



Frequently Asked Questions About Illinois Public School Finance and the Every Student Succeeds Act

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Budget Questions

Q: What is a school district budget?

A: The Illinois State Board of Education (ISBE) defines a budget as a plan of financial operation embodying an estimate of proposed expenditures for a given period or purpose and the proposed means of financing them. The budget usually consists of three parts: (1) a message from the budget-making authority together with a summary of the proposed expenditures and the means of financing them; (2) schedules supporting the summary (schedules show in detail the proposed expenditures and means of financing them together with information as to past years' actual revenues and expenditures and other data used in making the estimates); and (3) drafts of the appropriation, revenue, and borrowing measures necessary to put the budget into effect.

Q: What is the purpose of a school district budget?

A: The school district budget is designed to (1) meet requirements imposed by Illinois law and applicable rules; (2) provide expending and taxing authority; and (3) satisfy a minimum level of financial information for state, local, and federal governments.

Q: What is the process for the board of education to adopt a school district budget?

A: A fiscal year is established by the board of education under the provisions of Section 17-1 of the Illinois School Code (105 ILCS 5/17-1). The fiscal year is established as July 1 of a given year through June 30 of the following year. Every year school districts are required to adopt a school district budget for the fiscal year. There are many public notice requirements, budget filing requirements, budget amendment requirements, and deficit reduction plans that also may be needed. The [School District Budget Form \(ISBE 50-36\)](#) and deficit reduction plan, if required, are filed with ISBE within 30 days of adoption (or amendment) by the local school board.

Q: Where can I find a copy of the school district budget once adopted?

A: Section 17-1.2 of the Illinois School Code (105 ILCS 5/17-1.2) requires school districts with websites to do the following: (1) post the current budget, itemized by receipts and expenditures, on their website; and (2) notify parents/guardians that the budget has been posted and include the address of the website.

Q: Once a school district budget is adopted by the school board, can it be changed?

A: Yes; the board of education may amend an adopted budget by the same procedure as its original adoption. These requirements include the following: (1) post a notice of a budget hearing and availability of the budget for public inspection for at least 30 days prior to the budget hearing; (2) adopt the amended budget at a public meeting held after the budget hearing; (3) post the amended budget on the district website; and (4) submit the amended budget electronically to ISBE within 30 days of adoption.

Q: What is a deficit reduction plan, and when does this plan have to be approved?

A: A deficit reduction plan is necessary if the school board adopts or amends the budget in which the Education Fund, Operations and Maintenance Fund, Transportation Fund, and Working Cash Fund result in total direct revenues being less than total direct expenditures by an amount greater than one-third of the ending fund balance on June 30 of that year. If the estimated ending fund balance is not greater than three times the deficit spending, the district also must adopt and file with ISBE a deficit reduction plan to balance the budget within three years. The deficit reduction plan must be developed using ISBE guidelines and format.

Additional information about public school budgets can be found on the [ISBE website](#).

Revenue Questions

Q: What is the tax levy and tax extension?

A: The district's tax levy is the amount of money it requests to be raised from local property taxes. This is simply an estimate. The tax levy extension is the actual dollar amount to be raised from local property taxes. The district receives no more revenue from property taxes than it requested and is entitled to by law.

Q: What is the process for the board of education to file the tax levy?

A: The district prepares its annual tax levy based on the financial needs of the district, including consideration of its current fund balances. The district prepares its annual request, which is adopted by the board of education in December each year. Before it is adopted by the board of education, a public hearing must be held if the estimated levy exceeds 105% of the prior year extension according to Illinois's Truth in Taxation Law ILSC 200/18-70. This tax levy is then filed with the district's county clerk(s) by the last Tuesday in December.

Q: What is the Property Tax Extension Limitation Law?

A: The Property Tax Extension Limitation Law (PTELL) limits the amount of tax extensions (total taxes billed) for non-home rule taxing districts. Although the law is commonly referred to as "tax caps," use of this phrase can be misleading. The PTELL does not "cap" either individual property tax bills or individual property assessments. Instead, the PTELL allows a taxing district to receive a limited inflationary increase in tax extensions on existing property, plus an additional amount for new construction, and voter-approved rate increases. The limitation slows the growth of property tax revenues to taxing districts when property values and assessments are increasing faster than the rate of inflation. Property owners have some protection from tax bills that increase only because the market value of their property is rising rapidly. Increases in property tax extensions are limited to the lesser of 5% or the increase in the Consumer Price Index for the year preceding the levy year. The limitation for a taxing district can be increased with voter approval. Additional information on PTELL can be found at the [Illinois Revenue website](#).

Q: What are the different required funds that a school district manages?

A: The school district's accounting records, budgets, and financial reports are organized and reported on a fund basis. A fund is established for specific activities and objectives and is operated in accordance with laws, regulations, restrictions, or other designated purposes. Each fund is a separate and independent accounting entity with its own assets, liabilities, and fund balance. The number of funds created depends on the school district's operations, rather than size. Nine reporting funds are listed on the School District Budget Form (ISBE 50-36) as follows:

- *Educational Fund.* The most varied and the largest volume of transactions will be recorded in the Educational Fund. The Educational Fund covers transactions that are not specifically covered in another fund. Certain expenditures that must be charged to this fund include the direct costs of instruction, health and attendance services, lunch programs, all costs of administration (even those for buildings and grounds), and related insurance costs. Certain revenues that must be credited to this fund include educational tax levies, tuition, and textbook rentals.
- *Operations and Maintenance Fund.* All costs of maintaining, improving, or repairing school buildings and property; renting buildings and property for school purposes; or for the payment of premiums for insurance on school buildings shall be charged to this fund and paid from the tax levied for that purpose.
- *Debt Service Fund.* Bonds are generally issued to finance the construction of buildings but also may be issued for other purposes. Taxes are levied to provide cash to retire these bonds and to pay related interest. To protect the bondholders, these tax collections must be accounted for in the Debt Service Fund and maintained in separate bond and interest accounts for each bond issue.
- *Transportation Fund.* If a school district pays for transporting pupils for any purpose, a Transportation Fund must be created. Costs of transportation, including the purchase of vehicles and insurance on buses, are to be paid from this fund. Moneys received for transportation purposes from any source must be deposited into this fund.
- *Municipal Retirement and Social Security Fund.* This fund is created if a separate tax is levied for the school district's share of retirement benefits for covered employees or a separate tax is levied for the purpose of providing resources for the district's share of Social Security and/or Medicare-only payments for covered employees. If any of these taxes are not levied, payments for such purposes shall be charged to the fund where the salaries are charged.

- *Capital Projects Fund.* All proceeds of each construction bond issue (other than Fire Prevention and Safety) shall be placed in the Capital Projects Fund to separately identify these special funds from operating funds. Such moneys are to be spent for the purpose specified in the bond indenture and on the ballot.
- *Working Cash Fund.* If a separate tax is levied for working cash purposes or if bonds are sold for this purpose, this fund shall be created. Cash available in this fund may be loaned to any fund for which taxes are levied.
- *Tort Fund.* This fund is created if taxes are levied or bonds are sold for tort immunity or tort judgment purposes.
- *Fire Prevention and Safety Fund.* When a tax is levied, or bonds are issued for fire prevention, safety, energy conservation, disabled accessibility, school security and specified purposes, such proceeds shall be deposited and accounted for separately within the Fire Prevention and Safety Fund. The 0.05% levy is to be made only when there are not sufficient funds available in the Operations and Maintenance Fund; School Facility Occupation Tax Fund; or Fire Prevention and Safety Fund as determined by the district on the basis of regulations adopted by ISBE to make such alterations, repairs, or reconstruction, or to purchase and install such permanent fixed equipment as ordered or determined necessary.

Additional information about public school revenue can be found on the [ISBE website](#).

Q: What is Evidence-Based Funding?

A: The Evidence-Based Funding (EBF) law enacted in August 2017 comprehensively changed the way that Illinois school districts receive the bulk of state funds. The new formula seeks to increase the adequacy of school funding to provide a safe, rigorous, and well-rounded learning environment for all students as well as improve the equity of distribution of state funding. The funding formula is based on extensive calculations using local evidence and state data. For instance, a district's Adequacy Target draws on the costs of as many as 34 factors essential to a high-quality education in that district. Regional differences in costs also are included in the calculations. Each district is placed in a "tier," which indicates access to additional funding over the basic minimum state allocation, a hold harmless amount that guarantees no districts are "losers" under the formula. Tier 1 and Tier 2 districts receive 99% of additional funds appropriated for this purpose by the General Assembly. The EBF formula performs the calculations for the distribution of additional funds in three stages: (1) determining the cost of educating all students, according to defined cost factors, resulting in the Adequacy Target for

each district; (2) measuring each district's local resources for comparison to the Adequacy Target; and (3) distributing additional state funds to assist districts in meeting their Adequacy Targets. Additional information about EBF can be found on the [ISBE EBF webpage](#).

Q: Where can I find more information about EBF?

A: ISBE provides information on EBF, distributions and calculations, enrollment, impacts on special education, and numerous frequently asked questions. Additional information about EBF can be found on the [ISBE EBF webpage](#). An [ISBE EBF Frequently Asked Questions webpage](#) also is available.

Q: What is the EBF Spending Plan?

A: The EBF for Student Success Act requires each Organizational Unit (school districts, laboratory schools, Regional Offices of Education, and Intermediate Service Centers) to complete an annual spending plan, regardless of the amount of EBF dollars received. Historically, the spending plan was completed in ISBE's Web Application Security system, where it was only available to district administrators and ISBE. In consultation with an advisory group, ISBE redesigned the EBF Spending Plan and incorporated the plan template into the annual budget process for school districts. (Other Organizational Units will complete the plan via a standalone template.) A primary goal of the revised EBF Spending Plan is to make resource allocation decisions, especially regarding new tier funding and the amounts provided for student groups, more readily accessible to schools and stakeholders. ISBE publishes district budgets on its website, and it will publish spending plans for other Organizational Units. Additional information about the EBF Spending Plan can be found on the [ISBE website](#).

Q: What grants are available to help fund our school district?

A: ISBE offers numerous direct grant opportunities through the state and federal funds it receives. Information about these grant opportunities can be found on the [ISBE All State and Federal Grant Programs](#).

Q: What is the ESSER Fund?

A: The Elementary and Secondary School Emergency Relief (ESSER) Fund, part of the American Rescue Plan (ARP) Act, provides funds to local education agencies (LEAs) to assist in responding to changes in student needs due to the COVID-19 pandemic. Illinois' plan for using the ESSER funds was approved by the U.S. Department of Education (ED) on August 27, 2021. More

information about ED's approval of Illinois' ESSER plan can be found on the [ED website](#).
Information about ISBE's plans can be found on the [ISBE ARP ESSER Plans webpage](#).

Expenditure Questions

Q: Why does the Illinois Report Card include per-pupil expenditures for each school?

A: The Every Student Succeeds Act (ESSA) requires school districts to report school-level expenditure data, beginning with school year 2018–19 data, and report actual personnel and non-personnel expenditures of both site-specific and district-centralized expenditures. Expenditures are shown at the site level and must be disaggregated by source of funds (federal versus state/local). These data are self-reported and may differ from the district’s Annual Financial Report (AFR) data. Additional information about per-pupil and school-level expenditures may be found on the [ISBE Site-Based Expenditure Reporting webpage](#).

Q: What expenditures are reported on the Illinois Report Card?

A: Districts report per-pupil expenditures at the school level, including the school’s share of centralized expenditures, broken down by the expenditures’ source of funds (federal versus state and local). The local category includes any privately or philanthropically funded expenditures, such as donations from a parent group or grants from a foundation. The per-pupil expenditures reflect regular and ongoing K–12 educational expenses; other expenses are reported separately as exclusions. Districts also had the opportunity to submit a written narrative to provide context for the data. The report card also includes expenditure information derived from the AFR.

Q: Where can I find information on how much my school district spends on different services?

A: The district’s annual budget, adopted by the board of education, will show expenditures that the school anticipates for the upcoming school year. A copy of the district’s budget is typically available on its website. A district’s AFR will show actual district expenditures for the previous school year and can be found on the [ISBE AFR \(50-35\) webpage](#). [Budgets, AFRs, ASAs can be found on the ISBE website](#). [Budgets and AFRs for all districts can be downloaded at ISBE’s Cerberus FTP Server](#).

Special Services and Special Circumstance Questions

Q: What different transportation services do districts provide for their students, and how much do they cost annually?

A: There are four categories of transportation services as follows:

- *Regular Transportation.* Eligible students are those who reside 1.5 miles or more from the assigned attendance center or less than 1.5 miles with an Illinois Department of Transportation serious safety hazard approval due to rail or vehicular traffic.
- *Vocational Transportation.* Eligible students are those who are transported 1.5 miles or more one way from their assigned attendance center to a vocational program located at an area vocational center, another school district, or a building or other trades skill development site.
- *Special Education Transportation.* Eligible students are those with Individualized Education Programs (IEPs) who have special transportation approved as a related service. If special needs students do not have transportation approved as a related service, they are transported on regular routes.
- *Non-reimbursable Transportation.* This category includes students transported for regular pre-kindergarten on exclusive routes, regular summer school, and non-curriculum-related field trips, such as transporting participants or spectators to and from athletic contests, academic contests, extracurricular, and/or co-curricular activities.

The district's annual budget, adopted by the board of education, will show expenditures for transportation services that are anticipated for the upcoming school year. A copy of the district's budget is typically available on its website. A district's AFR will show expenditures for transportation services for the previous school year. The AFR for school districts can be found on the [ISBE AFR \(50-35\) webpage](#).

Q: How does a district fund its student transportation services?

A: A school district obtains its annual revenue for transportation services through local property taxes. ISBE also provides school districts with reimbursement for certain transportation programs as well. Additional information about transportation programs can be found on the [ISBE Transportation webpage](#). A separate frequently asked questions document about pupil transportation programs can be found on the [ISBE website](#).

Q: What different special education services do districts provide for their students, and how much do they cost annually?

A: Special education services are specialized instruction and related services, if required, provided to eligible children and youth with disabilities who require said services. The district's annual budget, adopted by the board of education, will show expenditures for special education services that are anticipated for the upcoming school year. A copy of the district's budget is typically available on its website. A district's AFR will show actual expenditures for special education services for the previous school year. The AFR for school districts can be found on the [ISBE AFR \(50-35\) webpage](#). Additional information about special education services and state reimbursements is available on the [ISBE Special Education Reimbursement webpage](#).

Q: Does the district profit from the food services it provides for students?

A: It is possible that a district profits from the food service program it provides to students and staff. This depends on many factors, such as the type of meals offered by the school, the cost per meal, the amounts charged to students, and the overall philosophy of the school board and school leadership. There are many programs available to school districts, such as the National School Lunch Program (NSLP), the School Breakfast Program (SBP), the Special Milk Program (SMP), the Summer Food Service Program (SFSP), the Seamless Summer Option, and the Illinois Free Lunch and Breakfast Program. Districts operating a NSLP are required to be non-profit programs ([Federal Code 210.14](#)). Additional information about food service programs can be found on the [ISBE Child Nutrition Programs webpage](#).

Q: What is a mandated categorical program, and where can I learn more about it?

A: A mandated categorical program and the funds appropriated for it by the state are earmarked and mandated by statute for a particular purpose or population and may be used for that purpose or population only. Additional information about mandated categorical program funding can be found on the [ISBE website](#).

Q: How and why do school districts consolidate or reorganize?

A: School districts reorganize primarily to improve their ability to develop and implement quality programs for students, offset student enrollment declines, and provide a more cost-efficient and stable school district. Different types of reorganization include consolidation, conversion, deactivation, detachment/annexation, dissolution/annexation, and partial elementary unit formation. ISBE has created a [brochure](#) on school district reorganization as well as a [brochure](#) on school district consolidation.

Financial Position Questions

Q: What is our district's current financial position?

A: ISBE has developed the School District Financial Profile to help monitor the finances of school districts and identify which are in or are moving toward financial difficulty. This profile includes five specific indicators and a rating system, which are explained in detail on the [ISBE website](#). A rating is provided to all school districts annually, and historical rating archives can be found on the [ISBE School District Financial Profile webpage](#).

Q: What is our district's financial Adequacy Target, and how is it calculated?

A: The Adequacy Target is the denominator of each district's percentage of adequacy calculation. The Adequacy Target is the minimum cost to educate students within the district based on the cost factors outlined in the Evidence Based Funding formula. Please refer to ISBE's resource materials for the methodology and list of cost factors used to determine a district's Adequacy Target. Each district's Adequacy Target is calculated by ISBE and updated annually. Additional information EBF can be found on the [ISBE EBF webpage](#).

Q: How much money does our district have in reserve funds?

A: The Annual Financial Report (AFR) will show the fund balances at the end of each fiscal year. Additional information about the AFR and copies of archived reports can be found on the [ISBE AFR \(50-35\) webpage](#). website at.

Q: How does our district compare with neighboring districts and others?

A: ISBE annually releases a Report Card that shows how each school, district, and the state is performing on a wide range of educational goals. The Illinois Report Card has two main components: (1) the At-a-Glance Report that provides important information about each school or district in a one-page, printable format and (2) the online Report Card that provides in-depth information with explanations of each indicator available. Illinois districts and schools can be compared with one another as well as to the state averages on the [Illinois Report Card website](#).

Every Student Succeeds Act (ESSA) Questions

Q: What does ESSA stand for?

A: The Every Student Succeeds Act (ESSA) was signed by President Barack Obama on December 10, 2015. This bipartisan measure reauthorizes the 50-year-old Elementary and Secondary Education Act (ESEA), the nation’s national education law, and ensures longstanding commitment to equal opportunity for all students. More information about ESSA can be found on the [ED website](#). Every state was required to submit an ESSA consolidated state plan in 2017. The [Illinois ESSA State Plan](#) was approved by ED on August 30, 2017, with approval of the amendment on August 2, 2022.

Q: How has the new ESSA requirement for states to report school-level per-pupil expenditures been going so far?

A: A [July 2020 brief from Edunomics Lab](#) dives into the ESSA requirement for states to report school-level per-pupil expenditures, how states are doing with reporting these data, and if the data are useful.

Q: Are there any examples of how schools and districts in other states are communicating with parents and communities about school-level per-pupil expenditures?

A: A May 2020 blog from Marguerite Roza and Laura Anderson from the [Edunomics Lab](#) at Georgetown University—[Straight Talk in Financially Uncertain Times: How District Leaders Can Communicate About the Messy Financial Landscape Coming Their Way](#)—explores research on how different stakeholders, such as district staff and parents, engage with district finance information and the best practices for communicating district finance information to these stakeholders. In a June 2019 article, [ESSA Forces Uncomfortable Conversations in Massachusetts Over School Spending](#), Daarel Burnette II provides insight on how the ESSA per-pupil expenditure reporting requirement is leading to uncomfortable conversations on school spending in Massachusetts.

Q: Where can I find additional resources about the Every Student Succeeds Act?

A: Additional information about ESSA can be found on the [ISBE Every Student Succeeds Act \(ESSA\) webpage](#). Also, see [Using ESSA to Improve the Fairness of School Funding](#) on the

American Institutes for Research (AIR) website. The AIR website also has additional information on [Selecting Evidence-Based Practices for Low-Performing Schools](#) and [Teacher Effectiveness in the Every Student Succeeds Act](#).

Q: I have heard about resource allocation reviews that will be required for districts with multiple low-performing schools. Where can I find more information about what these resource allocation reviews might look like?

A: ESSA requires that state education agencies (SEAs) conduct periodic resource allocation reviews (RARs) in districts that serve low-performing schools. The mandate represents a new opportunity for states and districts to examine the connection between resource allocation and academic outcomes, but the language of the law may leave state agencies unsure of their role in this process. [The Guide for SEA-led Resource Allocation Reviews](#) is a step-by-step guide that SEA leaders can use when conducting their RARs.

Frequently asked questions about ESSA and accountability can be found on the [Association for Supervision and Curriculum Development website](#).

National Education Questions

Q: How do districts in other states develop their budgets and manage their spending?

A: *Education Week* released a multipart report, [Managing the Money: Charting a Course on School Spending](#). This report focuses on what those in the hot seat—superintendents, principals, and other local leaders—actually do with the funding they get and what stands in their way of making better use of it.

Q: I've heard about some districts using a weighted student funding (WSF), also known as a student-based budgeting (SBB), approach to budgeting. How does this approach compare with the traditional approach used by most districts?

A: A national research study conducted by AIR on districts' use of weighted student funding (WSF) systems was released in October 2019. This study examines how WSF districts have implemented these systems, the types of weights and other adjustments they use, how they compare with districts that use more traditional resource allocation practices, and funding equity outcomes. The information can be found on the [ED website](#).

Additional Resources

Q: What are some additional resources for learning more about Illinois public schools?

A: Several professional educational leadership organizations in Illinois offer a wide range of resources to the public, which can be accessed through the following links:

- [Illinois State Board of Education](#)
- [Illinois Association of School Boards](#)
- [Illinois Association of Regional Superintendents of Schools](#)
- [Illinois Association of School Administrators](#)
- [Illinois Association of School Business Officials](#)
- [Illinois Principals Association](#)
- [Illinois Education Association](#)

Q: How is equity considered in Illinois education?

A: ISBE's goals for equity are defined in the Strategic Plan as: "Equity means having high expectations for every learner and providing supports and resources so each learner can meet those expectations." More information about ISBE's commitment to equity and supports for Illinois school districts in their equity journey can be found on the [ISBE Equity Information and Resources webpage](#).

Q: How is social and emotional learning considered within Illinois education?

A: ISBE has adopted the [Illinois Social and Emotional \(SEL\) Standards](#). Information about the Illinois SEL Standards can be found on the ISBE website at. Information about how SEL is incorporated into [ISBE's Strategic Plan](#).

Q: Where can I find information about Illinois state senators and representatives?

A: Information about Illinois state senators, house representatives, and Chicago aldermen can be found on the [Illinois Policy website](#).

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