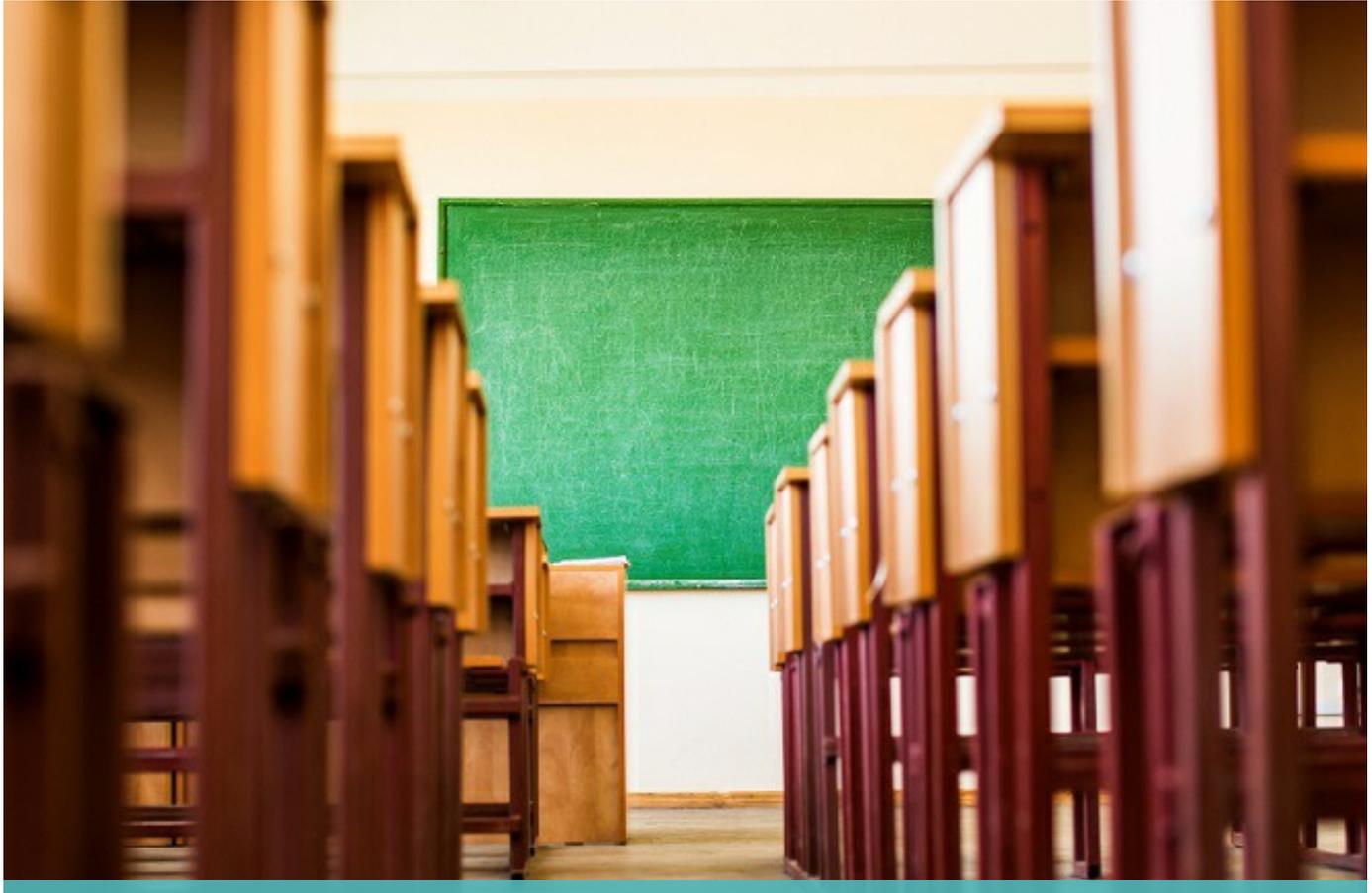


## Illinois: Gov. Rauner signs new school funding formula into law



David M. Kall | Thursday, September 7, 2017

On Aug. 31, 2017, Gov. Bruce Rauner issued a [press release](#) announcing his signature on “historic school funding legislation that puts children first and makes lasting changes that will help generations of children to come.” Characterized as “compromise legislation,” the legislation, [SB 1947](#), keeps the lights on in the public schools in the wake of the two-year standoff that ended when the governor signed a new budget into law in early July. SB 1947 also establishes a tax credit scholarship program, designed to give poor families access to private schools.

Lawmakers have been feuding with each other and the governor over school funding for quite some time. In early August, the governor issued an [amendatory veto](#), pursuant to which the governor returns legislation to the general assembly with specific recommendations for change. When they receive an amendatory veto, lawmakers can either do nothing (allowing the bill to die), override the veto, or accept the governor's proposed changes.

In this particular amendatory veto, the governor modified large portions of the now-dead school funding measure, [SB 1](#), which [NPR Illinois](#) described as the only evidence based funding model to pass in both houses. In his [veto letter](#), Gov. Rauner reasoned that as written, SB 1 “worked against” the Illinois [School Funding Reform Commission’s](#) “recommendations and the purpose of providing fair funding for all our students across the state.” The governor formed the commission on July 12, 2016, to advise the general assembly on revisions of the school funding formula.

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Passage of SB 1947 was especially vital for K-12 schools throughout the state. [NBCChicago](#) reported that thanks to a provision in the new budget, aid was contingent on an overhaul of the funding formula; absent the overhaul, no school funding would have been disbursed. Indeed, for the first time in history, the state missed its deadline to make general aid payments to schools earlier this month, “leaving many districts facing uncertainty amid preparations for the beginning of the school year.”

### **Evidence based funding**

According to [Fix the Formula Illinois](#), which describes itself as “a coalition of more than 200 school districts, school superintendents, community- and faith-based organizations working toward fixing Illinois’ worst-in-the-nation school funding,” the state’s school funding system was problematic. According to the group, Illinois has the most regressive education funding system in the nation, providing students who need the most support with the least resources: “for every dollar spent to educate students from wealthier districts, only 81 cents are spent on students from poor districts.”

In addition, Fix the Formula says that the funding mechanism was both inadequate and inequitable, such that “[m]ore than half of State education dollars go to districts regardless of their wealth, shortchanging poor districts with students who have greater needs...”

Asserting that “[i]n an equitable system,” adequacy, the cost to educate an individual child in light of his or her unique circumstances, “will be higher for children with greater needs,” the group defines these terms, which are the philosophical underpinnings of the formula, as follows:

**Equity** means providing students with the educational services they need in order to achieve and that our education system does not systematically disadvantage students in school districts that are primarily low-income, African-American, Latino, or have low property values. An equitable system takes into account the needs of students and provides them with resources they need to achieve.

**Adequacy** is the amount of money it takes to educate a child. But not all children are the same; different students require different learning tools, which means adequate funding is not the same amount for each child.

The group explains that the [evidence based funding](#) model is used to calculate adequacy. It accounts for the cost of research-based interventions that have an impact on student progress for students with differing needs. The evidence based funding formula for Illinois has the following goals:

- Ensuring that funding is based on student needs
- Ensuring that dollars are driven towards the least well-funded districts in the state
- Ensuring that no districts lose state funding
- Reducing reliance on local property taxes
- Ensuring that a district’s taxing effort matches the district’s ability to tax while meeting the needs of the district

Based on research showing what helps improve student outcomes, the evidence based funding model has four components:

1. **The Adequacy Target:** How much a district needs to provide a high-quality education to its students, based on the actual per-pupil cost of providing a set of research-based interventions, or essential

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elements, proven to impact student learning.

2. **The Local Capacity Target:** The amount each district can contribute toward its Adequacy Target from local resources. To determine this, the model looks at what the district should be contributing, based on its property wealth and its individual Adequacy Target, and adjusts that based on what the district is actually collecting in taxes, called “real receipts.”
3. **The Percent of Adequacy:** How well-funded a district currently is, taking into account the district’s local capacity and its current state funding.
4. **The distribution method:** Directs new state dollars to those districts that have the lowest Percent of Adequacy.

As for distribution of the funding, each district is placed into one of four funding tiers based on the percentage of its Adequacy Target that is currently funded through state and local resources.

### Differing viewpoints

After passage of SB 1947, Fix the Formula Illinois issued a [statement](#) applauding the new funding model, declaring that “a fair school funding formula is now law in Illinois.” The [Illinois State Board of Education](#) was equally satisfied, but advised that it would not have final calculations for a few months.

Not everyone is so pleased with evidence based funding. In a March 28, 2017, piece titled “[Evidence-based’ education funding doesn’t work, would cost Illinois taxpayers billions,](#)” Illinois Policy argued that the mechanism, “which prescribes precisely how much Illinois should spend on everything from instructional materials to employee benefits,” will cost billions in additional taxpayer funding, without fulfilling its promises. The piece quotes a Stanford University professor who “liken[s] proponents of evidence-based funding with snake-oil salesmen.”

Illinois Policy looked to four states that have evidence based funding in place, Ohio, North Dakota, Arkansas and Wyoming: “[i]n all those states, not only has student achievement on [National Assessment of Educational Progress] tests failed to grow at the rate the ‘evidence-based’ funding model promises, but achievement has been virtually flat.”

Instead, the policy group proposed that “making sure more of the money Illinois already spends on education actually makes it to students, as well as improving how that money is spent, is the key to improving education in Illinois.” Ways to do this include “freeing up the billions of education dollars consumed in pensions, the state’s nearly 900 school districts and the executive pay for those bureaucracies.”

Now that SB 1947 has passed, Illinois Policy [pointed out](#) that with the new scholarship program, “thousands of low-income students” would have the chance “to escape failing public schools. Under the plan, the scholarships would be funded with dollars put into a scholarship-granting organization by individuals and businesses with an Illinois tax liability. For every dollar donors give, they receive a 75-cent tax credit.” Though the Chicago Teacher’s Union was “fiercely opposed” to the tax credit, on the grounds that “it would siphon away money from Chicago Public Schools,” the district would receive \$150 million more under SB 1947 than officials had anticipated.

Illinois Policy sneered that “SB 1947 also clears the path for a property tax hike totaling up to \$148 million in Chicago...That will come on top of the record-breaking property tax increase approved by Mayor Rahm Emanuel in 2015.”



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