School Finance 101: Federal Revenues

**Background:** District 7’s total FY2016 revenue budget of approximately $72 million has three main sources that support the educational programs and services of the District.

- Nearly 80% of funding comes from local sources - property tax revenues
- Approximately 17% comes from the State of Illinois through General State Aid, Transportation and Special Education Reimbursements and Early Childhood Grant
- The remaining 5% comes from federal sources

*Last week, I explained funding from local property tax revenues; this week, I’ll focus on District 7’s funding from federal sources.*

District 7 receives approximately 5% of its funding from the federal government in two categories: **Special Education and funding sources driven by the District’s poverty level.**

**Special Education:** The Individuals with Disabilities Education Act (IDEA) outlines educational services that **must** be provided to the District’s 725 students with an identified disability.
Federal funds from the federal IDEA grant provide only 14.4 percent of the $12.1 million total cost of educating students with identified disabilities.

**Funding sources tied to a district’s poverty level include:**
- Title I & Title II
- Food Service
- Medicaid reimbursement

As a result of District 7’s lower poverty level, District 7 is identified as a Title I “Targeted Assistance” program. All staff, supplies, and equipment paid by these funds are limited exclusively to those 390 students who meet Title I eligibility requirements. More commonly known as Reading Club, Title I funds only four of the District’s nine elementary reading specialists.

In comparison, districts with poverty levels exceeding 40% are identified as “School-wide” programs. These districts receive significantly higher allocations along with minimal limitations on the use of these funds. School-wide programs allow funds to be used on the entire school population.

**Example:** If a book purchased with Title I funds in District 7 is placed in a classroom, it can only be used by the Title I-eligible students in that classroom, according to federal regulations. A book purchased with Title I funds in a “School-wide” district can be shared by every student in that district.

Title II funds cover the salaries of three teachers annually. Food Service funds reimburse the District for the free and reduced lunch program.

The following chart compares federal funding (excluding Special Education funding) received by the four largest school districts in Madison County.

<table>
<thead>
<tr>
<th>School District</th>
<th>Annual Federal Funding</th>
<th>Poverty</th>
<th>Total Student Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Granite City</td>
<td>$8,433,460</td>
<td>72%</td>
<td>6329</td>
</tr>
<tr>
<td>Collinsville</td>
<td>$4,768,267</td>
<td>62%</td>
<td>6603</td>
</tr>
<tr>
<td>Alton</td>
<td>$5,834,432</td>
<td>69%</td>
<td>6349</td>
</tr>
<tr>
<td>Edwardsville</td>
<td>$2,228,077</td>
<td>21%</td>
<td>7611</td>
</tr>
</tbody>
</table>

Even though these local districts have 1000-1300 fewer students, they receive between $2.5 and $6.2 million more in federal funds than District 7.

While District 7’s federal funding is restricted to specialized services, the funding received addresses only a fraction of the actual costs.