



An Overview of the Evidence-Based Funding Formula

PA 100 – 0465

Fall 2017



Introduction

The Evidence-Based Funding (EBF) formula performs calculations in three general stages.

- **Stage 1:** Determining the cost of educating all students, according to the defined cost factors. The result is the **Adequacy Target** for each district.
- **Stage 2:** Measuring each district's local resources for comparison to the Adequacy Target.
- **Stage 3:** Distributing additional state funds to assist districts in meeting their Adequacy Targets.

Completing the first and second stages produces a ratio that determines how far away a district is from adequate funding in Stage Three.





Base Funding Minimum

- EBF includes a hold harmless provision called the Base Funding Minimum.
- The EBF consolidates and replaces five grants received in FY 17 into the BFM:
 - Gross General State Aid + Stop Loss Grant (if applicable)
 - English Learner Education
 - Special Ed Personnel
 - Special Ed Funding for Children
 - Special Ed Summer School
- Chicago Public Schools will also receive the calculated FY 17 Block Grant Overage.
- BFM will be recalculated each fiscal year to include additional funds received by each district (the Tier Funding).

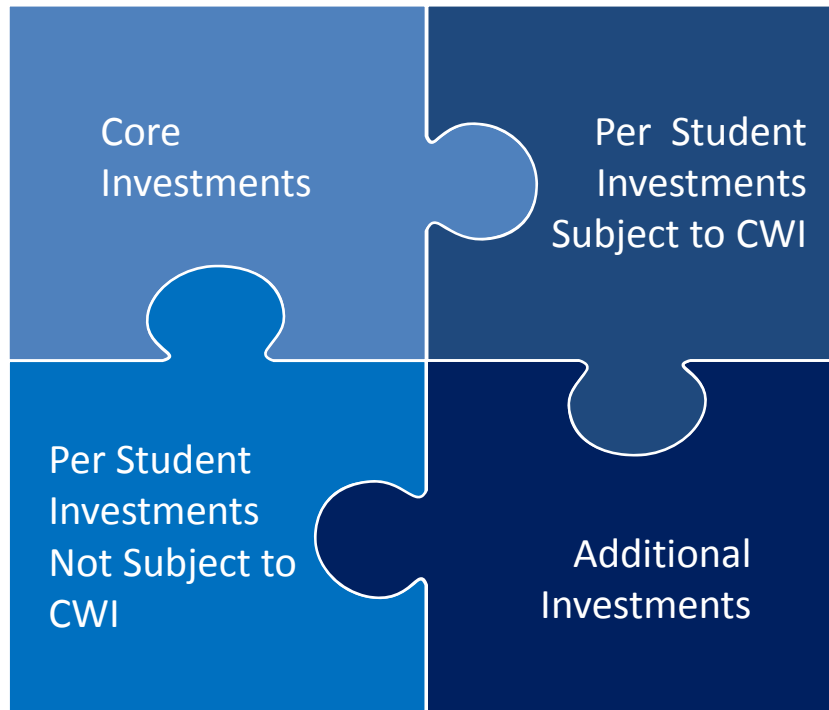
FY 2018	FY 2019	FY 2020
FY 17 Distributions	FY 17 + FY 18 Tier Money	FY 18 + FY 19 Tier Money

Effective FY 19 \$29 M English Learner Administration grant will also be included in the BFM calculation.



Adequacy Target

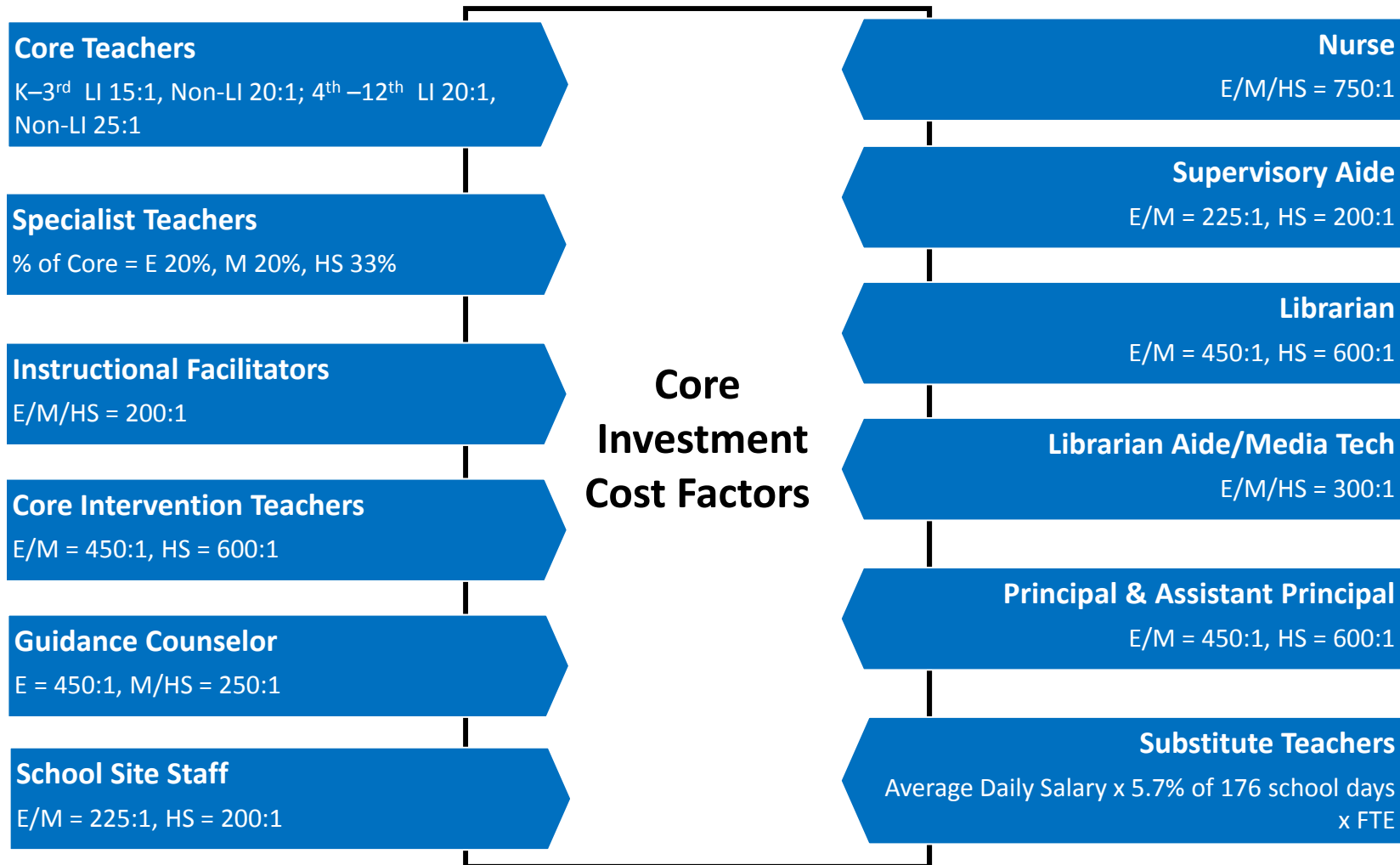
Adequacy Target (AT) = Sum of all Education Cost Factors



= Initial Adequacy Target

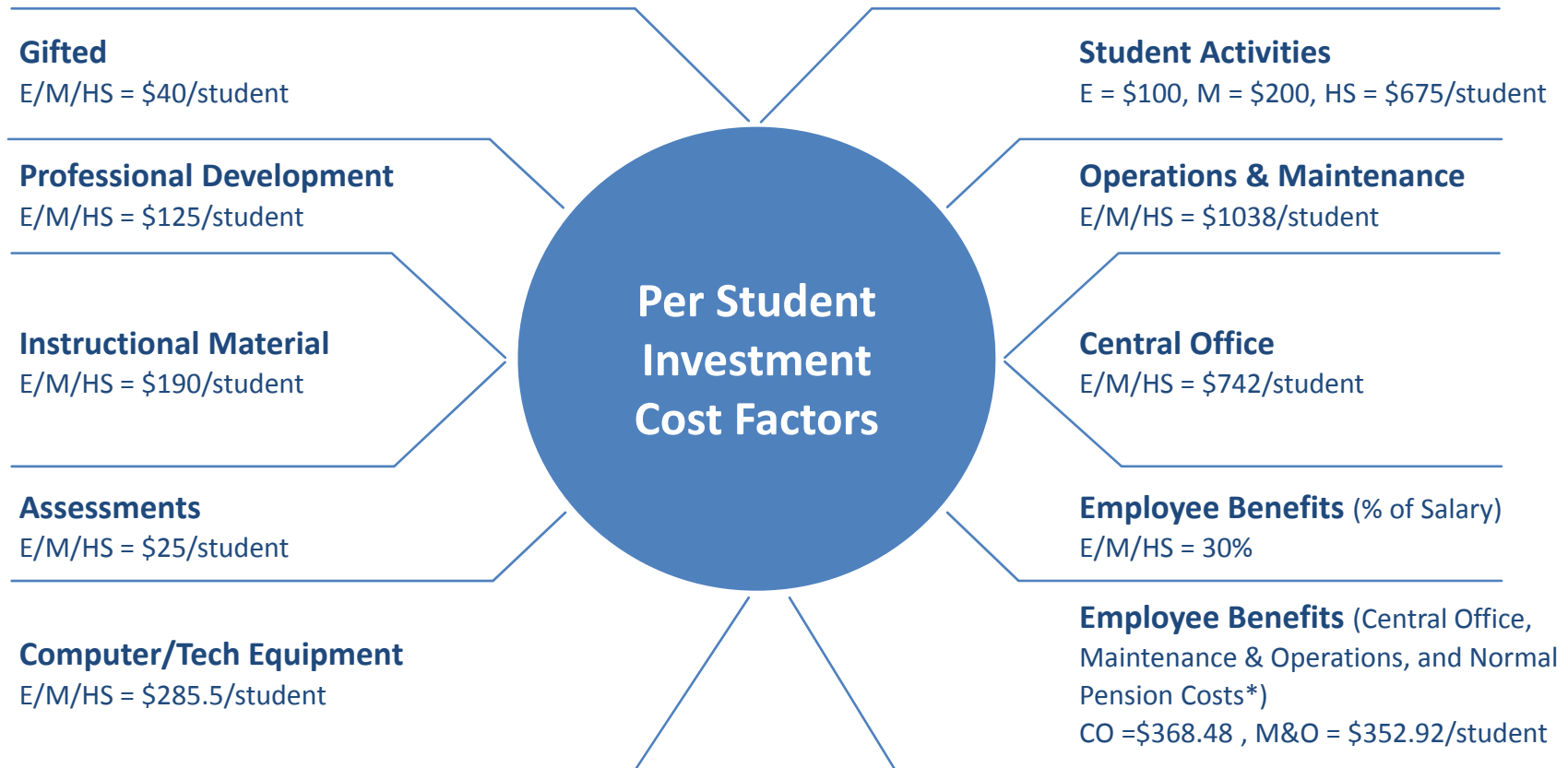


Adequacy Target – Core Investments





Adequacy Target – Per Student Investments



*Currently Normal Pension Costs only applies to Chicago Public Schools.



Adequacy Target – Additional Investments

Additional Investment Cost Factors

Low-Income

- **Intervention Teacher** (125:1)
- **Pupil Support** (125:1)
- **Extended Day Teacher** (120:1)
- **Summer School Teacher** (120:1)

English Learner

- **Intervention Teacher** (125:1)
- **Pupil Support** (125:1)
- **Extended Day Teacher** (120:1)
- **Summer School Teacher** (120:1)
- **English Learner Core Teacher** (100:1)

Special Education

- **Special Education Core Teacher** (141:1)
- **Instructional Assistant** (141:1)
- **Psychologist** (1000:1)



Adequacy Target – Regionalization Factor

A Regionalization Factor is used to determine the Final Adequacy Target.

The Regionalization Factor or Comparable Wage Index (CWI) is a measure of regional variations in salaries.



Note: EBF sets the lowest Regionalization Factor to 0.90. Previous EBF models used a highest factor of 1.05651.



Determining Local Resources

EBF defines a district's resources as the sum of:



Dividing a district's resources by its **Adequacy Target** determines the district's **Adequacy Level**:



Increasing any element of the numerator (Resources) means a district appears closer to its Adequacy Target , resulting in less State funding.



Tier Funding

- New Funding Flows to the Tiers.

Tier	% of New Funding	Target Ratio	Funding Allocation Rate
Tier 1	Receives 50%	TBD (in modeling ranged from 60-65%)	Fixed at 30%
Tier 2*	Receives 49% (*Includes Tier 1 Districts)	90%	TBD (in modeling averaged 5%)
Tier 3	Receives 0.9%	100%	TBD (in modeling averaged 0.2%)
Tier 4	Receives 0.1%	>100%	TBD (in modeling averaged 0.01%)

- **Target Ratio** – Impacts the calculation of the tier “Funding Gap”
- **Funding Allocation Rate** – Is applied to the Final Adequacy Target to determine the calculated tier funding.



Chicago Public Schools

The following provisions apply to CPS:

Normal Pension Costs of \$221.3M to be paid as a separate grant.

Block Grant Overage to be included in FY 17 Base Funding Minimum.

Unfunded Pension Liability to be included as an adjustment to Local Capacity Target. (As reduction in Local Resources)



Other Provisions

- Spending Plans
- Minimum Funding Level
- Property Tax Relief Pool
- Referendum Opportunity for District at or above 110% of Adequacy
- Technology Grant for Tier 1 & Tier 2 Districts in FY19 and beyond
- Mandate Relief
- \$75M Tax Credit
- \$29 M of EL Funding for FY 18 for both Tier 1 & Tier 2 Districts



Implementation Process

- Calculate & Pay Estimated Base Funding Minimum
 - Calculation Complete / Sent to Comptroller for Payment



- Data Collection / Verification (In Process)
 - ISBE to compile historical data and launch verification tool for districts to review and confirm



- District Review / Correction (TBD – Estimated Late Fall)
 - Districts will have a ***fixed*** period of time to review data as reported by ISBE and provide comment



- Final BFM Reconciliation & Tier Funding Calculation
 - ISBE will proceed with final/confirmed data and complete calculations for payment.