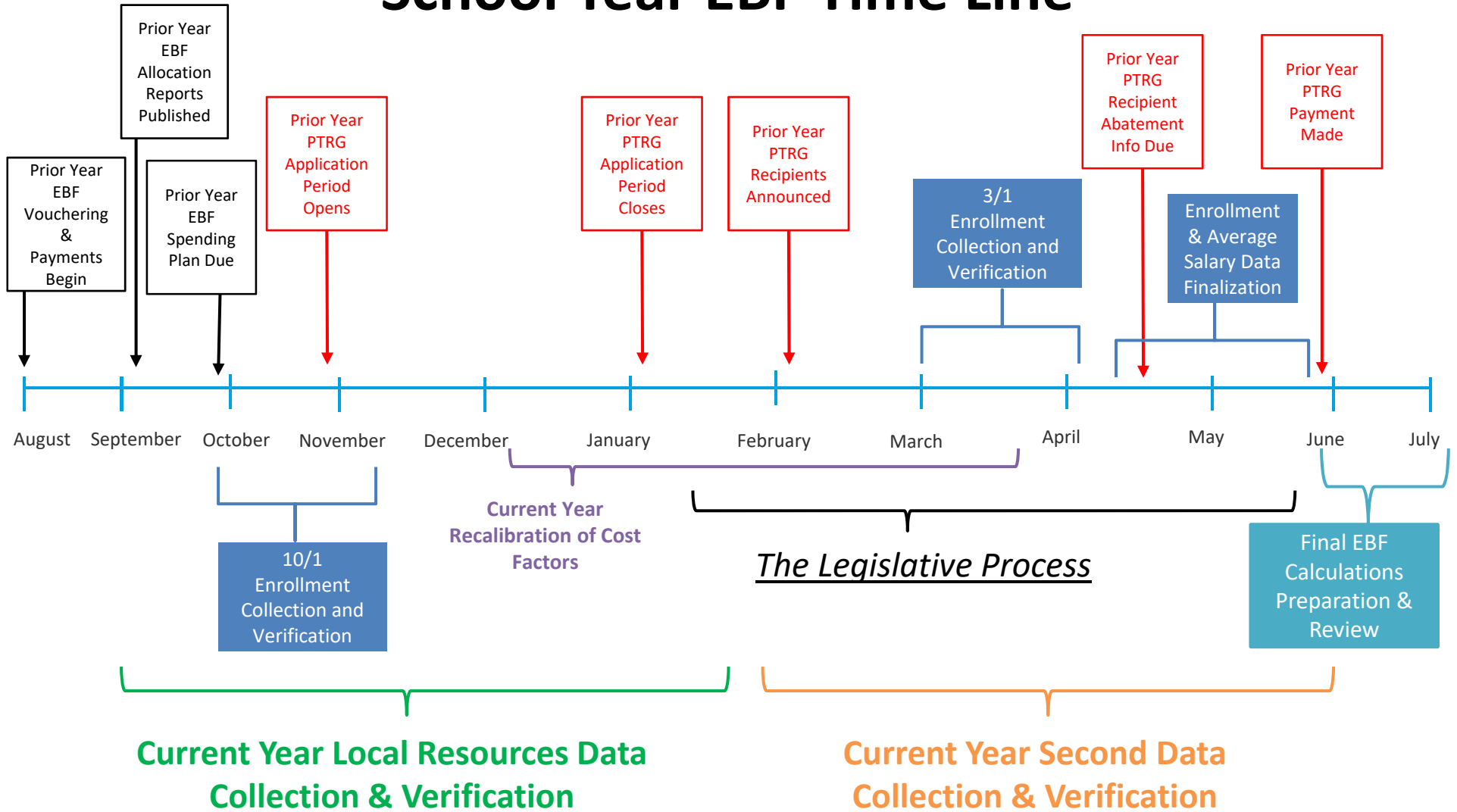




# **Evidence-Based Funding Basics: A Practical Guide for District Administrators**



## School Year EBF Time Line





## Data Sources

### First Data Collection - Local Resources Data

| Data Type                                     | 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

| Data Type  | Source                  |
|--|-------------------------|
| Low – Income Population  | DHS                     |
| AFR Transportation Expenditures  | Districts as reported   |
| Transportation Revenue   | ISBE                    |
| EAV Adjustments<br>(Certificates of Error, PTAB Decisions, and Abatements) | IDOR /<br>County Clerks |
| Finalize All Preliminary Data  | IDOR                    |



## How Does the Formula Work?

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

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

- **Stage 1:** Determining the cost of educating all students, according to the defined cost factors. The result is the **Adequacy Target** for each district. This is the ratio's **Denominator**.
- **Stage 2:** Measuring each district's local resources for comparison to the Adequacy Target. This is the ratio's **Numerator**.
- **Stage 3:** Distributing additional state funds to assist districts in meeting their Adequacy Targets.

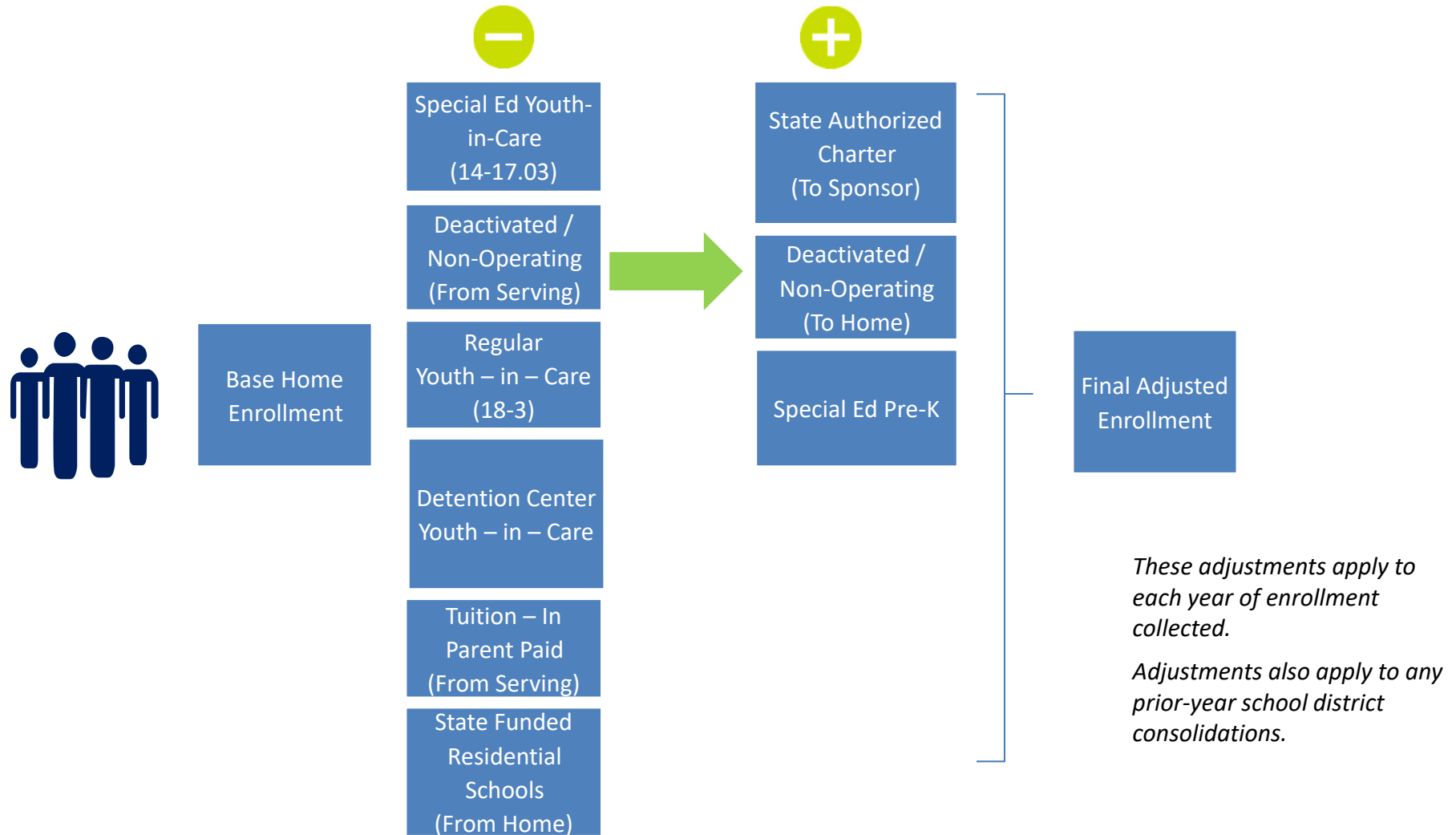
$$\boxed{\text{Final Resources}} \div \boxed{\text{Adequacy Target}} = \boxed{\text{Final \% of Adequacy}}$$



## Stage 1: A Brief Summary of Determining a District's Adequacy Target (Building the Denominator)



## Adequacy Target – Enrollment



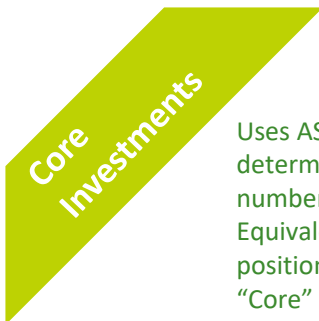
*\*ISBE collects the above data on both October 1 and March 1. EBF calculations use the greater of the three-year average or current year for each data set. Final enrollment for each year is the average of the October 1 and March 1 data sets.*



## Adequacy Target



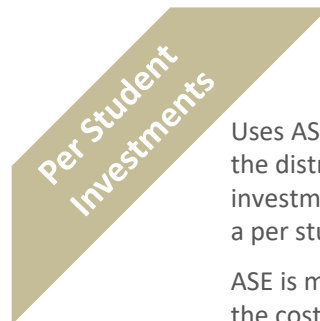
Average Student Enrollment  
(ASE)



**Core  
Investments**

Uses ASE to determine the number of Full Time Equivalent (FTE) positions needed for "Core" positions.

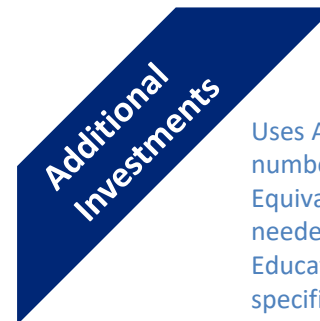
FTE is then multiplied by average salaries to determine the cost.



**Per Student  
Investments**

Uses ASE to determine the district investments that have a per student cost.

ASE is multiplied by the cost.



**Additional  
Investments**

Uses ASE to determine the number of Full Time Equivalent (FTE) positions needed for Special Education. Use population specific data to determine Low-Income and English Learner student supports.

FTE is then multiplied by the average salaries to determine the cost.

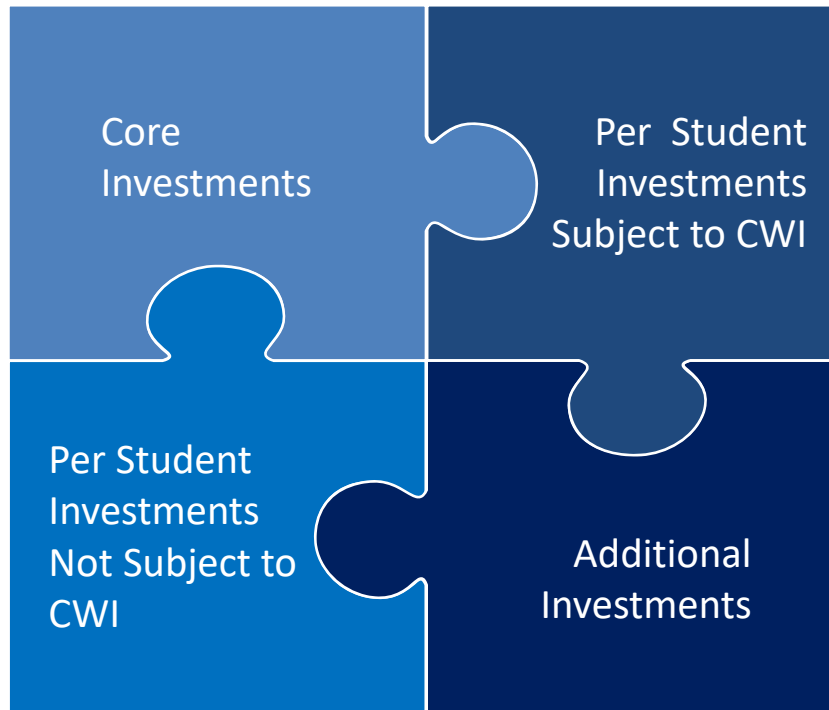
DHS and EL ASE is used for the calculation of Low-Income and EL FTEs.

See <https://isbe.net/ebfdist> for details on investment types.



# Adequacy Target

Adequacy Target (AT) = Sum of all Education Cost Factors



**= Initial Adequacy Target**

CWI = Comparable Wage Index, a measure of regional variations in salaries





## Adequacy Target – Regionalization Factor

A Regionalization Factor is used to determine the Final Adequacy Target.

The Regionalization Factor or Comparable Wage Index (CWI) is a measure of regional variations in salaries.



Note: EBF sets the lowest Regionalization Factor to 0.90.

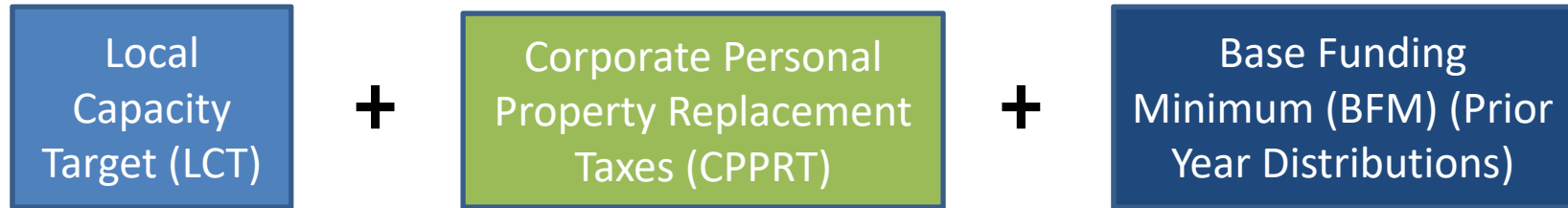


## Stage 2: A Brief Summary of Determining a District's Local Resources (Building the Numerator)



## Determining Local Resources & Percent of Adequacy

EBF defines a district's resources as the sum of:



Dividing a district's resources by its **Adequacy Target** determines the district's **Percent of Adequacy**:



Increasing any element of the numerator (Resources) means a district appears closer to its Adequacy Target, resulting in less State funding.

*i.e. A low Percent of Adequacy means the district is distant from meeting its Adequacy Target and **needs greater state assistance**. A higher Percent of Adequacy means the district is closer to its Adequacy Target and therefore **requires less state assistance**.*



## What causes % of Adequacy to Change?

### EAV

- As EAV increases, in general districts move closer to Adequate Funding.
  - This will cause the numerator in the ratio to increase and thus increase the % of Adequacy.
- As EAV decreases, in general districts move further away from Adequate Funding.
  - This will cause the numerator in the ratio to decrease and thus decrease the % of Adequacy.



## What causes % of Adequacy to Change?

### Enrollment

- As Enrollment increases, in general districts move further away from Adequate Funding.
  - This will cause the denominator in the ratio to increase and thus decrease the % of Adequacy.
- As Enrollment decreases, in general districts move closer to Adequate Funding.
  - This will cause the denominator in the ratio to decrease and thus increasing the % of Adequacy.



## Determining Local Resources & Percent of Adequacy

There are several additional steps included in the calculation to determine a district's Local Resources that will not be covered in this presentation.

To learn more visit the ISBE website:

<https://www.isbe.net/ebfdist>



## Stage 3: A Brief Summary of Distribution of New State Funding



## Determining State Contribution – Tier Assignments

A district's Final percent of Adequacy determines its assignment into one of the four tiers.

*A low percent of Adequacy means the district is distant from meeting Adequacy and **needs and receives more state assistance.***

*A higher percent means the district is closer to Adequacy and therefore **requires and receives less state assistance.***

| Tier   | Target Ratio            | State Assistance   |
|--------|-------------------------|--|
| Tier 1 | < 67.4%                 | Furthest away from Adequacy, more state assistance       |
| Tier 2 | $\geq 67.4\%$ and < 90% |  |
| Tier 3 | $\geq 90\%$ < 100%      |  |
| Tier 4 | $\geq 100\%$            | Greater than adequacy, least amount of state assistance. |

***Remember EBF Tiers are different from ESSA Tiers.***





## Understanding the Tier 1 Ratio

- The Tier 1 target ratio, or the value a district's percentage of adequacy must be below to qualify as a Tier 1 district, is set annually and varies based on the amount of tier funding.
- Greater tier funding in a given year means the Tier 1 target ratio may be set higher. The higher the Tier 1 target ratio, the more districts may qualify as Tier 1.



## Determining State Contribution - Tier Funding

Once the funds available for Tier Distribution are identified, the percent of funding for each Tier is calculated. Per EBF, each Tier receives the percent as listed below.

| Tier    | % of New Funding  |
|---------|---|
| Tier 1  | Receives 50%  |
| Tier 2* | Receives 49%<br>(*Includes Tier 1 and Tier 2 Districts) |
| Tier 3  | Receives 0.9%   |
| Tier 4  | Receives 0.1%   |



## How Are Funds Available for Tiers Determined?

EBF specifies how to determine the total funds available for Tier Distributions.

From the total appropriation amount, subtract BFM and Fixed Distributions:

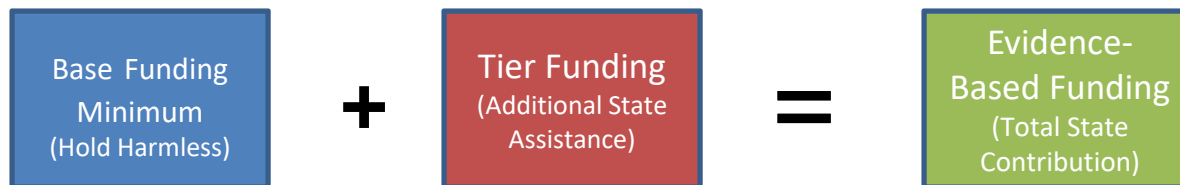
- BFM for all public school districts and Regional Offices of Education (ROE) programs
- BFM for Specially Funded Units (State Authorized Charters, Illinois Department of Juvenile Justice Programs, Co-ops, and Glenwood Academy)
- English Learner Technical Assistance and Professional Development
- Prior Year Adjustments for EAV Corrections
- Prior Year EBF Calculation Corrections
- \$50 million for Property Tax Relief Grant

***The remaining funds are available for Tier Distributions.***



## Determining State Contribution

The State Contribution to Evidence-Based Funding is comprised of:



Tier Funding will vary depending on a district's Final % of Adequacy



## Reminder on Goals of EBF

- As districts receive additional Tier funding amounts over the years, they should move closer to adequacy.
- Districts gaining in adequacy will eventually move into Tiers 2-4.
- Districts receiving both tier funding and Property Tax Relief Grant funds may move closer to adequacy more rapidly.



## Resources Available

The EBF team has developed several resources for district administrators that are available on the website. This includes:

- EBF Full Calculation Files with District Summary
- EBF Quick Facts
- EBF Allocation Reports for use with the Annual Spending Plan
- EBF Adequacy Target Gap Analysis
- EBF Data Impact Calculator
- EBF Distribution Calculation Training Modules
- Link to Property Tax Relief Grant Information Page

<https://www.isbe.net/ebfdist>