



Illinois State Board of Education

General State Aid:

An Introduction to the Basics

Fall 2016

What is General State Aid?

General State Aid

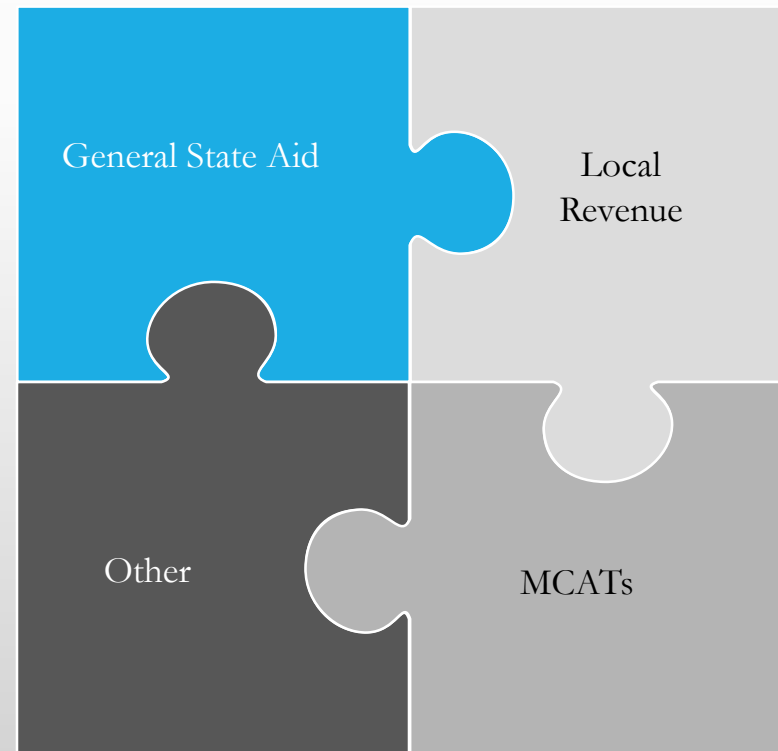
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General State Aid (GSA) is one component of the total funds distributed to public schools. It is meant to provide unrestricted grants to Illinois public schools districts in an equitable manner.

GSA is comprised of 2 Grants:

1. Equalization Formula Grant
2. Supplemental Low-Income Grant

Public Education Funding



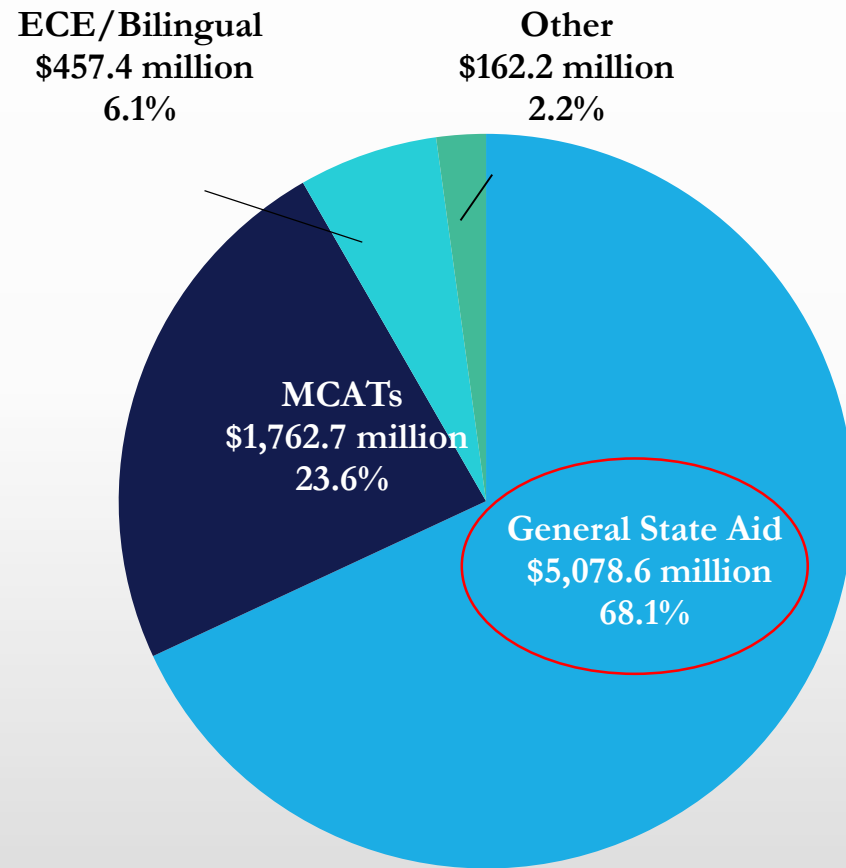
Equalization Formula Grant

- Grant amount varies inversely with local wealth. As local wealth increases, the amount of the grant decreases, and vice versa.

Supplemental Low-Income Grant

- Does not consider local wealth. Increases grant awards as the proportion of low-income students in a district increases.

General State Aid As a % of All State Education Funding



General State Aid (GSA) represents **68%** of General Funds grants provided by the state to school districts

Equalization Formula Grant

Equalization Formula Grant Calculation of Local Wealth

- $\text{Local Wealth} = \text{Property Wealth} + \text{Revenue from the Corporate Personal Property Replacement Tax (CPPRT)}$
- $\text{Property Wealth} = \text{Equalized Assessed Value (EAV)} \times \text{Assumed Tax Rate in Statute}$
- Tax Rate Varies by District Type
 - 3.00% Unit
 - 2.30% Elementary
 - 1.05% High School

*All rates listed are per \$100 of EAV

Equalization Formula Grant Local Wealth Calculation Example

- Example District Facts:
 - Unit District
 - \$100,000,000 in EAV
 - \$119,000 in CPPRT
 - 1,000 Students
- Property Wealth = $\$100,000,000 \times 3.00\% = \$3,000,000$
- Local Wealth = $\$3,000,000 + \$119,000 = \$3,119,000$
- Local Wealth per Pupil = $\$3,119,000 / 1,000 = \$3,119$

Equalization Formula Grant Example Basic Calculation

Equalization Formula Grant = (Foundation Level – Local Resources per Student) x # of Students

- Example:
 - Current Foundation Level = \$6,119
 - The example district had \$3,119 in local resources per student
 - $(\$6,119 - \$3,119) = \$3,000$ per student
 - Student population = 1,000

Equalization Formula Grant for the example district is:

$$\$3,000 \times 1,000 = \$3,000,000$$

- This example illustrates a **Foundation District**; a district with local resources per pupil of less than 93% of the Foundation Level.

Equalization Formula Grant Other Calculation Types

Alternate Method

- Applicable for districts where local resources per pupil are 93%+ but less than 175% of the Foundation Level.
- The payment is 5-7% of the Foundation Level.
- Approximately \$306 - \$428 per pupil at the \$6,119 Foundation Level

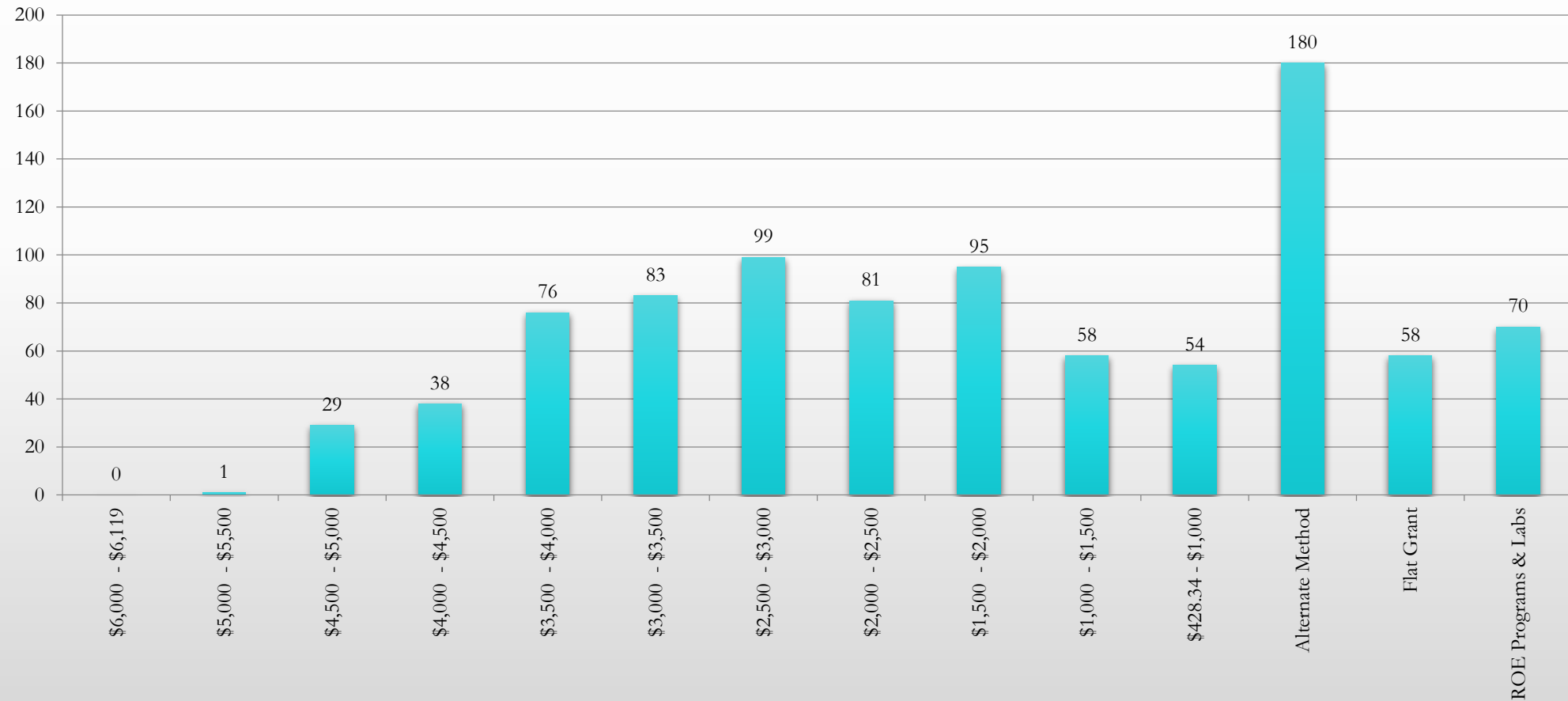
Flat Grant Method

- Applies to districts where local resources per pupil are greater than or equal to 175% of the Foundation Level.
- The payment is equal to \$218 per student.

Equalization Formula Grant FY 2017 Gross Claim Amounts

Formula Type	Number of Entities	FY 17 Equalization Formula Grant	FY 17 Supplemental GSA	FY 17 Gross Total Claim
Foundation	614	\$2,780,756,489	\$1,599,265,007	\$4,380,021,496
Alternate Method	180	\$155,631,639	\$131,857,743	\$287,489,383
Flat Grant	58	\$14,517,542	\$9,831,636	\$24,349,178
Lab & Alternative	70	\$39,471,160	\$0	\$39,471,160
Total	922	\$2,990,376,830	\$1,740,954,386	\$4,731,331,217

Equalization Formula Grant FY 2017 Summary of State Portion Per Pupil



Equalization Formula Grant PTELL Adjustment

Property Tax Extension Limitation Law (PTELL) enacted in 1991 in Collar Counties and was later expanded in 1994 to Cook County. After that PTELL was expanded by vote to all other counties. Several complications arose because of PTELL:

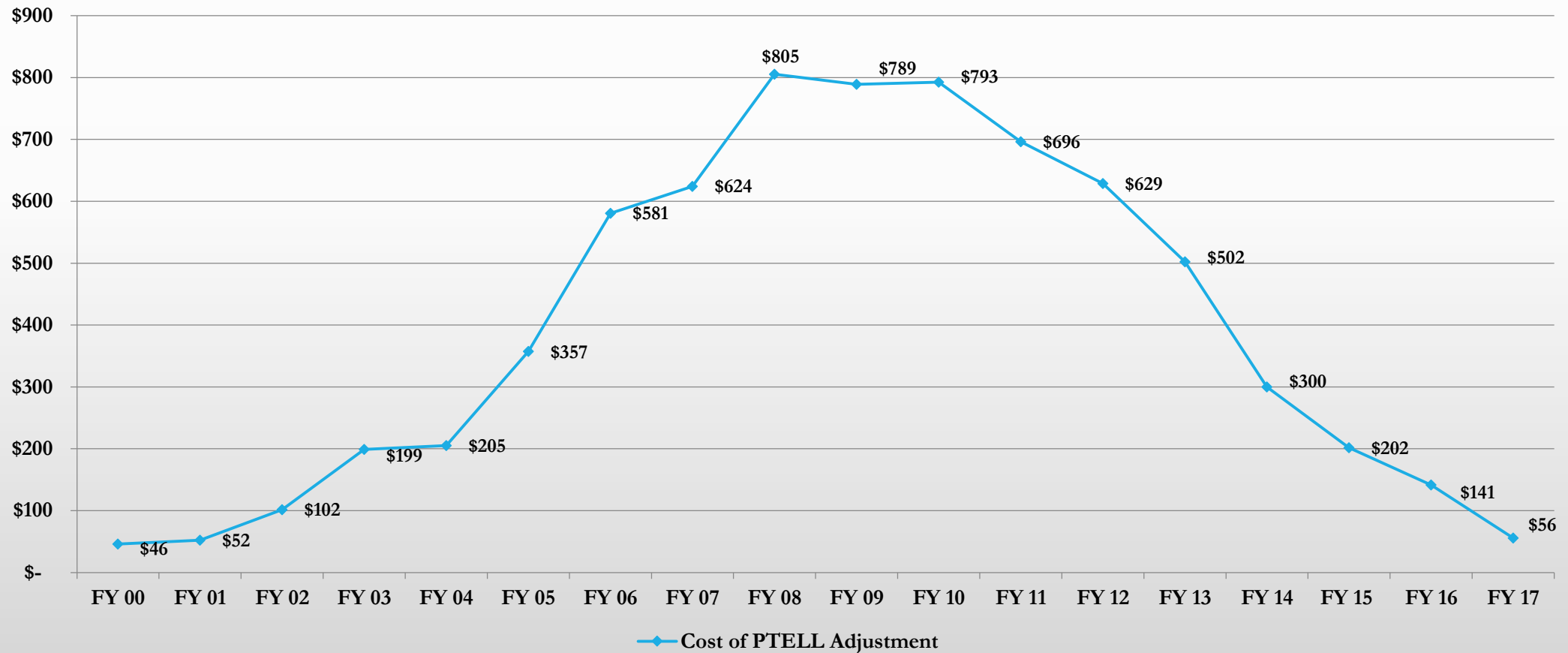
- PTELL districts are limited in annual growth of their property tax collections.
- Tax extensions may grow by no more than the lesser of CPI or 5%.
- With tax extensions capped & EAV growing substantially, local tax rates declined.
- In addition, GSA uses assumed tax rates in statute. (3% Unit, 2.3% Elementary, 1.05% High School) In some cases the rates were greater than actual rates PTELL districts could impose.

****PTELL districts noted that applying assumed rates to their full EAV produced a measure of local wealth that they could not achieve due to tax caps.****

- This was a legitimate concern as in some cases this would result in a reduction of their GSA claim.
- In FY 2000 a solution was enacted to create a second measure of wealth for districts subject to PTELL.
 - EAV used for the GSA Formula Grant calculation would be the LESSER of a district's actual EAV or the prior year EAV inflated by the amount by which their tax extension was allowed to grow.

Equalization Formula Grant PTELL Adjustment

Cost of PTELL Adjustment Since FY 2000



Equalization Formula Grant PTELL Adjustment

Fiscal Year	Cost of PTELL Adjustment	Districts Benefitting	Districts Subject to PTELL	Total Districts
2000	\$ 46.0	97	369	896
2001	\$ 52.2	255	387	894
2002	\$ 101.5	353	436	893
2003	\$ 199.1	292	455	893
2004	\$ 205.2	299	460	888
2005	\$ 357.3	353	458	881
2006	\$ 580.6	326	459	874
2007	\$ 624.1	307	461	873
2008	\$ 805.5	348	461	870
2009	\$ 789.0	296	461	869
2010	\$ 792.7	365	460	869
2011	\$ 696.2	348	460	867
2012	\$ 628.7	364	460	865
2013	\$ 502.0	291	460	862
2014	\$ 300.0	189	460	860
2015	\$ 201.8	106	460	857
2016	\$ 141.3	83	456	852
2017	\$ 55.8	82	456	852

* The cost of PTELL Adjustment Declined as EAV Per Pupil Grew Compared to Stagnant Foundation Level.*

Supplemental Low-Income Grant

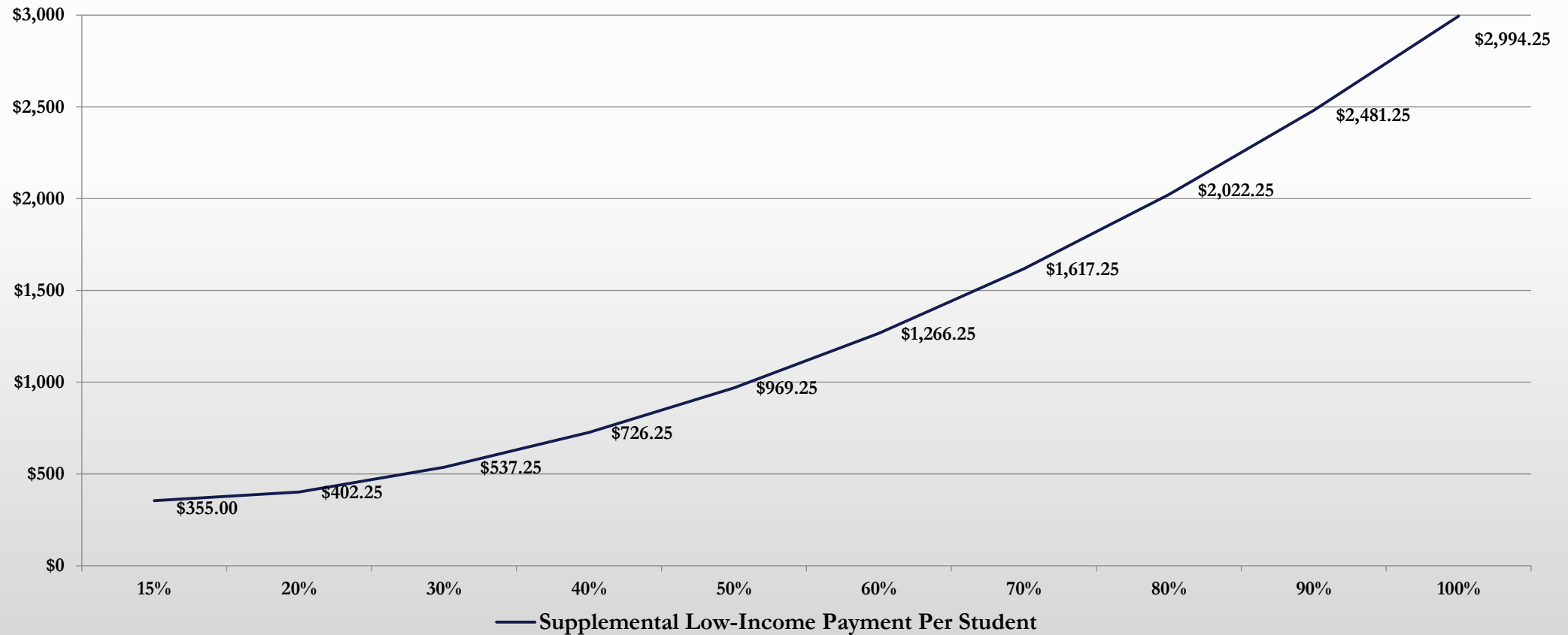
Supplemental Low-Income Grant

- This grant is intended to provide supplemental funding for low-income students.
- Low-Income Students = 3-year average of students reported by the Department of Human Services (DHS) / Average Daily Attendance (ADA)
- Students reported by DHS are:
 - **Non-Duplicated**
 - Ages 5-17
 - Receive services through:
 - Medicaid
 - Supplemental Nutrition Assistance Program (SNAP)
 - Children's Health Insurance Program (CHIP)
 - Temporary Assistance for Needy Families (TANF)

Payment per student varies based on the **Low-Income Concentration Level** in the student population.

- 0 – 15%: Payment = \$355 x # Low-Income Students
- > 15%: Payment = (\$294.25 + \$2,700 x (Concentration %)²) x #Low-Income Students

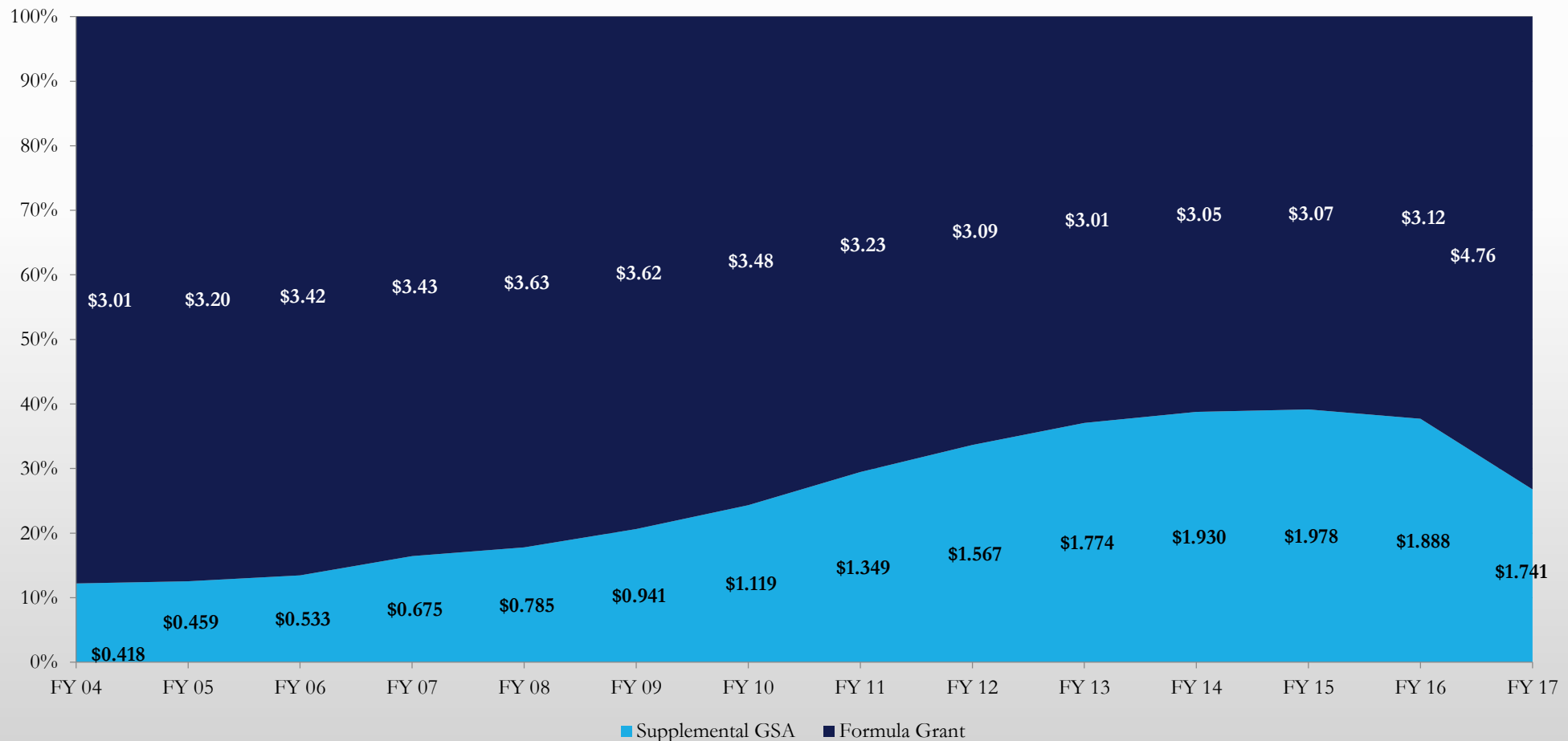
Supplemental Low-Income Grant



General State Aid Components for FY 2017

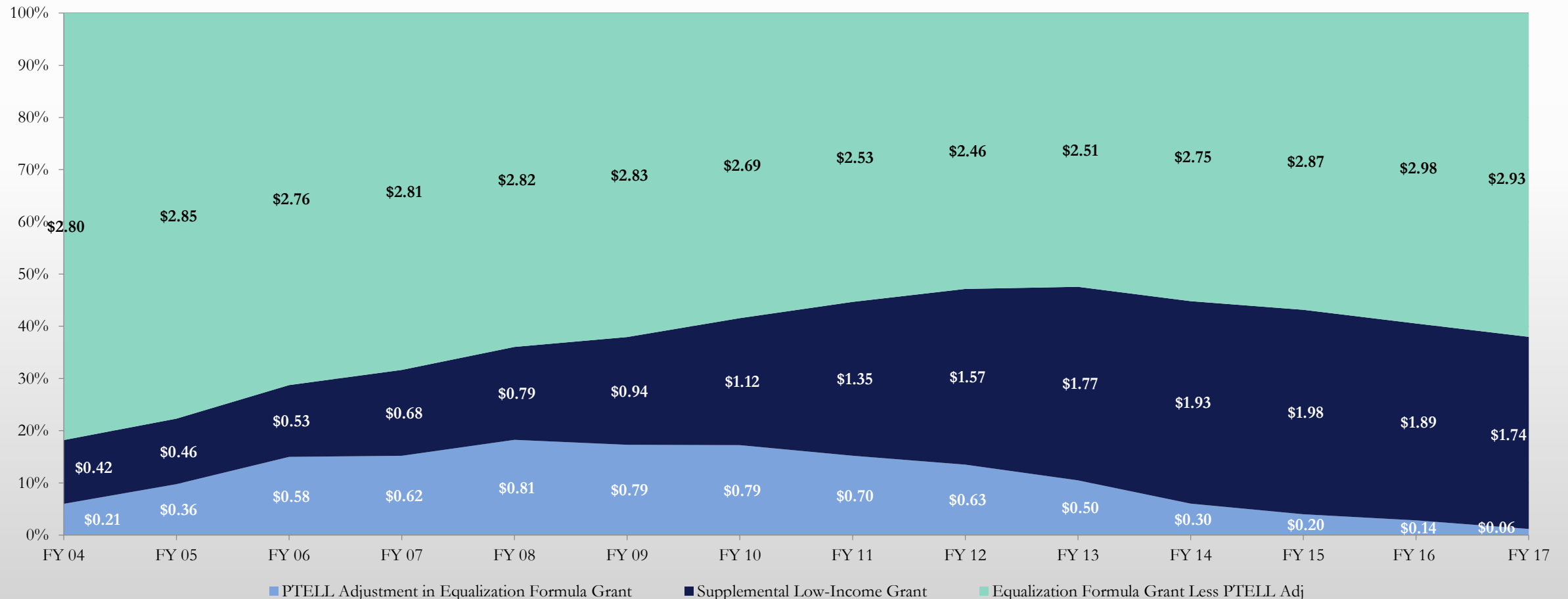
General State Aid Components

Comparison of Equalized Formula Grant to Non-Equalized Supplemental Low-Income Grant (in billions)



General State Aid Components

GSA Components with PTELL Adjustment Deducted from Equalization Formula Grant (in billions)



General State Aid Components

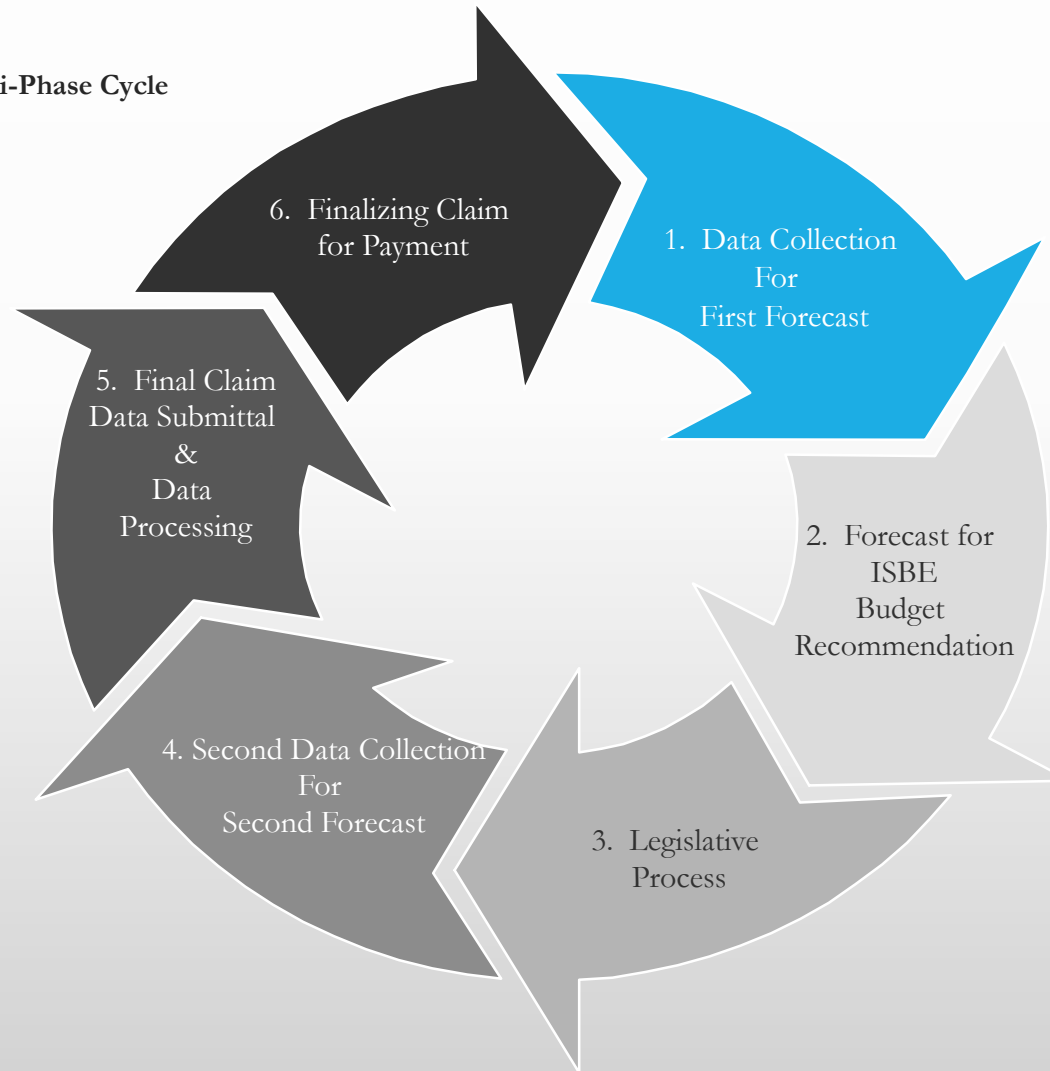
Proportions of GSA Funding with PTELL Adjustment Deducted from the Formula Grant

	Equalization Formula Grant Less PTELL Adjustment	PTELL Adjustment Portion of Formula Grant	Supplemental Low-Income Grant	Total Gross GSA Claim
FY 04	81.8%	6.0%	12.2%	100%
FY 05	77.7%	9.8%	12.5%	100%
FY 06	71.9%	14.7%	13.5%	100%
FY 07	68.4%	15.2%	16.4%	100%
FY 08	64.0%	18.3%	17.8%	100%
FY 09	62.1%	17.3%	20.6%	100%
FY 10	58.4%	17.2%	24.3%	100%
FY 11	55.3%	15.2%	29.5%	100%
FY 12	52.8%	13.5%	33.7%	100%
FY 13	52.4%	10.5%	37.1%	100%
FY 14	55.2%	6.0%	38.8%	100%
FY 15	56.8%	4.0%	39.2%	100%
FY 16	59.5%	2.8%	37.7%	100%
FY 17	62.0%	1.2%	36.8%	100%

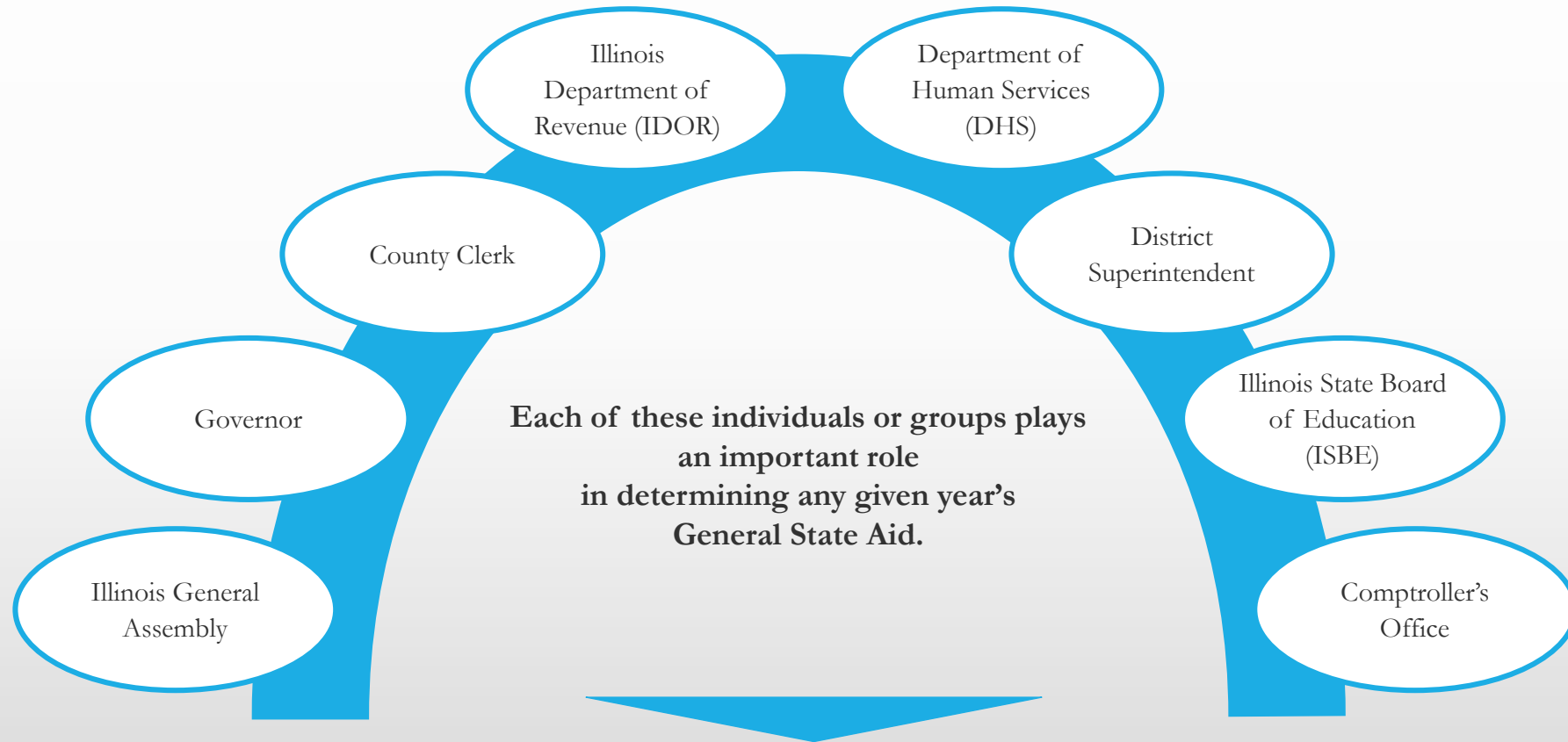
The General State Aid Cycle

The General State Aid Cycle

The Annual General State Aid Process is a Multi-Phase Cycle

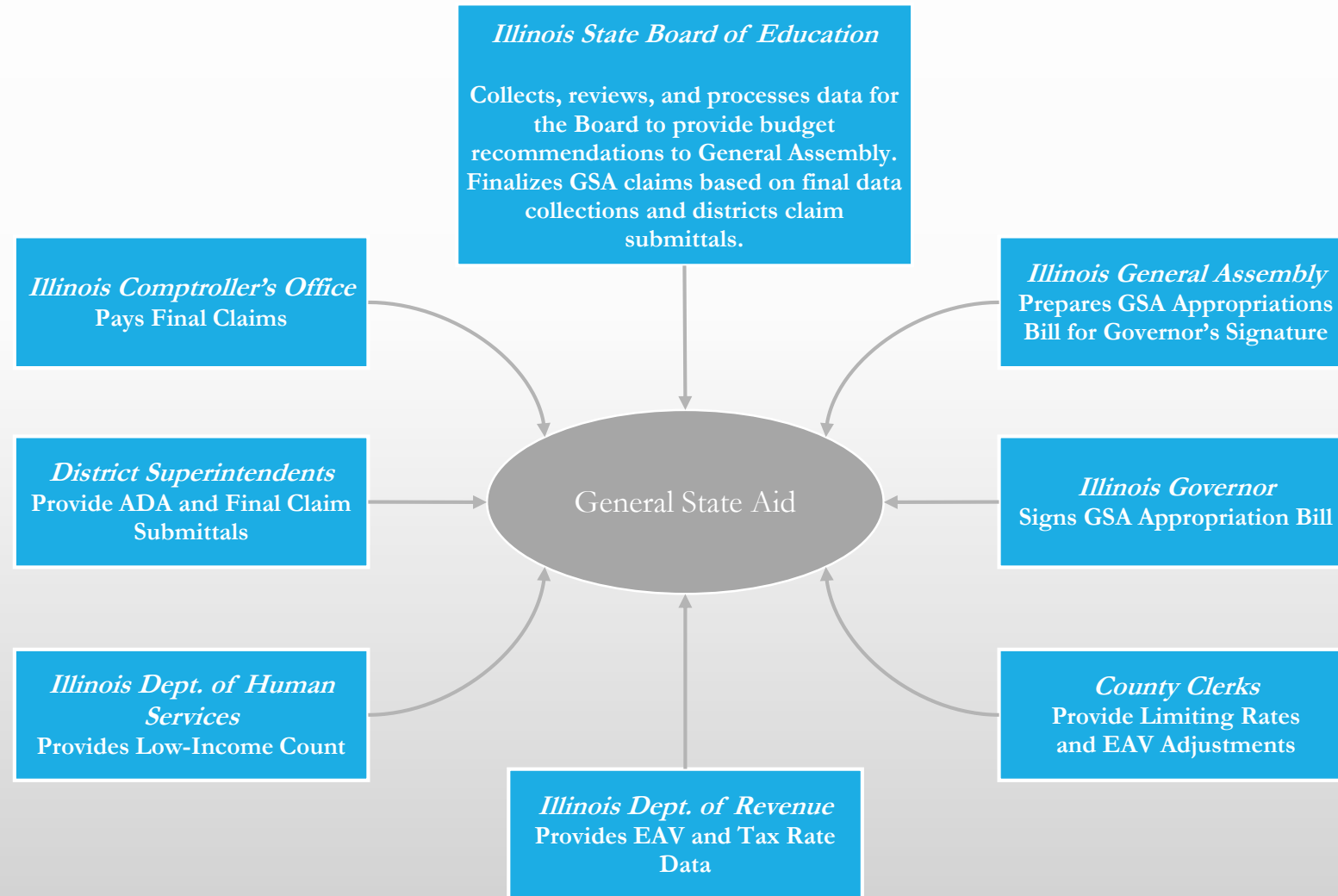


The General State Aid Cycle Key Players



The result of a year-long collaboration between the key players is the ultimate payment of General State Aid to Illinois school districts in fulfillment of the State's constitutional obligation.

General State Aid Cycle Putting it All Together



- Budget:
<http://www.isbe.net/budget/default.htm>
- GSA Inquiry for Individual District Claims:
<http://webprod1.isbe.net/gsainquiry/default.aspx>
- GSA Historical Data:
<http://www.isbe.net/funding/html/gsa.htm>