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*Foster social and economic justice through advancing fact-based public policy solutions*

# FACT SHEET

## SB16: School Funding Reform Act of 2014 (Sen. Manar)

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### 1. Short Summary

Historically, Illinois has had one of the more inequitable public education funding systems of any state. Indeed, Illinois recently received the failing grade of “F” in a national report card that evaluated the relative fairness of the 50 states’ school funding systems.<sup>1</sup> In part to address concerns about inequity in the state’s K-12 education funding formula, the Illinois Senate unanimously established the Education Funding Advisory Committee or “EFAC” in July of 2013. EFAC then held hearings across the state, soliciting input from national and state-based education policy experts, academics and stakeholders concerning potential ways to reform school funding. Based on this input, EFAC released a series of recommendations in February of 2014. Notably, EFAC elected to defer making recommendations about the overall adequacy of education funding in Illinois, and instead focused on changing how the K-12 funding formula distributes resources. One specific goal supported by EFAC was making said distribution more equitable from a needs-based standpoint. In April of 2014, Senator Andy Manar (D-48) introduced SB16 in part to implement some of EFAC’s recommendations.

### 2. SB16’s Stated Primary Goals

- Overhaul the state’s current regressive school funding system into a more progressive system where the majority of state funding is means-tested.
- Prioritize resources where there is greatest student need.
- Provide greater transparency on how funds are spent at the school rather than district level.

### 3. SB16’s Basic Mechanics

- Create a single funding formula that provides a simple and equitable means to distribute education funding.
  - This would replace the current system—which consists of foundation level support, poverty grants, other grants, and numerous categoricals (like special education and transportation)—with a comprehensive funding formula that assigns various weights designed to adjust funding levels automatically for factors such as a school district’s population of special needs, low-income and English Language Learner children.
- The new “Base Level” of funding per pupil would replace the existing Foundation Level, and be set at \$5,154 per student.
- Districts will receive automatic adjustments to their Base funding levels, via Additional Weights (see below), which comport to school district characteristics.
- The final funding per student a district would receive—i.e. a “District’s Weighted Average”—will equal 1.0 + Additional Weights (on a cumulative basis), multiplied by the Base Level.

- Alternate Grant Districts would be eliminated; districts would either be Flat Grant or Formula Grant.
- Flat Grant Districts would receive 3.5% of the unadjusted Base Level.
- The Weights that adjust the Base Level are:

English Language Learners: 0.20;

Regular Low-Income Pupils: 0.25;

Concentration Low-Income: up to 0.9 (Low-Income Weight is capped at .75);

Children with disabilities: 1.0;

Special Education Summer School Pupils: 0.03;

Gifted Students: 0.01;

Regular Transportation Eligible Pupils;

- 1<sup>st</sup> (most dense) quintile: 0.06
- 2<sup>nd</sup> quintile: 0.07
- 3<sup>rd</sup> quintile: 0.08
- 4<sup>th</sup> quintile: 0.09
- 5<sup>th</sup> quintile: 0.10;

Vocational Transportation Pupils: 0.12;

Advanced Standing Pupils: 0.02; and

Career Pathway Completers: 0.03;

#### **4. Other Key Provisions**

- Districts are required to submit district improvement plans explaining how they will spend state and local funds to meet the educational needs of students who are low-income or English Language Learners, or have disabilities. This plan should show how each district will provide proportionate or higher funding to its students who are in aforesaid categories.
- The Chicago Block Grant will be eliminated (roughly \$230 million last year).
- ISBE will conduct a study of the adequacy of education funding in Illinois by January 31, 2019 that will:
  - Identify a base funding level for students without special needs, that will be sufficient for these children to satisfy state standards;
  - Include per pupil weights for students with special needs; and
  - Include an analysis of the effect of concentrations of poverty on the cost of providing an adequate education.

#### **5. Equity Concerns**

The intended goals behind SB16 are laudable—creating a more equitable education funding system in a state that has historically been anything but. However, in large part because SB16 does not deal with the issue of overall funding adequacy, the way it redistributes education funding raises as many, if not more, issues of equity than it resolves. To understand why, a review of the state’s extant achievement gaps and demographic composition by region are required.

First, consider the achievement gaps. As shown in Figure 1, according to the Illinois State Board of Education (ISBE), the state has significant achievement gaps along racial, ethnic and income lines.

**Figure 1**

% of Students Who Meet/Exceed Standards				Achievement Gap	
2014	White	Black	Hispanic	White/Black	White/Hispanic
Math	70%	38%	49%	32%	21%
Reading	67%	36%	43%	31%	24%
% of Students Who Meet/Exceed Standards				Achievement Gap	
2014	Non Low-Income	Low-Income	Non Low-Income/Low-Income		
Math	75%	45%	30%		
Reading	74%	41%	33%		

Source: Illinois State Report Card, 2014

Given these meaningful achievement gaps, it is crucial to understand the demographic breakdown of the state’s K-12 public education student body, by region, which is shown in Figure 2, to ensure any re-distribution of educational resources actually invests more in the education of children with the greatest needs.

**Figure 2**

**Student Demographics Within Each Region of the State**

REGION	% of District					
	White	Black	Hispanic	Asian	2 Races	Low-Income
Collar Counties (Lake, McHenry, DuPage, Will & Kane)	55.2%	7.7%	27%	6.8%	3.1%	32.6%
Cook County (w/o CPS)	42.4%	19.9%	28.3%	6.6%	2.4%	45.4%
Chicago Public Schools (CPS)	9.1%	40.5%	45%	3.4%	1.5%	84.9%
Downstate	74.6%	11.6%	7.8%	1.5%	4.1%	46.9%

Source: Illinois State Report Card Data, 2013

As Figure 2 shows, CPS has the highest concentrations of minority and low-income children of any region. In fact, Cook County schools and CPS are majority-minority, whereas schools in the Collar Counties are just over 55 percent white, and have the lowest overall concentration of low-income students in Illinois. Meanwhile, schools in the rest of Illinois are overwhelmingly white.

Figure 3 shows what percentage of the state’s total white, minority and low-income K-12 student populations live in each region of the state.

**Figure 3**

**Regional Student Populations as a Percentage of the State**

REGION	White	Black	Hispanic	Asian	2 Races	Low-Income
Collar Counties	30.5%	12%	31.2%	44.3%	28.5%	18%
Cook w/ CPS	19%	65.2%	57.7%	43.5%	24.4%	49.6%
Cook County (w/o CPS)	15.6%	21%	21.8%	28.3%	14.8%	16.9%
CPS	3.5%	44.3%	35.9%	15.2%	9.6%	32.7%
Downstate	50.5%	22.6%	11.1%	12.2%	47.1%	32%

Source: Illinois State Report Card Data, 2013

As Figure 3 reveals, almost half of all the state’s low-income children (49.6%), and over half of its black (65.2%) and Latino children (57.7%) attend Cook County and CPS schools. Meanwhile, just 18 percent of Illinois’ low-income children attend schools in the Collar Counties, while 32 percent are Downstate. From a racial standpoint, just over half of Illinois’ white children live Downstate.

Given the data on achievement gaps and demographics, one would assume a more equitable distribution of education funding resources would benefit CPS and Cook County. However, as Figure 4 shows, that is not how funding gets redistributed under SB16.

**Figure 4**  
**Re-Distribution of \$229.4 M in GSA Under SB16**

Region	Gain/Loss Compared to FY13 Disbursements	% Change	# of Districts Gaining	# of Districts Losing	% of Low Income Students in region	% of Low Income in State
Downstate	\$215,727,864	10.3%	402	173	47.0%	32.0%
Collar	-\$84,641,021	-8.7%	20	123	32.6%	18.5%
Cook (w/o CPS)	-\$93,001,842	-10.7%	44	99	45.4%	16.9%
CPS	-\$38,498,141	-2.9%	0	1	84.9%	32.7%
ILLINOIS	-\$413,140	0.0%	466	396	49.9%	

Source: ISBE, Senate Bill 16 Overview, August 26, 2014

This redistribution of GSA to Downstate comes from: Cook (no CPS) 43%; Collars 39.2%; and CPS 17.8%.

Indeed, Cook County and CPS collectively lose some \$131.5 million in funding under SB16<sup>2</sup>, despite being home to virtually half of the state’s low-income students and two-thirds of its African American students. Meanwhile, over 400 Downstate districts (86 percent) would see an increase in funding under SB16, gaining \$215.7 million (10.3%) compared to what they received in FY13.

**Figure 5**  
**Per Student Change in Funding Under SB16**

Region	% of State Enrollment	% of Low Income in State	% State Funds; FY2013	% of State Funds; SB16	Percentage Point Change	Change Per Student
Downstate	33.9%	32.0%	39.7%	43.8%	4.1%	\$310
Collar	28.3%	18.5%	18.3%	16.7%	-1.6%	-\$146
Cook (w/ CPS)	37.8%	49.6%	41.4%	38.8%	-2.6%	-\$169
Cook (w/o CPS)	18.5%	16.9%	16.4%	14.5%	-1.9%	-\$244
CPS	19.2%	32.7%	25.0%	24.3%	-0.7%	-\$97

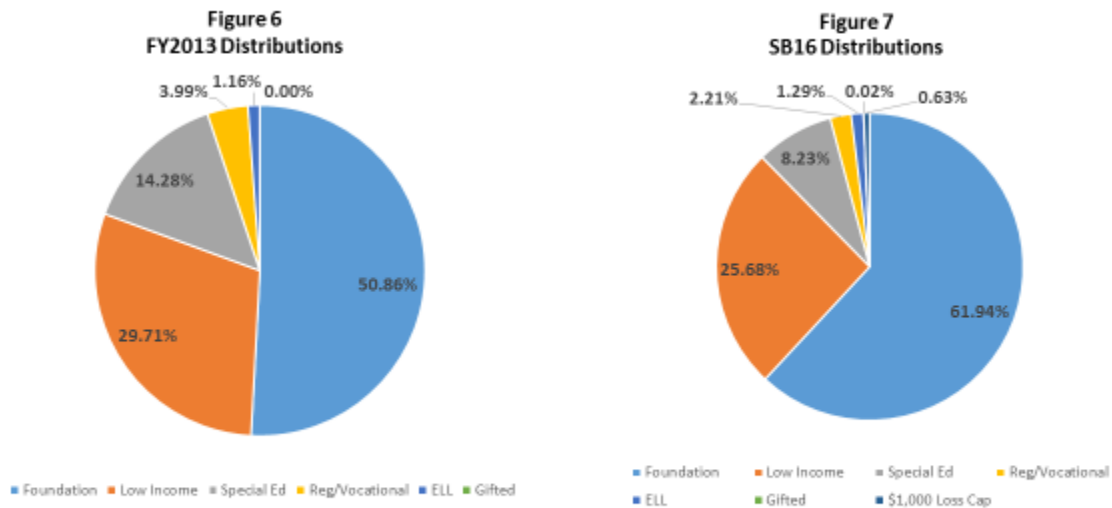
Sources: ISBE, Senate Bill 16 Overview, August 26, 2014, and Illinois State Report Card Data, 2013

Figure 5 illustrates the shift in funding by students. It shows that CPS, which educates up 19 percent of all students in Illinois and nearly one out of every three low-income student in the state, would see state funding fall by \$97 per student under SB16.

## 6. Reduction in Special Education Funding

SB16 does not add any additional funding to K-12 education overall. It does, however, distribute funding differently than under existing law. As noted previously, on a net basis, it provides an additional \$215 million plus in General State Aid to Downstate districts, primarily by enhancing Foundation Level support. Indeed, it appears that through enhanced Foundation Level support, CPS recoups some \$191.5 million of the roughly \$230 million Block Grant CPS loses under SB16, leaving CPS at a net loss of \$38.5 million.

But if no additional funding goes into the overall K-12 appropriation, some educational items that were funded under prior law have to be reduced under SB16. As it turns out, cuts to special education and poverty grant funding are the primary sources SB16 uses to enhance General State Aid, as shown in Figures 6 and 7.<sup>3</sup>



Given there has been no decline in the special education population, and how significantly the federal government underfunds special education already, it is questionable whether diverting state funding from special education actually serves the interests of equity—or even provides districts that much in real flexibility.

<sup>1</sup> The Education Law Center, “Is School Funding Fair? A National Report Card,” January, 2014.

<sup>2</sup> However, not all districts in Cook County will lose money. In fact, the area of South Cook will gain \$13.7 million from SB16.

<sup>3</sup> ISBE, Senate Bill 16 Overview, August 26, 2014.