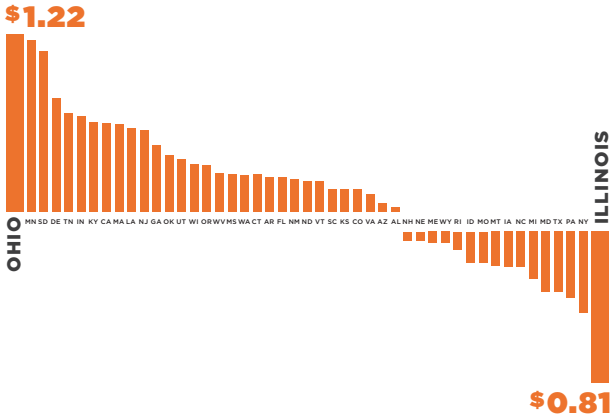
Last Updated: August 17, 2017

fix the formula ILLINOIS

SB1 OVERVIEW

SB1: CREATES AN EVIDENCE-BASED & EQUITABLE SCHOOL FUNDING FORMULA FOR THE ENTIRE STATE

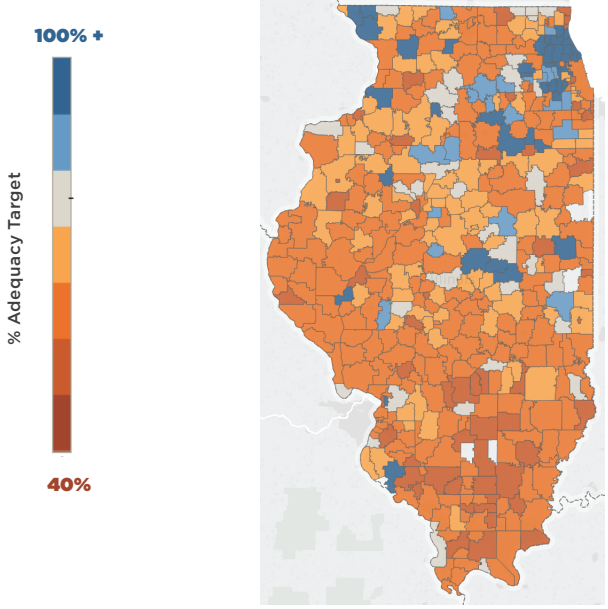
- ✓ On May 31, the General Assembly passed SB1, a huge victory on the path toward fair school funding for students across the state.
- ✓ SB1 is a research-based school funding formula that works equitably for all students across Illinois.
- ✓ Illinois' old system is so broken that Illinois ranks last in the nation in providing school funding to the neediest students.



- ✓ For every $1 spent on a non-low income student, only $0.81 is spent on a low-income student. SB1 will eliminate this inequity over time.
- ✓ SB1 aligns with the consensus recommendations from the Governor's Commission Report.
- ✓ The new formula in SB1 ties school funding to 27 evidence-based best practices that are shown to enhance student achievement in the classroom.
- ✓ SB1 calculates a unique adequacy target for each school district by applying the same 27 research-based elements to unique district demographics.

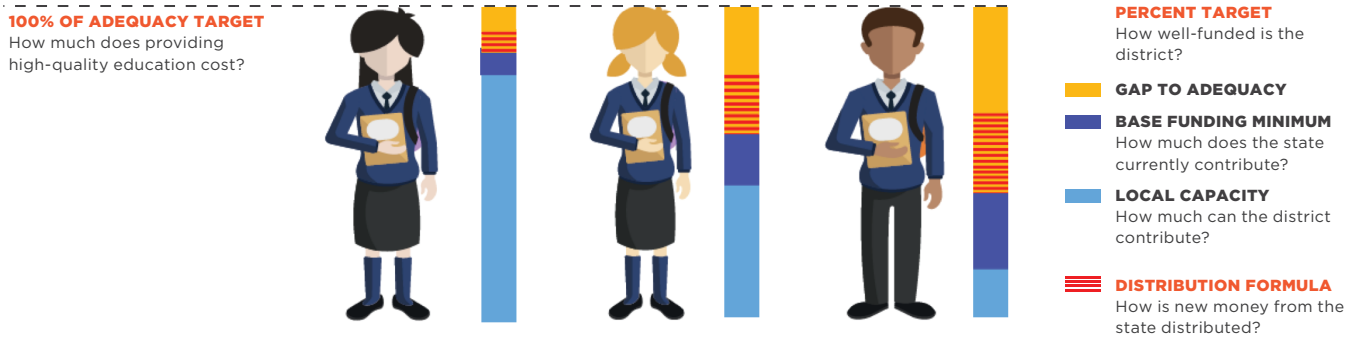
- ✓ In SB1 the greater the student need in a district, the higher its Adequacy Target.
- ✓ In SB1 new dollars go to the neediest districts first—those furthest from their Adequacy Target.

SB1 FUNDING COMPARED TO ADEQUACY



- ✓ SB1 brings parity to students in Chicago just like students in every other school district in the state by getting rid of Block Grants and reconciling pension payments.
- ✓ **No district loses money. No exceptions.** The starting point is the amount of funding the district has this year. All new state funding going forward is on top of what districts currently receive.

HOW DOES SB1 WORK?



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KEY PROVISIONS

- ✓ Calculates the cost of a quality education based on 27 elements, including the number of teachers, aides, nurses and librarians each school district needs to educate the students it serves.

  Note: This calculation is called an "Adequacy Target" and is different for each school district.

- ✓ Identifies how much a district currently receives from the state and locks that in. No district loses money under this new formula.

- ✓ Integrates the funding that used to go into the Chicago Block Grant into the formula and then ends the Block Grant. Chicago Public Schools students—just like all other students in the state—don't lose current funding.

- ✓ SB1 eliminates block grants so CPS will go through the claims process like every other district.[1]

- ✓ Determines how much a district should be contributing from local property taxes—this is defined as a district's "Local Capacity Target."

  • Districts with lower property wealth are expected to contribute less to the cost of education than higher wealth districts.

- ✓ Calculates how close a district is to its Adequacy Target with its current state resources and its expected property tax contribution.

  • Divides districts into four Tiers based on how close to or far away from Adequacy they are. Tier 1 districts are the furthest from their Adequacy Targets, while Tier 4 districts are the closest.

- ✓ Allocates funding by Tier to ensure the neediest districts get resources first. When new dollars are added, Tier 1 gets the first 50%, the next 49% is split between Tier 1 and Tier 2, and the final 1% is split between Tier 3 and Tier 4.

- ✓ Creates a Property Tax Relief Fund targeted to districts with high property tax rates but low property wealth. These districts can apply for additional state funds to reduce local property taxes. Districts with less Local Capacity receive a greater refund for each dollar of tax relief they provide.

  • Unit districts can lower their tax rate by about 1 percentage point. For example, a district with a 7% Operating Tax Rate could lower its rate to 6%.

- ✓ Provides parity and security in pension payments. Today, CPS is the only district in the state that pays its own teacher pension cost. That means hundreds of millions of dollars come out of CPS classrooms and go to the pension fund. SB1 addresses this.

  • CPS will receive approximately $220 million from the state to cover the cost of pension benefits teachers are earning today (called the "normal" cost). CPS then has to use that funding to pay their pensions—which CPS is obligated to pay.

  • SB1 would treat other school districts the same way if they would have to pay their own pension costs.

  • CPS is also the only district that must pay its own legacy pensions costs, or "unfunded liability." Based on the calculations in the formula that means just 86 cents on the dollar can go towards funding the 27 evidence-based elements because some of these dollars are going towards the legacy costs. The formula accounts for this by crediting Chicago's local capacity target, the amount it can be expected to raise through property taxes to fund schools. It doesn't give Chicago these dollars.

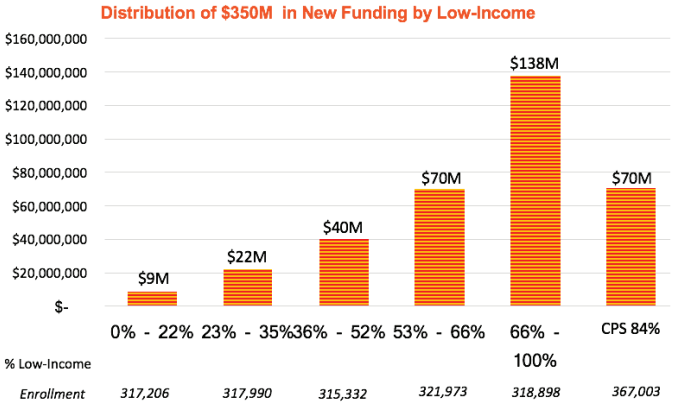
  • In the future if there were to be a cost shift, all districts would be treated the same way.

1 There are no changes to Early Childhood funding.

ANALYSIS

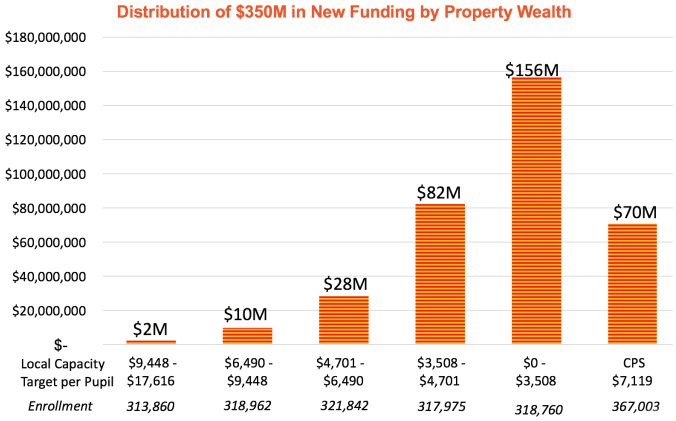
• Over 85% of all dollars go to districts with greater than 50% low-income

SB 1 INCREASES EQUITY BY SENDING NEW DOLLARS TO NEEDIEST DISTRICTS



• Almost 70% of all dollars go to districts with lower than median property wealth

SB 1 ALSO INCREASES EQUITY BY SENDING NEW DOLLARS TO PROPERTY POOR DISTRICTS



*Analysis is based on public ISBE data. Data reflects FY17 simulation. FY18 numbers will vary.

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