



# The Illinois General State Aid Formula

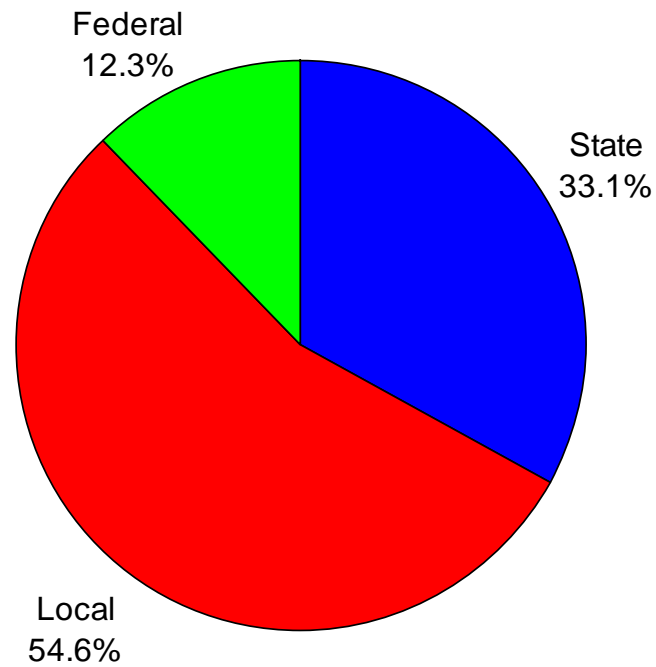
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Illinois School Code  
105 ILCS 5/18-8.05



# State, Local and Federal Funding

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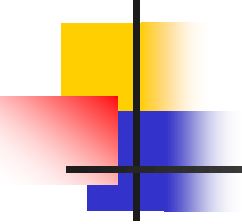
# State, Local and Federal Resources For Elementary & Secondary

(\$ in Millions)

Year	State \$	State %	Local \$	Local %	Federal \$	Federal %	Total \$
2010-11	9,284.8	33.1%	15,344.1	54.6%	3,460.8	12.3%	28,089.7
2009-10	9,897.3	34.6%	15,037.0	52.6%	3,637.4	12.7%	28,571.7
2008-09	7,992.7	30.4%	14,505.1	55.1%	3,812.7	14.6%	26,310.5
2007-08	8,519.6	34.6%	13,903.7	56.5%	2,165.7	8.8%	24,589.0
2006-07	7,492.1	33.1%	12,982.2	57.3%	2,174.1	9.6%	22,648.4
2005-06	6,875.5	32.3%	12,226.1	57.5%	2,163.1	10.2%	21,264.7
2004-05	6,955.7	33.7%	11,456.7	55.5%	2,219.3	10.8%	20,631.7
2003-04	7,206.1	35.9%	10,805.3	53.8%	2,073.8	10.3%	20,085.2
2002-03	6,873.2	36.1%	10,226.2	53.7%	1,952.1	10.2%	19,051.5
2001-02	7,181.1	38.8%	9,724.0	52.5%	1,623.0	8.8%	18,528.0
2000-01	6,785.1	37.7%	9,331.6	51.9%	1,868.0	10.4%	17,984.7
1999-00	6,354.0	37.8%	8,907.0	52.9%	1,565.8	9.3%	16,826.8
1998-99	5,654.4	36.1%	8,571.1	54.7%	1,434.3	9.2%	15,659.8
1997-98	4,849.3	33.9%	8,052.0	56.2%	1,417.9	9.9%	14,319.2
1996-97	4,307.1	32.7%	7,700.9	58.5%	1,152.9	8.8%	13,160.9
1995-96	3,994.8	32.1%	7,339.8	58.9%	1,123.7	9.0%	12,458.3
1994-95	3,792.6	32.4%	6,841.0	58.4%	1,080.6	9.2%	11,714.2
1993-94	3,611.5	32.9%	6,453.4	58.8%	901.0	8.2%	10,965.9
1992-93	3,475.4	33.4%	6,078.1	58.4%	862.9	8.3%	10,416.4
1991-92	3,433.9	35.2%	5,555.8	57.0%	762.5	7.8%	9,752.2

# FY 2012 Federal Programs

## By Appropriation



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■ Economically Disadvantaged (Title I)	\$1,184 M
■ Special Education (IDEA)	\$1,047 M
■ Child Nutrition	\$ 726 M
■ Teacher/Principal Training (Title II)	\$ 208 M
■ Safe & Drug Free Schools (Title IV)	\$ 75 M
■ Career & Technical	\$ 60 M
■ Bilingual (Title III)	\$ 40 M
■ Innovation (Title V)	\$ 9 M
■ Others	\$ 54 M
■ Total	\$3,403 M

Note: \$742 M is from ARRA Funds



# Local Funding

(2009 EAV & Tax Rates)

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■ Property Taxes	\$ 14,633 M
■ Debt Service	\$1,383 M
■ Education	\$10,416 M
■ Operations	\$1,345 M
■ Transportation	\$ 418 M
■ All Others	\$1,071 M
■ CPPRT	\$ 711 M
■ Total	\$ 15,344 M



# State Funding

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- General State Aid – provide unrestricted grants-in-aid to Illinois school districts in an equitable manner. Foundation level formula and poverty grant formula.
- The objective of categorical programs is to reimburse districts for the expense associated with providing services to or for targeted populations.



# FY 2012 State Funding

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■ GRF (40 + programs)	
■ General State Aid	\$4,448 M
■ Mandated Categoricals	\$1,782 M
■ Other	\$ 498 M
■ Non-GRF	
■ School Construction	\$ 0 M
■ School Infrastructure	\$ 5 M
■ Driver Education	\$ 24 M
■ Others	\$ 11 M
■ Total	\$ 6,768 M



# Mandated Categoricals

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■ Lunch/Breakfast	\$ 26.3 M
■ Regular Orphanage	\$ 13.0 M
■ SE Extraordinary	\$343.4 M
■ SE Orphanage	\$101.7 M
■ SE Personnel	\$465.7 M
■ SE Private Tuition	\$177.7 M
■ SE Summer School	\$ 11.2 M
■ SE Transportation	\$436.8 M
■ Regular Transportation	\$205.8 M
■ Total	\$1,781.6 M





# Other Major Categoricals

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■ Early Childhood	\$325.1 M
■ Bilingual Education	\$ 63.4 M
■ Career & Technical Education	\$ 38.6 M
■ Standards & Assessment	\$ 26.0 M
■ Student Health & Safety	\$ 23.4 M
■ Other Miscellaneous Grants	\$ 21.9 M

# Programs Eliminated



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- ADA Block Grant
- Reading Improvement Block Grant
- Summer Bridges
- GSA Hold Harmless
- Poverty Grant Hold Harmless
- Transitional Assistance
- Fast Growth Grant

# Changes in FY 2012



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- Foundation Level flat at \$6,119 –  
Appropriation Decreased by \$152.2M
- GSA Hold Harmless no Appropriation in FY  
2011 and Language Eliminated in FY 2012
- Regular/Vocational Transportation  
Appropriation reduced \$72M
- Early Childhood Appropriation reduced \$17M
- Part of the ROE Salaries are paid from CPPRT



# Objective of General State Aid

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The objective of General State Aid is to provide unrestricted grants-in-aid to Illinois school districts in an equitable manner.



# Continuing Issues

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- Cost of the Double Whammy Adjustment  
FY 2000 - \$46M to FY 2012 - \$629M
- Actual Tax Rates Falling Below Formula Rates
- Complexity of PTELL in Overlap Counties
- Applying Audited ADAs when 3 Year Avg has been Utilized
- Effects of TIFs, Enterprise Zones, Property Tax Exemptions, etc. & PTELL vs Non-PTELL
- No ARRA Funds in FY 2011 and FY 2012 – State has not been able to replace
- Continuing to put little tweaks in the formula



# The Formula

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(Foundation Level - *Local Resources per Student*)

x

*Students*

# Basic Terms Used in the Formula



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- **FLEVEL** – Foundation Level (\$6,119 for FY 2010)
- **Available Local Resources**
  - **ELR** - Extension Limitation Ratio
  - **GSAEAV** – General State Aid Equalized Assessed Value
  - **RATE** - Calculation Rate
  - **CPPRT** - Corporate Personal Property Replacement Tax
- **Students**
  - **ADA** - Average Daily Attendance



# Provisions of GSA Formula

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- Fixed Foundation Levels thru FY 2010
  - \$4,225 \$4,325 \$4,425 \$4,560 \$4,560 \$4,810 \$4,964 \$5,164 \$5,334  
\$5,734 \$5,959 \$6,119 \$6,119 \$6,119
  - No Continuing Appropriation (eliminated in FY 2003)
- Unweighted ADA used as Pupil Count
  - Greater of prior year or prior 3 year average
- Calculation Rates
  - 3.00% - 2.30% - 1.05%
- Alternate Formula (7% to 5%), Flat Grant (\$218)
- Separate Poverty Formula





# Effect of EAV Increase to GSA

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- For every \$1 Million increase to the EAV used to calculate GSA for a foundation district:
  - Unit Districts Lose \$30,000 in GSA
  - Elementary Districts Lose \$23,000 in GSA
  - High School Districts Lose \$10,500 in GSA
  - They may have gained in local property taxes if their local rate is higher than the formula rate
  - The EAV is not used for GSA until 2 years after the tax extension (2009 EAV used in 2010 tax extension is used for FY 2012 GSA)



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# Calculation of Available Local Resources

## Double Whammy Adjustment



# Property Tax System

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- Equalized Assessed Valuation – EAV
- Tax Rates for Various Purposes
- District Request for Property Tax Revenue – Levy
- Payment to District for Property Taxes – Extension
- Operating Tax Rate X Total EAV = Extension
  - Maximum that a district can receive (no bonds)



# PTELL

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- Property Tax Extension Limitation Law
  - Referred to as “Tax Caps”
- Limits the Amount the Extension can Increase over the Previous Year
- Linked to the Consumer Price Index (CPI)
- Legislated for Collar Counties(1991) Cook County (1994)
- Limiting Rate X Total EAV = Extension
  - Maximum that a district can receive (no bonds)



# Comparison

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## ■ Non-PTELL

- **Operating Tax Rate** X **Total EAV** = **Money to District**
- Operating Tax Rate is Fixed, EAV Varies so Money to District Adjusts

## ■ PTELL

- **Limiting Rate** X **Total EAV** = **Money to District**
- Money to District is Fixed (increase limited to CPI)
- EAV Varies so the Limiting Rate Adjusts

■ In Both Cases We are Talking About the Maximum



# Double Whammy Adjustment

(Did Not Pass a Limiting Rate Increase)

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*Extension Limitation Ratio (ELR) =*

*2009 EAV x 2009 Limiting Rate*

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*2008 EAV x 2008 OTR*

*2009 GSAEAV = Smaller of*

*2008 GSAEAV x ELR*

*or*

*2009 Adjusted Real EAV*



# GSAEAV Example

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- 2008 GSAEAV = \$45,000,000
- 2009 Real EAV= \$48,000,000 (Up 6.7%)
- ELR= 1.05
- Extension Limitation EAV =  
$$\$45,000,000 \times 1.05 = \$47,250,000$$
- GSAEAV = \$47,250,000



# Alternate Double Whammy Adjustment

(District Passed a Limiting Rate Increase)

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*Alternate PTELL EAV =*

*GSAEAV08 x (1+CPI) + 2009 New Property EAV +  
2009 Recovered TIF EAV +  
2009 Annexations EAV –  
2009 Detachment EAV*

*GSAEAV09 = Smaller of Alternate PTELL EAV or  
2009 Adjusted Real EAV*

*Where:*

*GSAEAV08 is the EAV used in the calculation of FY11 GSA*

*CPI is the Calendar Year 2008 Consumer Price Index*



# Available Local Resources (ALR)



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- $ALR = (GSAEAV \times Rate + CPPRT) / ADA$ 
  - where Rate = 2.30% for elementary
  - 1.05% for high school
  - 3.00% for unit
- Local Ratio
  - $ALR / FLEVEL$

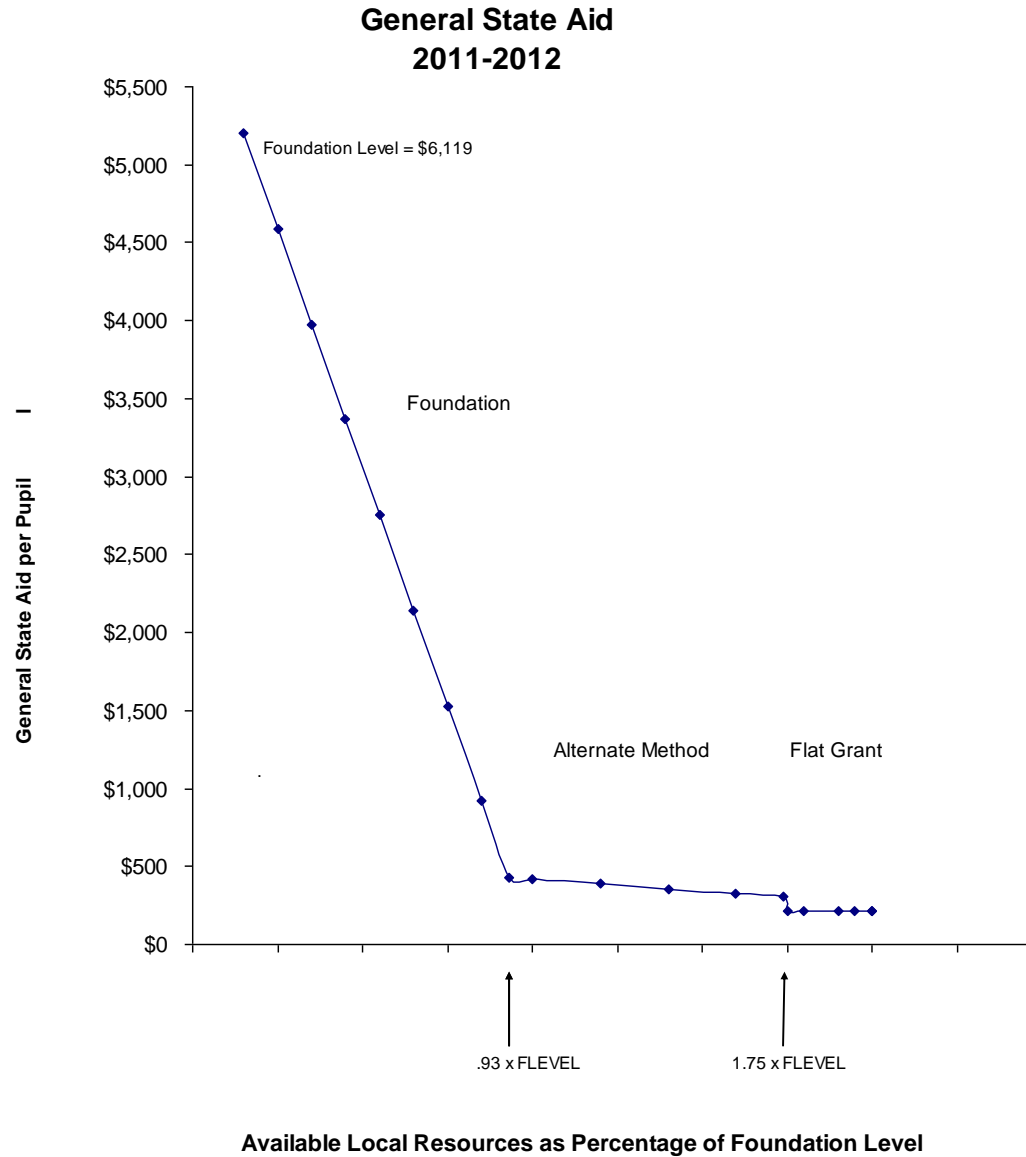


# Three Formulas

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- Foundation (Less than .93)
  - $(\text{FLEVEL} - \text{ALR}) \times \text{ADA}$
- Alternate Method (.93 up to 1.75)
  - 7% to 5% of  $\text{FLEVEL} \times \text{ADA}$
- Flat Grant (1.75 and greater)
  - $\$218 \times \text{ADA}$

# GSA Distribution



# Formula Calculation

## Foundation Example

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- Elementary District

- 2.30% Rate
- **GSAEAV = \$40,000,000**
- ADA = 1,000
- CPPRT = \$100,000

- ALR

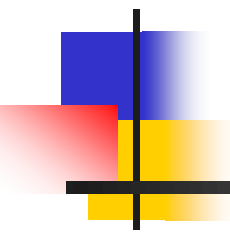
- $(40,000,000 \times .023 + 100,000) / 1,000$
- = \$1,020

- Local Ratio

- $\$1,020 / \$6,119$
- = .1666

- Foundation

- $= (\$6,119 - \$1,020) \times 1,000$
- = \$5,099 x 1,000
- = \$5,099,000



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Supplemental General State Aid  
POVERTY GRANT  
ISC 18-8.05 (H)



# Poverty Formula (2011-2012)

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- Low Income Concentration Level
  - 3 Year Average of DHS Count divided by ADA
- 0% to 15%:      \$ 355 x Low Income Count
- > 15% :  
(294.25 + 2700 x squared concentration)  
x Low Income Count



# Poverty Grant (2010-2012)

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<u>Category</u>	<u>#</u>	<u>2010-11 ADA</u>	<u>Poverty Count</u>	<u>Grant</u>
■ No Grant	75	5,555	0	0
■ Flat Grant	85	237,032	25,101	\$8,910,766
■ > 15%	780	1,652,397	917,126	\$1,558,419,277
■ Total	940	1,894,984	942,227	\$1,567,330,043

# General State Aid



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Foundation + Poverty

or

Alternate + Poverty

or

Flat Grant + Poverty



# How Does EAV Change Affect GSA?



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*Example for a UNIT Foundation District*



# Example 1 -- GSAEAV Increase

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- Formula Rate = 3.00%
- Actual Tax Rate = 4.00%
- *Assume GSAEAV INCREASED by \$1,000,000*
- *GSA DECREASE = \$30,000*
- *Property tax revenue GAIN = \$40,000*

# How Does ADA Change Affect GSA?



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*Example for a Foundation District*



## Example 2 – ADA Decrease

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- *Year 1 -- ADA = 1,000 – Foundation Level = \$6,119*
- *Year 2 -- ADA = 970 – Foundation Level = \$6,119*
- ***GSA Change in Year 2 =***
  - 970 x \$ 0 (existing kids get \$0 increase) -*
  - 30 x \$6,119 (lose foundation level for lost kids)*
- *= \$ 0 – 178,770 = **\$183,570** (loss)*

# What Happens to GSA if GSAEAV Increases and ADA Decreases?



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Example for a UNIT Foundation District

# Example 3

## GSAEAV Up & ADA Down

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- Year 1 -- \$6,119  
GSAEAV=\$50,000,000    ADA=1,000    CPPRT=\$50,000
- Year 2 -- \$6,119  
GSAEAV=\$54,000,000    ADA=970    CPPRT=\$50,000
- **Change Due to GSAEAV Increase**  
 $\$4,000,000 \times .03 = \$120,000$  (loss)
- **Change Due to ADA Decrease**  
Previous Example =  $\$183,570$  (loss)
- Total Change =  $\$303,570$  (loss)



# Example 3 -- Continued

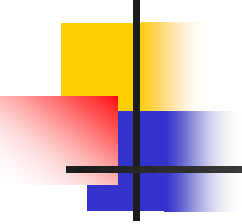
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- Year 1 -- \$6,119  
GSAEAV=\$50,000,000    ADA=1,000    CPPRT=\$50,000
- Year 2 -- \$6,119  
GSAEAV=\$54,000,000    ADA=970    CPPRT=\$50,000
- **GSA Formula in Year 1**  
$$(\$6,119 \times 1,000) - (\$50,000,000 \times .03 + \$50,000)$$
$$=\$4,569,000$$
- **GSA Formula in Year 2**  
$$(\$6,119 \times 970) - (\$54,000,000 \times .03 + \$50,000)$$
$$=\$4,265,430$$
- Formula Difference = **\$303,570** (loss)

# 2011-2012

## FINAL GSA

(in Millions)



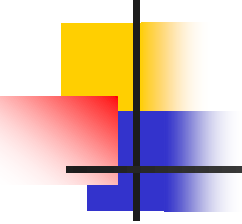
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	<u>Districts</u>	<u>Pct</u>	<u>GSA</u>	<u>Pct</u>	<u>ADA</u>	<u>Pct</u>
Foundation	625	66.5%	\$4,294.3	92.2%	1,351,686	70.8%
Alternate	171	18.2%	\$ 288.5	6.2%	452,731	23.7%
Flat Grant	69	7.3%	\$ 37.9	0.8%	99,487	5.2%
Lab/Alt/Safe	75	8.0%	\$ 36.0	0.8%	5,888	0.3%
Total	940	100.0%	\$4,656.7	100.0%	1,909,792	100.0%



# 2011-2012 FINAL GSA

(in Millions)



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	<u>Districts</u>	<u>Pct</u>	<u>GSA</u>	<u>Pct</u>	<u>ADA</u>	<u>Pct</u>
Chicago	1	0.1%	\$1,178.7	25.3%	347,845	18.2%
Other Cook	146	15.5%	\$ 753.3	16.2%	357,634	18.7%
Collar	151	16.1%	\$ 765.1	16.4%	549,323	28.8%
Downstate	642	68.3%	\$1,959.7	42.1%	654,990	34.3%
Total	940	100.0%	\$4,656.8	100.0%	1,909,792	100.0%



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# Supplementary Grants in Aid

Hold Harmless

ISC 18-8.05 (J)



# Hold Harmless

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- 1997-98 GSA + Hold Harmless
  - \$55.8 Million in 1998-1999 (261)
  - \$48.0 Million in 1999-2000 (261)
  - \$65.8 Million in 2000-2001 (315)
  - \$34.7 Million in 2001-2002 (194)
  - \$64.2 Million in 2002-2003 (272)
  - \$37.0 Million in 2003-2004 (169)
  - \$27.1 Million in 2004-2005 (138)
  - \$21.6 Million in 2005-2006 (99)
  - \$19.6 Million in 2006-2007 (95)
  - \$23.5 Million in 2007-2008 (80) appropriation was \$2.8M short
  - \$26.4 Million in 2008-2009 (86) appropriation is \$342,825 short
  - \$35.9 Million in 2009-2010 (101) appropriation is \$20.2M short
  - Eliminated in 2010-2011
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- Continuing Appropriation eliminated in FY 2003

# History of Poverty Grant Proration



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- FY 2004 GSA appropriation was short by \$7.6 M. – Only the increase in the Poverty Grant was prorated. (New language added by Public Act 093-0021)
- FY 2005 GSA was prorated by \$3.8 M. – Language was changed and the total Poverty Grant was prorated.
- FY 2006 – FY 2009 no proration was necessary
- FY 2010 Poverty Grant was prorated by \$18.9 M.
- FY 2011 Proration language eliminated

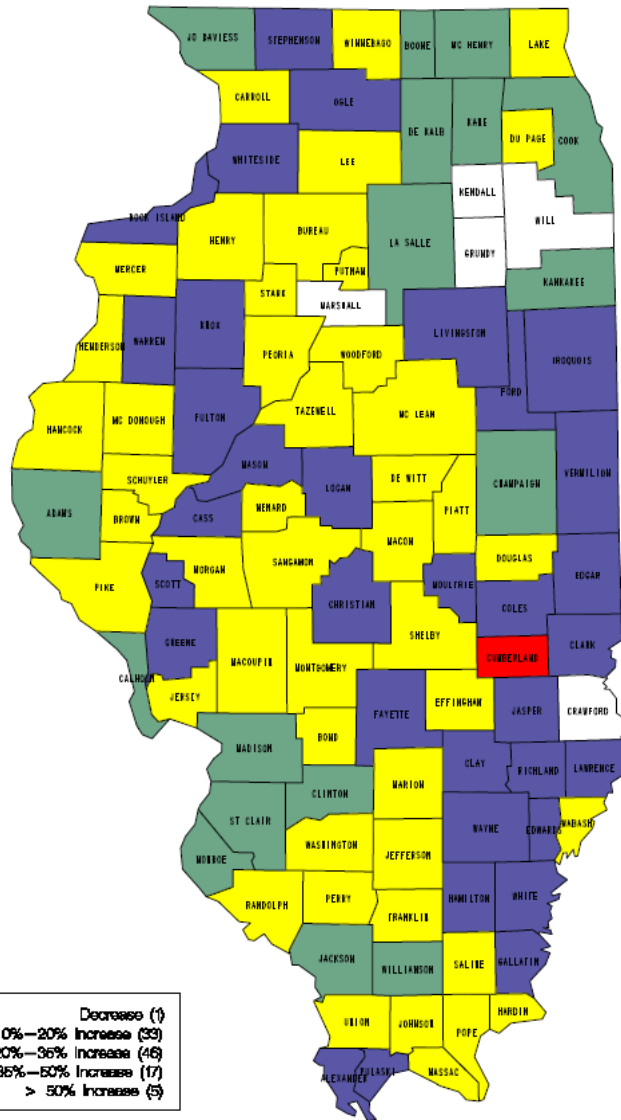


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Why is the Distribution of General  
State Aid Changing Regionally?

# Change in Equalized Assessed Valuation 2004 – 2009

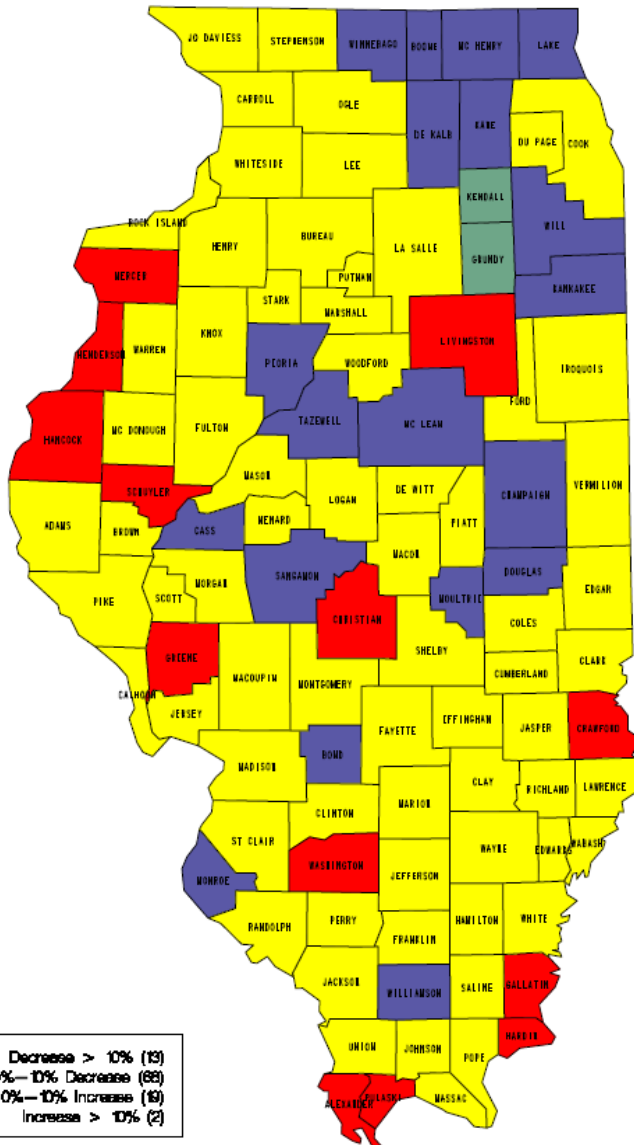
## EAV Highlights



- 40.1% Increase
- 42.2% Growth in Cook/Collar (80% of EAV)
- 32.2% Growth in Downstate (20% of EAV)
- 22 Counties (>35% increase)
- 5 Counties Increased over 50%
- 1 Downstate County Decreased

# Change in Average Daily Attendance 2005–2006 to 2010–2011

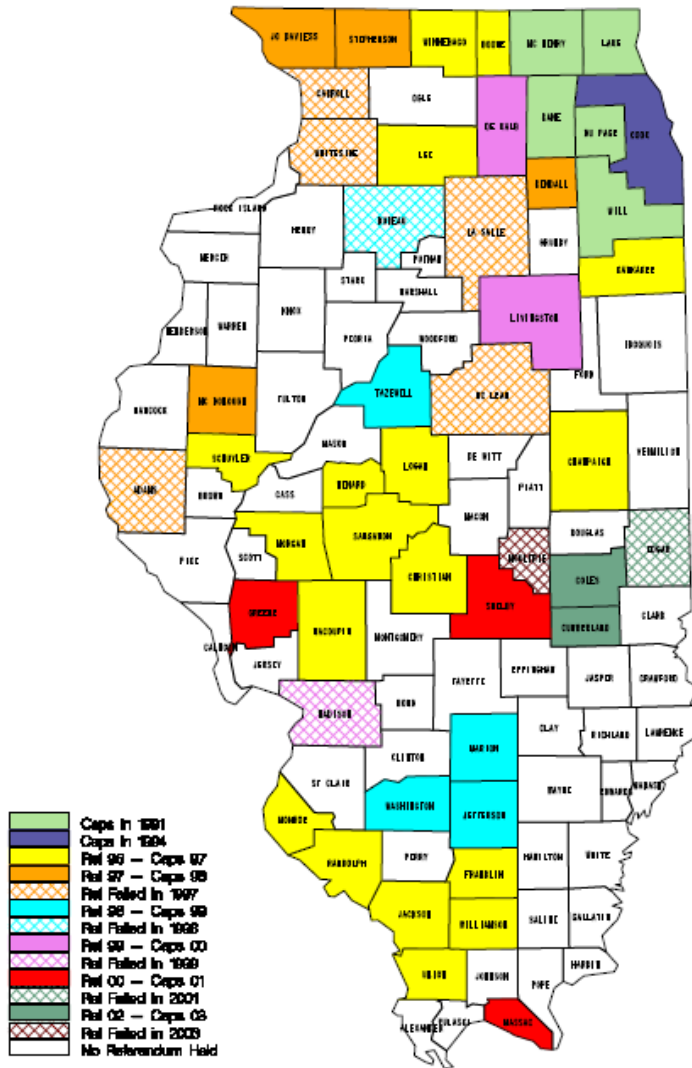
## ADA Highlights



- 0.84% Decrease
- 0.77% Decrease in Cook/Collar (66% ADA)
- 2.67% Increase in Collar Counties (Cook County decreased by 3.3%)
- 0.96% Decrease Downstate (34% ADA)
- 81 Counties Decreased
- 13 Counties Decreased 10% or more

## Counties Subject to the Property Tax Extension Limitation Law

# PTELL Highlights



- 39 Counties Subject to PTELL (38%)
  - 460 (53%) Districts
  - 78% of the ADA
- 63 Counties NOT Subject to PTELL (62%)
  - 9 - Failed Referendum
  - 54 - No Vote
  - 409 (47%) Districts
  - 22% of the ADA
- Double Whammy Adjustment Cost - \$629M (FY12)





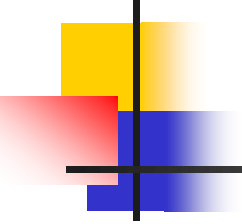
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# Per Pupil Statistics By District Type

# Spending per Pupil by Type

2009-2010

(Data Not Included for Non-Operating High)



	<u>Elementary</u>	<u>High School</u>	<u>Unit</u>
	N = 374	N = 100	N = 389
Maximum	\$24,244	\$22,489	\$24,633
95th%	\$16,257	\$20,129	\$12,954
75th%	\$12,240	\$15,565	\$10,472
Median	\$10,258	\$12,770	\$9,443
25th%	\$8,728	\$11,250	\$8,707
5th%	\$7,335	\$9,173	\$7,679
Minimum	\$6,174	\$8,651	\$6,383



# EAV per Pupil by Type

2009 EAV

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	<u>Elementary</u>	<u>High School</u>	<u>Unit</u>
<b>Maximum</b>	<b>2,567,000</b>	<b>2,047,000</b>	<b>684,000</b>
<b>95th%</b>	<b>873,000</b>	<b>1,395,000</b>	<b>244,000</b>
<b>75th%</b>	<b>411,000</b>	<b>740,000</b>	<b>135,000</b>
<b>Median</b>	<b>219,000</b>	<b>431,000</b>	<b>102,000</b>
<b>25th%</b>	<b>130,000</b>	<b>292,000</b>	<b>76,000</b>
<b>5th%</b>	<b>72,000</b>	<b>178,000</b>	<b>45,000</b>
<b>Minimum</b>	<b>46,000</b>	<b>140,000</b>	<b>16,000</b>



# Website Links

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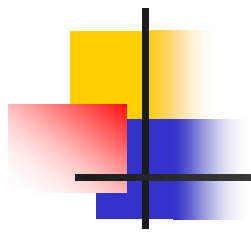
- ISBE: <http://www.isbe.net/>
- Funding: <http://www.isbe.net/funding/default.htm>
- GSA: <http://www.isbe.net/funding/html/gsa.htm>
- Budget: <http://www.isbe.net/budget/default.htm>
- ILEARN: <http://webprod1.isbe.net/ilearn/ASP/index.asp>
- School Finance: <http://www.isbe.net/finance/default.htm>



# Contact Information

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- Please feel free to contact me if you have any questions regarding the presentation.



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*The End*