

Program Goal

To provide school districts General State Aid (GSA) funding for the support of educational services.

Purpose

To provide general flexible state aid to schools in an equitable manner. GSA represents approximately 65 percent of state funds for elementary and secondary education.

The only portion of these funds that is targeted or categorical in nature is the low-income weighted portion for Chicago Public Schools as prescribed in Section 18-8.05 of the School Code.

Reimbursement/Distribution Method

Funds are distributed through two formula grants to school districts. One is an equalization formula that assures state and local funding meet a minimum foundation level. The other grant, which is not equalized, is based on the proportion of low-income students in a district. The following information describes the many factors that affect GSA payments.

Foundation Level

The following table displays the foundation level information for each school year. Foundation levels are predicated on the legislature appropriating the necessary funding.

	FY 09	FY 10	FY 11	FY 12
Foundation Level	\$5,959	\$6,119	\$6,119	\$6,119
Change from Prior Year	\$225	\$160	\$0	\$0

General State Aid Formula

The current formula was created in December 1997 by Public Act 90-548 and first implemented in fiscal year 1999. In FY 12 the total appropriations for GSA are approximately \$231 million short of the amount needed to fully pay the claim. This situation requires payments to be made at approximately 95% of the gross claim amount.

The GSA Formula is basically a foundation approach with three separate calculations, depending on the amount of property wealth of the local school district. For the majority of districts the equalization portion of the grant is distributed by the Foundation formula:

(Foundation Level – Local Resources per Pupil) X Number of Students

A significant provision of the GSA formula is the setting of foundation levels in statute and the guaranteed funding of those levels of support. The foundation level established in statute is \$6,119 for the 2011-12 school year. However, if the foundation level had been set at the amount supported by the FY 12 appropriations, the foundation level would have been decreased by \$(166) and set at \$5,953. Most districts receive GSA under the Foundation formula. Districts qualifying for this formula have available local resources per pupil that are less than 93 percent of the foundation level. The second formula is the "Alternate" formula.

Districts qualifying for this formula have available local resources per pupil of at least 93 percent but less than 175 percent of the foundation level. The third formula is the "Flat Grant" formula. Districts qualifying for this formula have available local resources per pupil of at least 175 percent of the foundation level.

The greater of the prior year best three months average daily attendance (B3MADA) or the average of this figure and the two prior years' B3MADA is used to calculate GSA. The formula calculation rates are 3.00 percent for unit districts, 2.30 percent for elementary districts and 1.05 percent for high school districts. These rates are used for formula calculation purposes only. There is no required tax rate for access to the formula. The Flat Grant in the formula is \$218 per student.

The State Aid Formula has a mechanism to provide additional funding for the impact of poverty in the district. A separate supplemental grant is calculated based on the district's proportion of low-income students. It is incorporated within the GSA entitlement and allows additional funding for districts with any low-income students. The district concentration ratio (DCR) is determined by dividing the district's Department of Human Services (DHS) three-year average low-income count by the current B3MADA. If the DCR is less than 15 percent, then the district receives a flat grant of \$355 per low-income student. Otherwise, the following formula is used to calculate the poverty grant:

$$[294.25 + (2,700 (\text{DCR})^2)] \times \text{low-income count}$$

Calculation of General State Aid

Calculation of Available Local Resources and Local Percentage

$$\text{Available Local Resources} = (\text{GSA EAV} \times \text{RATE} + \text{CPPRT}) / \text{ADA}$$

$$\text{Local Percentage} = \text{Available Local Resources} / \text{FLEVEL}$$

Where:

$$\begin{aligned} \text{RATE} &= 2.30\% \text{ if Elementary} \\ &1.05\% \text{ if High School} \\ &3.00\% \text{ if Unit} \end{aligned}$$

$$\text{Foundation Level (FLEVEL)} = \$6,119 \text{ for fiscal year 2012}$$

CPPRT = Corporate Personal Property Replacement Taxes

EAV = Equalized Assessed Valuation

ELR = Extension Limitation Ratio

GSA = General State Aid

OTR = Operating Tax Rate

ADA = Greater of the Prior Year Best 3 Months Average Daily Attendance or Prior Three-Year Average

GSA EAV = smaller of (Budget Year EAV, Extension Limitation EAV)

And Where:

Extension Limitation EAV = Prior Year EAV x Extension Limitation Ratio (ELR)

$$\text{ELR} = (\text{Budget Year EAV} \times \text{Budget Year Limiting Rate}) / (\text{Prior Year EAV} \times \text{Prior Year OTR})$$

Foundation Formula

GSA is calculated using the Foundation formula if the district Local Percentage is less than 93 percent. The grant is calculated as: $GSA \text{ Foundation} = (FLEVEL - \text{Available Local Resources per Pupil}) \times ADA$

Alternate Formula

GSA is calculated using the Alternate formula if the district Local Percentage is at least 93 percent but less than 175 percent.

This formula provides between 7 percent and 5 percent of the FLEVEL per ADA. The grant is calculated as:

$$GSA \text{ Alternate} = FLEVEL \times ADA \times (.07 - [(Local \text{ Percentage} - .93) / .82] \times .02)$$

Flat Grant Formula

GSA is calculated using the Flat Grant if the district Local Percentage is at least 175 percent.

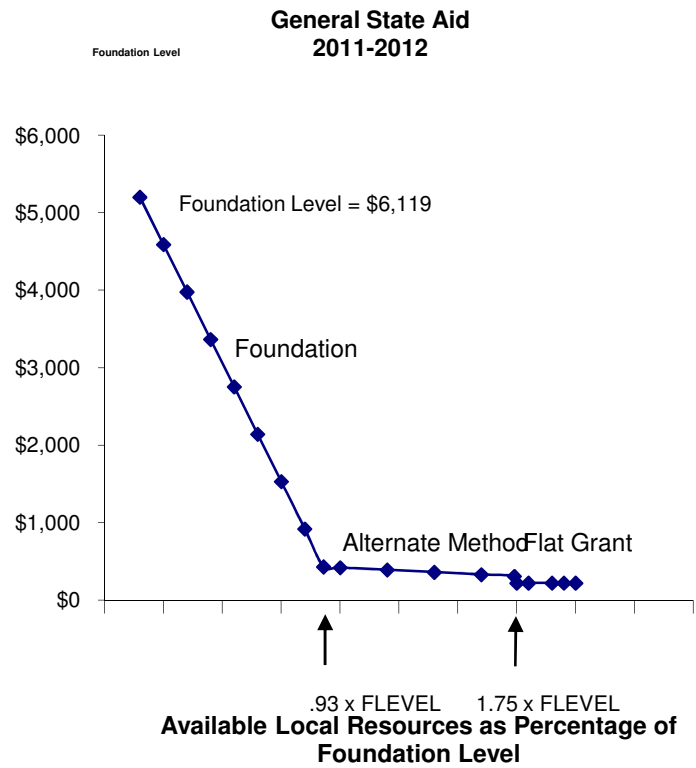
The grant is calculated as:

$$GSA \text{ Flat Grant} = ADA \times \$218$$

Visit the ISBE website at <http://www.isbe.net/funding> and click on GSA Inquiry to view a school district's GSA entitlement claim form or Claimable Average Daily Attendance.

The following chart shows the relationship between the available local resources and the foundation level. Example: as the local resources increases, the GSA a district receives decreases (inverse relationship). The wealthiest school districts therefore receive the flat grant of \$218 per Average Daily Attendance.

Available Local Resources as Percentage of Foundation Level



Laboratory and Alternative/ Safe Schools

Laboratory schools operated by public universities and alternative/safe schools operated by regional superintendents are also eligible for GSA. Since these schools have no property tax base, the GSA entitlements for such districts are calculated in a special manner. The GSA provided to a laboratory, alternative school or safe school is determined by multiplying the school's best three months average daily attendance for the prior school year (or the three year average, whichever is greater) by the FLEVEL (\$6,119 for fiscal year 2012).

Collectively, Illinois State University's laboratory school, the University of Illinois' laboratory school and 73 alternative/safe schools received total GSA funding of \$36.0 million in fiscal year 2012.

State Funding Distributions

The 700 districts/programs funded under the foundation computation constitute 74.5 percent of Illinois school districts and receive approximately 93.0 percent of the formula GSA allocation. Foundation funded districts account for approximately 71.1 percent of the state ADA student total. The 171 Alternate method districts (18.2 percent of school districts) receive 6.2 percent of the GSA allocation and represent 23.7 percent of the state ADA student total. Flat Grant districts (69 in number and 7.3 percent of total districts) receive 0.8 percent of the GSA allocation and reflect 5.2 percent of the state ADA student total.

Of the 940 entities receiving GSA in FY 12, 865 are regular school districts. Of these 865 districts, 387 (41.2 percent) are unit districts, 101 (10.7 percent) are secondary districts, 377 (40.1 percent) are elementary districts and 75 (8.0 percent) are ROE programs or lab schools. Unit districts received 70.3 percent of 2011-2012 GSA funds, secondary districts received 7.7 percent of the funds, elementary districts received 21.3 percent and ROEs and lab schools received 0.8 percent of the GSA funds.

In applying the GSA formula to the available appropriations in a given year, ISBE takes into consideration certain financial adjustments. It is common for a district to have an audit adjustment to a prior year's GSA claim. (Audits to determine the accuracy of each district's GSA claim are conducted by staff of ISBE.) Such audits result in either upward or downward adjustments to a district's current-year payments. In addition, some districts qualify in certain years for GSA adjustments as a result of changes in prior-year equalized assessed valuations due to adverse court decisions or Property Tax Appeal Board (PTAB) decisions (see Sections 2-3.33, 2-3.51 and 2-3.84 of the School Code). Generally, there is a net increase to the yearly aggregate GSA entitlement as a result of these prior-year adjustments. Beginning in fiscal year 2005 the statute was revised to include an annual \$25 million cap for the payment of prior year EAV adjustments.

GSA Payment Schedule

Section 18-11 of the School Code provides for semimonthly GSA payments to be made during the months of August through June. These semimonthly payments are in an amount equal to 1/22 of the total amount to be distributed and are to be made as soon as possible after the 10th and 20th days of each month.

The state comptroller's office release GSA warrants (payments) at about 2:00 p.m. on payment day. Typically, payments are available on the 11th and 21st days of the month or on the following working day if the payment date falls on a weekend or a holiday.

Treatment of Property Tax Extension Limitation Law (PTELL) Districts

PTELL was approved for collar counties (DuPage, Kane, Lake, McHenry and Will) in 1991 and for Cook County in 1994. Since that time other counties have been allowed to vote on the issue of whether to make their districts subject to PTELL.

After the implementation of the new GSA funding formula in fiscal year 1999, an adjustment was made to the amount of assumed local resources available to PTELL districts. For districts subject to PTELL, GSA calculations assume the lesser of either their real EAV or their Extension Limitation EAV. For many of the PTELL districts, the Extension Limitation EAV is less than their actual EAV, resulting in a greater GSA formula payment. The table below provides the size of the benefit of this PTELL adjustment and the number of districts that have benefitted from the change.

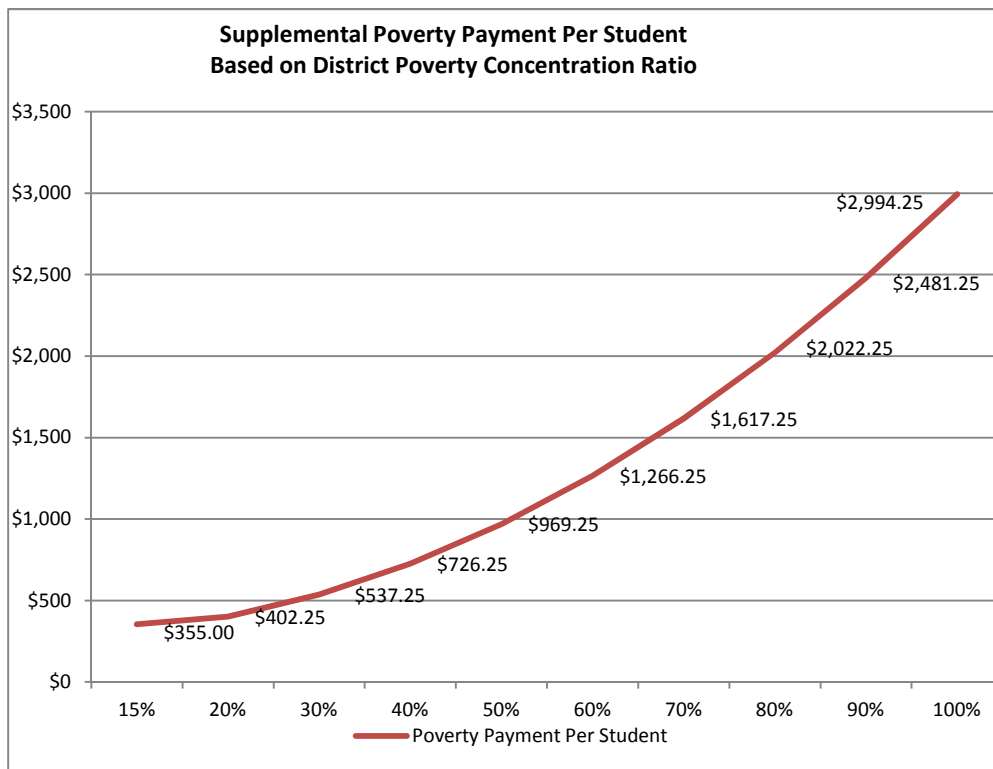
FY	Effect on GSA in Millions	Districts Benefiting	Districts Subject to PTELL	Total Districts Statewide
00	\$46.0	97	369	896
01	\$52.2	255	387	894
02	\$101.5	353	436	893
03	\$199.1	292	455	893
04	\$205.2	299	460	888
05	\$357.3	353	458	881
06	\$580.6	326	459	874
07	\$624.1	307	461	873
08	\$805.5	348	461	870
09	\$789.0	296	461	869
10	\$792.7	365	460	869
11	\$696.2	348	460	867
12	\$628.7	364	460	865

GROWTH IN THE SUPPLEMENTAL POVERTY GRANT

GSA grants consist of the formula grant, which is equalized against local resources, and the supplemental poverty grant paid based on the ratio of low-income students in a district. The current poverty formula pays pupils based on the following calculation:

$$\$294.25 + \$2,700 \times (\text{DCR})^2 \times \text{Low-Income Pupils}$$

Where DCR represents the district concentration ratio of low-income students. This formula results in greater payments per low-income pupil as the percentage of low-income pupils in a district increases. This curvilinear formula is depicted in the graph below.



Beginning with fiscal year 2004, the number of students receiving DHS services in a district is used to determine a district's low-income count and district concentration ratio. Below is a table that illustrates the recent growth in the poverty portion of GSA funding with dollars listed in millions.

FY	GSA Poverty Grant in Millions	% Change Over Prior Year
03	\$ 388.2	
04	\$ 418.4	7.8%
05	\$ 459.5	9.8%
06	\$ 532.6	15.9%
07	\$ 675.4	26.8%
08	\$ 785.4	16.3%
09	\$ 941.4	19.9%
10	\$ 1,119.3	18.9%
11	\$ 1,349.1	20.5%
12	\$ 1,567.3	16.2%