December 2025 Busine$$ Report BY MARC CAMPBELL

Requests for new K-12 funding in Illinois likely to outstrip available resources *– November 22, 2025*
Written by: Peter Hancock for Capital News Illinois and Distributed Online by IASA through Eye on Education Email Listserv at: https://capitolnewsillinois.com/news/requests-for-new-k-12-funding-in-illinois-likely-to-outstrip-available-resources/

At public hearings, ISBE hears requests totaling $748M

Article Summary

- School officials and education advocates have requested funding increases totaling $747.99 million for the upcoming fiscal year, which begins July 1.
- The biggest items on the list include the statutory $350 million increase in Evidence-Based Funding, and a $100 million increase for "mandatory categorical programs," including transportation and certain special education costs.
- The Illinois State Board of Education is expected to finalize its budget request in January and submit it to the General Assembly for consideration as the legislature puts together a state budget for the next fiscal year.
- *This summary was written by the reporters and editors who worked on this story.*

SPRINGFIELD — If advocates, stakeholders and members of the public were granted all their requests for public school funding next year, lawmakers would have to increase the state's K-12 education budget by nearly three-quarters of a billion dollars.

That's the approximate total of all the requests that Illinois State Board of Education officials received online and in-person during a recent series of public hearings about a proposed budget for the next fiscal year.

The total is considerably smaller than last year's requests, which added up to more than $2.2 billion in new funding. But it is still more than what is likely to be available, given that Gov. JB Pritzker is asking most state agencies to make plans for reducing spending by 4% in the current fiscal year in light of fiscal uncertainty at the federal level.

ISBE board members were briefed on the funding requests during their monthly meeting Thursday in Chicago.

Full EBF, categorial boost

The requests included continued funding of the statutory $350 million increase in the Evidence-Based Funding formula, or EBF. That's a formula that lawmakers first approved in 2017 that directs new money to the most underfunded districts in the state. It also directs money for property tax relief for certain high-tax districts.

The EBF formula, however, does not include all areas of education spending. It focuses primarily on classroom expenses directly related to improving student outcomes, taking into account the special needs of certain groups such as low-income households and English language learners.

But schools also incur other costs, known as "mandated categorical programs," that are not covered by the EBF formula. Those include costs associated with special education, transportation and school meals, to name a few, and they are typically shared on a prorated scale between the state and local districts.

The list of funding increases requested for next year included a $100 million increase in state funding for those costs.

Matthew Seaton, ISBE's chief financial officer, said the requested increase in that category, sometimes referred to as MCATs, was the most frequently mentioned funding request that officials heard about this year.

“I think this is the first time, at least since I’ve been at the agency, that our most requested budget item was in the MCAT line item,” he said. “Usually, it’s EBF. Everybody wants EBF. So I think that’s very telling to where the field’s perception is of needs, that they’re really emphasizing mandated (categoricals) this year.”

New literacy plan, more

The request list also included $68.5 million for implementation of ISBE’s new literacy plan, a program the board approved in 2024 to improve literacy instruction throughout the state.

Other requests included an additional $30 million to hire more special education teachers to relieve staff shortages; a $30 million increase for multilingual education, and a $60 million increase in early childhood block grants.

The list of requests included 51 categories of school spending, with increases totaling $747.9 million.

Receiving public input for funding requests is one of the first steps in developing a budget proposal for the upcoming year. In December, the board will receive another briefing about the state’s financial condition from the Commission on Government Forecasting and Accountability, the fiscal staff of the General Assembly.

The board is expected to approve its official budget request at its Jan. 14 meeting in Springfield.

Trump cuts could shrink Illinois economy by $10B: report – *December 1, 2025*

Written by: Ben Szalinski for IPM News and Distributed by IASA Online through Eye on Education Email Listserv at:
https://ipmnewsroom.org/trump-cuts-could-shrink-illinois-economy-by-10b-report/

Cuts target Medicaid, infrastructure and all levels of education

Recent cuts by President Donald Trump’s administration could reduce the size of Illinois’ economy by nearly $10 billion each year, according to a new report released Monday by the Illinois Economic Policy Institute.

The report offers a detailed looked at the effects of cuts enacted by Trump through executive order or legislation, directives by federal agency leaders or through Elon Musk’s so-called “Department of Government Efficiency.” It also sheds light on how many jobs will not come to fruition because of the cuts.

Researchers at the organized labor-tied think tank also painted a sobering picture for state lawmakers who are tasked with mitigating the effects of the funding cuts.

Federal Funding Cuts and Freezes: Consequences for Illinois November Issue created by F. Manzo IV and Robert Bruno – Powerpoint located at: chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://ipmnewsroom.org/wp-content/uploads/2025/12/IEPI-federal-funding-cut-report-12.1.25.pdf

“The depth of economic reductions and jobs losses caused by federal actions cannot be mitigated by expenditure reductions at the state and local levels,” researchers Frank Manzo and Robert Bruno wrote in the report. “Policymakers will need to examine new revenue sources to counter the damage done to public schools, Illinois families, and the state’s robust economy.”

By 2029, Bruno and Manzo concluded the cuts will decrease the state’s annual gross domestic product by $9.6 billion. The cuts would leave state revenues $540 million below where they would otherwise be and would lead to 86,000 fewer jobs in the state than there would have been without the cuts.

Big Beautiful Bill’ cuts

The One Big Beautiful Bill Act, the Republican domestic policy plan signed by Trump on July 4, makes significant changes to Supplemental Nutrition Assistance Program and Medicaid eligibility and ends Affordable Care Act tax credits at the end of the year. The researchers project it will sink Illinois’ annual GDP by $5.8 billion and prevent 49,000 jobs.

The Medicaid changes could lead hundreds of thousands of people in Illinois to lose coverage because of new work requirements and other restrictions, resulting in economic activity declining by $4 billion each year.

The state will feel impacts beyond social service cuts, too.

"Phasing out clean energy tax credits, pausing Chicago-area transit projects, and freezing funding for energy projects will eliminate construction jobs for blue collar tradespeople that would have been covered by prevailing wage standards and registered apprenticeship requirements, undermining the goal of 'making America skilled again' that has been advanced by the Trump administration," the report said.

The clean energy tax credits would have been especially impactful in rural areas where there is more space for wind and solar projects, the report noted. Those losses are set to decrease GDP by $2 billion and prevent 22,000 construction jobs.

Targeted cuts

Illinois, a blue state that has dealt Trump three double-digit electoral defeats since 2016, has also seen some cuts explicitly dictated by federal agencies.

Trump's budget director announced in early October that the administration was freezing $2.1 billion in funding for Chicago transit infrastructure projects "to ensure funding is not flowing via race-based contracting."

The decision pulled funding for the Chicago Transit Authority's plan to extend the Red Line more than five additional miles from 95th Street to 130th Street. Construction was scheduled to begin next year.

Funding for a Purple Line modernization project to rehabilitate the line between the Belmont stop in Chicago and Linden terminus in Evanston is also frozen. Cutting funding for the project could jeopardize 16,000 jobs, according to the report.

DOGE cuts

Other federal cuts pursued by the "Department of Government Efficiency," which Reuters reported last week has been disbanded earlier than expected, could have a $1.4 billion impact on annual GDP and leave the state with 3,000 fewer jobs, mostly in the private sector.

One of the hardest hit areas is infectious disease prevention by the Illinois Department of Public Health, where the state could lose $112.3 million in economic activity.

But education from kindergarten through college could be hit even harder with a combined impact of $547.4 million in lost economic activity. Multiple federal agencies have put limits on reimbursement for research conducted at universities, while many K-12 public schools could see less funding resulting in fewer after-school programs, mental health services and teaching positions.

"By slashing funding for disease control and prevention, forcing colleges and universities to cover a larger share of indirect research costs, reducing funds for public school districts, and mandating a higher cost-share to administer food assistance, recent and proposed federal actions will strain Illinois' budget and prevent the state from using taxpayer dollars on more productive public policies, programs and investments," the report said.

Tariffs and executive orders

Federal budget cuts aren't the only areas that could be a drag on economic activity in Illinois. The governor's office released new information last week from some state agencies detailing the effect of tariffs in accordance with Gov. JB Pritzker's July executive order.

Families and businesses will see some of the most significant impacts, according to the reports. According to the Department of Employment Security, the average Illinois household faces $3,400 in increased annual costs while unemployment claims in Illinois have risen by 16% in the last year. Businesses are also collectively seeing costs rise by $24 billion.

Food banks and other hunger alleviation programs are also struggling, not just under the weight of higher grocery prices, but with fewer donations as consumers and businesses cut costs, according to the Department of Human Services. The Department of Public Health also reports that more health care organizations are becoming unprofitable because of higher costs.

Public school funding nears $1 trillion, Reason Foundation finds *- December 2, 2025*
Written by: Kara Arundel for K-12 DIVE and Distributed by IASA Online through Eye on Education Email Listserv at: https://www.k12dive.com/news/K-12-public-school-funding-nears-1-trillion-teacher-salaries-state-budgets/806499/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202025-12-02%20K-12%20Dive%20%5Bissue:79366%5D&utm_term=K-12%20Dive

Average annual per-student costs grew 36% across local, state and federal sources between 2002 and 2023 after adjusting for inflation.

Public K-12 school funding in the U.S. grew 35.8% between 2002 and 2023, with the average annual per-student cost increasing from $14,969 to $20,322 during that time frame after adjusting for inflation, according to Reason Foundation's K-12 Spending Spotlight 2025.

Nationally, public schools received a collective $946.5 billion in local, state and federal funding in 2023. New York had the highest per-student budget at $36,976, followed by New Jersey at $30,267 per student. Idaho spent the least at $11,937.

Much of the increases in K-12 spending between 2020 and 2023 can be attributed to the influx of federal COVID-19 emergency funds to help schools recover from pandemic hardships. The one-time, congressionally approved funds pumped nearly $190 billion into K-12 schools, which equaled to about $1,181 per student.

While all 50 states increased their K-12 funding from 2002 to 2023, inflation-adjusted average teacher salaries dropped by 6.1% between 2002 and 2022, falling from $75,152 to $70,548, according to the analysis by the Reason Foundation, a libertarian public policy research organization.

In fact, the average teacher's salary decreased by more than 5% in 38 states between 2020 and 2022. The states with the largest declines in average teacher salaries include North Carolina (−9.6%), New Mexico (−8.8%) and South Carolina (−8.7%).

Minnesota was the only state to have a positive percentage K-12 teacher salary growth (6.5%) during that timeframe.

The analysis predicts K-12 funding challenges ahead, including declining public school enrollment, an imbalance of staffing levels compared to enrollment, mounting pension costs and debt, stagnant teacher salaries, and pressures to increase academic outcomes.

Money alone won't solve these challenges, said Reason Foundation, which urges lawmakers to find policy solutions that address the root causes for fiscal struggles and maximize the use of existing K-12 funding.

Here are more figures provided by the Reason Foundation:

By the numbers

- $946.5 billion - The total funding received by K-12 schools in 2023. The breakdown includes local ($403.4 billion), state ($422.8 billion), and federal ($120.3 billion).
- 81.1% - The percentage increase in inflation-adjusted K-12 education spending on employee benefits — including teacher pensions, health insurance and other expenses — between 2002 and 2023.
- $3.27 - The amount staff benefit expenditures rose for every new dollar spent on employee salaries between 2002 and 2023.
- 4.1% - The percentage increase in student enrollment between 2002 and 2023.
- 15.1% - The percentage increase in public school staff between 2002 and 2023. The staff growth mostly came from the hiring of non-teachers such as counselors, social workers, speech pathologists and instructional aides.
- $97,987 - The annual average teacher salary in New York, adjusted for inflation, in 2022, which was the highest in the nation. Mississippi had the lowest teacher salary at $50,110.
- 49.6 million - The number of K-12 students enrolled in public school in 2023. In 2002, public school enrollment was 47.7 million.
- $9,762 - The amount spent per student on instruction in 2023, adjusted for inflation.

Education Department distributes more than $208M in new mental health grants- *December 11, 2025*
Written by: Naaz Modan for K-12 DIVE and Distributed by IASA Online through Eye on Education Email Listserv at;
https://www.k12dive.com/news/education-department-distributes-more-than-208m-in-new-mental-health-grant/807736/

The new funds come after the agency controversially revoked up to $1 billion under the same programs from recipients that incorporated DEI efforts.

The U.S. Department of Education on Thursday announced new allocations for its mental health grants, which it revoked from over 200 original recipients earlier this year.

The new grants total more than $208 million, but are significantly less than the nearly $1 billion in funds pulled from school-based programs and providers earlier this year, according to court documents. The grants were rescinded because of their alleged use to fund diversity, equity and inclusion efforts in providing student mental healthcare services.

The discontinued mental health grants originated in fiscal years 2022, 2023 and 2024. Kelly Vaillancourt Strobach, director of policy and advocacy for the National Association of School Psychologists, told K-12 Dive this summer that the exact number is hard to quantify considering the grants spanned past and future years, including unspent funds.

The new awards will be divvied up among 65 recipients, half of which are rural. The recipients were selected under a new application process and are subject to new requirements. They'll be required to limit funding to hiring school psychologists rather than also funding school counselors and social workers, who often also provide student mental health supports.

Districts and other recipients are also prohibited from "promoting or endorsing gender ideology, political activism, racial stereotyping, or hostile environments for students of particular races."

"Under the Biden Administration, it was more important to shape the racial and gender identities of mental health providers than it was to focus resources on high-quality, credentialed school psychologists who are best positioned to serve American students when they are at their most vulnerable," said U.S. Secretary of Education Linda McMahon in a statement Thursday.

At least one rural school district had its funds revoked despite telling the department that it would reconfigure its priorities to fit the department's requirements.

California's McKinleyville School District, which serves Native American students and wanted to hire mental health providers to reflect its student body, had about $5.9 million in funding revoked, effectively ending the district's grant awarded under the Biden administration.

The school district's plans for those federal funds, the department said in a letter to the district, reflected "the prior Administration's priorities and policy preferences and conflict with those of the current Administration." Using the money in this way "no longer effectuates the best interest of the Federal Government," the agency told McKinleyville USD in April.

That district and other entities sued the Trump administration over the withdrawal of the grants, saying such a move could only be made in cases where recipients didn't meet their proposed benchmarks. A court temporarily paused the department's decision in a separate lawsuit brought by 16 states.

Those lawsuits are ongoing.

Economic News Briefs…

- ***Market and Economic Highlights:***
  - U.S equities were mixed with the S&P 500 higher in November and the NASDAQ down
  - During November, Fed rate cut expectations for December moved sharply lower, then higher
  - The curve steeped slightly as 2-year Treasury yields declined by more than 10-year yields
  - AI scrutiny accelerated on spending and return uncertainty
  - The macro-economic backdrop remains sound as the Atlanta Fed projects 3.9% Q3 GDP growth

    Source: Bloomberg, FactSet
- ***Labor Market and the Fed:*** Fed member forecasts released following the September Fed meeting revealed a Fed split on the pace and volume of additional rate cuts. Some members believed fewer cuts were required given signs of stabilizing employment and persistent inflation. More dovish members continued to focus on the potential for further weakening in labor markets. Delayed labor and inflation data also increased uncertainty and helped create large swings in market expectations for a rate cut on December 10th. September's employment data was mixed with larger than expected jobs growth, a revision to negative growth in August, and a slight rise in the unemployment rate to 4.4%. Markets are now pricing in a strong likelihood of a December rate cut, but a divided Fed is expected to remain a theme in D2026. *Sources: Bloomberg, Wall Street Journal as of 11/28/25*

  Taken from the ISDLAF+ Market Update December 2025 prepared by PMA Asset Management, LLC

DPS Business Office Briefs:

- ***CPPRT Revenue:*** Below is a summary of the first three CPPRT receipts for FY 26 compared to previous years. The highlight is the December receipt is an increase over last year by $216,000 and the total increase to date is $132,000 (17%).

CPPRT Revenue Comparison FY 26 vs. FY 25											
FY 24 Receipts				***FY 25 Receipts***				***FY 26 Receipts***		**Diff**	
8/3/2023	$	167,763		8/5/2024	$	125,610		8/6/2025	$ 79,002	$	(46,608)
10/4/2023	$	862,465		10/3/2024	$	513,573		10/3/2025	$ 476,037	$	(37,536)
12/5/2023	$	267,667		12/4/2024	$	160,674		12/3/2025	$ 377,127	$	216,453

Bond/Debt Repayment: FY 26

Below is a summary of the outstanding debt (bond) obligations for the District. Each July the District makes an interest only payment and each January the District makes a principal and interest payment. In July interest payments will be made to the outstanding bonds totaling $701,172. In January, the District will make payments of $3,571,172 for principal and interest. The funds for these payments are generated from two different sources. The Alternate Revenue Bond payments are paid from monthly County Facility Sales Taxes and the General Obligation Bonds are paid from property tax revenues. The payment of the bonds will be part of the consent agenda in January 2026, but given these are recurring payments on a yearly basis, the bond payments will be made at the beginning of January so payments are not late.

Summary of the FY 26 Bond Payments:

Bond	July 2025 Payment	January 2026 Payment	Payments FY26
GO Bond 2016 $2,300,000	Interest Payment: $18,225	Principal Payment: $395,000 Interest Payment: $18,225 Total: $413,225	Total for FY 26: $431,450 Paid with Tax Levy Final payments at the end of FY 28
GO Bond 2017 $21,390,000	Interest Payment: $340,400	Principal Payment: $870,000 Interest Payment: $340,400 Total: $1,210,400	Total for FY 26: $1,550,800 Paid with Tax Levy Final payments at the end of FY 37
GO Bond 2019B $2,460,000	Interest Payment: $23,800	Principal Payment: $280,000 Interest Payment: $23,800 Total: $303,800	Total for FY 26: $327,600 Paid with Tax Levy Final payments at the end of FY 29
GO Bond 2025 $4,5000,000	Interest Payment: $107,072	Principal Payment: $615,000 Interest Payment: $107,072 Total: $722,072	Total for FY 26: $829,144 Paid with Tax Levy Final payments at the end of FY 29
Alternate Revenue Bonds: GO Bond 2018A $10,650,000	Interest Payment: $148,275	Principal Payment: $495,000 Interest Payment: $148,275 Total: $643.275	Total for FY 26: $791,550 Paid with CFST Final payments at the end of FY 38
Alternate Revenue Bonds: GO Bond 2019A $4,215,000	Interest Payment: $63,400	Principal Payment: $215,000 Interest Payment: $63,400 total $278,400	Total for FY 26: $341,800 Paid with CFST Final payments at the end of FY 36
Total Obligations	Interest: $701,172	Interest: $701,172 Principal: $2,870,000 Total: $3,571,172	Interest: $1,402,344 Principal: $2,870,000 Total: $4,272,344

Countywide Sales Tax

The District again continues to see strong CFST revenues. The table below represents strong receipts for August 2025. The CFST receipts are three months in arrears, so the funds received in December represent the taxes paid by consumers in August. The $210,000 received represents a four month stretch of the largest amounts received since the creation of the program and is a 18.3% increase over FY 25. Also, it is important to remember that these funds cannot be spent on anything other than facilities improvement. The summary below outlines a summary of the receipts since FY 23 with a comparison of FY 25 vs. FY 26.

Countywide Sales Tax Revenues					
					Difference
	FY 23	**FY 24**	**FY 25**	**FY 26**	**FY 25 v. 26**
July	$167,736.37	$166,297.20	$177,241.56	$220,684.93	$43,443.37
August	$157,646.19	$171,178.89	$177,589.47	$210,195.86	$32,606.39
September	$160,407.90	$175,220.50	$176,058.42	$0.00	$0.00
October	$162,719.99	$165,535.70	$157,162.56	$0.00	$0.00
November	$157,766.14	$168,001.90	$171,171.84	$0.00	$0.00
December	$167,486.45	$178,755.19	$201,004.74	$0.00	$0.00
January	$134,425.96	$141,195.76	$179,547.38	$0.00	$0.00
February	$123,815.53	$141,802.17	$164,559.27	$0.00	$0.00
March	$154,850.14	$165,591.32	$187,252.74	$0.00	$0.00
April	$159,801.14	$168,718.21	$198,100.75	$0.00	$0.00
May	$182,291.57	$195,620.51	$219,783.67	$0.00	$0.00
June	$181,283.06	$186,682.55	$213,942.95	$0.00	$0.00
	$1,910,230.44	$2,024,599.90	$2,223,415.35	$430,880.79	$76,049.76

The next payment obligation for 2018A & 2019A Alternate Revenue Bonds will be in January 2026 and this will be a principal and interest payment. The payment will be allocated out of CFST receipts on a monthly basis to meet the obligation. Then in July 2026, an interest payment will be made on the bonds. In general, the obligation amount is $90,000/month. Any amount above this amount, represents opportunity for future facility improvements.

Equalized Assessed Value (EAV) Summary:

The Equalized Assessed Value (EAV) of your property is the product of the assessed value of your property (both land and improvements) and the State Equalization Factor, which is set by the Illinois Department of Revenue. In Illinois, counties are required to “equalize” property tax assessments so that the median level of assessment is at 33% of fair market value. EAV is part of an approach to taxation and property assessment which is supposed to ensure fairness to the taxpayers throughout the state of Illinois. EAV is also used in attempting to equitably set and distribute state grants-in-aid and applying tax rate and bonded indebtedness restrictions fairly.

Below is a summary of EAV for DPS for the past 5 years and the estimated amount for 2025.

Tax Year 2025: Equalized Assessed Value						
Property Class	***TY 2021 EAV***	***TY 2022 EAV***	***TY 2023 EAV***	***TY 2024 EAV***	***TY 2025 EAV***	%
Residential	$ 264,014,650	$ 287,441,719	$ 321,214,137	$ 356,822,080	$ 371,551,836	66%
Farm	$ 38,543,308	$ 42,071,132	$ 46,005,160	$ 50,590,859	$ 54,611,348	10%
Commercial	$ 58,461,591	$ 60,625,663	$ 65,344,216	$ 68,396,988	$ 69,101,273	14%
Industrial	$ 38,135,994	$ 40,111,597	$ 41,030,450	$ 41,620,311	$ 43,116,393	9%
Railroad	$ 5,187,733	$ 5,691,917	$ 6,154,313	$ 5,836,387	$ 6,181,330	1%
	$ 404,343,276	$ 435,942,028	$ 479,748,276	$ 523,266,625	$ 544,562,180	1
Percent Inc.		7.81%	10.05%	9.07%	4.07%	
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	
	SY 22/23	SY 23/24	SY 24/25	SY 25/26	SY 26/27	
	Actual	***Actual***	***Actual***	***Actual***	***Estimated***	
	TY 2021	***TY 2022***	***TY 2023***	***TY 2024***	***TY 2025***	
Lee County	$ 364,497,309	$ 393,588,471	$ 432,621,137	$ 470,254,796	$ 489,294,688	89%
Ogle County	$ 39,845,967	$ 42,353,557	$ 47,127,139	$ 53,011,829	$ 55,267,492	11%
Total	$ 404,343,276	$ 435,942,028	$ 479,748,276	$ 523,266,625	$ 544,562,180	
Percent Inc.		7.81%	10.05%	9.07%	4.07%	
Receipt Year	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	
Receipt Year	SY 22/23	SY 23/24	SY 24/25	SY 25/26	SY 26/27	

As of Wednesday end of business, Lee County Tax Assessor's office had not provided estimated EAV with the appropriate township multiplier applied to the totals. Without this information it is challenging to determine the EAV increase for Lee County which accounts for 90% of the District’s EAV.

What does this mean for the district? As the District prepares the levy, we are ultimately applying our legislatively driven tax rate to the EAV. The rate remains the same from year to year, but the value of the levy or extension will increase by the percentage of increase in EAV. As a result, the District is put in a position to estimate high in an effort to capture all tax revenue. The assessment process is designed across the state to equalize property values while allowing for property values to move based on market and local conditions. Based on this information, the levy presented today marks an equalized increase between the two counties greater than the estimate.

Treasurer's Report – November 2025

In your Board Packet, you will find the Treasurer's Reports for November 2025. The summary graphs represent FY 26 fund balances through November 2025. Balances for the funds for the first two quarters of each year reach their highest balances due to property tax revenue receipts. During the second half of the year, cash flow and revenue are traditionally low, while expenses for salaries and basic operations remain consistent throughout the year. This month saw a total decrease in fund balances of $1.58 million. The Business Office will continue to monitor cash flow throughout the year.