

# EQUITY BOOST | SB 2189 (SIMS) / HB 2787 (DAVIS)

## INTEGRATING TEACHER PENSION FUNDING INTO THE EVIDENCE-BASED MODEL

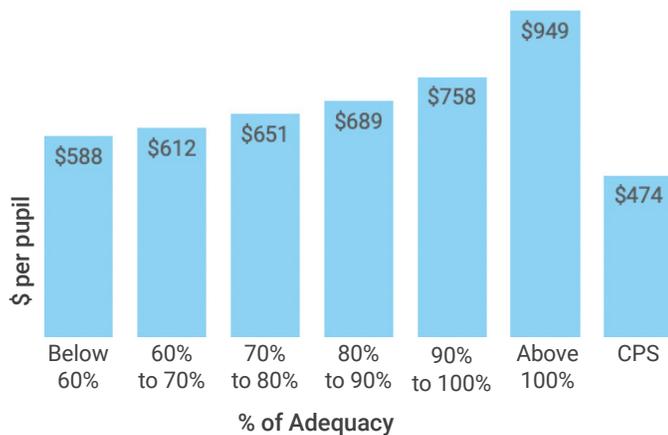
Evidence-based funding (EBF) is transforming Illinois schools, but the model only works if increased funding is invested every year. The FY20 budget included no new money to distribute through the formula. Especially when funds are tight, we must maximize the formula's potential to close equity gaps. This bill keeps the progress going and accelerates Illinois' path to fully funding schools.

### THE PROPOSAL INTEGRATES TEACHER PENSIONS WITH EBF AND WILL:

- Transform a regressive funding mechanism into an equitable one.
- Protect teacher pension funding, while directing more State dollars to the neediest districts.
- Move Illinois closer to fully funding education.
- Provide stability to districts that have been fearing a sudden pension cost shift.

### PROBLEM: STATE FUNDING FOR TEACHER PENSIONS IS INEQUITABLE

Value of State-Paid Normal Cost to School Districts



The State pays most of the employer costs of teacher pensions. That disproportionately benefits better funded districts, which generally have higher salaries and more staff.

The chart (left) shows the 'in-kind' benefit this practice yields for school districts, from \$949 per pupil for the districts funded over adequacy to \$588 per pupil for those funded below 60% of adequacy. When comparing districts funded above 100% of adequacy to those funded below 80% of adequacy, richer school districts benefit **\$357 more per student** than poorer districts.

### THE BILLS ACCELERATE EQUITY BY CONNECTING TWO DIVERGENT SCHOOL FUNDING SYSTEMS.

The bills propose using the new school funding formula to address the inequity of teacher pension funding and to bring the state closer to fully funding education. Here's how it works:

- Include adequate pension normal cost in each district's Adequacy Target calculation.
- Incorporate the 'in-kind' benefit each school district receives in State-paid normal cost in its Base Funding Minimum. The State continues to pay the certified TRS contribution as under current law, but now the payment is reflected in EBF.
- Gradually reduce over-payments which a small set of districts have been receiving, then keep those funds in education by equitably distributing them through EBF.
- FISCAL IMPACT: The bills are cost neutral to the State in the short term, while saving \$300 million in State funding in the long term by reducing the gap to full education funding.

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