

A Report on Federal Education Funds in Illinois

Illinois State Board of Education

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prepared by the
Federal Relations Office

What Has Illinois' Federal Funding Picture Been In Recent Years?

In federal fiscal year 2000, the overall amount of federal funds coming into Illinois was \$60 billion, up from \$55.83 billion in FY99. Similarly, the funding for Illinois education has increased. The goals of the federal funds initiative by Illinois are twofold: to increase the number of dollars coming into Illinois, and to improve the quality of the services that the state provides for all Illinois citizens. Similarly, the Illinois State Board of Education (ISBE) has worked actively to meet these goals for education.

Most of the federal education funds are grants designated for specific programs. In many cases, grant amounts are determined by a federal formula. In addition to formula grants, discretionary grants are awarded on a competitive basis. Illinois agencies choose to apply for particular grants. This work is enhanced by that of the Illinois Federal Clearinghouse.

The October 2001 annual report of the Illinois Federal Clearinghouse, Federal Funding for State Agencies: What We Get and How We Are Improving, delineated the total federal expenditures for Illinois, which surpassed the \$60 billion mark of FY 2000 and set a record high for the state. Over time, the picture of federal grants (to all of state and local government) has been:

| | |
|-------|------------------|
| FY00: | \$11,228,000,000 |
| FY99: | \$10,575,000,000 |
| FY98: | \$10,164,000,000 |

The Illinois Commission on Intergovernmental Cooperation (ICIC) tracks federal grants awarded to state agencies. They obtain their information directly from each agency, and have released estimated numbers for FY01. The ICIC report, Federal Funds to State Agencies FY 1999 – FY 2001, April 2001, cites total federal funding to state agencies:

| | |
|-------|-----------------------------|
| FY01: | \$10,025,167,000 (estimate) |
| FY00: | \$9,374,031,000 |
| FY99: | \$8,447,765,000 |

The Illinois Federal Clearinghouse can be accessed at www.state.il.us/state/fedclear. The Illinois Commission on Intergovernmental Cooperation report may be viewed at <http://www.state.il.us/state/fedclear/dfa1.pdf>.



What Federal Funds Did Illinois Receive in FY2000?

| | |
|---|--------------------|
| TOTAL DIRECT EXPENDITURES OR OBLIGATIONS | \$60,008,479,125 |
| Defense | 3,972,979,280 |
| Non-defense..... | 56,035,499,845 |
| RETIREMENT AND DISABILITY PAYMENTS–TOTAL..... | 22,171,017,872 |
| Social Security..... | 19,359,493,623 |
| Federal retirement and disability payments..... | 1,721,414,941 |
| Veterans benefit payments..... | 468,770,556 |
| All other | 621,338,752 |
| OTHER DIRECT PAYMENTS–TOTAL | 16,401,392,946 |
| Other direct payments for individuals | 14,167,869,474 |
| Food Stamps | 777,031,219 |
| Medicare | 9,471,373,855 |
| Unemployment Compensation Benefit Payments | 1,127,397,477 |
| Excess Earned-Income Tax Credits | 1,051,826,000 |
| Lower Income Housing Assistance..... | 1,389,052,636 |
| All other | 351,187,287 |
| Direct payments, other than for individuals | 2,233,523,472 |
| GRANT AWARDS–TOTAL | 11,227,812,690 |
| Highway Planning and Construction | 790,524,780 |
| Family Support Payments to States (AFDC+TANF) | 633,326,939 |
| Medical Assistance Program (Medicaid) | 4,291,401,818 |
| Other | 5,512,559,153 |
| PROCUREMENT CONTRACT AWARDS–TOTAL..... | 3,998,614,388 |
| Defense | 1,647,624,000 |
| Non-Defense | 2,350,990,388 |
| SALARIES AND WAGES–TOTAL | 6,209,573,229 |
| Defense | 1,778,206,000 |
| Non-Defense | 4,431,367,229 |
| U.S. Postal Service..... | 2,658,802,767 |
| Other..... | 1,772,564,462 |
| OTHER FEDERAL ASSISTANCE–TOTAL..... | 10,841,977,347 |
| Direct loans | 1,389,169,471 |
| Guaranteed loans..... | 2,353,046,395 |
| Insurance..... | 7,099,761,481 |

Source: *Federal, State and Local Governments, Consolidated Federal Funds Report, 2000 State Summary Table, US Census Bureau*



How Does ISBE Compare with Other State Agencies in Receipt of Federal Funding?

Using the reports cited earlier, the following tables display ISBE's recent standing.

Table A. Select Agency Funding Levels in FY01

| Agencies | Funds Received FY01 (in 1000s) |
|------------------------------|--------------------------------|
| Department of Public Aid | \$4,577,128 |
| Department of Human Services | \$1,402,583 |
| State Board of Education | \$1,227,708 |
| Board of Higher Education | \$2,242 |
| Community College Board | \$2,000 |

Source: Federal Funding for State Agencies: What We Get and How We Are Improving, October 2001

Table B. Select Agency Ranking by Total Federal Dollars Direct to Agency -- Increase from FY00 to FY01

| Agencies | Change from FY00 to FY01 (in 1000s) |
|-------------------------------|-------------------------------------|
| Department of Public Aid | \$430,365 |
| Student Assistance Commission | \$205,762 |
| State Board of Education | \$78,411 |
| Board of Higher Education | (\$43) |
| Community College Board | (\$2,313) |

Source: Federal Funding for State Agencies: What We Get and How We Are Improving, October 2001

Table C. Select Agency Ranking by Percentage of Increase in Federal Aid -- Dollars from FY00 to FY01

| Agencies | Percent Change from FY00 to FY01 |
|-----------------------------------|----------------------------------|
| Court of Claims | 97% |
| Department of Insurance | 92% |
| Department of Employment Security | 83% |
| Department of State Police | 61% |
| Historic Preservation Agency | 50% |
| Commerce Commission | 46% |
| Department of Transportation | 11% |
| Department of Public Aid | 10% |
| Housing Development Authority | 10% |
| Department of Veterans Affairs | 9% |
| State Board of Education | 7% |
| Board of Higher Education | (2%) |
| Community College Board | (54%) |

Source: Federal Funding for State Agencies: What We Get and How We Are Improving, October 2001

The Illinois State Board of Education, along with the Illinois Board of Higher Education and the Illinois Community College Board, have a contractual relationship with the firm of Barbour, Griffith and Rogers, Inc. in Washington DC for assistance with legislative and administrative initiatives at the federal level, and to help increase the visibility and impact of the three boards on education initiatives and finances at the federal level. This contractual relationship began in January 2000 for the 2000 calendar year, and then began again in January 2001 for a multiyear period of time, pursuant to a Request for Sealed Proposals. The state education agencies in



Illinois, in collaboration with the Office of the Governor, sought to ensure that Illinois is **second to none** in working with the U.S. Congress and other federal agencies involved with education and related fields.

The objectives of the multi-year contract are:

1. To work with the three relevant Illinois education agencies and the Governor's Washington Office to develop and implement strategies and tactics to accomplish the policy objectives.
2. To alert relevant Illinois education agency(ies) concerning federal legislation that will affect education policy and programs, either planned or proposed for enactment by Congress or national interest groups, and to mutually develop and implement action plans to amend the legislative proposals in order to have the greatest positive impact on Illinois.
3. To research and summarize the effects of proposed federal legislation or administration actions (e.g., proposed administrative rules of USDE) covering all aspects of education.
4. To inform the relevant Illinois education agency(ies) and the Governor's Washington Office of current and evolving policy positions, strategies and proposals of government agencies and relevant organizations with respect to national education issues.
5. To discuss pending or emerging education-related policy issues with staff of Congressional members and relevant congressional committees to ascertain their positions and plans relative to education legislation of interest to Illinois education agencies. As directed, meet with these parties on behalf of the one or more of the three state-level education boards to promote Illinois' interests.
6. To arrange, help prepare for and attend meetings on federal education issues among the staff of the education agency(ies), their respective board members if directed, and members of Congress and their staff, staff of committees of Congress, and executive agency officials.

As a result of the contract, it was and is anticipated that Illinois education funding from federal sources will increase at least 5% over federal FY2000 funding levels, on an annual basis, while current entitlement and competitive grants will be maintained when possible. Federal funding for Illinois education in December 2001 increased 12% over the December 2000 appropriation!

According to *Illinois Tax Facts* (Taxpayers' Federation of Illinois), October 2000, the federal tax burden falls much more heavily on some states than others. In a table entitled "Federal spending by state for each tax dollar sent to Washington, 1999," Illinois receives \$.73 for every dollar sent. During FY99, taxpayers in New Mexico benefited the most from federal funding, receiving \$1.97 for every \$1.00 they paid in federal taxes. On the other hand, taxpayers in New Jersey received \$.65 for every dollar paid.

According to the *Northeast-Midwest Guide to Federal Formula Grant Programs*, November 2001, by the Northeast-Midwest Institute, Illinois' return on the federal tax dollar remains low because of below-average per capita federal spending and lower poverty rates than the nation. Census estimates show that 11.4 percent of Illinois residents lived in poverty in 2000, compared to 12.5 percent of all US residents. For FY99, Illinois ranked 43rd among the states, placing the same as in 1998 and 1997 in terms of federal spending. With 4.4 percent of the nation's population, Illinois paid 5.10 percent of the federal taxes and received back 3.90 percent of the federal spending. This report cites the return on the federal tax dollar as \$.74.

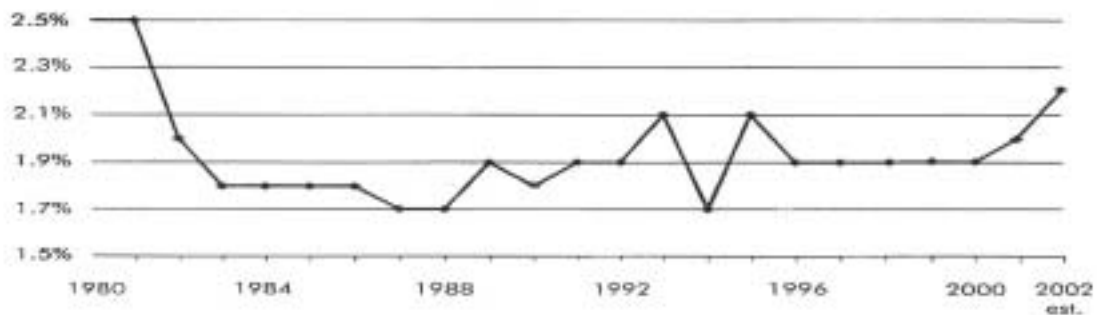


How Do Federal Education Funds Compare Over Time?

Looking specifically at the education piece of the pie, federal funding for education increased dramatically between FY65 and FY75, with an increase of 207 percent for elementary and secondary education. Between FY75 and FY80, funding remained relatively stable. Between FY80 and FY85, the total of federal funds dropped 9 percent over all, after adjustment for inflation; elementary and secondary education funds dropped 21 percent, and then began to rise slightly. Between FY90 and FY00, elementary and secondary education funding rose 58 percent in constant dollars.

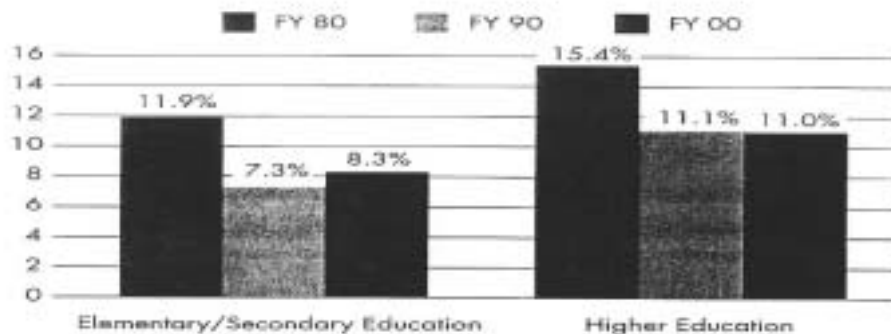
Education's Share of Federal Budget Is Below 1980

Education Department's share of total federal outlays



Source: OMB, Historical Tables, FY 2002 Budget

Federal Share of Education Funding Has Declined



Source: U.S. Department of Education, *Federal Support for Education*, 2000



Table D. ISBE Federal Appropriations Over Time

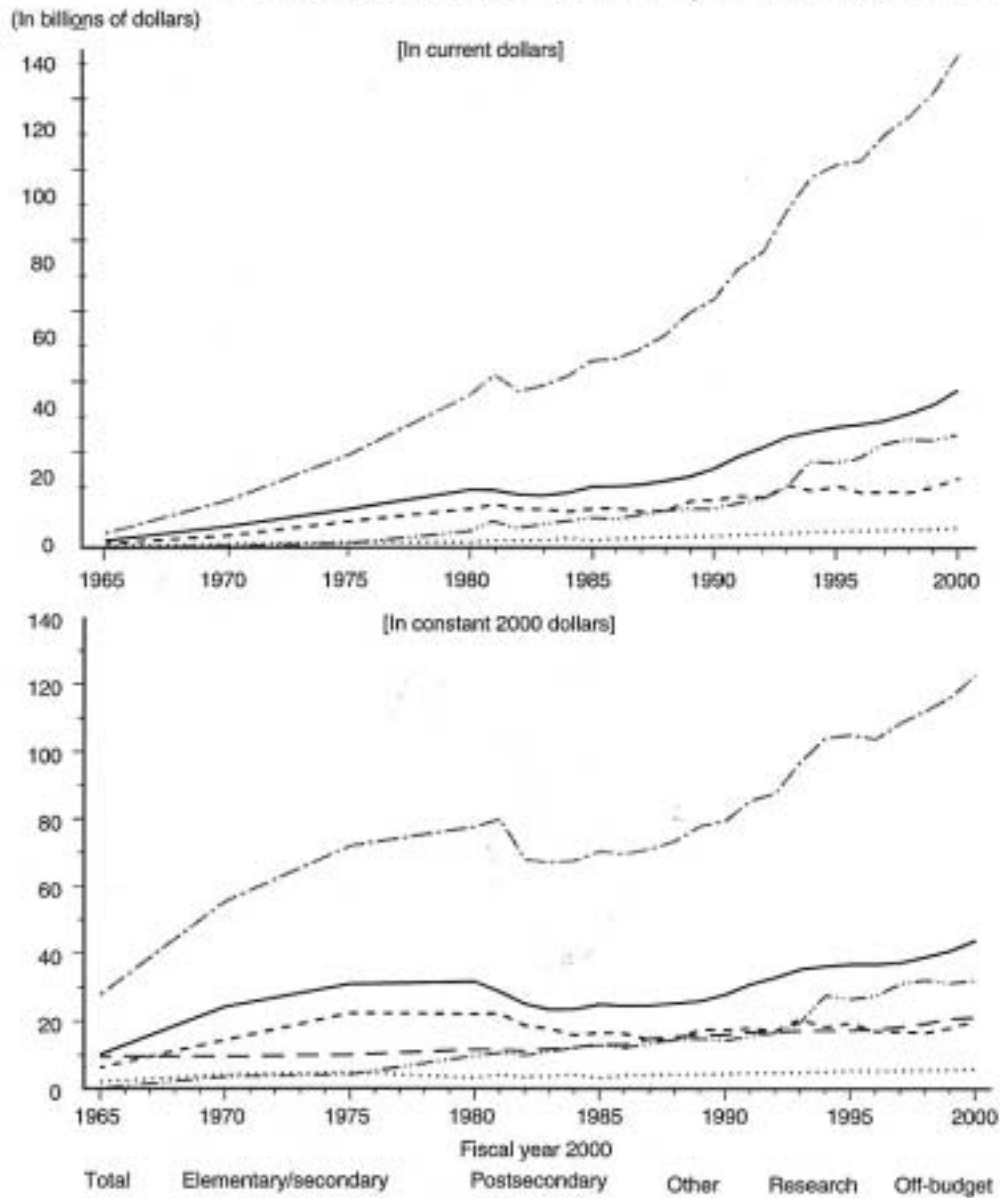
| Year | Agency Appropriation | Agency Expenditure |
|------|----------------------|--------------------|
| FY02 | \$1,62,980,500* | |
| FY01 | \$1,852,040,600 | \$1,462,557,000 |
| FY00 | \$1,553,201,900 | \$1,326,461,000 |
| FY99 | \$1,353,136,600 | \$1,224,334,900 |
| FY98 | \$1,254,056,500 | \$991,846,600 |
| FY97 | \$1,117,628,300 | \$929,861,800 |
| FY96 | \$1,069,296,400 | \$886,050,900 |
| FY95 | \$1,028,224,400 | \$830,708,100 |
| FY90 | \$627,545,000 | \$552,167,400 |
| FY85 | \$422,104,000 | \$396,694,700 |
| FY80 | \$489,700,500 | \$372,450,700 |
| FY75 | \$179,687,700 | |

Source: 1998 to 2002, *State Board of Education Budget Books and Schedule of Expenditures of Federal Awards*
1975 to 1997, *State Board of Education Budget Books*

* = Funds are less than prior year due to the elimination of Goals 2000 funds and the transfer of Medicaid Matching Funds to IDPA.



Figure 1.--Federal program support for education, by level or other educational purpose, nonfederal funds generated by federal legislation, and off-budget support: Fiscal years 1965 to 2000



SOURCE: U.S. Department of Education, National Center for Education Statistics; U.S. Office of Management and Budget, *Budget of the United States Government*, fiscal years 1967 to 2001; National Science Foundation, *Federal Funds for Research and Development*, fiscal years 1965 to 2000; and unpublished data.



What Federal Education Funds Has ISBE Received Lately?

Table E. Recent Federal Funding Received by ISBE

| Formula Grants Distributed to Schools | FFY 1999 | FFY 2000 | FFY 2001 |
|--|--------------------|--------------------|--------------------|
| Adult Education | 15,240,308 | 18,731,469 | 1 |
| Class Size Reduction | 50,137,659 | 54,336,793 | 67,899,996 |
| Education for Homeless Children | 1,206,114 | 1,219,561 | 1,468,109 |
| Goals 2000 | 19,575,152 | 19,456,394 | 2 |
| IDEA - Part B | 194,398,440 | 222,990,164 | 283,066,424 |
| IDEA - Preschool | 17,371,793 | 18,155,632 | 18,041,304 |
| Immigrant Assistance | 10,612,562 | 9,508,779 | 8,206,209 |
| Job Training Partnership Act | 2,564,250 | 2 | 2 |
| Robert C. Byrd Honors Scholarship | 1,731,000 | 1,731,000 | 1,788,000 |
| Technology Literacy Challenge Fund | 18,019,068 | 17,298,200 | 17,195,244 |
| Title I - Basic Grants | 326,647,862 | 326,710,585 | 357,248,214 |
| Title I - Capital Expenses | 1,597,533 | 626,443 | 311,651 |
| Title I - Comprehensive School Reform Demo. | 6,366,143 | 9,305,095 | 10,510,216 |
| Title I - Education of Migrant Children | 1,758,313 | 1,620,857 | 2,129,211 |
| Title I - Even Start | 5,182,377 | 5,418,877 | 9,070,821 |
| Title I - Neglected & Delinquent | 1,808,208 | 1,746,599 | 2,078,484 |
| Title II - Eisenhower Professional Development | 12,002,087 | 14,014,241, | 17,814,717 |
| Title IV - Safe & Drug-Free Schools | 14,874,938 | 14,503,474 | 14,073.683 |
| Title VI - Innovative Education | 16,089,924 | 15,646,985 | 16,470,510 |
| Title VII - Bilingual Education | 100,000 | 100,000 | 100,000 |
| Vocational Education - Basic Grants | 38,934,174 | 38,934,174 | 41,157,929 |
| Vocational Education - Tech Prep | 4,052,454 | 4,074,772 | 4,074,772 |
| Total | 760,270,359 | 796,130,094 | 872,705,494 |
| Reimbursement Funds Distributed for Education from USDA³ | FFY 1999 | FFY 2000 | FFY 2001 |
| State Administrative Expense Plan | 4,283,827 | 4,470,694 | 4,718,901 |
| National School Lunch Program | 211,387,855 | 194,856,113 | 218,036,379 |
| School Breakfast Program | 34,320,812 | 33,828,499 | 35,934,849 |
| Special Milk Program | 2,621,843 | 2,558,003 | 2,612,970 |
| Child and Adult Care Food Program | 70,934,856 | 74,558,789 | 76,888,564 |
| Child Care Audit-Administration | 883,058 | 911,508 | 1,030,779 |
| Health Inspection | 100,000 | 100,000 | 112,662 |
| Summer Food Service Program – Administration | 331,402 | 325,803 | 301,630 |
| Summer Food Service Program | 11,215,714 | 10,993,803 | 10,520,082 |
| Total | 336,079,367 | 322,603,212 | 350,156,816 |



| Discretionary/Competitive/Unique Grants | FFY 1999 | FFY 2000 | FFY 2001 |
|---|----------------------|----------------------|----------------------|
| Advanced Placement Fee Incentive Program | 167,740 | 759,186 | 759,186 |
| Assistive Technology Special Project | 4 | 4 | 553,000 |
| Building a Science Presence [NSTA/Exxon] | 5 | 121,500 | 81,000 |
| Building Linkages Project [USDL] | 493,492 | 493,492 | 493,492 |
| Character Education | 349,488 | 349,488 | 334,108 |
| Charter Schools | 1,215,000 | 1,147,368 | 1,195,000 |
| Christa McAuliffe [CCSSO] | 37,921 | 37,921 | 37,921 |
| Common Core of Data | 13,210 | 13,210 | 13,210 |
| Early Childhood/Special Education - NASBE | 5 | 5 | 10,000 |
| Education Commission of the States [Met Life] | 5 | 5 | 40,000 |
| Foreign Language Assistance Program | 5 | 5 | 70,000 |
| Highway Safety Funds - Drivers Education Road Rage | 4 | 6 | 67,900 |
| Highway Safety Funds - Safe Transportation | 7 | 7 | 45,000 |
| IDEA - Deaf Blind | 279,537 | 279,537 | 279,537 |
| IDEA - State Improvement Grants | 5 | 1,400,000 | 1,400,000 |
| IDEA - Transition Services | 500,000 | 500,000 | 8 |
| Learn and Serve America | 915,273 | 896,926 | 896,926 |
| Physical Development and Health [CDC] | 5 | 5 | 1,500 |
| Reading Excellence Act [Title III] | 5 | 10,973,529 | 10,973,529 |
| Refugee and Entrant Assistance | 1,250,000 | 1,250,000 | 1,250,000 |
| School-to-Work [USDL] | 19,770,833 | 19,770,833 | 12,566,320 |
| School Renovation/IDEA/Technology | 5 | 5 | 42,800,000 |
| Team Nutrition Training [USDA] | 7 | 105,598 | 100,000 |
| Teacher Quality Enhancement | 7 | 1,105,879 | 1,480,398 |
| Title I - Even Start--Statewide Family Literacy Program | 7 | 247,880 | 280,000 |
| Title I - Migrant Children Consortium | 63,888 | 91,998 | 58,974 |
| Title I - School Improvement/Accountability | 5 | 5 | 5,600,000 |
| Title I - Standards, Assessment and Accountability | 5 | 5 | 1,847,106 |
| Training School Health Personnel [CDC] | 183,842 | 183,842 | 260,000 |
| Transition to Teaching | 5 | 5 | 333,333 |
| Troops to Teachers [DOD] | 106,598 | 106,598 | 106,598 |
| Total | 25,346,822 | 39,887,417 | 87,494,393 |
| Total Funding (Formula, Reimbursement, and Discretionary Funds) Direct to ISBE | 1,121,696,540 | 1,158,620,723 | 1,310,356,703 |



| Illinois Education-Related Federal Funds | FFY 1999 | FFY 2000 | FFY 2001 |
|--|--------------------|--------------------|--------------------|
| Awarded to Department of Human Services | | | |
| IDEA - Early Intervention for Infants with Disabilities | 16,098,300 | 16,151,859 | 16,520,855 |
| Head Start/Early Head Start | 182,050,000 | 193,906,647 | 206,725,993 |
| State Grants for Assistive Technology | 427,300 | 427,300 | 427,300 |
| Migrant Head Start | 1,973,400 | 2,203,100 | 2,250,411 |
| Awarded to Community College Board | | | |
| Adult Education | 1 | 1 | 22,816,437 |
| Awarded to Dept. of Public Aid for Public Schools | | | |
| Medicaid Matching Fund | 213,586,284 | 221,013,138 | 189,560,015 |
| Total | 414,135,284 | 433,702,085 | 438,301,011 |

1 = program transferred to ICCB in 2000, effective 2001

2 = program expired—funding no longer available

3 = reimbursement program and not all funds will be disbursed until September 2002; separate from the Food Distribution / Commodities non-cash funding, whereby Illinois receives an additional \$30 million annually from USDA.

4 = did not seek/apply for

5 = program did not exist in prior year

6 = applied for funding but did not receive

7 = applied for and received funding; funding withdrawn

8 = grant ending; not eligible to reapply



What Funds Do Illinois Schools Receive From Medicaid?

Illinois school districts claim Medicaid support for services performed on behalf of low-income students with disabilities who are otherwise eligible for Medicaid support. Examples of direct services, called school-based health services, would be physical and occupational therapy provided by school personnel, speech/language services, etc. Nearly 100 percent of Illinois school districts now participate in the program.

Table F. Illinois Medicaid Claims in Select Years

| Year | Dollars Generated– Direct Service (Fee for Service) | Dollars Generated– EPSDT* Administrative Claims | FFP** Paid to LEAs from Direct Service & Administrative Claims | Funds to State Treasury from both Programs |
|-------------|---|--|--|--|
| FY92 | 106,417 | N/A | 106,417 | N/A |
| FY94 | 3,423,196 | 8,632,341 | 11,207,889 | 847,648 |
| FY96 | 31,690,762 | 40,662,094 | 66,772,969 | 5,579,887 |
| FY98 | 42,843,440 | 137,770,176 | 213,586,284 | 8,443,615 |
| FY00 | 43,007,972 | 179,792,255 | 221,013,138 | 5,030,649 |
| FY01 | 51,506,111 | 138,007,998 | 189,560,015 | 2,255,283 |

* = Early Periodic Screening, Diagnosis, and Treatment

N/A = Not Applicable

** = Federal Financial Participation

Source: Illinois State Board of Education, Division of Funding and Disbursements

The decrease in administration funds in FY01 was due to changes in the claiming process. Some activities claimed earlier were no longer allowable by the Centers for Medicare and Medicaid (CMS) (formerly HCFA) in FY01. Additional changes are also under way for FY02, which may result in increases in the fee-for-service area.

The decrease in the General Revenue Fund for FY01 was due to an agreement by IDPA and the Governor's Office with Chicago District #299. They agreed that once that district reached \$11 million, they would pay 1 percent. All other school districts pay a higher percentage into the GRF pool for receipt of funds between \$1 million and \$11 million.

As of FY02, the administration of the program will be fully that of IDPA and not a shared ISBE/IDPA responsibility, as it has been since the inception of this claiming program.

State Policy Reports, from the National Council of State Legislatures, published an article in July 2001 titled, "The Intersection of Special Education and Medicaid." In recent years, many states have discovered another federal grant program that can provide significant federal funds to state and local special education efforts -- Medicaid. It cites that an upcoming report from the Center for Special Education Finance examines state use of Medicaid funding for this population, and reported that in 1998-99, 28 states received \$1.04 billion for special education costs through Medicaid funding.

That report goes on to say that the federal government does not track state Medicaid spending for special education and not all states are able to break it out. Four states said they do not use Medicaid for special education, and 18 didn't report, so the amount collected on behalf of special education may be considerably higher than \$1.04 billion.



In Illinois, the Medicaid reimbursements are required to be used as supplemental funds in support of special education and related services per 23 Illinois Administrative Code 226.770(c).

Of the Medicaid grants for special education purposes in 1998-99, Illinois is second in receiving and reporting this revenue, with \$217,763,000 cited as collected. New York is first at \$432 million, and Texas is third at \$73.9 million. This chart compares with 1994-95, which found only 11 states reporting that they used federal Medicaid grants to offset special education costs, for a total of \$116.6 million. Illinois is not even listed on that chart. Another chart showed Medicaid revenue per student enrolled in special education services in 1998-99--for Illinois, that is \$768, versus \$1,000 in New York and \$597 in Vermont.



What Federal Funds Do School Districts Receive Directly?

Table G. Direct Federal Funds to Local Recipients

| Grant Program | FY 1999 | FY 2000 | FY 2001 |
|---|----------------|----------------|----------------|
| 21st Century Community Learning Centers ¹ | \$ 4,369,815 | \$8,018,133 | 26,767,289 |
| Arts in Education | 2 | 2 | 950,000 |
| Bilingual Education-Comprehensive School | 1,273,089 | 1,030,131 | 1,176,801 |
| Bilingual Education-Program Development | 170,943 | 502,658 | 174,255 |
| Bilingual Education-Program Enhancement | 222,685 | 121,123 | - |
| Bilingual Education-Research Programs | - | 70,000 | - |
| Bilingual Education-System Improvements | 996,911 | 876,527 | 901,520 |
| Bilingual Professional Development Training for All Teachers | 746,982 | 1,145,106 | 2,504,028 |
| Career Resource Network State Grant | 145,000 | 173,013 | 173,013 |
| Civic Education | - | - | 287,605 |
| Community Technology Centers | 1,096,375 | 2,086,624 | 2,889,868 |
| Community Oriented Policing Services (COPS in Schools) ³ | 11,591,672 | 7,034,455 | 7,342,961 |
| Dual Language | - | 246,850 | 246,850 |
| Family Education Resource Centers | 590,047 | 590,047 | 1,352,334 |
| Foreign Language Assistance Program | 213,485 | 239,139 | 542,085 |
| GEAR UP (local) | 5,614,097 | 8,425,612 | 11,019,501 |
| HUD-Youth Build Program | 1,350,00 | 1,595,347 | 4 |
| Impact Aid | 14,486,443 | 13,070,987 | 15,720,045 |
| Indian Education Grants | 51,699 | 55,979 | 88,415 |
| Magnet Schools Assistance | 471,614 | 491,611 | 1,320,243 |
| Magnet Schools Assistance Innovative Program | 250,559 | 430,639 | 452,123 |
| Migrant Education-Technology Grants | 483,341 | 403,316 | 403,316 |
| Parent Training and Information Centers | 623,390 | 623,390 | 531,682 |
| Physical Education for Progress | 2 | 2 | 2,619,908 |
| Preparing Tomorrow's Teachers to Use Technology -- Catalyst | — | 1,445,449 | 4,328,247 |
| Preparing Tomorrow's Teachers to Use Technology -- Implement | 2,035,905 | 915,649 | 693,748 |
| Safe & Drug Free Schools -- Elementary Coordination | 2 | 2 | 376,553 |
| Safe & Drug Free Schools -- Middle School Coordination | 178,465 | 271,959 | 97,780 |
| Safe Schools/Healthy Students | 1,805,642 | 1,743,528 | 1,716,947 |
| Safe Schools/State Grants -- ISP & DHS | 3,160,924 | 3,081,988 | 2,990,656 |



| | | | |
|--|---------------------|-------------------|--------------------|
| Smaller Learning Communities | — | 1,340,043 | 551,877 |
| Star Schools | 1,999,913 | 4,501,298 | 4,856,602 |
| Teacher Quality Enhancement -- Partnership | 2,562,076 | 3,778,145 | 3,958,721 |
| Teaching American History | 2 | 2 | 2,486,828 |
| Technology Challenge Grants | 250,000 | 693,750 | 921,000 |
| Technology Challenge/National Challenge Grants | 7,195,322 | 7,782,442 | 6,959,091 |
| Transition to Teaching | 2 | 2 | 2,410,077 |
| Women's Educational Equity Act | 94,249 | 260,390 | 97,148 |
| Total | \$55,391,072 | 73,045,328 | 110,615,153 |

1 = Yearly total includes new awards and awards for multi year programs.

2 = New programs in FY2001.

3 = CIS program began in 1995; Department of Justice data reflects awards for 1999 forward.

4 = Awards for FY2001 will not be finalized until February 2002.

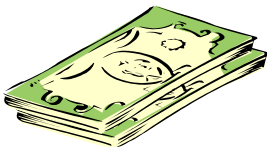


How Has ISBE Fared with Competitive Grants?

Due to an aggressive approach to federal and other resources for Illinois in 2000, as outlined in the Illinois Federal Clearinghouse report of October 2001, ISBE has secured the following competitive, discretionary federal funds since 1999. These are funds that were not previously available, grant funding was significantly modified, and/or or funding was not previously awarded. Funds that are ongoing but discretionary in nature, e.g., Training School Health Personnel (now in its 9th year), School-to-Work (now in its 4th year), Christa McAuliffe Program, Common Core of Data funding, Charter Schools (in its 2nd 3-year grant cycle) and Learn and Serve (in its 3rd grant cycle), are not reflected.

**Table H. Recent New Competitive Grant Funding for Illinois Education
(Increases over 1998-99 as a base year)**

| Program/Initial Year Granted | Funding Levels |
|---|-------------------------|
| 1999 [5 awards] | |
| Character Education | 1,033,048 over 3 years |
| Title I - Migrant School Consortium | 214,850 over 3 years |
| Troops to Teachers | 319,794 over 3 years |
| Building Linkages | 1,480,476 over 3 years |
| Refugee and Entrant Assistance | 3,750,000 over 3 years |
| 2000 [6 awards] | |
| IDEA - State Program Improvement Grant for Children with Disabilities | 7,000,000 over 5 years |
| Advanced Placement Incentive Program (expanded) | 1,686,112 over 3 years |
| Even Start Statewide Family Literacy Program | 527,880 over 2 years |
| Teacher Quality Enhancement Program | 4,068,086 over 3 years |
| Team Nutrition Training (TNT) | 105,598 for 1 year |
| Reading Excellence Act | 37,934,297 over 3 years |
| 2001 [13 awards] | |
| Team Nutrition Training (different from TNT above) | 100,000 for 1 year |
| Building a Science Presence (NSTA, with Exxon-Mobil) | 243,000 over 2 years |
| Foreign Language Assistance Program | 210,000 over 3 years |
| Assistive Technology | 553,000 for 1 year |



| | |
|---|------------------------|
| Transition to Teaching | 1,000,000 over 3 years |
| Early Childhood/Special Education by NASBE | 10,000 for 1 year |
| Imperatives for Change: The Aligned Illinois Education Plan - Education Commission of the States/Metropolitan Life Foundation | 80,000 over two years |
| Drivers Education Road Rage - Highway Safety Funds | 67,900 for 1 year |
| Safe Transportation - Highway Safety Funds | 45,000 for 1 year |
| School Renovation, IDEA and Technology | 42,800,000 for 1 year |
| Title I - School Improvement/Accountability | 5,600,000 for 1 year |
| Title I - Standards, Assessment and Accountability | 1,847,106 for 1 year |
| Physical Development and Health/Planning Funds | 1,500 for 1 year |

While Illinois has been successful in some federal grant competitions, that is not universally true. ISBE like all other applicants runs the risk of having its grant proposal submissions for competitive (discretionary) funds denied. For FY 2000, for example, the Reading Excellence Act proposal was funded (upon second submission), but only 10 out of 20 applications to USDE were awarded funding. Six Women's Educational Equity Act proposals were funded in 2000 – including one from Illinois – out of 135 proposals submitted nationwide. Of the 2,263 applications for locally-funded 21st Century Community Learning Center grants, 310 were funded nationally, 8 of which were in Illinois. The state's excellent GEAR UP grant proposal, submitted during the second opportunity for funding (FY2000), was not among the 7 state proposals approved out of 21 submitted, nor was the FY2001 proposal among the 2 state grants awarded.

Additionally, ISBE staff work with other state agencies to receive funding. A prime example of that is the work across the Illinois Board of Higher Education (IBHE), Illinois Community College Board (ICCB), and ISBE on the Preparing Tomorrow's Teachers to Use Technology grant. ICCB in Illinois was successful in securing that grant in 2001 for \$472,820 over a three-year period.

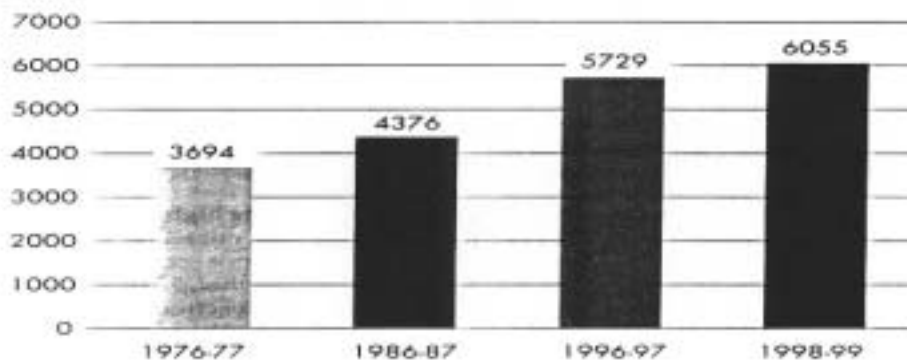


Are Some Areas of Education Underfunded or Receive Time-Limited Federal Funds?

Those areas that are significantly underfunded are the Individuals with Disabilities Education Act (IDEA) and Title I of the Elementary and Secondary Education Act. The original financial requirements of 1975 for IDEA have never been fulfilled -- providing 40 percent of the national average per pupil expenditure -- although the FY 2002 federal appropriation in December 2001 at about 17 percent funding has been the closest yet. In terms of Title I support for children from low-income families, the support has never been sufficient for a district to provide services across all grades, to meet all student needs.

More Students with Disabilities

Number of Children Served in Federal Programs for the Disabled

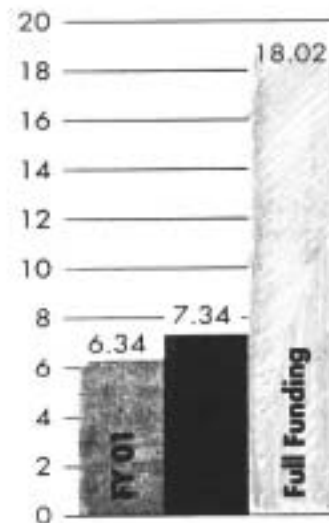


Source: U.S. Department of Education; Digest of Education Statistics, 2000

IDEA Is Only One-Third Funded

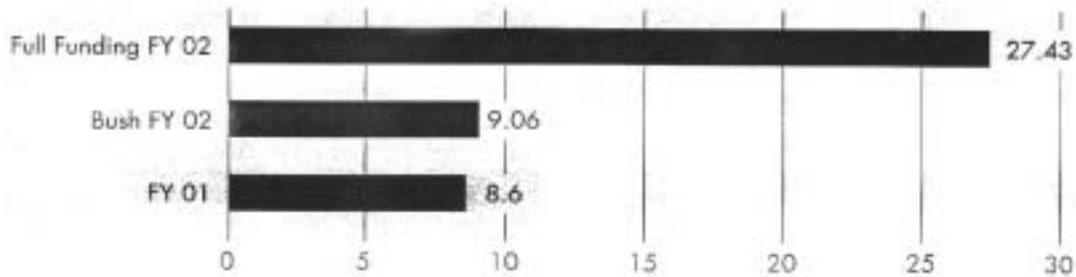
IDEA Part B State Grants, FY2001 Funding v. FY2002 Funding Need

Source: NEA, based on Education Department and IDEA Funding Coalition



Title I Is Less than One-Third Funded

Title I Grants to LEAs: FY 01 v. FY 02 Funding
Needed to Fully Serve All Eligible Children (in \$billions)



Source: NEA, based on CRS and ED data

According to the latest *Northeast-Midwest Guide to Federal Formula Grant Programs*, Illinois received *more* than the 50-state per capita average for several programs. For Title I grants, Illinois received 100 percent; for IDEA funds, 103 percent.

In terms of funding levels in these two areas, the national picture has been:

Table I. Title I and IDEA Funding Nationally

| Fiscal Year | IDEA (National) | Title I – Basic Grants (National) |
|-------------|-----------------|-----------------------------------|
| FY98 | 3,807,700,000 | 7,375,200,000 |
| FY99 | 4,310,700,000 | 7,732,400,000 |
| FY00 | 4,989,700,000 | 7,941,400,000 |
| FY01 | 6,339,685,000 | 8,762,721,000 |
| FY02 | 7,528,533,000 | 10,350,000,000 |

In addition to funds increasing over time, some areas are funded for only a set period of time, e.g., Goals 2000 and Class Size Reduction.

- Goals 2000 funding to Illinois had been approximately \$19.5 million for each of three years, and was eliminated in 1999 by the specific exclusion of future appropriations by Congress. Funding that was carried forward by ISBE was distributed in 2000-2001, and will be drawing to an end.
- The purpose of the Class Size Reduction grant was to reduce class size in the primary grades (K-3) toward a goal of 1:18 teacher-student ratio. Only classroom teachers responsible for a child's primary classroom instruction (i.e., where the core curriculum is taught) were to be counted in determining class size. It had been funded to Illinois at \$50 million in FY99, \$54 million in FY00, and nearly \$68 million in FY01. The funding and purposes of the Class Size Reduction program is now part of Title II, Teacher Quality, in the reauthorized ESEA of 2001.



The Big Funding Winner in 2001? Schools Through the Urgent School Repair Grant!

This \$1.2 billion national appropriation was designed to help schools make school repairs and renovations. Additionally, a portion of the funds (25 percent) are set aside to meet special education and renovation-related technology expenses. Funds were distributed in 2001 to states based on each State's FY 2000 Title I grant share. Illinois received \$42,603,249.

School Renovation Grants

ISBE will distribute \$31,632,913 of the state's allocation for emergency school repairs and renovations. The Request for Proposals (RFP) for School Renovation grants was made available on September 20, 2001. Thirty school districts were eligible under the poverty criteria, and 401 districts were eligible as rural districts. ISBE will award these grants on a competitive basis using the following criteria for grant selections, the percentage of poor students enrolled in the LEA, the need for school repairs and renovations, the fiscal capacity of the district to meet repair needs, and the likelihood that the district will properly maintain repaired school facilities. The application deadline for the School Renovation grant was December 3, 2001, and over 400 applications/proposals are expected to be processed. The grant period for the School Renovation grants will begin no sooner than February 1, 2002, and will extend from the execution date of the grant until September 30, 2002.

School Renovation Grants may be used for school repair or renovation projects needed to ensure the health and safety of students and staff. Funds are available for facilities that are used only for classrooms and classroom support purposes.

The maximum grant awards per district will be at one of three levels: for districts with at least 30 percent poverty and a student population of at least 500,000, the maximum grant amount will be \$6,000,000; for districts with at least 30 percent poverty and a student population under 500,000, the maximum grant amount will be \$500,000; and for rural districts, the maximum grant amount will be \$50,000.

Special Education and Renovation-related Technology

Twenty-five percent, or \$10,544,304, of the funds received will be awarded on a competitive basis for technology activities related to school repair and renovation and/or for activities authorized under the IDEA.

Special Education

The RFP for IDEA purposes was distributed on October 9, 2001. Education entities are eligible to apply if they are providing direct special education and related services to students with disabilities and are currently receiving special education funding. The application deadline was December 7, 2001. The grant period will begin no sooner than January 1, 2002, and will extend from the execution date of the grant until September 30, 2003.

There is \$5,799,367 available for activities under the IDEA Part B Supplemental Activities Grant. Districts that successfully demonstrate the need for additional funds will be awarded grants to support: 1). costs associated with a student whose individually allocable cost for expenses related to IDEA substantially exceeds the state's average per-pupil expenditure; 2) special education and related services under IDEA; 3) assistive technology (AT) devices or AT services for children being served under IDEA; and 4) activities under IDEA necessary to assist children



with disabilities in making progress toward meeting the performance goals and indicators established by the state.

School Renovation /Technology Grants

There is \$4,744,937 available for activities under the School Renovation/Technology Grant. Districts that successfully demonstrate the need for additional funds will be awarded grants to support technology activities that are tied to renovation activities to be completed during the project period, or that were recently completed (within the past 12 months). Funds from this grant will be used to support the purchase and installation of instructional hardware, networking hardware, and instructional resources.



Have "Special Projects" Been Funded?

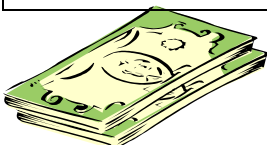
ISBE received special project funding for the **first time** through the Congressional appropriations of December 2000. The following special projects were requested by ISBE and funded by the 106th Congress in the December 15, 2000 education appropriation.

- **Assistive Technology Centers -- \$553,000.** Illinois has worked in partnership with United Cerebral Palsy (UCP) of Chicago to fund a demonstration site and services that provide assistive technology for individuals with disabilities. Services through these funds meet specified regional and local needs, include training opportunities (traditional and distance education instructional formats), expansion of the information network, other informational assistive technology resources (both electronic and paper), and statewide loan programs created to determine if a device works for a student before it is purchased. Statewide volume-buying services of assistive technology maximizes use of district funds. These grant funds to ISBE were appropriated in December 2000, and channeled after receipt in June 2001 to UCP for statewide use in 2001-2.
- **Project IMPACT -- \$726,000.** Project IMPACT improves the educational performance of the Illinois Hispanic community through enhanced public awareness and participation, improved family and community partnerships, broad new educational alliances, and the expansion of children's aspirations. These grant funds were awarded to the University of Illinois in Chicago, and in turn to Project Impact in Chicago.

The following special projects were requested by ISBE and funded by the 106th Congress in the December 20, 2001 education appropriation:

**Table J. Requests for Special Projects
FY 2002 Elementary & Secondary Education Earmarks**

| Congressional District | Illinois State Board of Education Request |
|--|--|
| Rep. Jackson (2nd) \$400,000 | South Cook Consortium -- \$400,000 |
| Rep. Lipinski (3rd) \$440,000 | Personnel Recruitment -- \$440,000 for Lyons Township District #204/ statewide need |
| Rep. Biggert (13th) \$500,000 | Induction and Mentoring -- \$500,000 for Downers Grove #99 (\$250,000) and Joliet #86 (\$250,000) |
| Speaker Hastert (14th) \$1,850,000 | <ul style="list-style-type: none"> • At Risk -- Alternative Learning -- \$200,000 for Aurora East Unit School District #131 • Illinois Virtual High School -- \$1,500,000 • Induction and Mentoring -- \$150,000 for Elgin School District #46 |
| Rep. Johnson (15th) \$200,000 | Reading Improvement -- \$200,000 for Kankakee #111 (\$100,000) and Champaign #4 (\$100,000) |
| Rep. Manzullo (16th) \$500,000 | Reading Improvement -- \$500,000 for Rockford District #205 (\$250,000) and Freeport #145 (\$250,000) |
| Rep. LaHood (18th) \$400,000 | <ul style="list-style-type: none"> • Reading Improvement -- \$100,000 for Springfield District #186 (\$50,000) and Peoria District #150 (\$50,000) • Community Technology -- \$300,000 for Springfield and Peoria Boys and Girls Clubs |



| | |
|--|---|
| Rep. Phelps (19th) \$500,000* | <ul style="list-style-type: none"> • Math Improvement -- \$300,000 for Decatur #61 • At Risk -- Alternative Learning -- \$200,000 for Christopher #99 (\$100,000), and Grayville #1 (\$100,000) (plus assistance with Mt. Vernon [see below]) |
| Rep. Shimkus (20th) \$400,000* | <ul style="list-style-type: none"> • IL Century Network -- \$200,000 to Federation of Independent Colleges and Universities • At Risk -- Alternative Learning -- \$200,000 for Mt. Vernon (\$200,000) (in cooperation with Rep. Phelps [see above]) |
| TOTAL | \$5,190,000 |

The deliverable in the contract with Barbour, Griffith and Rogers, Inc. was fulfilled regarding an increase of at least 5% over federal FY2000 funding levels. Not only was there funding for special projects (see Table J) but additional entitlement funds (see Table K) were secured.

Working in close tandem with Speaker Dennis Hastert, the firm was successful in having the US Department of Agriculture's law changed regarding after school snacks and suppers. Illinois has been named in Public Law 107-76 (enacted November 28, 2001) as a state to receive reimbursement for after school snacks and suppers. Child nutrition programs, in conjunction with 21st Century Community Learning Centers or other opportunities in the community, which offer programs for the appropriate population, will be able to claim reimbursement for this program. Estimates in Illinois are approximately \$30 million annually for this program.

How Will the *No Child Left Behind Act of 2001* Impact Illinois?

President Bush introduced *No Child Left Behind* in mid-January 2001 as one of his first official acts as president. In America, no child should be left behind; every child should be educated to his or her full potential.

No Child Left Behind was his blueprint for education, and a general vision for reforming the Elementary and Secondary Education Act, which was overdue for reauthorization. The major themes of his proposal were translated into **HR 1**, which was enacted by Congress in December 2001 and signed into law by President Bush in January 2002 as PL 107-110.

- **Increase Accountability for Student Performance.** States, districts, and schools that improve achievement will be rewarded. Failure will be sanctioned. Parents will know how well their child is learning, and that schools are held accountable for their effectiveness with annual state reading and math assessments in grades 3-8.
- **Reduce Bureaucracy and Increase Flexibility.** Additional flexibility will be provided to states and school districts, and flexible funding will be increased at the local level.
- **Focus on What Works.** Federal dollars will be spent on effective, research-based programs and practices. Funds will be targeted to improve schools and enhance teacher quality.
- **Empower Parents.** Parents will have more information about the quality of their child's school. Families of students in persistently low-performing schools will be given public school choices.

Illinois will be receiving about \$222 million in new federal formula funds from the recent appropriation. Some **select** program numbers follow.



**Table K. Select Education Funding Through December 2001 Appropriations
2002 Federal Education Funding
Entitlement Grants**

| Grant | FY01 | FY02 | Increase/Change |
|--|---------------|---------------|--------------------|
| DEPARTMENT OF EDUCATION | | | |
| <i>Title I, Improving Academic Achievement</i> | | | |
| Basic Grants | 366.7 Million | 434.4 Million | 67,636,932 |
| Capital Expenses | 311,651 | -0- | [311,651] |
| Even Start | 9.22 Million | 9.27 Million | 51,852 |
| Reading First* | -0- | 32.8 Million | 32,809,085 |
| Migrant | 2.1 Million | 2.2 Million | 91,899 |
| Neglected & Delinquent | 2.0 Million | 2.1 Million | 108,999 |
| Comprehensive School Reform | 8.3 Million | 11.5 Million | 3,250,754 |
| <i>Title II, Teacher Quality</i> | | | |
| Class Size Reduction | 67.8 Million | -0- | [67,816,013] |
| Eisenhower Professional Development | 17.8 Million | -0- | [17,846,071] |
| State Grants** | -0- | 115,525,917 | 115,525,917 |
| Technology Literacy | 17.1 Million | 25.6 Million | 8,497,354 |
| <i>Title III, English Language Acquisition and Language Enhancement (was Title VII)</i> | | | |
| Language Acquisition*** | -0- | 19,163,908 | 19,163,908 |
| Emergency Immigrant | 8,260,209 | -0- | [8,260,209] |
| <i>Title IV, 21st Century</i> | | | |
| Safe and Drug Free | 17.5 Million | 19.1 Million | 1,564,867 |
| 21st Century**** | -0- | 12,250,691 | 12,250,691 |
| Community Service for Expelled and Suspended Youth | -0- | 2,087,683 | 2,087,683 |
| <i>Title V, Innovation and Flexibility (was Title VI)</i> | | | |
| Innovative Education | 16.4 Million | 16.4 Million | -0- |
| State Assessments | -0- | 12,301,136 | 12,301,136 |
| Rural and Low Income Schools | -0- | 1,367,969 | 1,367,969 |
| School Renovation | 42,603,249 | -0- | [42,603,249] |
| <i>Title X, General</i> | | | |
| Homeless Services | 1.4 Million | 2,117,005 | 648,896 |
| <i>Other</i> | | | |
| Voc Ed – Basic | 41.1 Million | 44,250,891 | 3,092,962 |
| Voc Ed -- Tech Prep | 4.0 Million | 4,150,923 | 96,328 |
| IDEA -- State Grants | 280 Million | 336,431,202 | 55,509,440 |
| DEPARTMENT OF AGRICULTURE | | | |
| Child and Adult Care Food Program***** | 350 Million | 373 Million | 23 Million |
| TOTAL TO DATE | | | 222,219,479 |

* = Reading Excellence Act of \$10.9 M in FY00, FY01 and FY02 continues on; Early Reading First will be a competitive grant, separate from these funds.

** = Teacher Quality Enhancement grant continues on; Troops to Teachers is part of Teacher Quality now Transition to Teaching grant continues on. Hold harmless incorporates Eisenhower and Class Size Reduction prior funding into this program.

*** = Combines bilingual education, foreign language assistance and emergency immigrant assistance funding.



**** = USDE will continue to pay for Year 2 and Year 3 grants to LEAs. It is estimated that the entitlement grants in this line to ISBE will grow, reaching about \$38.8 million when all of the funding would be from the state level to the local level. Those local payments in Year 2 and Year 3 would be about \$21 million.

***** = Includes the after school snacks and suppers aspect.

In addition to these entitlement funds, Illinois will receive the special project funding appropriated to Illinois (see Table J), and current (see Table E) as well as future FY02 competitive grants.

