WHY WE SUPPORT SENATE BILL 444
Passed Both Houses November 9, 2017

Advance Illinois, the Fix the Formula campaign, and the Funding Illinois’ Future coalition support Senate Bill 444. On August 31, 2017, Senate Bill 1947 was signed into law, which updated a decades-old funding formula and increased school funding equity in Illinois. This historic legislation was a major overhaul to the laws governing school funding in the state.

With any major legislative overhaul there are always technicalities that need clarification in order for the letter of the law to match the intent of the bill. We support SB444 because we believe it meets our core principles as a coalition and only serves to reiterate the original intent of Senate Bill 1947.

CORE PRINCIPLES

1. Recognizes individual student needs
2. Accounts for differences in local resources
3. Closes funding gaps & keeps them closed
4. Provides a stable, sustainable system that gets all districts to adequacy over time
5. No district loses money

FAST FACTS ON SB444

- SB444 reflects the intent of SB1947
- Without these clarifications, the bill changes
- $350 million still goes into the formula

IMPLICATIONS OF A VETO

The bill passed the legislature and was sent to the Governor’s desk on November 9th. The changes in this bill ensure that EAV is calculated for each district as was modeled in previous versions. If the Governor was to veto the bill than the statute would not reflect was originally expected through the model. We expect that districts with PTELL EAVs that are lower than their GSA EAVs would receive less money in this scenario, similar to the impact that would have occurred if PTELL EAV had been amendatorily veto’d. Similarly districts who have recently abated taxes would not see this reflected in their EAV calculation and would therefore would have an increase in their EAV and would expect to receive less dollars.

WHAT ARE THE CLARIFICATIONS?

The Illinois State Board of Education wants to clarify the following:

1. Add back EAV abatement language accidentally deleted in drafting
2. Treatment of districts affected by the Property Tax Extension Limitation Law (PTELL)

EAV ABATEMENT LANGUAGE

This language is used for reducing the EAV for a district if there is a tax abatement (a decision to lower the amount of taxes collected) in the district. This language was included in prior law and was not intended to be changed by EBM, but was inadvertently deleted in the language for SB1947. SB444 adds this language back in to the bill, so it matches what was intended and modeled.

DISTRICTS AFFECTED BY PTELL

What is PTELL?

PTELL is the Property Tax Extension Limitation Law. It caps the amount a district’s property tax levy can increase each year. This means that PTELL-capped districts have a reduced ability to access all of their EAV, or local property wealth.

Therefore, for purposes of the formula, a “PTELL EAV” is calculated to reflect the amount a district can actually access.

The above are the only two technical changes that were passed into law as part of SB444 in November of 2017. Both had already been part of prior modeling (which is publicly available on ISBE’s website), using 2016-2017 data.

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What are the implications?
Without clarification, most districts under PTELL will have more EAV recognized in the formula than they would otherwise, and this causes them to receive fewer new dollars from the state.

How does SB444 fix the issue?
SB444 fixes this issue to reflect the intent of the language, so that PTELL EAV is used if it is lower than a district’s EAV regardless of whether or not the district increased their tax rate through referendum.

What was the intent in Senate Bill 1947?
The intent of the language in SB1947 was to use a district’s PTELL EAV to calculate its local resources whenever it is lower than the district’s EAV. In SB1947, there is a different approach for calculating this amount for districts who increase their tax rate through referendum.

What needs to be clarified?
There is a misplaced comma in the clause that, as written, does not match the intent of the bill but rather interprets this provision to mean that only districts that increased their tax rate through referendum would use their PTELL EAV.

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