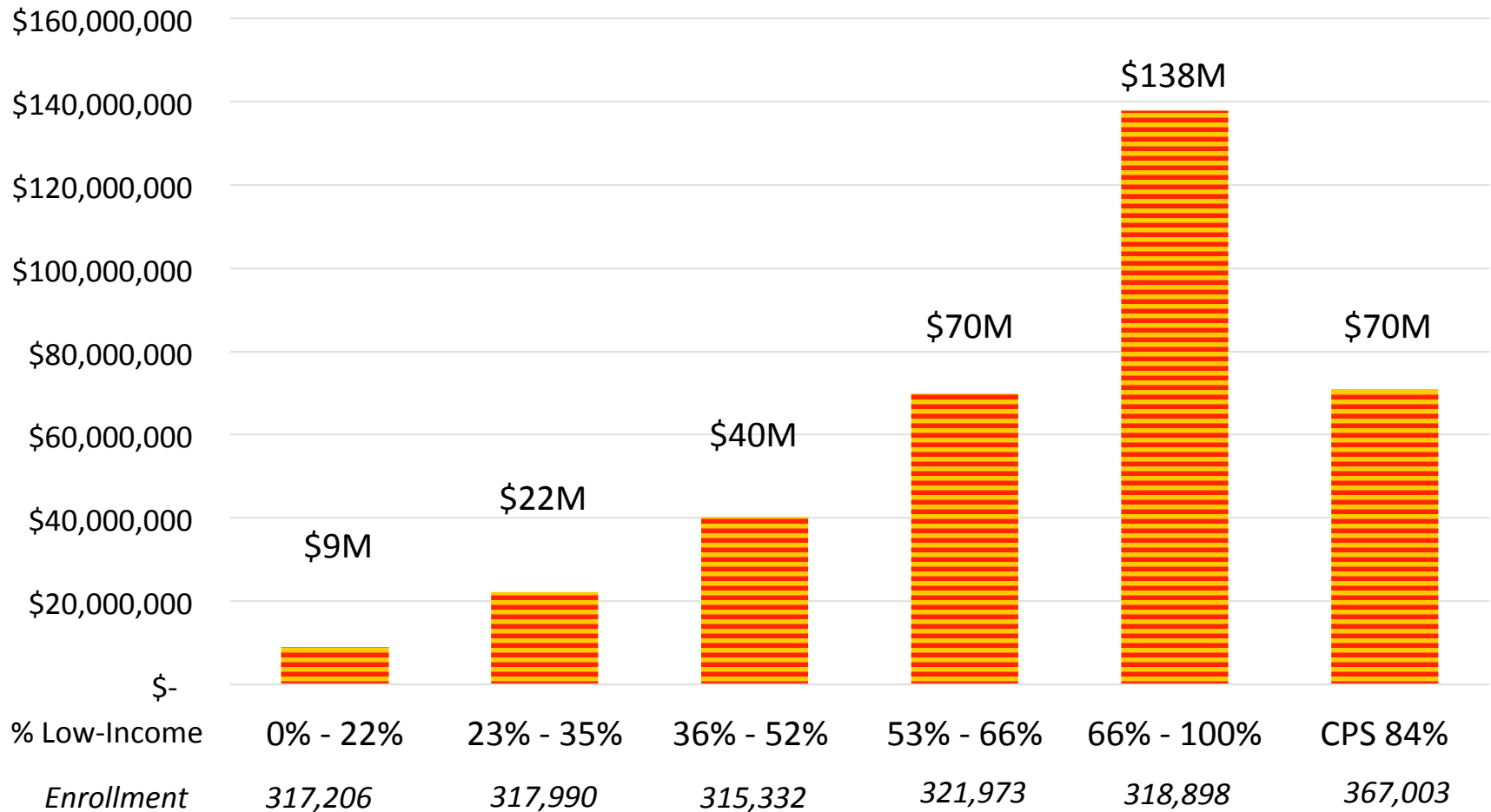
SB1947 Provides Equitable Funding To Both Low-income And Low Property Wealth Districts

- Over 85% of all dollars go to districts with greater than 50% low-income.
- Almost 70% of all dollars go to districts with lower than median property wealth.
- CPS receives about 20% of all new formula dollars. It has about 19% of the state's students and 1/3 of its low-income students.

SB1947 intentionally directs dollars to the least well-funded districts. These are by and large our poorest and most property poor districts.

SB 1 Increases Equity By Sending New Dollars To Neediest Districts

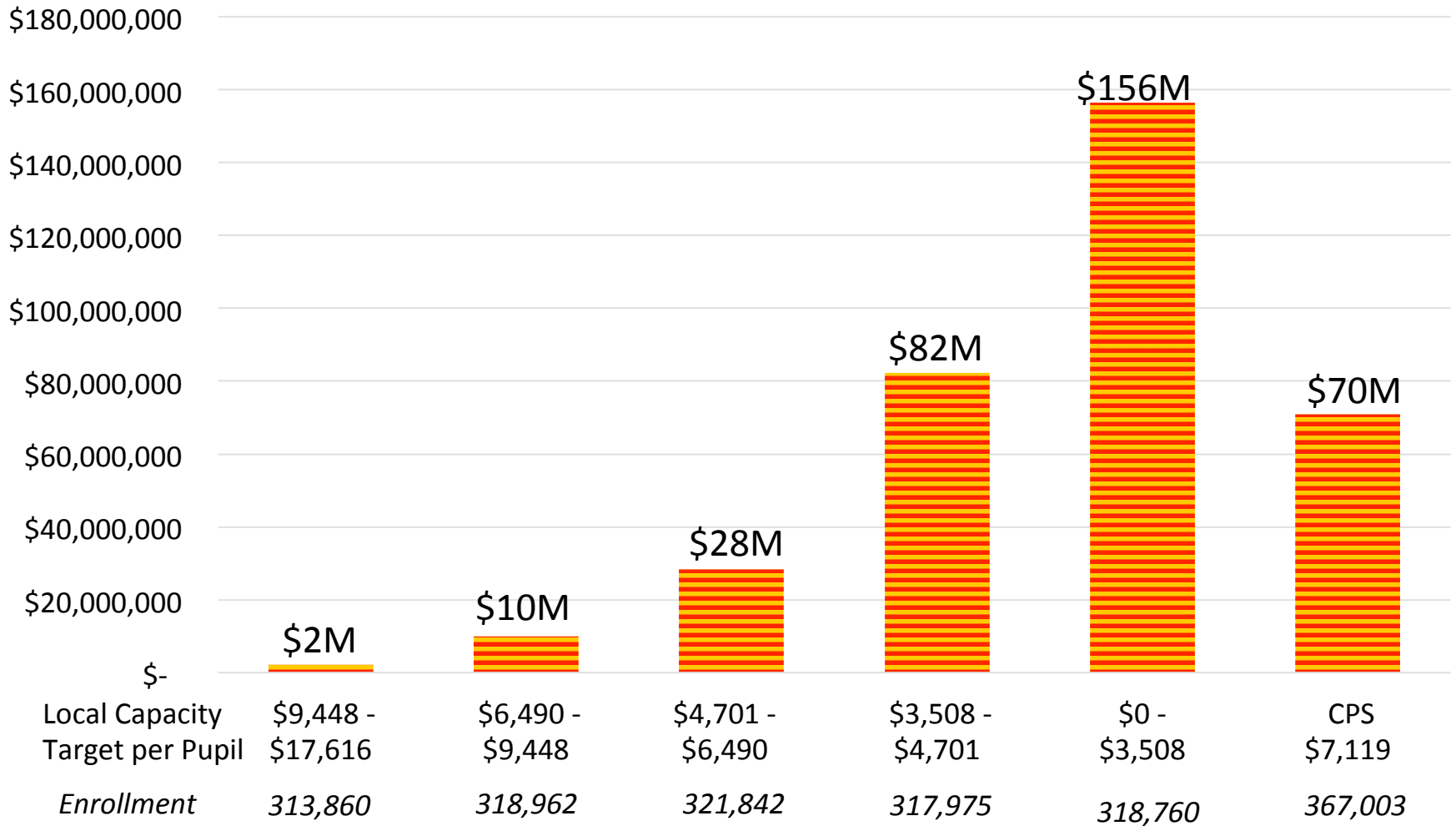
Distribution of \$350M in New Funding by Low-Income



*Analysis is based on public ISBE data. Data reflects FY17 simulation. FY18 numbers will vary.

SB 1 Also Increases Equity By Sending New Dollars To Property Poor Districts

Distribution of \$350M in New Funding by Property Wealth



*Analysis is based on public ISBE data. Data reflects FY17 simulation. FY18 numbers will vary.

Questions?
