



EBF Coding Error and Corrective Payments

April 21, 2022

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What has occurred?

- A contractor made a coding error in spring 2018 that affected Evidence-Based Funding (EBF) calculations for fiscal years 2019-22.

The error overstated the enrollment of students attending state-authorized charter schools in districts with more than one state-authorized charter school (only Chicago Public Schools [CPS]).

- The error affected the distribution of approximately \$87 million total.



Corrective Measures

- School districts, including CPS, already annually verify the enrollment totals utilized in EBF calculations.
- ISBE will return to independently recalculating every organizational unit's enrollment totals.
- ISBE will enhance its independent re-creation every future average student enrollment report by only using the EBF source data enrollments and verifying that business rules are accurately applied.
- ISBE is initiating the process to pursue an external audit of the entire EBF formula and data verification process.



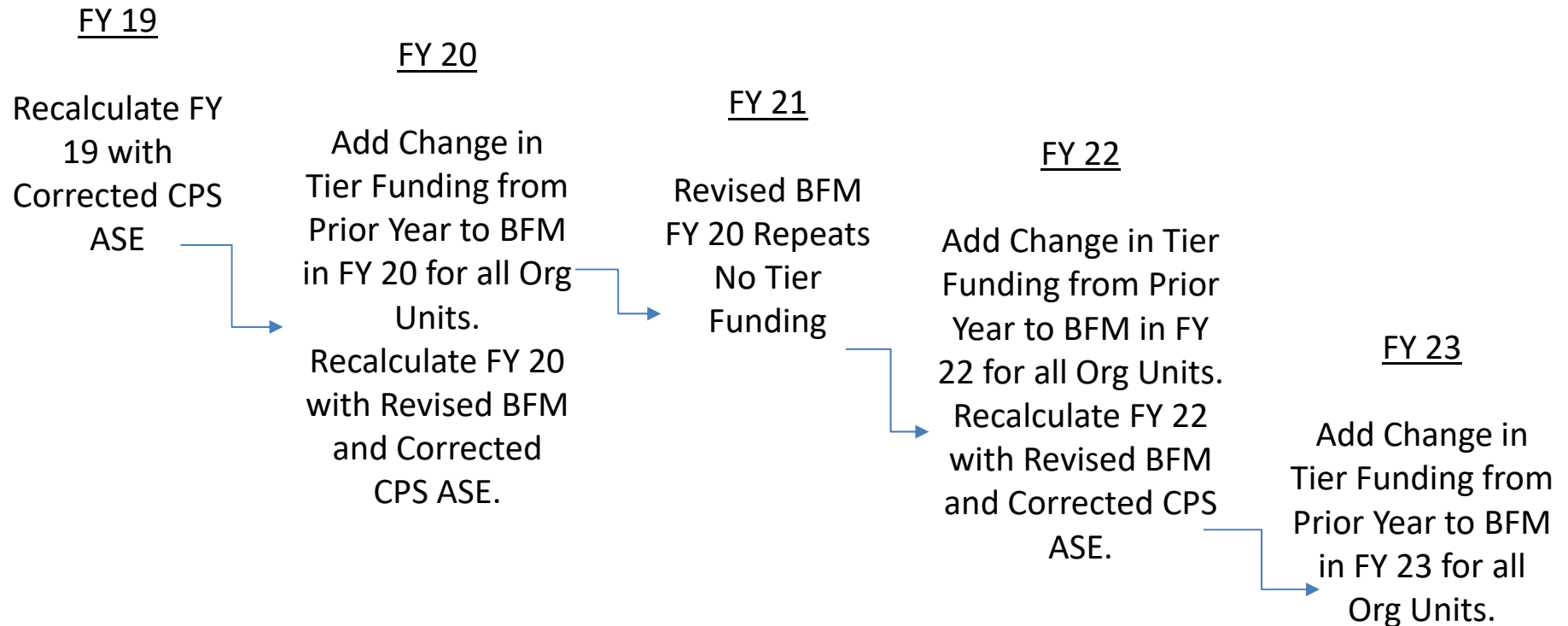
Determination of Amounts Owed

- ISBE staff recalculated EBF for all Organizational Units for FY 2019 – 22 to determine the cumulative impact to the EBF Base Funding Minimum (BFM).
- Staff determined the correct amount of tier funding that should have been distributed for FY 2019 – 22. The sum of the difference owed for all four fiscal years equals the net adjustment that applicable Organizational Units will receive.
- The sum takes into account the resources the Organizational Unit should have received under the correct tier assignment for each fiscal year.
- Every Organizational Unit owed more than \$10 received a letter on April 12, 2022, informing it of the total amount owed to it by the state and any impact to its FY 2022 tier.



Adjustment to EBF Calculations

Making Changes in EBF Calculations and Carrying Those Changes Forward



The Supplemental Payment will not be added to the FY 2023 BFM as the difference due to districts has been accounted for in the Total State Contribution that is utilized to build each fiscal year's BFM within the calculation.



Total EBF Distribution for Example District

Fiscal year	Original	Original Tier	Revised	Revised Tier	Difference
2019	\$179,371,820.83	1	\$179,775,812.58	1	\$403,991.75
2020	\$199,963,834.15	1	\$201,006,696.34	1	\$1,042,862.19
2021	\$199,963,834.15	N/A	\$201,006,696.34	N/A	\$1,042,862.19
2022	\$219,286,057.09	1	\$222,026,225.61	1	\$2,740,168.52
Totals	\$798,585,546.22		\$803,815,430.87		\$5,229,884.65

Because the total difference is greater than \$10, this district will receive the cumulative total owed of \$5,229,884.65.



Timing of Distribution

- The \$87 million corrective adjustment due to districts will be disbursed via Fund Code **3001 – 22**.
- ISBE is working with the Illinois Office of Comptroller to determine as to when the payments will be made. ISBE will communicate the timing of the payments when it is determined.
- It is the goal to ensure that all applicable districts will be made whole by the close of FY 2022.



Next Steps – Calculating FY 2023

- With all applicable corrections being processed in FY 2022, ISBE will use the **revised** FY 2022 Gross Total State Contribution as the Base Funding Minimum in the FY 2023 calculation.
- Given that all affected organizational units will receive the EBF funding they are owed by the end of FY22 AND all organizational units' BFM will be corrected and up-to-date, no additional corrective adjustments needed to FY 2023.
- As in any other fiscal year when tier funding is available, ISBE will make a full calculation file available upon completion of the FY 2023 EBF calculation for districts to review and verify their results.



Questions?