

Comparison Chart of Proposed School Funding Legislation – 4/10/16

Major Changes	Current Law	SB 16	SB 1	Better Funding for Better Schools— SB 231
Weighted Formula	<p>General State Aid represents the largest funding stream of our current formula, but still only accounts for just 40% of state education dollars.</p> <p>Education dollars are distributed to districts based on a single, state-wide foundation level, or base funding level. This one-size approach does not take into account districts' differences. Districts serving significant low-income and/or ELL populations must provide their students with additional resources in order to give them an "adequate education." Yet, such districts are treated the same as those with fewer needs in the General State Aid calculation.</p>	<p>Proposed streamlining the current system so that 92% of state education dollars are distributed through a single, needs-based Primary State Aid (PSA) formula. The PSA formula would have an <i>individual</i> foundation level for each district, or "weighted foundation level" that would take into account districts' student populations when determining their need. First, a base funding level would be determined by the legislature for all districts. Then, each district would be given additional weights based on factors such as its number of special education students, English language learners, low-income students, and gifted students. The state would then calculate each district's weighted foundation level by multiplying a district's total weight by the base funding level.</p>	<p>Added the important factor of regionalization to the weighted foundation formula of SB16. Regionalization recognizes that districts in different areas pay different costs to provide the same services to their students. SB1 would account for regional cost differences using the National Center for Educational Statistics Comparable Wage Index. Each district with a Comparable Wage index greater than the weighted average for all districts, would receive a boost when the state calculates its weighted foundation level. Districts with a smaller wage index would be weighted at the state average.</p>	<p>Better Funding for Better further improves SB1's weighted formula.</p> <p>After a deep dive into best practices and feedback from stakeholders, sponsors decided to also include two more important weights. Under Better Funding for Better Schools, districts will receive additional funds for the K-3rd grade students they teach and for the 9th graders they teach. This is based on evidence that preparing children in the early years of their education as well as preparing high schoolers for college and career requires additional resources.</p>
Low-Income Definition	<p>Low-income students are those eligible for programs from the Department of Human Services (DHS), including Medicaid, the Children's Health Insurance program, TANF, and Food Stamps.</p>	<p>Proposed shifting the identification criteria of low-income students to those eligible for free or reduced-priced lunch (FRPL).</p>	<p>Retained Illinois' current definition of low-income students based on DHS based on feedback from educators and legislators. FRPL requirements are currently under review. There is agreement that it would be better to explore FRPL in the future, once its criteria are cemented.</p>	<p>The current definition of low-income students will also be retained under Better Funding for Better Schools.</p>
English Learners-- Accountability	<p>Funded through the Bilingual Education grant line, separate from the General State Aid formula that does not consider districts' local resources. To receive funds, districts are required to report back to the</p>	<p>Fully incorporated English Learner (EL) funding into the Primary State Aid formula. Districts receive a weight based on their number of ELs. However, the expiration of the separate grant program would also end important</p>	<p>Corrects SB16's accountability problem, by requiring school districts with at least one English language learner to report their revenues and costs</p>	<p>Accountability and reporting language under SB 1 will also be included in Better Funding for Better Schools language.</p>

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Special Education— Above Average Needs	<p>state on their expenditures, costs, and reimbursements on bilingual programs.</p> <p>There are six separate grant programs to support districts' special education expenditures. None account for districts' local resources.</p>	<p>district accountability reporting requirements for individual bilingual education programs.</p> <p>Special education funding would be incorporated into the primary state aid formula. The state would identify the statewide average percent of students that required special education services. Then, PSA formula would distribute special education dollars with the assumption that all districts had a similar percentage of special education students.</p> <p>Private special education tuition and special education transportation would still be separate funding streams.</p>	<p>related to bilingual education programs in order to be eligible for primary state aid.</p> <p>Funding for districts with above-average special education needs would be calculated based on their unique concentration of special education students. All other districts would receive special education funds based on the state's average concentration of special education students.</p> <p>Additionally, the new language includes a grant, outside of the PSA formula, to cover the education expenses of each student whose special education needs would cost four times his district's per student tuition rate.</p> <p>Private special education tuition and special education transportation would still be separate funding streams.</p>	<p>Special Education funding under Better Funding for Better Schools would remain the same as the compromise language under SB 1.</p> <p>Additionally, under Better Funding for Better Schools, transportation would remain a separate funding stream.</p>
Adequacy	<p>The current approach to determining a foundation level does not reflect the resources required to educate students adequately.</p> <p>The Illinois Education Funding</p>	<p>Proposed the creation of a Primary State Aid Review Committee that would conduct an adequacy study by January 31, 2019. The committee would be an independent group of educators, community leaders, administrators,</p>	<p>Moves up the timeline of the adequacy study to be completed within 10 months of the Primary State Aid Review Committee's first</p>	<p>Under Better Funding for Better Schools, the adequacy grant established under SB 1 would be expanded to protect more districts from state funding losses.</p>

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	<p>Advisory Board (EFAB) is an independent group of educators, researchers and education leaders that is tasked with defining an adequate foundation level. Each year, EFAB gives the state a recommendation for the upcoming school year's foundation level. In 2013, EFAB recommended a foundation level of \$8,672. Since 2002, education funding has fallen short of EFAB's recommendations. With the Foundation Level at \$6,119, approximately 71% of the EFAB recommendation.</p>	<p>school finance experts, and parents. The adequacy study would define a new approach to calculating the state's base funding level, examine the appropriate weights to be added to the base funding level to calculate each district's weighted foundation level, estimate additional funding needed to provide preschool for all Illinois students, and examine what localities should be expected to contribute to their education systems.</p>	<p>meeting.</p> <p>Creates an "Adequacy Grant," as a supplemental funding source to protect underspending districts from losing state funding. The adequacy grant takes into account a district's ability to meet its "Adequacy Target" and its local tax rate. A district's Adequacy Target is calculated by multiplying EFAB's recommended foundation level by each district's weight. A district spending less than its Adequacy Targets would be protected against state funding losses if its local education tax rate is at least 90% of the state's average for their district type (i.e. elementary, unit, high school).</p>	<p>School districts spending less than 110% of their Adequacy Targets would receive supplemental funding from the Adequacy Grant if their local education tax rate is at least 85% of the state's average for their district type.</p>
<p>Career Pathways</p>	<p>Illinois Career Pathways are regional-specific programs formed from partnerships between school districts, local businesses, and non-profit organizations, which provide students with the opportunity to pair academics with real-world, career exposure. There is no current state funding stream that incents the creation of Career Pathways.</p>	<p>Added a funding weight for each student completing a Career Pathways program in his or her district. To be eligible for the Career Pathways weight, a district program must provide students with a career-specific program with at least 3 courses.</p>	<p>Under SB 1, a district's Career Pathways program can consist of 3 courses or equivalent competencies in order to capture the individuality and different forms of Career Pathways throughout the state, enabling design flexibility.</p>	<p>Better Funding for Better Schools would provide this weight with the same flexibilities allowed under SB 1. Additionally, would provide a weight for those participating in Career Pathways, not just those that complete the program.</p>

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Chicago Teacher Pension Contributions	Currently, Chicago Public Schools is the only school district in the State that pays for its own teacher pensions.	The language provided that when determining CPS's available local resources (ALR), the calculation will exclude amounts CPS paid for the normal pension cost in the previous year (this does not include amounts necessary to amortize any unfunded liability). This would have allowed the district to receive a higher Primary State Aid payment to offset the cost the district incurs for its normal costs of teacher pensions.	SB 1 would have addressed CPS' pension payment in the same way SB 16 addressed it.	<p>Under the new proposal the state will pay Chicago teachers' normal pension cost, bringing the district more in line with the rest of the districts in the State. CPS would still be responsible for paying its unfunded liability but CPS would receive a pension credit toward its available local resources for that unfunded liability payment.</p> <p>Better Funding for Better Schools would strengthen pension security by dedicating a portion of CPS' existing property tax levy to the Chicago Teachers Pension Fund under its current education tax levy.</p>
Teachers' Retirement System	When schools use federal funds to hire teachers, state law requires them to pay 36% off the top to the Teachers Retirement System, compared to just 0.58% of salary for non-federally-funded teacher. The largest source of federal funds, Title I dollars, are targeted to low-income schools. This means that Title I districts are covering the unfunded liability, while the state pays that cost for non-Title I districts.	SB 16 does not address this issue.	SB 1 does not address this issue.	Under Better Funding for Better Schools, districts would only be required to pay the normal cost for teachers paid for out of federal Title I funds. The State would contribute the rest.
District Fund Flexibility	Currently school districts subject to the Property Tax Limitation Law (PTELL) have restrictions on both individual fund tax rates and overall tax rates. Moreover, the law dictates what each district fund can be used for and when money can be transferred among individual funds. These laws severely limit a district's flexibility to meet the student needs with funds that are available.	SB 16 does not address this issue.	SB 1 does not address this issue.	<p>Under Better Funding for Better Schools, districts subject to PTELL are allowed to exceed their individual fund tax caps as long as they stay under the PTELL limiting rate.</p> <p>Districts have increased flexibility to transfer among education, transportation, operations and maintenance funds and use fire safety funds for building repair.</p>

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Hold Harmless Provisions	<p>When the General State Aid formula was first created in 1997 it provided that no school district would be funded at a lower amount than they were funded prior to the implementation of the new law. This is called a “hold harmless” provision. Up until as recently as FY 11, districts were receiving funding to account for the difference from what they received in FY 97.</p>	<p>SB 16 included a “budget neutral” hold harmless which phased in the increased funding for schools over 3 years while allowing districts that would see reduced funding 3 years to adjust to the new education funding distribution system.</p> <p>Phasing in the increases and decreases for school districts under the new formula contained the cost of the new funding system and gave an end date to the hold harmless, ensuring that in year three of the formula State dollars going into education would be distributed in the most equitable way.</p>	<p>SB 1 included the same phased-in hold harmless.</p>	<p>While there is widespread agreement that the current education funding formula is inequitable and outdated, there was concern from elected officials and school district superintendents across the State that funding for schools in their area would be reduced.</p> <p>That is why Better Funding for Better Schools would ensure that every district would receive the same level of funding from the State that they did last year. This hold harmless provision would be phased out over 4 years.</p>