



# Illinois State Board of Education

James T. Meeks, Chairman  
Tony Smith, Ph.D., State Superintendent

## Illinois School Funding Reform Commission Meeting Minutes

### Meeting Summary as Approved by Commission Members

Friday, January 27, 2017  
12–3 p.m.

- Illinois State Board of Education, Videoconference Room (3rd Floor), 100 N. First St., Springfield, Illinois
- Illinois State Board of Education, Videoconference Room (14th Floor), 100 W. Randolph, Suite 14-300, Chicago, Illinois

### Attendees

#### Commission Members

##### Springfield

Avery Bourne  
*Representative, 95th District*

##### Chicago

Daniel Biss  
*Senator, 9th District*

Fred Crespo  
*Representative,  
44th District*

William Davis  
*Representative,  
30th District*

James Dimas  
*Secretary, Department of  
Human Services*

Andy Manar  
*Senator, 48th District*

Iris Martinez  
*Senator, 20th District*

Emily McAsey  
*Representative,  
85th District*

Dan McConchie  
*Senator, 26th District*

Karen McConnaughay  
*Senator, 33rd District*

Bob Pritchard  
*Representative,  
70th District*

Beth Purvis (Chairperson)  
*Secretary of Education*

##### Call-In Participants

Sue Rezin  
*Senator, 38th District*

## **Illinois State Board of Education (ISBE) Staff**

Amanda Elliott  
*Legislative Affairs*

Allie Lichterman  
*Superintendent's Office*

Robert Wolfe  
*Chief Financial Officer*

Kate Anderson Foley  
*Division Administrator*

Tony Smith  
*State Superintendent of  
Education*

## **Midwest Comprehensive Center Staff**

Jeremy Rasmussen

## **Meeting Objective**

- Achieve consensus on what should be included inside and outside the education funding formula.

## **Opening**

Dr. Purvis said today's meeting will continue to go through where the commission already has consensus and where there might be additional consensus on issues that have now been discussed in the working groups. Also, there needs to be a conversation on where there has not been consensus yet.

Dr. Purvis said that after this meeting, there will be a closed-door session where the commission will look at 12 unidentified districts (although none are Chicago Public Schools [CPS]) to see how the distribution model and its mechanism would affect these districts. These districts will have a rural, urban, and suburban school in each of the tiers.

There was some discussion on why CPS was not included in 12 unidentified districts.

Dr. Purvis said she didn't want CPS to become a distraction and that the goal was to understand how the model would operate within these three types of districts (rural, urban, and suburban). She said today's meeting is to look at the mechanics of the model rather than the outcomes.

Senator Manar asked what the mechanism is based off of.

Dr. Purvis said the mechanism is based off Legislative Reference Bureau (LRB) language that was provided to the Illinois State Board of Education (ISBE) from Dr. Jacoby with support from Advance Illinois. Dr. Purvis said they have been keeping a crosswalk of what has been discussed in these meetings and how those discussions align with the LRB language that was provided to ISBE.

State Superintendent Smith added that the commission will be looking at the pieces that have been discussed and how they might look when put into practice.

## Recommended Inputs

Regarding the model's input, Dr. Purvis said they were able to follow-up with three experts about the elements. She said these experts agreed that the model

- should be based on student count,
- should take into account student poverty,
- should take into account concentrations of poverty, and
- should be transparent in both the spending and the ability to measure the growth of student performance after the money has been put in.

These experts also have looked at the research reviewed by the commission and have been checking to see if the research represents the most recent data available.

Dr. Purvis said these experts had two areas of concern: (a) the data on class size that the commission has been reviewing seems low and (b) the driver around full-day kindergarten (currently the state does not require kindergarten)—research shows that students who attend kindergarten have much better educational outcomes than children who don't attend.

Dr. Purvis then went over the recommend inputs:

- have clearly defined adequacy targets,
- include student count, local contribution, and student poverty levels as part of annual adjustments and periodic reviews,
- include best practices and other long-term changes in the less frequent reviews,
- acknowledge that the state does not currently have the resources to ensure that all districts are funded to their individual targets, but the commission wants to significantly improve equity while approaching adequacy for all students, and
- compare district funding levels on the percent distance from adequacy and not on a straight dollar amount.

Representative McAsey asked what exactly does it mean to compare district funding levels on the percent distance from adequacy and not on a straight dollar amount.

Dr. Purvis said it is two things: (a) funding levels would be looked at per pupil and (b) students from low-income households need more resources to be successful, which a straight dollar amount might not provide.

Representative McAsey asked how is fixed cost regardless of adequacy, and how does percent distance from adequacy take that into account?

Dr. Purvis said that deferred maintenance, technology, and all those costs are part of the elements.

There was then a brief discussion on how regionalization works.

Senator Bourne said the description Dr. Purvis used to compare district funding levels on the percent distance from adequacy and not on a straight dollar amount does not do enough to reflect that it uses a per pupil basis. She asked whether a per pupil basis could be reflected more clearly in the language.

Dr. Purvis asked the commission whether the Consumer Price Index (CPI) or the Employment Cost Index (ECI) should be used to reflect year-over-year wage adjustments.

Representative McAsey asked if we don't have a resolution on these threshold issues (e.g., CPI versus ECI), how is that going to be addressed going forward.

Dr. Purvis said that there are people writing drafts of what these inputs would look like in rules. These drafts will be sent to the caucus staff.

There was then a discussion about the Joint Committee on Administrative Rules (JCAR) and its involvement in rule making, specifically regarding whether the adequacy elements should be written into statute or written into rules.

### **Professional Judgment Panels**

The discussion then shifted toward professional judgment panels. Dr. Purvis went over what the review panel should look like for oversight implementation of the funding formula.

Dr. Purvis went over the options:

- Education Funding Advisory Board (EFAB)
- a professional judgment panel, and
- a commission-adapted panel.

Dr. Purvis said that with EFAB, there are reports that come out every year that are not acted upon by the general assembly. She said that the professional judgment panel would not be controlled by the General Assembly in deciding which members come in and which come out. Dr. Purvis said that if the third option (commission-adapted panel) had all the requirements of the professional judgement panel, then the difference would be that the group (commission-adapted panel) would decide who the chair was each time they met (the commission-adapted panel would meet for the first time 3 years after the implementation of a new funding formula and every 5 years after that).

Representative Crespo said that with EFAB, the governor currently appoints all five members. He asked how many years they serve.

Amanda Elliott answered 4 years. She said that EFAB often expresses frustration because its charge is limited. She said she and the ISBE staff wanted to think about the review panel in a way that would allow a group like the commission (but smaller) to come together and have the flexibility to determine what is needed. She said it makes sense to require in the initial report what the commission would like to have in terms of a review panel and its charge.

Representative Crespo then asked how EFAB reaches consensus.

Wolfe said they vote (three yes votes out of five).

Senator McConchie asked Elliott if the commission she spoke of would have rule-making authority or not.

Elliott said the State Board is the group that would oversee and house this commission, and they frequently take recommendations on rule-making for other similar groups. She said she personally feels that the review panel should not have rule-making authority.

Dr. Purvis asked whether there is consensus if it were a commission-adapted panel (that works in a similar fashion to this commission) that would select what issues need to be looked at, determine what expertise needs to be brought in, and then decide what changes need to be made to the original bill.

Representative McAsey said she would like to ensure that there be some mechanism to prevent the panel from ignoring a particular topic.

Elliott said they could pass a resolution that would require a review panel to issue a report on whatever it is the commission thinks they should be focused on.

Dr. Purvis said that having all four caucuses and the governor's office jointly responsible and making decisions together are the elements she likes about the commission-adapted panel.

Dr. Purvis said the elements should be contained in the statute as they have been in all of the versions of the evidence-based model, with the review panel providing oversight and implementation of the funding formula consisting of a commission-adapted panel that includes members of all four caucuses and the governor's office (10 members), where EFAB would be discontinued in exchange.

Elliott said the commission should consider having an odd number and suggested an 11th member.

Dr. Purvis indicated that an ISBE appointee could be the 11th member.

Representative McAsey said the language in the report should reflect that these review panel meetings are an open process.

Dr. Purvis agreed.

Elliott said that this commission-adapted panel would be subject to the Open Meetings Act, which requires public comment at every meeting.

Dr. Purvis then restated the recommendation for consensus:

The elements to be contained in the statute as they have been in all of the versions of the evidence-based model, with the review panel providing oversight and implementation of the funding formula consisting of two members of each caucus, appointed by the leader, president, and governor plus a designee from ISBE and an outside financial expert.

There were questions on whether this review panel will make decisions through voting or consensus. Representative Pritchard suggested to let the review panel decide how it is going to function.

Dr. Purvis restated the recommendation for consensus: the 27 elements (from the evidence-based model) should be written into statute. A review panel that provides oversight and implementation of the funding formula should be a commission-adapted panel that will be ongoing. This commission will consist of two members appointed by each leader of the four caucuses: a representative from the governor's office and a financial expert appointed by the governor plus an appointee from ISBE. This commission will provide an annual report to the general assembly regarding the functioning of the school funding formula and, on a biannual basis, will recommend to the general assembly whether any changes should be made.

Senator Bourne said meeting annually seems too frequent.

Dr. Purvis said that given the complexity of the issue (education funding formula), if they're not coming together annually (for at least the first 3 years) to talk about this issue, then implementation could become a problem.

Dimas said could we specify that after 3 years, the commission could revisit the frequency of their convenings.

Dr. Purvis said yes and that the amendment to the recommendation was accepted: The commission will meet annually for the first 3 years, then revisit the topic if biannual or triannual reports are needed.

Another amendment was made to the recommendation regarding commission term limits. It was decided that term limits would be every 2 years following the legislative cycle.

The last amendment made to the recommendation was that, when a bill is adopted that includes this adaptive commission review panel language, EFAB will be sunset.

There was consensus.

## **Distribution Model**

Dr. Purvis asked Senator McConchie to discuss the local capacity target.

Senator McConchie discussed the local capacity target by referring to a graph on a handout. He said that a new distribution model would dramatically change how much the state and locals are expected to fund over time. He said the commission is going to have to figure out where to draw that line (state and locals are expected to fund over time).

Dr. Purvis asked whether this is an issue that a smaller working group should tackle and then present recommendations for the next meeting.

Senator McConchie said he thinks the question is who should be involved in that decision making, which probably includes people outside of this commission.

Representative Pritchard said there should be a mechanism that keeps increasing state contributions overtime.

Representative McAsey asked whether, under this local capacity target, there could be a situation where some districts are going to be identified as not meeting that target.

Dr. Purvis said Representative McAsey's question is one that the commission should come back to at the closed door meeting today. She spoke briefly on what members can expect to see in the upcoming commission report (to be delivered February 1, 2017), including consensus items, issues outside of the commission's scope but relevant to school funding, items without consensus, and issues that may be addressed through parallel processes.

Representative Crespo said he thought the recommendation from Advance Illinois was that the state would contribute 50% of funding. He asked how the model would work if the state contributed less than 50%.

Dr. Jacoby said the chart (the one Senator McConchie referenced) was not talking about overall aggregate state funding compared with local financing. He said that chart is only talking about how the average district would experience a 50% state share and a 50% local share.

### **Hold Harmless**

Dr. Purvis said for districts who are spending close to adequacy, any loss in funding may result in decreased outcomes for kids. Any hold harmless would be set on a per pupil basis with student count calculated on a 3 year average or higher. She said the recommended periodic reevaluation to hold harmless would be part of the professional judgment panel's decision.

Representative McAsey said the hold harmless is the base funding minimum. She wondered what changes a review panel would make to that.

Dr. Purvis said any changes a review panel suggests will only be a recommendation. Any actual changes would be up to the general assembly.

Senator Manar said he was uncomfortable with calling the hold harmless a Base Funding Minimum and suggested that it be called what it really is, a hold harmless. He said calling it Base Funding Minimum is locking in the inequity that the commission is trying to cure, and it makes the issue sound untouchable. He referred to the Base Funding Minimum as "essentially a \$6-billion ADA block grant" and questioned why all \$6 billion should be "off limits."

Superintendent Smith agreed. He said calling the hold harmless a base funding minimum rather than a hold harmless seems to lock in an anticipated number.

Dr. Purvis asked the commission if they were comfortable with calling the base funding minimum a hold harmless that starts with the new money that would, if needed, first cut money according to the tiers (Tiers IV, III, II, I) and then afterward cuts money on a dollar level so it does not disproportionately hurt the poorest schools.

There was then a prolonged conversation on untangling the confusion on how exactly the money would be cut with respect to the tiers, specifically proration.

Dr. Purvis asked Dr. Jacoby if he could provide a run for the next meeting so the commission can get a better idea of how this would work.

### **Early Learners and Special Populations**

Dr. Purvis said that the recommendations were to

- use Department of Human Services count to measure student poverty,
- establish provisions to ensure additional funding for students in concentrated poverty,
- leave early childhood funding out of the formula and maintain it as a block grant, and
- integrate all possible special education items as written in the current elements, making allowances where provisions need to be added to protect student services.

Dr. Purvis said there was a conditional recommendation:

- placement-neutral decisions for children with individualized education programs

Dr. Purvis said there have been back-and-forth conversations on how to best create the mechanism for student-first placement. She said Representative Davis has a bill that can be used as a starting place for this conversation. She said, in the meantime, it was recommended to leave the application process for districts to apply to special education services as they currently are with one caveat—1) that the block grant portion of those funding lines disappear and 2) that the application process is the same for every child across the state.

Senator Manar said he has a concern with removing the block grant. He said that would set up a situation where there would be one district in the state that would start off on day one with this bill losing significant amounts of money. He suggested that the language concerning this recommendation be strengthened so that no district loses money.

Dr. Purvis said this might be an issue that the commission will not reach consensus on. She said the report can reflect that signing on to a new bill that has a block grant is a problem for some in the commission, and signing on to something without a block grant is a problem for others in the commission.

### **English Learners**

Dr. Purvis said that currently English learners (EL) is recommended conditionally. She said that language is going to be taken verbatim from Bill 231 with protection for EL. She said that ISBE found that was a difference between the language in 231 and what ISBE had. She then asked Representative Crespo to speak specifically to Bill 231.

Representative Crespo said that the Latino Policy Forum and other advocacy groups have said that the language in Bill 231 should be part of all school funding bills. The Latino Policy Forum



also wondered what base funding year would be used and strongly recommended using fiscal year 2017 (although Representative Crespo said he needed to double-check the year).

Dr. Purvis inquired about the plans that are required by the state for English learners, asking whether the plans require a description of how professional development for general education teachers will occur so that they understand how to best meet the needs of English learners.

No one was able to answer this question with certainty.

Dr. Purvis asked if anyone had a problem with adding that language (professional development for general education teachers) to the plan.

It was agreed (consensus) that if the language (professional development for general education teachers) was not already there, then it would be added to the plan.

### **Accountability and Transparency**

Dr. Purvis said she will not be asking the commission to make a decision on accountability and transparency today. She recommended that any bill that moves forward has a financial transparency component, which would be part of the Illinois state report card. She said on Monday that the minimum requirements for what will be in that report card will be presented.

### **School Choice**

Dr. Purvis said one of the recommendations with regard to school choice is charter school funding equity—charter schools should receive adequate funding that is equitable to the funds allocated to public schools. Dr. Purvis said she thinks they need to add “per student basis” to that language.

Dr. Purvis said what was unresolved was school choice tax credits for individuals or corporations donating money to fund scholarships for students to attend parochial schools. She stated that this issue is very important to the governor.

Representative Davis said if you have a district-authorized charter, then can you spend property tax revenue and federal dollars on those students.

Dr. Purvis said yes.

Representative McAsey expressed concern regarding the recommendation (charter school funding equity).

Dr. Purvis asked if there was no longer consensus on charter school funding equity.

There was still consensus on charter school funding equity, but a lack of consensus on school choice tax credits for individuals or corporations donating money to fund scholarships for students to attend parochial schools.

## **District Consolidation**

Dr. Purvis said the new model will not explicitly include consolidation goals but will remove some barriers.

## **Disconnected Youth**

Dr. Purvis said the commission does not yet have a solution for disconnected youth and that it would have to be addressed going forward. There was consensus that it's a problem but also that it won't be addressed in this framework. It will, however, be recommended to keep current funding structures in place, which will be a consensus statement.

## **Pensions**

Dr. Purvis said the commission is unresolved regarding the issue of pensions.

## **Mandate Relief**

Senator McConnaughay said that all districts in the state need the additional flexibility that mandate relief can provide, especially relief from the mandates that have been discussed (drivers education, physical education, third-party contracting, and special education). Superintendents across the state have stated that mandate relief in these four areas is imperative.

A short discussion on mandate relief and its effect on property taxes followed.

Senator Manar then asked if there was consensus on mandate relief for these four specific areas (drivers education, physical education, third-party contracting, and special education).

Representative McAsey said there is consensus so long as we are recognizing that this is about goodwill. She said this is not about districts saving X amount of dollars because of mandate relief.

Dr. Purvis then asked again if there was consensus on the four mandate relief items, but the consensus would not be based on a dollar amount on savings; instead, the four-mandate relief would be included in the framework.

Representative McAsey said that perhaps the framework should state that we recognize some mandate relief is important, without specifically mentioning those four.

Senator McConnaughay said that's problematic to consensus.

Dr. Purvis suggested revisiting this issue on Monday.

Dr. Jacoby made a statement clarifying that comments made to the media by Dr. Michelle T. Mangan should be attributed to her alone, not to the management alliance or other advocates, who continue to believe that commission members are acting with the best of intentions for students.

The meeting adjourned at 3:49 p.m.