



ALLIANCE LEGISLATIVE REPORT (94-72)

NEW EDUCATION PLAN PRESENTED

Judy Baar Topinka, State Treasurer and Republican candidate for Governor, unveiled her education proposal this week. The proposal would provide public education over \$8 billion over four years. Funding would be increased for General State aid, Special Education and school construction, among other priorities. The revenue stream proposed to pay for the programs would come from increasing the number of positions on existing riverboat casinos and from establishing a land-based casino in Chicago to bring in an estimated \$5 billion.

Topinka also proposes to freeze property taxes that go to local school districts and replace that revenue from State coffers.

Governor Rod Blagojevich unveiled his education plan in May. You can see an analysis of his proposal in Alliance Legislative Report 94-65 (www.iasb.com/files/alr-9465.htm).

EDUCATION PROGRAMS AND REFORMS

The Topinka plan contains the following programmatic elements:

- **P-20 Council** – consisting of State education leaders to better coordinate and align education programs from pre-school through college.
- **Core Curriculum** – will be developed and recommended by the P-20 Council to allow students to be college and work-ready. \$1 million would be provided in the first budget for the P-20 development.
- **Foundation Level** – would increase by \$1,000 over the first four years, topping out at \$7,059 per pupil by FY 2013. This would be an increase between \$200 and \$375 per pupil increase per year.
- **Multiple Year Funding and Continuing Appropriation** – to give school districts predictability in planning school budgets. Legislation would contain multiple years of the amount of the foundation level and the continuing appropriation would guarantee long-term funding.
- **Special Education Reimbursement Rate** – while fully funding mandated categorical grants, the reimbursement rate for special education personnel would double for aides and teachers over 6 years and then would index to an inflation-related factor for the future.
- **Pre-K Expansion** – would ramp up early childhood education funding by \$30 million a year for 6 years.
- **All-Day Kindergarten** – would phase-in a \$15 million program for transition funding for incentives to establish the all-day program. A local match would be necessary to get a grant.
- **Children's Mental Health** – would increase funding from \$5 to \$12 million over 6 years for current initiatives.
- **Fast Growth Districts** – would propose a \$10 million line-item to serve as transition assistance for districts with growth but no accompanying new revenue.

- **School Funding** – will work with legislature to identify ways to reduce the over-reliance on property taxes.
- **Independent State Board** – would work to restore independence to the State Board of Education and appoint individuals to the board who are independent.
- **Education Accountability Partnership Block Grant** – would restructure the ADA Block Grant. It would provide the ADA Block Grant at the current FY ‘07 level and then any increases to the line-item will be distributed based upon a district’s percentage of students that fail to meet state standards in reading and math on the 3-5-8 grade ISAT and 11th grade PSAT. Over 6 years the amount would increase by \$250 million.
- **Math and Science Academy** – a second one would be created downstate.
- **Teacher Compensation Redesign** – resources would be committed to support district and teacher collaborative innovations in the redesign of teacher compensation. Federal funds are available for pilot programs in this area.
- **23rd & 24th Payments** – legislation would be forwarded that would stipulate that these payments must be made in June and not delayed.
- **Mandates** –any legislation containing unfunded mandates imposed on a school district would be vetoed.
- **Reading Improvement Block Grant** – would be increased by \$100 million over 6 years.
- **Teacher Induction and Mentoring** – the program would be fully funded so every new teacher would receive induction and mentoring services. The cost would be \$36 million over 4 years.
- **Teacher National Board Certification** – would fully fund the existing program and add a one-time bonus stipend of \$5,000 to teachers who commit to work 5 years at a school that is identified as an underperforming school.
- **Teacher Income Tax Credit for School Supplies** – would be created so 50% of their personal classroom expenditures would be eligible for a tax credit up to \$150.
- **Teacher Pension Funding** – vowing to properly fund the pension systems and not raid pension funds. The goal would be to fund the “ramp-up” of pension payments over the next 3 years.
- **School Construction** – provide \$3 Billion over 6 years with elementary and secondary schools getting \$500 million per year. The following changes to the program are also suggested:
 - Incentives for new classrooms to serve the All Day Kindergarten program;
 - Incentives for schools who seek energy efficiency and renewable energy programs;
 - School maintenance grants;
 - Incentives for reorganization-driven construction needs;
 - Create “Modernization Grants”;
 - Compensate the 24 school districts that have been waiting for funding since 2002;
 - Include Cooperative High Schools in the program; and
 - Allow calculation for Pre-K facilities in the application formula.

PROPOSED REVENUE STREAMS

The Topinka proposal contains the following fiscal proposals:

- **Additional gaming positions** – adding positions to the existing 9 riverboat casinos is estimated to generate \$625 million.

- **Establishing a Chicago casino** – bringing a land-based casino to Chicago is estimated to generate \$600 million annually.
- **Indirect tax revenue** – from the Chicago casino is expected to generate \$175 million.
- **New Gaming license fee** – is estimated to generate \$60 million.
- **One-time revenue** – from selling positions and bid for Chicago casino is estimated to generate \$1 billion.
- **Jobs created** – in the casino is estimated at 2,500; 1,500 jobs are expected to be created by the construction of the facility.
- **4 Year Savings from Managing the Budget** – would include:
 - \$2.9 billion in Medicaid reform
 - \$400 million in elimination of “pork” projects
 - \$400 million in elimination of “clout costs”
 - \$500 million in the imposition of a ½% reserve
 - \$100 million in the elimination of the need for short term borrowing
 - \$1.2 billion in the reduction of excessive outlays to the Refund Fund

TWO YEAR PROPERTY TAX FREEZE

Candidate Topinka proposes a cap on property taxes for education for two years for every property tax payer in Illinois. This would freeze the total amount of property taxes collected by school districts for two years and replace the affected school revenues with additional funding by the State. According to Topinka, “schools will continue to realize additional revenues as if property tax collections were not frozen, and no school district will lose funds due to this proposal”. The property tax relief is estimated to be about \$2.5 billion.

Under the freeze, all school districts would submit annual property tax levies to the County Clerk and the clerk would determine the legal tax rate(s) that could be applied to the new (higher) equalized assessed valuation and calculate the total amount of dollars for which the district would be allowed to levy. To determine the tax rate under the freeze, the clerk would calculate a new (lower) rate that generates only the amount of money collected the previous year from property taxes. This amount, which would reflect a lower rate due to the freeze, would be the taxpayer’s bill. The difference between what would have otherwise been legally collected by the school district and the frozen level would be calculated and the State would reimburse the local authority for the difference.

BUDGET PROCESS REFORM PROPOSALS

Under the Topinka plan, several changes would occur regarding the State’s budget process, including:

- **Open Budgeting** – a proposal to change the State constitution to require that the State budget be available to the public 7 days before legislators vote on it (“7 Days of Sunshine”).
- **Documents on the Web** – during the 7 Days of Sunshine, the budget document would be available to the public on the internet.
- **Newspaper Ads** – “easy to read” facts about the budget would be made available through newspaper ads or inserts.
- **Budget Hotline** – a telephone hotline and web-based site would be available to give additional budget information.
- **Budget Discussions** – the budget process would be opened up to the State Comptroller and State Treasurer.