

SB1947 - THE EVIDENCE-BASED FUNDING FOR STUDENT SUCCESS ACT

*Ensuring equitable funding to help
all students succeed.*

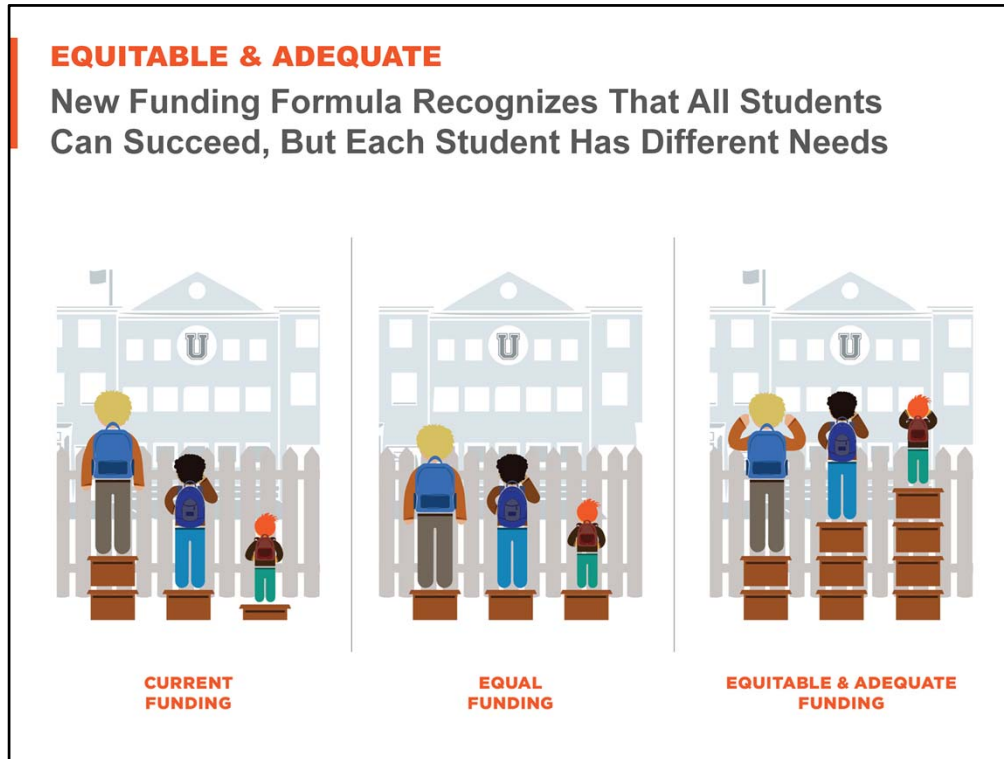
fix the formula
ILLINOIS



OVERVIEW

- ✓ Illinois needed to reform its school funding system because it was last-in-the-nation for equity and didn't serve the neediest students well
- ✓ The new formula is evidence-based, takes into account student needs and districts' ability to support schools, closes equity gaps and keeps them closed. It is a long-term solution where no district loses funding.
- ✓ Funding distributed equitably and we now have a roadmap to adequate funding for all districts
- ✓ Other provisions in the final bill include mandate relief for school districts, a private school scholarship tax credit, and the creation of a TIF Task Force

WHY DID ILLINOIS NEED TO FIX ITS FUNDING SYSTEM?



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.

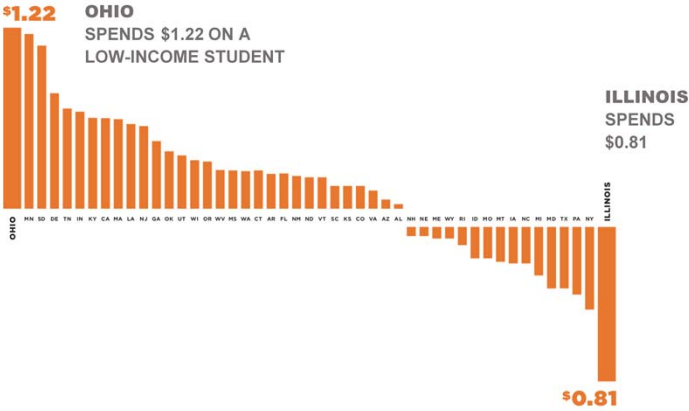
Providing **equal** amounts of funding to all students would still not be sufficient to solve this problem, as research shows that it costs more to provide the services needed to help diverse learners excel.

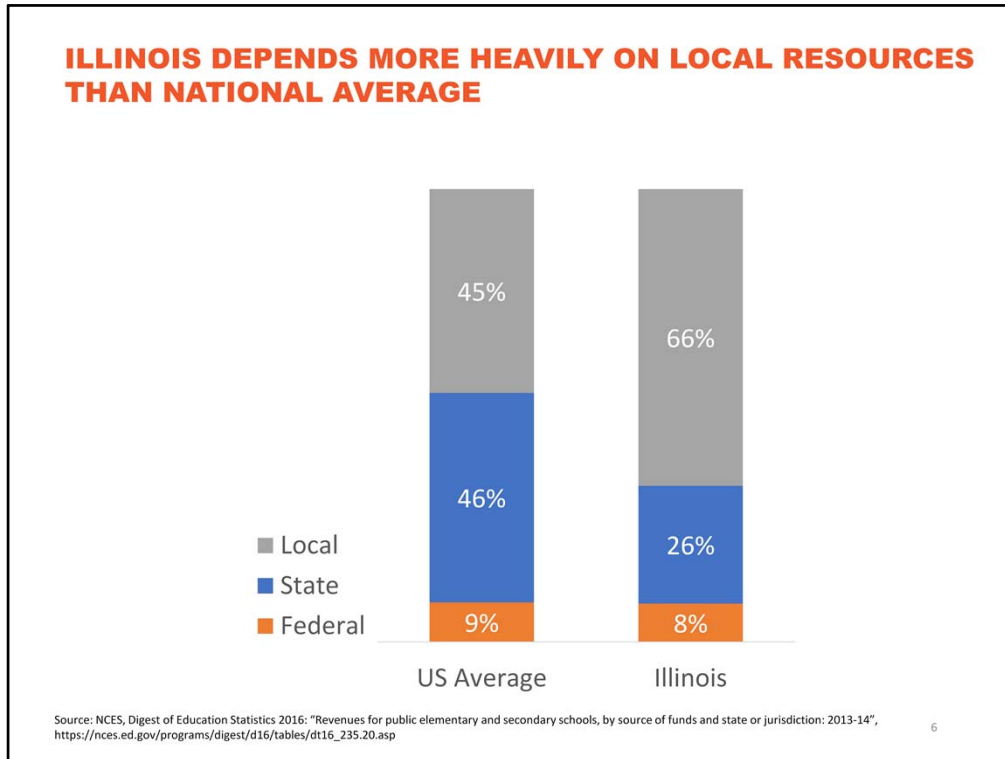
What Illinois needs is an **equitable** funding formula, one that takes into account individual student needs, and then takes that need into account when distributing state funding, so that resources go where they are needed most.

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

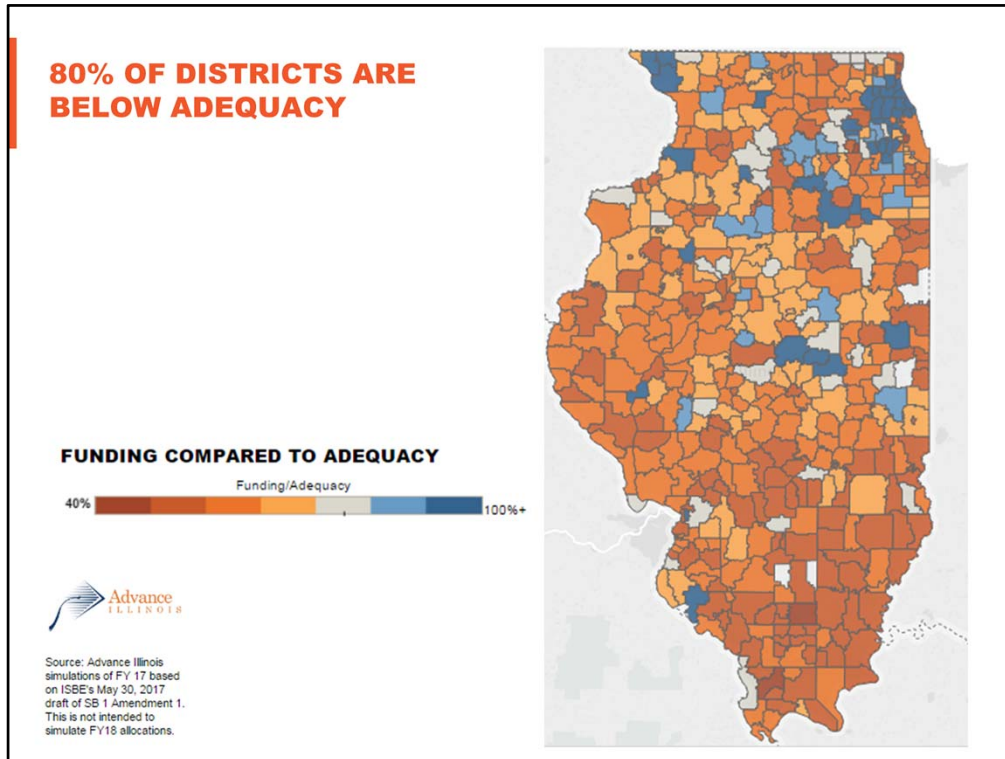
**ILLINOIS' UNFAIR K-12 FUNDING
SHORTCHANGES STATE'S NEEDIEST STUDENTS**

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





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



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

CORE VALUES WE SOUGHT IN FUNDING REFORM

A school funding formula that...

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. Ensures no district loses state funding compared to prior fiscal year.

The new legislation meets these five requirements for an equitable funding system.

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.

ISBE IN PROCESS OF DETERMINING 2018 STATE PAYMENTS

- The Illinois State Board of Education (ISBE) is in the process of verifying data elements needed to calculate school districts' 2018 state payments under the EBM system enacted in SB1947.
- Final calculations and Tier placements will be available in a few months.
- Initial payments to school districts will be the Base Funding Minimum (BFM) amounts, or hold harmless payments, which are equal to the expected final fiscal year 2017 distributions
- Each district's preliminary base-funding minimum amounts can be viewed at www.isbe.net/ebf2018
- Districts will receive payments on the 10th and 20th of each month from September through June in FY 2018
- In future years, the schedule will remain the same as General State Aid was previously distributed – 22 payments in total distributed August through June.

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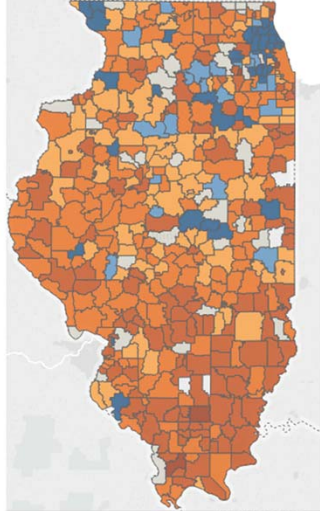
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Charter Payments: Range narrowed from 75% - 125% to 97% -103% of the district's per student spending. This is a calculated number done by ISBE (called "Per Capita Tuition Charge") that does not relate to EBM or how district schools are funded.

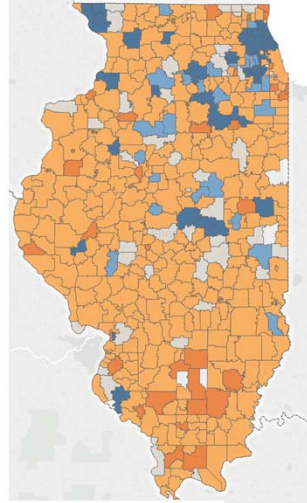
NOTE: This has become an issue for CPS. CPS funds districts and charters the same way using Student Based Budgeting but the ISBE calculation does not take this into account and so the measure through PCTC and SBB have diverged.

NEW FORMULA WILL INCREASE ADEQUACY OVER TIME WITH ADDITIONAL INVESTMENT

TODAY



**SIMULATION OF \$2 BILLION
IN NEW FUNDING**

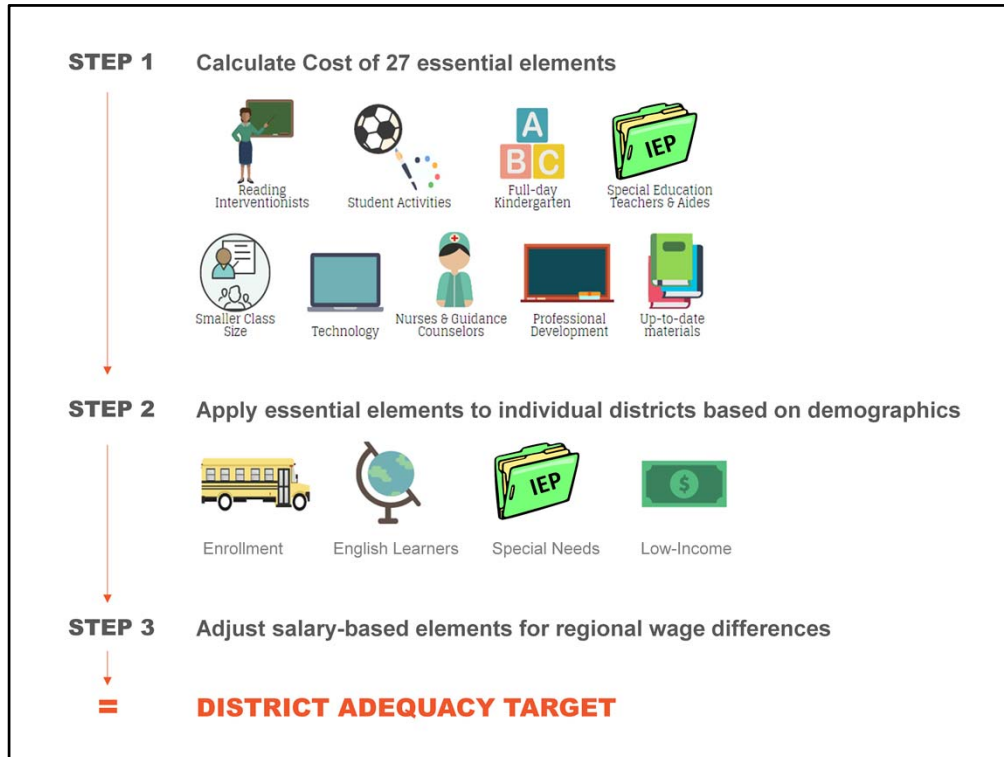


FUNDING COMPARED TO ADEQUACY

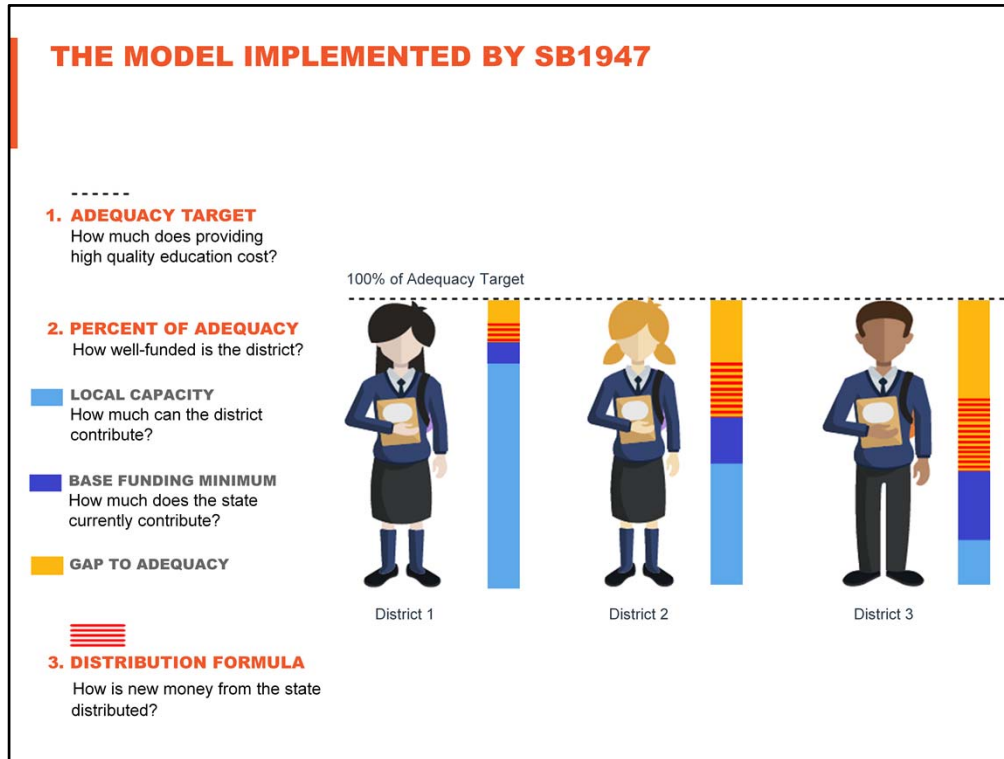


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HOW DOES IL'S EVIDENCE- BASED FUNDING MODEL WORK?

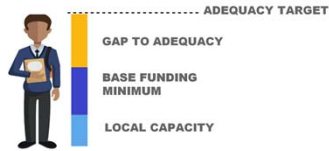


EMPHASIZE THAT PROTECTIONS ARE IN PLACE FOR SPECIAL EDUCATION AND ENGLISH LEARNER ELEMENTS - \$ allocated for SPED and EL must be spent on those services specifically



- EMPHASIZE THAT DISTRIBUTION MODEL IS INCLUDED IN SB1947 (we've had questions about this)

BASE FUNDING MINIMUM ENSURES NO DISTRICT LOSES MONEY



- In FY18, every district keeps the amount of state funding it received in FY17. Going forward, the BFM is cumulative, and includes both the prior year BFM and the dollars districts received through the tiers.
- The BFM exists in perpetuity in SB1947 – it does not expire.
- The BFM is on a per district and not per pupil basis, so even districts with falling enrollment will not see a decrease in state funding from year to year.

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Included because we've had many questions about BFM. Make sure to hit that 1) it's cumulative 2) its per district, NOT per pupil 3) it does not expire 4) the state needs to appropriate more than the prior year to cover the BFM

IN EVENT OF UNDER-APPROPRIATION, HIGH NEED DISTRICTS ARE PROTECTED FROM PRORATION

- If the state does not appropriate enough to cover the cost of the Base Funding Minimum, then funds are first removed from the BFM of the *most* adequately funded districts (unlike proration in the past).
 - In this case, Tier 3 and 4 districts would first lose any evidence based dollars received in prior years
- If that does not cover the value of the under-appropriation, then further reductions are on a per pupil basis for all districts.

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THE MINIMUM FUNDING LEVEL CREATES REQUIREMENT FOR NEW STATE DOLLARS ABOVE BFM

- Minimum Funding Level requires state to contribute at least \$300M to the formula and at least another \$50M to either the formula or tax relief.
- If Minimum Funding Level is not reached, then new dollars appropriated above BFM will be focused on the least adequately funded districts.
- The Minimum Funding Level is not a guarantee that no district will ever lose money. All districts, not just the least well-funded, need to advocate for the state to fully fund education each year as the budget is negotiated.

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DISTRICTS FURTHEST FROM ADEQUACY RECEIVE GREATEST SHARE OF NEW DOLLARS

Districts are placed into Tiers based on whether they fall below a certain percent of adequacy.

TIER 1 Includes the least well-funded districts in the state, which receive 50% of new dollars. The percent of adequacy below which districts are placed into Tier 1 is dynamic, and is defined when all Tier 1 dollars are spent.

TIER 2 Includes all districts below 90% of adequacy (including Tier 1 districts). 49% of new dollars go to this group of inadequately funded districts proportionally.

TIER 3 Districts between 90% and 100% of adequacy get a smaller proportion of their gap closed, and receive .9% of new funds.

TIER 4 Districts above 100% of adequacy get a small increase in funding from the state each year, and receive 0.1% of new funds.

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We have had questions about how districts are placed in tiers.

PARITY AND SECURITY IN PENSION PAYMENTS

- In SB1947, outside of distribution formula, CPS' normal cost of pensions is now covered by state (\$221M in FY 18) and protected by "continuing appropriation".
- CPS responsibility for its unfunded liability is recognized in the calculation of its local capacity.
- All other districts will be treated the same if they have unfunded liability from the new "Tier 3" pension system.
- Allows CPS to increase property tax levy for pensions.

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Levy increase is from 0.383% to 0.567%

CHICAGO BLOCK GRANT AND SOME MANDATED CATEGORICALS ARE INTEGRATED INTO THE FORMULA

- Mandated Categorical items included in BFM:

- General State Aid
- Bilingual or ELL
- Special Ed Personnel
- Special Ed Pupil (Child Funding)
- Special Ed Summer School

All other mandated categorical items, including the Early Childhood Block Grant, remain outside of the BFM.

- The Chicago Block Grant is sunset. This is how CPS used to get Special Education funding. Now, funding comes through the EBM.
- For items outside the formula, CPS will be able to make claims moving forward, like every other district.
- CPS' doesn't lose money. No district loses money compared to current funding levels, so there are **#norednumbers**

PROPERTY TAX PROVISIONS

- Creates Property Tax Relief Fund targeted to districts with high property tax rates but low property wealth
 - Districts apply for state grant which they use to reduce property taxes
 - For example, unit districts can lower their tax rate about 1 percentage point: a district with a 7% operating tax rate could lower it to 6%
- Requires state appropriation to fund the grants. No funding appropriated in FY18
- Voters in districts funded above 110% of adequacy can petition for referendum to lower property taxes by 10%
- Creates Task Force within General Assembly to look at TIF funding issues. Report due April 1, 2018.

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Referendum requires 10% of voters to sign the petition

Property taxes for education can be reduced by 10% but can't bring the district funding below 110% of adequacy

Referendum cannot be repeated for next two consolidated elections ("consolidated elections" = when school boards, municipal offices are elected)

About 100 districts would be eligible

**WHAT OTHER PROVISIONS
WERE INCLUDED IN THE
BILL?**

PRIVATE SCHOOL SCHOLARSHIP PROGRAM TAX CREDIT

- Individuals and corporations can contribute up to \$1.3M annually and receive a 75% tax credit (credit of up to \$1M)
- Maximum of all tax credits in \$75M annually. This will represent \$75M less in state revenue.
- Program runs from January 1, 2018 – December 31, 2022
- ISBE must hire independent research organization to report on student learning gains. Students must be assessed using same assessment as district schools.
- Students in families up to 300% of poverty level are eligible for scholarships
 - Priority given to students in families under 185% of poverty level or live within a focus school district
 - Scholarships given on sliding scale, with only students below 185% of poverty receiving full tuition

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Focus district has graduation rates below 60% or subgroups that perform in the lowest 10% of all IL students in that group

MANDATE RELIEF & CHARTER FUNDING EQUITY

- **PE.** School boards can determine frequency of PE, as long as it is at least 3 days per week (previously statute required daily PE)
- **Sports Exemption.** Allows districts to exempt on a case-by-case basis 7th-12th graders who participate in sports from the PE requirements (previously only 9th – 12th graders could be exempted)
- **Driver's Education.** Allows districts to contract with third part Driver's Education vendors without requesting a waiver from the General Assembly.
- **Streamlined Waivers.** Provides streamlined process for waivers from the General Assembly from other state mandates
- **Charter Payments.** Narrows range of payments to charters to ensure parity in funding with district-run schools

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Streamlined process = waiver request goes to 4 legislative leaders. Unless 3 want it to go through the full General Assembly waiver process, it goes back to ISBE for approval. If it is denied, then waiver returns to GA for action

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**WHAT DATA AND
REPORTING REQUIREMENTS
DOES SB1947 HAVE?**

ISBE DATA COMMUNICATION REQUIREMENTS TO DISTRICTS

- **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.

DISTRICTS REPORTING REQUIREMENTS TO ISBE

• 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

HIGHLIGHTS OF NEW FORMULA

- ✓ School funding tied to those **evidence-based best practices** the research shows enhance student achievement.
- ✓ 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.
- ✓ **Chicago students receive 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.

QUESTIONS

For additional resources, visit
www.fundingthefuture.org

#FixedItNowFundIt

APPENDIX: IS SB1947 EQUITABLE?

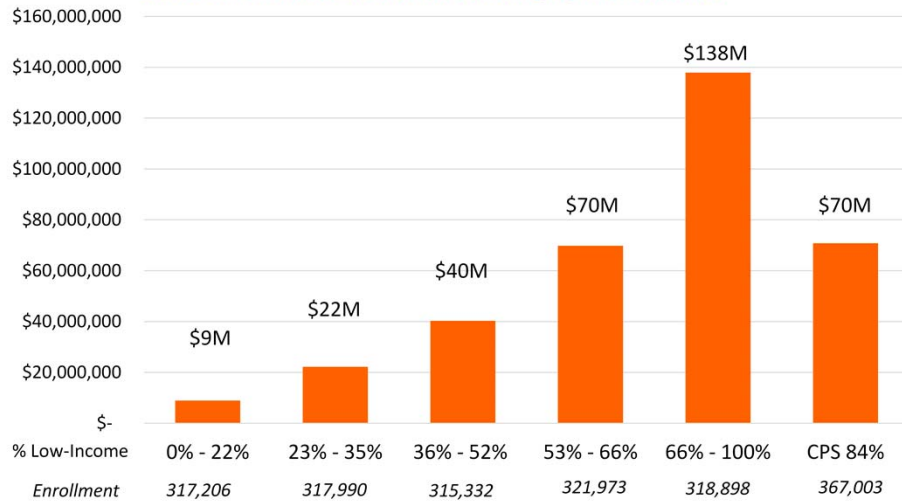
SB1947 Provides Equitable Funding To Both Low-income And Low Property Wealth Districts

- 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 1947* Increases Equity By Sending New Dollars To Neediest Districts

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

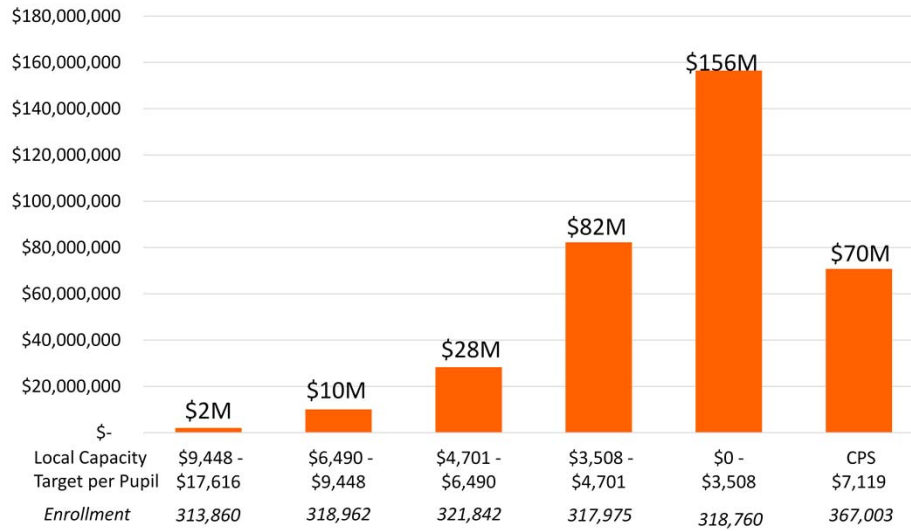


*Analysis is based on ISBE SB1 modeling. Data reflects FY17 simulation. FY18 numbers will vary.

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SB 1947* Also Increases Equity By Sending New Dollars To Property Poor Districts

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



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