

June 30, 2016



## ALLIANCE LEGISLATIVE REPORT (99-50)

### EDUCATION BUDGET APPROVED FOR FY 2017

Lawmakers in the Capitol today approved a full Fiscal Year 2017 budget for elementary and secondary education, including a \$361 million increase over FY 2016 levels. After failing to reach a K-12 budget agreement by the scheduled adjournment at the end of May, legislative leaders and the Governor began meeting in earnest in June under increased pressure to ensure that schools open this fall. A tentative agreement was reached earlier this week and legislators were called back into session Wednesday and today. Both the House of Representatives and the Senate adjourned until November.

The budget appropriations, contained in **SB 2047 (Trotter, D-Chicago)**, will provide funding for school districts that will fully cover the statutory foundation level of \$6,119 per pupil and add another \$250 million in equity grants directed at school districts with high concentration of poverty students. Mandated categorical grants will be funded at FY 2016 levels and early childhood education will see an increase of \$75 million over FY 2016 levels.

Chicago Public Schools will receive an additional \$215 million (contained in **SB 2822**) for payment towards the normal costs of their teachers' pensions in FY 2017. And, beginning in FY 2018, the district will be provided authority to levy a separate property tax for the purpose of making employer contributions to the pension fund that is excluded from the property tax cap (**SB 318**).

Among the many provisions of the FY 2017 Stopgap Budget Implementation Act (**SB 1810**), one provides that school districts whose Corporate Personal Property Replacement Tax (CPPRT) receipts total 15% or more of their total revenues will receive an additional 7% of the total amount distributed to the school district from CPPRT funds during FY 2015. This is designed to backfill a school district's loss from any CPPRT sweeps as a result of the budget.

As for the rest of State government, the General Assembly approved a stopgap six-month budget. Though it only gets through half of the fiscal year, this is the first budget that's been in place since June 30 of last year. The appropriations bill does include \$1 billion for higher education for costs for FY 2016 and for the first half of FY 2017.

The plan is for the working groups of legislators to continue meeting and have a full-year budget ready for a vote during the Veto Session scheduled for November 15-17 and November 29 – December 1.

### BUDGET AFTERMATH

Passage and signing of an FY 2017 K-12 budget bill averts the immediate concerns of having to cancel any school sessions in the fall. With appropriations in place for our public schools, and with an increase in funding over last year's levels, educators, students, and communities can rest assured that education can continue unimpeded for the upcoming school year.

What cannot be overstated is the professional and measured leadership demonstrated by Alliance members – especially the school district superintendents – in the face of this unprecedented challenge for our State's schools. Contingency plans were put in place, the various publics were properly informed, and legislators were educated – all without hysteria and hyperbole. This leadership did not pass unnoticed.

The K-12 Budget Crisis Toolkit created by the Alliance organizations was a beneficial exercise and, fortunately, did not have to be fully implemented. Like other possible crises, possible closing of schools is now another unfortunate event that must now be planned for.

Before preparing the toolkit, it was necessary to attempt to gauge the scope of the potential problem. To that end, the Alliance used a noted finance organization to simulate finances of school districts based on original FY 2016 budget submissions from school districts. Upon the request of the Secretary of Education, this data was provided to the Governor's office which directed the Illinois State Board of Education (ISBE) to analyze the numbers.

Knowing that there were many variables among individual school districts regarding cash on hand and that the data represented only broad estimates, the Alliance intended its' use for internal use only for deeper analysis. The Alliance did not distribute this data to members, the public, or the press. Obviously the printout compiled by ISBE using data that the Alliance provided eventually became public and widely distributed. The Alliance organizations apologize for any confusion this may have caused in local school districts.

Looking forward, the Alliance will continue to lead discussions regarding a new school funding formula. The issues of school funding and pension reform may well be topics of discussion among legislative leaders and members before lawmakers return in the fall.

*This legislative report was written and edited by the lobbyists of the Illinois Association of School Boards to provide information to the members of the organizations that comprise the Statewide School Management Alliance.*

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