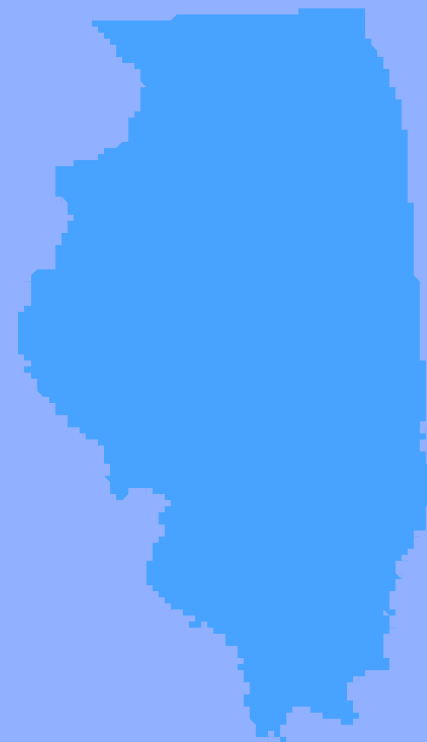




# Illinois School Funding Reform Commission

## Meeting 10

December 14, 2016



# Agenda

- I. Welcome, Setting the Stage
- II. Points of Consensus: Discussion
- III. Schedule of future meetings with topics and suggested presenters
- IV. Adjournment

# Meeting 1 Key Points: Funding Overview

- As of FY14, IL is 16th in overall public school revenue per student (including pensions)
- IL has the largest equity spending gap in the country
  - Gap is due in large part to overreliance on local property taxes
  - Local property taxes make it easier for wealthier districts to raise more money for their students
  - Reliance on local property taxes makes school funding more of a local decision; some school districts choose to spend above \$30,000 per pupil
  - Only 26% of school funding comes from state revenue (68% of which is GSA – both the equalization grant and the supplemental low-income grant)
  - GSA equalization grant is the only state revenue taking local wealth into account
- High-quality funding systems are adequate, equitable, flexible, & adaptable
- In the current system, low-income districts receive more state money than high-income districts, but the overall spending is below adequacy
- Years of proration have disproportionately hurt poor districts
- Currently, IL pays normal pension costs for all districts other than CPS
- Chicago Block Grant was implemented as an attempt to ensure equitable funding for Chicago, and results in CPS receiving additional special education, low-income, and other funding

# Meetings 2 & 3 Key Points: Adequacy & Equity

## Adequacy

- Adequacy targets will be different for every child, depending upon their individual characteristics where they live
- Variability in performance (no matter what the spending) means additional spending does not guarantee improved outcomes
- Evidence-Based Model attempts to define adequacy through a research-based formula focusing on teacher and student supports and operational needs
- The state does not have the resources to immediately meet adequacy, so any attempt must be gradual

## Equity

- Student who are poor, live in areas of concentrated poverty, have disabilities, are gifted, are homeless and/or are English Learners need more financial support to reach their potential than their peers
- Operational costs may vary by region
- The current formula addresses equity but not enough to ensure that all students in the state have a access to a high-quality education

# Meeting 4 Key Points: Hold Harmless & Distribution Models

## Hold Harmless (HH)

- HH may occur by district, by student or by effect on education quality
- HH formula definition must address:
  - For whom
  - For how long
  - With how much money
- HH will be affected by definition of adequacy target and goals of any new formula

## Distribution Models

- Determines how to prioritize and distribute “existing” vs. “new” money
- Must take into account “local effort”
- Will be affected by how much additional \$\$ is added each year
- Will be affected by HH

# Meeting 5 Key Points: Property Taxes

- EAV varies by region:
  - 45% Cook County
  - 30% collar counties
  - 25% rest of state
- Relatively uniform assessment process in Illinois
- School districts have the ability to raise rates when they believe that they have additional needs. That ability varies by district.
- Absolute freeze on property taxes without new revenue would affect districts differently, depending upon their reliance on local revenue and their spending as related to adequacy target
- Current formula uses assumed tax rates that are significantly lower than actual tax rates
- Value of TIFs is not included in current formula
- New money put into the current formula funds the PTELL adjustment and poverty grant before the equalized GSA or MCATs

# Meeting 6 Key Points: Property Taxes

- If current system used actual instead of assumed tax rates, districts may drop their rates. If we stayed with the current formula, the foundation level would rise significantly to make up the difference, especially in middle and low income districts.
- PTELL adjustment designed to save districts under PTELL from the “double whammy” that otherwise means they are capped in what revenue they can raise but not in what the formula sees as available local resources
  - 90% of PTELL adjustment benefits CPS
  - Cost of PTELL adjustment changes in relation to the amount of EAV available for PTELL
  - PTELL adjustment financed through GSA proration
- Difficult to use current state funding formula to promote equity when only 26% of school district resources comes from state revenue
- Complex interplay between tax rates, local property wealth, and income that may lead to “unintended consequences”

# Meeting 7 Key Points: Special Education & Early Childhood

## Special Education

- The cost of educating a child with a disability is based upon the individualized education program (IEP)
- Illinois school code includes dozens of unfunded mandates over and above the requirements of IDEA. These significantly increase the costs of educating children with disabilities.
- Reimbursement amount has not changed in 10 years
- Expensive but limited, audited private settings may serve children with low-incidence
- CPS funded through block grant above claim amount
- 90% of districts belong to co-ops

## Early Childhood

- Funded through Early Childhood Block Grant
  - Distributed not via a designated per-pupil but rather through selection of proposals
  - CPS funded through block grant at same reimbursement rate as rest of state



# Meeting 8 Key Points: English Learners

- Illinois is serving an increasing proportion of English Learners, especially in the early grades
- ELs have the challenge of learning a second language while mastering content knowledge in order to stay on grade level
- Currently, there is no funding for native language assessment. PARCC has promised to be available in additional languages in the coming years.
- 2 primary instructional models funded through a bilingual line item (with some supplemental \$\$ through GSA and federal funds)
  - School districts have to apply for reimbursement
  - Reimbursement amount has not changed since 1998
  - Line item is prorated separately from GSA proration and was not fully reinstated in the FY17 stop-gap budget
  - CPS funded same as everyone else (no block grant)
- Distinction between supports for ELs and opportunities for all students to become bilingual and biliterate

# Meeting 9 Key Points: Evidence-Based Model (EBM)

- Multiple bills in the GA include EBM, which has 27 “input” elements. These elements include both operational items and programs considered to be “best practice.”
- Current estimates indicate that the state would require an additional \$5 billion in funding to meet adequacy
- Theory behind EBM is to set up a “pathway to adequacy” and guide districts to best practices
- After discussion, we are waiting for additional information, including:
  - Whether there is a way to decrease the cost of individual elements
  - The effects on each district
- Any formula should be flexible and adaptable, but there are concerns that inclusion of these elements in statute may interfere with “local control” and the ability to school boards to determine which elements to implement

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