



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

Wednesday, December 14, 2016
9:00 a.m.–12:00 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*

Dave Luechtefeld
Senator, 58th District

Jodi Scott
*Regional Superintendent of
Schools for Henderson,
Knox, Mercer, and Warren
Counties*

Chicago

Jason Barickman
Senator, 53rd District

Daniel Biss
Senator, 9th District

Fred Crespo
*Representative,
44th District*

William Davis
*Representative,
30th District*

James Dimas
*Secretary, Department of
Human Services*

Barbara Flynn Currie
*Representative,
25th District*

Sheri Jesiel
*Representative,
61st District*

Andy Manar
Senator, 48th District

Rita Mayfield
*Representative,
60th District*

Emily McAsey
*Representative,
85th District*

Dan McConchie
Senator, 26th District

Karen McConnaughay
Senator, 33rd District

Bob Pritchard
*Representative,
70th District*

Beth Purvis, Commission
Chair
Secretary of Education

Sue Rezin
Senator, 38th District

Evelyn Sanguinetti
Lieutenant Governor

Christine Winger
Representative,

45th District

Call-In Participants

Jennifer Bertino-Tarrant
Senator, 49th District

Jennifer Hammer
*Deputy Chief of Staff for
Policy*

Kimberly Lightford
Senator, 4th District

Illinois State Board of Education (ISBE) Staff

Amanda Elliott
Legislative Affairs

Leticia Pickens
Policy Analyst

Tony Smith
*State Superintendent of
Education*

Allie Lichterman
Superintendent's Office

Robert Wolfe
Chief Financial Officer

Midwest Comprehensive Center (MWCC) Staff

Jeremy Rasmussen

Meeting Objective

- To determine points of consensus from topics discussed in previous meetings

Opening

Dr. Purvis opened by stating today's meeting will be an overview all of that has been discussed up to this point because the commission is coming close to the February 1, 2017 deadline.

Representative Crespo said, "The governor made a statement that this commission would have a product by mid-December. Why did he say that?"

Dr. Purvis replied that she is not speaking behalf of the governor but believes the governor has a very positive outlook regarding the conversations this commission has had. She said she thinks the governor's point may have been that as we continue to go through these issues, in the places where there is consensus, there may be an opportunity to sit down and write a bill going forward.

Representative Crespo asked whether the goal of this commission would then be a bill that we can vote on.

Dr. Purvis said, "On February 1st, in a perfect world, we would have a bill with 20 names on it."

Representative Crespo asked, "How are we going to reach agreement. Consensus? Vote? Surveys?" He then said, "Back on August 3rd, Mr. Griffith strongly recommended that by early December we should have agreed on the components to meet the February 1st deadline." He said he feels there needs to be a discussion on whether they are going to be able to meet the deadline.

Dr. Purvis said she does believe they can make the February 1 deadline. She said there are many educational bills brought by both Democrats and Republicans that have been put forward. On almost everything we have discussed, there are pieces reflected in those bills. She said if we come to consensus, there is the ability to sit down and draft legislation.

Representative McAsey remarked that robust discussion that has taken place, but every time we have met so far, we have been listening to experts, not really having a conversation about specifics.

Dr. Purvis replied, “There was consensus that we needed to have all these meetings in a larger group and we have been true to that, but perhaps it is time to start having smaller working groups to work on the specific issues.”

Presentations

Illinois School Funding Reform Commission (Dr. Beth Purvis)

Meeting 1 Key Points: Funding Overview

Dr. Purvis said Illinois is 16th in overall public school revenue per student and that Illinois has the largest equity spending gap in the country. The primary reason for that gap is overreliance on property tax. As of right now, the state only provides 26% of school funding from state revenue.

Dr. Purvis pointed out that high-quality funding systems are adequate, equitable, flexible, and adaptable. She said that tiers of proration in the state has had an effect on every district, but more so on the poorest districts.

State superintendent Smith said that with mandated categoricals, Illinois is about a billion dollars behind.

Dr. Purvis replied that the bottom line of the first meeting is that there are districts that are not funded adequately; there is a large gap between what is being spent on the wealthiest and poorest districts; and there is an overreliance on local property taxes.

Meetings 2 and 3 Key Points: Adequacy and Equity

Dr. Purvis reported during this meeting that the commission had talked about adequacy targets and what best practices tell us. She said adequacy targets differ between students because each student has different needs. She said that the state does not have the resources to immediately reach adequacy and that any attempt must be gradual. She stated that Illinois will likely always be a regressive state.

Dr. Purvis said that the operational cost of equity may vary by region. She said the current formula does address equity but not enough to ensure that all students in the state have access to a high-quality education.

Senator Manar pointed out that true equity is about investing more on students who live in poverty. Equity is not equal.

Meeting 4 Key Points: Hold Harmless and Distributions Models

Dr. Purvis reported there are three ways you can think about hold harmless: (1) A district was held harmless from one year to another, (2) per-pupil or per-capita hold harmless, and (3) is there some amount of money that certain districts could lose and there would be no difference in their educational outcomes.

Dr. Purvis said that during the distribution model discussion they talked about the functions of a distribution model and how it must take into account local efforts and how it is affected by the additional money put into it each year.

Representative Mayfield asked if there is a chart that shows what each district needs to be brought up.

Dr. Purvis replied it comes down to what the adequacy target is. She said that Dr. Jacoby is working on getting ISBE the information needed to start running numbers.

There was then a prolonged conversation about when a draft of the legislation (regarding the evidence-based model) would be ready to review and the advocacy groups involved in preparing the draft. This conversation was followed by more discussion around the February 1 deadline and concerns that there are parallel processes occurring alongside the Commission.

Rep. Crespo asked how long it would take ISBE to model finalized language.

Superintendent Smith responded that it would take approximately one month.

Representative McAsey said, “There has been a lot of talk about new money but also around the backlog of payments for mandated categoricals. Where does this new money come from?”

Dr. Purvis replied that it is tied to the bigger budget issues in the state. And if there is new money, how much is it?

Representative Jesiel asked, “Are any models looking into lowering or raising the local contributions?”

Dr. Jacoby said he would like to show the distribution methodology that looks at local effort because you will find opportunities there for the reduction of school contributions over time.

Senator Manar replied that the bills passed in the Senate have been modeled and published over and over again. He said, “Before the commission can act, the process needs to take place and it is time-consuming. When you change a few words in a bill, it has ramifications. You also have to make sure the model achieves the language the bill sets out to achieve.”

Superintendent Smith said that all the modeling regarding Senator Manar’s prior bills can be found on the ISBE website.

Senator Barickman put forth this question: “If everyone said, ‘Let’s move forward with the evidence-based model,’ does ISBE even have the data from the schools that would be necessary

for ISBE to implement and execute that formula?” He then asked if the advocacy groups all come up with something they all agree to in regards to a model?

Representative Jesiel added that it would be nice to have a conversation about what the commission agrees on.

Senator Rezin said she believes the commission is talking about two things here: (1) The cost of the adequacy target and the cost to educate, and (2) what is important in terms of specific strategies and needs (i.e., small class sizes) that will get us to adequacy. Should the conversation today be about the cost of adequacy or about what we feel are the most important evidence-based practices?

Representative Crespo then asked, “What is it that this commission wants to produce by February 1? What is the governor’s expectation?”

Mr. Dimas said regardless of the governor’s expectations, it may be more important to focus on what we as a commission can accomplish by February 1.

Senator McConnaughay asked if the commission could get a consensus on what is doable by the February 1 deadline.

The commission then came to the consensus that the goal would be [to develop] a framework by February 1.

Meetings 5 and 6 Key Points: Property Taxes

Dr. Purvis said in the first meeting on property taxes there was discussion on how EAV [equalized assessment value] varies by region: 45% in Cook County, 30% in the collar counties, and 25% in the rest of the state. She said there is a relatively uniform assessment process in the state.

Dr. Purvis recapped that schools have the ability to raise rates when they believe they have additional needs. The current formula uses assumed tax rates that are significantly lower than actual tax rates.

Dr. Purvis also described how the value of the TIFs [Tax Increment Financing] are not included in the current formula and how new money put into the formula funds the PTELL [Property Tax Extension Law Limit] adjustment.

Dr. Purvis said during the second meeting on property taxes, the commission went over the difference between actual and assumed tax rates. If they stayed with the current formula, the foundation level would rise significantly. She said the PTELL adjustment was designed to save districts from the “double whammy.” She said it is difficult to use current state funding formula to promote equity when only 26% of school district resources comes from state revenue.

Meeting 7 Key Points: Special Education and Early Childhood

Dr. Purvis explained that the cost of educating any child with a disability is based on the individualized education program. She said that the Illinois Code includes dozens of unfunded mandates over and above the requirements of IDEA [Individuals with Disabilities Education Act]. These increase the costs of educating children with disabilities. She said the reimbursement rate has not changed in 10 years. She remarked that CPS [Chicago Public Schools] is funded through a block grant above the claim amount and that 90% of districts belong to co-ops.

Dr. Purvis said early childhood is funded through the early childhood block grant, which is overseen by ISBE. She said that CPS is funded through the block grant at the same reimbursement rate as the rest of the state.

Meeting 8 Key Points: English Language Learners

Dr. Purvis said the state is serving an increasing amount of English language learners, especially in the earlier grades. She said that there is currently no funding for native-language assessments. She said there is the promise of PARCC [Partnership for Assessment of Readiness for College and Careers] to be available in multiple languages. She mentioned two primary instructional models funded through the bilingual line item.

Representative Crespo said, “When we talk about trying to fund these things adequately, the reimbursement rate for English learners is over 18 years old. We need to revisit the reimbursement so we can rely on more current numbers.”

Dr. Purvis said that one of the other issues with EL is that it is funded through a separate line item with a whole set of compliance issues in there.

Dr. Purvis said that the language in 231 around EL and compliance has already been drafted.

The Lieutenant Governor said there was a concern when going over the 27 elements of the evidence-based model that the EL issue was only lightly touched upon. She wondered whether there was an opportunity to raise more awareness on the issue.

Dr. Purvis said she believes since the last meeting was so long that there was a little fatigue when EL finally got brought up. She said as the commission goes forward, they will make sure there is an opportunity to understand [how] EL students are funded through the evidence-based model.

Rep. Mayfield raised concerns on EL screening processes.

Rep. Davis asked about the thread of treating poverty throughout these meetings.

Meeting 9 Key Points: Evidence-Based Model

Dr. Purvis said there have been multiple bills introduced to the general assembly that include versions of the evidence-based model. These items include both operational items and programs to be considered best practice.

Dr. Purvis then asked Dr. Jacoby to expound on why the \$5 billion mark (that is needed to fund the evidence-based model) has been reduced.

Dr. Jacoby said that one of the changes made was to utilize more of the comparable wage index model; that change equalized the dollar more efficiently and was able to reduce the impact of the wage index by about \$1.2 billion. He said right now we are looking at a number around \$3.8 billion.

Dr. Purvis said that the theory behind the evidence-based model is that it is a set pathway to adequacy. Any formula should be flexible and adaptable in a way that ensures that individual districts still have autonomy.

Representative Crespo asked, “With the new administration in Washington has there been anything new regarding ESSA [Every Student Succeeds Act]?”

Superintendent Smith said, “The law is going to be the law and some of the rules that have been put out that were more aligned with No Child Left Behind probably won’t be upheld.” He said that Illinois is the only state that has done multiple drafts of their ESSA plan.

Representative Jesiel asked how the funding lines that are outside the GSA fit with the additional funding required for the evidence-based model.

Mr. Martire said not all of them. He said things like transportation and high needs special education would remain on a special reimbursement basis.

Lieutenant Governor Sanguinetti asked, “Are [we] waiting for the data before we select what kind of model that the commission will follow?”

Dr. Purvis said that remains to be seen. She reported that the conversation has focused on the evidence-based model and how it can build in an adequacy target that is based on recommended practices in both content and operations.

Senator Rezin asked, “Are we looking at the evidence base and elements as a whole or just four or five elements that would be important to fund?”

Dr. Purvis said, “It comes down to whether we want a model that has an adequacy target or not. And [whether] we want a distribution model that closes the equity gap.”

Senator Manar then offered a discussion point for what he feels is the most important thing for building a framework. He said to “get away from the system today that defines adequacy equally among the state school districts and to establish a clearly defined adequacy target for each individual school district’s unique needs of the students that they serve.”

Senator Luechtefeld asked, “But what kind of target do you use to reach what adequacy is in different communities?”

Senator Manar said, “The conversation around how you would get to that adequacy target and distribute what you have is a different conversation, but to build what we need as legislators, we need to get away from this idea that is what is adequate for one district is the same for another.”

Representative McAsey said that another piece is recognizing that things are always changing, especially in a particular community and the numbers could change year from year.

Senator Manar said that some bills that represent the evidence-based model would have a review commission that would review any changes.

Senator Barickman said, “There are two components: (1) the judgment panel, which is reviewing the formula, and (2) there is an annual district analysis that looks at the unique variables changes and data sets at the district level.”

Representative Davis said in order to move this conversation forward, there needs to be a conversation about money, especially in regard to the 27 elements.

Representative Winger, “It seems like a large part of the framework is dependent on the budget and extra revenue (which Illinois currently has neither), removing and revisiting some mandates could create relief for districts and is something this commission can do.”

A consensus that the commission wants to work on mandates was reached.

There was also consensus on Senator Manar’s point around a clearly defined adequacy target:

... to get away from the system today that defines adequacy equally among the state school districts and to establish a clearly defined adequacy target for each individual school district’s unique needs of the students that they serve.

Dr. Purvis said, “Perhaps Manar’s language should be amended to read ‘revisited’ as in ‘...*revisited* to meet the changing needs of the students that they serve.’”

Senator McConnaughay suggested adding “individual” after “students.”

Mr. Dimas said the equity gap in Illinois can’t be closed by money alone and will require additional things. He said it would be nice to have an adequacy model that accepts that premise.

To add to Mr. Dimas’s point, Representative Crespo said that the commission needs to revisit the programs that are being offered and [determine] whether they are working. He also asked whether the commission should revisit the subject of school consolidation.

There was then a prolonged conversation on the topic of consolidation and the wisdom of considering how funding formula reform may affect consolidation efforts – less so for rural school districts, more toward unit districts.

Representative McAsey said that the commission needs to look at hold harmless not just from a district level, but also from a subgroup level (i.e., special education).

Dr. Purvis said she agrees there should be a hold harmless, but it should be at a per capita level.

There was then a prolonged conversation on the topic of hold harmless.

Representative Jesiel said that property tax is also an important issue that should be a focus of the commission. She then asked what the current proposals have done to address property tax relief.

There was then a conversation around property tax and whether local areas should be encouraged to make adjustments or if freezes should be made legislatively.

Dr. Purvis asked, “For districts that are overfunded, does the evidence-based model give tax payers the ability to say ‘wait a minute?’ Because the current system does not right now.”

Representative Jesiel asked if the evidence-based model takes local control into account.

Dr. Purvis replied, “There is absolutely local control, but once the elements are put out as best practices, that puts a lot of pressure on districts, so the wording of legislation should be written in a manner that does not tie the hands of districts.”

The areas of consensus were then recapped:

- A framework will be developed by February 1.
- Senator Manar’s statement in regards to equity.
- There is a desire to work on mandates and a desire to work on property taxes.
- English language learners, early childhood, special education, and poverty (both children who are poor and concentration of poverty) are areas that should be addressed in the model.

Dr. Purvis said there needs to be working groups to talk through the issues of:

- Hold harmless
- Mandate relief (as a report out from the working group already convened in a separate arena)
- Consolidation
- Taxes and their implications
- Issues related to the 27 elements

The meeting adjourned at 2:50 p.m.