

EXECUTIVE SUMMARY

REPORT FROM AUGENBLICK AND MYERS (A&M) TO THE METROPOLITAN PLANNING COUNCIL AND THE NETWORK 21:
QUALITY SCHOOLS AND STRONGER COMMUNITIES COALITION CONCERNING THE COST OF AN ADEQUATE EDUCATION IN
ILLINOIS

DR. JOHN AUGENBLICK
MR. JUSTIN SILVERSTEIN

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THE METROPOLITAN PLANNING COUNCIL WISHES TO THANK THE JOYCE FOUNDATION FOR THEIR SUPPORT OF THE METROPOLITAN PLANNING COUNCIL'S TAX POLICY AND EDUCATION WORK.

OVERVIEW

In September 2000 Augenblick and Myers, Inc. entered into a contract with the Metropolitan Planning Council to conduct a study of the cost of an adequate education in Illinois public schools and the development of an adjustment to that cost to reflect the added costs associated with serving students from low-income families.

The study was conducted to provide the **Network 21: Quality Schools and Stronger Communities** Coalition with recommendations on an adequate foundation level to ensure that the foundation level is sufficient to provide a quality education for every student in Illinois. The study, it is anticipated, will also be useful to policymakers, legislators and citizens as education funding discussions continue in the Illinois General Assembly.

The study is the most comprehensive one to date that analyzes the costs of providing a quality education in Illinois by looking at actual performance of all districts in Illinois. The study builds on previous groundbreaking work that the Ikenberry Commission relied on to make its recommendations in 1996 for a foundation level that was set at that time at \$4,225 per student.

The report demonstrates that in order for all school districts in Illinois to have the resources to meet Illinois Learning Standards, a substantial increase in the foundation level will be required. Additional accountability steps will be recommended by Network 21 to ensure that these resources reach the classroom, are used efficiently and improve the quality of education in Illinois.

METHODOLOGY

Under current law the Education Funding Advisory Board is required to make recommendations to the General Assembly on an appropriate foundation level based on “a methodology which incorporates the basic education expenditures of low-spending schools exhibiting high academic performance.” 105 ILCS 5/18-8.05

The methodology used by A&M examines the basic education expenditures of school districts that exhibit high academic performance based on aggregate student performance on the Illinois Standards Achievement Test (ISAT).^{*} Other criteria, determined in some part by Network 21 members, include attendance and drop out rates.

^{*} Schools in Illinois are not required to report school level financial data. Financial data are reported by school districts. Future studies of school finance should replicate the school level data approach utilized by the 1996 Governor’s Commission on Education Funding. Using the district as the unit of analysis for school finance purposes has been done by other states.

KEY VARIABLES

The study examined the following key variables:

- ❑ **Absolute Performance** - the percentage of students in the district who met the Illinois Learning Standards as determined by the ISAT. Sixty-seven percent was chosen as the absolute performance criterion.
- ❑ **Relative Performance** - generated through a linear regression analysis to select districts that performed above their predicted level of performance based on the district's demographic characteristics.
- ❑ **Attendance Rates** – 93.0 percent or greater for unit districts, 95.0 percent or greater for elementary school districts, and 95.0 percent or greater for high school districts.
- ❑ **Drop-Out Rates** – Six percent or less for unit districts and 3 percent or less for high school districts.
- ❑ **Per-Pupil Spending Criteria**- School districts with unusually high levels of per-pupil spending, one standard deviation or more above the state average. This variable is used to adjust the base expenditure lower by removing unusually high spending districts from the analysis.
- ❑ **Low Income Pupil Proportion** – School districts with unusually low or high concentrations of low-income pupils were used to control impacts of low and high poverty concentrations on education expenditures.

The basic expenditure level for all districts is defined as the tuition charge for each district. Expenditures are standardized for inter-district cost of education differences as defined by the National Center for Education Statistics (NCES).

RESULTS OF THE STUDY

The following tables outline the impact of different variables on a base education cost for unit, elementary and high school districts. The successful school district methodology permits policymakers to adjust a base education figure based on the data presented below.

Unit Districts

	No. of Districts	No. of Pupils	Adj. Base Spending
(1) All Districts	408	1,230,397	\$5,633
(2) Districts that meet Low Income Pupil Proportion and Per Pupil Spending Criteria Only	182	282,484	\$5,538
(3) Districts that meet Absolute Performance Criteria and Low Income Pupil Proportion and Per Pupil Spending Criteria	73	115,630	\$5,456
<i>Districts with Adj. Basic Spending Below Average of (3)</i>	140	734,270	\$5,193
(4) Districts that meet Absolute Performance Criteria and Absolute Attendance Criteria and Low Income Pupil Proportion and Per Pupil Spending Criteria	73	115,630	\$5,456
<i>Districts with Adj. Basic Spending Below Average of (4)</i>	140	734,270	\$5,193
(5) Districts that meet Absolute Performance Criteria and Absolute Attendance Criteria and Absolute Drop Out Criteria and Low Income Pupil Proportion Per Pupil Spending Criteria	67	107,627	\$5,380
<i>Districts with Adj. Basic Spending Below Average of (5)</i>	129	641,378	\$5,188
(6) Districts that meet Absolute and Relative Performance Criteria and Low Income Pupil Proportion and Per Pupil Spending Criteria	100	148,154	\$5,481
<i>Districts with Adj. Basic Spending Below Average of (6)</i>	150	755,616	\$5,196
(6a) Districts that meet Absolute and Relative Performance Criteria and Per Pupil Spending Criteria	141	281,950	\$5,460
<i>Districts with Adj. Basic Spending Below Average (6a)</i>	141	706,426	\$5,193
(7) Districts that meet Absolute and Relative Performance Criteria and Attendance Criteria and Low Income Pupil Proportion and Per Pupil Spending Criteria	100	148,154	\$5,481
<i>Districts with Adj. Basic Spending Below Average (7)</i>	150	755,516	\$5,196
(8) Districts that meet Absolute and Relative Performance Criteria and Attendance Criteria and Drop Out Criteria and Low Income Pupil Proportion and Per Pupil Spending Criteria	85	125,691	\$5,409
<i>Districts with Adj. Basic Spending Below Average of (8)</i>	133	662,975	\$5,189

Elementary Districts

	No. of Districts	No. of Pupils	Adj. Base Spending
(1) All Districts	384	516,949	\$5,640
(2) Districts that meet Low Income Pupil Proportion and Per Pupil Spending Criteria Only	179	184,108	\$5,146
(3) Districts that meet Absolute Performance Criteria and Low Income Pupil Proportion and Per Pupil Spending Criteria	127	138,180	\$5,205
<i>Districts with Adj. Basic Spending Below Average of (3)</i>	170	236,860	\$4,461
(4) Districts that meet Absolute Performance Criteria and Absolute Attendance Criteria and Low Income Pupil Proportion and Per Pupil Spending Criteria	118	127,307	\$5,245
<i>Districts with Adj. Basic Spending Below Average (4)</i>	178	243,620	\$4,482
(5) Districts that meet Absolute and Relative Performance Criteria and Low Income Pupil Proportion and Per Pupil Spending Criteria	135	147,616	\$5,164
<i>Districts with Adj. Basic Spending Below Average (5)</i>	164	221,376	\$4,410
(6) Districts that meet Absolute and Relative Performance Criteria and Per Pupil Spending Criteria	156	169,450	\$5,120
<i>Districts with Adj. Basic Spending Below Average (6)</i>	159	217,562	\$4,513
(7) Districts that meet Absolute and Relative Performance Criteria and Attendance Criteria and Low Income Pupil Proportion and Per Pupil Spending Criteria	123	129,555	\$5,237
<i>Districts with Adj. Basic Spending Below Average (7)</i>	176	242,689	\$4,479

High School Districts

	<u>No. of Districts</u>	<u>No. of Pupils</u>	<u>Adj. Base Spending*</u>
(1) All Districts	101	213,892	\$9,105
(2) Districts that meet Low Income Pupil Proportion and Per Pupil Spending Criteria Only	46	81,254	\$8,497
(3) Districts that meet Absolute Performance Criteria and Low Income Pupil Proportion and Per Pupil Spending Criteria	31	65,201	\$8,682
<i>Districts with Adj. Basic Spending Below Average (3)</i>	59	101,356	\$7,337
(4) Districts that meet Absolute Performance Criteria and Attendance Criteria and Low Income Pupil Proportion and Per Pupil Spending Criteria	23	47,343	\$8,773
<i>Districts with Adj. Basic Spending Below Average (4)</i>	60	102,416	\$7,352
(5) Districts that meet Absolute Performance Criteria and Attendance Criteria and Drop Out Criteria and Low Income Pupil Proportion and Per Pupil Spending Criteria	18	42,431	\$8,954
<i>Districts with Adj. Basic Spending Below Average of (5)</i>	62	106,668	\$7,412
(6) Districts that meet Absolute and Relative Performance Criteria and Low Income Pupil Proportion and Per Pupil Spending Criteria	34	66,679	\$8,660
<i>Districts with Adj. Basic Spending Below Average of (6)</i>	59	101,356	\$7,337
(6a) Districts that meet Absolute and Relative Performance Criteria and Per Pupil Spending Criteria	43	83,290	\$8,463
<i>Districts with Adj. Basic Spending Below Average of (6a)</i>	58	96,221	\$7,276
(7) Districts that meet Absolute and Relative Performance Criteria and Attendance Criteria and Low Income Pupil Proportion and Per Pupil Spending Criteria	25	48,181	\$8,763
<i>Districts with Adj. Basic Spending Below Average of (7)</i>	60	102,416	\$7,352

(8) Districts that meet Absolute and Relative Performance Criteria and Attendance Criteria and Drop Out Criteria and Low Income Pupil Proportion and Per Pupil Spending Criteria	18	42,431	\$8,952
<i>Districts with Adj. Basic Spending Below Average of (8)</i>	62	106,668	\$7,412

FACTORS ASSOCIATED WITH A QUALITY EDUCATION¹

Along with the foundation level study, A&M also provided a comparison of the characteristics of what they describe as successful and unsuccessful school districts. The designation of successful or unsuccessful is determined on the percentage of students who meet the Illinois Learning Standards at a rate of 67 percent or greater.

The following table highlights some important differences in the characteristics of successful and unsuccessful districts.

Successful	Unsuccessful
Higher equalized assessed value (EAV — property wealth) per pupil	Lower EAV per pupil
Lower tax rates	Higher tax rates
Lower LEP percent	Higher LEP percentage
Lower percentage low income	Higher percentage low income
Lower drop-out rates	Higher drop-out rates

SUPPLEMENTAL LOW-INCOME CONCENTRATION GRANT

Illinois school districts receive a supplemental grant, commonly referred to as the poverty grant, to defray the higher costs associated with providing a quality education to low-income students. There has been considerable concern that the low-income program instituted in 1997 does not meet the needs of many districts, because there is a minimum floor of 20 percent concentration in order to qualify for the grant.

¹ **Notes to table:**

(1) *Adjusted basic spending excludes spending for capital, transportation, special education, and other special programs and is modified to take into consideration geographic price differences using district indices from the National Center for Education Statistics (U.S. Department of Education). Each district's figure is weighted by its ADA pupils to calculate the average of all districts that meet specific criteria.*

(2) *Districts that are excluded because of the low income pupil proportion criteria are more than one standard deviation from the group mean. Districts are excluded with the following proportions:*

	<u>Below</u>	<u>Above</u>
Unit districts	8.4%	44.7%
Elementary Districts	0.0%	41.9%
High School Districts	0.3%	25.5%

(3) *Districts are excluded because of the per pupil spending criteria when their actual per pupil operating spending is greater than the level predicted by regression analysis.*

(4) *Performance criteria are as follows:*

Absolute criteria means that 67 percent of pupils in district pass ISAT

Relative criteria means either that 67 percent of pupils in a district pass ISAT or the passage rate of a district is higher than what is predicted based on regression analysis of all districts by group.

Current Poverty Grant Structure

Percentage Low Income Students	Grant Per Low-Income Pupil
More than 20 percent, less than 35 percent	\$800
More than 35 percent, less than 50 percent	\$1,230
More than 50 percent, less than 60 percent	\$1,640
More than 60 percent	\$2,050

A&M recommends a new formula which creates a pupil weight for low-income students and where the weight increases as the percentage of low income pupils increase in the district. The weight would be calculated by multiplying the percent of low income pupils by .8 and then adding to that amount the low income percentage squared times .63.

Thus, if a district has a low income concentration of 10 percent, the weight would be calculated in the following manner: $(.10 \times .8) + (.10 \times .10 \times .63) = .08 + .006 = .086$. For this district, each low income pupil counts as 1.086 pupils.

If a district had 60 percent low income students the figure would be: $(.60 \times .8) + (.60 \times .60 \times .63) = .48 + .23 = .71$ (eight times the level of the district with 10 percent low-income students). For this district, each low-income student counts as 1.71 pupils.

The exact cost of changing the poverty grant program from the current formula to a new pupil weighting system is contingent on several factors including: the foundation level, the data source for the low-income concentration and a determination of a new floor for the grant.

CONCLUSION

This executive summary is intended to provide an overview of A&M's findings to the Network 21 coalition members and other policymakers.

The A&M findings are not the final recommendations of the Network 21 coalition, but will assist the coalition in its study of an adequate foundation and poverty level grant.