



# Evidence-Based Funding Formula Review & Status Update

Board Retreat

September 11 – 12, 2018

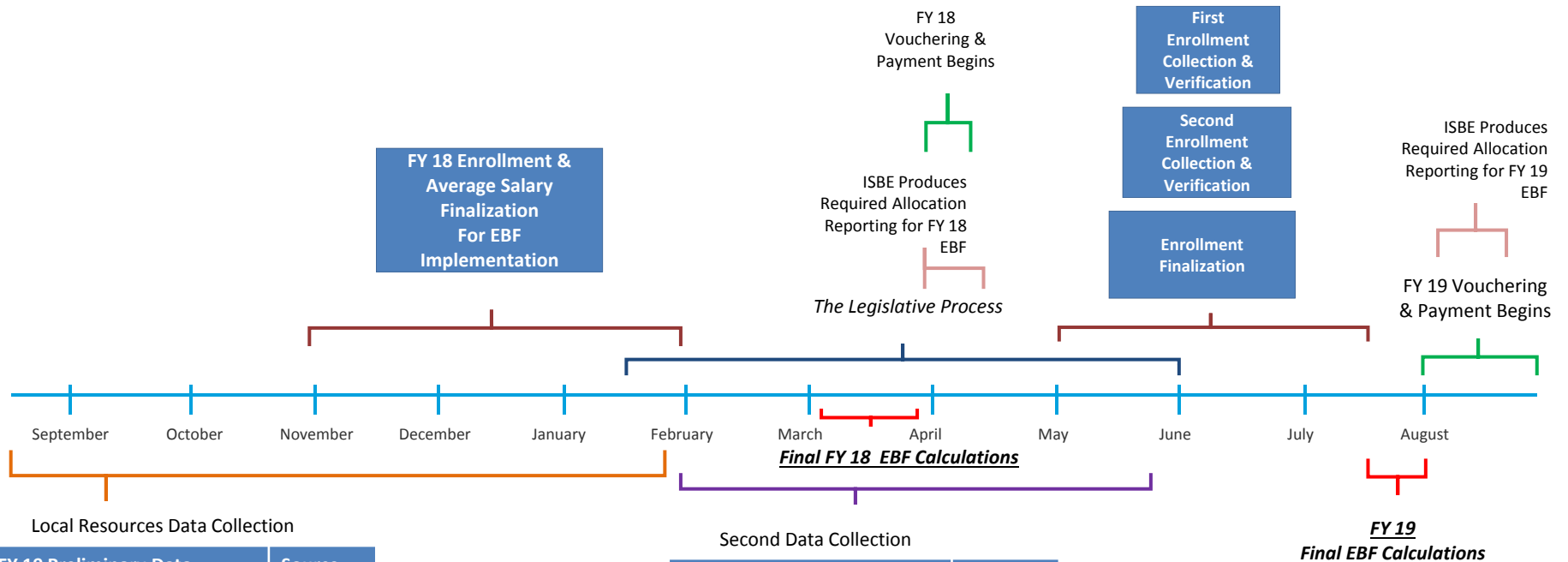


# What Have We Accomplished?

## A Timeline of the Last Year



# Events of the Last Year - Internal



Local Resources Data Collection

FY 19 Preliminary Data	Source
Limiting Rates for Districts Subject to PTELL	IDOR
CPPRT Receipts	IDOR
EAV	IDOR
Extensions & Tax Rates by Fund	IDOR
Enterprise Zone Abatements	IDOR
Comparable Wage Index (CWI)	Texas A&M

Second Data Collection

FY 19 Final Data	Source
Low – Income Population	DHS
AFR Transportation Expenditures	Districts as reported
Transportation Revenue	ISBE
EAV Adjustments (Certificates of Error, PTAB Decisions, and Abatements)	IDOR / County Clerks
Finalize All Preliminary Data	IDOR

**FY 19**  
**Final EBF Calculations**



## Data Collected in the Last Year

### Data Required for EBF Calculations

3 Years of Enrollment by Grade Level

3 Years of English Learner Enrollment

Annual Regionalization Factor

Annual Financial Report Transportation Expenditures

Annual FRIS Transportation Revenue

2 Years of Tax Rates by Fund to Compute Operating Tax Rates

1 Year of Limiting Rates for Districts Subject to PTELL

3 Years of Equalized Assessed Values (EAV)

1 Year of Four Subset Categories of EAV used in PTELL EAV

1 Year of Four Categories of EAV Changes

1 Year of CPPRT Revenue

3 Years of Students Served by DHS and DHFS

Average Salary Data for 8 Positions

This equals **more than 17,000** unique data points required to complete the distribution calculation for 853 Organizational Units.



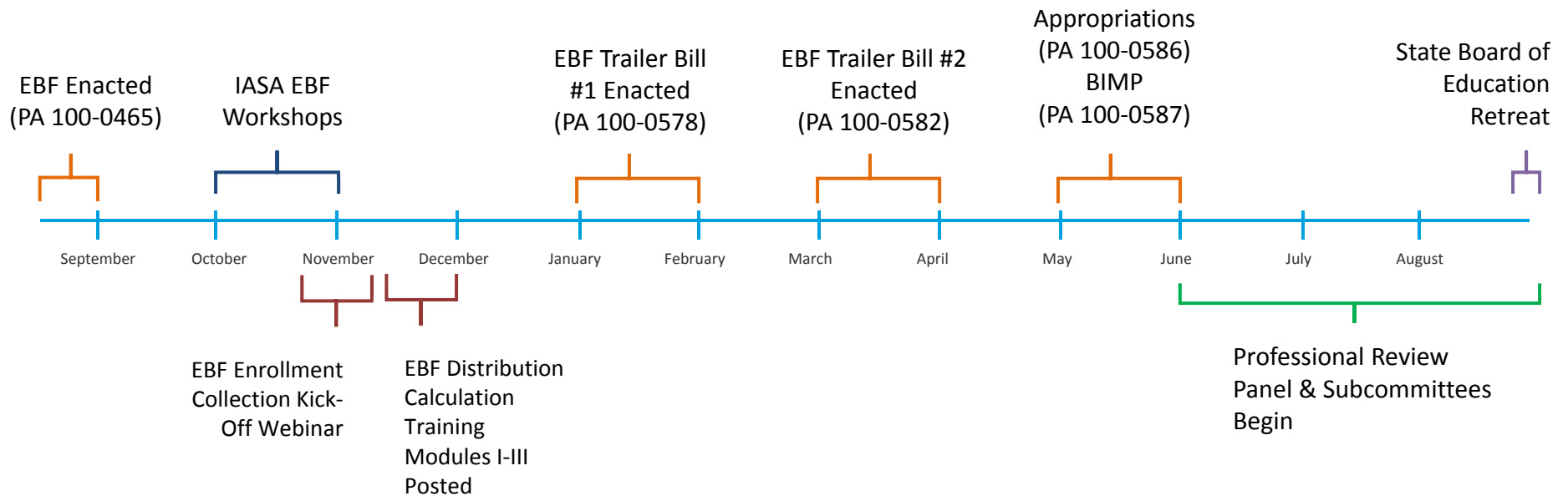
# Additional Internal Activity – In Progress

Several mandated items that are new for 2019 are still in progress. They include:

- Professional Review Panel (PRP)
- EBF Spending Plans
- Property Tax Relief Grant (PTRG) Initial Calculations and Final Distributions
- Continued Review of Statute and Formula for Greater Understanding and Compliance
- Finalizing EBF Distributions Post – PTRG Distribution



# Events of the Last Year - External





# How Does It Work?

## A Review of EBF Mechanics



## Evidence-Based Funding – Mechanics

The Evidence-Based Funding (EBF) formula performs calculations in three general stages.

- **Stage 1:** Determining the cost of educating all students, according to the defined cost factors. The result is the **Adequacy Target** for each district.
- **Stage 2:** Measuring each district's **Final Resources** for comparison to the Adequacy Target.
  - »  $\text{Final Resources} / \text{Adequacy Target} = \text{Capacity to Meet Expectations (Final \% of Adequacy)}$
- **Stage 3:** Distributing additional state funds to assist districts in meeting their Adequacy Targets (**Tier Funding**).

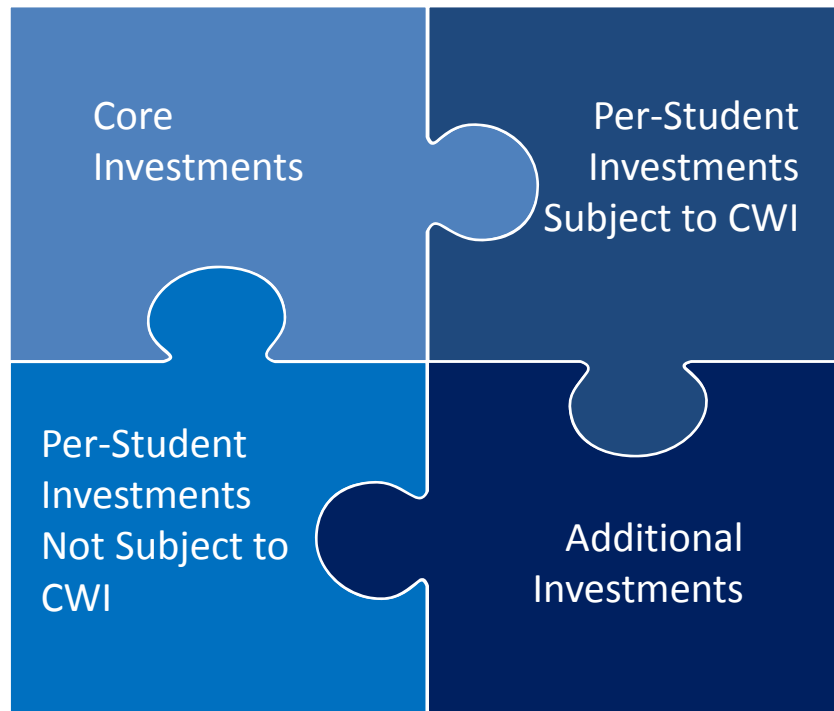
*Completing the first and second stages produces a ratio that determines how far away a district is from adequate funding in Stage Three.*







## Adequacy Target



- Represents the sum of all 34 cost factors or the cost to educate students.
- **It is not a constant variable in the EBF distribution calculation and will change annually.**
- The Adequacy Target does not include:
  - Transportation
  - Early Childhood Education
  - High Cost Special Education
  - CTE & ROE Alternative Education



## Abbreviations Used

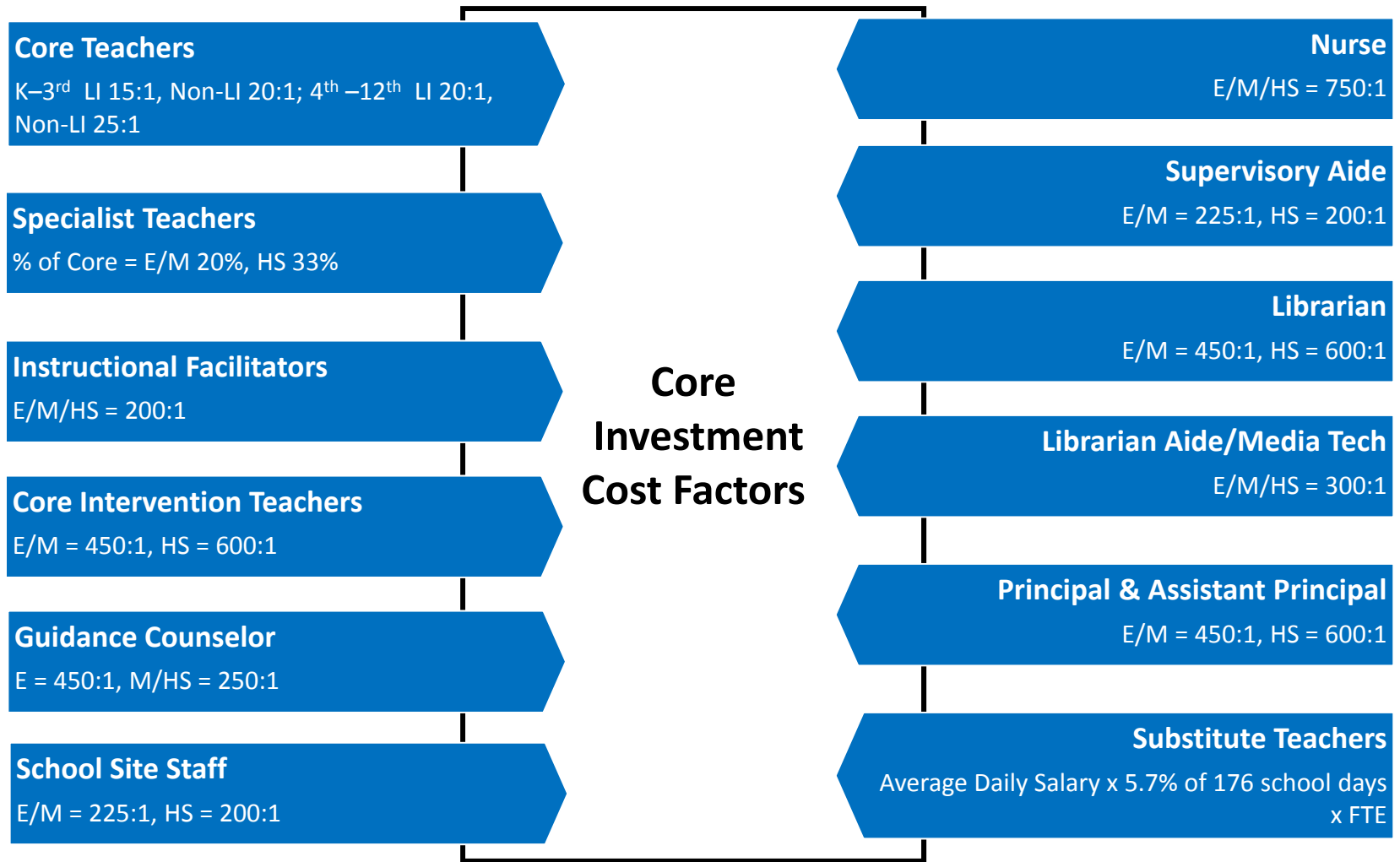
Several abbreviations are used when building a district's Adequacy Target. They are as follows:

Item	Abbreviation
Elementary	E
Middle School	M
High School	HS
Low-Income*	LI
Non Low-Income	Non-LI

\* Reported by the Department of Human Services (DHS).

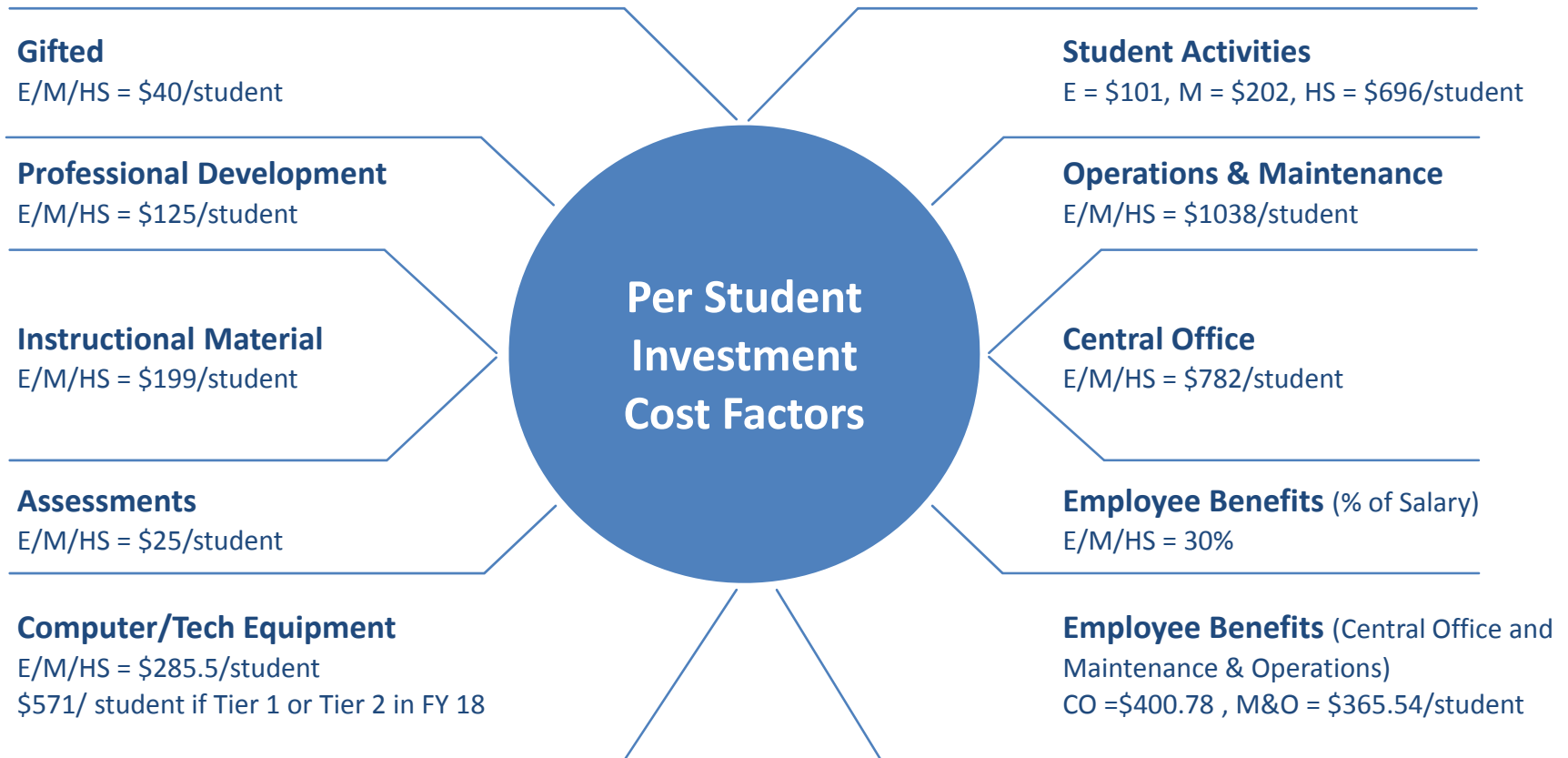


## Adequacy Target – Core Investments





## Adequacy Target – Per Student Investments





## Adequacy Target – Additional Investments

### Additional Investment Cost Factors

#### Low-Income

- Intervention Teacher (125:1)
- Pupil Support (125:1)
- Extended Day Teacher (120:1)
- Summer School Teacher (120:1)

#### English Learner

- Intervention Teacher (125:1)
- Pupil Support (125:1)
- Extended Day Teacher (120:1)
- Summer School Teacher (120:1)
- English Learner Core Teacher (100:1)

#### Special Education

- Special Education Core Teacher (141:1)
- Instructional Assistant (141:1)
- Psychologist (1000:1)



## Review of Data for FY 2019 – Teacher Salary

- No change to average teacher salaries for FY 2019.
- The most recent available data from the Education Information System (EIS) was utilized in FY 2018.
- Salary data is updated in the fall of every school year.
- Revised average salaries will be utilized for FY 2020.



## Cost Factors Updated for FY 19

- Per 5/18-8.15(b)(3) ISBE is to increase the salaries of School Site and Non-Instructional/Instructional Assistants annually by the Employment Cost Index (ECI).
- Per 5/18-8.15(i)(3) ISBE recalibrates select per-pupil elements based on Professional Review Panel's study of average expenses from the Annual Financial Report (AFR):
  - Gifted
  - Instructional Materials
  - Assessment
  - Student Activities
  - Maintenance and Operations
  - Central Office



## Cost Factors Revised for FY 2019

<u>Cost Factor</u>	<u>FY 18 Value</u>	<u>FY 19 Value</u>	<u>Source for Update</u>
School Site Staff	\$ 30,000.00	\$ 30,750.00	Index by ECI
Non-Instructional Assistants (Includes Library Aide, Library Media Tech & Supervisory Aide)	\$ 25,000.00	\$ 25,625.00	Index by ECI
Instructional Materials	\$ 190.00	\$ 199.00	FY 17 AFR
Student Activity - High School	\$ 675.00	\$ 696.00	FY 17 AFR
Student Activity - Middle School	\$ 200.00	\$ 202.00	FY 17 AFR
Student Activity - Elementary School	\$ 100.00	\$ 101.00	FY 17 AFR
Central Office	\$ 742.00	\$ 782.00	FY 17 AFR
Central Office - Portion of Salaries for Benefit Calculation	\$ 368.48	\$ 400.78	FY 17 AFR
Operations & Maintenance - Portion of Salaries for Benefit Calculation	\$ 352.92	\$ 365.54	FY 17 AFR
Computer Equipment / Technology for Districts in Tiers 1 and 2 in FY 18	\$ 285.50	\$ 571.00	FY 17 AFR





## Other Cost Factors – AFR Shows No Update Required

<u>Cost Factor</u>	<u>Statute</u>	<u>AFR Value</u>
<b>Gifted Education</b>	<b>\$ 40.00</b>	<b>\$ 31.58</b>
<b>Assessments</b>	<b>\$ 25.00</b>	<b>\$ 23.16</b>
<b>Operations &amp; Maintenance</b>	<b>\$ 1,038.00</b>	<b>\$ 941.24</b>

*\* Are we identifying the actual cost from the AFR data collection as reported by districts?*



## Increased Computer & Technology Investment for Districts that were Tiers 1 or 2 in FY 2018

Per 5/18-8.15(b)(2)(Q):

- Beginning with FY 2019, the Adequacy Target for districts that were Tier 1 or Tier 2 in FY 2018 will be calculated with a Computer & Technology Investment of \$571.00 per student or twice the amount for other districts.
- All Tier 3 and 4 districts will remain at \$285.50 per student.



## Preliminary Resources

EBF defines a district's **Preliminary Resources** as the sum of:



### Base Funding Minimum (BFM)

- Represents the Hold Harmless Provision included in EBF. BFM will be **recalculated** each fiscal year to include additional funds received by each district (the Tier Funding).
- The BFM is guaranteed and is not affected by data changes such as enrollment or property values.



## Local Capacity Target (LCT)

- Local Capacity Target is the product of the Adequacy Target multiplied by the Local Capacity Percentage (LCP) or the district's "Percentile Ranking."

$$\text{LCT} = \text{Adequacy Target} \times \text{LCP}$$

- LCP represents where a district stands in relation to all other districts in terms of property wealth capped at 90%. LCP Ranges from 6.65% - 90%.



## Real Receipts

- Real Receipts represents the calculation in EBF to estimate local revenue.

**Real Receipts =**

Real EAV

×

Adjusted  
OTR

- Real Receipts are utilized to adjust the calculated LCT for districts that have Local Revenue that exceeds LCT.
- Where Real Receipts exceed LCT, the LCT is adjusted by adding (Real Receipts – LCT) X Local Capacity Percentage. Districts further from adequacy receive less of an increase in LCT.



## Adjusted Base Funding Minimum

The final adjustment made in determining a district's final resources is the adjustment to Base Funding Minimum.

- The BFM adjustment reduces resources, with a greater reduction for districts furthest from their Adequacy Targets.
- The BFM adjustment modifies the amount of Supplemental General State Aid (SGSA) funding for low-income students included in final resources.

$$\text{Adjusted BFM} = \left[ \text{BFM} - \text{SGSA} \right] + \left[ \text{SGSA} \times \text{Preliminary \% of Adequacy} \right]$$

Note: EBF credits districts with a low Percent of Adequacy **with a reduced** amount of the Low-income SGSA Grant funding received in FY 17 in their final resources



# Final Resources and Final Capacity to Meet Expectations

The Capacity to Meet Expectations (Final Percent of Adequacy) determines a district's **Tier Assignment** in Stage Three of the calculations.

$$\text{Final Resources} = \text{Final LCT} + \text{Adjusted BFM} + \text{CPPRT}$$

$$\text{Capacity to Meet Expectations} = \frac{\text{Final Resources}}{\text{Adequacy Target}}$$

*Note: A low Capacity to Meet Expectations means the district is distant from meeting its Adequacy Target and **needs greater state assistance**. A higher Capacity to Meet Expectations means the district is closer to its Adequacy Target and therefore **requires less state assistance**.*



## Tier Distribution

- Tier Funding is the “New Money” to be distributed to districts through the Distribution Formula.
- Tier Funding represents approximately 4% of the total FY 2019 \$6.836 Billion EBF appropriation.

	Funds Distributed
Tier 1	\$150 Million
Tier 2	\$147 Million
Tier 3	\$2.7 Million
Tier 4	\$300 Thousand

*Reminder: Tier 1 districts also receive a portion of Tier 2 funding.*

*There is the possibility of additional funding being distributed through the tiers in the spring of 2019.*





# Illinois State Board of Education

Determining Funds Available for Tiers	Dollars in Millions
<b>Total FY 19 Evidence-Based Funding Appropriation</b>	<b>\$6,836.2</b>
<b><u>Funds Reserved for Specific Purposes</u></b>	
Reserved for Property Tax Relief Grants	(50.0)
Prior Year EAV Adjustments	(25.0)
English Learner Administration	(1.7)
<b><u>FY 19 Base Funding Minimum</u></b>	
FY 18 Base Funding Minimum Organizational Units (Includes FY 18 Tier \$)	(6,332.2)
FY 18 Base Funding Minimum Specially Funded Units	(100.4)
FY 18 Supplemental English Learner Grant	(29.0)
FY 19 Net Audit Adjustments	2.1
<b><i>Funds Available for Tier Distributions</i></b>	<b><i>300.0</i></b>



## Tier Calculations in Brief

### Tier 1

**Determine Funding Gap =**

Final Adequacy Target  
**x** Tier 1 Target Ratio  
- Final Resources

**Next Determine Tier 1 Funding =**

Funding Gap  
**x** Tier 1 Allocation Rate

### Tier 2

**Determine Funding Gap =**

Final Adequacy Target  
**x** Tier 2 Target Ratio  
- Final Resources  
- Tier 1 Funding  
**x** (1 – LCP)

**Next Determine Initial Tier 2 Funding =**

Funding Gap  
**x** Tier 2 Allocation Rate

*\*An additional step is performed to ensure no Tier 2 district receives less funding per student than a Tier 3 district. If funding is needed to make up a difference it will come from the Tier 2 funds.*

### Tier 3

**Tier 3 Funding =**

Adequacy Target  
**x** Tier 3 Allocation Rate

### Tier 4

**Tier 4 Funding =**

Adequacy Target  
**x** Tier 4 Allocation Rate



## Tier 2 Examples

	District A	District B
Gap Prior to LCP Step	\$1,000	\$1,000
(1 – Local Capacity Percentage)	(1 - 90%)	(1 – 10%)
Tier 2 Adequacy Gap	\$100	\$900
Tier 2 Allocation Rate	4.493%	4.493%
Tier 2 Funding	\$4.49	\$40.44



# **What Were the Results?**

## **A Review of the FY 2019 Statistics**



## FY 2019 Results Statistics

- Capacity to Meet Expectations (% of Adequacy) ranges from 47.2% - 280.4%.
- 655 districts' Capacity to Meet Expectations is less than 90%, which represents 77% of all districts and 81% of students in Illinois.
- Every county but two in IL has at least one district below 90% of Capacity to Meet Expectations. Those two counties without districts below 90% represent only 3 districts.



# FY 2019 Results Statistics

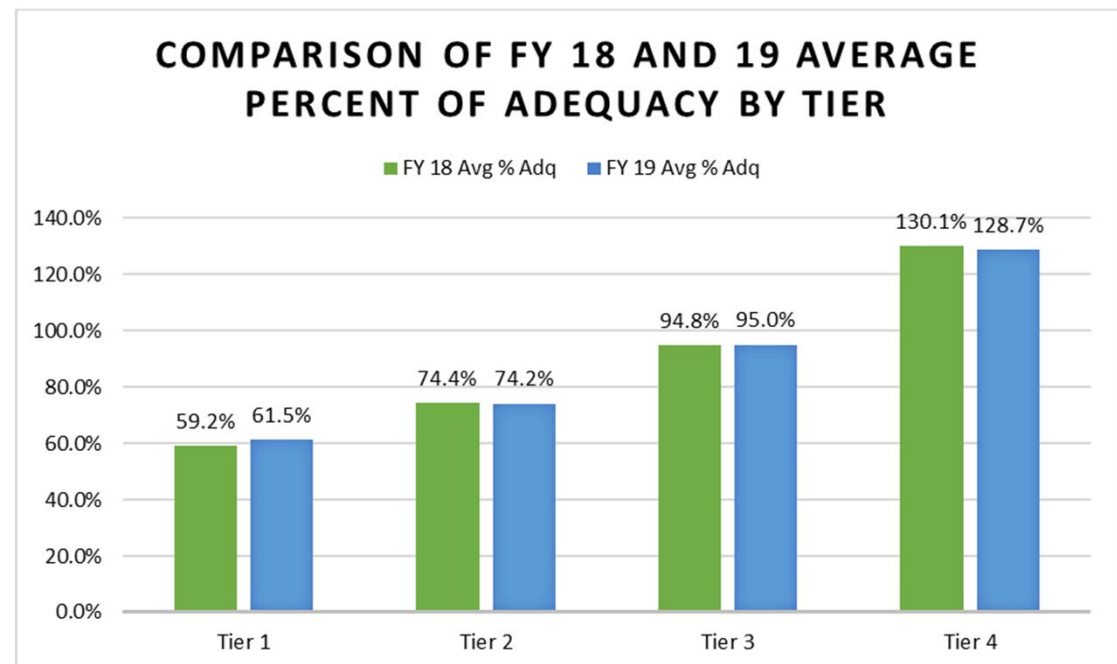
## Results of Per-Student Tier Funding by Tier:

	No. Districts	Percent of Adequacy	Funds Distributed	Average Tier Funding per Student	Average Student Enrollment
Tier 1	307	≤65.6%	\$150 Million	\$282.75	1,012,495
Tier 2	348	>65.6% and <90%	\$147 Million	\$53.54	563,994
Tier 3	58	≥ 90% and <100%	\$2.7 Million	\$22.82	114,054
Tier 4	140	≥ 100%	\$300 Thousand	\$1.13	256,770



## FY 2019 Results Statistics

	FY 18 Average % Adequacy	FY 19 Average % of Adequacy	Change
Tier 1	59.2%	61.5%	2.3%
Tier 2	74.4%	74.2%	-0.2%
Tier 3	94.8%	95.0%	0.2%
Tier 4	130.1%	128.7%	-1.4%





# The Impact of EBF





## The Impact of EBF

- Development of a common language through consistency in data.
- Statutory basis for advocating for resources.
- Spending plans will allow for greater learning from districts on utilization of EBF funds and will encourage intra-district collaboration on resource allocation.
- Coordination with IL-Empower efforts.
- Reinforces strategic resource allocation alongside Site-Based Expenditure Reporting.



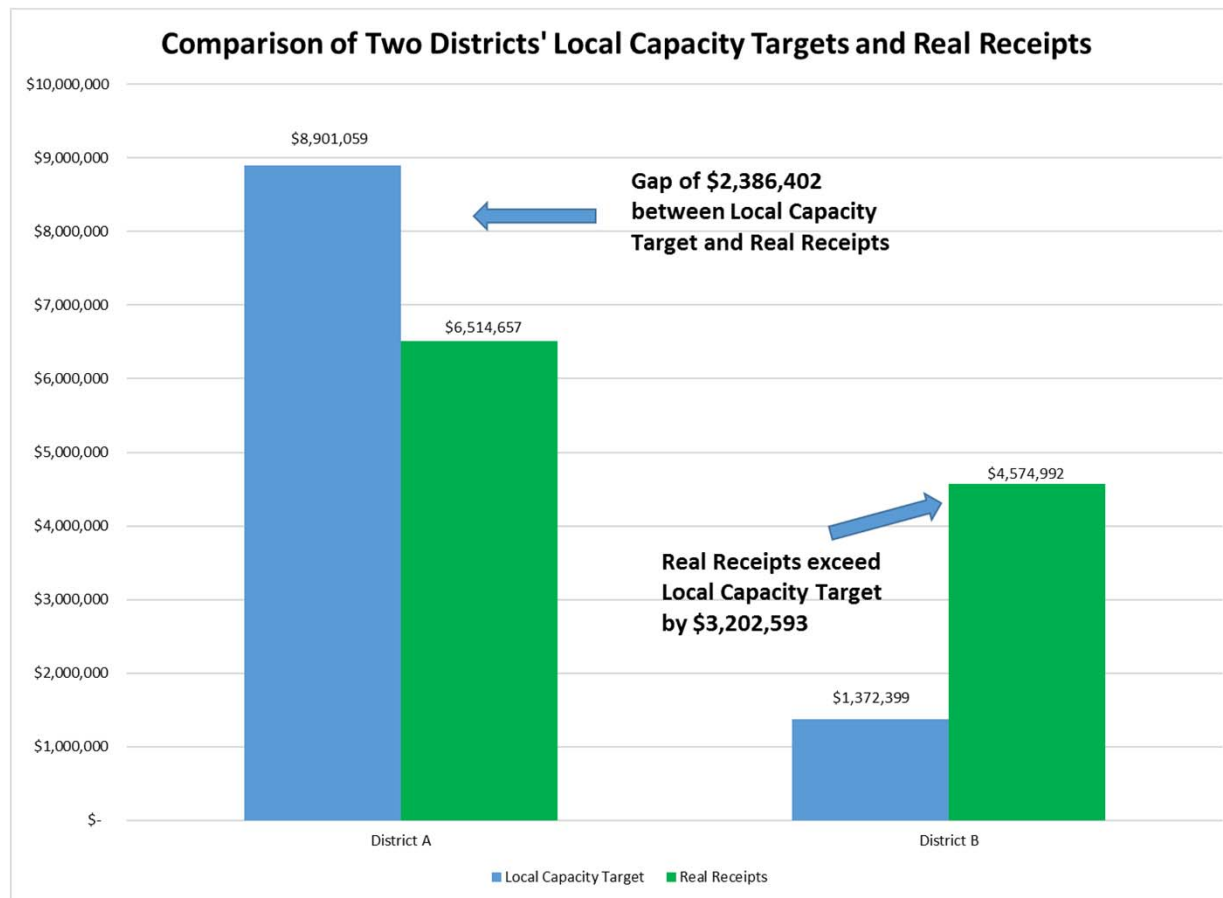
## The Impact of EBF

- Funding streams to districts have been integrated.
- Better understanding individual district needs to differentiate support.
- We can ultimately become better advocates for children to improve equity and ensure that every child has access and the opportunity for inclusion.



## EBF Impact on Report Card

By adding EBF data to the Report Card, local communities will be able to discuss the impact of their local taxing effort as compared to the measurement of local taxing effort within the EBF formula.





## What's Next?



## EBF Work to be Developed

- Adequacy Target Gap Tool
- User Tool to Show Data Impact
- FY 2020 Forecast
- EBF Spending Plans
- Property Tax Relief Grant
  - Understanding Impact
  - Modeling Grant Amounts
  - Outreach to Districts to Assist with Applications
- EBF Strategic Plan
- Continued Review of Statute and Formula for Greater Understanding & Compliance