November 5, 2026

Education Appropriation Committee
Bilandic Building, C-600
160 N. LaSalle St.
Chicago, IL 60601

Dear Committee Members:

Thank you for holding a hearing on a critical issue: funding the Evidence-Based Funding Formula (EBF). As EBF nears its ten-year anniversary, it is especially appropriate to take stock of how far Illinois has come in its journey toward school funding equity and how far we have left to go.

The purpose of this written testimony is to:

(1) Affirm our **support for increasing the annual appropriation** for education significantly beyond the $350 million Minimum Funding Level and put Illinois on a true path to full school funding,
(2) Call attention to the most inequitable way Illinois continues to deliver state funds to schools and **propose an EBF change to fix the teacher pension funding inequity**, and
(3) Highlight a flawed-but-assured way Illinois can access hundreds of millions of dollars for public schools next year: **The Federal Education Tax Credit**.

Increase the annual appropriation beyond the $350 million Minimum Funding Level. Since EBF was enacted, its appropriation has increased by nearly $3 billion. The formula has been especially successful at raising the floor for the most underfunded school districts. In year one, 77 school districts were funded below 60% of adequacy. This year, two districts are funded below 60%. Nine years ago, districts below 65% of adequacy fell into Tier 1. This year, Tier 1 districts are funded below 72% of adequacy.

Yet the gap to full funding remains $7 billion, just $400 million less than it was in its first year. The Minimum Funding Level loses its buying power each year as inflation rises and the $350 million remains stagnant. In addition, Mandated Categorical programs have also fallen behind inflation and proration levels have been difficult to maintain.

Stand for Children supports significantly increased investment in EBF and MCATs and a sustainable plan to put Illinois schools on a path to adequacy.

Fix the remaining structural inequities in state funding. Teacher pensions remain the most inequitable way the state delivers its resources to support schools. This inequity is most obvious in Chicago, where EBF ameliorated some historical inequities by picking up normal pension costs and reducing the district's local resource calculation by the amount of locally-paid pension legacy costs (about $650 million). **No other district in the state covers its own unfunded teacher pension liability costs; that is completely paid by state funding. If the State covered CPS's unfunded liability costs directly, this would put it on a level playing field with the rest of the districts in the state**. That change would also increase the Local Capacity Target calculation in EBF, bringing CPS much closer to full funding and freeing up more EBF resources for other districts.

The teacher pension funding inequities reach far beyond Chicago. It is also inequitable for less resourced school districts, where lower salaries and higher student-to-teacher ratios contribute to lower teacher pension costs than higher wealth districts. Both are paid by the State, but districts with higher salaries and more staff drive higher pension costs to the state.

An equitable fix to this problem is to add pension normal cost as a cost factor in EBF, continue making the payment from State funds, and account for those resources as adequacy is calculated. Incorporating pension costs will more accurately reflect the actual state resources a district receives and its adequacy calculation will reflect this, causing more equitable distribution of new resources.

The last step is to phase out any "Excess State Contribution" from Tier 4 school districts. By far, most Tier 4 school districts are funded so well because of their property tax levies – not primarily because of receiving an abundance of state resources. However, especially once the hidden pension inequities are reflected in EBF, some districts will visibly receive more state resources than the model expects. Re-investing these resources as investment in the tiers beyond the Minimum Funding Level is one way to reach adequacy more quickly.

Opt in to the Federal Education Tax Credit—and leverage it to do the most good for public schools. Beginning in 2027, all U.S. taxpayers (including Illinoisans) will be eligible to re-direct $1,700 of their federal income tax liability to a Scholarship Granting Organization (SGO). States must opt in to the program for their students to access scholarships. **Illinois cannot opt out its taxpayers—only its students.**

Unlike Invest in Kids, public schools are eligible to receive these scholarships. Several SGOs have been created, both in Illinois and nationally, specifically designed to partner with public schools to boost their funding. **The Edunomics Lab at Georgetown University has proposed a "fee**

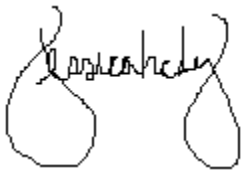
bundle," wherein public schools partner with an SGO, collaborate with local employers to set up automatic payroll deductions for taxpayers, raise $800 per student to cover the new fee, and boost the public school revenue by $800 per pupil. CPS could cover the $150 million it sought for its budget with a $500 fee, covered through $1,700 contributions from 88,000 taxpayers.

While the "fee bundle" concept could be especially helpful for under-resourced public schools, we are even more excited with the potential to meet targeted needs of students through evidence-based literacy tutoring, dual credit enrollment fees, AP tests, CTE costs, and after-school programs. All of these are allowable expenses for public school scholarships.

There are aspects of the program that are concerning to us and we understand the objections of opponents; however, we are convinced that the answer is NOT to deprive Illinois students of these resources, but rather, to work deliberatively to raise and distribute as many resources as possible to public schools maximizing equity in distribution. **We don't have to *like* the law to *leverage* the law for the benefit of Illinois student.**

Thank you for the opportunity to provide written testimony today. Government Affairs Director Aimee Galvin (815-341-3471) and I (217-415-9175) are available to answer any questions or elaborate on these proposals.

Sincerely,



Jessica Handy
Illinois Executive Director
Stand for Children