



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, November 2, 2016

12:00 p.m.–3:00 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

Jason Barickman
Senator, 53rd District

Andy Manar
Senator, 48th District

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

Chicago

Daniel Biss
Senator, 9th District

Fred Crespo
*Representative,
44th District*

Barbara Flynn Currie
*Representative,
25th District*

William Davis
*Representative, 30th
District*

James Dimas, *Secretary,
Department of Human
Services*

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

Sue Rezin
Senator, 38th District

Evelyn Sanguinetti
Lieutenant Governor

Christine Winger
*Representative,
45th District*

Call-in Participants

Avery Bourne
Representative, 95th District

Jennifer Hammer
Deputy Chief of Staff for Policy

Illinois State Board of Education (ISBE) Staff

Amanda Elliott
Legislative Affairs

Kate Anderson Foley
Assistant Superintendent

Jason Hall
*Division Administrator,
State Forecasting and
Funding*

Robert Kroll
*Supervisor, Special
Education*

Allie Lichterman
Superintendent's Office

Leticia Pickens
*Policy Analyst, State
Funding and Forecasting*

Donna Schertz
*Supervisor, Special
Education*

Tony Smith
*State Superintendent of
Education*

Robert Wolfe
Chief Financial Officer

Cindy Zumwalt
*Division Administrator,
Early Childhood
Education*

Midwest Comprehensive Center (MWCC) Staff

Jeremy Rasmussen

Meeting Objective

- To gain familiarity on special education funding in Illinois.

Opening

Dr. Beth Purvis, chairperson, called the meeting to order at 12:00 p.m. Eighteen members were in attendance, and a quorum was present.

Dr. Purvis said today's conversation will focus on special education in relation to school funding. She said she looks forward to a spirited conversation and hopes that the commission can figure out how to work together as advocates on the issue.

The meeting minutes from the last meeting were approved by Representative Pritchard and seconded by Representative Crespo.

Overview of Funding for Special Populations (Presentation by Robert Wolfe, ISBE)

Mr. Wolfe started off by explaining how Chicago Public Schools' (CPS') Educational Services Block Grant works. He stated that District 299 receives an amount from six mandated categorical programs that is then multiplied by a percentage computed from the fiscal year (FY) 1995 appropriations. He said that these six mandated categories make up 21% (\$1.5 billion) of the major line items within the ISBE budget.

These six mandated categorical programs are as follows:

- Special Education Funding Personnel Reimbursement—Provides reimbursement to local education agencies (LEAs) for a portion of salary costs for certified and noncertified employees who provide services to students with disabilities.
- Funding for Children Requiring Special Education Services—Provides LEAs flexible, supplemental special education funding to support the delivery of services to students with disabilities.
- Special Education Private Facility Tuition Reimbursement—Provides funding to districts for the tuition paid to nonpublic special education private facilities for students with disabilities.
- Special Education Summer School Reimbursement—Provides funding to districts for students with disabilities beyond the normal school year in accordance with their individualized education program (IEP).
- Special Education Orphanage Reimbursement—Provides full funding to districts for educating students with disabilities who reside in foster family homes or state-owned facilities.
- Special Education Transportation Reimbursement—Provides funding to LEAs that transport students with disabilities who have special transportation needs stated in their IEP.

Dr. Purvis had a question regarding the Funding for Children Requiring Special Education Services. She asked if the 15% of appropriation for the district General State Aid (GSA) low-income population from the Individuals with Disabilities Education Act (IDEA) is based on the fact that where there is a higher concentration of low-income students, there is a higher percentage of students who have disabilities.

Mr. Wolfe said he does believe that's the rationale.

Representative Currie had a question regarding the Special Education Funding Personnel Reimbursement. She asked what the other costs are paying for beyond just personnel.

Mr. Wolfe said 87% of special education funding is going to pay for personnel costs. The other costs may go toward things such as adaptive equipment, professional development, administration of processing, and so on.

Representative Crespo asked: Why use Illinois Department of Human Services (DHS) numbers to determine low-income versus free or reduced-price lunch?

Mr. Wolfe said the income cap on the free or reduced-price lunch number is 185% of the federal poverty level. The DHS count provides an additional 15% to the federal poverty level.

Lieutenant Governor Sanguinetti had a question regarding the Special Education Private Facility Tuition Reimbursement. She asked if it includes things such as therapeutic day schools.

Mr. Wolfe said yes it does.

Representative McAsey asked if the district per capita charge means that different districts pay different amounts.

Mr. Wolfe said that is correct.

Mr. Wolfe said if a student wants to attend another district that he or she not a resident of, per statute, the receiving school district is to charge tuition.

Dr. Purvis said this is an important concept regarding school choice.

Mr. Wolfe presented a line graph that displayed special education expenditures and receipts. It was produced by taking data from annual financial reports, special education child counts, and total enrollments, then using this information to come up with the education costs and reimbursements to school districts. Based on the line graph, in 2015, the total estimated expenditures for special education were \$5 billion. There were \$3.4 billion in receipts and net special education expenditures were \$1.6 billion.

Senator Barickman asked: What does this look like in Illinois compared with whatever federal standards exist? What does this look like in Illinois compared with other states?

Ms. Foley said they would have to go in and look to see what Illinois is doing above and beyond what the federal government is doing.

Senator Barickman asked if anyone has quantified the cost of exceeding the federal standard.

Mr. Wolfe said no, he does not believe so.

Superintendent Smith asked [addressed to Ms. Foley]: Can't we do what Senator Barickman is asking and do federal expectations and look to see where Illinois meets and exceeds?

Ms. Foley said yes.

Representative McAsey asked: Regarding that \$1.6 billion and there being no specific reimbursement and that \$1.6 billion being a combination of mandates and costs related to the implementation of a student's IEP, can you give specific examples of what you are talking about?

Mr. Wolfe said the state rules say that the class size is 70%/30%. In other words, no more than 30% of the class can be special education students. There is a cost because of that state rule.

Dr. Purvis elaborated by giving a more specific example. If you have a smaller class and it's a general education class and there are 20 students in that class, if more than six of those 20 students are students with IEPs, then you would have to break that class into two classes.

Representative Currie asked if that rule is where the bulk of that \$1.6 billion goes.

Dr. Purvis said she doesn't know if it's the bulk, but it is a factor.

Representative McAsey asked if there are students with hearing impairments and staff is brought in to give those students additional support, is this included in the cost of IEP implementation?

Mr. Wolfe said yes, that is correct.

Representative McAsey asked: How many school districts use a levy to allow local governments to generate more special education funding?

Mr. Wolfe said he does not have those specifics, but those data can be retrieved.

Senator Biss asked if the levy contributes to the Property Tax Extension Limitation Law (PTELL) limitations.

Mr. Wolfe said yes, but it is capped like all the others: if a district is subject to PTELL and is up against its limiting rate, it may not be able to access full amount from any special education levy and that levy would contribute to the PTELL limit.

Senator McConnaughay asked about the billion dollar increase in the overall cost in a 7-year period and if Mr. Wolfe could elaborate on the high increase.

Mr. Wolfe said this is going back to 2008 and that he does not have an analysis that shows that. It could be salaries; it could be additional services. He's not sure.

Ms. Foley said they could do a longitudinal study, but that over the years there have been better diagnoses and, in some cases, there has been overidentification of eligibility for special education.

Senator McConnaughay asked if they knew what the increased number of special education students are over that 7-year period.

Dr. Purvis said the percentage has not increased, but the complexity of the needs for many students has.

Representative Davis asked: Are the overall costs being discussed and are they average costs?

Mr. Wolfe said this bar graph is statewide total costs and statewide total figures.

Regional Superintendent Scott said she does not fully understand how the CPS block grant works and would like further clarification.

Mr. Wolfe said the block grant was put into place in 1996. For these six line items, the block grant directs the state board on what the appropriation level will be. Mr. Wolfe then gave a specific example. He added that, on average, the block grant provides CPS with \$250 million more than if Chicago filled out a claim and received money in accordance with that claim as other districts do.

Senator McConchie said if you are in one school district it might be easier to get your IEP approved because you are fitting within an existing infrastructure that does not necessarily cost the school a lot of extra money. A school downstate, however, might not have the infrastructure to easily approve an IEP. He was wondering if this was creating an incentive for some districts downstate to not approve a student's IEP.

Ms. Foley from ISBE said it could be an incentive. She said there are a couple of different issues. One is the actual process for eligibility and the IEP development. When it comes to the resources, downstate schools might have a harder time processing and developing IEPs.

Mr. Wolfe touched on the issue of cooperatives. He said cooperatives are a joint agreement between school districts that create an agreement that can provide special education services. He said some of them just provide support for social workers. Other cooperative agreements provide programming to a number of districts for low-incidence populations. In terms of reimbursement, cooperatives are eligible to receive reimbursement for special education personnel.

Senator McConchie asked if there is some system in place to ensure that a child with profound disabilities who is in a district that has plenty of funds gets an adequate education compared to if he or she happened to live someplace else.

Ms. Foley said that within federal and state law, the student in Senator McConchie's example would have access to a full continuum of resources. For schools that do not have the infrastructure to provide a full continuum, that is when you start looking at joint agreements or cooperatives.

Senator Manar said special education mandates are spread equally across the state. He said there is this perception that because the mandates are the same, the services are delivered equally, but they are not. He said this inequity in special education funding should be the focus of the conversation.

Representative Currie said the problem seems to go beyond basic inequity. She said there seem to be built-in incentives for school districts to collect reimbursements that are worth more than what goes into the service delivery.

Senator Barickman said if we looked at the distribution of special education dollars, is there a natural distribution across the school districts, or are there pockets where there is a disproportionate level of state dollars that suggest something unnatural is occurring?

State Superintendent Smith said that Senator Barickman's point is something that needs to be paid attention to and provided an example referring to the more complex needs of children coming into elementary school now who were born during the recession.

Dr. Purvis clarified that IDEA is written for students with disabilities, not for students needing crisis or mental services. Those become a separate set of needs to address.

Secretary Dimas agreed with the increase in complexity of student need and connected the conversation to that of where the State allocates childcare dollars.

Representative Crespo asked whether the 1115 Waiver addresses that need.

Secretary Dimas noted that it does not target that particular need, but it does address home visits for opioid addiction children.

Dr. Purvis asked if there is a different reimbursement rate when someone has to be placed out of state rather than in a state private facility.

Mr. Wolfe said the reimbursement is the same.

Nonpublic Schools in Illinois: Leaders in Specialized Education (Presentation by Liz Brown, Tom Dempsey, Sally Sover, Illinois Association of Private Special Education Centers)

Ms. Brown explained what the Illinois Association of Private Special Education Centers does. She then gave some characteristics of the 500 different programs included in this association. Some of the characteristics include providing an array of clinical and educational services that cannot be provided by local public schools.

Ms. Brown then described characteristics of the students included in the programs; some of the characteristics include students that (note: this list is not exhaustive):

- Have been psychiatrically hospitalized
- Live in residential treatment centers or group homes
- Were not attending school at all
- Have severe emotional and behavioral disorders

Ms. Brown said it is also important to understand how these schools fit into the broader education picture. She said individuals who work within nonpublic therapeutic centers have highly specialized training to work with the 2% of low-incidence students. She said that nonpublic special education programs are an important part of a sophisticated delivery system and that these programs are a crucial point on the continuum, ensuring that students get timely and effective services.

Ms. Brown then provided statistics showing how well these programs work. Some of the statistics included the following:

- More than 70% of the graduates from emotional/behavioral disorders education programs left with plans to pursue adult roles in the mainstream.
- Close to 50% of these students had plans to attend 4-year/2-year colleges or trade schools.
- Ninety-nine percent of students were maintained in school without a significant break in services.

Ms. Brown then explained how these programs are paid for. She said the funding formula is set up to follow the child. She said that current law ensures that more money will go to districts with high poverty—that is how there is equity built in. There is also a combination of local school district resources and state general revenue funds that pay for the services. She said funds are reimbursed to school districts only after the service has been performed. She noted that, while the line item for private special education reimbursement may look large, it is important to

remember that 48% off the top of the line item goes directly to CPS as part of the district's block grant. Rates are highly audited by the Purchased Care Review Board.

Ms. Brown said attempts have been made to change this service delivery system, but those attempts have failed because the Illinois General Assembly is aware of the importance of these programs.

A commission member asked if there is an average cost that these programs are spending.

Mr. Dempsey said the average reimbursement is more than \$13,000. He said the annualized cost per student is about \$200 per day.

A commission member asked if there is a chart that outlines where these students are coming from.

Mr. Dempsey said such a chart does exist and that he would provide it.

Representative Crespo asked a question regarding the map showing the distribution of where these special education students are placed in nonpublic schools throughout the state. He asked what percentage of those students are in Chicago.

Mr. Dempsey said the Chicago number has declined since the consent decree. Currently, the number of students is about 12,000.

Representative Crespo then asked: Are those students paid for out of their block grant?

There was all-around uncertainty regarding Representative Crespo's question.

There was then a robust discussion on how the Chicago block grant works in terms of funding these programs.

Senator Barickman asked: What is the cost that CPS pays for nonpublic tuition?

Mr. Dempsey says it varies; CPS negotiates individual rates with schools.

Senator Barickman stated that he believes the state is reimbursing CPS at a higher rate than what they are paying for those students.

Representative Pritchard wanted clarification. He asked if it is correct that the block grant is awarding \$250 million more for special education needs than what the district is providing.

Mr. Wolfe said the \$250 million was the additional amount of funding for all programs in the block grant and is not limited to special education.

Dr. Purvis said CPS gets two sets of the block grant: one for general special education and one for private special education. She said there seems to be some discrepancy in the claims and the percentage. The question is: What is that discrepancy?

There was then additional discussion regarding this discrepancy.

Representative Crespo said according to a report from the State Board of Education, private tuition and the 48.4% that Chicago gets add up to \$112.7 million. If they were to use the process that everyone else uses, they would claim \$15.3 billion for a difference of \$97.4 million. How is CPS using that extra money?

Superintendent Smith said that's a question to be answered.

CPS representatives confirmed that \$97.4 million discrepancy and added that the original logic of the block grant was partially related to CPS not having to carry the administrative burden of all the separate claims, given their complexity.

Senator Manar posited that they may need the additional money to cover pension costs since the state does not pay CPS pension costs.

Senator Barickman asked the IAPSEC representatives whether they have a position on CPS.

IAPSEC representatives stated they have no formalized position.

Education Funding Special Education (Presentation by Dr. Thomas and Dr. Hackett, Illinois Alliance of Administrators of Special Education)

Dr. Thomas gave some background on the Illinois Alliance of Administrators of Special Education.

Dr. Thomas said the purpose of this presentation is to address the most significant issues regarding special education funding in Illinois, as well as the service delivery system, in terms of school districts and special education cooperatives. He also said he would talk about the challenges related to private placement.

Dr. Thomas went over some special education data. He said during the past 10 years, 290,000–326,000 students per year received special education services. He said high-incidence students have decreased over time. He also noted that during the past 10 years, the number of low-incidence students has decreased over time, although students with multiple impairments have increased over time.

Dr. Thomas then went over funding. He said in Illinois there are three sources of funding for special education as follows:

- Federal: 1–5%
- State: 16–75%
- Local: 20–85%

Dr. Thomas noted that, while the federal government had promised a “substantial amount” for special education funding, it has never been more than 18%. Dr. Thomas then gave different examples of how this funding is broken up in specific school districts (i.e., IDEA grants, personnel reimbursement, orphanages).

Dr. Hackett then talked about state personnel funding. She said increases in spending are largely linked to the need for personnel to support students with significant needs. At the same time, reimbursements for personnel have not risen, despite actual personnel costs rising.

Dr. Hackett then discussed districts and cooperatives. She said around 90% of school districts are in special education joint agreement cooperatives. She noted that the purpose of the cooperatives is efficiency and effectiveness; some school districts have the capacity to stand on their own and provide all of their own services, but the majority of districts are in cooperatives. She said that there is no standard method of governance for cooperatives and that district and cooperative relationships are determined locally.

Dr. Thomas then talked about private placements and equalization. He said that programming and services have evolved, but the reimbursement system has not. This creates a reimbursement disincentive for the Least Restrictive Environment. He said the current system rules allow for schools to be reimbursed for services provided to students placed in the public setting when their costs exceed four times the per capita spent in that school district. He said the current rules allow for schools to be reimbursed for services provided to students placed in the private setting when their costs exceed two times the per capita spent in that school district. He asked why should the state of Illinois reimburse school districts at a higher rate for students placed in a more restrictive placement than for students placed in a less restrictive placement receiving the same services? He said that Illinois should reimburse school districts at the same rate, especially for the students with the greatest needs, regardless of placement.

Representative Mayfield asked if Dr. Thomas was suggesting that children are being placed in private schools, as opposed to a public cooperative, just so they can get the higher reimbursement.

Dr. Thomas said yes.

Dr. Hackett said they cannot find another state that has a private education line item on a state budget in a separate way as does Illinois.

Representative Crespo asked what drives the education cost per student.

Dr. Thomas said more often than not it is personnel.

Representative Crespo asked if for public schools' pensions factors into that number.

Dr. Thomas said no.

Dr. Hackett said what's included in the education cost per student is the cost of tuition, whether a private or cooperative bills the district.

Dr. Purvis asked: If students are placed in a private school, are they on the district's enrollment or are they counted in the GSA that is sent from the state?

Someone confirmed that they are counted in the GSA.

Mr. Dempsey said that private schools are not eligible for all the different kinds of reimbursements that public schools are privy to.

Senator Manar asked: Depending on where a special needs student is in the state, would that student get the same services?

Dr. Hackett said yes. The IEP should be the same no matter where that student in the state is located.

Senator Manar then asked if there are other factors in school districts that contribute to whether that IEP can be met that go beyond special education reimbursements.

Dr. Thomas said no matter where a student is, there should be an IEP team that helps maintain integrity of that IEP no matter where that student is located.

Senator Manar asked: Are there students with IEPs in the state who are not getting the services that they need because of inequity? Instead of talking about public versus private, there should be a greater conversation about the effects of inequity in special education.

Early Childhood Block Grant (Presentation by Robert Wolfe and Cindy Zumwalt)

Ms. Zumwalt first talked about the Early Childhood Block Grant. She said it establishes the procedures and criteria for the approval of proposals through a competitive request for proposal (RFP) process and continuation applications.

Ms. Zumwalt said eligible applicants include:

- Public school districts
- University laboratory schools approved by ISBE
- Charter schools
- Vocational centers
- Public and private nonprofit or for-profit entities

Ms. Zumwalt then went over the evaluation criteria for the Early Childhood Block Grant, which included points on populations to be served, quality of proposed programs, experience and qualifications, and programs' cost-effectiveness.

Ms. Zumwalt said the selection of proposals for funding may be based in part on geographic distribution and/or the need to provide resources to school districts and communities with varying demographic characteristics. She said the state superintendent of education determines the amount of individual grant awards. The final award amounts are based upon:

- Total amount of funds available for the Early Childhood Block Grant
- Resources requested in the top-ranked proposals

Ms. Zumwalt also discussed Early Childhood Block Grant funding throughout FY 2012– 17. Subjects touched upon here were:

- Chicago Public Schools
 - Preschool for all
 - Prevention initiative
- Downstate districts
 - Preschool for all
 - PEA expansion model
 - Prevention initiative
 - Infrastructure/administration

Representative Crespo asked: In order to get the grant, a district has to apply through an RFP process, correct?

Ms. Zumwalt said that is correct.

There was then discussion on differences between Chicago and downstate in terms of criteria for applying and receiving the Early Childhood Block Grant. This was followed by a discussion on the slight downward trend of preventive initiative funding in the downstate areas.

There was also a brief discussion on quality child care and how child care programs, unlicensed or otherwise, have an outsized effect on children's educational development.

The meeting adjourned at 2:56 p.m.