On August 31, the Governor signed SB1947, a historic victory for school students throughout Illinois. Illinois finally has a school funding formula that is equitable and includes a roadmap to adequacy.

**OVERVIEW**

- SB1947 is a research-based school funding formula that works equitably for all students across Illinois.
- Illinois’ old system was 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. SB1947 will eliminate this inequity over time.

The new formula ties school funding to 27 evidence-based best practices shown to enhance student achievement in the classroom and provides a unique Adequacy Target for each district based on its demographics.

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

- 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.

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PROPERTY TAX PROVISIONS

- Creates a Property Tax Relief Fund targeted to districts with high property tax rates but low property wealth. Districts apply for additional state funds to reduce local property taxes. Districts with less Local Capacity receive more funds 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%.
- 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.

TAX CREDIT PROVISIONS

MAJOR PROVISIONS

- Individuals and corporations can receive a tax credit for donations to support private school scholarships.
- Maximum of all tax credits is $75M annually.
- Scholarship students must be assessed in the same way as students in district schools starting in 2019-2020.
- ISBE will hire an independent research organization to report annually on year-to-year learning gains.

STUDENT ELIGIBILITY

- Families must be below 300% of the Federal Poverty Level (FPL) to apply for scholarship.
- 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 capped at the lesser of 1) the statewide operating expense per pupil 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

PENSION PROVISIONS

- SB1947 provides parity and security in pension payments. Prior to this legislation, CPS was the only district in the state that pays its own teacher pension cost.
- CPS’ normal cost of pensions are now paid by the state, like every other school district.
- CPS’ normal cost pension payment is also protected by a “continuing appropriation.” Even if the funding is not appropriated, CPS pensions will still get paid. All other state pension payments are protected by a continuing appropriation.
- CPS is currently the only district that must pay its own legacy pensions costs, or “unfunded liability.” The formula accounts for this by crediting the local capacity target for the amount it must pay.
- This provision applies 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.
- Allows CPS to increase its property tax levy for pensions from 0.383% to 0.567%.

OTHER PROVISIONS

- Allows voters in a school district funded above 110% of adequacy to petition for a referendum to reduce education property taxes by 10%. About 100 districts would be eligible.
- Creates a Task Force to review TIF funding issues, 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.
- Narrows range of payments to charters to provide more parity with funding in district-run schools.

* 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.