






IMPROVING EBM THROUGH POVERTY CONCENTRATION AND PENSIONS

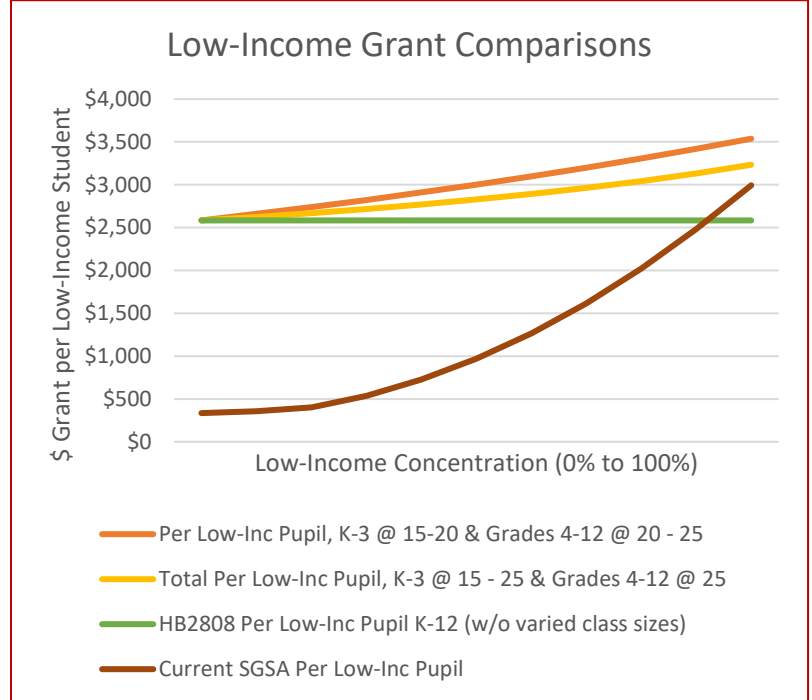
Stand for Children created a checklist of what we consider the “5 Essentials” of school funding reform to use as a guide for analyzing proposals as they arise. The Evidence-Based Model (EBM) meets two (and likely three) of these essentials and the framework has the potential to meet all five with some modifications:

STAND’S “5 ESSENTIALS” OF SCHOOL FUNDING REFORM	IN EBM ?	COMMENTS
1. Create an INTEGRATED FORMULA so that funds support the full spectrum of PreK – 12 th grade and efficiently close the gap between rich and poor districts.		EBM creates an integrated model that determines individualized adequacy targets for districts and directs new dollars heavily toward those that are furthest from reaching adequacy.
2. Include a HOLD HARMLESS for all school districts, but be mindful of its structure because student populations and demographics shift over time.		EBM includes the “Base Funding Minimum” (BFM) so that no district loses state funds. The model adjusts the BFM each year to account for changes in student enrollment.
3. Increase the TOTAL AMOUNT OF STATE FUNDING , because Illinois’s gap between rich and poor districts is not only the worst in the country, but we also spend way below adequacy.		Though HB2808 and SB1 cannot appropriate more funding themselves and do not increase revenue, the models assume an increase of \$235 million. EBM cannot increase equity in our school system without significant resources invested.
4. Include a POVERTY CONCENTRATION GRANT because it costs more to educate all kids in the building as the concentration of poverty increases.		HB2808 includes four elements based on poverty, but none (yet) that increase the per pupil allocation as poverty concentration increases. A differentiated K-3 class-size concept has been proposed, but it is unlikely to be sufficient on its own.
5. Remember that funding for schools and TEACHER PENSIONS are intertwined, and <i>both</i> are distributed inequitably.		Teacher pension funding is a hidden inequity, among the most inequitable ways the State supports schools. EBM could incorporate a cost shift by adding districts’ normal costs for pensions in the adequacy calculation and in the BFM.

POVERTY CONCENTRATION MATTERS

HB 2808 includes four poverty elements in its adequacy calculation. The per pupil amount is the same regardless of the concentration of poverty in the district. (See the green line.)

We support adding a poverty concentration element to the EBM's adequacy calculation. Two proposals have arisen to address this by modifying the class size element depending on poverty concentration. One would set K-3 class sizes at 1 teacher for every 15 low-income students and 1 teacher for every 25 non-low-income students. For example, a district with a 50% low-income rate would average to a 1:20 class size ratio. (See the yellow line.) Another would apply lower class sizes for low-income students across the K-12 spectrum (in orange).



In the current system, a low-income student in the highest poverty concentration gets almost an 800% increase over a grant for such a student in the lowest poverty district. (See brown line.) The most generous of the three EBM proposals increases the grant just 37% for a student in the highest poverty district. These suggested changes are a positive step forward, but are unlikely to be sufficient to fully address poverty concentration on their own. The distribution model must also prioritize districts with high concentrations of poverty.

WHAT THE RESEARCH SAYS ABOUT POVERTY CONCENTRATION

Excerpts from the Poverty & Race Research Action Council's "Annotated Bibliography: The Impact of School-Based Poverty Concentration on Academic Achievement & Student Outcomes":

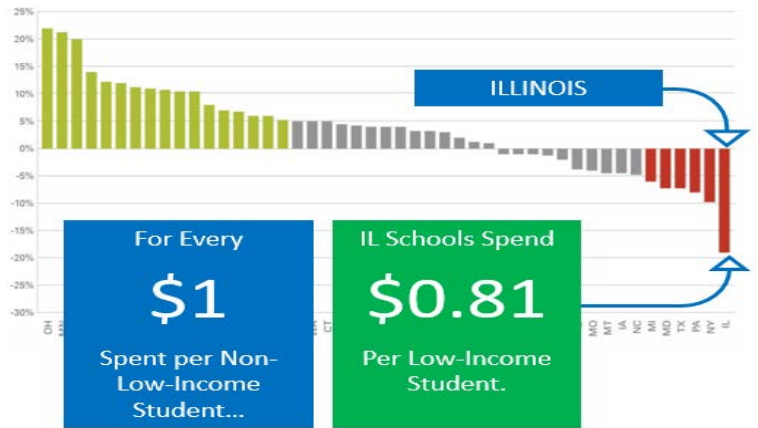
"... **being born into a poor family places students at risk, but to be assigned then to a school with a high concentration of poverty poses a second, independent disadvantage** that poor children attending middle-class schools do not face. Taken together, being poor and attending schools with classmates who are poor constitutes a clear 'double handicap.'"

"... the relationship between school poverty concentrations and student achievement averages is stronger than the relationship between family poverty status and student achievement.... **[N]on- poor students attending schools with high concentrations of poverty are more likely to fall behind than are poor students who attend schools with low concentrations of poverty.**"

"Experts have called students themselves the "hidden curriculum," meaning that students learn as much from peers as from textbooks, homework, class projects and other pedagogical services provided by the school.... **In low-poverty schools, this high degree of influence is educationally advantageous, as peer interaction between different socio-economic groups and achievement levels generally has a positive effect on outcomes** because students testing below grade-level 'are distinctly helped by being in school with more high-achieving students.'"

THE HIDDEN SCHOOL FUNDING INEQUITY: TEACHER PENSION FUNDING

It is widely acknowledged that Illinois has among the most inequitable school funding formulas in the country. But the gap is even wider than many of these analyses show because they only focus on the State Board of Education (ISBE) budget. **This ignores one of the most regressive sources of school funding in the state: teacher pensions,** to which IL contributed \$4 billion last year.



SOURCE: The Education Trust, "Funding Gaps," March 2015.

3 WAYS TEACHER PENSION FUNDING CONTRIBUTES TO INEQUITY:

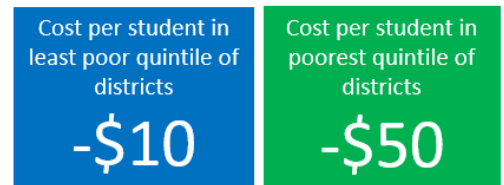
1. THE STATE PAYS EMPLOYER COSTS FOR ALL DISTRICTS EXCEPT CHICAGO.

This has gotten significant attention over the last several years. The state pays the employer contributions on behalf of all Illinois school districts except one: CPS's teachers participate in their own pension fund (CTPF). CPS – not the state – pays the employer contribution for CTPF.



2. FEDERAL FUNDS INTENDED FOR NEEDY STUDENTS ARE DIVERTED TO PAY PENSION DEBT.

School districts typically pay 0.58% of teachers' salaries to TRS. But when they pay teachers using federal funds, state law requires 38.5% of salary to be diverted to pay pension debt. Most federal funds support low-income students through Title I or special education students through IDEA, hurting the neediest students the most. (HB 656 fixes this.)



3. TRS CONTRIBUTIONS PROVIDE LESS "IN-KIND" SUPPORT TO LOWER-WEALTH DISTRICTS.

Outside of Chicago, the State pays most employer costs for teacher pensions, whether they retire from a wealthy district at a high salary or a poorer district at a lower salary. This provides an in-kind support from the State that disproportionately benefits more affluent districts with higher teacher salaries. Here are examples of districts' per-pupil benefit of the state paying TRS normal cost:

