

Education Funding Advisory Board



Recommendations for Systemic Reform of
Funding Elementary and Secondary
Education in Illinois

October 2002

www.isbe.net/efab



Topics Addressed

- General State Aid
- School District Organization
- Property Tax Relief
- Alternative Revenue Sources
- Categorical Program Funding
- School District Accounting and Reporting



General State Aid Formula

- Foundation level of \$5,665 based Augenblick methodology
- Repeal hold harmless
- Reinstate continuing appropriation



GSA Poverty Grant

- Change the measure from the Census to the DHS count of children from Medicaid (TANF and Kid Care) and Food Stamps
- Curvilinear formula
 - \$355 for concentrations $< 15\%$
 - $\$294.25 + \$2,700 \times \text{Square of concentration}$



School District Organization

- K-12 districts with no High School smaller than 250 students (not mandated)
- State pays 100% Cost for New Facility if needed for new K-12 formation
- 5-Year Exemption from Designation System



School District Organization

- Continue and Expand Current Incentives
 - \$4,000 per certified Employee – Expanded to include \$2,000 per classified for four years instead of three
 - Salary Differential Grant - Modified to include fringe benefits for an additional four years at decreasing percentage
 - Deficit Fund Balances - Pay all negative operating fund balances effective with final audit
 - GSA Differential – No change
- New Implementation Grant
 - One time grant to assist with the reorganization implementation



School District Organization

- Levy Authority
 - Unit District formation
 - .24 for transportation and .10 for life safety, working cash and lease
- Reorganization Votes – Articles 11A & 11B
 - Majority voting on the issue for passage PLUS
 - All Boards approve vote OR petitions with 30% of registered voters in all districts
- Annexations – Article 7
 - Require only approval of Regional Board of Trustees



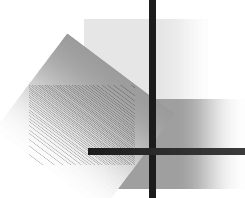
School District Organization

- Dual to Unit Conversions
 - Unit formation for those districts wishing to participate
 - No longer all or none
- Handbooks
 - ISBE to produce materials addressing Committee of Ten, Public Relations and Legal Issues
- Retroactive to July 1, 2002



School District Organization

- Feasibility Studies
 - Similar to 1985
 - Regional Supt to serve as Executive Secretary
 - Steering Committee
 - Schools in that region
 - Plan for reorganization of districts in the region in a standard format
 - Plans submitted to districts and Boards in affected districts



Property Tax Relief

- Study Cook County differential assessments
- Statewide Property Tax Relief Grant
 - Dollar-for-dollar
 - \$3.5 B (37% of education total)
 - Abatement in education fund
 - Based on current education fund revenues
 - Example - .5% of statewide education fund revenues would yield .5% of statewide tax relief grant



Alternative Revenue Sources

- Increase state income tax
 - 1% = \$2.8 B
 - Inc. rate, close loopholes, graduate exemptions
- Increase sales tax
 - Broaden base, reduce rate
- Consider decoupling from repeal of federal estate tax



Categorical Program Funding

- Study to devise one special education formula
 - Personnel Private Tuition
 - Extraordinary Summer School
- Combined transportation formula
 - ISBE multi-tiered formula



Categorical Program Funding

- Programs to Continue in Present Form
 - Gifted Technology Lunch/Breakfast Reading
 - Early Childhood Textbooks Parent Transportation Bilingual
 - Orphanage 14-7.3 Orphanage 18-3

- Create New Block Grants
 - General Purpose
 - Academic Difficulty
 - Professional Development
 - Career Education
 - Alternative Education



Accounting and Reporting

- CPPRT distribution
 - 25 years – Corporations move
 - IDoR to do study
- Revise Program Accounting Manual, Chart of Accounts and Annual Financial Report
 - Special Education costs
 - Transportation costs



Accounting and Reporting

- Consolidate 20 education levies into 8
 - General – Ed, O&M, Trans, Summer, Spec Ed
 - Classified Benefits – IMRF, Soc Sec, Medicaid
 - Continue – Lease, Tort, Fire, B&I, WC, Rent
 - Eliminate – All others
- Reduce the number of accounting funds to 4
 - General
 - Debt Service
 - Capital Projects
 - Restricted Uses



The End
