



## 102ND GENERAL ASSEMBLY

### State of Illinois

### 2021 and 2022

### HB2983

Introduced 2/19/2021, by Rep. Thomas Morrison

#### SYNOPSIS AS INTRODUCED:

105 ILCS 5/17-1.5  
105 ILCS 5/34-43.1

from Ch. 122, par. 34-43.1

Amends the School Code. Makes changes with regard to the limitation of administrative costs. Defines "consumer price index", "expenditures per pupil", "general administration expenditures", and "school administration expenditures". Provides that for the 2022-2023 school year and each school year thereafter, each school district shall undertake budgetary and expenditure control actions so that the increase in each of the budgeted administrative expenditures per pupil (with the exception of the Chicago school district, whose limit is not changed), budgeted general administration expenditures per pupil, and budgeted school administration expenditures per pupil for that school year over the expenditures per pupil for the prior school year does not exceed the percentage increase, if any, in the consumer price index for the 12 months ending on the December 31 prior to the budgetary year or 5%, whichever one is less. Makes conforming changes and other changes.

LRB102 14981 CMG 20336 b

FISCAL NOTE ACT  
MAY APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

1 AN ACT concerning education.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The School Code is amended by changing Sections  
5 17-1.5 and 34-43.1 as follows:

6 (105 ILCS 5/17-1.5)

7 Sec. 17-1.5. Limitation of administrative costs.

8 (a) It is the purpose of this Section to establish  
9 limitations on the growth of administrative expenditures in  
10 order to maximize the proportion of school district resources  
11 available for the instructional program, building maintenance,  
12 and safety services for the students of each district.

13 (b) Definitions. For the purposes of this Section:

14 "Administrative expenditures" mean the annual expenditures  
15 of school districts properly attributable to expenditure  
16 functions defined by the rules of the State Board of Education  
17 as: 2320 (Executive Administration Services); 2330 (Special  
18 Area Administration Services); 2490 (Other Support Services -  
19 School Administration); 2510 (Direction of Business Support  
20 Services); 2570 (Internal Services); and 2610 (Direction of  
21 Central Support Services); provided, however, that  
22 "administrative expenditures" shall not include early  
23 retirement or other pension system obligations required by

1 State law.

2 "Consumer price index" means the Consumer Price Index for  
3 All Urban Consumers for all items published by the Bureau of  
4 Labor Statistics of the United States Department of Labor.

5 "Expenditures per pupil" means the total administrative  
6 expenditures, general administration expenditures, or school  
7 administration expenditures divided by the average number of  
8 students reported to the State Board of Education as enrolled  
9 in the school district on October 1 and March 1, in the  
10 immediately preceding school year, as defined by "Average  
11 Student Enrollment" under Section 18-8.15 of this Code.

12 "General administration expenditures" means the sum of all  
13 annual expenditures of a school district that are attributable  
14 to expenditure functions that are defined by the rules of the  
15 State Board of Education as 2300 (Total Support Services -  
16 General Administration); however, "general administration  
17 expenditures" does not include early retirement or other  
18 pension system obligations required by State law.

19 "School administration expenditures" means the sum of all  
20 annual expenditures of a school district that are attributable  
21 to expenditure functions that are defined by the rules of the  
22 State Board of Education as 2400 (Total Support Services -  
23 School Administration); however, "school administration  
24 expenditures" does not include early retirement or other  
25 pension system obligations required by State law.

26 "School district" means all school districts having a

1 population of less than 500,000.

2 (c) For the 1998-99 school year through the 2021-2022  
3 school year and each school year thereafter, each school  
4 district shall undertake budgetary and expenditure control  
5 actions so that the increase in administrative expenditures  
6 for that school year over the prior school year does not exceed  
7 5%. For 2022-2023 school year and each school year thereafter,  
8 each school district shall undertake budgetary and expenditure  
9 control actions so that the increase in each of the budgeted  
10 administrative expenditures per pupil, budgeted general  
11 administration expenditures per pupil, and budgeted school  
12 administration expenditures per pupil for that school year  
13 over the expenditures per pupil for the prior school year does  
14 not exceed the percentage increase, if any, in the consumer  
15 price index for the 12 months ending on December 31 prior to  
16 the budgetary year or 5%, whichever one is less. For purposes  
17 of this Section, for the 2021-2022 school year, the general  
18 administration expenditures per pupil shall be the lesser of  
19 the actual expenditures per pupil of the school district for  
20 the prior school year or the amount reported by the United  
21 States Census Bureau in its 2001 Annual Survey of School  
22 System Finances as the Illinois average per pupil for Support  
23 Services Expenditure - General Administration (Function 2300),  
24 increased by the percentage increase, if any, in the consumer  
25 price index for 2002 through 2021 compounded. For purposes of  
26 this Section, for the 2021-2022 school year, the school

1 administration expenditures per pupil shall be the amount  
2 reported by the United States Census Bureau in its 2015 Annual  
3 Survey of School System Finances as the national average per  
4 pupil for Support Services Expenditure - School Administration  
5 (Function 2400), increased by the percentage increase, if any,  
6 in the consumer price index for 2019, 2020, and 2021  
7 compounded. For the 2021-2022 school year and each subsequent  
8 school year, the State Board of Education shall publish on its  
9 Internet website the current year allowable percentage  
10 increase and a list of school districts that qualify to waive  
11 each of the applicable limitations under subsection (c-5) of  
12 this Section.

13 (c-5) School districts with administrative expenditures,  
14 general administration expenditures, or school administration  
15 expenditures per pupil in the 25th percentile and below for  
16 all districts of the same type, as defined by the State Board  
17 of Education, may waive the applicable limitation imposed  
18 under this Section for any year following a public hearing and  
19 with the affirmative vote of at least two-thirds of the  
20 members of the school board of the district. Any district  
21 waiving a ~~the~~ limitation shall notify the State Board within  
22 45 days of such action.

23 (d) School districts shall file with the State Board of  
24 Education by ~~November 15, 1998 and by~~ each November 15th  
25 ~~thereafter~~ a ~~one-page~~ report that lists (i) the actual  
26 administrative expenditures, general administration

1 expenditures, and school administration expenditures for the  
2 prior year from the district's audited Annual Financial  
3 Report, with the relevant average number of students reported  
4 to the State Board of Education, as set forth in the definition  
5 of "expenditures per pupil" under this Section, and (ii) the  
6 projected administrative expenditures, general administration  
7 expenditures, and school administration expenditures for the  
8 current year from the budget adopted by the school board  
9 pursuant to Section 17-1 of this Code, with the relevant  
10 average number of students reported to the State Board of  
11 Education, as set forth in the definition of "expenditures per  
12 pupil" under this Section, (iii) the administrative  
13 expenditures per pupil, general administration expenditures  
14 per pupil, and school administration expenditures per pupil  
15 for the prior year and the current year, and (iv) the  
16 percentage increase in current year per pupil expenditures  
17 over prior year per pupil expenditures.

18 If a school district that is ineligible to waive a ~~the~~  
19 limitation imposed by subsection (c) of this Section by board  
20 action exceeds that ~~the~~ limitation solely because of  
21 circumstances beyond the control of the district and the  
22 district has exhausted all available and reasonable remedies  
23 to comply with the applicable limitation, the district may  
24 request a waiver pursuant to Section 2-3.25g of this Code. The  
25 waiver application shall specify the amount, nature, and  
26 reason for the relief requested, as well as all remedies the

1 district has exhausted to comply with the limitation. Any  
2 emergency relief so requested shall apply only to the specific  
3 school year for which the request is made. The State Board of  
4 Education shall analyze all such waivers submitted and shall  
5 recommend that the General Assembly disapprove any such waiver  
6 requested that is not due solely to circumstances beyond the  
7 control of the district and for which the district has not  
8 exhausted all available and reasonable remedies to comply with  
9 the limitation. The State Superintendent shall have no  
10 authority to impose any sanctions pursuant to this Section for  
11 any expenditures for which a waiver has been requested until  
12 such waiver has been reviewed by the General Assembly. Except  
13 for a new district formed under Article 11E of this Code, any  
14 district that has current year expenditures per pupil but no  
15 prior year expenditures per pupil for a limitation must  
16 request a waiver under Section 2-3.25g of this Code.

17 If the report and information required under this  
18 subsection (d) are not provided by the school district in a  
19 timely manner, or are subsequently determined by the State  
20 Superintendent of Education to be incomplete or inaccurate,  
21 the State Superintendent shall notify the district in writing  
22 of reporting deficiencies. The school district shall, within  
23 60 days of the notice, address the reporting deficiencies  
24 identified.

25 (e) If the State Superintendent determines that a school  
26 district has failed to comply with the administrative

1 expenditure, the general administration expenditure, or the  
2 school administration expenditure limitation imposed in  
3 subsection (c) of this Section, the State Superintendent shall  
4 notify the district of the violation and direct the district  
5 to undertake corrective action to bring the district's budget  
6 into compliance with the applicable ~~administrative expenditure~~  
7 limitation. The district shall, within 60 days of the notice,  
8 provide adequate assurance to the State Superintendent that  
9 appropriate corrective actions have been or will be taken. ~~If~~  
10 ~~the district fails to provide adequate assurance or fails to~~  
11 ~~undertake the necessary corrective actions, the State~~  
12 ~~Superintendent may impose progressive sanctions against the~~  
13 ~~district that may culminate in withholding all subsequent~~  
14 ~~payments of general State aid due the district under Section~~  
15 ~~18-8.05 of this Code or evidence based funding due the~~  
16 ~~district under Section 18-8.15 of this Code until the~~  
17 ~~assurance is provided or the corrective actions taken.~~

18 (f) The State Superintendent shall publish a list each  
19 year of the school districts that violate any ~~the~~ limitation  
20 imposed by subsection (c) of this Section and a list of the  
21 districts that waive a ~~the~~ limitation by board action as  
22 provided in subsection (c-5) ~~(e)~~ of this Section.

23 (g) For any school district that violates a limitation  
24 imposed by subsection (c) of this Section for a minimum of 2  
25 out of 3 years, the State Superintendent of Education may  
26 withhold payments of evidence-based funding due to the school



1 district under Section 18-8.15 of this Code in an amount equal  
2 to the amount the school district exceeded the limitation  
3 imposed.

4 (Source: P.A. 100-465, eff. 8-31-17.)

5 (105 ILCS 5/34-43.1) (from Ch. 122, par. 34-43.1)

6 Sec. 34-43.1. In this Section, "consumer price index",  
7 "expenditures per pupil", "general administration  
8 expenditures", and "school administration expenditures" have  
9 the meanings given to those terms under Section 17-1.5 of this  
10 Code.

11 (A) Limitation of noninstructional costs. It is the  
12 purpose of this Section to establish for the Board of  
13 Education and the general superintendent of schools  
14 requirements and standards which maximize the proportion  
15 of school district resources in direct support of  
16 educational, program, and building maintenance and safety  
17 services for the pupils of the district, and which  
18 correspondingly minimize the amount and proportion of such  
19 resources associated with centralized administration,  
20 administrative support services, and other  
21 noninstructional services.

22 For the 1989-90 school year and for all subsequent  
23 school years, the Board of Education shall undertake  
24 budgetary and expenditure control actions which limit the  
25 administrative expenditures of the Board of Education to

1 levels, as provided for in this Section, which represent  
2 an average of the administrative expenses of all school  
3 districts in this State not subject to Article 34.

4 For the 2022-2023 school year and for all subsequent  
5 school years, the Board of Education shall also undertake  
6 budgetary and expenditure control actions so that the  
7 increase in each of the general administration  
8 expenditures per pupil and school administration  
9 expenditures per pupil for that school year over the  
10 immediately preceding school year expenditures per pupil  
11 does not exceed the percentage increase, if any, in the  
12 consumer price index for the 12 months ending on December  
13 31 prior to the budgetary year or 5%, whichever one is  
14 less.

15 For purposes of this Section, for the 2021-2022 school  
16 year, the general administration expenditures per pupil  
17 shall be the amount reported by the United States Census  
18 Bureau in its 2001 Annual Survey of School System Finances  
19 as the average of the Support Services Expenditure -  
20 General Administration (Function 2300) per pupil for the  
21 district, increased by the percentage increase, if any, in  
22 the consumer price index for the years 2002 through 2021  
23 compounded. The school administration expenditures per  
24 pupil shall be the amount reported by the United States  
25 Census Bureau in its 2015 Annual Survey of School System  
26 Finances as the average of the Support Services

1 Expenditure - School Administration (Function 2400) per  
2 pupil for the 10 largest school districts in the United  
3 States, increased by the percentage increase, if any, in  
4 the consumer price index for 2019, 2020, and 2021  
5 compounded.

6 On or before May 1, 2022 and annually thereafter, the  
7 State Superintendent of Education shall certify to the  
8 Board of Education the allowable percentage increase  
9 applicable to the following year general administration  
10 expenditures per pupil and school administration  
11 expenditures per pupil.

12 (B) Certification of expenses by the State  
13 Superintendent of Education. The State Superintendent of  
14 Education shall annually certify, on or before May 1, to  
15 the Board of Education ~~and the School Finance Authority,~~  
16 for the applicable school year, the following information:

17 (1) the annual expenditures of all school  
18 districts of the State not subject to Article 34  
19 properly attributable to expenditure functions defined  
20 by the rules and regulations of the State Board of  
21 Education as: 2210 (Improvement of Instructional  
22 Services); 2300 (Support Services - General  
23 Administration) excluding, however, 2320 (Executive  
24 Administrative Services); 2490 (Other Support Services  
25 - School Administration); 2500 (Support Services -  
26 Business); 2600 (Support Services - Central);

1           (2) the total annual expenditures of all school  
2 districts not subject to Article 34 attributable to  
3 the Education Fund, the Operations, Building and  
4 Maintenance Fund, the Transportation Fund and the  
5 Illinois Municipal Retirement Fund of the several  
6 districts, as defined by the rules and regulations of  
7 the State Board of Education; and

8           (3) a ratio, to be called the statewide average of  
9 administrative expenditures, derived by dividing the  
10 expenditures certified pursuant to paragraph (B)(1) by  
11 the expenditures certified pursuant to paragraph  
12 (B)(2).

13           For purposes of the annual certification of  
14 expenditures and ratios required by this Section, the  
15 "applicable year" of certification shall initially be the  
16 1986-87 school year and, in sequent years, each succeeding  
17 school year.

18           The State Superintendent of Education shall consult  
19 with the Board of Education to ascertain whether  
20 particular expenditure items allocable to the  
21 administrative functions enumerated in paragraph (B)(1)  
22 are appropriately or necessarily higher in the applicable  
23 school district than in the rest of the State due to  
24 noncomparable factors. The State Superintendent shall also  
25 review the relevant cost proportions in other large urban  
26 school districts. The State Superintendent shall also

1 review the expenditure categories in paragraph (B)(1) to  
2 ascertain whether they contain school-level expenses. If  
3 he or she finds that adjustments to the formula are  
4 appropriate or necessary to establish a more fair and  
5 comparable standard for administrative cost for the Board  
6 of Education or to exclude school-level expenses, the  
7 State Superintendent shall recommend ~~to the School Finance~~  
8 ~~Authority~~ rules and regulations adjusting particular  
9 subcategories in this paragraph ~~subsection~~ (B) or  
10 adjusting certain costs in determining the budget and  
11 expenditure items properly attributable to the functions  
12 or otherwise adjust the formula.

13 (C) Administrative expenditure limitations. The annual  
14 budget of the Board of Education, as adopted and  
15 implemented, and the related annual expenditures for the  
16 school year, shall reflect a limitation on administrative  
17 outlays as required by the following provisions, taking  
18 into account any adjustments established by the State  
19 Superintendent of Education: (1) the budget and  
20 expenditures of the Board of Education for the 1989-90  
21 school year shall reflect a ratio of administrative  
22 expenditures to total expenditures equal to or less than  
23 the statewide average of administrative expenditures for  
24 the 1986-87 school year as certified by the State  
25 Superintendent of Education pursuant to paragraph (B)(3);  
26 (2) for the 1990-91 school year and for all subsequent

1 school years, the budget and expenditures of the Board of  
2 Education shall reflect a ratio of administrative  
3 expenditures to total expenditures equal to or less than  
4 the statewide average of administrative expenditures  
5 certified by the State Superintendent of Education for the  
6 applicable year pursuant to paragraph (B)(3); (2.5) for  
7 the 2022-2023 school year and for all subsequent school  
8 years, the budget and expenditures of the Board of  
9 Education shall reflect an annual increase in each of the  
10 general administration expenditures per pupil and school  
11 administration expenditures per pupil over the immediately  
12 preceding school year expenditures per pupil equal to or  
13 less than the percentage increase, if any, in the consumer  
14 price index for the 12 months ending on the previous  
15 December 31 or 5%, whichever one is less, as certified by  
16 the State Superintendent of Education under paragraph (A)  
17 of this Section; (3) if for any school year the budget of  
18 the Board of Education reflects a ratio of administrative  
19 expenditures to total expenditures which exceeds the  
20 applicable statewide average, the Board of Education shall  
21 reduce expenditure items allocable to the administrative  
22 functions enumerated in paragraph (B)(1) such that the  
23 Board of Education's ratio of administrative expenditures  
24 to total expenditures is equal to or less than the  
25 applicable statewide average ratio; and (4) beginning with  
26 the 2022-2023 school year, if for any school year the

1 budget of the Board of Education reflects an annual  
2 increase in either general administration expenditures per  
3 pupil or school administration expenditures per pupil  
4 greater than the percentage increase, if any, in the  
5 consumer price index for the 12 months ending on the  
6 previous December 31 or 5%, whichever one is less, as  
7 certified by the State Superintendent of Education for the  
8 applicable school year under paragraph (A) of this  
9 Section, the Board of Education shall reduce expenditure  
10 items allocable to general administration expenditures or  
11 school administration expenditures to ensure the  
12 expenditures per pupil are equal to or less than the  
13 allowable increase amount.

14 For purposes of this Section, the ratio of  
15 administrative expenditures to the total expenditures of  
16 the Board of Education, as applied to the budget of the  
17 Board of Education, shall mean: the budgeted expenditure  
18 items of the Board of Education properly attributable to  
19 the expenditure functions identified in paragraph (B)(1)  
20 divided by the total budgeted expenditures of the Board of  
21 Education properly attributable to the Board of Education  
22 funds corresponding to those funds identified in paragraph  
23 (B)(2), exclusive of any monies budgeted for payment to  
24 the Public School Teachers' Pension and Retirement System,  
25 attributable to payments due from the General Funds of the  
26 State of Illinois.

1           The annual expenditure of the Board of Education for  
2           2320 (Executive Administrative Services) for the 1989-90  
3           school year shall be no greater than the 2320 expenditure  
4           for the 1988-89 school year. The annual expenditure of the  
5           Board of Education for 2320 for the 1990-91 school year  
6           and each subsequent school year shall be no greater than  
7           the 2320 expenditure for the immediately preceding school  
8           year or the 1988-89 school year, whichever is less. This  
9           annual expenditure limitation may be adjusted in each year  
10          in an amount not to exceed any change effective during the  
11          applicable school year in salary to be paid under the  
12          collective bargaining agreement with instructional  
13          personnel to which the Board is a party and in benefit  
14          costs either required by law or such collective bargaining  
15          agreement.

16          (D) Cost control measures. In undertaking actions to  
17          control or reduce expenditure items necessitated by the  
18          administrative expenditure, general administration  
19          expenditure, and school administration expenditure  
20          limitations of this Section, the Board of Education shall  
21          give priority consideration to reductions or cost controls  
22          with the least effect upon direct services to students or  
23          instructional services for pupils, and upon the safety and  
24          well-being of pupils, and, as applicable, with the  
25          particular costs or functions to which the Board of  
26          Education is higher than the statewide average.



1           For purposes of assuring that the cost control  
2 priorities of this paragraph ~~subsection~~ (D) are met, the  
3 State Superintendent of Education shall, with the  
4 assistance of the Board of Education, review the cost  
5 allocation practices of the Board of Education, and the  
6 State Superintendent of Education shall thereafter  
7 recommend ~~to the School Finance Authority~~ rules and  
8 regulations which define administrative, general  
9 administration, and school administration areas which most  
10 impact upon the direct and instructional needs of students  
11 and upon the safety and well-being of the pupils of the  
12 district. No position closed shall be reopened using State  
13 or federal categorical funds.

14           (E) Report of Audited Information. For the 1988-89  
15 school year and for all subsequent school years, the Board  
16 of Education shall file with the State Board of Education  
17 the Annual Financial Report and its audit, as required by  
18 the rules of the State Board of Education. Such reports  
19 shall be filed no later than February 15 following the end  
20 of the school year of the Board of Education, beginning  
21 with the report to be filed no later than February 15, 1990  
22 for the 1988-89 school year.

23           As part of the required Annual Financial Report, the  
24 Board of Education shall provide a detailed accounting of  
25 the central level, district, bureau and department costs  
26 and personnel included within expenditure functions

1 included in paragraphs (A) and paragraph (B)(1) of this  
2 Section. The nature and detail of the reporting required  
3 for these functions shall be prescribed by the State Board  
4 of Education in rules and regulations. A copy of this  
5 detailed accounting shall also be provided annually to the  
6 ~~School Finance Authority and the public~~. This report shall  
7 contain a reconciliation to the Board of Education's board  
8 ~~of education's~~ adopted budget for that fiscal year,  
9 specifically delineating administrative functions.

10 If the information required under this Section is not  
11 provided by the Board of Education in a timely manner, or  
12 is initially or subsequently determined by the State  
13 Superintendent of Education to be incomplete or  
14 inaccurate, the State Superintendent shall, in writing,  
15 notify the Board of Education of reporting deficiencies.  
16 The Board of Education shall, within 60 days of such  
17 notice, address the reporting deficiencies identified. If  
18 the State Superintendent of Education does not receive  
19 satisfactory response to these reporting deficiencies  
20 within 60 days, the next payment of ~~general State aid or~~  
21 evidence-based funding due the Board of Education under  
22 ~~Section 18-8 or~~ Section 18-8.15 of this Code, ~~as~~  
23 ~~applicable,~~ and all subsequent payments, shall be withheld  
24 by the State Superintendent of Education until the  
25 enumerated deficiencies have been addressed.

26 Utilizing the Annual Financial Report, the State

1 Superintendent of Education shall certify on or before May  
2 1 to the Board of Education ~~School Finance Authority~~ the  
3 Board of Education's ratio of administrative expenditures  
4 to total expenditures for the 1988-89 school year and for  
5 each succeeding school year and the Board of Education's  
6 general administration expenditures and school  
7 administration expenditures for the 2022-2023 school year  
8 and for each subsequent school year. Such certification  
9 shall indicate the extent to which the administrative  
10 expenditure ratio, general administration expenditures,  
11 and school administration expenditures of the Board of  
12 Education conformed to the limitations required in  
13 paragraph ~~subsection~~ (C) of this Section, taking into  
14 account any adjustments of the administrative expenditure  
15 limitations which may have been recommended by the State  
16 Superintendent of Education ~~to the School Finance~~  
17 ~~Authority~~. In deriving the administrative expenditure  
18 ratio of the Chicago Board of Education, the State  
19 Superintendent of Education shall utilize the definition  
20 of this ratio prescribed in paragraph ~~subsection~~ (C) of  
21 this Section, except that the actual expenditures of the  
22 Board of Education shall be substituted for budgeted  
23 expenditure items. In deriving the general administration  
24 expenditures per pupil and school administration  
25 expenditures per pupil of the Board of Education, the  
26 State Superintendent of Education shall utilize the

1 percentage increase under paragraph (C) of this Section,  
2 except that the actual expenditures per pupil of the Board  
3 of Education shall be substituted for budgeted  
4 expenditures per pupil.

5 (F) Approval and adjustments to administrative  
6 expenditure limitations. The School Finance Authority  
7 organized under Article 34A shall monitor the Board of  
8 Education's adherence to the requirements of this Section.  
9 As part of its responsibility the School Finance Authority  
10 shall determine whether the Board of Education's budget  
11 for the next school year, and the expenditures for a prior  
12 school year, comply with the limitation of administrative  
13 expenditures, general administration expenditures, and  
14 school administration expenditures required by this  
15 Section. The Board of Education and the State Board of  
16 Education shall provide such information as is required by  
17 the School Finance Authority in order for the Authority to  
18 determine compliance with the provisions of this Section.  
19 If the Authority determines that the budget proposed by  
20 the Board of Education does not meet the cost control  
21 requirements of this Section, the Board of Education shall  
22 undertake budgetary reductions, consistent with the  
23 requirements of this Section, to bring the proposed budget  
24 into compliance with such cost control limitations.

25 If, in formulating cost control and cost reduction  
26 alternatives, the Board of Education believes that meeting

1 the cost control requirements of this Section related to  
2 the budget for the ensuing year would impair the  
3 education, safety, or well-being of the pupils of the  
4 school district, the Board of Education may request that  
5 the School Finance Authority make adjustments to the  
6 limitations required by this Section. The Board of  
7 Education shall specify the amount, nature, and reasons  
8 for the relief required and shall also identify cost  
9 reductions which can be made in expenditure functions not  
10 enumerated in paragraphs (A) and paragraph (B) (1) of this  
11 Section, which would serve the purposes of this Section.

12 The School Finance Authority shall consult with the  
13 State Superintendent of Education concerning the  
14 reasonableness from an educational administration  
15 perspective of the adjustments sought by the Board of  
16 Education. The School Finance Authority shall provide an  
17 opportunity for the public to comment upon the  
18 reasonableness of the Board's request. If, after such  
19 consultation, the School Finance Authority determines that  
20 all or a portion of the adjustments sought by the Board of  
21 Education are reasonably appropriate or necessary, the  
22 Authority may grant such relief from the provisions of  
23 this Section which the Authority deems appropriate.  
24 Adjustments so granted apply only to the specific school  
25 year for which the request was made.

26 In the event that the School Finance Authority

1 determines that the Board of Education has failed to  
2 achieve the required administrative, general  
3 administration, and school administration expenditure  
4 limitations for a prior school year, or if the Authority  
5 determines that the Board of Education has not met the  
6 requirements of this paragraph ~~subsection~~ (F), the  
7 Authority shall make recommendations to the Board of  
8 Education concerning appropriate corrective actions. If  
9 the Board of Education fails to provide adequate assurance  
10 to the Authority that appropriate corrective actions have  
11 been or will be taken, the Authority may, within 60 days  
12 thereafter, require the board to adjust its current budget  
13 to correct for the prior year's shortage or may recommend  
14 to the members of the General Assembly and the Governor  
15 such sanctions or remedial actions as will serve to deter  
16 any further such failures on the part of the Board of  
17 Education.

18 To assist the Authority in its monitoring  
19 responsibilities, the Board of Education shall provide  
20 such reports and information as are from time to time  
21 required by the Authority.

22 (G) Independent reviews of administrative  
23 expenditures. The School Finance Authority may direct  
24 independent reviews of the administrative and  
25 administrative support expenditures and services and other  
26 non-instructional expenditure functions of the Board of

1 Education. The Board of Education shall afford full  
2 cooperation to the School Finance Authority in such review  
3 activity. The purpose of such reviews shall be to verify  
4 specific targets for improved operating efficiencies of  
5 the Board of Education, to identify other areas of  
6 potential efficiencies, and to assure full and proper  
7 compliance by the Board of Education with all requirements  
8 of this Section.

9 In the conduct of reviews under this paragraph (G)  
10 ~~subsection~~, the Authority may request the assistance and  
11 consultation of the State Superintendent of Education with  
12 regard to questions of efficiency and effectiveness in  
13 educational administration.

14 (H) Reports to Governor and General Assembly. On or  
15 before May 1, 1991 and no less frequently than yearly  
16 thereafter, the School Finance Authority shall provide to  
17 the Governor, the State Board of Education, and the  
18 members of the General Assembly an annual report, as  
19 outlined in Section 34A-606, which includes the following  
20 information: (1) documenting the compliance or  
21 non-compliance of the Board of Education with the  
22 requirements of this Section; (2) summarizing the costs,  
23 findings, and recommendations of any reviews directed by  
24 the School Finance Authority, and the response to such  
25 recommendations made by the Board of Education; and (3)  
26 recommending sanctions or legislation necessary to fulfill

1           the intent of this Section.

2           (Source: P.A. 100-465, eff. 8-31-17.)