

# SENATE BILL 1947 THE EVIDENCE-BASED MODEL FOR SCHOOL FUNDING

*Ensuring equitable funding to help  
all students succeed.*

*fix* the formula  
ILLINOIS



## HIGHLIGHTS OF SB1947

- ✓ SB1947 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 with parity** to 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.
- ✓ Provides a **long-term fix** for our state's worst-in-the-nation school funding formula.

**SB1947 ALIGNS WITH THE FOLLOWING CORE PRINCIPLES.  
THE GOVERNOR'S AV DOES NOT.**

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.
5. No district loses money

**#norednumbers**

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

What does an equitable system do?

1. It takes equity into account in the calculation of adequacy. In other words, an equitable system takes into account the different needs of diverse learners in order to calculate the cost of providing *all students* with a high quality education.

2. An equitable system takes into account the varying resources communities are able to provide from local resources, recognizing vast disparities in property wealth mean that some districts are able to contribute more than others.

3. An equitable system will close funding gaps, on average, between low-income and non low-income students, and keeps them closed.

4. Provides a long-term solution that works for at least the next ten years. (not a

stop-gap solution or a formula with a shelf-life of a couple years, but a system that will continue to produce consistently equitable outcomes for an extended period of time.

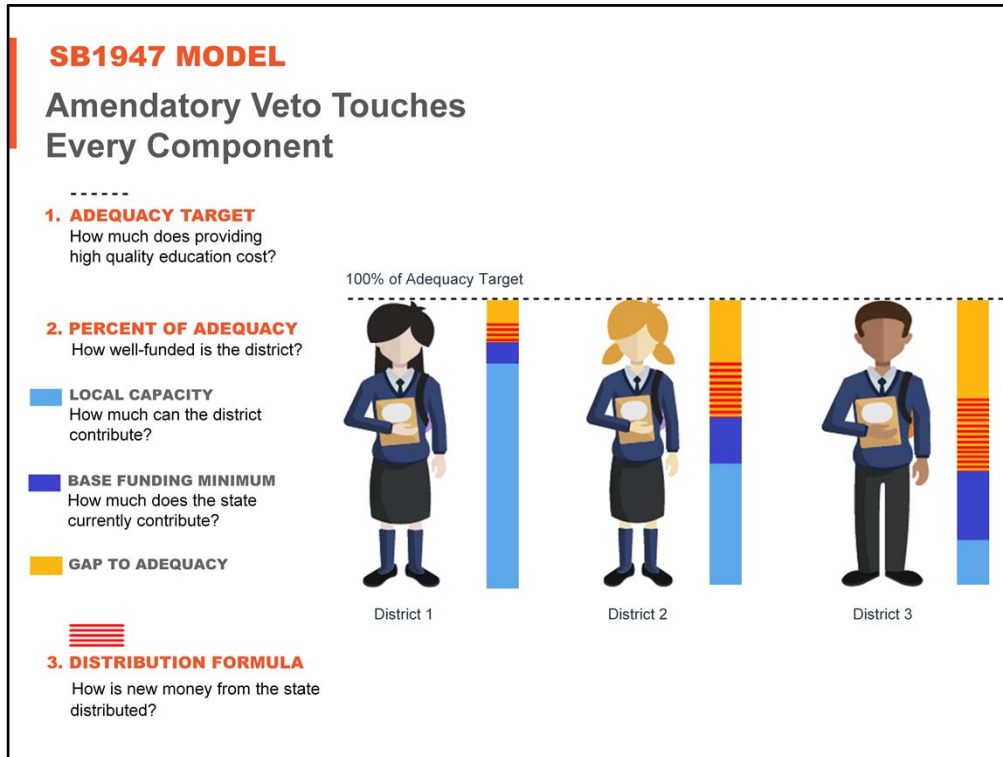
## EVIDENCE-BASED MODEL FOR SCHOOL FUNDING

### 4 Major Components

#### Key Features of EBM

- 26 Research Based Elements
- Annual recalibration
- Recognizes student demographics & differences
- Accommodates the employer pension cost shift
- No district loses money  
**#norednumbers**
- Regionalization for costs
- 99% of new state money goes to poorest districts
- Provides minimum funding levels for future years
- District basis for Hold Harmless





- The Evidence Based Model has been used as the basis for the development of a potential solution to the problem of inequitable funding in Illinois.
- The EBM is used to calculate the cost of a high-quality education, (research-based interventions that have a positive impact on student progress).
- The model has been used as the basis of funding models through-out the country. (Wyoming, Arkansas, Texas, North Dakota)
- It provides the basis for the distribution methodology being developed in Illinois.
- How does the model work?
- Go through 4 steps
- On first step, important to note that the dollar amounts for the adequacy target are progressive, as we saw in the bar graphs, NOT equal, but here we represent 100% of adequacy, rather than those dollar amounts

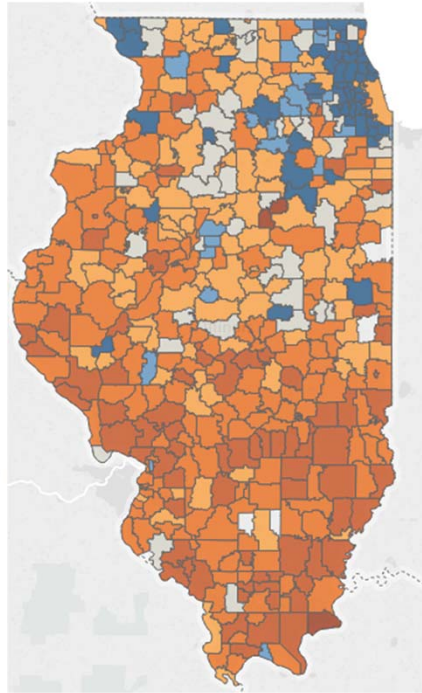
## 80% of Districts Are Below Adequacy...

- New funding is required to get to adequacy
- Therefore, no district should lose funding

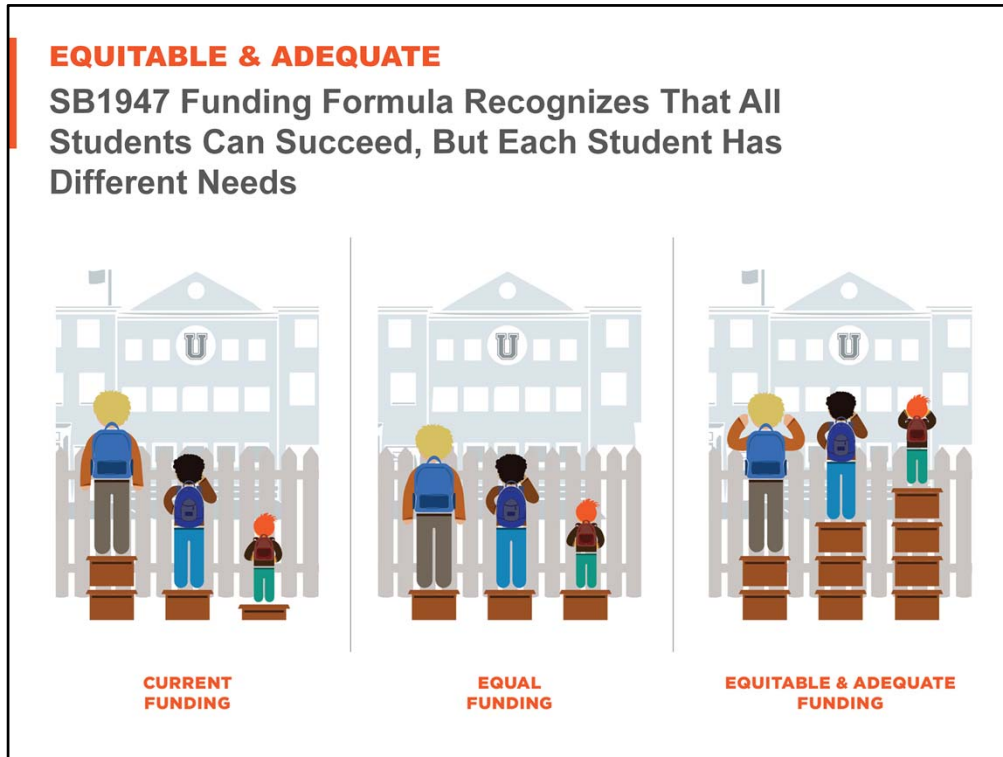
### FUNDING COMPARED TO ADEQUACY



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.



As you can see, CPS is similarly far from adequacy to many downstate districts.



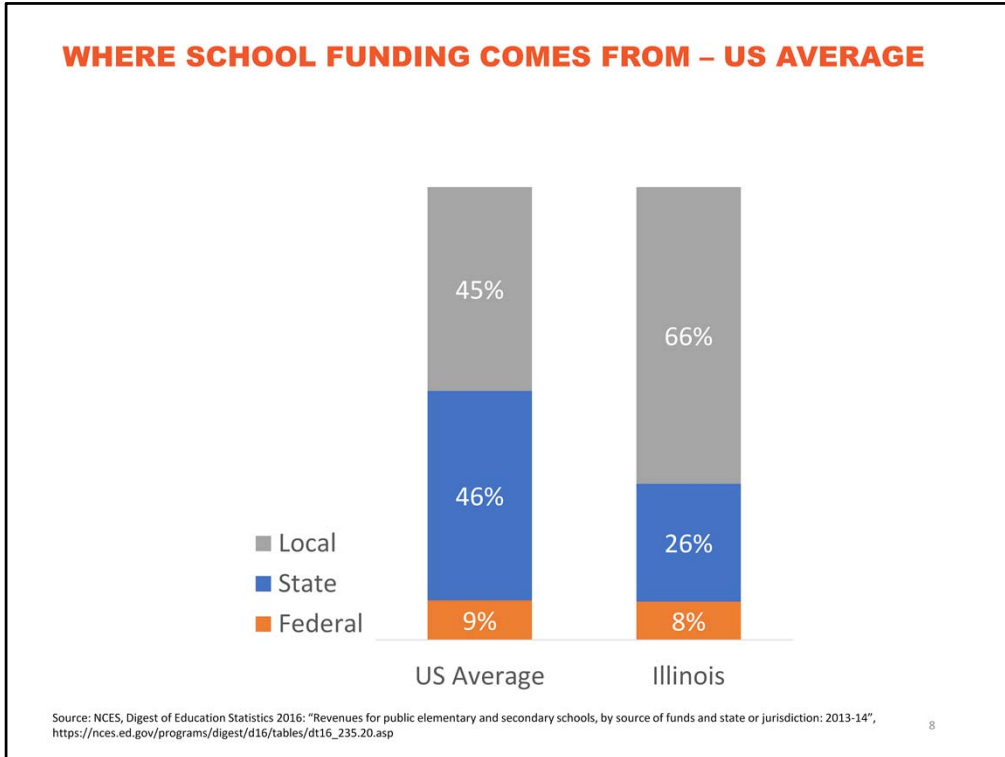
We can think of these boxes as resources provided for education. The **current** funding formula is regressive, meaning that, on average, we spend more on educating our wealthier students than we spend on educating our low-income students. Put another way, we provide the students who have the greatest needs with the fewest resources. This leaves them unable to see over that fence, to meet the rigorous learning standards we believe *all* students are capable of meeting *if* we provide them with the resources they need.

Providing **equal** amounts of funding to all students would still not be sufficient to solve this problem, as research shows that it costs more to provide the services needed to help diverse learners excel.

What Illinois needs is an **equitable** funding formula, one that takes into account individual student needs, and then takes that need into account when distributing state funding, so that resources go where they are needed most.

What's the problem? We spend the least on kids who need the most.

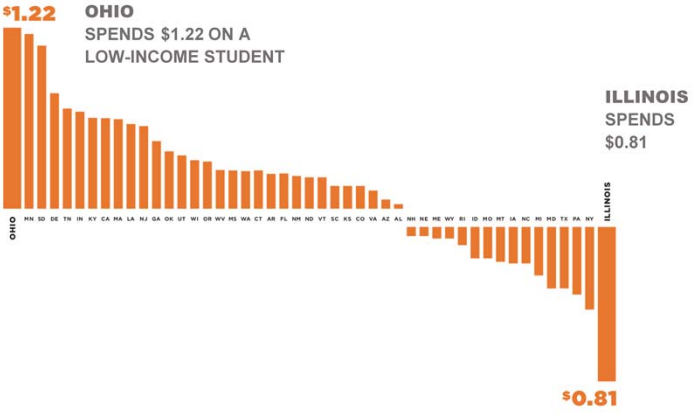




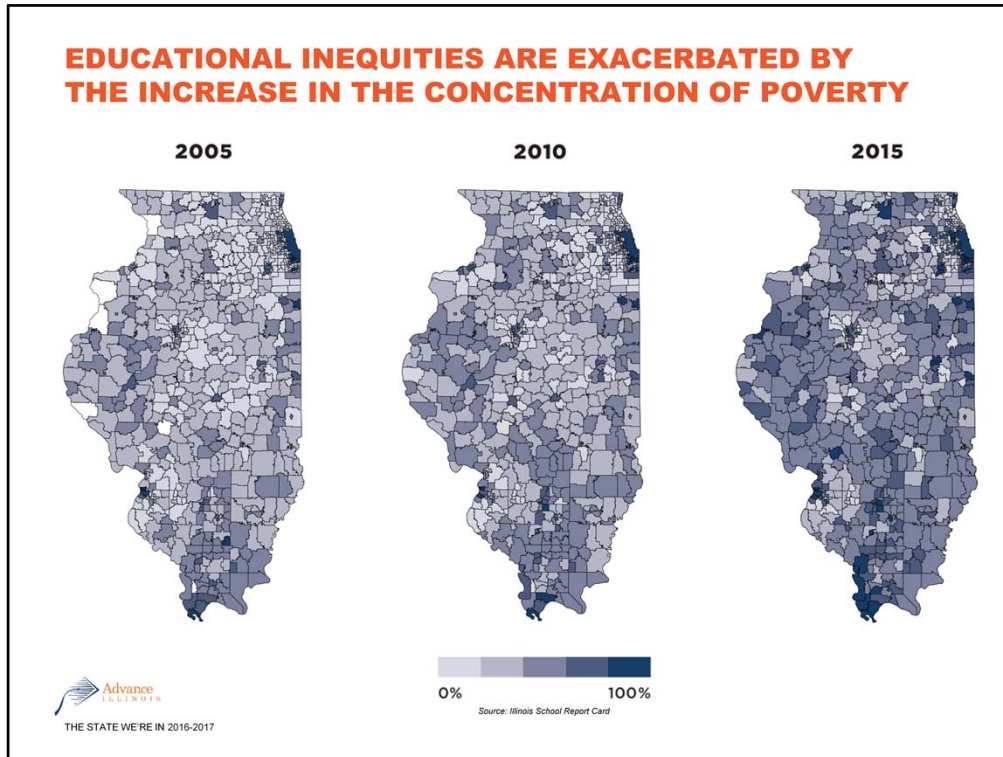
When the state underfunds the system, local districts have to be more reliant on local property taxes in order to make up the gap.

# Unfair K-12 Funding Shortchanges the State's Neediest Students

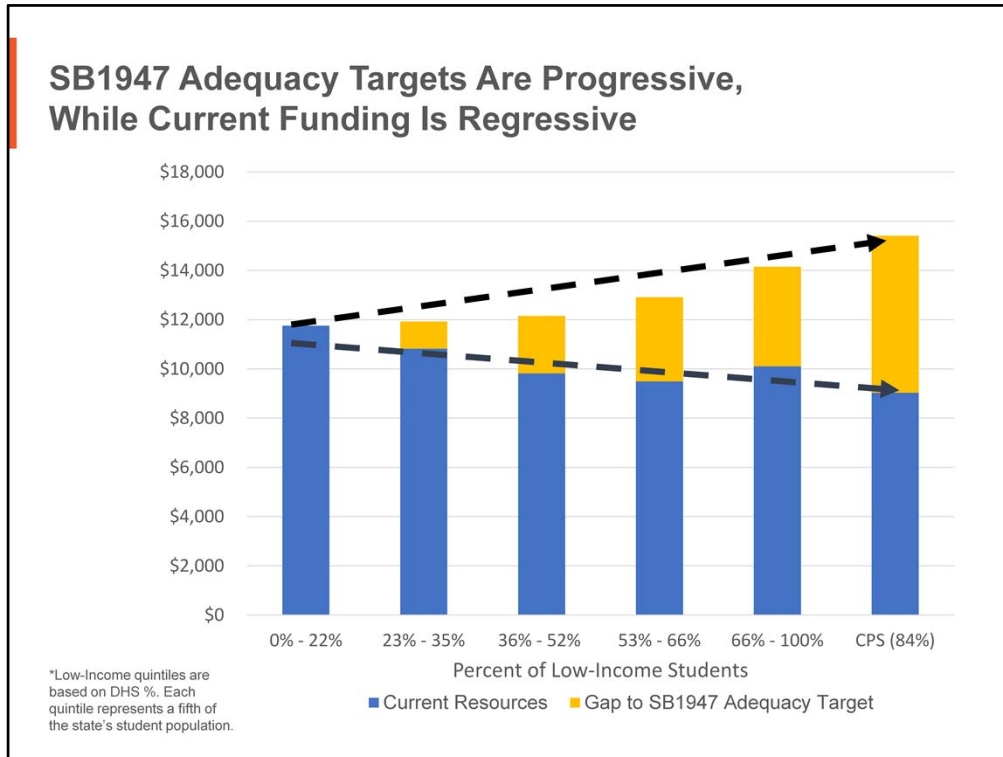
FOR EACH \$1 SPENT ON A NON-LOW-INCOME STUDENT...



- Fourth point: We know that low income students need more resources to succeed, and yet Illinois provides fewer. In fact, Education Trust...
- What does this mean in practice?



- Over the past 10 years, poverty has spread—and concentrated poverty has spread—throughout the state.
- The educational challenges faced by school districts where over half of their students come from low income families are different. Low income students need more support and resources to overcome the challenges they bring to the classroom. And now in 43% of our school districts over half the students come from low income families.
- If we are going to make progress as a state, we need to improve our outcomes for all students, and we must especially focus on how well we serve our neediest students.
- That also includes meeting the needs of English Learners...



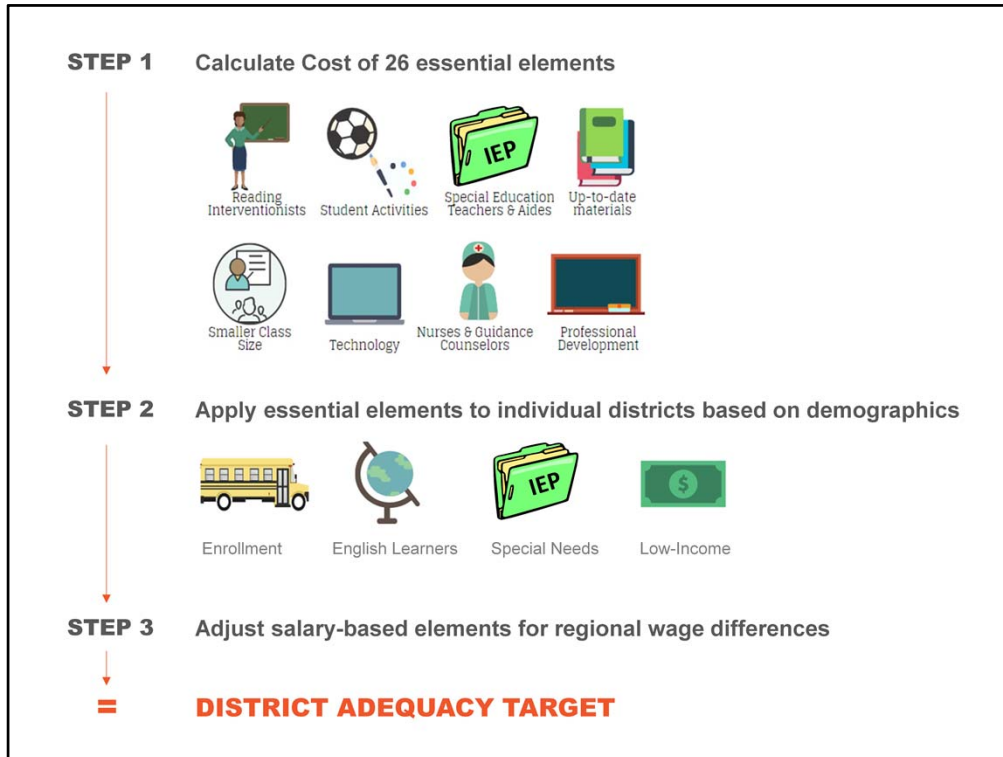
The yellow color is the gap between what we're currently spending and what we're actually spending – that's the gap an equitable formula would need to close.

Analysis using EBM – based on % of low-income students, adequate funding for districts with more low-income students is higher than for those with fewer low-income students. As you can see from the chart, some districts are currently far below adequacy – our emphasis is on those districts first

---

## **HOW DOES SB1947 WORK?**

---



Before we can equitably fund education, we need to calculate how much it actually costs. EBM does this in 3 steps:

Step 1: Identifies 26 research-based activities that contribute to cost of education

Some elements only apply to specific students, such as low-income students, English learners and students with special needs

Step 2: Calculates Adequacy Target based

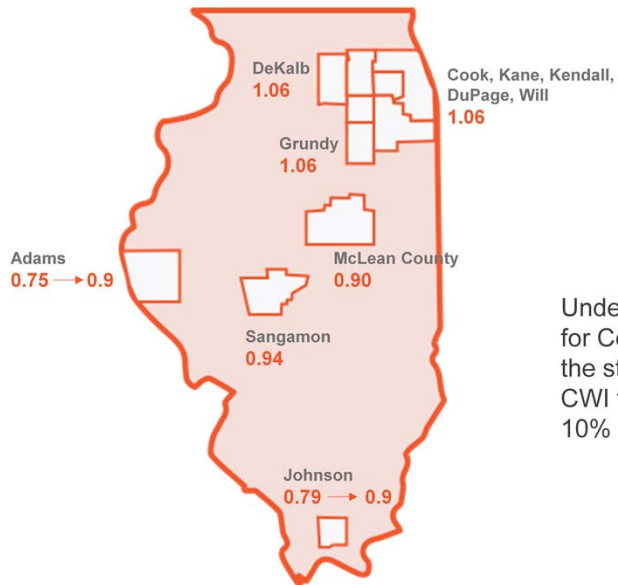
on district demographics

## Step 3: Adjusts Adequacy Target for regional wage differences

The more high-need students a district serves, the greater the cost of its Adequacy Target.

## SB1947 ADJUSTS COSTS BASED ON REGIONAL VARIATION

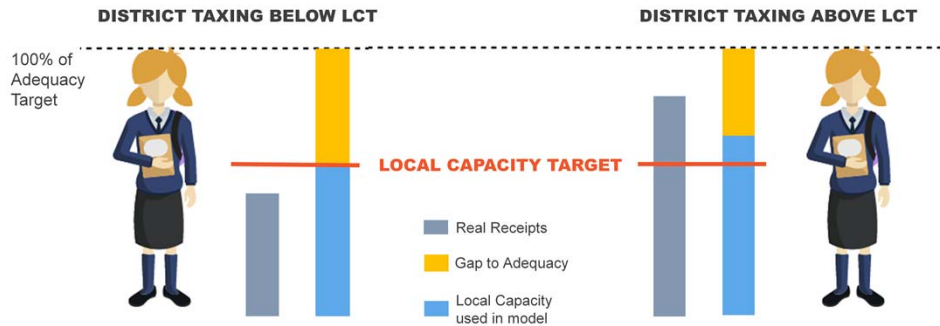
No Region Is Below 0.9



Understanding CWI: The CWI for Cook County is 6% above the state average, and the CWI for McLean County is 10% below the state average



## 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 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.
- 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 next slide)

15

Melissa

## The Chicago Block Grant Is Integrated Into The Formula & CPS Does Not Lose Funding

- The Chicago Block Grant is sunset.
- CPS will get its claims moving forward, like every other district.\*
- CPS' doesn't lose money.
  - This is the same approach used for existing funding for every other district.
- Calculating Adequacy is the same for all districts moving forward.
- No district loses money compared to current funding levels, so there are **#norednumbers**

\*There are no changes to  
Early Childhood Education funding

## **SB1947 Provides Parity And Security In Pension Payments**

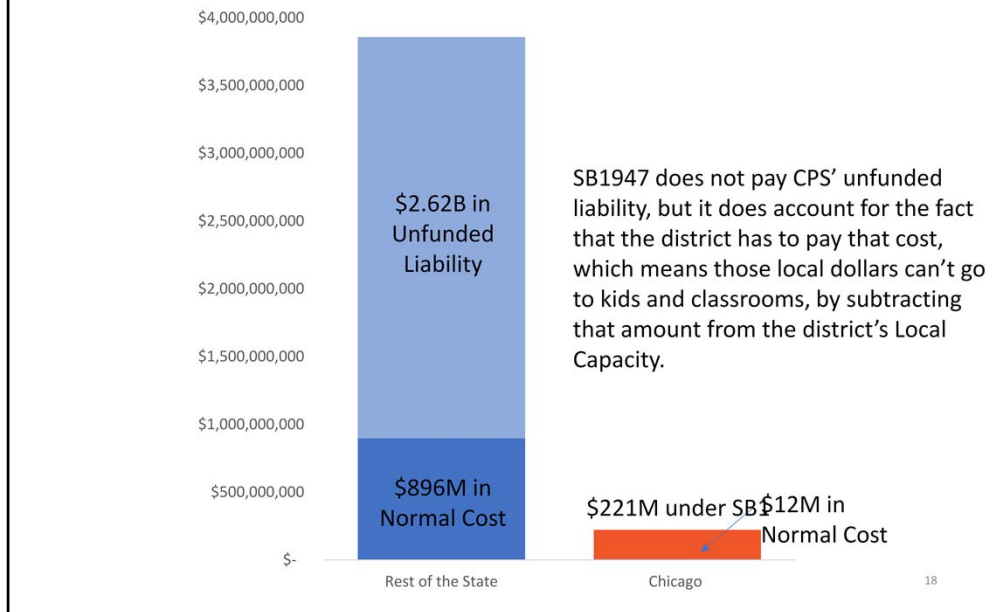
- Chicago uses local property tax dollars for pension payments—no other district has to do this.
- Adequate funding for Chicago must account for the fact that Chicago must pay pension costs.
- CPS will continue to be responsible to make the pension payments to CTPF.
- **If any other district was required to pay its pension costs, SB1947 would treat that district the same way, providing security to all districts.**

17

Chicago's normal cost payments are part of adequate funding since they are for teachers currently in the classroom.

Chicago's unfunded liability are accounted for in their Local Capacity since these are local tax dollars that cannot be used for adequate school funding.

**Illinois taxpayers pay normal costs of pensions for all districts except Chicago Public Schools, but CPS taxpayers contribute to TRS funds that go to the rest of the state**



When the state underfunds the system, local districts have to be more reliant on local property taxes in order to make up the gap.

---

**IS**  
**SB1947 EQUITABLE?**

---

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

- +85% of all dollars go to districts with greater than 50% low-income.
- Roughly 70% of all dollars go to districts with lower than median property wealth.
- Downstate Students receive about 34.5% of all new formula dollars for 34% of the students
- Chicago Students receives about 20% of all new formula dollars for about 19% of the students and 1/3 of the state's 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.**

**QUESTIONS & NEXT STEPS**

**Action resources available at  
[www.fundingthefuture.org](http://www.fundingthefuture.org)**

**#FixedTheFormula**