

General State Aid - FY 2010 Overview

The current formula was enacted by Public Act 90-548 in December 1997. Changes for FY 2010 include an alternate PTELL adjustment for school districts that passed a limiting rate increase and the advancement of the Corporate Personal Property Replacement Taxes (CPPRT) by one year. The calendar year 2008 CPPRT was used in FY 2010. The Supplemental General State Aid has been prorated due to a shortage in the GSA appropriation.

General State Aid Formula

The General State Aid Formula is basically a foundation approach with three separate calculations, depending on the amount of property wealth of the local school district. The first formula is referred to as the "Foundation" formula. A significant provision of the General State Aid formula is the setting of foundation levels in statute and the guaranteed funding of those levels of support. The foundation level is \$6,119 in 2009-10. Most districts receive General State Aid under this formula. Districts qualifying for this formula have available local resources per pupil less than 93% of the foundation level. The second formula is the "Alternate" formula. Districts qualifying for this formula have available local resources per pupil of at least 93% but less than 175% of the foundation level. The third formula is the "Flat Grant" formula. Districts qualifying for this formula have available local resources per pupil of at least 175% of the foundation level.

The greater of the prior year best three months average daily attendance (B3MADA) or the average of this figure and the two prior years' B3MADA is used to calculate General State Aid. The formula calculation rates are 3.00% for unit districts, 2.30% for elementary districts and 1.05% for high school districts. These rates are used for formula calculation purposes only. There is no required tax rate for access to the formula. The Flat Grant in the formula is \$218 per student.

The State Aid Formula has a mechanism to provide additional funding for the impact of poverty in the district. A separate supplemental grant is calculated based on the district's poverty count. It is incorporated within the GSA entitlement and allows additional funding for districts with any low-income students. The district concentration level (DCR) is determined by dividing the district's Department of Human Services (DHS) three-year average low-income count by the 2008-2009 B3MADA. If the DCR is less than 15% then the district receives a flat grant of \$355 per low-income student. Otherwise, the following formula is used to calculate the poverty grant:

$$[294.25 + (2700 (\text{DCR})^2)] \times \text{low-income count}$$

The hold harmless for the poverty formula began to phase out in FY 2010 with districts being held harmless to 66% of their FY 2003 base amount.

Calculation of General State Aid

Calculation of Available Local Resources and Local Percentage

$$\text{Available Local Resources} = (\text{GSA EAV} \times \text{RATE} + \text{CPPRT}) / \text{ADA}$$

$$\text{Local Percentage} = \frac{\text{Available Local Resources}}{\text{FLEVEL}}$$

Where:

RATE = 2.30% if Elementary 1.05% if High School 3.00% if Unit

Foundation Level (FLEVEL) = \$6,119 for 2009-2010

CPPRT = Corporate Personal Property Replacement Taxes

EAV = Equalized Assessed Valuation

ELR = Extension Limitation Ratio

GSA = General State Aid

OTR = Operating Tax Rate

ADA = The Greater of the Prior Year Best 3 Months Average Daily Attendance or
Prior Three-Year Average

GSA EAV = smaller of (Budget Year EAV, Extension Limitation EAV)

And Where:

No Limiting Rate Increase:

$$\text{Extension Limitation EAV} = \text{Prior Year EAV} \times \text{Extension Limitation Ratio (ELR)}$$

$$\text{ELR} = (\text{Budget Year EAV} \times \text{Budget Year Limiting Rate}) / (\text{Prior Year EAV} \times \text{Prior Year OTR})$$

Limiting Rate Increase:

$$\text{Extension Limitation EAV} = \text{Prior Year EAV} \times (1 + \text{CPI}) + \text{New Property EAV} + \text{Recovered TIFs EAV} + \text{Annexation EAV} - \text{Detachment EAV}$$

Foundation Formula

General State Aid is calculated using the Foundation formula if the district Local Percentage is less than 93%.

The formula is: $\text{GSA Foundation} = (\text{FLEVEL} - \text{Available Local Resources}) \times \text{ADA}$

Alternate Formula

General State Aid is calculated using the Alternate formula if the district Local Percentage is at least 93% but less than 175%.

This formula provides between 7% and 5% of the FLEVEL per ADA. The formula is:

$$\text{GSA Alternate} = \text{FLEVEL} \times \text{ADA} \times \left[.07 - \left(\frac{\text{Local Percentage} - .93}{.82} \right) \times (.02) \right]$$

Flat Grant Formula

General State Aid is calculated using the Flat Grant if the district Local Percentage is at least 175%.

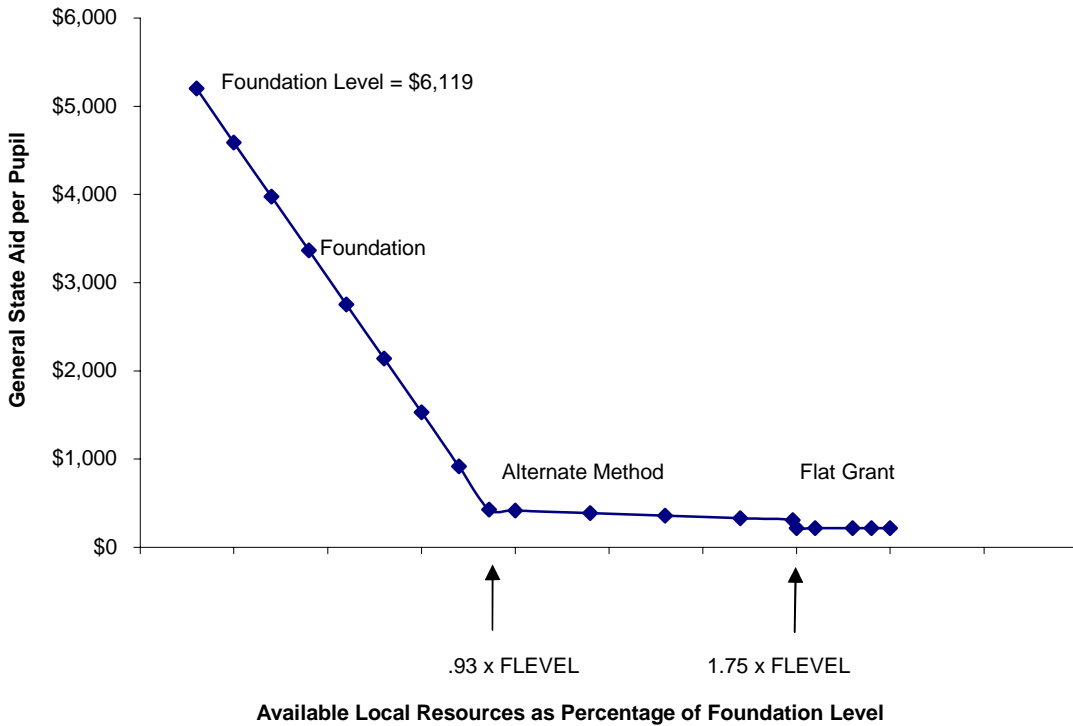
The formula is: $\text{GSA Flat Grant} = \text{ADA} \times \218

Visit the ISBE website at <http://www.isbe.net/funding> and click on GSA inquiry to view a school district's General State Aid entitlement claim form or Claimable Average Daily Attendance.

The following chart shows the relationship between the available local resources and the foundation level. Example: as the local resources increases the general state aid a district receives decreases (inverse relationship). The wealthiest school districts therefore receive the flat grant of \$218 per Average Daily Attendance.

Available Local Resources as Percentage of Foundation Level

General State Aid 2009-2010



Hold Harmless

A hold harmless provision is included in Section 18-8.05(J) of the School Code. If, for any district in 2009-2010, the formula yields less than the sum of the district's 1997-98 General State Aid and 1997-98 [Hold Harmless](#), a separately appropriated grant will be made to hold those districts harmless to the 1997-98 levels. Districts will be eligible (subject to appropriation) to receive [Hold Harmless](#) grants in all subsequent years if the amount of General State Aid the district receives is below the 1997-98 levels described above. In FY 2010, the appropriation was insufficient so the Hold Harmless grants were prorated.

Laboratory and Alternative/ Safe Schools

Laboratory schools operated by public universities and alternative/safe schools operated by Regional Superintendents are also eligible for General State Aid. Since these schools have no property tax base, the GSA entitlements for such districts are calculated in a special manner. The GSA provided to a laboratory, alternative school or safe school is determined by multiplying the school's best three months average daily attendance for the prior school year (or the 3 year average whichever is greater) by the [foundation level](#) (\$6,119 for FY 2010).

Collectively, Illinois State University's laboratory school, the University of Illinois' laboratory school and 73 alternative/safe/ALOP schools received total GSA funding of \$36.0 million in FY 2010.

State Funding Distributions

The 735 districts/programs funded under the foundation computation constitute 77.94% of Illinois school districts and receive approximately 94.97% of the total GSA allocation. Foundation funded districts account for approximately 75.45% of the state ADA student total. The 147 Alternate method districts (15.59% of school districts) receive 4.40% of the GSA allocation and represent 19.70% of the state ADA student total. Flat Grant districts (61 in number and 6.47% of total districts) receive 0.63% of the GSA allocation and reflect 4.85% of the state ADA student total.

Of the 868 regular school districts allotted General State Aid, 389 (44.81%) are unit districts, 101 (11.64%) are secondary districts, and 378 (43.55%) are elementary districts. Unit districts received 71.92% of 2009-10 GSA funds, secondary districts received 7.53% of the funds, and elementary districts received 20.55% of the GSA funds.

In applying the General State Aid formula to the available appropriations in a given year, the State Board of Education takes into consideration certain financial adjustments. It is common for a district to have an audit adjustment to a prior year's GSA claim. (Audits to determine the accuracy of each district's GSA claim are conducted by staff of the State Board of Education.) Such audits result in either upward or downward adjustments to a district's current-year payments. In addition, some districts qualify in certain years for GSA adjustments as a result of changes in prior-year equalized assessed valuations due to adverse court decisions or Property Tax Appeal Board decisions (see Sections 2-3.33, 2-3.51 and 2-3.84 of the School Code). Generally, there is a net increase to the yearly aggregate GSA entitlement as a result of these prior-year adjustments. Beginning in FY2005 the statute was revised to include an annual \$25M cap for the payment of these EAV adjustments.

General State Aid Payment Schedule

Section 18-11 of the School Code provides for semimonthly General State Aid payments to be made during the months of August through June. These semimonthly payments are in an amount equal to 1/22 of the total amount to be distributed and are to be made as soon as possible after the 10th and 20th days of each month.