

Illinois Education Funding Recommendations

**A Report Submitted to the
Illinois General Assembly**

**by the
Education Funding Advisory Board**

April 2005

General State Aid Recommendations A Report to the Illinois General Assembly

History of the Board

Public Act 90-548 created the Illinois Education Funding Advisory Board (EFAB) in December of 1997. Members are to include representatives of education, business, and the general public and their terms are limited to four years. Due to resignations and term limitations, the five-member Board was reactivated by Governor Blagojevich in March 2005.

Education Funding Advisory Board Members

Mr. Steve Demitro, Chair
Attorney in Private Practice

Members

The Honorable Arthur Berman
Former Illinois State Senator
Legislative Policy Advisor
Chicago Public Schools

Mr. Ramon Cepeda, Jr.
First Vice President
LaSalle Bank, Chicago

Ms. Anne Davis
President
Illinois Education Association

Mr. James E. Dougherty
President
Illinois Federation of Teachers

The board expresses their deep appreciation to the prior board members and recognizes their commitment to the children of Illinois. Substantial strides have been accomplished and we wholeheartedly accept the torch passed from our predecessors. While challenges are still ahead for education, we feel that we can and will carry the torch high for the education of all children in Illinois.

Mission of the Board

The mission of EFAB is to make recommendations to the General Assembly for the Foundation Level and for the Supplemental General State Aid grant level. The Foundation Level represents the minimum level of per pupil financial support that should be available to provide for the basic education of each pupil. In addition to the Foundation Level, Supplemental General State Aid is provided to districts with concentrated levels of children from low-income households. General State Aid is the largest state funding to the 881 school districts statewide. The methodology used in creating these funding levels was created by Augenblick and Myers of Denver, Colorado in 2001 and is based on high performing, low spending schools, and utilizes a number of district variables, including assessment, finances and demographics. The Augenblick and Myers report can be found at www.isbe.net/EFAB/archive/PDFs/fullreport.pdf.

Past Recommendations of the Board

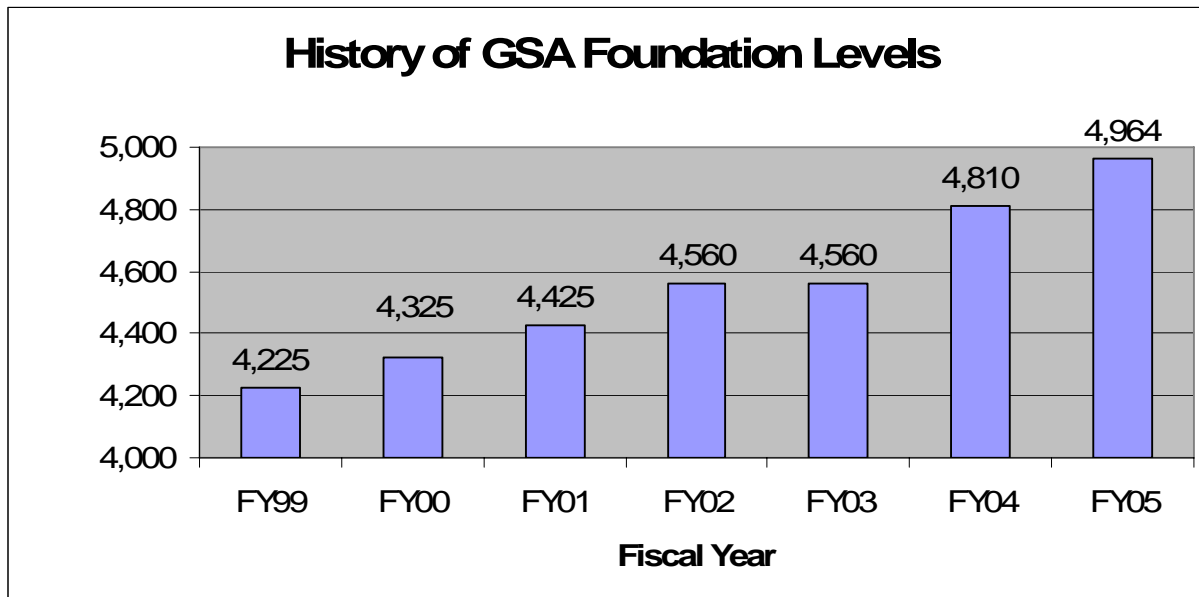
Foundation levels prior to the creation of EFAB were statutorily defined as follows:

School Year	Foundation Level
1998-99	\$4,225
1999-00	\$4,325
2000-01	\$4,425

EFAB first recommended a foundation level of \$4,560 for 2001-02 and for 2002-03 increased their recommendation to \$4,680. The complete 2001 report, including their recommendations for the poverty grant formula can be found at

http://www.isbe.net/EFAB/html/Report_012001.htm.

The following chart displays the foundation levels since the inception of the new General State Aid formula in Fiscal Year 1999.



Efforts of the Current Board

The Board held its first meeting for orientation and Board educational purposes on March 9, 2005. As dictated by statute, the Board is to prepare a recommendation to the General Assembly for FY 2006 foundation level and poverty grant amounts. The Board scheduled meetings on March 18th, 24th and April 4th to hear public comments and to review the methodology for calculating a General State Aid Foundation Level and the Supplemental General State Aid (Poverty Grant). For consistency, the same general methodologies and formulas are being used and the calculations have been prepared using current information. The Board received valuable input from education, community and advocacy groups. Their calculations were completed on April 4 and are included in this report.

Recommendations of the Board

The Board respectfully submits the following recommendations to the General Assembly. These recommendations are based on the calculations using fiscal year 2003 financial data that have been adjusted for inflation.

- 1) It is recommended that the methodology used by the Education Funding Advisory Board be adjusted using the Employment Cost Index.**

It is recommended that the Employment Cost Index (ECI) be utilized to adjust for inflation rather than the Consumer Price Index (CPI), which was previously used since ECI measures inflation in the labor market and Education is a labor intensive activity. The ECI used is the State and Local Government Workers Educational Services, Schools Elementary and Secondary. The annual percentage change is measured from December to December and is obtained from the Total Compensation Table. EFAB believes that the ECI is a more accurate measurement of the inflationary spending pressures that school districts face.

- 2) The recommendation for the FY 2006 General State Aid Foundation Level is \$6,405.**

Fiscal Year 2003 financial data utilized in the calculation was adjusted up to current dollars utilizing the latest two years' ECI from 2003 and 2004.

- 3) The recommendation for the FY 2006 Supplemental General State Aid Poverty Grant (funding based upon the percentage of low income) is to adjust the per pupil range by the Employment Cost Index, as well. This would set the per pupil range from a minimum of \$367.07 up to a maximum of \$3,096.06.**

The current range is a minimum of \$355 up to a maximum of \$2,994.25

- 4) The continuing appropriation for General State Aid and Supplemental General State Aid should be reenacted with no sunset provision. The proration language in the last sentence of paragraph 5/18-8.05(H)(1) should be deleted from the statute.**

The continuing appropriation law is looked upon favorably by school districts; giving them confidence that funds will be available for the General State Aid Foundation Level and Supplemental General State Aid regardless of the appropriation.

Summary

The recommendations for FY 2006, if enacted, will provide significant increases in General State Aid funding and create a more adequate funding level statewide. All funding rates would be adjusted to current dollars by the Employment Cost Index. Preliminary data suggest that a General State Aid formula utilizing a foundation amount of \$6,405 and a Supplemental General State Aid range of \$367.07 to \$3,096.06 would require additional funding of \$2.2 billion dollars. The Board looks forward to working with the Governor and the General Assembly to serve the children of Illinois and to improve education funding so that Illinois takes a leadership role in its commitment to education in the United States.