Education Funding Advisory Board

Recommendations for Systemic Reform of Funding Elementary and Secondary Education in Illinois

October 2002

www.isbe.net/efab
Topics Addressed

- General State Aid
- School District Organization
- Property Tax Relief
- Alternative Revenue Sources
- Categorical Program Funding
- School District Accounting and Reporting
General State Aid Formula

- Foundation level of $5,665 based on Augenblick methodology
- Repeal hold harmless
- Reinstate continuing appropriation
GSA Poverty Grant

- Change the measure from the Census to the DHS count of children from Medicaid (TANF and Kid Care) and Food Stamps

- Curvilinear formula
  - $355 for concentrations < 15%
  - $294.25 + $2,700 x Square of concentration
School District Organization

- K-12 districts with no High School smaller than 250 students (not mandated)
- State pays 100% Cost for New Facility if needed for new K-12 formation
- 5-Year Exemption from Designation System
School District Organization

- Continue and Expand Current Incentives
  - $4,000 per certified Employee - Expanded to include $2,000 per classified for four years instead of three
  - Salary Differential Grant - Modified to include fringe benefits for an additional four years at decreasing percentage
  - Deficit Fund Balances - Pay all negative operating fund balances effective with final audit
  - GSA Differential – No change

- New Implementation Grant
  - One time grant to assist with the reorganization implementation
School District Organization

- **Levy Authority**
  - Unit District formation
  - .24 for transportation and .10 for life safety, working cash and lease

- **Reorganization Votes – Articles 11A & 11B**
  - Majority voting on the issue for passage PLUS
  - All Boards approve vote OR petitions with 30% of registered voters in all districts

- **Annexations – Article 7**
  - Require only approval of Regional Board of Trustees
School District Organization

- Dual to Unit Conversions
  - Unit formation for those districts wishing to participate
  - No longer all or none
- Handbooks
  - ISBE to produce materials addressing Committee of Ten, Public Relations and Legal Issues
- Retroactive to July 1, 2002
School District Organization

- Feasibility Studies
  - Similar to 1985
  - Regional Supt to serve as Executive Secretary
  - Steering Committee
    - Schools in that region
    - Plan for reorganization of districts in the region in a standard format
    - Plans submitted to districts and Boards in affected districts
Property Tax Relief

- Study Cook County differential assessments
- Statewide Property Tax Relief Grant
  - Dollar-for-dollar
  - $3.5 B (37% of education total)
  - Abatement in education fund
  - Based on current education fund revenues
  - Example - .5% of statewide education fund revenues would yield .5% of statewide tax relief grant
Alternative Revenue Sources

- Increase state income tax
  - 1% = $2.8 B
  - Inc. rate, close loopholes, graduate exemptions

- Increase sales tax
  - Broaden base, reduce rate

- Consider decoupling from repeal of federal estate tax
Categorical Program Funding

- Study to devise one special education formula
  - Personnel
  - Extraordinary
- Private Tuition
- Summer School

- Combined transportation formula
  - ISBE multi-tiered formula
Categorical Program Funding

- Programs to Continue in Present Form
  - Gifted Technology Lunch/Breakfast Reading
  - Early Childhood Textbooks Parent Transportation Bilingual
  - Orphanage 14-7.3 Orphanage 18-3

- Create New Block Grants
  - General Purpose
  - Academic Difficulty
  - Professional Development
  - Career Education
  - Alternative Education
Accounting and Reporting

- CPPRT distribution
  - 25 years – Corporations move
  - IDoR to do study

  - Special Education costs
  - Transportation costs
Accounting and Reporting

- Consolidate 20 education levies into 8
  - General – Ed, O&M, Trans, Summer, Spec Ed
  - Classified Benefits – IMRF, Soc Sec, Medicaid
  - Continue – Lease, Tort, Fire, B&I, WC, Rent
  - Eliminate – All others

- Reduce the number of accounting funds to 4
  - General
  - Debt Service
  - Capital Projects
  - Restricted Uses
The End