



SB 1947

SCHOOL FUNDING BILL

Sponsors: Senate: Manar (D-Bunker Hill)
House: Davis (D-East Hazel Crest)

Public Act: 100-465

Synopsis:

The new Act contains the compromise school funding reform provisions approved in August of 2017. Included is an evidence-based school funding formula that recognizes individual student needs, accounts for differences in local resources, closes funding gaps, and provides for a stable system that gets all districts to adequacy over time. The 550 page Act also includes provisions intended to provide mandate relief to local school districts and creates a new income tax credit for the payment of tuition to non-public schools.

Evidence-Based Funding

- Each district is given a Local Capacity Target (LCT) that reflects local tax resources that are available to support education
- Each school district is treated individually, with an Adequacy Target based on the needs of its student body. The greater the student need, the higher the Adequacy Target
- New dollars go to the neediest districts first – those furthest from their Adequacy Target
- School funding is tied to those evidence-based best practices the research shows enhance student achievement in the classroom, defined in these 27 essential elements

Core teachers K-3	Supervisory aides	Assessment	Extended day
Core teachers 4-12	Librarian/library aide/media tech	Student activities	Summer school
Specialist teachers	Principal/assistant principal	Maintenance and operations	English learners
Instructional facilitators (K-5)	School site staff	Central office	Special education teachers/aides/psychologist
Core intervention teachers (K-5)	Gifted education	Employee benefits	Computer technology
Substitute teachers	Professional development	Intervention (poverty/EL)	Student activities
Core guidance/nurse	Instructional materials	Pupil support (poverty/EL)	

- Faculty and staff salaries are based on statewide averages with an ISBE annual recalculation based on the Employee Cost Index and adjusted by regional wage differences
- A Base Funding Minimum is set for each district intended to ensure that no district receives less State funding because of the change in the formula (dependent on annual appropriations)
 - Every district receives at least the amount of State funding received in FY 2017 in the first year
 - In subsequent years, no district will receive less State funding than it did the prior year
 - If appropriations do not cover the necessary amount, funds are removed from the Base Funding Minimum from the most adequately funded districts

- Each district is set an Adequacy Target based on its Local Capacity Target, Base Funding Minimum, and Corporate Personal Property Replacement Tax (CPPRT) receipts to determine its Percent of Adequacy
 - The goal is to bring every district up to its Adequacy Target
 - The State revenue available will first be distributed to those districts farthest from its Adequacy Target
 - ✓ Tier 1: 50% of all new dollars are allocated to these neediest districts. The top of Tier 1 is determined by how far 50% of the appropriation will go to fill 30% of the Tier 1 gap
 - ✓ Tier 2: Most of the rest of the available funding (49%) goes to inadequately funded districts proportionally
 - ✓ Tier 3: These districts funded between 90%-100% of the Adequacy Target share 0.9% of new dollars
 - ✓ Tier 4: These districts funded above their Adequacy Target are allocated 0.1% of new dollars available

Other Funding Provisions

- A property tax relief fund is created as a mechanism for high tax districts to receive grants to lower their property taxes. School districts above a certain threshold will be eligible for tax relief. The threshold is determined by the amount appropriated and the amount that districts apply for.
- The individual fund tax rate limits for PTELL districts are eliminated and the aggregate limiting rate is the only limit that applies
- A voter-initiated referendum is authorized to lower a district's property tax levy
 - Allows 10% of voters in the districts above 110% of adequacy to petition for a referendum to reduce taxes for educational purpose up to 10%
 - Petitions must be filed at least six months before to Consolidated Election in April of odd-numbered years
 - Such referenda may not be repeated until after two future Consolidated Elections
- Establishment of a Tax Increment Financing (TIF) Reform Task Force
 - Consists of a 12 member Task Force to look at:
 - ✓ The benefits and costs of TIF districts
 - ✓ The interaction between TIF law and school funding
 - ✓ The expenditure of TIF funds
 - ✓ The expenditure of TIF surplus funds
 - The Task Force will report its findings by April 1, 2018

Transparency Requirements

- School districts must submit an annual spending plan by the end of September as part of the annual budget process
- It must identify how funds will be allocated for:
 - Low income students
 - Special education students
 - English learners
- Funds from the Base Funding Minimum and Evidence-based funding distribution must be expended for these functions
- It must show how funds will contribute to student growth via ESSA
- It must show how funds will contribute to the ISBE education goals
- The following data will be reported on the school report card:
 - The district's final percent of adequacy
 - The district's Local Capacity Target
 - The district's real receipts

Mandate Relief

- The current mandate waiver process is changed in an attempt to streamline the process for school districts

- Adds "when the applicant demonstrates that it can address the intent of the mandate of the School Code in a more effective, efficient, or economical manner" to criteria to allow for waiver request
- Removes the requirement to hear waiver request at a meeting other than a regularly scheduled board meeting.
- Removes waiver language specific to contacting Driver's Education
- Removes the extra requirements for seeking a PE waiver
- Instead of having all waiver request considered by ISBE, creates a bipartisan, bicameral four-legislator panel to review waiver requests. The waiver request only goes before the General Assembly if 3 of 4 members of waiver panel have an issue with the waiver
- Current School Code provisions regarding P.E. are changed to add flexibility
 - Removes "daily" requirement and allows P.E. just 3 days per week
 - A school board may, on a case-by-case basis, excuse pupils from P.E. in grades 7 through 12 who participate in an interscholastic or extracurricular athletic program
- Current School Code provisions regarding Drivers' Education are changed to add flexibility
 - A school district may offer a drivers' education course by contracting with a commercial driver training school to provide both the classroom instruction part and the practice driving part or either one without having to request a modification or waiver.
 - ✓ A public hearing must be held at a regular or special school board meeting prior to entering into a contract for Drivers' Education
 - ✓ If a school district chooses to approve a contract with a commercial driver training school, then the district must provide evidence to the ISBE that the commercial driver training school holds a license issued by the Secretary of State and that each instructor employed by the commercial driver training school holds a valid teaching a license
 - ✓ Once the contract is entered into, the school district shall notify the State Board of Education of any changes in the personnel providing instruction.

Income Tax Credit for Tuition

- Establishes the "Invest in Kids Act" to allow for income tax credits (up to \$75 million aggregate annually) for taxpayers who make a contribution to a "Scholarship Granting Organization" which transmit the funds to non-public schools to cover tuition for certain students
- Students eligible to receive a scholarship are those whose federal adjusted gross income the previous year 300% of the federal poverty level (400% in subsequent years of receiving a scholarship)
- Taxpayers may make contributions to the scholarship granting organization up to \$1,000,000 and will receive an income tax credit of up to 75% of the amount contributed
- Credits will be awarded geographically proportionate to enrollment in recognized non-public schools
- The Act prohibits organizations from directing contributions to a particular subset of schools, a particular school, a particular group of students, or a particular student
- Contributions made by individuals to the scholarship granting organization may be directed to a subset of schools or a school but cannot be directed to a particular student or particular group of students
- Scholarship granting organizations are 501(c)(3) not-for-profit organizations that use at least 95% of qualified contributions for scholarships provided for under this Act
- The organization must submit an application for approval to the Department of Revenue and disallows eligibility of an organization whose owner/operator owns or operates a qualified

school or has a family member who is paid staff or a board member of a participating qualified school

- Scholarships are prioritized for: (1) students having received scholarships the previous year; (2) students whose household's previous year's total annual income does not exceed 185% of the federal poverty level; (3) eligible students who reside within a focus district; and (4) eligible students who are siblings of students currently receiving a scholarship
- Scholarships shall be prorated and shall not exceed the lesser of: (1) the statewide average operational expense per student among public schools; or (2) the necessary costs and fees for attendance at the qualified school
- For students who apply for a scholarship, the custodian selects the qualified school, applies for the student, and ensures that the student takes required assessments
- Beginning in the 2019-2020 school year, students granted scholarships shall be annually assessed in the same manner as students attending public school. The ISBE shall report scores of students who are receiving scholarships to an independent research organization
- Within 120 days after the ISBE first receives the annual report by the research organization, the ISBE shall submit a written report to the Governor, the President of the Senate, the Speaker of the House of Representatives, the Minority Leader of the Senate, and the Minority Leader of the House of Representatives
- A scholarship granting organization shall submit a report to the Department of Revenue by January 31st. The report shall include: (1) the total number of certificates of receipt issued during the immediately preceding calendar year; (2) the total dollar amount of qualified contributions received; (3) the total number of eligible students utilizing scholarships for the immediately preceding calendar year and the school year in progress and the total dollar value of the scholarships; (4) the name and address of each qualified school for which scholarships using qualified contributions were issued, detailing the number, grade, race, gender, income level, and residency by zip code of eligible students and the total dollar value of scholarships being utilized at each qualified school by priority group; and (5) any additional information requested by the Department of Revenue
- On or before the last day of March, the Department of Revenue shall submit a written report to the Governor, the President of the Senate, the Speaker of the House of Representatives, the Minority Leader of the Senate, and the Minority Leader of the House of Representatives regarding this Act
- The Act is repealed on January 1, 2024