General State Aid:
An Introduction to the Basics

Fall 2016
What is General State Aid?
105 ILCS 5/18-8.05

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

Source: Illinois Office of the Comptroller
Equalization Formula Grant
• Local Wealth = Property Wealth + Revenue from the Corporate Personal Property Replacement Tax (CPPRT)

• Property Wealth = Equalized Assessed Value (EAV) x 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
Example District Facts:
- Unit District
- $100,000,000 in EAV
- $119,000 in CPPRT
- 1,000 Students

Property Wealth = $100,000,000 x 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 = (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 x 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.
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

<table>
<thead>
<tr>
<th>Formula Type</th>
<th>Number of Entities</th>
<th>FY 17 Equalization Formula Grant</th>
<th>FY 17 Supplemental GSA</th>
<th>FY 17 Gross Total Claim</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation</td>
<td>614</td>
<td>$2,780,756,489</td>
<td>$1,599,265,007</td>
<td>$4,380,021,496</td>
</tr>
<tr>
<td>Alternate Method</td>
<td>180</td>
<td>$155,631,639</td>
<td>$131,857,743</td>
<td>$287,489,383</td>
</tr>
<tr>
<td>Flat Grant</td>
<td>58</td>
<td>$14,517,542</td>
<td>$9,831,636</td>
<td>$24,349,178</td>
</tr>
<tr>
<td>Lab &amp; Alternative</td>
<td>70</td>
<td>$39,471,160</td>
<td>$0</td>
<td>$39,471,160</td>
</tr>
<tr>
<td>Total</td>
<td>922</td>
<td>$2,990,376,830</td>
<td>$1,740,954,386</td>
<td>$4,731,331,217</td>
</tr>
</tbody>
</table>
Equalization Formula Grant
FY 2017 Summary of State Portion Per Pupil

Bar chart showing the distribution of state portion per pupil grants ranging from $1,000 to $6,000. The chart displays the number of schools that fall into each grant range.

- $6,000 - $6,119: 0
- $5,000 - $5,119: 1
- $4,000 - $4,119: 29
- $3,000 - $3,119: 38
- $2,000 - $2,119: 76
- $1,000 - $1,119: 83
- $428.34 - $1,000: 99
- $283.34 - $428.34: 81
- $180 - $283.34: 95
- $1,000 - $1,280: 58
- $428.34 - $1,000: 54
- Alternate Method: 180
- Flat Grant: 58
- ROE Programs & Labs: 70
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

FY 00  FY 01  FY 02  FY 03  FY 04  FY 05  FY 06  FY 07  FY 08  FY 09  FY 10  FY 11  FY 12  FY 13  FY 14  FY 15  FY 16  FY 17

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

*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 \times \# \text{ Low-Income Students}

- **> 15%**: Payment = ($294.25 + 2,700 \times (\text{Concentration} \%)^2) \times \# \text{Low-Income Students}
Supplemental Low-Income Grant

Supplemental Low-Income Payment Per Student

- 15%: $355.00
- 20%: $402.25
- 25%: $457.25
- 30%: $537.25
- 40%: $726.25
- 50%: $969.25
- 60%: $1,266.25
- 70%: $1,617.25
- 80%: $2,022.25
- 90%: $2,481.25
- 100%: $2,994.25

|$0 | $500 | $1,000 | $1,500 | $2,000 | $2,500 | $3,000 |

|$15% | $20% | $25% | $30% | $40% | $50% | $60% | $70% | $80% | $90% | $100% |

| $355.00 | $402.25 | $457.25 | $537.25 | $726.25 | $969.25 | $1,266.25 | $1,617.25 | $2,022.25 | $2,481.25 | $2,994.25 |
General State Aid Components
for FY 2017
Comparison of Equalized Formula Grant to Non-Equalized Supplemental Low-Income Grant (in billions)

- **Supplemental GSA**
- **Formula Grant**

FY 04: $0.418
FY 05: $0.459
FY 06: $0.533
FY 07: $0.675
FY 08: $0.785
FY 09: $0.941
FY 10: $1.119
FY 11: $1.349
FY 12: $1.567
FY 13: $1.774
FY 14: $1.930
FY 15: $1.978
FY 16: $1.888
FY 17: $1.614

- Blue line represents Supplemental GSA
- Black line represents Formula Grant
### Proportions of GSA Funding with PTELL Adjustment Deducted from the Formula Grant

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

1. Data Collection For First Forecast
2. Forecast for ISBE Budget Recommendation
3. Legislative Process
4. Second Data Collection For Second Forecast
5. Final Claim Data Submittal & Data Processing
6. Finalizing Claim for Payment

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

Illinois State Board of Education
Collects, reviews, and processes data for the Board to provide budget recommendations to General Assembly. Finalizes GSA claims based on final data collections and districts claim submittals.

Illinois Comptroller’s Office
Pays Final Claims

District Superintendents
Provide ADA and Final Claim Submittals

Illinois Dept. of Human Services
Provides Low-Income Count

Illinois Dept. of Revenue
Provides EAV and Tax Rate Data

Illinois General Assembly
Prepares GSA Appropriations Bill for Governor’s Signature

Illinois Governor
Signs GSA Appropriation Bill

County Clerks
Provide Limiting Rates and EAV Adjustments
Additional Resources

- 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