



The Illinois General State Aid Formula

Illinois School Code
105 ILCS 5/18-8.05



Objective of General State Aid

The objective of General State Aid is to provide unrestricted grants-in-aid to Illinois school districts in an equitable manner.



Continuing Issues

- Cost of the Double Whammy Adjustment
FY 2000 - \$46M FY 2008 - \$806M (over 1600%)
- Actual Tax Rates Falling Below Formula Rates
- Complexity of PTELL in Overlap Counties
- Applying Audited ADAs when 3 Year Avg has been Utilized
- Effects of TIFs, Enterprise Zones, Property Tax Exemptions, etc. & PTELL vs Non-PTELL



The Formula

(Foundation Level - *Local Resources per Student*)

x

Students

Basic Terms Used in the Formula



- **FLEVEL** – Foundation Level (\$5,959 for FY 2009)
- **Available Local Resources**
 - **ELR** - Extension Limitation Ratio
 - **GSAEAV** – General State Aid Equalized Assessed Value
 - **RATE** - Calculation Rate
 - **CPPRT** - Corporate Personal Property Replacement Tax
- **Students**
 - **ADA** - Average Daily Attendance



Provisions of GSA Formula

- Fixed Foundation Levels thru FY 2009
 - \$4,225 \$4,325 \$4,425 \$4,560 \$4,560 \$4,810 \$4,964 \$5,164 \$5,334 \$5,734 \$5,959
 - No Continuing Appropriation (eliminated in FY 2003)
- Unweighted ADA used as Pupil Count
 - Greater of prior year or prior 3 year average
- Calculation Rates
 - 3.00% - 2.30% - 1.05%
- Alternate Formula (7% to 5%), Flat Grant (\$218)
- Separate Poverty Formula



Effect of EAV Increase to GSA

- For every \$1 Million increase to the EAV used to calculate GSA for a foundation district:
 - Unit Districts Lose \$30,000 in GSA
 - Elementary Districts Lose \$23,000 in GSA
 - High School Districts Lose \$10,500 in GSA
 - They may have gained in local property taxes if their local rate is higher than the formula rate
 - The EAV is not used for GSA until 2 years after the tax extension (2006 EAV used in 2007 tax extension is used for FY 2009 GSA)

Available Local Resources (ALR)



- $ALR = (GSAEAV \times Rate + CPPRT) / ADA$
 - where Rate = 2.30% for elementary
 - 1.05% for high school
 - 3.00% for unit
- Local Ratio
 - $ALR / FLEVEL$



Three Formulas

- Foundation (Less than .93)
 - $(\text{FLEVEL} - \text{ALR}) \times \text{ADA}$
- Alternate Method (.93 up to 1.75)
 - 7% to 5% of $\text{FLEVEL} \times \text{ADA}$
- Flat Grant (1.75 and greater)
 - $\$218 \times \text{ADA}$

Formula Calculation

Foundation Example

- Elementary District

- 2.30% Rate
- **GSAEAV = \$30,000,000**
- ADA = 1,000
- CPPRT = \$100,000

- ALR

- $(30,000,000 \times .023 + 100,000) / 1,000$
- = \$790

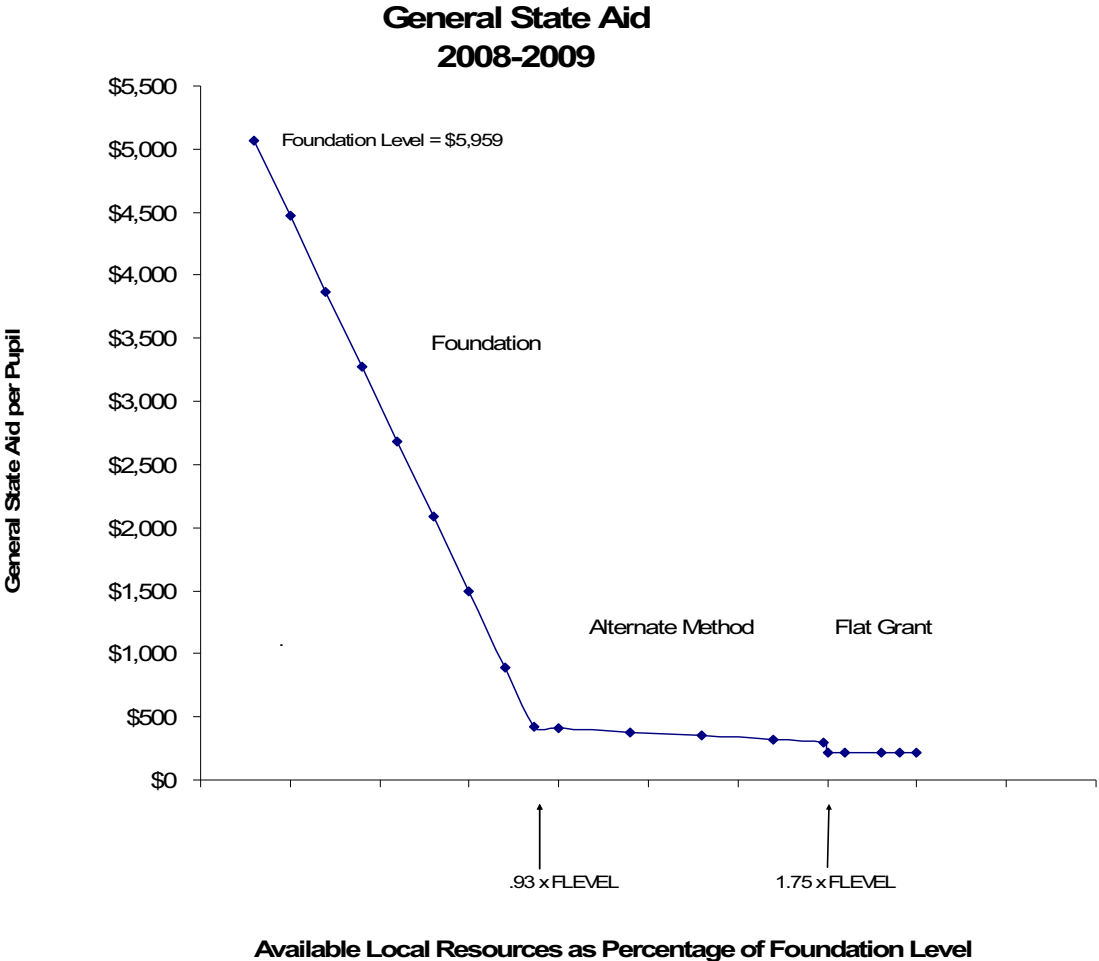
- Local Ratio

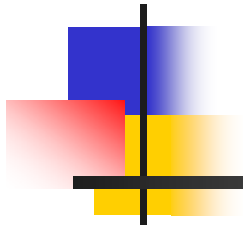
- \$790 / \$5,959
- = .1325

- Foundation

- $= (\$5,959 - \$790) \times 1,000$
- = \$5,169 x 1,000
- = \$5,169,000

GSA Distribution





Supplemental General State Aid
POVERTY GRANT
ISC 18-8.05 (H)



Poverty Formula (2008-2009)

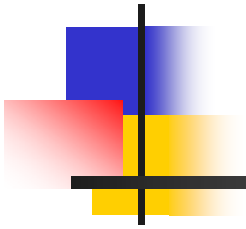
- Low Income Concentration Level
 - 3 Year Average of DHS Count divided by ADA
- 0% to 15%: \$ 355 x Low Income Count
- > 15% :
(294.25 + 2700 x squared concentration)
x Low Income Count



Poverty Grant (2008-2009)

<u>Category</u>	<u>#</u>	2007-08 <u>ADA</u>	Poverty <u>Count</u>	<u>Grant</u>
■ No Grant	75	5,713	0	0
■ Flat Grant	197	521,972	47,745	\$17,573,599
■ > 15%	672	1,376,722	678,409	\$923,780,337
■ Total	944	1,904,407	726,154	\$941,353,936

General State Aid



Foundation + Poverty

or

Alternate + Poverty

or

Flat Grant + Poverty



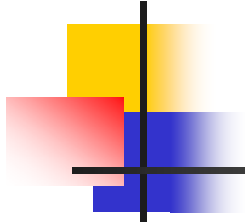
2008-2009 FINAL GSA

(in Millions)

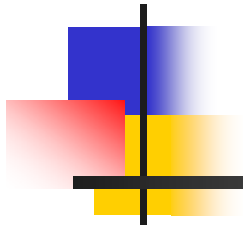
	<u>Districts</u>	<u>Pct</u>	<u>GSA</u>	<u>Pct</u>	<u>ADA</u>	<u>Pct</u>
Foundation	675	71.5%	\$4,328.4	94.9%	1,479,081	76.8%
Alternate	138	14.6%	\$ 172.5	3.8%	353,991	18.4%
Flat Grant	56	5.9%	\$ 25.0	0.5%	86,496	4.5%
Lab/Alt/SAFE	75	8.0%	\$ 34.9	0.8%	5,855	0.3%
Total	944	100.0%	\$4,560.8	100.0%	1,925,423	100.0%

2008-2009 FINAL GSA

(in Millions)



	<u>Districts</u>	<u>Pct</u>	<u>GSA</u>	<u>Pct</u>	<u>ADA</u>	<u>Pct</u>
Chicago	1	0.1%	\$1,139.7	25.0%	358,404	18.6%
Other Cook	146	15.5%	\$ 641.6	14.1%	359,301	18.7%
Collar	151	16.0%	\$ 724.4	15.9%	545,865	28.4%
Downstate	646	68.4%	\$2,055.0	45.0%	661,853	34.3%
Total	944	100.0%	\$4,560.8	100.0%	1,925,423	100.0%



Supplementary Grants in Aid

Hold Harmless

ISC 18-8.05 (J)



Hold Harmless

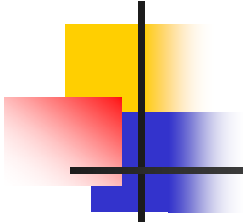
- 1997-98 GSA + Hold Harmless
 - \$55.8 Million in 1998-1999 (261)
 - \$48.0 Million in 1999-2000 (261)
 - \$65.8 Million in 2000-2001 (315)
 - \$34.7 Million in 2001-2002 (194)
 - \$64.2 Million in 2002-2003 (272)
 - \$37.0 Million in 2003-2004 (169)
 - \$27.1 Million in 2004-2005 (138)
 - \$21.6 Million in 2005-2006 (99)
 - \$19.6 Million in 2006-2007 (95)
 - \$23.5 Million in 2007-2008 (80) appropriation was \$2.8M short
 - \$26.4 Million in 2008-2009 (86) appropriation is \$342,825 short

- Continuing Appropriation eliminated in FY 2003

2008-2009

Hold Harmless

(in Millions)



	<u>Districts</u>	<u>Pct</u>	<u>HH</u>	<u>Pct</u>
Other Cook	6	6.2%	\$ 5.3	22.6%
Collar	21	22.5%	\$ 7.2	26.0%
Downstate	59	71.3%	\$ 13.9	51.5%
Total	86	100.0%	\$ 26.4	100.0%

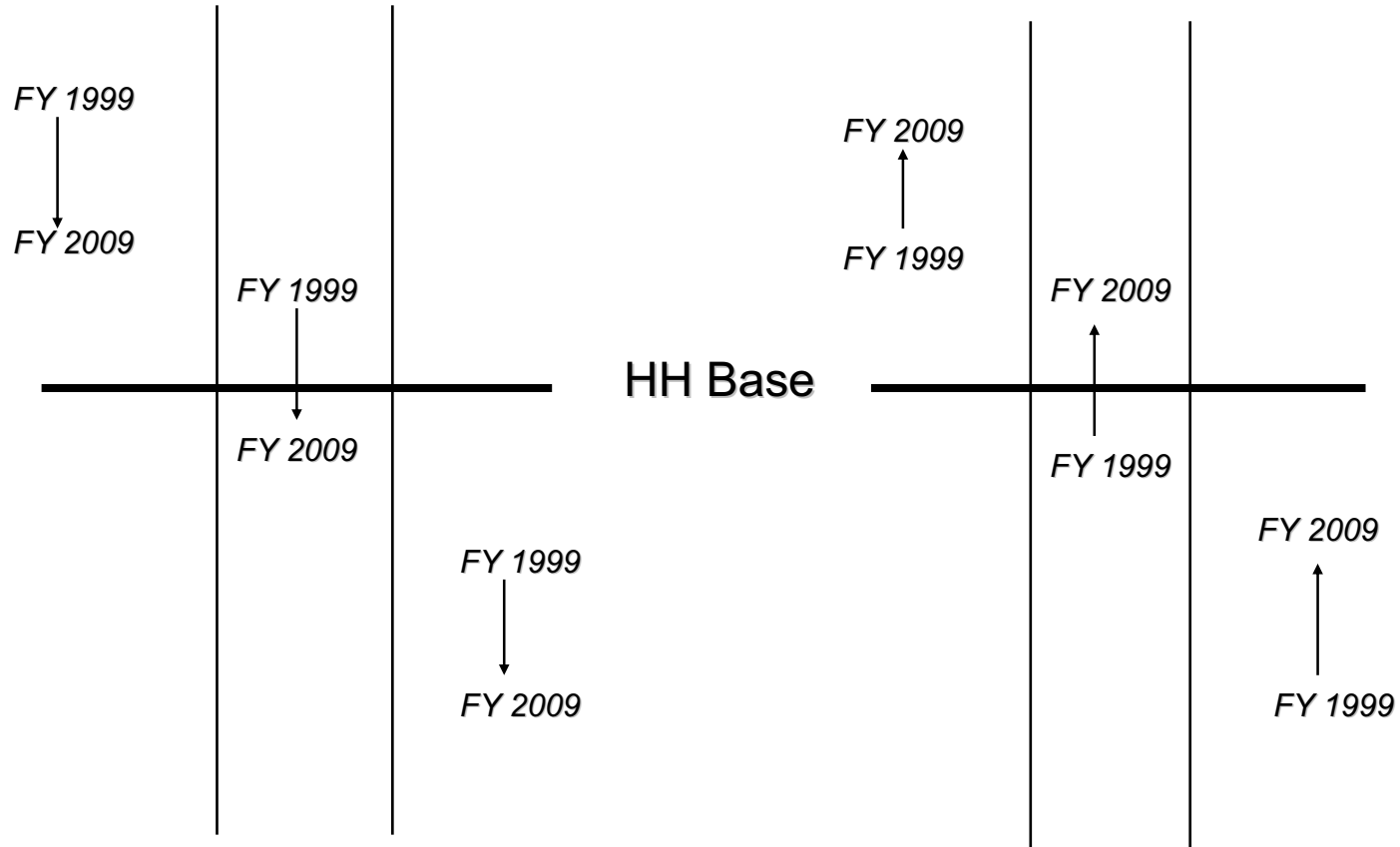
Note: The FY 2008 Appropriation is \$20.7M

General State Aid

(Districts Only)

Decreases

Increases



6%

49

6%

50

2%

21

59%

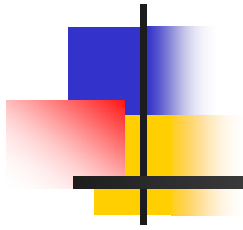
516

25%

218

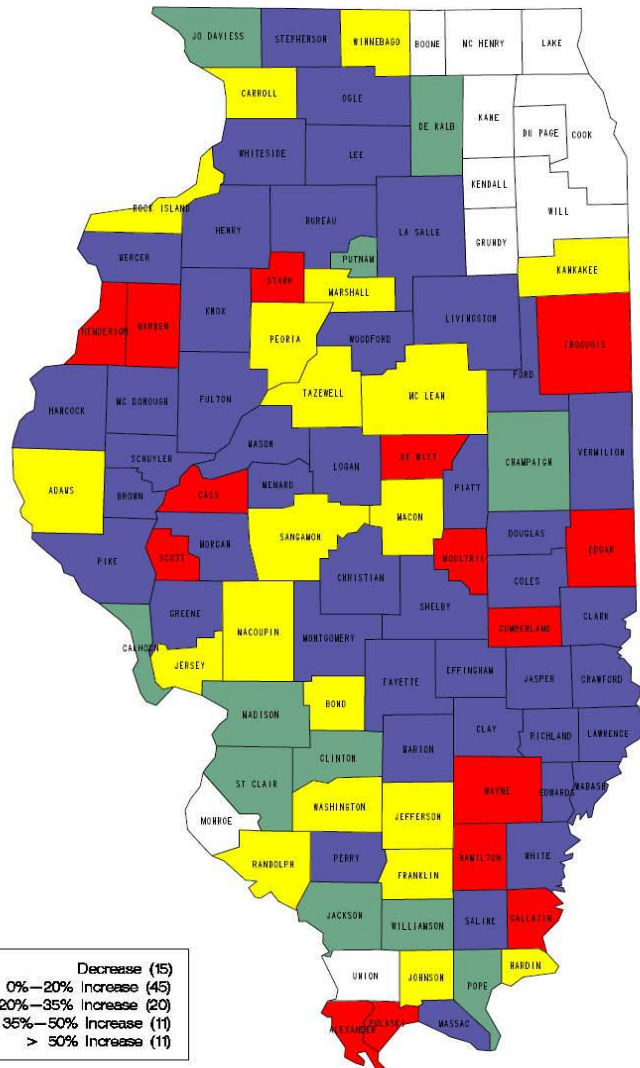
2%

15



Why is the Distribution of General
State Aid Changing Regionally?

Change in Equalized Assessed Valuation
2001 — 2006

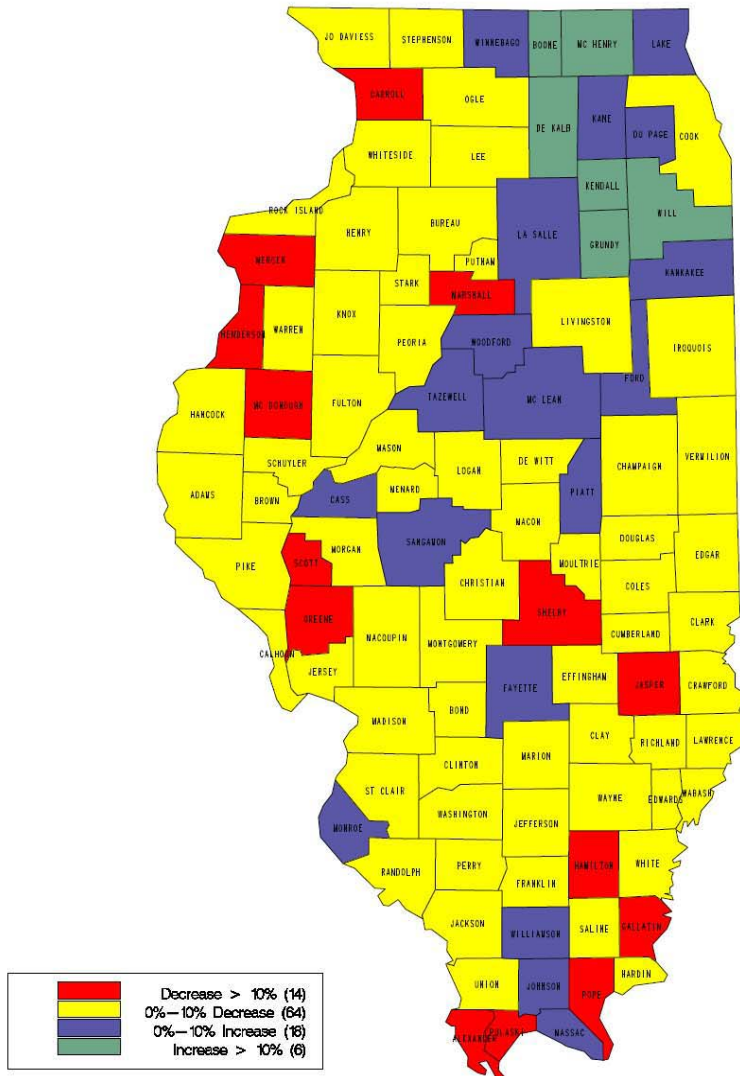


EAV Highlights

- 47.3% Increase
- 53.7% Growth in Cook/Collar (80% of EAV)
- 26.6% Growth in Downstate (20% of EAV)
- 22 Counties (>35% increase)
- 11 Counties Increased over 50%
- 15 Downstate Counties Decreased

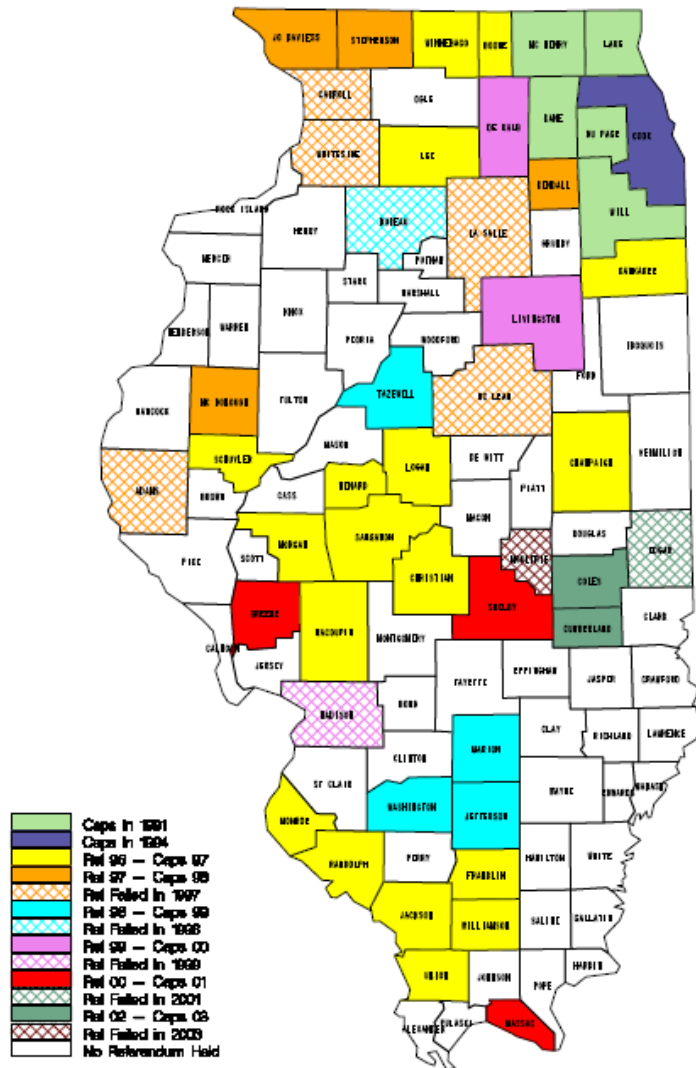
ADA Highlights

Change in Average Daily Attendance 2002–2003 to 2007–2008



- 0.9% Increase
- 1.1% Increase in Cook/Collar (66% ADA)
- 8.7% Increase in Collar Counties (Cook County decreased by 4.1%)
- 0.6% Increase Downstate (34% ADA)
- 78 Counties Decreased
- 14 Counties Decreased 10% or more

Counties Subject to the Property Tax Extension Limitation Law



PTELL Highlights

Fiscal Year 2009

- 39 Counties Subject to PTELL (38%)
 - 460 (53%) Districts
 - 78% of the ADA
- 63 Counties NOT Subject to PTELL (62%)
 - 9 - Failed Referendum
 - 54 - No Vote
 - 409 (47%) Districts
 - 22% of the ADA
- Double Whammy Adjustment Cost - \$806M (FY08)



Statutory Requirements for EFAB

- EFAB shall make recommendations ... for the foundation level ...and for the supplemental general state aid grant level ... for districts with high concentrations of children from poverty.
- The recommended foundation level shall be based on a methodology which incorporates the basic education expenditures of low-spending schools exhibiting high academic performance.

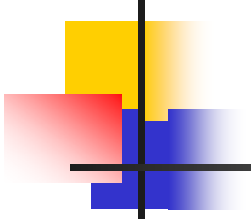


House Bill 750

- \$2.7 Billion Property Tax Relief
- 2% Increase to Personal Income Tax
- 3.2% Increase to Corporate Income Tax
- Broaden Sales Tax Base
- GSA Foundation Level = \$5,952
 - Increased Annually by the ECI
- Poverty Grant Formula Components Increased Annually by ECI
- Special Education Personnel Funding Increase

Senate Bill 2288

- \$2.9 Billion for Property Tax Relief – FY 2010
 - Minimum Property Tax Relief – 80%
 - Supplemental Property Tax Relief – 20%
- Invest in Illinois Fund
 - Fund Capital Programs for the State
 - Beginning in FY 2010 \$1B is to be appropriated
- Early Childhood Fund
- Special Education Personnel Funding Increase
- General State Aid
 - Beginning in FY 2009 Increase Poverty Components by ECI
 - 4-Year Phase-In of the Foundation Level - \$6,974
 - FY 2010 – FY 2013 (ECI increased each year of phase-in)
 - Distinction Between Pre-Reform Foundation Base and Additional Base Support
- School Improvement Partnership Pool Fund
- 2% inc to Personal Income Tax, 3.2% inc to Corporate Income Tax and Broaden the Sales Tax Base



The End