Illinois State Board of Education

Illinois School Funding
October 2001
The Current System

State and Local (Property Taxes) Funding
Property Tax Cycle

Assessment

Equalization

Levy

Extension

Collection

Distribution
<table>
<thead>
<tr>
<th>Region</th>
<th>EAV</th>
<th>Avg. Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicago</td>
<td>$35.4 B</td>
<td>3.96%</td>
</tr>
<tr>
<td>Other Cook</td>
<td>45.4 B</td>
<td>4.93%</td>
</tr>
<tr>
<td>Collar</td>
<td>60.3 B</td>
<td>3.96%</td>
</tr>
<tr>
<td>Downstate</td>
<td>47.2 B</td>
<td>3.90%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$188.3 B</td>
<td>4.18%</td>
</tr>
</tbody>
</table>
1999 Property Tax Revenue

- Downstate: 23% - $1.84 B
- Collar: 30% - $2.39 B
- Other Cook: 29% - $2.24 B
- Chicago: 18% - $1.40 B
# EAV and Tax Rates by Type

<table>
<thead>
<tr>
<th>Type</th>
<th>EAV</th>
<th>Avg. Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$110.3 B</td>
<td>4.21%</td>
</tr>
<tr>
<td>Farm</td>
<td>9.1 B</td>
<td>3.82%</td>
</tr>
<tr>
<td>Com/Ind</td>
<td>68.9 B</td>
<td>4.18%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$188.3 B</td>
<td>4.18%</td>
</tr>
</tbody>
</table>
1999 Property Tax Revenues

- Residential: 59% - $4.64 B
- Com/Ind: 37% - $2.88 B
- Farm: 4% - $.35 B
EAV Highlights

- 28% Increase
- 26.4% Cook/Collar Growth
- 31.1% Downstate Growth
- 57 Counties (>35% increase)
- 10 Downstate Counties Increased over 50%
- 2 Counties Decreased (power plant impacts)
Property Tax Concerns

- Heavy Reliance for Funding Education
- Cook Assessment Ratio
- Property Tax Appeal Board Decisions
- Tax Caps
- Tax Abatements
- Farmland Devaluation
State Categorical Programs

- The objective of categorical programs is to reimburse districts for the expense associated with providing services to or for targeted populations.

- Budget (>60 Programs) FRIS (87)
- Mandates ($1.2 B) Others ($815 M)
- Accounts for 38% of NRGRF appropriations
General State Aid

The objective of General State Aid is to provide unrestricted grants-in-aid to Illinois school districts in an equitable manner.

- Accounts for 60% of NRGRF appropriations

Students
Available Local Resources
Foundation Level
Students

- Best 3 Months Average Daily Attendance
- Greater of prior year ADA OR prior 3-year average ADA
ADA Highlights

- 6.0% Increase
- 11.2% Increase in Cook/Collar (65% ADA)
- 2.3 Decrease Downstate (35% ADA)
- 85 Counties Decreased
- 9 Counties Decreased 10% or more
Available Local Resources

Available Local Resources (ALR) is calculated as:

\[
ALR = \frac{(GSAEAV \times \text{Rate} + CPPRT)}{ADA}
\]

where Rate = 2.30% for elementary
1.05% for high school
3.00% for unit

Double Whammy Adjustment in GSAEAV

Local Ratio = ALR / Foundation Level
Foundation Level

- Adequacy level
- Amount necessary to provide a reasonable program of instruction and provide the opportunity for all students to achieve at high levels
- Augenblick, ISBE Methodologies
The Formula

\[ ( \text{Foundation Level} - \text{Available Local Resources} ) \times \text{Students} \]
Three Formulas

- **Foundation**  (Local Ratio < .93)
  
  \[(\text{FLEVEL} - \text{ALR}) \times \text{ADA}\]

- **Alternate Method**  (.93 < Local Ratio < 1.75)
  
  7% to 5% of FLEVEL x ADA

- **Flat Grant**  (Local Ratio > 1.75)
  
  $218 \times \text{ADA}$
General State Aid per Pupil

Foundation Level = $4,560

Available Local Resources as Percentage of Foundation Level:
- .93 x FLEVEL
- 1.75 x FLEVEL

GSA Distribution

$0

$1,000

$2,000

$3,000

$4,000

$5,000
Poverty Formula (2001-2002)

- Low Income Concentration Level
  - 1990 Census Count divided by ADA
- 0% to 10% -- $355 x Low Income
- 10% to 20% -- $675 x Low Income
- 20% to 35% -- $1,190 x Low Income
- 35% to 50% -- $1,333 x Low Income
- 50% to 60% -- $1,680 x Low Income
- More than 60% -- $2,080 x Low Income
Revenue and Property Wealth Distributions
# Revenue per Pupil by Type

## 2001-2002

<table>
<thead>
<tr>
<th></th>
<th>Elementary</th>
<th>High School</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum</td>
<td>$18,300</td>
<td>$16,300</td>
<td>$10,800</td>
</tr>
<tr>
<td>95th%</td>
<td>$9,400</td>
<td>$12,300</td>
<td>$6,900</td>
</tr>
<tr>
<td>75th%</td>
<td>$6,500</td>
<td>$9,800</td>
<td>$5,800</td>
</tr>
<tr>
<td>Median</td>
<td>$5,500</td>
<td>$7,700</td>
<td>$5,400</td>
</tr>
<tr>
<td>25th%</td>
<td>$4,900</td>
<td>$6,400</td>
<td>$5,100</td>
</tr>
<tr>
<td>5th%</td>
<td>$4,500</td>
<td>$5,600</td>
<td>$4,800</td>
</tr>
<tr>
<td>Minimum</td>
<td>$3,600</td>
<td>$4,500</td>
<td>$4,500</td>
</tr>
</tbody>
</table>
## EAV per Pupil by Type

1999 EAV

<table>
<thead>
<tr>
<th></th>
<th>Elementary</th>
<th>High School</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum</td>
<td>1,275,000</td>
<td>1,120,000</td>
<td>404,000</td>
</tr>
<tr>
<td>95th%</td>
<td>428,000</td>
<td>728,000</td>
<td>132,000</td>
</tr>
<tr>
<td>75th%</td>
<td>216,000</td>
<td>441,000</td>
<td>90,000</td>
</tr>
<tr>
<td>Median</td>
<td>130,000</td>
<td>277,000</td>
<td>71,000</td>
</tr>
<tr>
<td>25th%</td>
<td>77,000</td>
<td>204,000</td>
<td>50,000</td>
</tr>
<tr>
<td>5th%</td>
<td>44,000</td>
<td>115,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Minimum</td>
<td>24,000</td>
<td>82,000</td>
<td>10,000</td>
</tr>
</tbody>
</table>
What Is Equity?

- Fairness
- Parity
- Equality
- Sameness
- Adequacy
- Achievement
Traditional Measures of Equity

- Variation in Revenue per Pupil
  - Overall
  - Overall Restricted
  - Below the Median
- Wealth (Fiscal) Neutrality
# Measures of Revenue Variation

<table>
<thead>
<tr>
<th>Distribution Example</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum</td>
<td></td>
</tr>
<tr>
<td>$10,000</td>
<td>Range</td>
</tr>
<tr>
<td>95th</td>
<td>$10,000 - $3,000 = $7,000</td>
</tr>
<tr>
<td>$9,000</td>
<td>Coefficient of Variation</td>
</tr>
<tr>
<td>75th</td>
<td></td>
</tr>
<tr>
<td>$7,000</td>
<td>Overall Restricted</td>
</tr>
<tr>
<td>25th</td>
<td>Interquartile Range</td>
</tr>
<tr>
<td>$5,000</td>
<td>$7,000 - $5,000 = $2,000</td>
</tr>
<tr>
<td>5th</td>
<td>95th/5th</td>
</tr>
<tr>
<td>$4,000</td>
<td>$9,000 / $4,000 = 2.25</td>
</tr>
<tr>
<td>Minimum</td>
<td></td>
</tr>
<tr>
<td>$3,000</td>
<td>Below the Median</td>
</tr>
<tr>
<td></td>
<td>Lower Range</td>
</tr>
<tr>
<td></td>
<td>$6,000 - $3,000 = $3,000</td>
</tr>
<tr>
<td></td>
<td>McLoone Index</td>
</tr>
</tbody>
</table>
Ratio of 95th to 5th Percentile

Ratio of 95th to 5th Percentile by District Type


0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5

Elementary High School Unit
Measure of Wealth Neutrality

Not Wealth Neutral

Wealth Neutral

Revenue per Pupil vs. Wealth per Pupil

Revenue per Pupil vs. Wealth per Pupil
Wealth Neutrality

Wealth Neutrality by District Type


Elementary  High School  Unit
Changes for Consideration

- Share the property tax base
  - County, Region, State
  - District Reorganization

- Increase Income Tax
  - Equalization
  - Dollar-for-Dollar
  - Burden Shift

- Treat Future Property Tax Revenues Differently
The End