

ISBE Waiver for Supplemental General State Aid (SGSA)

November 14, 2012

Overview

- The Illinois School Code requires the CPS distribute \$261 million of its general state aid directly to schools. These funds are part of the schools' discretionary money, often referred to as Supplemental General State Aid, or SGSA.
- Each school receives a per-pupil amount based on the total number of students receiving free or reduced-priced meals.
- This waiver has to do with the mechanics of distributing SGSA to schools.

CPS' Current Process for Distributing SGSA Funds

- The **initial** allocation of SGSA to schools is based on the number of students receiving free and reduced-priced meals as of the 20th day of the prior school year.
 - CPS does not distribute the full \$261 million in the initial allocation
 - Approximately \$10 million is reserved for the final allocation.
 - New schools, and schools with expanding grades, receive an estimated count of eligible students.
- The **final** SGSA allocation is based on the number of eligible students as of 20th day of the current school year.
- As required, CPS submitted an SGSA plan to ISBE on July 15.

ISBE Rejected FY13 SGSA Plan

- ISBE found that current CPS process for distributing SGSA does not comply with provisions of Illinois Administrative Code.
 - Code requires entire amount of SGSA to be distributed based on number of students eligible for free and reduced-priced meals as of December 1 of the prior school year.
 - No 20th day adjustment.
- In the past, ISBE has accepted CPS' method of distributing SGSA.
 - Strict compliance with Illinois Administrative Code is being enforced this year.

Need for Waiver

- We are already using our current allocation process for FY 2013.
- Many schools would be significantly impacted if we “changed horses in midstream.”
 - We would have to take \$1.8 million of SGSA funding from 68 schools.
 - Would create major disruption in middle of school year.
- CPS’ current process for allocating SGSA funds is more equitable
 - We use the most current and accurate counts of students to ensure that SGSA funds are following the student.
 - Under procedure in administrative code, new schools would not receive SGSA in its first year even if they have students qualifying for free/reduced meals.

Effect of Waiver

- The waiver, if accepted by ISBE, would allow CPS to follow its current process for distributing SGSA funds to schools.
- Waiver would last for 2 years.
- Waiver would give CPS sufficient time to work with ISBE to revise administrative rules to provide for a more equitable distribution method.