

**Adequate Funding:** Sufficient revenue is available to all school districts to provide a reasonable chance of meeting state educational standards – put simply, school districts have the resources needed to provide a public education in keeping with the state’s academic standards and expectations.

**Average Daily Attendance:** State funding for school districts is based upon the number of students who attend each school district, a count called the average daily attendance. This would remain a foundational element of the funding system proposed by the Illinois School Funding Reform Act.

**Equalized Assessed Valuation:** A common measure of school district wealth that is defined in terms of the equalized assessed property value per student.

**Foundation Level:** This refers to the foundational level needed to provide an adequate public education for every student. This is the cornerstone of the current funding formula. It assumes a single number - \$6,119 in recent years – needed to serve every student. *(See proration)* The funding formula proposed by the Illinois School Funding Reform Act would move beyond a single number to instead create a district-by-district foundation level that multiplies a base amount needed for every student’s education and supported by state appropriations by additional funding weights based upon student needs and interests. *(See student weights)*

In recent years, however, the state has not allocated enough funds to support this funding level. The state education agency, as a result, prorated the general state aid payments owed to school districts by 11 percent, effectively lowering the foundation level to \$5,700.

**Funding Equity:** A fair distribution of resources for public education that takes into account student need and school district characteristics. More specifically, this can be defined in two ways.

1. **Student Equity:** The per-student spending of all school districts across the state is the same, or almost the same. If not similar, the difference in cost can be explained by factors beyond a school district’s control such as size, location or student characteristics.
2. **Taxpayer Equity:** The tax rates used to support public education across districts are similar statewide. If not similar, the difference in tax rates can be explained by a community of taxpayers wanting to spend more on education within reasonable limits.

**General State Aid Per Pupil:** The General State Aid program anchors the current funding system and includes two key components. The General State Aid formula was created in Dec. 1997. First, an equalized grant that draws upon a mix of local and state resources to ensure every district meets a minimum foundation level needed to educate every student – in recent years, this has been \$6,119. *(See foundation level)* Second, a poverty grant that is not equalized, that is based upon the proportion of low-income students served. *(See low-income)*

**Low-Income:** Illinois, like most states, provides additional grant funds to districts in proportion to how many low-income students the district serves. In the current system, the low-income count is based upon students receiving assistance from the Department of Human Services. This would shift to the students who receive a free or reduced-price school meal under the proposed funding law.

**Local Resources Per Pupil:** This measure represents the amount of local resources a school district can devote to support local schools that is based on their local property wealth. In the current system, this is calculated as the

assessed value of property within a school district multiplied by an assumed tax rate that is distinct to the three types of school districts. *(See local property tax rate)*

**Local Property Tax Rate:** This refers to the district's property tax rate. There are assumed tax rates for the three types of school districts found in Illinois. For instance, unit school districts have an assumed rate of 3 percent while elementary districts have a rate of 2.3 percent and high school districts have a rate of 1.05 percent. Local residents

**Operating Expenditure Per Pupil (OEPP):** This measure represents the amount a school district spends on operations – this typically everything from transporting students to paying teachers and keeping the schoolhouse safe – divided by student attendance.

**Progressive Funding:** States and/or school districts spend more where it is most needed – in high-poverty schools.

**Proration:** This occurs when the state does not allocate enough money to fully fund the foundation level that has been set at \$6,119 in recent years. *(See foundation level)* As a result, the state education agency has prorated the payment of general state aid to school district by 11 percent, effectively lowering the foundation level to roughly \$5,700. This disproportionately hurts the school districts that most rely on state support – disadvantaged districts with large concentrations of low-income students and little local resources to support them. The proposed Illinois School Funding Reform Act would end the practice of proration.

**PTELL:** The Property Tax Extension Limitation Law essentially created tax caps to limit the year-to-year growth on tax extensions or dollars collected. Tax-capped districts may have their year-to-year extension increase by no more than the Consumer Price Index (CPI) or 5 percent – whichever is least. Since 2000, the state has provided a PTELL adjustment for tax-capped districts. This acknowledges within the state funding formula that they may be limited in how much local wealth they could collect.

**Student Weights:** School funding formulas often count a particular group of students – such as low-income students, English language learners or those receiving special education services – based upon the relative cost of educating students with specific needs as compared to students with no special needs.

**Regressive Funding:** States and/or school districts spend less to support high-poverty schools and students.

#### **Sources:**

*“General State Aid: Program Mission and Purpose;” Illinois State Board of Education, 2014.*

*“Is School Funding Fair?” A National Report Card, Third Edition; Education Law Center and Rutgers Graduate School of Education, 2013.*

*“Overview of the Structure of the Illinois School Finance System;” Augenblick, Palaich & Associates, 2013.*

*“Illinois Senate Education Funding Advisory Committee Report,” 2014.*