



## Glossary

**Adequate Funding:** Sufficient revenue is available so that school districts have the resources needed to provide a public education in keeping with the state's academic standards and expectations.

**Adequacy Target:** A district's Adequacy Target (AT) is an annual calculation of the total amount of all education costs for a district based on the evidence-based cost factors laid out in EBF. A district's AT will change every year due to updates in Average Student Enrollment (ASE), student demographics, average salaries, and the recalibration of cost factors.

**Average Student Enrollment (ASE):** Student enrollment is used in the formula to help determine a district's adequacy target. Enrollment is calculated on October 1 and March 1 of each year. In EBF calculations, the greater of the ASE from the current year or the average of the last three years is used.

**Base Funding Minimum (Hold Harmless):** In FY2017, EBF consolidated and replaced five separate grants that districts received into what is now the BFM. The Base Funding Minimum (BFM) is the hold harmless provision of EBF that is cumulative as new tier is added to the formula each year (i.e., as new tier funding is added to EBF, it gets included into the subsequent year's BFM).

**Cost Factors:** The cost factors, or essential elements, are researched based components identified as necessary to improve student success, improve academic performance, close achievement gaps, and provide for other per student costs related to the delivery of services, as well as the maintenance and operations of the district. There are 34 cost factors included in the EBF formula to assess the resources needed to meet a minimum standard of education for all students (i.e., Adequacy Target) in each district. Cost factors include three separate categories: core investments (i.e., core teachers, librarians, instructional facilitators), per student-cost factors (i.e., gifted, instructional materials, professional development), and additional investments (i.e., special education teacher, social workers, intervention teacher).

**Funding Equity:** A fair distribution of resources for public education that takes into account student need and school district characteristics. More specifically, this can be defined in two ways: 1. Student Equity: The per-student spending of all school districts across the state is the same, or almost the same for districts serving similar populations of students. Additionally, the per-student spending on student populations that need additional supports should be higher in accordance with what research says these students need to succeed. 2. Taxpayer Equity: The tax rates used to support public education across districts are similar statewide. If not similar, the difference in tax rates can be explained by a community of taxpayers wanting to spend more on education within reasonable limits.

**Funding Adequacy (and/or gap to adequacy):** The gap between the Adequacy Target and a district's current school funding resources.

**General State Aid:** General State Aid (GSA) was the structure of the state's school funding system prior to EBF. GSA was in place from 1999 to 2017 and used the Equalization Formula and Supplemental Low-Income Grants to allocate and distribute funds. GSA was long touted as the most regressive school funding in the nation because local property tax revenue remained the primary funding source for Illinois districts.

**Students from Low-Income Households:** Illinois, like most states, provides additional grant funds to districts in proportion to how many students from low-income households the district serves. The low-income count is based upon students receiving assistance from the Department of Human Services.

**Local Capacity Target:** The amount of funding a district is assumed to contribute toward its Adequacy Target from local taxes for purposes of the EBF calculation. The Local Capacity Target (LCT) includes the Adjusted Equalized Valuation (EAV) in its calculation.

**Minimum Funding Level (MFL):** The statute sets a minimum annual increase in EBF appropriations that is necessary to progress toward full funding. The MFL is currently set at \$350 million with \$300 million for disbursement through EBF tiers and \$50 set aside for Property Tax Relief Grants.

**Operating Expenditure per Pupil (OEPP):** This measure represents the amount a school district spends on operations – this typically everything from transporting students to paying teachers and keeping the schoolhouse safe – divided by student enrollment.

**Percent of Adequacy:** The Percent of Adequacy is identified by dividing the Final Resources by the Adequacy Target. A lower Percent of Adequacy means the district is further from meeting its Adequacy Target and needs greater state assistance, while a higher Percent of Adequacy means the district is closer to its Adequacy Target and therefore requires less state assistance. Each district's unique Percent of Adequacy determines a district's Tier assignment.

**Progressive Funding:** States and/or school districts spend more where it is most needed – for example, in high-poverty schools.

**Proration:** Historically, this occurred when the state allocated partial payments to districts through across-the-board percentage cuts, called proration. This disproportionately hurt the school districts that most rely on state support – disadvantaged districts with large concentrations of students from low-income households and little local resources to support them. Since the passage of EBF, at least the base funding minimum has been appropriated each year so there has been no need for proration.

**PTELL:** The Property Tax Extension Limitation Law essentially created tax caps to limit the year-to-year growth on tax extensions or dollars collected. Tax-capped districts may have their year-to-year extension increase by no more than the Consumer Price Index (CPI) or 5 percent – whichever is least. Since 2000, the state has provided a PTELL adjustment for tax-capped districts. This acknowledges within the state funding formula that they may be limited in how much local wealth they could collect.

**PTRG:** The Property Tax Relief Grant provides school districts with high tax rates relative to other school districts with an opportunity to lower the property tax burden on local taxpayers with the state

replacing a portion of foregone tax revenue with state funds. The total allocated to PTRG cannot exceed \$50M each year.

**Student Weights:** School funding formulas often count a particular group of students – such as students from low-income households, English Learners or those receiving special education services – based upon the relative cost of educating students with specific needs as compared to students with no special needs.

**Tier Funding:** A four-tier system is used to categorize districts based on their final Percent of Adequacy and distribute funds accordingly. Funds available for each tier are based on the Funding Allocation Rate. Tier 1 contains districts furthest away from adequacy whereas Tier 4 contains districts with over 100% adequacy. The formula is relative and the Percent of Adequacy range for Tier 1 districts is calculated annually and is dependent on the overall range of adequacy for all districts. 99% of new EBF funds go to Tier 1 and 2 districts.

**Regionalization Factor (CWI):** The Regionalization Factor or Comparable Wage Index (CWI) is a measure of regional variations in salaries for the cost factors. It is used in the EBF formula to adjust a district's Adequacy Target.

**Regressive Funding:** When higher-poverty districts receive no more or less state and local revenue than lower-poverty districts.

*Sources:*

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