



Illinois State Board of Education

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FACT SHEET

SENATE BILL 16 – SCHOOL FUNDING REFORM ACT OF 2014

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The **Senate Education Funding Advisory Committee (EFAC)** was charged with proposing a state education funding system that provides adequate, equitable, transparent and accountable distribution of funds to school districts. The first draft of School Funding Legislation, based on EFAC's recommendations, was introduced in April 2014. The EFAC report can be found at www.isbe.net/efac.

Senate Bill 16 (Manar/Chapa LaVia) aims to overhaul the state's current regressive funding system into a progressive system in which the majority of state funding is means-tested and distributed based on local ability to pay. A 2012 analysis by the Education Law Center of New Jersey and Rutgers University found Illinois to have the country's second most regressive public education funding system, meaning districts with high poverty populations receive less state and local funding than their more affluent counterparts. Only the state of Nevada had a more regressive funding distribution, according to the center's report. SB 16 seeks to address this problem by:

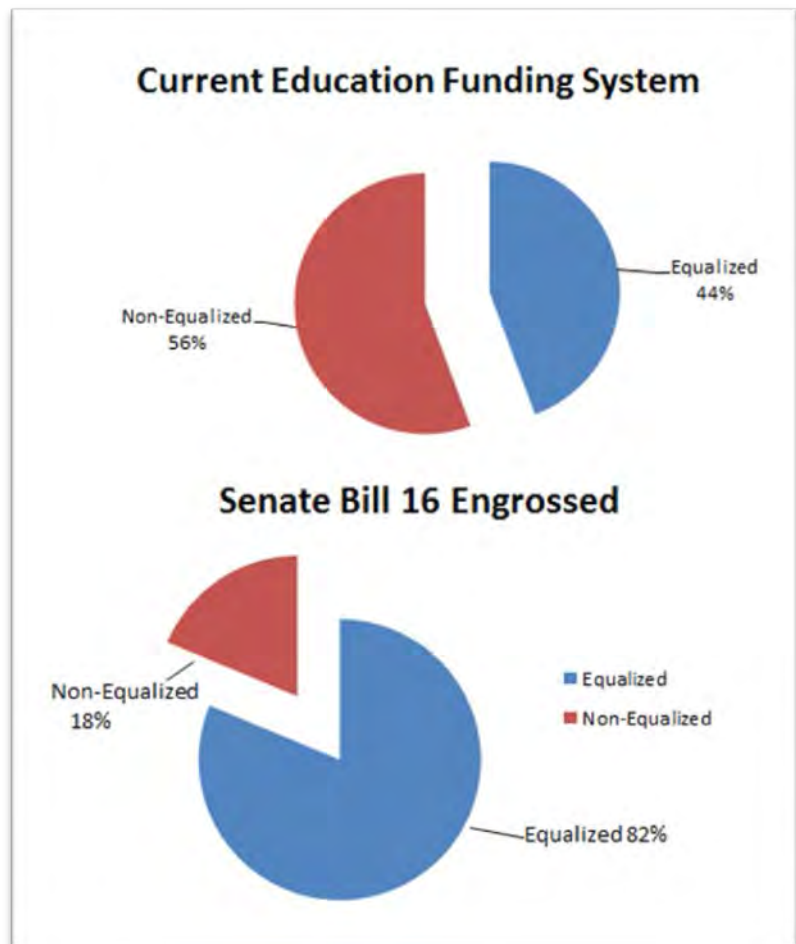
- Creating a single funding formula that provides an equitable means to distribute education funds to Illinois school districts.
- Prioritizing resources to help districts where there is greater student need.
- Providing greater transparency about how funds are spent at the school level.
- Phasing in the new funding formula over four years to allow districts to adjust to new funding levels.
- Capping losses to districts at \$1,000 per student.

Analysis Indicates Inequitable Funding in Illinois

The 2012 edition of "[Is School Funding Fair? A National Report Card](#)," a report of the Education Law Center of New Jersey and Rutgers University, ranks Illinois next to last – at 47th – out of the 48 ranked states with the most regressive public education funding system, which means districts with high poverty populations are receiving less state and local funding than more affluent districts. In 2014, an updated version of the report shows that Illinois made slight improvement, ranking 43rd out of 48 on that same measure of education funding distribution.

The legislation's centerpiece is a completely new model for school funding that creates a weighted student formula, with approximately 82 percent of funds going through one funding stream that is equalized to account for district property wealth. The current system, in contrast, balances 44 percent of state education funding against local ability to pay. Significant changes to how the funding system would operate include:

- The new weighted formula would produce student weightings to account for one or more specific student characteristics. In other words, districts would receive more money for pupils who show one or more of a list of attributes. Almost all of these weights are cumulative – that is, students could receive more than one weight, although a few are mutually exclusive. Proposed weights include English Language Learners, Special Education Students, Low-Income Students, Gifted Pupils, and Transportation, in which student weightings would be based on a district's population density of those types of students.
- Free and reduced-price lunch is also used to determine who qualifies for supplemental low-income funds, as is the practice in most other states.
- The Chicago Block Grant would be absorbed into the weighted system, giving all districts equal treatment in how special education funds are distributed. Currently, Chicago's funding for a variety of education programs remains at the same percentage as it was in 1995 when the Block Grant was established.
- The Weighted Foundation Level is the foundation level, currently set at \$6,119, plus any additional weights the district receives based on the student characteristics described above. If the appropriation is less than the amount necessary to reach the foundation level, then ISBE must recalculate the foundation level based on the appropriation. Based on the fiscal year 2013 appropriations, the foundation level would have been set at \$5,154 in that year under the requirements of SB 16.



- The statute also provides for an approach to Hold Harmless that phases in increases and decreases in funding from a fiscal year 2014 baseline over a three-year period.
- The bill reserves dollars for strict, careful oversight and support of programming for students with special learning needs.
- The proposal also calls for school-based accounting starting in the 2015-16 school year. Through this process, districts must account for revenues and expenditures at the individual school level in the areas of administration, instruction, special education instruction, instructional support services, pupil support services, salaries, facilities and business services and any other areas determined by ISBE. The current system enables the public to see how much money is spent at the district level, but not how funds are spent within the district.
- The bill requires the [Education Funding Advisory Board](#) (EFAB), starting with the 2017-18 school year on a biennial basis, to make a recommendation to the General Assembly for the foundation level based on two separate methodologies. The first uses the basic education expenditures of low-spending, high-achieving schools, and the second uses an evidence-based methodology that includes research-based strategies and uses the cost of that program to determine the cost of education.
- For districts that are required to submit district improvement plans, the legislation requires districts to demonstrate how they will use state and local funds to meet the educational needs of low-income students, ELL students and children with disabilities. The districts must further demonstrate, subject to parameters set by ISBE, that the amount of local and state funds budgeted for this purpose is equal to or higher than the portion of the weighted foundation level intended for pupils in these categories.
- The bill requires the State Superintendent of Education to appoint a Primary State Aid Review Committee composed of administrators, school business officials, school finance experts, parents, teachers and citizens to review the funding formula and make recommendations to the State Superintendent and the General Assembly every other year regarding any changes or amendments to the formula.

Resources

- **ISBE EFAC webpage:**
<http://www.isbe.net/EFAC/default.htm>
- **Overview of SB16:**
http://www.isbe.net/EFAC/sb16/amen_d3-5/sb16-overview-pres140826.pdf
- **Education Justice, a program of the Education Law Center:**
<http://www.educationjustice.org/>

SB 16 passed the Senate in May 2014. The bill is currently under review by the House of Representatives. Public hearings have not been scheduled. The State Board of Education has developed a model of how this legislation would impact local school districts based on the most recent available data (fiscal year 2013). This model can be found at www.isbe.net/efac. The State Board will be updating this model in the coming months using fiscal year 2014 data.