Understanding Evidence- Based Funding

105 ILCS 5/18-8.15

A Technical Guide to the Distribution System

Equity • Quality • Collaboration • Community

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Introduction

The Evidence-Based Funding (EBF) formula is used for calculations in three general stages.

Completion of the first and second stages produces a ratio that determines how far away a district is from adequate funding in Stage 3.

- **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 assistance **(Tier Funding)** to aid districts in meeting their Adequacy Targets.

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Stage 1:
Determining a District's Adequacy Target (Building the Denominator)

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Adequacy Target – Enrollment

- Calculating the total investment costs that determine a district's Adequacy Target requires enrollment data by grade.
- Enrollment impacts the number of calculated Full-Time Equivalent (FTE) associated with each of the Adequacy Target cost factors or a per student cost.
- EBF requires several adjustments to raw home enrollment data to account for subset student populations. These subset student populations include:
  - » Special education prekindergarten students
  - » Students from deactivated/non-operating districts
  - » Regular (18-3) youth-in-care
  - » Tuition-in students
  - » Students served at state-authorized charters
  - » Special education youth-in-care
  - » Students at state-funded residential schools
- EBF requires the collection of two prior years of enrollment in addition to the current one year of enrollment for the calculation of a three-year average. The ***greater of*** either the current year or the three-year average for each district's **Average Student Enrollment** (ASE) is used in EBF calculations.

Note: Half-day kindergarten students are counted as 0.50.

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Adequacy Target – Enrollment

Base Home Enrollment

Minus

- Special Ed Youth-in-Care (14-17.03)
- Deactivated / Non-Operating (From Serving)
- Regular Youth – in – Care (18-3)
- Detention Center Youth – in – Care
- Tuition – In Parent Paid (From Serving)
- State-Funded Residential Schools (From Home)

Plus

- State-Authorized Charter (To Sponsor)
- Deactivated / Non-Operating (To Home)
- Special Ed Pre-K

Final Adjusted Enrollment

These adjustments apply to each year of enrollment collected.

Adjustments also apply to any prior-year school district consolidations.

ISBE collects the above data on both October 1 and March 1. Final enrollment for each year is the average of the October 1 and March 1 data sets.

EBF calculations use the greater of the three-year average or current year for each data set.

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What is an Adequacy Target?

A district's Adequacy Target is the sum of all education cost factors as individually calculated for that district based on the investments set in EBF.

A district's Adequacy Target will change every year due to updates in ASE, average salaries, and cost factor recalibration.

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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 Illinois Department of Human Services.

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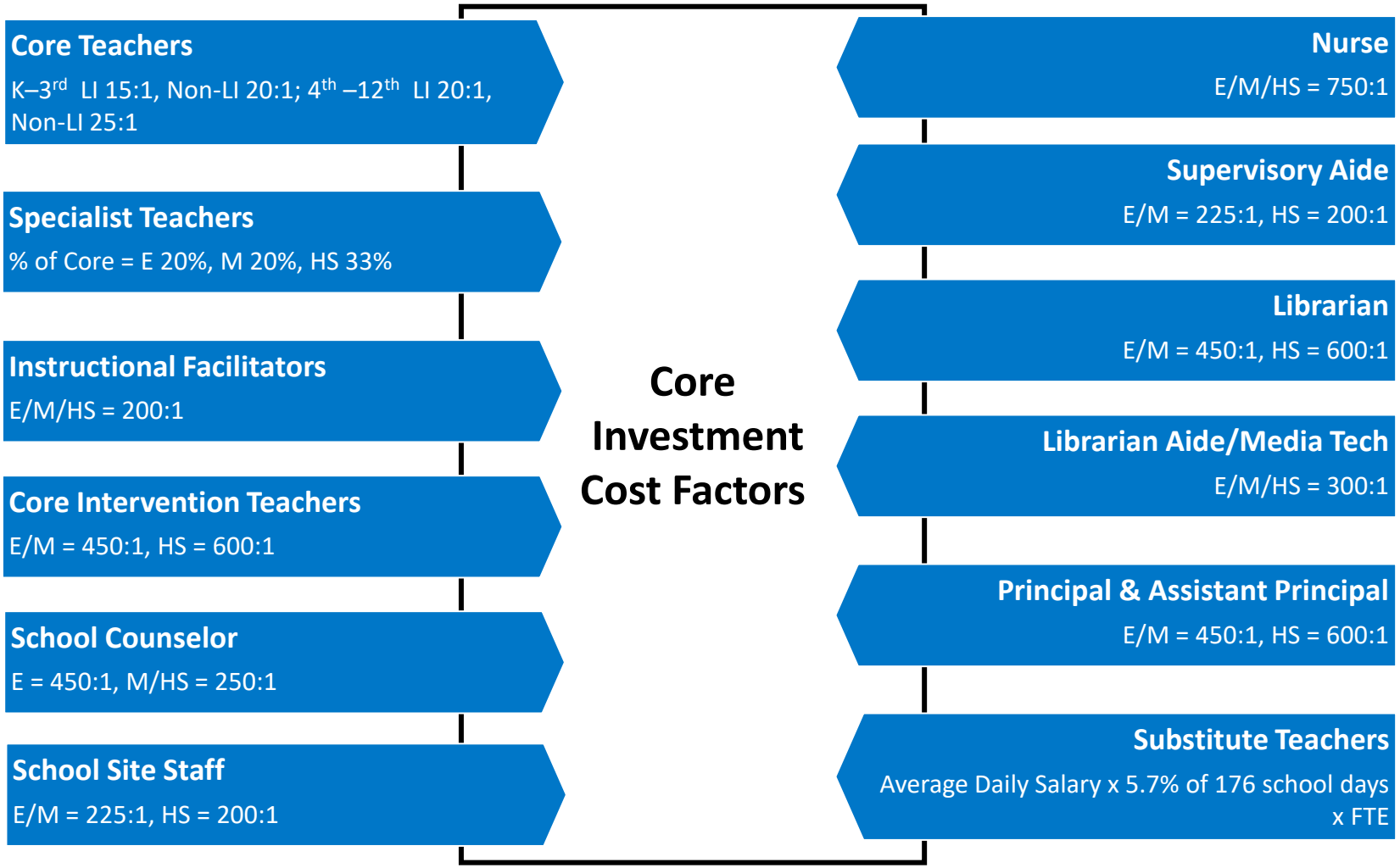
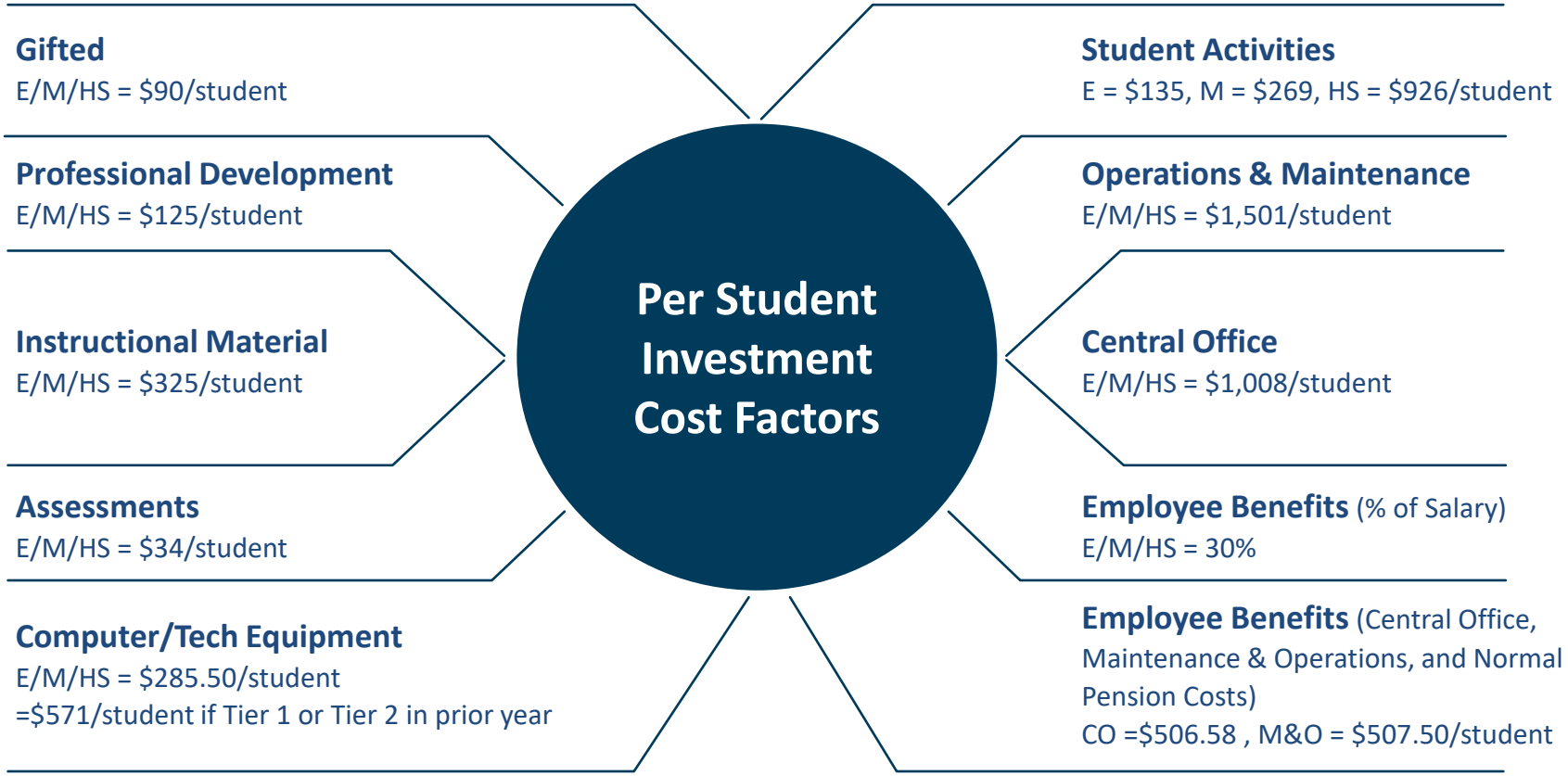
Adequacy Target – Core Investments



Adequacy Target – Per Student Investments



Updated for FY 25

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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)

Uses Low-Income Count

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)

Uses English Learner Count

Special Education

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

Uses Average Student Enrollment

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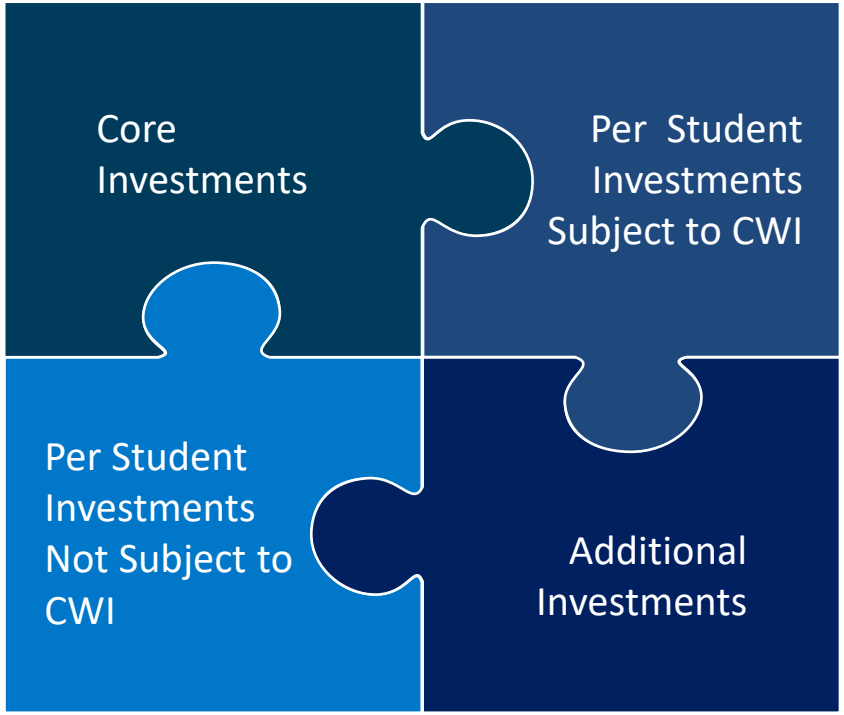
Adequacy Target

Adequacy Target = Sum of all Education Cost Factors



= Initial Adequacy Target

Comparable Wage Index (CWI) is a measure of regional variations in salaries.

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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:
Determining a District's Local Resources (Building the Numerator)

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Determining Local Resources

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

Local Capacity Target (LCT) + Corporate Personal Property Replacement Taxes (CPPRT) + Base Funding Minimum (BFM) (Prior Year Distributions)

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

Resources ÷ Adequacy Target = Adequacy Level (Preliminary % of Adequacy)

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

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Determining Local Resources -- Base Funding Minimum

- EBF includes a hold harmless provision called the Base Funding Minimum (BFM).
- When implemented, EBF consolidated and replaced five grants received in FY 2017 into the BFM utilized in FY 2018. This included:
  - Gross General State Aid + Stop Loss Grant (if applicable)
  - English Learner Education
  - Special Ed Personnel
  - Special Ed Funding for Children
  - Special Ed Summer School
- Beginning in FY 2020, Property Tax Relief Grants (PTRG) received in a prior fiscal year have been added to the BFM for applicable districts.
- Beginning in FY 2222, District Intervention funds have been added to the BFM for applicable districts.
- BFM is recalculated each fiscal year to include additional state assistance received by each district (the Tier Funding).*

FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
FY 17 Distributions	FY 17 + FY 18 Tier Money	FY 18 + FY 19 Tier Money *+ PTRG*	FY 19 + FY 20 Tier Money *+ PTRG*	FY 20 No Tier Money *+ PTRG + District Intervention*	FY 21 + FY 22 Tier Money *+ PTRG +District Intervention*	FY 22 + FY 23 Tier Money *+ PTRG +District Intervention*	FY 23 + FY 24 Tier Money *+ PTRG +District Intervention*

**This may also include additional grants paid outside of EBF as directed by the General Assembly.*

Determining Local Resources – Local Capacity Target

Calculating Adjusted Equalized Assessed Valuation

The **adjusted Equalized Assessed Valuation (EAV)**, used in the calculation of the Local Capacity Target, is determined in four steps:

Step 1: First, begin by determining a district's **Real EAV**.

Note: Real EAV = Original EAV − Adjustments (Adjustments include Property Tax Appeal Decisions, Certificates of Error, and Abatements)

Step 2: Next, calculate the average EAV.

- 3-year **Real EAV** average for most districts.
- 2-year **Real EAV** average if the most recent year **Real EAV** was used in the prior fiscal year calculation.

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Determining Local Resources – Local Capacity Target

Calculating Adjusted Equalized Assessed Valuation

Step 3: Compare the two most recent year EAV. If the most recent year EAV represents a decrease of 10 percent or greater, EBF uses the lesser EAV.

Step 4: For districts subject to Property Tax Extension Limitation Law (PTELL), compare the EAV selected in Step 2 to the calculated PTELL EAV. EBF uses the lesser EAV.

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Determining Local Resources – Local Capacity Target

Calculating Local Capacity Ratio & Percentage (1)

Each district's Local Capacity Target calculation continues with determining its Local Capacity Percentage through a four-step process:

Step 1: Determine the district's Local Capacity Ratio (LCR).

LCR = Adjusted EAV ÷ Adequacy Target

Step 2: If a unit district…… LCR x 1
If an elementary district…… LCR x 9/13
If a high school district…… LCR x 4/13

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Determining Local Resources – Local Capacity Target

Calculating Local Capacity Ratio & Percentage (2)

Step 3: Calculate the district's Cumulative Distribution resulting in the Percentile Ranking of LCR.

This step is a method of standardizing relative local property wealth using weighted average and weighted standard deviation.

Finally, this value is capped at 90%. In this step, LCR becomes the Local Capacity Percentage (LCP).

Step 4: Multiply the district's LCP by its Adequacy Target to arrive at its Local Capacity Target.

LCT = Adequacy Target **x** LCP

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Determining Local Resources – Lab Schools and Regional Programs LCP

There is an exception to the outlined steps to obtain a district's LCP for both lab schools and regional programs.

Lab schools and regional programs are eligible for Tier Funding; however, they have no local resources available to calculate their LCT. EBF recognizes this and sets their LCP to 10%.

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Determining Local Resources – Adjusted Local Capacity Target (1)

EBF calls for an adjustment to LCT to increase the measurement of wealth for districts whose local revenue ***exceeds*** their LCT. The adjustment is calculated by following six steps:

Step 1: Identify the adjusted EAV for the calculation.

- PTELL EAV is not considered for this calculation.

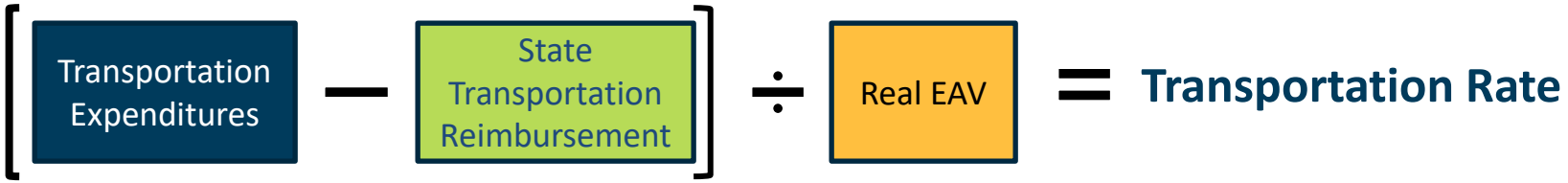
Step 2a: Calculate the adjusted Operating Tax Rate (OTR) requires the following data points:

- Real EAV for tax year 3 years prior to fiscal year (e.g., TY 2022 EAV for FY 2025 EBF calculation).
- OTR (prior to any adjustments) for tax year 3 years prior to fiscal year (e.g., TY 2022 OTR for FY 2025 EBF calculation).
- Annual Financial Report (AFR) transportation expenditures (Codes 2250, 4110, 4120) for 2 fiscal years prior (e.g., FY 2023 AFR data for FY 2025 EBF calculation).
- State transportation reimbursements (Codes 3500, 3510) for 2 fiscal years prior (e.g., FY 2023 transportation reimbursements for FY 2025 EBF calculation).

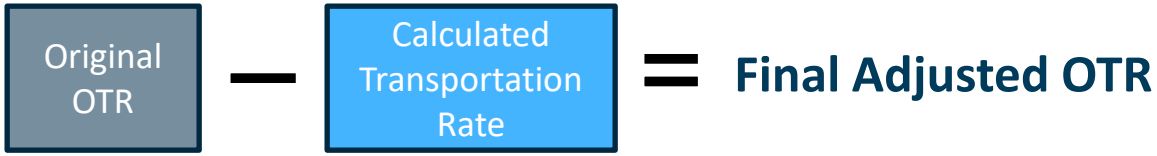
Determining Local Resources – Adjusted Local Capacity Target (2)

Step 2b: Calculate the adjusted Operating Tax Rate (OTR):

- Calculate the Transportation Rate to deduct from OTR.



- If state transportation expenditures are greater than the transportation reimbursement, subtract the calculated transportation rate from the original OTR.



*Note: OTR is adjusted because **no** transportation funding and expenditures are included in EBF.*

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Determining Local Resources – Adjusted Local Capacity Target (3)

Step 3: Calculate Local Revenue (Real Receipts):

Real Receipts (RR) = Real EAV **X** Adjusted OTR

Step 4: Identify if an adjustment to LCT applies:

- If Local Rev < LCT, ***NO adjustment to LCT.***
- If Local Rev > LCT, ***adjustment to LCT applies.***

Step 5: If applicable, calculate the Real Receipts Adjustment:

RR Adjustment = [Real Receipts **–** LCT] **X** Local Capacity Percentage %

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Determining Local Resources – Adjusted Local Capacity Target (4)

Step 6: Apply RR Adjustment to LCT (if applicable):

Note: If the adjustment is applied the *numerator increases*, making the district appear ***wealthier.***

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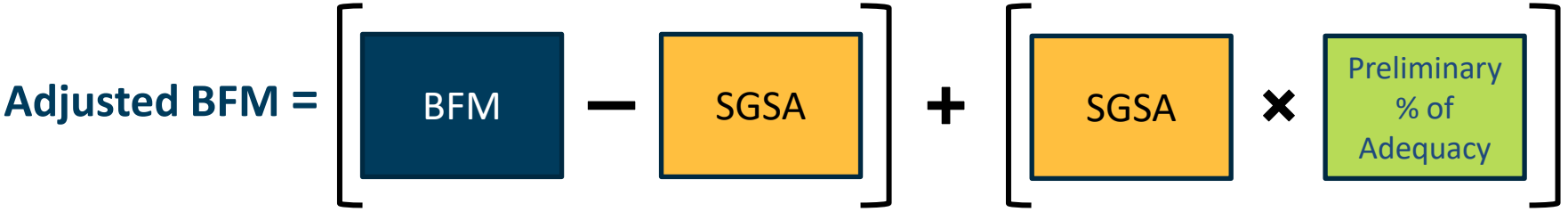
Determining Local Resources – Adjusted Base Funding Minimum

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

- The BFM adjustment reduces local wealth, 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 local resources.



Note: EBF credits districts with a low Percent of Adequacy **with a reduced** amount of the Low-income SGSA Grant funding received in FY 2017 from their local resources

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Determining Local Resources – Final Resources and Final Percent of Adequacy

The final Percent of Adequacy determines a district's **tier assignment** in Stage 3 of the calculations.

Final Local Resources = Final LCT + Adjusted BFM + CPPRT

Final Percent of Adequacy = Final Resources ÷ Adequacy Target

*Note: 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.***

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Stage 3:
Distribution of Tier Funding
(Additional State Assistance)

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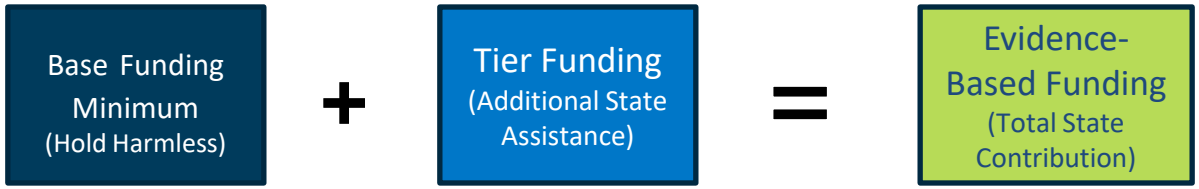
Determining State Contribution

Evidence-Based Funding is composed of:



- As explained in the previous stage, initial Base Funding Minimum is the sum of the following grants received in FY 2017:
  - General State Aid + Stop Loss Grant (if applicable)
  - English Learner Education
  - Special Ed Personnel
  - Special Ed Funding for Children
  - Special Ed Summer School
- Prior year Tier Funding is then added to the BFM in the next fiscal year.
- Property Tax Relief Grant and District Intervention Funds are added to BFM for applicable districts.
- Tier Funding will vary depending on a district's final Percent of Adequacy.

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Determining State Contribution
Funds Available for Tier Distributions

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 programs.
- BFM for specially funded units (state-authorized charters, Illinois Department of Juvenile Justice programs, co-ops, and Glenwood Academy).
- English learner technical assistance, professional development, and other support services.
- Prior year adjustments for EAV corrections.
- Prior year EBF calculation corrections.
- Up to $50 million for Property Tax Relief Grants in years where the increase in appropriations is greater than $300 million.

The remaining funds are available for Tier Distributions.

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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% (*Includes Tier 1 and Tier 2 Districts)
Tier 3	Receives 0.9%
Tier 4	Receives 0.1%

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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 of Adequacy means the district is closer to adequacy and therefore **requires and receives less state assistance.***

Tier	Target Ratio	State Assistance
Tier 1	< 75.6% (FY 26)	Furthest away from adequacy, more state assistance
Tier 2	≥ 75.6% and < 90%	
Tier 3	≥90% <100%	
Tier 4	≥100%	Greater than adequacy, least amount of state assistance.

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Funding Allocation Rate

Funds available for each tier based on the **Funding Allocation Rate.**

The Funding Allocation Rate applies to the **funding gap** for districts in Tiers 1 and 2 and to the **Adequacy Target** for districts in Tiers 3 and 4.

Tier	Funding Allocation Rate
Tier 1	Fixed at 30 %
Tier 2	TBD
Tier 3	TBD
Tier 4	TBD

Note: With the exception of Tier 1, the Funding Allocation Rate will vary every year depending on the funds available for tier distributions.

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Tier Funding Calculation Varies Depending on Tier Assignment of Each District

- Funding calculations for Tiers 1 and 2 require multiple steps.
- Tier 1 funding is deducted from Tier 2 distributions to recognize Tier 1 districts already receive this funding in addition to Tier 2 funding.

Tier	Calculating Tier Funding
Tier 1	Step 1 Funding Gap = (Final Adequacy Target X Tier 1Target Ratio) – Final Resources Step 2 Tier 1 Funding = Funding Gap X Tier 1 Allocation Rate
Tier 2	Step 1 Funding Gap = [(Final Adequacy Target X Tier 2 Target Ratio) – Final Resources – T1 Funding] X (1 – Local Capacity Percentage) Step 2 Tier 2 Initial Funding = Funding Gap X Tier 2 Allocation Rate Step 3 Ensure no Tier 2 district receives less funding per student than a Tier 3 district. Funding comes from Tier 3 districts.
Tier 3	Tier 3 Funding = Adequacy Target X Tier 3 Allocation Rate
Tier 4	Tier 4 Funding = Adequacy Target X Tier 4 Allocation Rate

Summary

The Evidence-Based Funding formula is used for 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 local resources for comparison to the Adequacy Target.
- **Stage 3:** Distributing additional state funds to assist districts in meeting their Adequacy Targets.

Completion of the first and second stages produces a ratio that determines how far away a district is from adequate funding. The districts furthest away from adequacy receive the greatest proportion of the Tier Funding.