

EVIDENCE BASED MODEL (EBM)

Frequently Asked Questions

Q1. WHAT'S WRONG WITH THE WAY ILLINOIS CURRENTLY FUNDS ITS SCHOOLS?

Illinois has the most regressive education funding system in the nation. In our state, students who need the most support get the least resources.

According to a 2015 report of The Education Trust, for every dollar spent to educate students from wealthier districts, only 81 cents are spent on students from poor districts.

Moreover, our funding system is a web of complicated formulas that result in less than half of all state education dollars going to school districts based on a local district's ability to pay for local schools. More than half of State education dollars go to districts regardless of their wealth, shortchanging poor districts with students who have greater needs.

To address its inadequate and inequitable approach to school funding, it is time for Illinois to fix our K-12 public education funding system.

Q2. WHAT IS ADEQUACY AND EQUITY?

Equity means providing students with the educational services they *need* in order to achieve and that our education system does not systematically disadvantage students in school districts that are primarily low-income, African-American, Latino, or have low property values.

An equitable system takes into account the needs of students and provides them with resources they need to achieve.

Adequacy is the amount of money it takes to educate a child. But not all children are the same; different students require different learning tools, which means adequate funding is not the same amount for each child.

In an equitable system, adequacy will be higher for children with greater needs.

Q3. WHAT IS THE EVIDENCE BASED MODEL?

The Evidence Based Model (EBM), developed by researchers Odden & Picus, is used to calculate adequacy. It accounts for the cost of research-based interventions that have an impact on student progress for students with differing needs.

In adapting the Evidence-Based Model for Illinois, we have identified the following shared goals:

- Ensure that funding is based on student needs.
- Ensure that dollars are driven towards the least well-funded districts in the state.
- Ensure that no districts lose state funding.
- Reduce the reliance on local property taxes and ensure that a district's taxing effort matches the district's ability to tax while meeting the needs of the district.

Q4. WOULD DISTRICTS LOSE MONEY UNDER THIS NEW FORMULA?

No. A "Base Funding Minimum" acts as a guarantee that every district will receive at least the same amount in state funds as it received the preceding fiscal year, on a per-student basis. Whatever new money a district gets is counted in the Base Funding Minimum for the next year. This means that as long as the state contributes at least as much as it did the previous year, no district will **ever** lose money from the state on a per-student basis.

Q5. HOW ARE STUDENT NEEDS TAKEN INTO ACCOUNT? WHAT ARE THE ESSENTIAL ELEMENTS?

The essential elements are the 27 evidence-based components that ensure student needs are incorporated into the funding formula. They include costs for class size ratios, full day kindergarten, teacher training, and programming for English Learners and special education services, for example. Each district has a unique cost for the essential elements based on the student needs of that district. Adding the costs generates the district's Adequacy Target, which is the amount the district needs to provide a high-quality education for all students.

Q6. HOW DOES THE EVIDENCE BASED MODEL WORK?

There are four major components to the model:

1. First, the model calculates how much a district needs to provide a high-quality education to its students, called the district's **Adequacy Target**. A unique Adequacy Target that reflects student needs is calculated for each school district.
 - This is based on the actual per-pupil cost of providing a set of research-based interventions, or **Essential Elements**, proven to impact student learning.
 - The Adequacy Target is adjusted to account for regional differences in wages.
2. Second, EBM calculates each district's **Local Capacity Target**, or the amount each district can contribute toward its Adequacy Target from local resources.
 - To determine this, EBM looks at what the district should be contributing, based on its property wealth and its individual Adequacy Target, and adjusts that based on what the district is actually collecting in taxes, called "real receipts."
 - This gives the most accurate view of how well a district can support itself.
3. Third, the model determines how well-funded a district currently is, or the **Percent of Adequacy** that is currently funded, taking into account the district's local capacity and its current state funding.
4. Finally, the **distribution method** directs new state dollars to those districts that have the lowest Percent of Adequacy.

Q7: HOW DO WE KNOW THESE ARE THE RIGHT ELEMENTS? WHAT IF STUDENT NEEDS CHANGE?

The list of essential elements is derived from research that shows what helps improve student outcomes. To make sure the elements are regularly reviewed, the statute creates a Professional Judgement Panel to review average expenses for these elements annually and recommend any updates. The membership of the Professional Judgment Panel is specified in the statute and includes educators, members of the Illinois State Board of Education, members of state educational associations, and members of the General Assembly.

Q8. RESEARCH SHOWS THAT STUDENTS IN CONCENTRATED POVERTY REQUIRE ADDITIONAL EDUCATIONAL SUPPORTS. DOES THE EBM ACCOUNT FOR CONCENTRATED POVERTY?

Poverty Concentration is addressed in HB2808 through the adjustment to the Base Funding Minimum. Districts with high concentrated poverty, that are also very poorly funded, get the biggest reduction in the amount of prior year poverty dollars considered in the formula, which makes their gap to adequacy larger. The effect is that these districts receive more money earlier. In the EBM, as constructed in SB1 Amendment 1 and SB1124, poverty is used to calculate class size ratios. Districts with high concentrated poverty would have smaller class sizes than districts with low rates of poverty. This would mean districts with high concentrated poverty would have higher adequacy targets that better reflect their level of need.

Q9: SCHOOL DISTRICTS GET FUNDING FROM THE STATE AND THEIR LOCAL RESOURCES. HOW ARE LOCAL PROPERTY TAXES TAKEN INTO ACCOUNT?

Under the current system, local contribution to education is calculated using an assumed property tax rate—calculating how much money a school district can generate if it taxed at that rate. In reality, it may collect more or less than that amount. This creates a misleading picture of how much funding that district needs. Under this proposal, the state sets a targeted amount for each district to generate locally (called the "Local Capacity Target"), but then looks at whether the district *really* generates more or less than that target before calculating what the state share should be going forward.

Q10. WHAT HAPPENS TO DISTRICTS THAT ARE BELOW THEIR LOCAL CAPACITY TARGET? DO THEY HAVE TO RAISE THEIR PROPERTY TAXES TO GET STATE FUNDING?

They do not have to raise their taxes to get full state funding. However, they will still have a shortfall from fully funding adequacy if they don't tax more. The state will only fill in the gap up to the Local Capacity Target. This provides those districts an incentive to raise their taxes without jeopardizing their allocation of new state dollars through the formula.

Q11. WHAT ABOUT DISTRICTS THAT ALREADY HAVE PROPERTY TAX REVENUE ABOVE THE LOCAL CAPACITY TARGET? SHOULDN'T THEY JUST LOWER THEIR TAXES TO GET MORE STATE FUNDING?

There are two cases here. Some districts have such high property taxes that their current resources are already above the Adequacy Target for their districts. This new model provides more transparency than ever before and allows taxpayers in these areas to decide if they want to continue to contribute locally above their Adequacy Target. These districts would have to lower their taxes to qualify for more state support, as long as they don't lower their taxes below the Local Capacity Target.

Alternatively, there are some districts that, even with high property taxes and current state funding, still don't have enough to meet their Adequacy Target. In order to avoid penalizing those districts, the model shields a portion of their local tax revenue from the calculation. That means the state provides more money to fill in the gap to adequacy *and* the district gets to keep all of its property taxes.

The Local Capacity Target (LCT) gives a more accurate view of a district's local ability to support its schools. By recognizing that some districts are taxing too much, we can start to balance how much education burden should be on the local district and how much should be on the state. The result of adjusting the LCT for districts taxing above their calculated LCT is that high-taxing districts that are still far from reaching their Adequacy Target would have the potential to lower their tax levy to more closely reflect the rates expected by the formula.

Q12. SO, HOW WILL THIS ENSURE DISTRICTS THAT ARE THE LEAST WELL-FUNDED ARE RECEIVING THE DOLLARS THEY NEED?

Those districts that are the least well-funded, those where current state and local funding is the furthest from the district's Adequacy Target, receive the majority of new state funds.

Q13. HOW ARE NEW STATE DOLLARS DISTRIBUTED THROUGH THE MODEL?

Each district is placed into one of four funding Tiers based on the percentage of its Adequacy Target that is currently funded through state and local resources:

Tier 1 – Includes districts that are the least well-funded. Tier 1 districts receive 50% of new state dollars. Since these districts are the least well-funded, they receive the greatest amount of new state funding.

Tier 2 – Includes all districts with an Adequacy Level below 90% (which means it also includes all Tier 1 districts) and receives 49% of new state dollars.

Tier 3 – Includes districts with an Adequacy Level between 90% and 100% and receives 0.9% of new state dollars.

Tier 4 – Includes districts with an Adequacy Level above 100% and receives 0.1% of new state dollars.

Q14. WHAT ABOUT DISTRICTS THAT ARE LIMITED BY PTELL? DOES THIS FORMULA ACCOUNT FOR THEM?

PTELL is a tax cap that limits districts' ability to increase local revenues each year by the lesser of the inflation (using the Consumer Price Index) or 5%. The current funding formula makes an adjustment for PTELL by recognizing that the district is not able to capture tax revenue on all of its EAV because of the cap, resulting in a higher state payment to the district.

As the state moves to a new funding system, the dollars from the current PTELL adjustment are locked into the funding system through the guaranteed Base Funding Minimum. In addition, the formula considers real EAV in its calculation of Local Capacity.

Q15. WHAT HAPPENS WITH THE CHICAGO BLOCK GRANT UNDER THIS BILL?

The bill eliminates the Chicago Block Grant for funding programs that are now incorporated in the EBM. This gives Chicago the funding they deserve and brings them in line with the rest of the state.

Created in 1995, the Chicago Block Grant (CBG) provides CPS with a dedicated percentage of funding appropriated to certain state education budget lines. Other districts have to submit claims to receive the funding.

Several of the budget lines included in the Block Grants are not integrated into the new formula. For example, since early childhood funding has not been incorporated within the weighted student formula, Chicago will continue to receive portions of the Early Childhood Block Grant, the transportation appropriation, special education transportation appropriation, and special education private tuition dollars, because those lines will not be integrated into the formula.

Q16. WHAT HAPPENS WITH CHICAGO'S TEACHER PENSION FUNDING?

Under current law, CPS pays the employer contribution for Chicago teacher pensions, while the state pays almost all the employer costs for teacher pensions for all other school districts. To account for this, the normal cost of CPS teacher pensions is included in the calculation of the district's Adequacy Target, reflecting the higher cost to CPS for pensions. CPS is still responsible for making its teacher pension payment.

Q17. WHEN WOULD THIS TAKE EFFECT?

The new formula would be in effect in the 2017-2018 school year, but progress toward equity and adequacy is contingent on new dollars being put in. If no new dollars are appropriated by the Legislature, then children will get status quo funding levels.

The time is now to fix this broken system. Our kids can't wait.

Q18. EDUCATION FUNDING IS VERY COMPLICATED. DON'T WE NEED MORE TIME TO STUDY IT?

The problems with the current state funding system and options for fixing it have been studied for the past four years. Multiple bills to fix the system have been pending in the legislature for the past three years and several task forces and committees have convened and made recommendations for funding reform.

The Senate Education Funding Advisory Committee, created in 2013, met regularly to discuss funding best practices. A subject-matter expert from Education Commission of the States and numerous Illinois State Board of Education staff and board members participated, along with the eight members of the committee. A bipartisan report was produced in the spring of 2014. SB 16 was filed that year. The bill created a weighted student funding formula. It passed the Senate that spring.

During the summer of 2014, House Democrats convened meetings of stakeholders to explore SB 16 and other funding reform concepts. Later that year, an official House Education Funding Task Force was formed, holding hearings with ISBE experts, national researchers, and local stakeholders.

In July of 2016, the Governor formed a Funding Reform Commission to study school funding in the state and consider various new funding models. The Commission was a bipartisan group of legislators from the House and Senate along with appointees of the Governor that met over several months to develop a solution. The Commission issued its report on February 1, 2017 and outlined a framework for school funding reform. This proposal is consistent with that framework.

Illinois needs a new education funding system, one that is equitable and adequate, is reviewed consistently and not forgotten about until the situation is impossible to ignore. The EBM contains a Professional Judgement Panel to look continuously at the formula and determine what works and to conduct a study on what adequate spending means for school districts in Illinois.