Fact Sheet: General State Aid  
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Division of Public Information, Illinois State Board of Education

State Education Funding 101

In Illinois, taxpayers contribute to education funding primarily through local real estate taxes, which account for about 60 percent of P-12 education funding while state funds historically cover about 27 percent and the federal government contributes roughly 13 percent. The Illinois State Board of Education is advocating that the state increase its investment in education and the state’s economic future by shifting about a third of all state funds to P-12 education. This year’s specific P-12 funding request seeks for slightly less than a third, at 31 percent.

After the General Assembly and Governor approve the P-12 portion of the state budget, the Illinois State Board of Education (ISBE) allocates these monies – about $6.7 billion in FY14 – to local school districts. The majority of these funds, about 66 percent, are funneled directly to local districts through two state grants in the General State Aid (GSA) program; the GSA equalization formula grant and the supplemental GSA low-income grant.

Like many state programs, the GSA has not been fully funded in recent years, as the state has not appropriated the dollars necessary to fund district GSA claim amounts per state statute. During the past three years, the difference between GSA claims (the amount owed to districts per statute) and the GSA funds appropriated (the amount districts receive) has grown dramatically. In FY 12, appropriated funds fell $231 million short of the amount necessary to fund the claim. The result was that districts received 95 percent of the amount owed to them per statute. In FY 13, the situation grew worse, with appropriated funds falling $518 million short of the amount necessary to fully fund the GSA claim, resulting in payments at just 89 percent of the amount owed to districts. In FY 14, appropriated funds are $562 million short of the amount necessary to fully fund both GSA grants, resulting in payments made at 88.7 percent of the amount owed to districts. Proration is applied to the entire gross GSA claim, meaning it affects both GSA grants.

To see the analysis of FY2014 claims under full funding versus the prorated claims, visit [http://www.isbe.net/budget/FY15/fy14-gsa-comparison.xlsx](http://www.isbe.net/budget/FY15/fy14-gsa-comparison.xlsx).
The GSA grant is the most flexible state education fund, with payments going to districts two times each month according to the two grants.

The first, the **GSA formula grant**, uses an equalization formula to ensure that funding in each district meets a per-pupil “foundation level” that is set in statute, intended to represent the minimum amount necessary to provide a basic education for each student. The current statutory foundation level, unchanged since Fiscal Year 2010, is $6,119 per student.

At its most basic, the formula ensures that districts meet that minimum per-pupil foundation level by allocating state funds to cover the difference between the foundation level and a district’s local resources per pupil. Given that every district has some amount of local wealth, no public school district receives the full $6,119 per pupil through GSA. In actuality, the state’s 860 districts are categorized into one of three types under the formula:

1. **Foundation Districts**: Local wealth provides less than 93 percent of the foundation level per pupil. The GSA formula allocates enough money to bring district spending to at least 100 percent of the foundation level, or $6,119 per student. There are 617 foundation districts in FY 14 (72 percent of all districts).
2. **Alternate Formula Districts**: Local wealth provides between 93 percent and 175 percent of the foundation level per pupil. The GSA formula allocates between 5 percent and 7 percent of the foundation level amount. There are 177 such districts in FY 14 (20 percent).
3. **Flat Grant Districts:** Local wealth provides at least 175 percent of the foundation level per pupil. The GSA formula allocates a flat grant of $218 per student. There are 66 Flat grant districts in FY 14 (8 percent).

The second grant, the **supplemental GSA low-income grant** provides districts additional funding for low-income pupils, recognizing that districts face additional challenges in educating these students. Moreover, this curvilinear formula rises with the concentration of low-income pupils, ranging from $355 to $2,994 per low-income pupil. Low-income pupils are defined as those students who receive services from the Illinois Department of Human Services through one of four programs: Medicaid, the Children’s Health Insurance Program, TANF or the Supplemental Nutrition Assistance Program (Food Stamps). Because supplemental GSA is not equalized, meaning it does not consider a district’s local wealth, even the wealthiest districts receive some amount of supplemental GSA funding.

In computing the final claim amount, both the GSA equalization formula and low-income grants also take into account student attendance. The formula grant uses average daily attendance, while the low-income grant uses a 3-year average of DHS participation.

The amount of property tax wealth assumed in the GSA calculations is adjusted to account for limits in tax extension growth due to the Property Tax Extension Limitation Law, known as PTELL, which affects 460 districts. The cost of the PTELL adjustment made in GSA calculations peaked in FY 08 and has continued to decline as actual EAV amounts have fallen in recent years. In FY 14, the cost of the adjustment, prior to proration, was $300 million and benefitted 189 districts.


More Information about the education budget can be found at [http://www.isbe.net/budget/html/fy15-budget.htm](http://www.isbe.net/budget/html/fy15-budget.htm). Additional fact sheets, provided by the ISBE Division of Public Information, will be released throughout the spring of 2014.