

School funding reform: Frequently asked questions

Q: What is the difference between Senate Bill 1, the original school funding bill, and Senate Bill 1947, the legislation that was signed into law Aug. 31?

A: Senate Bill 1947 is largely identical to Senate Bill 1 in that it clears the way for a fairer, more modern evidence-based model of funding Illinois schools. SB1947 includes some additional components at the request of Republicans, such as a tax credit for private school scholarship donations. It also includes school mandate and property tax relief.

Q: How does the evidence-based model work?

A: Illinois' new school funding formula will calculate the cost of providing a quality education in each school district based on 27 evidence-based best practices that are shown to enhance student achievement. These 27 elements include such factors as number of teachers, aides, nurses and librarians each district needs to educate its students. Based on local demographics, each district will be assigned a unique adequacy target. The greater the student need, the higher the adequacy target. Under the new formula – as long as it is properly funded by the state each year – no school districts will begin with less money than they had under the final year of the old formula. New dollars will go to the neediest districts first; in other words, those farthest from their adequacy target.

Q: What is the “hold harmless” provision and how does it work?

A: This is a permanent provision in SB1947 that occurs through the calculation of a base funding minimum. The state must provide each school district with at least the same amount of state funding as the district received the prior fiscal year, including new money distributed through the evidence-based model. The base funding minimum is cumulative, meaning schools should see increased state funding year over year.

Q: How can I find my school's base funding minimum and how much it will receive from the state under SB1947?

A: Each district's preliminary base-funding minimum amounts can be found online at isbe.net/ebf2018. The Illinois State Board of Education is in the process of verifying data needed to calculate school districts' 2018 state payments under the new formula. Final calculations are not expected to be available for a few months.

Q: Will there be a drastic difference between what my district received under the old formula and what it will receive under the new formula?

A: There may be some differences because ISBE must update its calculations based on more recent data for district enrollment and other demographics. In addition, SB1947 removed the normal cost of pensions for Chicago Public Schools from the adequacy target and base funding minimum. This shift could affect the final distribution of new state dollars.

Q: Will declining enrollment affect state aid under the evidence-based model?

A: The base funding minimum contained in SB1947 protects districts from decreased state funding due to enrollment declines. Because the base funding minimum is determined on a per-district basis, not a per-pupil basis, it provides stability by ensuring that no district will receive less state aid than it received the year before.

Q: How much will it cost the state to ensure the new funding formula is successful?

A: The minimum funding level set in SB1947 requires the state to contribute at least \$300 million to the formula's implementation and at least another \$50 million to either the formula or to tax relief. If the minimum funding level is not met, then the dollars that are appropriated will be prioritized for the least adequately funded districts.

Q: Will the state continue its practice of prorating school funding?

A: Under the new formula, proration will be a thing of the past. Instead, if the state appropriates less money for schools than it did the previous year, the most adequately funded districts would lose any dollars they have received through the evidence-based model first. If that is not enough to cover the shortfall, then all districts would lose dollars on a per-pupil basis.

School funding reform: Frequently asked questions

Q: How does the new formula address funding for special education?

A: SB1947 requires that all money meant for special education be spent on special education. This was done so that schools and special education cooperatives can continue their maintenance-of-effort requirements.

Q: How does the new formula address teacher pensions?

A: Previously, Chicago teachers' pensions were treated differently than the pensions of teachers in the rest of the state. CPS was the only district in the state that paid its own pension costs. Under the new formula – the result of bipartisan negotiation – all teachers' pensions will be treated similarly, with the state funding normal pension costs for CPS, just as it does for every other Illinois school district.

Q: How does the tax credit for private school scholarships work?

A: This is a five-year pilot program through which individuals and corporations can receive a tax credit for donations to support private school scholarships. The amount of total tax credits awarded in any year may not exceed \$75 million. To be eligible for a scholarship, students must be below 300 percent of the federal poverty level. Priority will be given to students who were eligible the prior year, and students who receive one of the scholarships are subject to the same assessments as public school students.

Q: Why does this school funding law establish a Tax Increment Financing task force?

A: The task force will study TIF funding issues in Illinois, including how TIF affects school funding, the benefits and costs of TIF districts, and the expenditure of TIF funds and TIF surplus. The task force will consist of three lawmakers from each of the four legislative caucuses, and it will submit its findings and recommendations to the General Assembly and the governor by April 1, 2018.

Q: News reports suggest that cuts to the state's Corporate Personal Property Replacement Tax siphoned money away from schools in spite of SB1947 guaranteeing no districts will lose money. Can you explain?

A: The state's Corporate Personal Property Replacement Tax fund is not connected to implementation of the school funding formula. Separate budget legislation this year directed some PPRT money away from the fund, affecting 22 school districts. But PPRT allocations for FY18 are down nearly 24 percent from the previous year for numerous other reasons, including weak domestic profits and more accurate tracking of payments and allocations by the Department of Revenue. The good news is that the cuts school districts experience as a result of PPRT reductions will be accounted for in the new school funding formula because these districts will be considered less adequately funded and therefore will be entitled to more state dollars through the formula.

Q: Where can I find more information?

A: Visit fundingilfuture.org or senatorandymanar.com for updates and news regarding the new school funding formula. Information also can be found on the Illinois State Board of Education website at isbe.net