

Education Funding Advisory Board

March 24, 2005

Chairman Steve Demitro called the meeting to order at 2:18 p.m.

Board Members Answering the Roll Call:

1. Senator Arthur Berman
2. Ramon Cepeda
3. Anne Davis
4. Steve Demitro
5. James Dougherty

Motion Regarding Approval of Minutes

Ms. Davis made a motion to postpone action on acceptance of the March 9 and March 18 minutes until the Board's next meeting. Mr. Dougherty seconded the motion. The motion passed, with no members voting no.

Introductions

Each Board member provided brief reports of his or her professional background.

Background

Chairman Demitro made a brief statement on the importance EFAB has to the children of Illinois.

Public Participation

Bindu Batchu – A+ Illinois spoke to follow up on items discussed at the last meeting. She offered historical perspective, stating that prior to the Augenblick model for determining a foundation level; there was no methodology in Illinois for recommending a foundation level for adequate school funding. The General Assembly then backed into funding education in state budget. Batchu urged EFAB to set a foundation level based on methodology. She suggested that EFAB may want to consider tweaking the methodology. She passed out a brief description of other methodologies that states have used. She stated that she feels it's important to stay with a methodology based on student performance meeting academic standards.

Batchu also encouraged EFAB to look at poverty grants. Last week's discussion was focused on poverty grants for districts with high concentrations of children in

poverty, with more funding going to those with higher percentages of children in poverty. The previous EFAB and follow-up legislation moved to the Department of Human Services (DHS) count for identifying children in poverty. The formula was also changed from a stair step model to a continuous curve with each incremental increase in percentage of poverty level yielding an increased per pupil amount. Batchu urged:

1. Looking at how much is provided per low income child in the poverty grant program. The levels are two years old. Should consider adjusting for inflation.
2. Be sure the foundation level gets appropriated. If the appropriation falls short, the poverty grants are “raided” to fund the foundation level. This board may want to consider recommending that poverty grants get funded fully. It’s been contentious in Springfield, as some districts have lost poverty grants using the DHS count vs. census count. The proration issue has been contentiously argued, as well.
3. Urges EFAB to update the recommendation to reflect a recommendation for the poverty level.

Ms. Davis responded that Ms. Batchu is right about setting a method for determining the foundation level. It was done in two parts. Part two discussed taking the methodology for 2003 and beyond. Davis reminded the group that the previous EFAB lowered the percentage in poverty level for eligibility. It used to be 20 percent or greater. The previous EFAB dropped it to 15 percent, allowing greater eligibility.

Ms. Batchu said there were two issues:

1. The change in poverty grant formula to DHS from the census count has captured more children in KidCare and Food Stamps. If they had just changed the formula to go from census to DHS, the cost for the poverty grant formula would have skyrocketed.
2. So, the previous EFAB tweaked the formula so the net increase to the poverty grants was not breaking the state “bank”.

Ms. Davis noted that the previous EFAB dropped the tie to dollar amounts, but, changed it to tie it to the foundation level.

Staff Reports from Illinois State Board of Education

Toni Waggoner presented information to EFAB, stating that at one time there was a recommendation to tie the poverty grant to the foundation level. The last EFAB

report used the new poverty formula using DHS count. So, even with just one poverty student, the district gets poverty grant. That was in the previous EFAB report. That was adopted and put into statute. This is the second year that we've calculated it.

The formula then kicks in at 15 percent and kicks in, with \$2994.25 the top level per child. That is a calculation based on the parameters of the formula.

At the time the statute was changed with the new poverty formula, it was also put into law that it would use an average of the DHS count and poverty would be prorated. Out of state aid appropriation, first fund the foundation level. Then any money left over in the GSA appropriation would fund the poverty grant. If not enough, the poverty grant is prorated.

Senator Berman asked ISBE staff to suggest language for EFAB consideration that would prevent poverty dollars from being used in the foundation level appropriation and language that would require the state to fully fund both the full foundation level and the full poverty grant.

Ms. Waggoner stated that would require a continuing appropriation for each. EFAB recommended the continuing appropriation be extended in 2002. It was eliminated in 2003. When legislators make appropriations, ISBE is estimating costs. In the past ISBE estimated entire amount of state aid. We were short \$7.6 million of \$3.5 billion this last year. ISBE then prorated the shortfall on the poverty grant. Districts had 100 percent hold harmless on poverty grant in 2004.

Senator Berman requested suggested language to accompany EFAB recommendations to build in a continuing appropriation for the foundation level and the poverty grant. That would be included in the recommendation, if the EFAB approves it. That would mean that the General Assembly could not shift money from one to the other, depending on dollars available.

Ms. Davis requested information on how the poverty grant is being applied.

Senator Berman noted that if EFAB makes recommendations it should allow time for the General Assembly to adopt those recommendations after holding public hearings.

Mr. Demitro noted that while this is a very complex issue, he thinks the last thing EFAB should do is come up with a number just because of time constraints. This

makes EFAB job much more difficult. This number will, ultimately, affect a generation of students for the rest of their lives.

The issue of how schools are funded in Illinois has been argued for decades. The issue is how we make Illinois a competitive state when it comes to education.

Senator Berman stated that first and foremost, EFAB should do what the statute requires—set the foundation level and poverty grant. EFAB should do this work quickly, then it has the option of addressing other issues, but, if EFAB starts getting into debates regarding taxes, it will never get the first two things that we have to be done on time. Dougherty, Davis and Cepeda concurred with Berman.

Mr. Demitro called on Gretchen McDowell and Darlene Silkey of the Illinois PTA who stated that if EFAB comes up with a figure for the foundation level and the poverty grant, that action will give credibility and authority to constituent groups to talk about revenue sources. If EFAB sets a foundation level, poverty grant level and addresses continuing appropriations, that will help constituents like the Illinois PTA and its 175,000 members attempt to address those issues with legislators.

Senator Berman suggested first addressing the foundation level, then the poverty grant, then continuing appropriation.

Mr. Dougherty mentioned that at the last meeting there was concern with the preliminary 2004 numbers that had unit schools being much cheaper to run than elementary school districts.

Ms. Waggoner reported that the numbers are preliminary since the final 2004 finance data is not yet available. They also ran the final 2003 numbers and recommend going with the final 2003 numbers.

Linda Riley-Mitchell reported that staff consensus is that it's better to use more current information and simply update it by an index. This raises the question of which index is appropriate. Staff looked at the data and how to include high-performing high schools in the data in a way that would still be consistent with earlier methodology.

Using the methodology, the foundation level would be \$6405.00.

Senator Berman stated that the foundation level is currently \$4964. If EFAB recommends \$6405, that's a \$1441 increase. Mr. Berman did not know if anyone

remembers that kind of increase in the history of Illinois. We have awareness in Illinois of how we have underfunded our schools in the past and how we have to change that system. An awareness which spans a number of decades has never existed the way it exists today. This is the year to accomplish this. There's a basis for the \$6400 figure in Augenblick and Myers.

Mr. Dougherty suggested polling the board and giving direction to staff to go back and use revised model presented on 03/23 in ECI adjustments, and that we get some foundation numbers based on that to consider for approval at next meeting.

Mr. Demitro polled the board and all stated they were comfortable with the detail of background information they had received.

At the next meeting the board will consider: a motion for foundation level figure and the elements included in the calculation; an action item to address the poverty grant; an action item for continuing appropriation.

Motion to adjourn

Senator Berman made a motion to adjourn. Mr. Dougherty seconded the motion, which passed unanimously.

Next Meetings:

Monday, April 4, 2005, 11 a.m. at the James R. Thompson Center

Tuesday, April 5, 2005 at 11 a.m. at the James R. Thompson Center