ED-RED Finance – Legislation Meeting

Maine South High School – Library Classroom
1131 South Dee Road, Park Ridge

Friday, March 6, 2015
1:30 – 3:00 p.m.

AGENDA
1. Call to Order
2. Introductions
3. Approval of Minutes
4. New Business
5. Program: Spring Legislative Update and Property Tax Review

Special Guests: Ares Dalianis, Partner, Franczek Radelet

Join ED-RED staff to learn the latest on legislation introduced under the 99th General Assembly and help us formulate our advocacy strategy moving forward.

We are also excited to welcome back Ares Dalianis for a discussion on the pending property tax legislation running parallel to Governor Rauner’s agenda to freeze property taxes for homeowners.

No RSVP is necessary to attend this event.

6. Adjourn

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Next Meetings:

- Illinois Municipal General Elections, Tuesday, April 7, 2015
- ED-RED Finance Legislation Meeting, Friday, April 17, 2015, Maine South High School
- ED-RED Finance Legislation Meeting, Friday, June 5, 2015, Maine South High School
MINUTES
ED-RED Finance-Legislation Meeting
Friday January 9, 2015
1:30p.m. – 3:00p.m.

The meeting was called to order at 1:36p.m.


A motion was made and seconded to adopt the minutes of the ED-RED Finance-Legislation meeting of December 5th 2014. The minutes were unanimously approved.

New Business
Caryn reported that Springfield was quite quiet with no bills being filed yet for the new spring session.

State Comptroller
The unexpected death of State Comptroller Judy Baar Topinka in December caused some issue as to how she should be replaced. Governor Quinn appointed Jerry Stermer but his term ends once the Governor elect Rauner is sworn in on January 12th 2015. Rauner has appointed Leslie Monger but legislation was pushed through on Thursday January 8th by Senate President Cullerton and Speak Madigan which limits Rauner’s appointment to two years rather than four. There will be an election for Comptroller in November 2016.

Taxes
Since the income tax rates of 2014 were not extended there is an immediate $2 billion hole in the FY15 budget and therefore the budget is unconstitutional. We are waiting to see how Rauner handles this after he is sworn in on January 12th.

Pensions
Illinois Attorney General Lisa Madigan is urging the Supreme Court to move forward quickly with a decision on the pension bill which was declared unconstitutional by Judge Belz at the Circuit court level in November. She is pushing for both sides to file briefs by January 16. This would mean oral arguments could be as early as March with the goal to have a ruling before the FY16 budget is created in April/May.

Appointments
It is likely that governor elect Rauner will make several new appointments when he comes into office on January 12, 2015. It is possible that Superintendent of Education Christopher Koch may be one of the officers replaced by those appointments.

Vision 20/20
Brent Clark, Executive Director, IASA and Michael Jacoby, Executive Director, IASBO presented an explanation of the new joint initiative: Vision 20/20.
Brent explained that Vision 20/20 came out of the need for a long term vision for education in Illinois. It is a joint effort by various education groups and was put together by people from all regions of Illinois so that all aspects of education in Illinois were represented. The group identified four pillars of education which are essential in order to attain the vision which were explained further by Michael: Highly Effective Educators, 21st Century Learning, Shared Accountability and Equitable and Adequate Funding.

Highly Effective Educators – This ideal was pushed up to be the first priority of Vision 20/20. Brent identified the current situation in teacher certification in Illinois as one of the problems. The restrictive standards of Illinois and lack of reciprocity with other states means that it is difficult to attract out-of-state teachers. There needs to be great reciprocity in licensing. Also, there needs to be increased recruitment of minority teachers with a possibility of loan forgiveness to encourage minorities to pursue an education career. Professional development needs to be more significant and targeted.

21st Century learning – Statistics such as the fact that only 26% of Illinois schools have sufficient broadband for their students to take the new PARCC tests electronically; and that as much as 42% of time in school is spent assessing students give rise to the need to develop the technology in schools and also to create a better more balanced assessment system. Partnerships with tech companies have been proposed to bring schools up to speed with technology.

Share accountability – One proposal is to have current school administrators represented at the Illinois State Board level in order to expand the educators’ role in state governance. Any future accountability system of schools would differentiate between schools to create a better understanding of what the schools are doing well and what needs improving. Mandates are currently strangle the operation of schools in Illinois and will need re-structuring. While maintaining federally funded mandates concerned with the civil rights and safety of students, others could be discretionary.

Equitable and Adequate Funding – proposals include a modernization of the tax code to increase funding. Incoming governor Rauner has voiced interest in stabilizing education funding which currently has a $2 billion shortfall which will likely rise to $5 billion in the future. An evidence based approach to funding is also needed. The current foundation level is applied to all students statewide. However, there is a need to assess what amount of dollars is really needed to educate a child in difference regions of the state. By assessing the true cost of education per pupil, then looking at local revenue, one can obtain a better idea of the dollars needed from the state. High cost special education would be assessed separately. The main aim of this approach is to assess the true cost of education and then finance it rather than a redistribution of current funding.

Brent and Michael explained that there has already been support for Vision 20/20 from education groups such as PTA and individuals such as Ralph Martire (Executive Director CTBA), Charlie Rose (Former General Counsel US Dept of Ed) and Elliot Regenstein (Sr. VP, Ounce of Prevention). Legislators are positive about the idea. Between four and eight proposals are likely to be made this year to begin implementing the vision. The new governor Rauner is likely to be a significant part in the success of the Vision and we await his plans for the state once he is sworn in.

Meeting adjourned at 3:06pm
Respectfully submitted by Mary Anne Brown
MINUTES
ED-RED Finance-Legislation Meeting
Friday February 13, 2015
1:30p.m. – 3:00p.m.

The meeting was called to order at 1:35p.m.


New Business
Caryn reported on recent events in Springfield.

General Assembly
Democratic legislative leaders have organized their chamber structure under the 99th General Assembly. Speaker Madigan has added new committees under the 99th, partially because of the number of eligible members for chairmanships. There are two new education substantive committee as result. The two new committees: Elem. & Sec Charter School Policy and Elem. and Sec. Licensing Oversight. These two issues were previously part of the Elementary and Secondary Education committee under the 98th General Assembly.

Governor Bruce Rauner
Governor Rauner delivered his first State of the State address on February 4 and his speech reflected his pro-business/anti-union agenda on which he won his campaign. His speech made no mention of pension reform but that is more likely to be addressed in his budget address on February 18. The budget address will need to address the State’s current FY15 $1.6 billion deficit, while outlining his agenda for the FY16 budget for state agencies and programs.

State Board of Education
Governor Rauner has replaced Gary Chico as head of the ISBE Board with Rev. James Meeks. Rev. Meeks has been very involved in education especially on the lower east side of Chicago and is known to have been supportive of increasing charter schools and the use of school vouchers. Other ISBE appointments are:

- Lula Ford – A Rauner support who also worked under former Governor Quinn
- Craig Lindvahl – A Republican from Effingham who is an entrepreneur with little/no education background
- Roberta Parks – worked for the City of Peoria and has little/no education background
- Eligio Pimentel – an entrepreneur from Oak Park who has had local community engagement with education

Caryn suspects that Governor Rauner will likely replace ISBE Superintendent Chris Koch when his contract expires at the end of February. ISBE has put in a request to the state for an increased budget of $729.9million over the FY2015 budget. Such an increase is unlikely however it is felt that the request needed to be made.

Spring Session Bills
Caryn reported that around 1,300 bills were filed in the Illinois House and around 1,000 in the Senate. Some of the bills on which ED-RED will be working this spring are:
SB1 (Sen. Manar D-Bunker Hill) (Rep. Davis, W D-Hazel Crest). This bill replaces Manar’s SB16 from the last Spring Session. It re-addresses the issue of creating a more fair distribution of GSA. The main changes in this bill versus SB16 are:

- Weight changes – Low income would be based on DHS data rather than a district’s free/reduced lunch count (at least for the first two years of the bill’s enactment).
- Regional Cost Adjustment – this provision is new but there is no clear indication as to what data would be used to calculate such an adjustment
- Hold Harmless – there would be $500 million additional funds to help facilitate this. The reality is that there will more likely be a closing of gaps between what districts used to receive and what they receive under SB1

ISBE has not completed an analysis of the bill yet. This is expected in the next few weeks.

Vision 20/20 Education Bill. Sen Brickman is working with the Statewide Management Alliance to craft their version of education funding reform.

SB100 (Lightford D-Maywood) This bill concerns student discipline and is a reintroduction of SB3404 from the spring 2014 session.

SB36 (Althoff R-Mchenry) would require district to comply to with local zoning ordinances. It came out of the issue of the new bleachers built in Crystal Lake which upset local residents.

HB119 (Flowers D-Chicago) would require districts to offer summer school courses at no charge to students if the same class is offered during the school year curriculum.

HB216 (Hoffman D-Swansea) would enable districts to suspend or expel a student when they have been convicted of a felony. Currently, districts may take action to suspend/expel if a student is charged with such a crime.

HB255 (Sosnowski R-Rockford) would increase the distance beyond which districts must offer transportation to students from 1.5 miles to 2 miles, potentially requiring families to pay for transportation if they reside within 2 miles of the school. Members at the meeting felt that this would inflict minimal increased costs on a district and there were likely more significant bills which require our attention.

HB425 (Morrison R-Palatine) proposes that if any payments from the State are delayed for at least one payment cycle, then allows the school board – by resolution - to discontinue any instructional mandate (with exceptions). The bill also requires that the school district shall provide the student with information on any instructional mandate that has been discontinued, if requested.

Program - 2015 Legislative Agenda of the P20 Council.
Debra Strauss and Joyce Karon presented information on the P-20 council’s 2015 legislative agenda. Debra gave an overview of the origins and mission of the P20 Council. It was established in 2007 and was intended to guide education policy towards their goal: That by the year 2025, two thirds of the population of Illinois will achieve at least a 2 year degree.

Joyce explained that in 2001 there was a push for data driven instruction in the form of requests from the business community to have better qualified employees entering the workforce. This goal required better teachers and better education programs which could be more easily measured. Joyce and Debra gave and overview of the P20 Standing Committees and their goals. They are:

- Data, Assessment and Accountability – concentrating on PARCC implementation, data privacy, the longitudinal data system and the school report card.
- Family, Youth and Community engagements – providing outreach to promoted P20 goals to communities
• **Finance and Governing** – monitoring education funding

• **Implementation Review** - analyze the success of implementation of P20 reform initiatives and develop new means of measuring success.

• **School, College and Career Readiness** - fostering ongoing connections and collaborations between K-12, post secondary institutions, businesses and social service agencies.

• **Teacher and Leader Effectiveness** - working on school funding reform for a more equitable system. Aligning pre-K and K-12 systems to ensure that early childhood supports are not lost. Helping districts make sense of new initiative such as RTI, IL Learning standards and PARCC.

Questions from our membership centered on the likely continuance of PARCC in Illinois especially since it is likely that there will be a new ISBE superintendent appointed this year. Both Joyce and Debra said that it was very unlikely that PARCC would be halted. It involves Federal funding which would be withheld if a state did not comply with the implementation of PARCC. Also, Illinois has made significant advances towards full implementation from which it would be difficult to u-turn now.

The meeting was adjourned at 3:02pm
Respectfully submitted by Mary Anne Brown
ED-RED Finance Legislation Meeting

March 6, 2015
Caryn Valadez, ED-RED

Welcome/Introductions

99th GA
- 2015 Budget Address – February 18
- Gubernatorial Appointments
- State Superintendent
- PARCC Hearing
Education Funding Reform (SB 1)  
Sen. Andrew Manar/Rep. Will Davis  
• Implement FY 2015-2016  
• Weight changes  
  — ELL, Low Income, Special Education  
• High Cost Special Ed – out of formula  
• Regional Cost Adjustment  
• Adequacy Grant - $500 in new revenue  
• Moves up Adequacy Study

SB 100 SA#1 (Lightford) - School Discipline  
• Effective Date: September 15, 2016  
• Eliminate Zero Tolerance (except as required by federal law)  
• Limit Exclusionary Discipline  
• Changes to Suspension/Expulsion definitions  
• Written Decisions  
• Role of Law Enforcement – MOU  
• Required School Policies  
  — Academic Credit  
  — Re-Engagement  
• Available Support Services  
• Professional Development  
• Prohibits Advising/Encouraging Dropout  
• Monetary Fines or Fees

Other Legislation  
• SB 1403 (Barickman) – Evidenced-based Judgment Panel  
• HB 1458 (Welch) – Student Bill of Rights  
• HB 2682 (Davis, W) – Student Discipline  
• HB 3535 (Golar) – Mandate Relief
Education funding reform legislation, previously known as Senate Bill 16 (SB16), has been reintroduced by the bill's sponsor, Senator Andy Manar, under the 99th General Assembly as Senate Bill 1 (SB1).

**CURRENT FORMULA**
The majority of Illinois' State funding is currently allocated to local school districts in two ways:

1) **General State Aid** - accounts for approximately two thirds of ISBE's General Funds Appropriations. GSA consists of two separate grants:
   a. **The GSA Foundation Formula Grant** - guarantees a minimum level of combined state and local funding per pupil. While the Education Funding Advisory Board (EFAB) recommended a per pupil Foundation Level of $8,767 for FY2015 to ensure adequate funding of all K-12 students, the current level is set by law at $6,119 per pupil, falling far short of that recommendation. Compounding matters further, the State has failed to appropriate sufficient funds for the GSA Foundation Formula for past four fiscal years, resulting in proration of 95% in FY2012 and 89% in FY2013-FY2015. The GSA Foundation Formula also includes an adjustment for tax-capped districts to lessen the impact for districts subject to PTELL and, therefore, unable to capture their district's full available local resources.

   The State's portion of the Foundation Formula is inversely related to the district's local property wealth per pupil (plus CPPRT per pupil). Put simply, this portion of the formula is wealth-equalized in that the more property wealth per pupil the district has, the less State funding the district will receive.

   b. **The GSA Supplemental Low-Income Grant** – This allocation is computed based on the percentage of low-income students in the district, at determined by the methods used by the Illinois Department of Human Services (SNAP (Food Stamps), TANF, CHIP, Medicaid). This portion of GSA is not wealth equalized (i.e. the district’s local wealth does not affect the amount the district will receive). Rather, a curvilinear factor is used to allocate state funding based on the concentration of low-income students in the district.

2) **Mandated Categoricals** - consist of approximately one quarter of ISBE's General Fund Appropriations. These funds are appropriated based on calculations specific to each type of reimbursement program. These funds are not wealth-equalized and consist of:

   a. Special Education – (Personnel Reimbursement, Funding for Children Requiring Special Education Services, Orphanage Tuition, Private Tuition, Summer School, Transportation)
b. Illinois Free and Reduced Breakfast and Lunch  
c. Orphanage Tuition  
d. Regular/Vocational Transportation

Other General Fund Appropriations
The remaining approximately 6% of State appropriations consist primarily of:

- Early Childhood Education
- Bilingual Education – the State currently reimburses the district for program costs in excess of per pupil expenditure claims (60% of reimbursement must go towards instructional costs)
- Miscellaneous (Student Assessments, Career and Technical Education, etc.)

SB1 - SINGLE WEIGHTED FUNDING FORMULA
Like its predecessor, SB 16, SB 1 creates a single, weighted formula combining state funding for General State Aid and many of the mandated categoricals administered by ISBE, so that the majority of state funding is now equalized based on the district’s local available resources. This single funding formula establishes a foundation level (statutorily set at $6,119 for each student) and then adds “weights” to provide additional resources for certain student populations. Again, the $6,119 Foundation Level falls far below the EFAB recommended per pupil level of $8,767 for FY2015. The change from a GSA formula/Mandated Categorical/Miscellaneous system to this new weighted system will redistribute state funding and create a significant change in state support for many Illinois school districts.

SB1 - How the Proposed Formula Works

1) Foundation Level. The new formula begins with the “foundation level” which is the amount established by the State (statutorily set at $6,119, well below the EFAB recommendation) representing the “minimum level of per pupil financial support that should be available to provide for the basic education of each pupil in Average Daily Attendance (ADA) in a public school in this state.”

As noted above, the State has failed to appropriate sufficient funds to fully fund the GSA formula grant for the past four years. In the absence of legislative guidance dictating how to allocate those funds in such a situation occurs, ISBE calculated every district’s GSA formula grant using the statutory $6,119 foundation level and then uniformly prorated every district’s entitlement by a uniform percentage. Unlike current law, in the event that insufficient funds are allocated, SB1 directs ISBE to fund specific grants and adjustments (discussed below) and then lower the foundation level to whatever level is sufficient to fully fund the formula. Thus, ISBE would no longer utilize the proration method. This change, in and of itself, could significantly impact a district’s school funding allocation.

Foundation Level = $6,119 (or lower amount if funding insufficient)

2) Additional Weights. Each student has a base value of 1.0 which must then be “weighted” to account for the pupil characteristics in that particular school district. In order to obtain each Additional Weight, the Subcategory Weighting Factor is multiplied by the Subcategory Weighting Percentage.
Factors and Weighting Percentages are set forth below:

<table>
<thead>
<tr>
<th>Subcategory Weight</th>
<th>Weighting Factor</th>
<th>Weighting Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELL</td>
<td>.2</td>
<td>Prior Year ADA of ELL Pupils/ Prior Year ADA of all pupils</td>
</tr>
<tr>
<td>Special Education</td>
<td>1.0</td>
<td>The higher of: 1) 13.8%, which percentage may be adjusted by ISBE following the 2016-17 school year (at least every five years) 2) Actual percentage of its students (district must demonstrate) with disabilities up to 18.8%</td>
</tr>
<tr>
<td>Low-Income Method One (Use higher of two methods)</td>
<td>.25</td>
<td>Prior year ADA of Low-Income pupils/ Prior Year ADA of all pupils</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For 2015-16 and 2016-17 School Years only, Districts will use DHS Low-Income Counts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For 2017-18 and subsequent years, Districts will use Free and Reduced Lunch Counts</td>
</tr>
<tr>
<td>Low-Income Method Two (Use higher of two Methods)</td>
<td>.80 X Weighting Percentage, as Calculated in Low Income Method One (Weighting Factor May not be Higher than .75)</td>
<td>Prior year ADA of Low-Income pupils/ Prior Year ADA of all pupils</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For 2015-16 and 2016-17 School Years only, Districts will use DHS Low-Income Counts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For 2017-18 and subsequent years, Districts will use Free and Reduced Lunch Counts</td>
</tr>
<tr>
<td>Special Education Summer Pupils</td>
<td>.03</td>
<td>Prior Year ADA of Sp Ed Summer School Pupils/ Prior Year ADA of all pupils</td>
</tr>
<tr>
<td>Gifted Pupils</td>
<td>.01</td>
<td>Prior Year ADA of Gifted Pupils/ Prior Year ADA of all pupils [However, for K-8 only, no more that 5% of Pupils can be used]</td>
</tr>
<tr>
<td>Regular Transportation</td>
<td>.06 (most dense Quintile in State) .07 (next more dense quintile) .08 (next most dense quintile) .09 (next most dense quintile) .1 (next most Dense quintile)</td>
<td>Prior year ADA of Reg Trans-eligible Pupils/ Prior year ADA of all pupils</td>
</tr>
<tr>
<td></td>
<td></td>
<td>By administrative rule</td>
</tr>
<tr>
<td>Extraordinary Transportation</td>
<td>Will be set by administrative rule for 2016-17 school year, but not to exceed .12</td>
<td></td>
</tr>
<tr>
<td>Vocational Transportation</td>
<td>.12</td>
<td>Prior year ADA of Voc Trans Pupils/ Prior Year ADA of all pupils</td>
</tr>
<tr>
<td>Advanced Standing (for 2017-18 School year And subsequent years)</td>
<td>.02</td>
<td>Prior year ADA of Advanced Standing pupils/ Prior year ADA of all pupils</td>
</tr>
<tr>
<td>Career Pathways (for 2017-18 School year And subsequent years)</td>
<td>.03</td>
<td>Prior year ADA of Career Pathway Completers/ Prior Year ADA for all pupils</td>
</tr>
</tbody>
</table>

Each Additional Weight = Weighting Factor X Weighting Percentage
3) **District’s Weighted Average (Including Regionalization Factor).** After each applicable subcategory weight is determined, those weights must be added to 1.0 (base value of one student). That sum is then multiplied by a Regionalization Factor, if applicable. It is important to note that a Regionalization Factor is used only if the school district’s Regionalization Index Value (RIV) is higher than the State Weighted-Average RIV. If the district’s RIV is lower than the State Weighted-Average RIV, the Regional Factor is not applied and the District’s weighted average will simply be the sum of the Foundation level (1.0) and each applicable subcategory additional weight.

The Regionalization Index Value that will be used is the one developed by the National Center for Education Statistics and published for each school district.

**District’s Weighted Average = [1.0 + Each Subcategory Weight] X Regionalization Factor [if applicable]**

4) **Available Local Resources per Pupil.** Since this new formula is wealth-equalized, the District’s Available Local Resources per Pupil must be determined by first multiplying the District’s Equalized Assessed Value (EAV) by the new formula tax rates (see below) and dividing that amount by the district’s ADA. The District’s Corporate Personal Property Replacement Tax (CPPRT) is also divided by the district’s ADA. The sum of those two numbers reflects the district’s Available Local Resources per Pupil. The new tax rates are as follows:

   a. Unit – 3.07% (currently 3.0%)
   b. K-8 – 2.36% (currently 2.3%)
   c. 9-12 – 1.10% (currently 1.05%)

**Available Local Resources per Pupil = [(EAV X applicable tax rate)/ADA] + CPPRT/ADA**

5) **Per Pupil Primary State Aid Allotment.** To obtain the Per Pupil State Aid (PSA, no longer referred to as GSA) Allotment, the District’s Available Local Resources per Pupil is subtracted from the District’s Weighted Foundation Level.

**Per Pupil Primary State Aid Allotment = District’s Weighted Foundation Level – ALR per Pupil**

6) **Primary State Aid Allocation.**

With the exception of certain line-items that will still be funded separately (see below), as well as the Additional Grants and Adjustments discussed below [Per Pupil Hold Harmless, PTELL Adjustment, Adequacy Grant and Hold Harmless/Phase-In], the bulk of the District’s State Aid will be distributed through the Primary State Aid Allocation as follows:

   a. **Foundation Level.** If Per Pupil State Aid is more than the Flat Grant Amount (3.5% of Foundation level), the district will receive the Per Pupil State Aid Amount multiplied by the district’s ADA.

   b. **Flat Grant.** If the Per Pupil State Aid is less that the Flat Grant Amount (3.5% of the Foundation level), the district will receive the Flat Grant Amount (currently $218) multiplied by the district’s ADA.
SEPARATE LINE-ITEM FUNDING APART FROM PRIMARY STATE AID FORMULA

The line-items in SB1 that will continue to be funded and reimbursed separately include:

- Tuition for children attending private schools, public out-of-state schools, public school residential facilities or private special education facilities
- High Cost Special Education Students (students with disabilities whose program costs exceed 4 times the district’s per capita tuition rate)
- Special Education transportation
- Early Childhood Education
- Capital Construction
- Education and Transportation costs for students in orphanages, children’s homes or in-State housing units [NOTE: Under current law, foster kids are also funded under this line item. SB1 removes foster kids from this line item and funds them in the same manner as other students residing in the district and, unless funded under a separate line-item (i.e. private special education facility), will be included in the single funding formula]

SUPPLEMENTAL GRANTS AND PHASE-IN ADJUSTMENTS

- **CPS Block Grants/Supplemental Grants.**
  - Eliminates several of the largest CPS Block Grants, including:
    - CPS General Education Block Grant (i.e. Summer Bridges, Preschool at Risk, Staff Development, Reading Improvement, etc.)
    - Educational services block grant (i.e. Regular and Vocational Transportation, Special Education Funding, Summer School, Educational Service Centers, etc.)
  - Supplemental Grant in the amount of $261,000,000 shall be allocated each year to CPS (separate from PSA and not affected by PSA allocation) and distributed to schools based on proportion of low-income students. Funds are to be used at discretion of principal and local school council pursuant to a plan designed to meet needs of disadvantaged students and approved by ISBE (i.e. ECC, reduced class size, enrichment programs, remedial assistance, etc.).

- **ISBE will calculate the other supplemental grants and adjustments in the following order:**

  1) **PTELL PSA Adjustment Grant.** This grant is for districts subject to PTELL. Districts subject to PTELL shall receive a supplemental grant to account for the difference between its PTELL EAV and its actual EAV; provided, however SB1 establishes an EAV floor of 85% when calculating a district’s PTELL PSA Adjustment Grant, ensuring that the EAV used for PTELL adjustments does not fall below 85% of the school district’s actual EAV.

  2) **$1,000 per Pupil Loss Cap.** If a district’s Per-Pupil Primary State Aid Allotment (including the Per-Pupil PSA formula grant and the Per Pupil PSA PTELL Adjustment Grant) is less than the Per-Pupil Hold Harmless State Funding by an amount exceeding $1,000, the amount of Primary State Aid shall be increased by a supplemental grant equal to an amount sufficient to raise the school district’s Per-Pupil Primary State Aid Allotment to an amount that is $1,000 less than the school district’s Per-Pupil-Hold Harmless State Funding.

A district’s Per-Pupil Primary Hold Harmless State Funding is calculated by dividing the district’s total ADA during the 2014-15 school year by the amount of State funds (now accounted for in the PSA formula – GSA, poverty grant, Special Ed Personnel
reimbursement, Special Ed services, Special Ed summer school, Regular Transportation, etc.) allotted to the school district during the 2014-15 school year.

3) **Adequacy Grant.** This Grant is subject to a separate appropriation from the General Assembly apart from the Primary State Aid Formula, PTELL PSA Supplemental Grant and the $1,000 per Pupil Loss Cap. This grant provides supplemental funds for school districts that are collecting taxes at or above the state average, but whose operating expenses are below a per pupil adequacy target, as determined by ISBE.

4) **Phase-In Adjustment with full implementation of SB1 in Year 4.** If a district’s Total Primary State Aid (including the PSA Formula Grant, the PSA PTELL Adjustment Grant and the Adequacy Grant) is less than then District’s Hold Harmless [the amount of State funds now accounted for in the PSA formula (GSA, poverty grant, Special Ed Personnel reimbursement, Special Ed services, Special Ed summer school, Regular Transportation, etc.) allotted to the school district during the 2014-15 school year] for a given year, the amount of PSA will be increased by:

- 75% for the 2015-16 school year;
- 50% for the 2016-17 school year; and
- 25% for the 2017-18 school year, of the difference between Per Pupil Hold Harmless funding and Primary State Aid funding.

If, however, the district’s Total Primary State Aid is more than the Hold Harmless State Funding, the amount of the district’s state aid allotment shall be decreased in the same percentages in each of the years set forth above (i.e. 75% for the 2015-16 school year; 50 percent for the 2016-17 school year; and 25% for the 2017-18 school year).

**OTHER HIGHLIGHTS OF SB1**

- **School-based Accountability Measures.** Requires districts to provide school-based (instead of district-based) accounting of expenditures, including:
  - Accounting for expenditures for school administration, regular and special education instruction, ELL instructional programs and instructional and pupil support services;
  - Actual salary expenditures at each school;
  - Accounting for operations, including non-instructional pupil services, facilities and business services; and
  - Any other requirements set forth by ISBE.

- **Annual Budget Requirements.** For 2016-17 School Year and thereafter, the budget that must be adopted by the Board and posted on the district website must conform to school-based accounting requirements.

- **Special Education Funding Verification.** Each year ISBE will determine the amount of PSA attributable to Special Education. Districts must use those funds only for that purpose and comply with any expenditure verification procedures adopted by ISBE.

- **AYP and Proportionate or Higher Budgeting.** For any district not meeting AYP in educational performance of specific subgroups (ELL, low-income, or children with disabilities), districts must demonstrate: 1) how local and state funds will be used for strategies to meet education needs of individuals in those subgroups and 2) that the amount of state and local funds budgeted for that category of students is
proportionate or higher (either an aggregate or per-pupil basis) to the proportion of the Weighted Foundation Level Budget attributable to that subgroup. ISBE may make exceptions for situations in which district-wide strategies are appropriate.

- **Inter-Fund Transfers**
  - **17-2A Inter-Fund Transfers.** Extends the time period during which a school district may transfer moneys (following certain notice and hearing requirements) from specified funds (Ed, O&M and Trans) for any purpose from June 30, 2016 to June 30, 2018.
  - **17-2.11 Inter-Fund Transfers.** Extends time period during which districts may use excess funds on hand in the Fire Prevention and Safety Fund (following certain notice and hearing requirements) to the Operation and Maintenance Fund for building repair work from June 30, 2016 to June 30, 2018.

- **EFAB Recommendations.** Will make foundation level recommendations by January 31 of odd numbered years which will be determined based on two separate methodologies:
  - Basic education expenditures of low-spending schools exhibiting high academic performance.
  - Evidence-based methodology that identifies an educational program that includes research-based educational strategies and uses the cost of that program to determine the cost of education.

- **Adequacy Study.** By no later than 10 months following the first meeting of Primary State Aid Review Committee (although no first meeting date is specified, the Committee’s report must be submitted by January 31, 2017) the State must contract with an entity to conduct an adequacy study to be completed within 10 months of the contract date. The study must identify an appropriate base funding level, per pupil weights for special education and low-income students, tax rates and early childhood funding necessary to meet needs of highest-priority tier children.

- **Primary State Aid Review Committee.** This committee will consist of 20 members that represent the diversity of the State [will include school administrators, school business officials, school finance experts, parents, teachers and citizens] to review the administration of PSA, the impact of PSA allocation on Illinois districts’ finances and make suggestions for amending PSA allocations in the future. By January 31, 2017, and each odd-numbered year thereafter, the Committee shall make recommendations on:
  - Whether to relate PSA to district accountability or accreditation status;
  - Whether to include funding for career and technical education and transportation
  - Whether to account for municipal impact fees, TIF distributions and available fund balances towards the allocation of PSA; and
  - Methods for reducing the PSA PTELL Adjustment.

- **ISBE Withholding.** For Districts with ELL and Special Education student populations, ISBE will withhold the following percentages of the District’s “weighted foundation level budget” attributable to that group for the following: (i) ISBE staff; and (ii) contractual services by a not-for-profit entity for technical assistance, professional development, and other support to school districts and educators:
  - For districts with ELL weights, ISBE shall withhold up to 1.5%
  - ISBE shall withhold an amount not exceeding .5% which is attributable to children with disabilities and Special Education Summer School Pupils.
## Side by Side Comparison Between SB1 & SB16

### SB16 – 98th General Assembly

**First Implementation Year**
2014-15 School Year (Subject to Phase-In)

### Special Education Weighting Percentage

**No change to the 1.0 Weighting Factor**
Assumes every district population is 13.8% Special Education (which percentage may be adjusted by ISBE following the 2016-17 school year, but at least every five years)

### Low Income Weight

Higher of two methods, but Low-Income Weight cannot be higher than .75:

**Method One**
Weighting Factor = .25

Weighting Percentage = Prior Year ADA of Low-Income pupils divided by Total ADA of all pupils

**Method Two**
Weighting Factor = .90 multiplied by Prior Year ADA of Low-Income pupils divided by Total ADA of all pupils

Weighting Percentage – same percentage as the one set forth in Method One

*For 2015-16 School Year and subsequent School years, districts shall use Low Income Count based on previous year Free and Reduced Lunch Count (students below 185% of the poverty line)*

### Regionalization Factor
Not included in SB16 Funding Formula

### SB1 – 99th General Assembly

**2015-16 School Year (Subject to Phase-In)**

The higher of:
1) 13.8% (which percentage may be adjusted by ISBE following the 2016-17 school year, but at least every five years)
2) Actual percentage of its students with disabilities (district must demonstrate) up to 18.8%

### Higher of two methods:

**Method One**
Weighting Factor = .25

Weighting Percentage - Prior Year ADA of Low-Income pupils divided by Total ADA of all pupils

**Method Two**
Weighting Factor = .80 multiplied by Prior Year ADA of Low-Income pupils divided by Total ADA of all pupils

Weighting Percentage – same percentage as the one set forth in Method One

* For 2015-16 and 2016-17 School Years only, Districts shall use previous year’s DHS Low-Income Count (students below 200% of the poverty line)*

For 2017-18 and subsequent years, Districts shall use previous year’s Free and Reduced Lunch Count (students below 185% of poverty line)

### Regionalization Factor
- is utilized in the formula, but only if the school district’s Regionalization Index Value
<table>
<thead>
<tr>
<th><strong>$1,000 per Pupil Loss Cap</strong></th>
<th>Provides that no district will lose more than $1,000 per pupil as compared to the Base year (2013-14). This provision is Infinite.</th>
<th>Provides that no district will lose more than $1,000 per pupil as compared to the Base year (2014-15). This provision is no longer infinite and applicable only up through and including the 2022-2023 school year.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High Cost Special Education Students</strong>&lt;br&gt;<em>(students with disabilities whose program Costs exceed 4 times the district’s per capita tuition rate)</em>&lt;br&gt;These students would not be funded under a separate line item and, instead, would be funded under the same weighted funding formula as other students.</td>
<td>These students will be funded separately from the weighted funding formula (district will be reimbursed for program costs in excess of 4 times the district’s per capita tuition rate, as determined by actual cost of maintaining class).</td>
<td></td>
</tr>
<tr>
<td><strong>PSA PTELL Adjustment</strong>&lt;br&gt;Established an EAV floor on 80% floor when calculating a district’s PTELL PSA Adjustment Grant.</td>
<td>Establishes a EAV floor of 85% when calculating a district’s PTELL PSA Adjustment Grant.</td>
<td></td>
</tr>
<tr>
<td><strong>Adequacy Grant</strong>&lt;br&gt;Was not part of SB16</td>
<td>Includes an Adequacy Grant as a means of rewarding low-spend and high-tax districts</td>
<td></td>
</tr>
<tr>
<td><strong>Annual Budget Requirement</strong>&lt;br&gt;Was not addressed in SB16</td>
<td>For 2016-17 School Year and thereafter, the budget that must be adopted by the Board and posted on the district website must conform to school level accounting requirements.</td>
<td></td>
</tr>
<tr>
<td><strong>Adequacy Study</strong>&lt;br&gt;January 31, 2019 deadline to submit report</td>
<td>By no later than 10 months following the first meeting of the Primary State Aid Review Committee, (although no first meeting date is specified, the Committee’s must be submitted by January 31, 2017) the State must contract with an</td>
<td></td>
</tr>
<tr>
<td><strong>Inter-fund Transfers</strong></td>
<td>entity to conduct an adequacy study to be completed within 10 months of the contract date.</td>
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<td><strong>17-2A and 17-2.11 Inter-fund transfers</strong></td>
<td>extends time period to <strong>June 30, 2017</strong></td>
<td></td>
</tr>
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<td></td>
</tr>
</tbody>
</table>
## Side-by-Side Comparison

**Current Law and Practice**

1. **Opportunity to Earn Academic Credit during Out of School Suspension**
   - No requirement that districts allow suspended students (including those suspended from the bus only who do not have alternate transportation to school) to earn equivalent academic credit while serving their out of school suspension.

2. **Zero Tolerance**
   - Districts may adopt Zero Tolerance Policies.

3. **Exclusionary Discipline (Out of School Suspensions and Expulsions)**
   - **a. Use of Exclusionary Discipline**
     - School Code currently silent on recommended use of exclusionary discipline measures.

## Proposed Changes

**EFFECTIVE DATE: September 15, 2016**

1. **Opportunity to Earn Academic Credit during Out of School Suspension**
   - School Districts must create a policy by which suspended pupils, including those pupils suspended from the bus only who do not have alternate transportation to school, shall have the opportunity to make up work for equivalent academic credit. For bus only suspensions, it shall be the responsibility of the parent/guardian to notify the school that the student does not have alternative transportation to school.

2. **Zero Tolerance**
   - Except as required by federal law (i.e. firearms) school boards may not institute zero tolerance policies.

3. **Exclusionary Discipline (Out of School Suspensions and Expulsions)**
   - **a. Use of Exclusionary Discipline**
     - School Officials shall limit the number and duration of expulsions and suspensions to the greatest extent practicable and it is recommended that that they use them only for legitimate educational purposes. To ensure that students are not excluded from school unnecessarily, it is recommended that school officials consider forms of non-exclusionary discipline prior to utilizing Out of School Suspensions and Expulsions.
b. Standards

Out of School Suspensions
“Guilty of gross disobedience or misconduct, or to suspend pupil guilty of gross disobedience or misconduct on the school bus from riding the school bus”

Expulsions
“Guilty of gross disobedience or misconduct, including gross disobedience or misconduct perpetuated by electronic means”

c. Districts Shall Expel for a Period not less than One (1) Year

When a student brings one of the following objects to school, any school-sponsored activity or event, or any activity or event that bears a reasonable relationship to school:

(1) Firearm
(2) Knife brass knuckles, or other knuckle weapon regardless of its composition, a billy club or any other object if used or attempted to be used to cause bodily harms, including “look alikes” of a firearm.

NOTE – the expulsion period may be modified by the Board on a case-by-case basis.

New Standards

Out of School Suspensions of Three (3) Days or Less

a. “Guilty of gross disobedience or misconduct, or to suspend pupil guilty of gross disobedience or misconduct on the school bus from riding the school bus”; and

b. “Student’s continuing presence in school would pose a threat to school safety or a disruption to other students’ learning opportunities”, as determined by the district.

Out of School Suspensions of More than Three (3) days, Expulsions and disciplinary removals to alternative schools

a. Student has committed an act of gross disobedience or misconduct, including gross disobedience or misconduct perpetuated by electronic means;

b. The student’s continuing presence in school poses a threat to the safety of other students, staff, or members of the school community, as determined by the district; and

c. Other appropriate behavioral and disciplinary interventions have been exhausted, as determined by the district.

No changes to standard for when Districts Shall Expel for a Period not less than One (1) Year
4. **Written decision**

Under Section 10-22.6 of the School Code, Expulsion/Suspension written decision must include:

   a) For suspensions, full statement of the reasons for such suspension and a notice of parents or guardians’ right to a review by the Board

      - Under Section 10-22.6 of the School Code, Expulsion/suspension written decision must now include:
        a) For suspensions, full statement of the reasons for such suspension and a notice of parents or guardians’ right to a review by the Board
        b) A rationale as to the specific duration of the expulsion/suspension

      Additionally, for suspensions of 3 days or less, the written decision must also include:

        c) The specific act of gross disobedience or misconduct resulting in the decision to expel/suspend

      Additionally, for expulsions, the decision must also include:

        d) The specific reasons why removing the pupil from the learning environment is in the best interest of the school

      Additionally, for suspensions of longer than three (3) days and expulsions, the decision must also include:

        e) Whether other interventions were attempted or whether it was determined that there were no other appropriate and/or available interventions.

      Additionally, for suspensions of longer than four (4) days, the decision must also include:

        f) What appropriate and available support services will be provided to student during suspension or whether the district determined that the support services are not available and/or not appropriate.
Additions not Currently Addressed in the Code

1) **Role of Law Enforcement in Schools**
   School districts are encouraged to create memoranda of understanding with local law enforcement agencies that clearly define law enforcement’s role in schools.

2) **Services to be Provided to Students Suspended Out of School for Longer than Four (4) days or Expelled**
   - Students suspended for longer than 4 days **shall** be provided appropriate and available support services during the period of their suspension. Whether services are appropriate and available shall be determined by the district.
   - Students expelled **may** be referred to available and appropriate support services.

3) **Policy for Re-engagement of Students**
   School Districts shall create a policy to facilitate the re-engagement of students returning to school from Out of School Suspensions, Expulsions or Alternative Settings.

4) **Professional Development**
   School Districts shall make reasonable efforts to provide ongoing professional development to teachers, administrators, board members, school resource officers, and staff on the adverse consequences of school exclusion and justice-system involvement, effective classroom management strategies, culturally responsive discipline, and developmentally appropriate disciplinary methods that promote positive and healthy school climates.

5) **Prohibition from Advising and Encouraging Students to Drop-Out**
   School officials shall not advise or encourage students to drop out due to behavioral or academic difficulties.

6) **Monetary Fines and Fees**
   A student may not be issued a monetary fine or fee as a disciplinary consequence, though may be required to provide restitution for damage to property.
ED-RED Finance – Legislation Meeting
March 6, 2015

Ares G. Dalianis
agd@franczek.com
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Preview

- 128 Property Tax-related bills
- Five general categories:
  - PTELL proposals
  - Exemptions
  - Abatements/economic development
  - TIF districts
  - Miscellaneous
- Common Theme: Illinois School Districts will receive and/or keep less revenue

"Freeze property taxes and require voter approval for politicians to raise them"
PTELL Proposals

- 12 proposals – 9 HB and 3 SB
- Several set "extension limitation" at 0% or rate of increase approved by voters (HB 136, 137, 177, 3130)
- Freeze property taxes at 2014 level with no increase permitted for 2015-17 (SB 556)
- Apply PTELL to all taxing districts statewide – preempts home rule (HB 3129)

PTELL Proposals

- Exclude pension levy from definition of aggregate extension – call it special purpose levy (HB 3611)
- Cap AV increases at 2% per year with exceptions for sale and new improvements (SB 690)
- Redefines ‘aggregate extension’ for districts at rate limits (HB 2634)
- Suspend application of PTELL for 5 years following tornado disaster (HB 1557)

Exemptions

- 24 proposals – 16 HB and 8 SB
- Senior Citizen Assessment Freeze most popular
  - Increase income limit for eligibility
  - Reduce ‘household income’ by Medicare premiums paid
  - No need to reapply after age 70
  - Limit property tax liability increase to lesser of 3% or ½ change in CPI
  - Include disabled persons in SCAF
Exemptions

- Create Lake Co. long-term H.O. exemption (at least 10 years)
- Treat property as exempt from taxation if occupied by veteran with 30% or greater disability
- Index H.O. exemption to CPI
- Create homestead protection program with indemnity fund to pay delinquent taxes
- Create property tax exemption for hospice residence

Abatements/Economic Development

- New $1.0 mm abatement for business relocating to IL (HB 238)
- Incentives for wind and solar energy devices (HB 3120)
- "Expanded business facility" abatement w/ requirement of new employment (HB 3685)
- Manufacturing abatement (SB 1343)

TIF Districts

- Tax bills to include list of TIF districts where property is located and % of taxes deposited with TIF fund (HB 243)
- TIF district extensions (HB 1425)
- Local Govt. Tax Incentive Disclosure Act – requires reporting of tax incentives and revenue lost due to incentives (HB 3760)
Miscellaneous

- Large number of shell bills ("technical changes")
- Eliminate stipends for township and county assessing officials (HB 1373)
- Require separate tax bill line item for amounts used to ‘pick up and pay’ employee pension contributions (HB 2526)
- Extend filing period for BOR appeals from 30 to 60 days (HB 2535)
- Truth in Taxation notice must be posted on taxing district website (SB 792)

Questions?

ED-RED
Finance – Legislation Meeting
March 6, 2015

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