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This week the General Assembly continues to negotiate with Governor Rauner concerning his veto of SB 1. We need to look at the facts regarding what the governor is proposing – it is clear that the changes that he proposes are not good for improving education in Illinois. We need to fight to overturn his veto.

The governor's amendatory veto (AV) of SB 1 makes significant changes to the Evidence-Based Model (EBM) for school funding approved by the General Assembly. Those changes will negatively affect the majority of school districts in the long-term, immediately, or both. There is not a single education organization which supports the Governor's AV and nearly all directly oppose.

The following points are key takeaways that describe the impact of the governor's AV, compared to SB 1 as approved by the General Assembly:

- It reduces state education funding by at least \$1.1 billion over time, because it eliminates provisions in the formula that account for rising education costs.
- It will lead to higher property taxes, because it assumes more money (\$762 million statewide) will come from property taxpayers to reach full funding.
- It removes the protection that no school districts will receive less state funding than it received in FY 17, thereby creating winners and losers.
- It creates a FY 18 budget deficit of \$221 million. To avoid this, the General Assembly would have to approve an appropriations bill that reduces the education budget by that amount.

The provisions of the AV and the negative effects associated with those changes are detailed below.

- 1) Removal of the Minimum Funding Level – The AV eliminates protections which ensure schools with the poorest students and those with the fewest local resources are prioritized if the state under-funds education. This signals Republican intent to provide less state education dollars when the state only provides 25% of all education funding currently.
- 2) Removes all inflationary measures – The AV removes inflationary adjustments contained in SB 1, which means the formula will no longer reflect the true cost of education for any school district. If the formula assumes schools will only need 2017 levels of funding, this will lead to less state education funding and higher property taxes.
- 3) Regionalization Cap – The AV cuts the level of full funding for every single district in Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry, and Will counties by \$176 million. This is due to an artificial formula cap that depresses the amount it costs to educate children in these counties. For the 313 districts, representing

1,397,090, or 69% of all students, which see full funding reduced, the formula will no longer reflect the true cost of education.

- 4) TIF & PTELL EAV – The AV assumes school districts have access to TIF - EAV (tax increment financing - equalized assessed valuation) and all of their EAV if capped by PTELL (property tax extension limitation law), when districts do not. This would pit business and property tax limitation incentives directly against school funding and reduce state funding for at least 535 districts, representing 1,740,310, or 86% of all students, due to TIF provisions and 70 districts, representing 482,301, or 24% of all students, for PTELL provisions.
- 5) Removes adequacy credit for normal pension costs – The AV removes considerations for the normal cost of pensions for all districts. Every single district will receive less new funding as the number of Tier 3 pension employees grows.
- 6) Hold Harmless – The AV shifts to a per-pupil hold harmless in year 4. All districts losing enrollment will lose funding. 527 of 852 districts statewide, representing 1,487,047, or 73% of all students, lost enrollment from FY 15 to FY 16. Generally, this will cut funding for poor schools and redistribute funds to wealthier districts.
- 7) CTPF Pension Considerations – The AV removes FY 18 CTPF (Chicago Teachers’ Pension Fund) normal cost from the formula and instead provides an identical amount (\$221.3 million) in the pension code. The AV also removes CTPF legacy cost considerations from the formula. This neglects the true cost of education for CPS (Chicago Public Schools) and removes a long-term path to pension parity with every other district in the State.
- 8) CPS Block Grant – Eliminates CPS’ FY 17 funding associated with block grants. This cuts \$202 million from CPS’ FY 17 funding level, \$192 million of which is dedicated for special education.

It is clear that the originally passed bipartisan bill is better for education in Illinois, and we all need to work for better funding for our schools to improve educational opportunities for our children. We need to overturn the governor’s amendatory veto.

Sincerely,



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State Representative-Eighth District