An Overview of the Evidence-Based Funding Formula

PA 100 – 0465

Fall 2017
Introduction

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 local resources for comparison to the Adequacy Target.
- **Stage 3:** Distributing additional state funds to assist districts in meeting their Adequacy Targets.

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

- EBF includes a hold harmless provision called the Base Funding Minimum.

- The EBF consolidates and replaces five grants received in FY 17 into the BFM:
  - Gross General State Aid + Stop Loss Grant (if applicable)
  - English Learner Education
  - Special Ed Personnel
  - Special Ed Funding for Children
  - Special Ed Summer School

- Chicago Public Schools will also receive the calculated FY 17 Block Grant Overage.

- BFM will be recalculated each fiscal year to include additional funds received by each district (the Tier Funding).

<table>
<thead>
<tr>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 17 Distributions</td>
<td>FY 17 + FY 18 Tier Money</td>
<td>FY 18 + FY 19 Tier Money</td>
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</table>

*Effective FY 19 $29 M English Learner Administration grant will also be included in the BFM calculation.*
Adequacy Target

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

- Core Investments
- Per Student Investments Subject to CWI
- Per Student Investments Not Subject to CWI
- Additional Investments

= Initial Adequacy Target
Adequacy Target – Core Investments

Core Teachers
K–3rd LI 15:1, Non-LI 20:1; 4th–12th LI 20:1, Non-LI 25:1

Specialist Teachers
% of Core = E 20%, M 20%, HS 33%

Instructional Facilitators
E/M/HS = 200:1

Core Intervention Teachers
E/M = 450:1, HS = 600:1

Guidance Counselor
E = 450:1, M/HS = 250:1

School Site Staff
E/M = 225:1, HS = 200:1

Nurse
E/M/HS = 750:1

Supervisory Aide
E/M = 225:1, HS = 200:1

Librarian
E/M = 450:1, HS = 600:1

Librarian Aide/Media Tech
E/M/HS = 300:1

Principal & Assistant Principal
E/M = 450:1, HS = 600:1

Substitute Teachers
Average Daily Salary x 5.7% of 176 school days x FTE

Core Investment Cost Factors
Adequacy Target – Per Student Investments

Per Student Investment Cost Factors

Gifted
E/M/HS = $40/student

Professional Development
E/M/HS = $125/student

Instructional Material
E/M/HS = $190/student

Assessments
E/M/HS = $25/student

Computer/Tech Equipment
E/M/HS = $285.5/student

Student Activities
E = $100, M = $200, HS = $675/student

Operations & Maintenance
E/M/HS = $1038/student

Central Office
E/M/HS = $742/student

Employee Benefits (% of Salary)
E/M/HS = 30%

Employee Benefits (Central Office, Maintenance & Operations, and Normal Pension Costs*)
CO = $368.48, M&O = $352.92/student

*Currently Normal Pension Costs only applies to Chicago Public Schools.
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)
A National 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.

\[
\text{Initial Adequacy Target} \times \text{Regionalization Factor (CWI)} = \text{Final Adequacy Target}
\]

Note: EBF sets the lowest Regionalization Factor to 0.90. Previous EBF models used a highest factor of 1.05651.
Determining Local Resources

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

\[ \text{Local Capacity Target (LCT)} + \text{Corporate Personal Property Replacement Taxes (CPPRT)} + \text{Base Funding Minimum (BFM) (Prior Year Distributions)} \]

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

\[ \frac{\text{Resources}}{\text{Adequacy Target}} = \text{Adequacy Level (Preliminary % of Adequacy)} \]

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

- New Funding Flows to the Tiers.

<table>
<thead>
<tr>
<th>Tier</th>
<th>% of New Funding</th>
<th>Target Ratio</th>
<th>Funding Allocation Rate</th>
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</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>Receives 50%</td>
<td>TBD</td>
<td>Fixed at 30%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(in modeling ranged from 60-65%)</td>
<td></td>
</tr>
<tr>
<td>Tier 2*</td>
<td>Receives 49% (Includes Tier 1 Districts)</td>
<td>90%</td>
<td>TBD (in modeling averaged 5%)</td>
</tr>
<tr>
<td>Tier 3</td>
<td>Receives 0.9%</td>
<td>100%</td>
<td>TBD (in modeling averaged 0.2%)</td>
</tr>
<tr>
<td>Tier 4</td>
<td>Receives 0.1%</td>
<td>&gt;100%</td>
<td>TBD (in modeling averaged 0.01%)</td>
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</tbody>
</table>

- **Target Ratio** – Impacts the calculation of the tier “Funding Gap”
- **Funding Allocation Rate** – Is applied to the Final Adequacy Target to determine the calculated tier funding.
Chicago Public Schools

The following provisions apply to CPS:

- Normal Pension Costs of $221.3M to be paid as a separate grant.
- Block Grant Overage to be included in FY 17 Base Funding Minimum.
- Unfunded Pension Liability to be included as an adjustment to Local Capacity Target. (As reduction in Local Resources)
Other Provisions

• Spending Plans
• Minimum Funding Level
• Property Tax Relief Pool
• Referendum Opportunity for District at or above 110% of Adequacy
• Technology Grant for Tier 1 & Tier 2 Districts in FY19 and beyond
• Mandate Relief
• $75M Tax Credit
• $29 M of EL Funding for FY 18 for both Tier 1 & Tier 2 Districts
Implementation Process

- Calculate & Pay Estimated Base Funding Minimum
  - Calculation Complete / Sent to Comptroller for Payment

- Data Collection / Verification (In Process)
  - ISBE to compile historical data and launch verification tool for districts to review and confirm

- District Review / Correction (TBD – Estimated Late Fall)
  - Districts will have a fixed period of time to review data as reported by ISBE and provide comment

- Final BFM Reconciliation & Tier Funding Calculation
  - ISBE will proceed with final/confirmed data and complete calculations for payment.