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## A Step in the Right Direction, but SB16 Comes Up Short

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Historically, Illinois has had one of the more inequitable public education funding systems of any state.<sup>1</sup> Indeed, Illinois recently received the failing grade of “F” in a national report card that evaluated the relative fairness of the 50 states’ school funding systems.<sup>2</sup> To address concerns about inequity in the state’s K-12 education funding formula, the Illinois Senate unanimously established the Education Funding Advisory Committee (EFAC) in July of 2013.<sup>3</sup> EFAC then held hearings across the state, soliciting input from national and state-based education policy experts, academics, and stakeholders concerning potential ways to reform school funding.<sup>4</sup>

Based on this input, EFAC released a series of recommendations in February of 2014.<sup>5</sup> Notably, EFAC elected to defer making recommendations about the overall adequacy of education funding in Illinois. Instead, the Committee focused on changing how the K-12 funding formula distributes resources—specifically making said distribution more equitable from a needs-based standpoint.<sup>6</sup>

In April of 2014, Senator Andy Manar (D-48) introduced Senate Bill 16 (SB16), which implements some of EFAC’s recommendations.<sup>7</sup> The bill, which was passed by the Illinois Senate a month later,<sup>8</sup> aimed to overhaul the

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<sup>1</sup> See generally, Bruce D. Baker et al., *Is School Funding Fair?*, EDUC. LAW CTR. 15 (3d ed. Jan. 2014), [http://www.schoolfundingfairness.org/National\\_Report\\_Card\\_2014.pdf](http://www.schoolfundingfairness.org/National_Report_Card_2014.pdf) (examining the conditions of American education system as the country emerges from the Great Recession).

<sup>2</sup> *Id.* at 15.

<sup>3</sup> Committee on Education Funding, S. Res. 431, 98th Gen. Assemb. (2013).

<sup>4</sup> See *Education Funding Advisory Committee (EFAC)*, ILL. STATE BD. OF EDUC., <http://www.isbe.net/EFAC/>, (last visited Apr. 20, 2015).

<sup>5</sup> Senate Education Funding Advisory Committee Report, SR 43, 98th Gen. Assemb. (Jan. 2014).

<sup>6</sup> *Id.* at 5.

<sup>7</sup> See Bill Status of SB0016, 98th Gen. Assemb., <http://www.ilga.gov/legislation/BillStatus.asp?DocNum=16&GAID=12&DocTypeID=SB&LegId=68381&SessionID=85> (last visited April 20, 2015) (showing that the chief sponsor of the bill changed to Andy Manar on April 1, 2014).

<sup>8</sup> *Id.*

state's current school funding system by moving to a more progressive method where the majority of state funding was means-tested.<sup>9</sup>

The Center for Tax and Budget Accountability (CTBA) analyzed SB16 and found a number of positives, and negatives, in the bill.<sup>10</sup> But before delving into the pros and cons, it is first important to fully understand how the bill was intended to work.

### SB16'S BASIC MECHANICS

SB16 created a funding formula that provided a simple and equitable means to distribute education funding.<sup>11</sup> It replaced the current system—which consists of foundation level support, poverty grants, other grants, and numerous categoricals (like special education and transportation)—with a comprehensive funding formula that assigns various weights designed to adjust funding levels automatically for factors such as a school district's population of special needs, low-income, and children who are English Language Learners (ELL).<sup>12</sup>

A new “base level” of funding per pupil replaced the existing Foundation Level.<sup>13</sup> While no set figure was proposed in SB16, the model that ISBE created for its analysis was based on FY2013 appropriations and set the base level at \$5,154 per student.<sup>14</sup> Districts would then receive automatic adjustments to their base level via additional weights, which would comport with the school district's characteristics.<sup>15</sup> The final funding per student a district would receive—i.e. a “District's Weighted Average”—will equal 1.0 + additional weights (on a cumulative basis), multiplied by the Base Level.<sup>16</sup>

The weights that adjust to the base level are as follows:

- English Language Learners: 0.20;

<sup>9</sup> *School Funding Reform Act of 2014*, ILL. STATE BD. OF EDUC. 2, <http://www.isbe.net/budget/fy15/fy15-sb16-ppt.pdf>, (last visited Apr. 20, 2015).

<sup>10</sup> *Fact Sheet: SB16 – School Funding Reform Act of 2014 (Sen. Manar)*, CTR. FOR TAX & BUDGET ACCOUNTABILITY (Nov. 2014) <http://www.ctbaonline.org/reports/fact-sheet-sb16—school-funding-reform-act-2014> (click on Fact Sheet pdf hyperlink).

<sup>11</sup> *School Funding Reform Act of 2014*, *supra* note 9 at 2.

<sup>12</sup> *Id.* at 4-9.

<sup>13</sup> *Id.*

<sup>14</sup> *Fact Sheet: Senate Bill 16 – School Funding Reform Act of 2014*, ILL. STATE BD. OF EDUC. 2 (Sept. 2014), <http://www.isbe.net/EFAC/pdf/SB16-FactSheet-091914.pdf> (hereinafter ILL. STATE BD. OF EDUC. Fact Sheet).

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

- Regular Low-Income Pupils: 0.25;
- Low-Income Concentration: up to 0.9 (Low-Income Weight is capped at .75);
- Children with disabilities (Special Ed): 1.0;
- Special Education Summer School Pupils: 0.03;
- Gifted Students: 0.01;
- Regular Transportation Eligible Pupils;
  - 1st (most dense) quintile: 0.06
  - 2nd quintile: 0.07
  - 3rd quintile: 0.08
  - 4th quintile: 0.09
  - 5th quintile: 0.10;
- Vocational Transportation Pupils: 0.12;
- Advanced Standing Pupils: 0.02; and
- Career Pathway Completers: 0.03;<sup>17</sup>

For example, the largest school district in the state, Chicago Public Schools, ends up with a district weighted average (or combined student weight) of 1.92781 as shown in Figure 1.<sup>18</sup>

Figure 1  
Calculated District Weighted Average for Chicago  
Public Schools under SB16

Low-Income	Low-Income Concentration	ELL	Special Ed	Summer School Special Ed	Gifted	Transportation Eligible	Vocational Transportation	Combined Student Weight
0.23257	0.77888	0.03683	0.13800	0.00005	0.00036	0.00258	0	1.92781

Source: ISBE, Education Funding Advisory Committee (EFAC)

Since CPS has a higher low-income concentration percentage than low-income percentage weight, the low-income concentration percentage is used in the combined student weight. However, the low-income concentration weight

<sup>17</sup> *Senate Bill 16 Overview August 26, 2014*, ILL. STATE BD. OF EDUC. 2 (Aug. 2014) <http://www.isbe.net/EFAC/sb16/amend3-5/sb16-overview-pres140826.pdf> (hereinafter SB 16 Aug. 2014 Overview).

<sup>18</sup> *Id.* at 2.

is capped at 0.75;<sup>19</sup> therefore, CPS loses 0.02888 from its final combined student weight. This seemingly small change could end up costing CPS \$52 million in state funding.

The cap on the low-income concentration weight was one of CTBA's major concerns with SB16. By capping the low-income concentration weight at 0.75, the poorest districts in the state of Illinois will not receive the additional funding they need to support at-risk students.<sup>20</sup> In all, 28 school districts across Illinois—including Cicero, East St. Louis, Mount Vernon, Cairo, Aurora East, and Kankakee—are all negatively impacted by the cap on the low-income concentration weight.<sup>21</sup>

### EQUITY CONCERNS

The intended goals behind SB16 are laudable—creating a more equitable education funding system in a state where historically, it has been anything but.<sup>22</sup> However, in large part because SB16 did not deal with the issue of overall funding adequacy, the way it redistributes education funding raises as many, if not more, issues of equity as it resolves. To understand why, a review of the state's extant achievement gaps and demographic composition by region are required.

First, consider the achievement gaps. As illustrated in Figure 2, the state has significant achievement gaps along racial, ethnic and income lines according to the Illinois State Board of Education (ISBE).<sup>23</sup>

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<sup>19</sup> *Id.*

<sup>20</sup> SB 16 Aug. 2014 Overview, *supra* note 17 at 2.

<sup>21</sup> *State Funding and Forecasting*, ILL. STATE BD. OF EDUC., <http://www.isbe.net/budget/html/ed-funding.htm> (last visited Apr. 26, 2015) (analyzing SB16 Simulation of SB16, Amendments 3 & 5).

<sup>22</sup> See ILL. STATE BD. OF EDUC. Fact Sheet, *supra* note 14 at 1.

<sup>23</sup> *2014 Illinois State Report Card*, ILL. STATE BD. OF EDUC. (2014), available at [http://www.isbe.net/assessment/pdfs/report\\_card/2014/StateReportCard14.pdf](http://www.isbe.net/assessment/pdfs/report_card/2014/StateReportCard14.pdf).

Figure 2  
Students Who Meet/Exceed State Standards, ISAT, 2014

% of Students Who Meet/Exceed Standards				Achievement Gap	
2014	White	Black	Hispanic	White/Black	White/Hispanic
Math	70%	38%	49%	32%	21%
Reading	67%	36%	43%	31%	24%

% of Students Who Meet/Exceed Standards			Achievement Gap	
2014	Non Low-Income	Low-Income	Non Low-Income/Low-Income	
Math	75%	45%	30%	
Reading	74%	41%	33%	

Source: ISBE, Illinois State Report Card, 2014

Given these meaningful achievement gaps, it is crucial to understand the demographic breakdown of the state’s K-12 public education student body, by region, which is shown in Figure 3, to ensure any re-distribution of educational resources actually invests more in the education of children with the greatest needs.<sup>24</sup>

Figure 3  
Student Demographics Within Each Region of the State, 2013

REGION	% of District					
	White	Black	Hispanic	Asian	2 Races	Low-Income
Collar Counties (Lake, McHenry, DuPage, Will & Kane)	55.2%	7.7%	27.0%	6.8%	3.1%	32.6%
Cook County (w/o CPS)	42.4%	19.9%	28.3%	6.6%	2.4%	45.4%
Chicago Public Schools (CPS)	9.1%	40.5%	45.0%	3.4%	1.5%	84.9%
Downstate	74.6%	11.6%	7.8%	1.5%	4.1%	46.9%

Source: ISBE, Illinois State Report Card Data, 2013

<sup>24</sup> 2013 Illinois State Report Card, ILL. STATE BD. OF EDUC. (2013), available at <http://webprod.isbe.net/ereportcard/publicsite/getsearchcriteria.aspx> (hereinafter 2013 Illinois Report Card).

As Figure 3 shows, CPS has the highest concentrations of minority and low-income children of any region.<sup>25</sup> In fact, Cook County schools and CPS are majority-minority, whereas schools in the Collar Counties are just over 55 percent white, and have the lowest overall concentration of low-income students in Illinois.<sup>26</sup> Meanwhile, schools in the rest of Illinois are overwhelmingly white.<sup>27</sup>

Figure 4 illustrates what percentage of the state's total white, minority, and low-income K-12 student populations live in each region of the state.<sup>28</sup>

Figure 4  
Regional Student Populations as a Percentage of the State Total, 2013

REGION	White	Black	Hispanic	Asian	2 Races	Low-Income
Collar Counties	30.5%	12.0%	31.2%	44.3%	28.5%	18%
Cook w/ CPS	19.0%	65.2%	57.7%	43.5%	24.4%	49.6%
Cook County (w/o CPS)	15.6%	21.0%	21.8%	28.3%	14.8%	16.9%
CPS	3.5%	44.3%	35.9%	15.2%	9.6%	32.7%
Downstate	50.5%	22.6%	11.1%	12.2%	47.1%	32%

Source: ISBE, Illinois State Report Card Data, 2013

As Figure 4 reveals, almost half of all the state's low-income children (49.6%), and over half of its black (65.2%) and Latino children (57.7%) attend Cook County and CPS schools. Meanwhile, just 18 percent of Illinois' low-income children attend schools in the Collar Counties, while 32 percent are Downstate. From a racial standpoint, just over half of Illinois' white children live Downstate.<sup>29</sup>

Given the data on achievement gaps and demographics, one would assume a more equitable distribution of education funding resources would benefit CPS and Cook County. However, as Figure 5, shows that is not how funding gets redistributed under SB16.<sup>30</sup>

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> SB 16 Aug. 2014 Overview, *supra* note 17 at 6.

Figure 5  
Redistribution of \$229.4 M in GSA Under SB16

Region	Gain/Loss Compared to FY13 Disbursements	% Change	# of Districts Gaining	# of Districts Losing	% of Low Income Students in region	% of State's Low Income Children
Downstate	\$215,727,864	10.3%	402	173	47.0%	32.0%
Collar	-\$84,641,021	-8.7%	20	123	32.6%	18.5%
Cook (w/o CPS)	-\$93,001,842	-10.7%	44	99	45.4%	16.9%
CPS	-\$38,498,141	-2.9%	0	1	84.9%	32.7%
ILLINOIS	-\$413,140	0.0%	466	396	49.9%	

Source: ISBE, Senate Bill 16 Overview, August 26, 2014

This redistribution of GSA to Downstate comes from: Cook (no CPS) 43%; Collars 39.2%; and CPS 17.8%.<sup>31</sup> Indeed, Cook County and CPS collectively lose some \$131.5 million in funding under SB16,<sup>32</sup> despite being home to virtually half of the state's low-income students and two-thirds of its African American students. Meanwhile, over 400 Downstate districts (86 percent) would see an increase in funding under SB16, gaining \$215.7 million (10.3%) compared to what they received in FY13.<sup>33</sup>

Figure 6  
Per-Student Change in Funding Under SB16

Region	% of State Enrollment	% of Low Income in State	% State Funds; FY2013	% of State Funds; SB16	Percentage Point Change	Change Per Student
Downstate	33.9%	32.0%	39.7%	43.8%	4.1%	\$310
Collar	28.3%	18.5%	18.3%	16.7%	-1.6%	-\$146
Cook (w/ CPS)	37.8%	49.6%	41.4%	38.8%	-2.6%	-\$169
Cook (w/o CPS)	18.5%	16.9%	16.4%	14.5%	-1.9%	-\$244
CPS	19.2%	32.7%	25.0%	24.3%	-0.7%	-\$97

Sources: ISBE, Senate Bill 16 Overview, August 26, 2014, and Illinois State Report Card Data, 2013

<sup>31</sup> *Id.*

<sup>32</sup> However, not all districts in Cook County will lose money. In fact, the area of South Cook will gain \$13.7 million from SB16. *Id.*

<sup>33</sup> *Id.*



Figure 6 illustrates the shift in funding by students.<sup>34</sup> CPS, which educates 19 percent of all students in Illinois and nearly one out of every three low-income student in the state, would see state funding fall by \$97 per student under SB16.<sup>35</sup>

#### REDUCTION IN SPECIAL EDUCATION FUNDING

SB16 did not add any additional funding to K-12 education overall.<sup>36</sup> It does, however, distribute funding differently than under existing law.<sup>37</sup> As noted previously, on a net basis, it provides an additional \$215 million plus in General State Aid to Downstate districts, primarily by enhancing Foundation Level support.<sup>38</sup> Indeed, it appears that through enhanced Foundation Level support, CPS recoups some \$191.5 million of the roughly \$230 million Block Grant CPS loses under SB16, leaving CPS with a net loss of \$38.5 million.<sup>39</sup>

But if no additional funding goes into the overall K-12 appropriation, some educational items that were funded under prior law have to be reduced under SB16. As it turns out, cuts to special education and poverty grant funding are the primary sources SB16 uses to enhance General State Aid, as shown in Figures 7 and 8.<sup>40</sup>

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<sup>34</sup> *Id.* at 7; 2013 Illinois Report Card, *supra* note 24.

<sup>35</sup> *Id.*

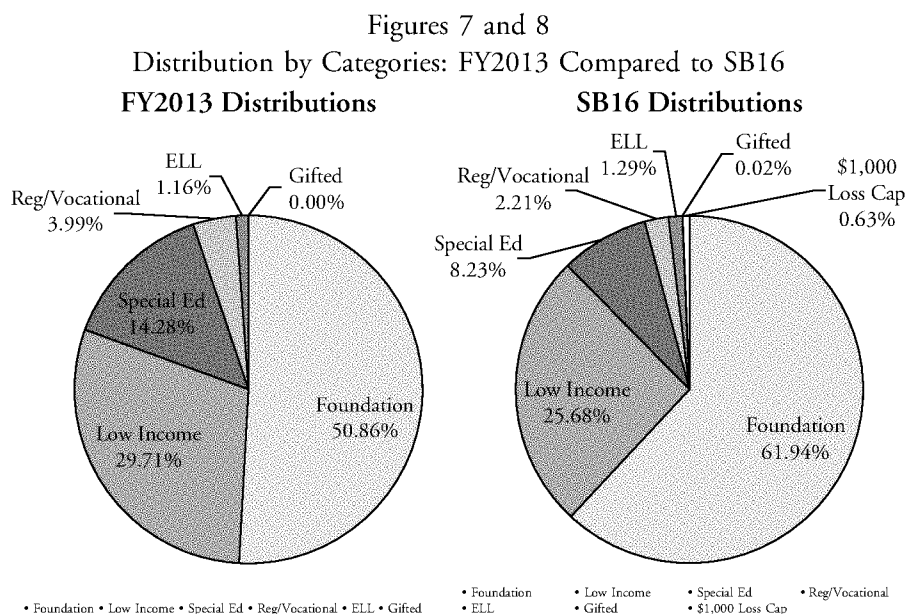
<sup>36</sup> See ILL. STATE BD. OF EDUC. Fact Sheet, *supra* note 14 at 1 (“Senate Bill 16 (Manar/Chapa LaVia) aims to overhaul the state’s current regressive funding system into a progressive system in which the majority of state funding is means-tested and distributed based on local ability to pay.”).

<sup>37</sup> *School Funding Reform Act of 2014*, *supra* note 9 at 2.

<sup>38</sup> SB 16 Aug. 2014 Overview, *supra* note 17 at 6.

<sup>39</sup> *Id.*

<sup>40</sup> *Id.* at 3-4.



Given there has been no decline in the special education population,<sup>41</sup> and how significantly the federal government underfunds special education already, it is questionable whether diverting state funding from special education actually serves the interests of equity—or even provides districts that much in real flexibility.

Some districts with a high percentage of special education students were projected to lose state funding under SB16.<sup>42</sup> This is because the special education weight, like low-income concentration, was capped at 0.138.<sup>43</sup> Therefore, districts that have a special education population higher than the state average of 13.8 percent, may end up losing funds under SB16. Once again, the additional funding districts need to support at-risk students was lost under SB16.

Despite its shortfalls, SB16 did take a number of positive steps at improving how school funds are distributed in Illinois. The bill attempted to distribute K-12 education funds more equitably and provided greater

<sup>41</sup> 2014 Illinois State Report Card, *supra* note 23 at 1 (listing students with individual education plans at 13.7 percent); 2013 Illinois State Report Card, *supra* note 34 at 1 (listing students with individual education plans at 13.6 percent).

<sup>42</sup> State Funding and Forecasting, *supra* note 21 (analyzing SB16 Simulation of SB16, Amendments 3 & 5).

<sup>43</sup> 105 Ill. Comp. Stat. 5/18-8.15(C)(ii) (2015).

transparency on how funds were spent—districts would have to report how resources are spent at the school level.<sup>44</sup> Also, the bill required study on the adequacy of education funding be done, which would identify a base funding level for districts without special needs, analyze the effect of concentrations of poverty on the cost of providing an adequate education, and make recommendations on per pupil weights for students with special needs.<sup>45</sup>

However, without additional funding, SB16 comes up short. The steps the bill took to better distribute school funds were needed progress in Illinois, yet, SB16 did not increase the funds being distributed. Therefore, it created far too many districts that were ‘losers’. And too many of those districts have at-risk student populations, which cannot afford a decrease in state funding.

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<sup>44</sup> ILL. STATE BD. OF EDUC. Fact Sheet, *supra* note 14 at 1.

<sup>45</sup> *See id.* (“The Senate Education Funding Advisory Committee (EFAC) was charged with proposing a state education funding system that provides adequate, equitable, transparent and accountable distribution of funds to school districts.”).

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