

SENATE BILL 1947

FREQUENTLY ASKED QUESTIONS

On August 31, the Governor signed Senate Bill 1947 (SB 1947) into law, an historic victory for students throughout Illinois. The bill kept most of the provisions of SB1, the Evidence Based Model (EBM) for school funding intact, and included some additional components. Below is a series of questions from superintendents and stakeholders from across the state, and answers to these questions that explain both the mechanics and implications of this landmark legislation.



MODELING & TIMING

1 Is the distribution model even in SB 1947?

Yes. The distribution model included in SB 1947 is the same as it was in SB1. The calculation of districts' Adequacy target, Local Capacity, Base Funding Minimum and equitable distribution of funding through Tiers remains the same. This will send almost all new state dollars to the least adequately funded districts. More detailed resources on the distribution model can be found at fundingilfuture.org/resources.

2 When will our exact new dollar amount be determined?

The Illinois State Board of Education is in the process of verifying data elements needed to calculate school districts' 2018 state payments under the Evidence Based funding system enacted in SB 1947. Since this is the first time that the State Board will be fully implementing the model, final calculations will not be available for a few months. Initial payments to school districts will therefore be the Base Funding Minimum amounts, or hold harmless payments, which are equal to the expected final fiscal year 2017 distributions (which includes all expected categorical payments, even though not all of them have been made).

According to an [ISBE press release](#), "each district's preliminary base-funding minimum amounts can be viewed at isbe.net/ebf2018. Districts will receive payments on the 10th and 20th of each month from September through June in FY 2018. In future years, the schedule will remain the same as General State Aid was previously distributed - 22 payments in total distributed August through June."

3 How different will the new state aid allocation be for each school district compared to what has been modeled and discussed for the last year?

As ISBE updates the calculations for the current fiscal year based on more recent data, districts should expect to see slight differences in the amount of state aid allocation they receive compared to what was modeled over the past year. The most recent model published on ISBE's website reflects estimated FY17 state disbursements, and is actually a model of House Amendment 1 to Senate Bill 1. SB 1947 is the same in most respects, but data must be updated to reflect

more recent years of enrollment and other demographic inputs. Additionally, SB 1947 includes some changes to SB1, including the removal of Chicago Public Schools Normal Cost from the district's Adequacy Target and Base Funding Minimum. This shift will affect the final distribution of new state dollars.

BASE FUNDING MINIMUM

4 What is the hold harmless? How long does it last?

The district level hold harmless in the bill in the form of the Base Funding Minimum (BFM) is a permanent provision. It does not have an expiration date. The state must provide each district with at least the same amount of state funding as the district received the prior fiscal year, including new funds distributed through the EBM. The Base Funding Minimum is cumulative, meaning that it grows every year by the amount of new state funding appropriated the prior year. For example, the BFM for FY18 will include FY17 state disbursements of relevant mandated categorical payments. The BFM for FY19 will include FY17 disbursements plus FY18 state dollars distributed through the formula, and so on.

5 Where can I find my Base Funding Minimum?

Each district's preliminary base-funding minimum amounts can be viewed at isbe.net/ebf2018.

6 What mandated categorical items are now included in the Base Funding Minimum (BFM)? Which remain outside of the BFM?

State revenues per district from the following sources comprise the Base Funding Minimum: General State Aid, Bilingual or ELL, Special Ed Personnel, Special Ed Pupil (Child Funding), Special Ed Summer School.

All other mandated categorical items, including the Early Childhood Block Grant, Driver's Education, Special Education Private Tuition, Special Education Transportation, and Orphanage Tuition remain outside of the Base Funding Minimum.

7 How is declining enrollment handled in the new formula?

Districts are protected from a decrease in state funding resulting from declining enrollment by the per district “Base Funding Minimum.” Because the BFM is on a per district and not per pupil basis, the Base Funding Minimum provides stability by ensuring that no district receives less from the state than it received the prior year.

The formula accounts for declines in enrollment in its calculation of a unique Adequacy Target for each school district based on district demographics. This target is recalculated each year to reflect changes in demographics, including enrollment. A district’s adequacy target will decrease to reflect a decline in enrollment. With a decrease in adequacy, but maintaining existing funding, a district will be more adequately funded and will likely receive less new state funding. (Other changes in demographics or property values may mean that a district’s adequacy level does not rise due to a decrease in enrollment).

MINIMUM FUNDING LEVEL

8 What is the Minimum Funding Level? Does that mean I’ll never lose money?

SB1947 creates a “Minimum Funding Level” which requires that the state contribute at least \$300 million to the formula’s implementation and at least another \$50 million to either the formula or tax relief. If the Minimum Funding Level is not reached then the dollars appropriated will be focused on the least adequately funded districts.

The Minimum Funding Level is not a guarantee that no district will ever lose money. Instead, the most adequately funded districts would lose any dollars they have received through EBM first. If that is not enough to cover the shortfall, then all districts would lose dollars on a per pupil basis. This is why it is especially important that all districts, not just the least well-funded, advocate strongly for the state to fully fund education each year as the budget is negotiated.

9 What happens during future years of proration (i.e. state underfunding)?

In a situation where the state education appropriation is less than the prior year, the legislation includes a provision to ensure that a situation like proration does not occur. Instead, as noted above, the most adequately funded districts (those in Tier 4, above 100% of Adequacy, and Tier 3, between 90 and 100% of Adequacy) would lose any dollars they have received through EBM first. If that is not enough to cover the shortfall, then all districts would lose dollars on a per pupil basis.

10 What occurs during future budget impasses?

Equity First, a group of superintendents and partners, are continuing to work as advocates to prevent future budget impasses and to minimize the damage done to students and schools. If there is no budget for K-12 schools it is still possible for there not to be funding for schools.

FUNDING TIERS

11 How is a district’s Tier determined?

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.

12 Where can I find out which Tier I am in?

The Illinois State Board of Education is now in the process of verifying data elements needed to calculate school districts’ 2018 state payments under the Evidence Based funding system enacted in SB 1947. Final calculations will determine which Tier districts are in, and will be released in the next few months.

13 Have tiers been established and will districts move in Tiers while ISBE finalizes calculations?

District placement into Tiers was simulated by ISBE for FY17 during the legislative process to demonstrate the mechanics of the distribution formula. As ISBE updates the calculations for the current fiscal year based on more recent data, some districts may see slight differences in their Percent of Adequacy, which determines their placement into Tiers, compared to the preliminary model. These differences will result from demographic changes, and differences in the amount of funding districts received in FY17 compared to the prior year that was modeled.

SPECIAL EDUCATION

14 How will special education personnel reimbursement be rolled into the formula and what requirements will be in place?

No district will lose the money from its personnel reimbursement grants. All current money that districts receive through the Funding for Children Requiring Special Education Services line item, the Personnel Reimbursement line item, and the Summer School State Aid line item become a part of the new Base Funding Minimum in SB 1947. That is to say that if a district receives \$1 million this year from those line items, the Base Funding Minimum for that district is \$1 million and the Evidence Based Model builds from there.

In addition to the special education funding districts receive as part of the Base Funding Minimum, there are three specific elements of a district’s Adequacy Target

that will help support students with special education needs: Element 8 includes costs for providing Guidance counselors, social workers and nurses; Element 22 includes costs for reading and math specialists; Element 27 accounts for the cost of special education teachers, school psychologists, and teaching assistants.

15 What protections will be in place for special education funding?

The bill requires that all dollars meant for special education (those from the Base Funding Minimum and Element 27) be spent on special education. This was specifically done to guarantee that school districts and special education cooperatives are able to continue maintenance of effort requirements.

16 How will the EBM model affect special education co-ops and the districts that are members?

Special education cooperatives will not access new funding streams through the evidence based funding model. However, all special education cooperatives will continue to receive the Base Funding Minimum. Additionally, special education cooperative boards should work in collaboration with school districts to plan the use of new state funding for the Personnel Reimbursement above the BFM.

ADDITIONAL PROVISIONS OF SB1947

17 What is the tax credit?

SB1947 creates a pilot program through which individuals and corporations can receive a tax credit for donations to support private school scholarships. The maximum of all tax credits is \$75 million annually, and the program will run from January 1, 2018 – December 31, 2022 and will sunset as of January 1, 2023. 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 made by students affected by the program.

In order to be eligible to apply for the scholarship program, students must be below 300% of the Federal Poverty Level (FPL). Priority is given to students who were eligible from the prior year, have incomes less than 185% of FPL, and who live within a focus district. For more details, check out our [SB1947 fact sheet](#).

18 What is the Tax Increment Financing (TIF) task force? How will it work?

SB1947 creates a Task Force to review TIF funding issues, including interaction with the school funding formula, benefits and costs of TIF districts, and the expenditure of TIF funds and TIF surplus funds. The task force will be composed of members of the General Assembly (6 Senators and 6 Representatives) and is required to submit a report on their findings to the General Assembly by April 1, 2018.

19 What about the Corporate Personal Property Replacement Tax (CPPRT)? I've heard districts are losing state money next year.

The CPPRT is outside of the funding formula, and the state directed those dollars away from schools as part of its budget implementation bill. According to news reports, 22 districts are affected by this change. Districts that derive at least 15% of their budgets from CPPRT suffered a net loss of around 10%. These cuts will be accounted for in the formula, and districts losing CPPRT dollars will be less adequately funded and therefore get more new state dollars through the formula. However, that will not occur until next year.

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