

SUMMARY OF SB1947

This is a historic victory for school students throughout Illinois. Illinois finally has a school funding formula that is equitable and includes a roadmap to adequacy. While we do not like all of the non-SB1 elements included in SB1947, we do not want to lose sight of this major victory for public education in Illinois.

SB1 CHANGES

- CPS' normal cost of pensions is moved out of the school funding formula, as it was in SB1, and into the Pension Code. As a result, CPS now receives slightly *more* money in the funding formula itself.
- CPS' normal cost pension payment is also protected by a "continuing appropriation," which means that even if the funding is not appropriated in the budget, CPS pensions will still get paid. All other state pension payments have a similar continuing appropriation.
- The unfunded pension liability provision for CPS was extended to any district that is required to pay unfunded liability. Districts are required to pay the costs for the new "Tier 3" pension system for newly hired teachers. While there isn't any unfunded liability today, this protects districts should it develop in the future. The Tier 3 pension change passed with the budget.
- Finally, the legislation counts any amounts up to \$50M included in the property tax relief fund as part of the state's minimum contribution for determining what percent of total funding goes to neediest districts. (See page 2)

TAX CREDIT PROVISIONS

MAJOR PROVISIONS

- Maximum of all tax credits is \$75M annually.
- Program runs from January 1, 2018 - December 31, 2022. Program is sunset as of January 1, 2023.
- Students will have to be assessed using the same assessment as district schools starting in 2019-2020.
- ISBE will hire an independent research organization to report annually on year-to-year learning gains.
- ISBE shall annually submit a report to the Governor and Leaders on the academic progress of students receiving scholarships.

STUDENT ELIGIBILITY

- Families must have a federal adjusted gross income less than 300% of the Federal Poverty Level (FPL) when initially applying for the scholarship and must be less than 400% of FPL subsequently.
- Students must have been eligible to attend a public elementary or high school in the semester prior to applying for the scholarship or have just moved to Illinois.
- Priority is given to students who:
 - Were eligible from the prior year
 - Have incomes less than 185% of FPL
 - Live within a focus district*
- Scholarships are granted Feb. 1 through April 1 for priority groups on a first-come, first-served basis.
- Scholarships are given to the school, not the student. If the student transfers to a different school, the scholarship will also be transferred.
- Scholarships are capped at the lesser of 1) the statewide operating expense per pupil (OEPP) for public schools or 2) the costs and fees of private school attendance.
 - For special education students, the maximum is multiplied by 2
 - For English Learners, the maximum is multiplied by 1.2
 - For gifted students, multiplied by 1.1
- Scholarships are on a sliding scale:
 - If income is below 185% of FPL, receive 100% of scholarship amount
 - If income is 185% to 250% of FPL, receive 75% of scholarship amount
 - If income is over 250% of FPL, receive 50% of scholarship amount

SB1947 includes an inseverability clause which maintains that if any portion of the law is determined to be invalid the entire act is determined to be invalid. This is intended to protect the tax credit portion from legal proceedings.

* A focus district is any district that has graduation rates below 60% or subgroups that perform in lowest 10% of all Illinois students in that particular group.

OTHER BILL PROVISIONS

- Allows 10% of voters in a school district funded above 110% of adequacy to petition for a referendum to reduce education property taxes by 10%, but cannot reduce district funding below 110% of adequacy. Referendum cannot be repeated for the next two consolidated election cycles. About 100 districts would be eligible.
- Allows CPS to increase its property tax levy for pensions from 0.383% to 0.567%.
- Creates a TIF Task Force to review TIFs, including interaction with the school funding formula. Composed of members of the General Assembly. Report due April 1, 2018.
- Allows a school board to determine the frequency of PE as long as it is a minimum of 3 days per 5-day week (previously statute required daily PE). Allows districts to exempt on a case-by-case basis 7th - 12th grade students who participate in sports.
- Allows districts to contract with third party Driver's Education vendors without requesting a waiver from the General Assembly.
- Provides a streamlined process to request waivers from the General Assembly from other state mandates.

PROPERTY TAX RELIEF FUND

- SB1 contained the Property Tax Relief Fund, a mechanism for high tax districts to receive grants to lower their property taxes.
- Districts apply for the grants. Districts above a certain threshold will be eligible for tax relief. The threshold will be determined by the amount appropriated and the amount that districts apply for (districts are limited to apply for a 1% percentage point drop in taxes each year).
- As described on page 1, any amounts up to \$50M dollars of funding for the property tax relief fund can be counted against the \$350M dollars required for the Minimum Funding Level.

