

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 1A-8, 1B-8, 1E-25, 1E-35, 1F-20, 1F-62, 17-1, 19-1, 19-8, 20-2,
6 20-3, and 20-5 as follows:

7 (105 ILCS 5/1A-8) (from Ch. 122, par. 1A-8)

8 Sec. 1A-8. Powers of the Board in Assisting Districts
9 Deemed in Financial Difficulties. To promote the financial
10 integrity of school districts, the State Board of Education
11 shall be provided the necessary powers to promote sound
12 financial management and continue operation of the public
13 schools.

14 The State Superintendent of Education may require a school
15 district, including any district subject to Article 34A of this
16 Code, to share financial information relevant to a proper
17 investigation of the district's financial condition and the
18 delivery of appropriate State financial, technical, and
19 consulting services to the district if the district (i) has
20 been designated, through the State Board of Education's School
21 District Financial Profile System, as on financial warning or
22 financial watch status, (ii) has failed to file an annual
23 financial report, annual budget, deficit reduction plan, or
24 other financial information as required by law, or (iii) has
25 been identified, through the district's annual audit or other
26 financial and management information, as in serious financial
27 difficulty in the current or next school year. In addition to
28 financial, technical, and consulting services provided by the
29 State Board of Education, at the request of a school district,
30 the State Superintendent may provide for an independent
31 financial consultant to assist the district review its
32 financial condition and options.

1 The State Board of Education, after proper investigation of
2 a district's financial condition, may certify that a district,
3 including any district subject to Article 34A, is in financial
4 difficulty when any of the following conditions occur:

5 (1) The district has issued school or teacher orders
6 for wages as permitted in Sections 8-16, 32-7.2 and 34-76
7 of this Code, ~~or the district has issued funding bonds to~~
8 ~~retire teacher orders in 3 of the 5 last years;~~

9 (2) The district has issued tax anticipation warrants
10 or tax anticipation notes in anticipation of a second
11 year's taxes when warrants or notes in anticipation of
12 current year taxes are still outstanding, as authorized by
13 Sections 17-16, 34-23, 34-59 and 34-63 of this Code, or has
14 issued short-term debt against 2 future revenue sources,
15 such as, but not limited to, tax anticipation warrants and
16 general State Aid certificates or tax anticipation
17 warrants and revenue anticipation notes;

18 (3) The district has for 2 consecutive years shown an
19 excess of expenditures and other financing uses over
20 revenues and other financing sources and beginning fund
21 balances on its annual financial report for the aggregate
22 totals of the Educational, Operations and Maintenance,
23 Transportation, and Working Cash Funds;

24 (4) The district refuses to provide financial
25 information or cooperate with the State Superintendent in
26 an investigation of the district's financial condition.
27 ~~The district had an enrollment of no fewer than 4,000~~
28 ~~pupils during the 1997-1998 school year, has been~~
29 ~~previously certified to be in financial difficulty and~~
30 ~~requests to be recertified as a result of continuing~~
31 ~~financial problems. No recertification may be made under~~
32 ~~this item (4) after December 31, 1999.~~

33 No school district shall be certified by the State Board of
34 Education to be in financial difficulty by reason of any of the
35 above circumstances arising as a result of the failure of the
36 county to make any distribution of property tax money due the

1 district at the time such distribution is due; or if the
2 district clearly demonstrates to the satisfaction of the State
3 Board of Education at the time of its determination that such
4 condition no longer exists. If the State Board of Education
5 certifies that a district in a city with 500,000 inhabitants or
6 more is in financial difficulty, the State Board shall so
7 notify the Governor and the Mayor of the city in which the
8 district is located. The State Board of Education may require
9 school districts certified in financial difficulty, except
10 those districts subject to Article 34A, to develop, adopt and
11 submit a financial plan within 45 days after certification of
12 financial difficulty. The financial plan shall be developed
13 according to guidelines presented to the district by the State
14 Board of Education within 14 days of certification. Such
15 guidelines shall address the specific nature of each district's
16 financial difficulties. Any proposed budget of the district
17 shall be consistent with the financial plan submitted to and
18 approved by the State Board of Education.

19 A district certified to be in financial difficulty, other
20 than a district subject to Article 34A, shall report to the
21 State Board of Education at such times and in such manner as
22 the State Board may direct, concerning the district's
23 compliance with each financial plan. The State Board may review
24 the district's operations, obtain budgetary data and financial
25 statements, require the district to produce reports, and have
26 access to any other information in the possession of the
27 district that it deems relevant. The State Board may issue
28 recommendations or directives within its powers to the district
29 to assist in ~~assure~~ compliance with the financial plan. The
30 district shall produce such budgetary data, financial
31 statements, reports and other information and comply with such
32 directives. If the State Board of Education determines that a
33 district has failed to comply with its financial plan, the
34 State Board of Education may rescind approval of the plan and
35 appoint a Financial Oversight Panel for the district as
36 provided in Section 1B-4. This action shall be taken only after

1 the district has been given notice and an opportunity to appear
2 before the State Board of Education to discuss its failure to
3 comply with its financial plan.

4 No bonds, notes, teachers orders, tax anticipation
5 warrants or other evidences of indebtedness shall be issued or
6 sold by a school district or be legally binding upon or
7 enforceable against a local board of education of a district
8 certified to be in financial difficulty unless and until the
9 financial plan required under this Section has been approved by
10 the State Board of Education.

11 Any financial watch list distributed by the State Board of
12 Education pursuant to this Section shall designate those school
13 districts on the watch list that would not otherwise be on the
14 watch list were it not for the inability or refusal of the
15 State of Illinois to make timely disbursements of any payments
16 due school districts or to fully reimburse school districts for
17 mandated categorical programs pursuant to reimbursement
18 formulas provided in this School Code.

19 (Source: P.A. 89-235, eff. 8-4-95; 90-802, eff. 12-15-98.)

20 (105 ILCS 5/1B-8) (from Ch. 122, par. 1B-8)

21 Sec. 1B-8. There is created in the State Treasury a special
22 fund to be known as the School District Emergency Financial
23 Assistance Fund (the "Fund"). The School District Emergency
24 Financial Assistance Fund shall consist of appropriations,
25 loan repayments, grants from the federal government, and
26 donations from any public or private source. Moneys in the Fund
27 may be appropriated only to the Illinois Finance Authority and
28 the State Board for those ~~the~~ purposes authorized under ~~of~~ this
29 Article and Article 1F of this Code ~~and for the purposes of~~
30 ~~Section 1F-62 of this Code~~. The appropriation may be allocated
31 and expended by the State Board as grants to provide technical
32 and consulting services to school districts to assess their
33 financial condition and by the Illinois Finance Authority as ~~or~~
34 loans to school districts which are the subject of an approved
35 petition for emergency financial assistance under Section 1B-4

1 or 1F-62 of this Code. Neither the State Board of Education nor
2 the Illinois Finance Authority may collect any fees for
3 providing these services. From the amount allocated to each
4 such school district the State Board shall identify a sum
5 sufficient to cover all approved costs of the Financial
6 Oversight Panel established for the respective school
7 district. If the State Board and State Superintendent of
8 Education have not approved emergency financial assistance in
9 conjunction with the appointment of a Financial Oversight
10 Panel, the Panel's approved costs shall be paid from deductions
11 from the district's general State aid.

12 The Financial Oversight Panel may prepare and file with the
13 State Superintendent a proposal for emergency financial
14 assistance for the school district and for its ~~the~~ operations
15 budget ~~of the Panel~~. No expenditures shall be authorized by the
16 State Superintendent until he or she has approved the proposal
17 of the Panel, either as submitted or in such lesser amount
18 determined by the State Superintendent.

19 The maximum amount of an emergency financial assistance
20 loan which may be allocated to any school district under this
21 Article, including moneys necessary for the operations of the
22 Panel, shall not exceed \$4,000 ~~\$1,000~~ times the number of pupils
23 enrolled in the school district during the school year ending
24 June 30 prior to the date of approval by the State Board of the
25 petition for emergency financial assistance, as certified to
26 the local board and the Panel by the State Superintendent. An
27 emergency financial assistance grant shall not exceed \$1,000
28 ~~\$250~~ times the number of such pupils. A district may receive
29 both a loan and a grant.

30 The payment of an emergency State financial assistance
31 grant or loan shall be subject to appropriation by the General
32 Assembly. Emergency State financial assistance allocated and
33 paid to a school district under this Article may be applied to
34 any fund or funds from which the local board of education of
35 that district is authorized to make expenditures by law.

36 Any emergency financial assistance proposed by the

1 Financial Oversight Panel and approved by the State
2 Superintendent may be paid in its entirety during the initial
3 year of the Panel's existence or spread in equal or declining
4 amounts over a period of years not to exceed the period of the
5 Panel's existence. All loan payments made from the School
6 District Emergency Financial Assistance Fund for a school
7 district shall be required to be repaid, with simple interest
8 over the term of the loan at a rate equal to 50% of the one-year
9 Constant Maturity Treasury (CMT) yield as last published by the
10 Board of Governors of the Federal Reserve System before the
11 date on which the district's loan is approved by the State
12 Board of Education, not later than the date the Financial
13 Oversight Panel ceases to exist. The Panel shall establish and
14 the Illinois Finance Authority ~~State Superintendent~~ shall
15 approve the terms and conditions, including the schedule, of
16 repayments. The schedule shall provide for repayments
17 commencing July 1 of each year or upon each fiscal year's
18 receipt of moneys from a tax levy for emergency financial
19 assistance. Repayment shall be incorporated into the annual
20 budget of the school district and may be made from any fund or
21 funds of the district in which there are moneys available.
22 Default on repayment is subject to the Illinois Grant Funds
23 Recovery Act. When moneys are repaid as provided herein they
24 shall not be made available to the local board for further use
25 as emergency financial assistance under this Article at any
26 time thereafter. All repayments required to be made by a school
27 district shall be received by the State Board and deposited in
28 the School District Emergency Financial Assistance Fund.

29 In establishing the terms and conditions for the repayment
30 obligation of the school district the Panel shall annually
31 determine whether a separate local property tax levy is
32 required. The board of any school district with a tax rate for
33 educational purposes for the prior year of less than 120% of
34 the maximum rate for educational purposes authorized by Section
35 17-2 shall provide for a separate tax levy for emergency
36 financial assistance repayment purposes. Such tax levy shall

1 not be subject to referendum approval. The amount of the levy
2 shall be equal to the amount necessary to meet the annual
3 repayment obligations of the district as established by the
4 Panel, or 20% of the amount levied for educational purposes for
5 the prior year, whichever is less. However, no district shall
6 be required to levy the tax if the district's operating tax
7 rate as determined under Section 18-8 or 18-8.05 exceeds 200%
8 of the district's tax rate for educational purposes for the
9 prior year.

10 (Source: P.A. 92-855, eff. 12-6-02.)

11 (105 ILCS 5/1E-25)

12 Sec. 1E-25. General powers. The purposes of the Authority
13 shall be to exercise financial control over the district and to
14 furnish financial assistance so that the district can provide
15 public education within the district's jurisdiction while
16 permitting the district to meet its obligations to its
17 creditors and the holders of its debt. Except as expressly
18 limited by this Article, the Authority shall have all powers
19 granted to a voluntary or involuntary Financial Oversight Panel
20 and to a Financial Administrator under Article 1B of this Code
21 and all other powers necessary to meet its responsibilities and
22 to carry out its purposes and the purposes of this Article,
23 including without limitation all of the following powers,
24 provided that the Authority shall have no power to violate any
25 statutory provision, to impair any contract or obligation of
26 the district, or to terminate any employee without following
27 the statutory procedures for such terminations set forth in
28 this Code:

29 (1) To sue and to be sued.

30 (2) To make and execute contracts, leases, subleases
31 and all other instruments or agreements necessary or
32 convenient for the exercise of the powers and functions
33 granted by this Article.

34 (3) To purchase real or personal property necessary or
35 convenient for its purposes; to execute and deliver deeds

1 for real property held in its own name; and to sell, lease,
2 or otherwise dispose of such of its property as, in the
3 judgment of the Authority, is no longer necessary for its
4 purposes.

5 (4) To appoint officers, agents, and employees of the
6 Authority, including a chief executive officer, a chief
7 fiscal officer, and a chief educational officer to
8 administer and manage, under the direction of the
9 Authority, the operations and educational programs of the
10 district, in accordance with this Article and all other
11 provisions of this Code; to define their duties and
12 qualifications; and to fix their compensation and employee
13 benefits.

14 (5) To transfer to the district such sums of money as
15 are not required for other purposes.

16 (6) To borrow money and to issue obligations pursuant
17 to this Article; to fund, refund, or advance refund the
18 same; to provide for the rights of the holders of its
19 obligations; and to repay any advances.

20 (7) Subject to the provisions of any contract with or
21 for the benefit of the holders of its obligations, to
22 purchase or redeem its obligations.

23 (8) To procure all necessary goods and services for the
24 Authority in compliance with the purchasing laws and
25 requirements applicable to the district.

26 (8.5) To take action on behalf of the district as the
27 Authority deems necessary and in accordance with this
28 Article and all other provisions of this Code, based on the
29 recommendation of the chief executive officer, chief
30 educational officer, or chief fiscal officer, and the
31 district shall be bound by such action in all respects as
32 if the action had been approved by the district itself.

33 (9) To do any and all things necessary or convenient to
34 carry out its purposes and exercise the powers given to it
35 by this Article.

36 (Source: P.A. 92-547, eff. 6-13-02.)

1 (105 ILCS 5/1E-35)

2 Sec. 1E-35. Chief educational officer. Upon expiration of
3 the contract of the school district's superintendent who is
4 serving at the time the Authority is established, the Authority
5 shall, following consultation with the district, employ a chief
6 educational officer for the district. The chief educational
7 officer shall report to the Authority or the chief executive
8 officer appointed by the Authority.

9 The chief educational officer shall have authority to
10 determine the agenda and order of business at school board
11 meetings, as needed in order to carry forward and implement the
12 objectives and priorities of the Authority in the
13 administration and management of the district.

14 The chief educational officer shall have all of the powers
15 and duties of a school district superintendent under this Code
16 and such other duties as may be assigned by the Authority, in
17 accordance with this Code. The district shall not thereafter
18 employ a superintendent during the period that a chief
19 educational officer is serving in the district. The chief
20 educational officer shall hold a certificate with a
21 superintendent endorsement issued under Article 21 of this
22 Code.

23 (Source: P.A. 92-547, eff. 6-13-02.)

24 (105 ILCS 5/1F-20)

25 Sec. 1F-20. Members of Authority; meetings.

26 (a) Upon establishment of a School Finance Authority under
27 Section 1F-15 of this Code, the State Superintendent shall
28 within 15 days thereafter appoint 5 members to serve on a
29 School Finance Authority for the district. Of the initial
30 members, 2 shall be appointed to serve a term of 2 years and 3
31 shall be appointed to serve a term of 3 years. Thereafter, each
32 member shall serve for a term of 3 years and until his or her
33 successor has been appointed. The State Superintendent shall
34 designate one of the members of the Authority to serve as its

1 Chairperson. In the event of vacancy or resignation, the State
2 Superintendent shall, within 10 days after receiving notice,
3 appoint a successor to serve out that member's term. The State
4 Superintendent may remove a member for incompetence,
5 malfeasance, neglect of duty, or other just cause.

6 Members of the Authority shall be selected primarily on the
7 basis of their experience and education in financial
8 management, with consideration given to persons knowledgeable
9 in education finance. Two members of the Authority shall be
10 residents of the school district that the Authority serves. A
11 member of the Authority may not be a member of the district's
12 school board or an employee of the district nor may a member
13 have a direct financial interest in the district.

14 Authority members shall be paid a stipend approved by the
15 State Superintendent of not more than \$100 per meeting and
16 ~~serve without compensation, but~~ may be reimbursed by the State
17 Board for travel and other necessary expenses incurred in the
18 performance of their official duties. Unless paid from bonds
19 issued under Section 1F-65 of this Code, the amount reimbursed
20 members for their expenses shall be charged to the school
21 district as part of any emergency financial assistance and
22 incorporated as a part of the terms and conditions for
23 repayment of the assistance or shall be deducted from the
24 district's general State aid as provided in Section 1B-8 of
25 this Code.

26 The Authority may elect such officers as it deems
27 appropriate.

28 (b) The first meeting of the Authority shall be held at the
29 call of the Chairperson. The Authority shall prescribe the
30 times and places for its meetings and the manner in which
31 regular and special meetings may be called and shall comply
32 with the Open Meetings Act.

33 Three members of the Authority shall constitute a quorum.
34 When a vote is taken upon any measure before the Authority, a
35 quorum being present, a majority of the votes of the members
36 voting on the measure shall determine the outcome.

1 (Source: P.A. 92-855, eff. 12-6-02.)

2 (105 ILCS 5/1F-62)

3 Sec. 1F-62. School District Emergency Financial Assistance
4 Fund; grants and loans.

5 (a) Moneys in the School District Emergency Financial
6 Assistance Fund established under Section 1B-8 of this Code may
7 be allocated and expended by the State Board as grants to
8 provide technical and consulting services to school districts
9 to assess their financial condition and by the Illinois Finance
10 Authority for emergency financial assistance loans to a School
11 Finance ~~an~~ Authority that petitions for emergency financial
12 assistance. An emergency financial assistance loan to a School
13 Finance ~~an~~ Authority or borrowing from sources other than the
14 State shall not be considered as part of the calculation of a
15 district's debt for purposes of the limitation specified in
16 Section 19-1 of this Code. From the amount allocated to each
17 School Finance Authority, the State Board shall identify a sum
18 sufficient to cover all approved costs of the School Finance
19 Authority. If the State Board and State Superintendent have not
20 approved emergency financial assistance in conjunction with
21 the appointment of a School Finance Authority, the Authority's
22 approved costs shall be paid from deductions from the
23 district's general State aid.

24 The School Finance Authority may prepare and file with the
25 State Superintendent a proposal for emergency financial
26 assistance for the school district and for its operations
27 budget. No expenditures shall be authorized by the State
28 Superintendent until he or she has approved the proposal of the
29 School Finance Authority, either as submitted or in such lesser
30 amount determined by the State Superintendent.

31 (b) The amount of an emergency financial assistance loan
32 that may be allocated to a School Finance ~~an~~ Authority under
33 this Article, including moneys necessary for the operations of
34 the School Finance Authority, and borrowing from sources other
35 than the State shall not exceed, in the aggregate, \$4,000 times

1 the number of pupils enrolled in the district during the school
2 year ending June 30 prior to the date of approval by the State
3 Board of the petition for emergency financial assistance, as
4 certified to the school board and the School Finance Authority
5 by the State Superintendent. However, this limitation does not
6 apply to borrowing by the district secured by amounts levied by
7 the district prior to establishment of the School Finance
8 Authority. An emergency financial assistance grant shall not
9 exceed \$1,000 times the number of such pupils. A district may
10 receive both a loan and a grant.

11 (c) The payment of a State emergency financial assistance
12 grant or loan shall be subject to appropriation by the General
13 Assembly. State emergency financial assistance allocated and
14 paid to a School Finance ~~an~~ Authority under this Article may be
15 applied to any fund or funds from which the School Finance
16 Authority is authorized to make expenditures by law.

17 (d) Any State emergency financial assistance proposed by
18 the School Finance Authority and approved by the State
19 Superintendent may be paid in its entirety during the initial
20 year of the School Finance Authority's existence or spread in
21 equal or declining amounts over a period of years not to exceed
22 the period of the School Finance Authority's existence. The
23 State Superintendent shall not approve any loan to the School
24 Finance Authority unless the School Finance Authority has been
25 unable to borrow sufficient funds to operate the district.

26 All loan payments made from the School District Emergency
27 Financial Assistance Fund to a School Finance ~~an~~ Authority
28 shall be required to be repaid not later than the date the
29 School Finance Authority ceases to exist, with simple interest
30 over the term of the loan at a rate equal to 50% of the one-year
31 Constant Maturity Treasury (CMT) yield as last published by the
32 Board of Governors of the Federal Reserve System before the
33 date on which the School Finance Authority's loan is approved
34 by the State Board.

35 The School Finance Authority shall establish and the
36 Illinois Finance Authority ~~State Superintendent~~ shall approve

1 the terms and conditions of the loan, including the schedule of
2 repayments. The schedule shall provide for repayments
3 commencing July 1 of each year or upon each fiscal year's
4 receipt of moneys from a tax levy for emergency financial
5 assistance. Repayment shall be incorporated into the annual
6 budget of the district and may be made from any fund or funds
7 of the district in which there are moneys available. Default on
8 repayment is subject to the Illinois Grant Funds Recovery Act.
9 When moneys are repaid as provided in this Section, they shall
10 not be made available to the School Finance Authority for
11 further use as emergency financial assistance under this
12 Article at any time thereafter. All repayments required to be
13 made by a School Finance ~~an~~ Authority shall be received by the
14 State Board and deposited in the School District Emergency
15 Financial Assistance Fund.

16 In establishing the terms and conditions for the repayment
17 obligation of the School Finance Authority, the School Finance
18 Authority shall annually determine whether a separate local
19 property tax levy is required to meet that obligation. The
20 School Finance Authority shall provide for a separate tax levy
21 for emergency financial assistance repayment purposes. This
22 tax levy shall not be subject to referendum approval. The
23 amount of the levy shall not exceed the amount necessary to
24 meet the annual emergency financial repayment obligations of
25 the district, including principal and interest, as established
26 by the School Finance Authority.

27 (Source: P.A. 92-855, eff. 12-6-02.)

28 (105 ILCS 5/17-1) (from Ch. 122, par. 17-1)

29 Sec. 17-1. Annual Budget. The board of education of each
30 school district under 500,000 inhabitants shall, within or
31 before the first quarter of each fiscal year, adopt and file
32 with the State Board of Education an annual balanced budget
33 which it deems necessary to defray all necessary expenses and
34 liabilities of the district, and in such annual budget shall
35 specify the objects and purposes of each item and amount needed

1 for each object or purpose.

2 The budget shall be entered upon a School District Budget
3 form prepared and provided by the State Board of Education and
4 therein shall contain a statement of the cash on hand at the
5 beginning of the fiscal year, an estimate of the cash expected
6 to be received during such fiscal year from all sources, an
7 estimate of the expenditures contemplated for such fiscal year,
8 and a statement of the estimated cash expected to be on hand at
9 the end of such year. The estimate of taxes to be received may
10 be based upon the amount of actual cash receipts that may
11 reasonably be expected by the district during such fiscal year,
12 estimated from the experience of the district in prior years
13 and with due regard for other circumstances that may
14 substantially affect such receipts. Nothing in this Section
15 shall be construed as requiring any district to change or
16 preventing any district from changing from a cash basis of
17 financing to a surplus or deficit basis of financing; or as
18 requiring any district to change or preventing any district
19 from changing its system of accounting.

20 To the extent that a school district's budget is not
21 balanced, the district shall also adopt and file with the State
22 Board of Education a deficit reduction plan to balance the
23 district's budget within 3 years. The deficit reduction plan
24 must be filed at the same time as the budget, but the State
25 Superintendent of Education may extend this deadline if the
26 situation warrants.

27 The board of education of each district shall fix a fiscal
28 year therefor. If the beginning of the fiscal year of a
29 district is subsequent to the time that the tax levy due to be
30 made in such fiscal year shall be made, then such annual budget
31 shall be adopted prior to the time such tax levy shall be made.
32 The failure by a board of education of any district to adopt an
33 annual budget, or to comply in any respect with the provisions
34 of this Section, shall not affect the validity of any tax levy
35 of the district otherwise in conformity with the law. With
36 respect to taxes levied either before, on, or after the

1 effective date of this amendatory Act of the 91st General
2 Assembly, (i) a tax levy is made for the fiscal year in which
3 the levy is due to be made regardless of which fiscal year the
4 proceeds of the levy are expended or are intended to be
5 expended, and (ii) except as otherwise provided by law, a board
6 of education's adoption of an annual budget in conformity with
7 this Section is not a prerequisite to the adoption of a valid
8 tax levy and is not a limit on the amount of the levy.

9 Such budget shall be prepared in tentative form by some
10 person or persons designated by the board, and in such
11 tentative form shall be made conveniently available to public
12 inspection for at least 30 days prior to final action thereon.
13 At least 1 public hearing shall be held as to such budget prior
14 to final action thereon. Notice of availability for public
15 inspection and of such public hearing shall be given by
16 publication in a newspaper published in such district, at least
17 30 days prior to the time of such hearing. If there is no
18 newspaper published in such district, notice of such public
19 hearing shall be given by posting notices thereof in 5 of the
20 most public places in such district. It shall be the duty of
21 the secretary of such board to make such tentative budget
22 available to public inspection, and to arrange for such public
23 hearing. The board may from time to time make transfers between
24 the various items in any fund not exceeding in the aggregate
25 10% of the total of such fund as set forth in the budget. The
26 board may from time to time amend such budget by the same
27 procedure as is herein provided for its original adoption.

28 Beginning July 1, 1976, the board of education, or regional
29 superintendent, or governing board responsible for the
30 administration of a joint agreement shall, by September 1 of
31 each fiscal year thereafter, adopt an annual budget for the
32 joint agreement in the same manner and subject to the same
33 requirements as are provided in this Section.

34 The State Board of Education shall exercise powers and
35 duties relating to budgets as provided in Section 2-3.27
36 ~~2-3.27~~ of this Code and shall require school districts to

1 submit their annual budgets, deficit reduction plans, and other
2 financial information, including revenue and expenditure
3 reports and borrowing and interfund transfer plans, in such
4 form and within the timelines designated by the State Board of
5 Education Act.

6 By fiscal year 1982 all school districts shall use the
7 Program Budget Accounting System.

8 In the case of a school district receiving emergency State
9 financial assistance under Article 1B, the school board shall
10 also be subject to the requirements established under Article
11 1B with respect to the annual budget.

12 (Source: P.A. 91-75, eff. 7-9-99.)

13 (105 ILCS 5/19-1) (from Ch. 122, par. 19-1)

14 Sec. 19-1. Debt limitations of school districts.

15 (a) School districts shall not be subject to the provisions
16 limiting their indebtedness prescribed in "An Act to limit the
17 indebtedness of counties having a population of less than
18 500,000 and townships, school districts and other municipal
19 corporations having a population of less than 300,000",
20 approved February 15, 1928, as amended.

21 No school districts maintaining grades K through 8 or 9
22 through 12 shall become indebted in any manner or for any
23 purpose to an amount, including existing indebtedness, in the
24 aggregate exceeding 6.9% on the value of the taxable property
25 therein to be ascertained by the last assessment for State and
26 county taxes or, until January 1, 1983, if greater, the sum
27 that is produced by multiplying the school district's 1978
28 equalized assessed valuation by the debt limitation percentage
29 in effect on January 1, 1979, previous to the incurring of such
30 indebtedness.

31 No school districts maintaining grades K through 12 shall
32 become indebted in any manner or for any purpose to an amount,
33 including existing indebtedness, in the aggregate exceeding
34 13.8% on the value of the taxable property therein to be
35 ascertained by the last assessment for State and county taxes

1 or, until January 1, 1983, if greater, the sum that is produced
2 by multiplying the school district's 1978 equalized assessed
3 valuation by the debt limitation percentage in effect on
4 January 1, 1979, previous to the incurring of such
5 indebtedness.

6 Notwithstanding the provisions of any other law to the
7 contrary, in any case in which the voters of a school district
8 have approved a proposition for the issuance of bonds of such
9 school district at an election held prior to January 1, 1979,
10 and all of the bonds approved at such election have not been
11 issued, the debt limitation applicable to such school district
12 during the calendar year 1979 shall be computed by multiplying
13 the value of taxable property therein, including personal
14 property, as ascertained by the last assessment for State and
15 county taxes, previous to the incurring of such indebtedness,
16 by the percentage limitation applicable to such school district
17 under the provisions of this subsection (a).

18 (b) Notwithstanding the debt limitation prescribed in
19 subsection (a) of this Section, additional indebtedness may be
20 incurred in an amount not to exceed the estimated cost of
21 acquiring or improving school sites or constructing and
22 equipping additional building facilities under the following
23 conditions:

24 (1) Whenever the enrollment of students for the next
25 school year is estimated by the board of education to
26 increase over the actual present enrollment by not less
27 than 35% or by not less than 200 students or the actual
28 present enrollment of students has increased over the
29 previous school year by not less than 35% or by not less
30 than 200 students and the board of education determines
31 that additional school sites or building facilities are
32 required as a result of such increase in enrollment; and

33 (2) When the Regional Superintendent of Schools having
34 jurisdiction over the school district and the State
35 Superintendent of Education concur in such enrollment
36 projection or increase and approve the need for such

1 additional school sites or building facilities and the
2 estimated cost thereof; and

3 (3) When the voters in the school district approve a
4 proposition for the issuance of bonds for the purpose of
5 acquiring or improving such needed school sites or
6 constructing and equipping such needed additional building
7 facilities at an election called and held for that purpose.
8 Notice of such an election shall state that the amount of
9 indebtedness proposed to be incurred would exceed the debt
10 limitation otherwise applicable to the school district.
11 The ballot for such proposition shall state what percentage
12 of the equalized assessed valuation will be outstanding in
13 bonds if the proposed issuance of bonds is approved by the
14 voters; or

15 (4) Notwithstanding the provisions of paragraphs (1)
16 through (3) of this subsection (b), if the school board
17 determines that additional facilities are needed to
18 provide a quality educational program and not less than 2/3
19 of those voting in an election called by the school board
20 on the question approve the issuance of bonds for the
21 construction of such facilities, the school district may
22 issue bonds for this purpose; or

23 (5) Notwithstanding the provisions of paragraphs (1)
24 through (3) of this subsection (b), if (i) the school
25 district has previously availed itself of the provisions of
26 paragraph (4) of this subsection (b) to enable it to issue
27 bonds, (ii) the voters of the school district have not
28 defeated a proposition for the issuance of bonds since the
29 referendum described in paragraph (4) of this subsection
30 (b) was held, (iii) the school board determines that
31 additional facilities are needed to provide a quality
32 educational program, and (iv) a majority of those voting in
33 an election called by the school board on the question
34 approve the issuance of bonds for the construction of such
35 facilities, the school district may issue bonds for this
36 purpose.

1 In no event shall the indebtedness incurred pursuant to
2 this subsection (b) and the existing indebtedness of the school
3 district exceed 15% of the value of the taxable property
4 therein to be ascertained by the last assessment for State and
5 county taxes, previous to the incurring of such indebtedness
6 or, until January 1, 1983, if greater, the sum that is produced
7 by multiplying the school district's 1978 equalized assessed
8 valuation by the debt limitation percentage in effect on
9 January 1, 1979.

10 The indebtedness provided for by this subsection (b) shall
11 be in addition to and in excess of any other debt limitation.

12 (c) Notwithstanding the debt limitation prescribed in
13 subsection (a) of this Section, in any case in which a public
14 question for the issuance of bonds of a proposed school
15 district maintaining grades kindergarten through 12 received
16 at least 60% of the valid ballots cast on the question at an
17 election held on or prior to November 8, 1994, and in which the
18 bonds approved at such election have not been issued, the
19 school district pursuant to the requirements of Section 11A-10
20 may issue the total amount of bonds approved at such election
21 for the purpose stated in the question.

22 (d) Notwithstanding the debt limitation prescribed in
23 subsection (a) of this Section, a school district that meets
24 all the criteria set forth in paragraphs (1) and (2) of this
25 subsection (d) may incur an additional indebtedness in an
26 amount not to exceed \$4,500,000, even though the amount of the
27 additional indebtedness authorized by this subsection (d),
28 when incurred and added to the aggregate amount of indebtedness
29 of the district existing immediately prior to the district
30 incurring the additional indebtedness authorized by this
31 subsection (d), causes the aggregate indebtedness of the
32 district to exceed the debt limitation otherwise applicable to
33 that district under subsection (a):

34 (1) The additional indebtedness authorized by this
35 subsection (d) is incurred by the school district through
36 the issuance of bonds under and in accordance with Section

1 17-2.11a for the purpose of replacing a school building
2 which, because of mine subsidence damage, has been closed
3 as provided in paragraph (2) of this subsection (d) or
4 through the issuance of bonds under and in accordance with
5 Section 19-3 for the purpose of increasing the size of, or
6 providing for additional functions in, such replacement
7 school buildings, or both such purposes.

8 (2) The bonds issued by the school district as provided
9 in paragraph (1) above are issued for the purposes of
10 construction by the school district of a new school
11 building pursuant to Section 17-2.11, to replace an
12 existing school building that, because of mine subsidence
13 damage, is closed as of the end of the 1992-93 school year
14 pursuant to action of the regional superintendent of
15 schools of the educational service region in which the
16 district is located under Section 3-14.22 or are issued for
17 the purpose of increasing the size of, or providing for
18 additional functions in, the new school building being
19 constructed to replace a school building closed as the
20 result of mine subsidence damage, or both such purposes.

21 (e) (Blank). ~~Notwithstanding the debt limitation~~
22 ~~prescribed in subsection (a) of this Section, a school district~~
23 ~~that meets all the criteria set forth in paragraphs (1) through~~
24 ~~(5) of this subsection (c) may, without referendum, incur an~~
25 ~~additional indebtedness in an amount not to exceed the lesser~~
26 ~~of \$5,000,000 or 1.5% of the value of the taxable property~~
27 ~~within the district even though the amount of the additional~~
28 ~~indebtedness authorized by this subsection (c), when incurred~~
29 ~~and added to the aggregate amount of indebtedness of the~~
30 ~~district existing immediately prior to the district incurring~~
31 ~~that additional indebtedness, causes the aggregate~~
32 ~~indebtedness of the district to exceed or increases the amount~~
33 ~~by which the aggregate indebtedness of the district already~~
34 ~~exceeds the debt limitation otherwise applicable to that~~
35 ~~district under subsection (a):~~

36 ~~(1) The State Board of Education certifies the school~~

1 ~~district under Section 19-1.5 as a financially distressed~~
2 ~~district.~~

3 ~~(2) The additional indebtedness authorized by this~~
4 ~~subsection (c) is incurred by the financially distressed~~
5 ~~district during the school year or school years in which~~
6 ~~the certification of the district as a financially~~
7 ~~distressed district continues in effect through the~~
8 ~~issuance of bonds for the lawful school purposes of the~~
9 ~~district, pursuant to resolution of the school board and~~
10 ~~without referendum, as provided in paragraph (5) of this~~
11 ~~subsection.~~

12 ~~(3) The aggregate amount of bonds issued by the~~
13 ~~financially distressed district during a fiscal year in~~
14 ~~which it is authorized to issue bonds under this subsection~~
15 ~~does not exceed the amount by which the aggregate~~
16 ~~expenditures of the district for operational purposes~~
17 ~~during the immediately preceding fiscal year exceeds the~~
18 ~~amount appropriated for the operational purposes of the~~
19 ~~district in the annual school budget adopted by the school~~
20 ~~board of the district for the fiscal year in which the~~
21 ~~bonds are issued.~~

22 ~~(4) Throughout each fiscal year in which certification~~
23 ~~of the district as a financially distressed district~~
24 ~~continues in effect, the district maintains in effect a~~
25 ~~gross salary expense and gross wage expense freeze policy~~
26 ~~under which the district expenditures for total employee~~
27 ~~salaries and wages do not exceed such expenditures for the~~
28 ~~immediately preceding fiscal year. Nothing in this~~
29 ~~paragraph, however, shall be deemed to impair or to require~~
30 ~~impairment of the contractual obligations, including~~
31 ~~collective bargaining agreements, of the district or to~~
32 ~~impair or require the impairment of the vested rights of~~
33 ~~any employee of the district under the terms of any~~
34 ~~contract or agreement in effect on the effective date of~~
35 ~~this amendatory Act of 1994.~~

36 ~~(5) Bonds issued by the financially distressed~~

~~district under this subsection shall bear interest at a rate not to exceed the maximum rate authorized by law at the time of the making of the contract, shall mature within 40 years from their date of issue, and shall be signed by the president of the school board and treasurer of the school district. In order to issue bonds under this subsection, the school board shall adopt a resolution fixing the amount of the bonds, the date of the bonds, the maturities of the bonds, the rates of interest of the bonds, and their place of payment and denomination, and shall provide for the levy and collection of a direct annual tax upon all the taxable property in the district sufficient to pay the principal and interest on the bonds to maturity. Upon the filing in the office of the county clerk of the county in which the financially distressed district is located of a certified copy of the resolution, it is the duty of the county clerk to extend the tax therefor in addition to and in excess of all other taxes at any time authorized to be levied by the district. If bond proceeds from the sale of bonds include a premium or if the proceeds of the bonds are invested as authorized by law, the school board shall determine by resolution whether the interest earned on the investment of bond proceeds or the premium realized on the sale of the bonds is to be used for any of the lawful school purposes for which the bonds were issued or for the payment of the principal indebtedness and interest on the bonds. The proceeds of the bond sale shall be deposited in the educational purposes fund of the district and shall be used to pay operational expenses of the district. This subsection is cumulative and constitutes complete authority for the issuance of bonds as provided in this subsection, notwithstanding any other law to the contrary.~~

(f) Notwithstanding the provisions of subsection (a) of this Section or of any other law, bonds in not to exceed the aggregate amount of \$5,500,000 and issued by a school district

1 meeting the following criteria shall not be considered
2 indebtedness for purposes of any statutory limitation and may
3 be issued in an amount or amounts, including existing
4 indebtedness, in excess of any heretofore or hereafter imposed
5 statutory limitation as to indebtedness:

6 (1) At the time of the sale of such bonds, the board of
7 education of the district shall have determined by
8 resolution that the enrollment of students in the district
9 is projected to increase by not less than 7% during each of
10 the next succeeding 2 school years.

11 (2) The board of education shall also determine by
12 resolution that the improvements to be financed with the
13 proceeds of the bonds are needed because of the projected
14 enrollment increases.

15 (3) The board of education shall also determine by
16 resolution that the projected increases in enrollment are
17 the result of improvements made or expected to be made to
18 passenger rail facilities located in the school district.

19 Notwithstanding the provisions of subsection (a) of this
20 Section or of any other law, a school district that has availed
21 itself of the provisions of this subsection (f) prior to July
22 22, 2004 (the effective date of Public Act 93-799) ~~this~~
23 ~~amendatory Act of the 93rd General Assembly~~ may also issue
24 bonds approved by referendum up to an amount, including
25 existing indebtedness, not exceeding 25% of the equalized
26 assessed value of the taxable property in the district if all
27 of the conditions set forth in items (1), (2), and (3) of this
28 subsection (f) are met.

29 (g) Notwithstanding the provisions of subsection (a) of
30 this Section or any other law, bonds in not to exceed an
31 aggregate amount of 25% of the equalized assessed value of the
32 taxable property of a school district and issued by a school
33 district meeting the criteria in paragraphs (i) through (iv) of
34 this subsection shall not be considered indebtedness for
35 purposes of any statutory limitation and may be issued pursuant
36 to resolution of the school board in an amount or amounts,

1 including existing indebtedness, in excess of any statutory
2 limitation of indebtedness heretofore or hereafter imposed:

3 (i) The bonds are issued for the purpose of
4 constructing a new high school building to replace two
5 adjacent existing buildings which together house a single
6 high school, each of which is more than 65 years old, and
7 which together are located on more than 10 acres and less
8 than 11 acres of property.

9 (ii) At the time the resolution authorizing the
10 issuance of the bonds is adopted, the cost of constructing
11 a new school building to replace the existing school
12 building is less than 60% of the cost of repairing the
13 existing school building.

14 (iii) The sale of the bonds occurs before July 1, 1997.

15 (iv) The school district issuing the bonds is a unit
16 school district located in a county of less than 70,000 and
17 more than 50,000 inhabitants, which has an average daily
18 attendance of less than 1,500 and an equalized assessed
19 valuation of less than \$29,000,000.

20 (h) Notwithstanding any other provisions of this Section or
21 the provisions of any other law, until January 1, 1998, a
22 community unit school district maintaining grades K through 12
23 may issue bonds up to an amount, including existing
24 indebtedness, not exceeding 27.6% of the equalized assessed
25 value of the taxable property in the district, if all of the
26 following conditions are met:

27 (i) The school district has an equalized assessed
28 valuation for calendar year 1995 of less than \$24,000,000;

29 (ii) The bonds are issued for the capital improvement,
30 renovation, rehabilitation, or replacement of existing
31 school buildings of the district, all of which buildings
32 were originally constructed not less than 40 years ago;

33 (iii) The voters of the district approve a proposition
34 for the issuance of the bonds at a referendum held after
35 March 19, 1996; and

36 (iv) The bonds are issued pursuant to Sections 19-2

1 through 19-7 of this Code.

2 (i) Notwithstanding any other provisions of this Section or
3 the provisions of any other law, until January 1, 1998, a
4 community unit school district maintaining grades K through 12
5 may issue bonds up to an amount, including existing
6 indebtedness, not exceeding 27% of the equalized assessed value
7 of the taxable property in the district, if all of the
8 following conditions are met:

9 (i) The school district has an equalized assessed
10 valuation for calendar year 1995 of less than \$44,600,000;

11 (ii) The bonds are issued for the capital improvement,
12 renovation, rehabilitation, or replacement of existing
13 school buildings of the district, all of which existing
14 buildings were originally constructed not less than 80
15 years ago;

16 (iii) The voters of the district approve a proposition
17 for the issuance of the bonds at a referendum held after
18 December 31, 1996; and

19 (iv) The bonds are issued pursuant to Sections 19-2
20 through 19-7 of this Code.

21 (j) Notwithstanding any other provisions of this Section or
22 the provisions of any other law, until January 1, 1999, a
23 community unit school district maintaining grades K through 12
24 may issue bonds up to an amount, including existing
25 indebtedness, not exceeding 27% of the equalized assessed value
26 of the taxable property in the district if all of the following
27 conditions are met:

28 (i) The school district has an equalized assessed
29 valuation for calendar year 1995 of less than \$140,000,000
30 and a best 3 months average daily attendance for the
31 1995-96 school year of at least 2,800;

32 (ii) The bonds are issued to purchase a site and build
33 and equip a new high school, and the school district's
34 existing high school was originally constructed not less
35 than 35 years prior to the sale of the bonds;

36 (iii) At the time of the sale of the bonds, the board

1 of education determines by resolution that a new high
2 school is needed because of projected enrollment
3 increases;

4 (iv) At least 60% of those voting in an election held
5 after December 31, 1996 approve a proposition for the
6 issuance of the bonds; and

7 (v) The bonds are issued pursuant to Sections 19-2
8 through 19-7 of this Code.

9 (k) Notwithstanding the debt limitation prescribed in
10 subsection (a) of this Section, a school district that meets
11 all the criteria set forth in paragraphs (1) through (4) of
12 this subsection (k) may issue bonds to incur an additional
13 indebtedness in an amount not to exceed \$4,000,000 even though
14 the amount of the additional indebtedness authorized by this
15 subsection (k), when incurred and added to the aggregate amount
16 of indebtedness of the school district existing immediately
17 prior to the school district incurring such additional
18 indebtedness, causes the aggregate indebtedness of the school
19 district to exceed or increases the amount by which the
20 aggregate indebtedness of the district already exceeds the debt
21 limitation otherwise applicable to that school district under
22 subsection (a):

23 (1) the school district is located in 2 counties, and a
24 referendum to authorize the additional indebtedness was
25 approved by a majority of the voters of the school district
26 voting on the proposition to authorize that indebtedness;

27 (2) the additional indebtedness is for the purpose of
28 financing a multi-purpose room addition to the existing
29 high school;

30 (3) the additional indebtedness, together with the
31 existing indebtedness of the school district, shall not
32 exceed 17.4% of the value of the taxable property in the
33 school district, to be ascertained by the last assessment
34 for State and county taxes; and

35 (4) the bonds evidencing the additional indebtedness
36 are issued, if at all, within 120 days of the effective

1 date of this amendatory Act of 1998.

2 (1) Notwithstanding any other provisions of this Section or
3 the provisions of any other law, until January 1, 2000, a
4 school district maintaining grades kindergarten through 8 may
5 issue bonds up to an amount, including existing indebtedness,
6 not exceeding 15% of the equalized assessed value of the
7 taxable property in the district if all of the following
8 conditions are met:

9 (i) the district has an equalized assessed valuation
10 for calendar year 1996 of less than \$10,000,000;

11 (ii) the bonds are issued for capital improvement,
12 renovation, rehabilitation, or replacement of one or more
13 school buildings of the district, which buildings were
14 originally constructed not less than 70 years ago;

15 (iii) the voters of the district approve a proposition
16 for the issuance of the bonds at a referendum held on or
17 after March 17, 1998; and

18 (iv) the bonds are issued pursuant to Sections 19-2
19 through 19-7 of this Code.

20 (m) Notwithstanding any other provisions of this Section or
21 the provisions of any other law, until January 1, 1999, an
22 elementary school district maintaining grades K through 8 may
23 issue bonds up to an amount, excluding existing indebtedness,
24 not exceeding 18% of the equalized assessed value of the
25 taxable property in the district, if all of the following
26 conditions are met:

27 (i) The school district has an equalized assessed
28 valuation for calendar year 1995 or less than \$7,700,000;

29 (ii) The school district operates 2 elementary
30 attendance centers that until 1976 were operated as the
31 attendance centers of 2 separate and distinct school
32 districts;

33 (iii) The bonds are issued for the construction of a
34 new elementary school building to replace an existing
35 multi-level elementary school building of the school
36 district that is not handicapped accessible at all levels

1 and parts of which were constructed more than 75 years ago;

2 (iv) The voters of the school district approve a
3 proposition for the issuance of the bonds at a referendum
4 held after July 1, 1998; and

5 (v) The bonds are issued pursuant to Sections 19-2
6 through 19-7 of this Code.

7 (n) Notwithstanding the debt limitation prescribed in
8 subsection (a) of this Section or any other provisions of this
9 Section or of any other law, a school district that meets all
10 of the criteria set forth in paragraphs (i) through (vi) of
11 this subsection (n) may incur additional indebtedness by the
12 issuance of bonds in an amount not exceeding the amount
13 certified by the Capital Development Board to the school
14 district as provided in paragraph (iii) of this subsection (n),
15 even though the amount of the additional indebtedness so
16 authorized, when incurred and added to the aggregate amount of
17 indebtedness of the district existing immediately prior to the
18 district incurring the additional indebtedness authorized by
19 this subsection (n), causes the aggregate indebtedness of the
20 district to exceed the debt limitation otherwise applicable by
21 law to that district:

22 (i) The school district applies to the State Board of
23 Education for a school construction project grant and
24 submits a district facilities plan in support of its
25 application pursuant to Section 5-20 of the School
26 Construction Law.

27 (ii) The school district's application and facilities
28 plan are approved by, and the district receives a grant
29 entitlement for a school construction project issued by,
30 the State Board of Education under the School Construction
31 Law.

32 (iii) The school district has exhausted its bonding
33 capacity or the unused bonding capacity of the district is
34 less than the amount certified by the Capital Development
35 Board to the district under Section 5-15 of the School
36 Construction Law as the dollar amount of the school

1 construction project's cost that the district will be
2 required to finance with non-grant funds in order to
3 receive a school construction project grant under the
4 School Construction Law.

5 (iv) The bonds are issued for a "school construction
6 project", as that term is defined in Section 5-5 of the
7 School Construction Law, in an amount that does not exceed
8 the dollar amount certified, as provided in paragraph (iii)
9 of this subsection (n), by the Capital Development Board to
10 the school district under Section 5-15 of the School
11 Construction Law.

12 (v) The voters of the district approve a proposition
13 for the issuance of the bonds at a referendum held after
14 the criteria specified in paragraphs (i) and (iii) of this
15 subsection (n) are met.

16 (vi) The bonds are issued pursuant to Sections 19-2
17 through 19-7 of the School Code.

18 (o) Notwithstanding any other provisions of this Section or
19 the provisions of any other law, until November 1, 2007, a
20 community unit school district maintaining grades K through 12
21 may issue bonds up to an amount, including existing
22 indebtedness, not exceeding 20% of the equalized assessed value
23 of the taxable property in the district if all of the following
24 conditions are met:

25 (i) the school district has an equalized assessed
26 valuation for calendar year 2001 of at least \$737,000,000
27 and an enrollment for the 2002-2003 school year of at least
28 8,500;

29 (ii) the bonds are issued to purchase school sites,
30 build and equip a new high school, build and equip a new
31 junior high school, build and equip 5 new elementary
32 schools, and make technology and other improvements and
33 additions to existing schools;

34 (iii) at the time of the sale of the bonds, the board
35 of education determines by resolution that the sites and
36 new or improved facilities are needed because of projected

1 enrollment increases;

2 (iv) at least 57% of those voting in a general election
3 held prior to January 1, 2003 approved a proposition for
4 the issuance of the bonds; and

5 (v) the bonds are issued pursuant to Sections 19-2
6 through 19-7 of this Code.

7 (p) Notwithstanding any other provisions of this Section or
8 the provisions of any other law, a community unit school
9 district maintaining grades K through 12 may issue bonds up to
10 an amount, including indebtedness, not exceeding 27% of the
11 equalized assessed value of the taxable property in the
12 district if all of the following conditions are met:

13 (i) The school district has an equalized assessed
14 valuation for calendar year 2001 of at least \$295,741,187
15 and a best 3 months' average daily attendance for the
16 2002-2003 school year of at least 2,394.

17 (ii) The bonds are issued to build and equip 3
18 elementary school buildings; build and equip one middle
19 school building; and alter, repair, improve, and equip all
20 existing school buildings in the district.

21 (iii) At the time of the sale of the bonds, the board
22 of education determines by resolution that the project is
23 needed because of expanding growth in the school district
24 and a projected enrollment increase.

25 (iv) The bonds are issued pursuant to Sections 19-2
26 through 19-7 of this Code.

27 (q) A school district must notify the State Board of
28 Education prior to issuing any form of long-term or short-term
29 debt that will result in outstanding debt that exceeds 75% of
30 the debt limit specified in this Section or any other provision
31 of law.

32 (Source: P.A. 93-13, eff. 6-9-03; 93-799, eff. 7-22-04;
33 93-1045, eff. 10-15-04; revised 10-22-04.)

34 (105 ILCS 5/19-8) (from Ch. 122, par. 19-8)
35 Sec. 19-8. Bonds to pay claims.

1 Any school district or non-high district operating under
2 general law or special charter having a population of 500,000
3 or less is authorized to issue bonds for the purpose of paying
4 orders issued for the wages of teachers, or for the payment of
5 claims against any such district.

6 Such bonds may be issued in an amount, including existing
7 indebtedness, in excess of any statutory limitation as to debt.

8 ~~When a school district complies with Sections 19-9 and~~
9 ~~19-11 and bonds have been issued under this Section 19-8 by~~
10 ~~that school district and that district is certified as a~~
11 ~~financially distressed district under Section 19-1.5, the~~
12 ~~amount of those bonds, when and after they are issued, whether~~
13 ~~issued before or after such certification, shall not be~~
14 ~~considered debt under any statutory debt limitation and shall~~
15 ~~be excluded from the computation and determination of any~~
16 ~~statutory or other debt limitation applicable to the~~
17 ~~financially distressed district.~~

18 (Source: P.A. 88-641, eff. 9-9-94.)

19 (105 ILCS 5/20-2) (from Ch. 122, par. 20-2)

20 Sec. 20-2. Indebtedness and bonds. For the purpose of
21 creating a working cash fund, the school board of any such
22 district may incur an indebtedness and issue bonds as evidence
23 thereof in an amount or amounts not exceeding in the aggregate
24 85% of the taxes permitted to be levied for educational
25 purposes for the then current year to be determined by
26 multiplying the maximum educational tax rate applicable to such
27 school district by the last assessed valuation as determined at
28 the time of the issue of said bonds plus 85% of the last known
29 entitlement of such district to taxes as by law now or
30 hereafter enacted or amended, imposed by the General Assembly
31 of the State of Illinois to replace revenue lost by units of
32 local government and school districts as a result of the
33 abolition of ad valorem personal property taxes, pursuant to
34 Article IX, Section 5, paragraph (c) of the Constitution of the
35 State of Illinois, ~~except that a district that is certified~~

1 ~~under Section 19-1.5 as a financially distressed district may~~
2 ~~incur an indebtedness and issue bonds as evidence thereof in an~~
3 ~~amount or amounts not exceeding in the aggregate 125% of the~~
4 ~~taxes permitted to be levied for educational purposes for the~~
5 ~~then current year to be determined by multiplying the maximum~~
6 ~~educational tax rate applicable to that school district by the~~
7 ~~last assessed valuation as determined at the time of the~~
8 ~~issuance of the bonds plus 125% of the last known entitlement~~
9 ~~of that district to taxes that by law now or hereafter enacted~~
10 ~~or amended are imposed by the General Assembly to replace~~
11 ~~revenue lost by units of local government and school districts~~
12 ~~as a result of the abolition of ad valorem personal property~~
13 ~~taxes, pursuant to Article IX, Section 5, paragraph (c) of the~~
14 ~~Constitution of the State of Illinois.~~ The bonds shall bear
15 interest at not more than the maximum rate authorized by the
16 Bond Authorization Act, as amended at the time of the making of
17 the contract, if issued before January 1, 1972 and not more
18 than the maximum rate authorized by the Bond Authorization Act,
19 as amended at the time of the making of the contract, if issued
20 after January 1, 1972 and shall mature within 20 years from the
21 date thereof. Subject to the foregoing limitations as to
22 amount, the bonds may be issued in an amount including existing
23 indebtedness which will not exceed the constitutional
24 limitation as to debt, notwithstanding any statutory debt
25 limitation to the contrary. ~~When bonds have been issued under~~
26 ~~this Article by a school district that is certified as a~~
27 ~~financially distressed district under Section 19-1.5, the~~
28 ~~amount of those bonds, when and after they are issued, whether~~
29 ~~issued before or after such certification, shall not be~~
30 ~~considered debt under any statutory debt limitation and shall~~
31 ~~be excluded from the computation and determination of any~~
32 ~~statutory or other debt limitation applicable to the~~
33 ~~financially distressed district.~~ The school board shall before
34 or at the time of issuing the bonds provide for the collection
35 of a direct annual tax upon all the taxable property within the
36 district sufficient to pay the principal thereof at maturity

1 and to pay the interest thereon as it falls due, which tax
2 shall be in addition to the maximum amount of all other taxes,
3 either educational; transportation; operations and
4 maintenance; or fire prevention and safety fund taxes, now or
5 hereafter authorized and in addition to any limitations upon
6 the levy of taxes as provided by Sections 17-2 through 17-9.
7 The bonds may be issued redeemable at the option of the school
8 board of the district issuing them on any interest payment date
9 on or after 5 years from date of issue.

10 With respect to instruments for the payment of money issued
11 under this Section either before, on, or after the effective
12 date of this amendatory Act of 1989, it is and always has been
13 the intention of the General Assembly (i) that the Omnibus Bond
14 Acts are and always have been supplementary grants of power to
15 issue instruments in accordance with the Omnibus Bond Acts,
16 regardless of any provision of this Act that may appear to be
17 or to have been more restrictive than those Acts, (ii) that the
18 provisions of this Section are not a limitation on the
19 supplementary authority granted by the Omnibus Bond Acts, and
20 (iii) that instruments issued under this Section within the
21 supplementary authority granted by the Omnibus Bond Acts are
22 not invalid because of any provision of this Act that may
23 appear to be or to have been more restrictive than those Acts.

24 (Source: P.A. 87-984; 88-641, eff. 9-9-94.)

25 (105 ILCS 5/20-3) (from Ch. 122, par. 20-3)

26 Sec. 20-3. Tax levy. For the purpose of providing moneys
27 for a working cash fund, the school board of any such school
28 district may also levy annually upon all the taxable property
29 of their district a tax, known as the "working cash fund tax,"
30 not to exceed 0.05% of value, as equalized or assessed by the
31 Department of Revenue; provided, that: ~~(1)~~ no such tax shall
32 be levied if bonds are issued in amount or amounts equal in the
33 aggregate to the limitation set forth in Section 20-2 for the
34 creation of a working cash fund. ~~(2) no such tax shall be~~
35 ~~levied and extended by a school district that is not certified~~

1 ~~as a financially distressed district under Section 19-1.5 if~~
2 ~~the amount of the tax so to be extended will increase the~~
3 ~~working cash fund to a total amount exceeding 85% of the taxes~~
4 ~~last extended for educational purposes of the district plus 85%~~
5 ~~of the last known entitlement of such district to taxes as by~~
6 ~~law now or hereafter enacted or amended, imposed by the General~~
7 ~~Assembly of the State of Illinois to replace revenue lost by~~
8 ~~units of local government and school districts as a result of~~
9 ~~the abolition of ad valorem personal property taxes, pursuant~~
10 ~~to Article IX, Section 5(c) of the Constitution of the State of~~
11 ~~Illinois; and (3) no such tax shall be levied or extended by a~~
12 ~~school district that is certified as a financially distressed~~
13 ~~district under Section 19-1.5 if the amount of the tax so to be~~
14 ~~extended will increase the working cash fund to a total amount~~
15 ~~exceeding 125% of the taxes last extended for educational~~
16 ~~purposes of the district plus 125% of the last known~~
17 ~~entitlement of that district to taxes that by law now or~~
18 ~~hereafter enacted or amended are imposed by the General~~
19 ~~Assembly to replace revenue lost by units of local government~~
20 ~~and school districts as a result of the abolition of ad valorem~~
21 ~~personal property taxes, pursuant to Article IX, Section 5(c)~~
22 ~~of the Constitution of the State of Illinois.~~ The collection of
23 the tax shall not be anticipated by the issuance of any
24 warrants drawn against it. The tax shall be levied and
25 collected, except as otherwise provided in this Section, in
26 like manner as the general taxes of the district, and shall be
27 in addition to the maximum of all other taxes, either
28 educational; transportation; operations and maintenance; or
29 fire prevention and safety fund taxes, now or hereafter to be
30 levied for school purposes. It may be levied by separate
31 resolution by the last Tuesday in September in each year or it
32 may be included in the certificate of tax levy filed under
33 Section 17-11.

34 (Source: P.A. 87-984; 88-641, eff. 9-9-94.)

1 Sec. 20-5. Transfer to other fund. This Section shall not
2 apply in any school district which does not operate a working
3 cash fund.

4 Moneys, including interest earned from investment of the
5 working cash fund as in this Section provided, shall be
6 transferred from the working cash fund to another fund of the
7 district only upon the authority of the school board which
8 shall from time to time by separate resolution direct the
9 school treasurer to make transfers of such sums as may be
10 required for the purposes herein authorized.

11 The resolution shall set forth (a) the taxes in
12 anticipation of which such transfer is to be made and from
13 which the working cash fund is to be reimbursed; (b) the entire
14 amount of taxes extended, or which the school board estimates
15 will be extended or received, for any year in anticipation of
16 the collection of all or part of which such transfer is to be
17 made; (c) the aggregate amount of warrants or notes theretofore
18 issued in anticipation of the collection of such taxes together
19 with the amount of interest accrued and which the school board
20 estimates will accrue thereon; (d) the aggregate amount of
21 receipts from taxes imposed to replace revenue lost by units of
22 local government and school districts as a result of the
23 abolition of ad valorem personal property taxes, pursuant to
24 Article IX, Section 5(c) of the Constitution of the State of
25 Illinois, which the corporate authorities estimate will be set
26 aside for the payment of the proportionate amount of debt
27 service and pension or retirement obligations, as required by
28 Section 12 of the State Revenue Sharing Act; and (e) the
29 aggregate amount of money theretofore transferred from the
30 working cash fund to the other fund in anticipation of the
31 collection of such taxes. The amount which any such resolution
32 shall direct the treasurer so to transfer, in anticipation of
33 the collection of taxes levied or to be received for any year,
34 together with the aggregate amount of such anticipation tax
35 warrants or notes theretofore drawn against such taxes and the
36 amount of interest accrued and estimated to accrue thereon and

1 the aggregate amount of such transfers to be made in
2 anticipation of the collection of such taxes and the amount
3 estimated to be required to satisfy debt service and pension or
4 retirement obligations, as set forth in Section 12 of the State
5 Revenue Sharing Act, shall not exceed 85% of the actual or
6 estimated amount of such taxes extended or to be extended or to
7 be received as set forth in such resolution ~~in the case of a~~
8 ~~school district that is not certified as a financially~~
9 ~~distressed district under Section 19-1.5 or 125% of the actual~~
10 ~~or estimated amount of the taxes extended or to be extended or~~
11 ~~to be received as set forth in the resolution in the case of a~~
12 ~~district that is certified as a financially distressed district~~
13 ~~under Section 19-1.5.~~ At any time moneys are available in the
14 working cash fund they shall be transferred to the educational
15 fund and disbursed for the payment of salaries and other school
16 expenses so as to avoid, whenever possible, the issuance of
17 anticipation tax warrants or notes.

18 Moneys earned as interest from the investment of the
19 working cash fund, or any portion thereof, may be transferred
20 from the working cash fund to another fund of the district
21 without any requirement of repayment to the working cash fund,
22 upon the authority of the school board by separate resolution
23 directing the school treasurer to make such transfer and
24 stating the purpose therefore as one herein authorized.

25 (Source: P.A. 87-970; 87-984; 87-1168; 88-9; 88-45; 88-641,
26 eff. 9-9-94.)

27 (105 ILCS 5/17-2C rep.)

28 (105 ILCS 5/19-1.5 rep.)

29 Section 10. The School Code is amended by repealing
30 Sections 17-2C and 19-1.5.

31 Section 90. The State Mandates Act is amended by adding
32 Section 8.29 as follows:

33 (30 ILCS 805/8.29 new)

1 Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8
2 of this Act, no reimbursement by the State is required for the
3 implementation of any mandate created by this amendatory Act of
4 the 94th General Assembly.

5 Section 99. Effective date. This Section and the provisions
6 changing Section 1E-25 and 1E-35 of the School Code in Section
7 5 take effect upon becoming law. All of the other provisions of
8 this Act take effect July 1, 2006.

1		INDEX
2		Statutes amended in order of appearance
3	105 ILCS 5/1A-8	from Ch. 122, par. 1A-8
4	105 ILCS 5/1B-5	from Ch. 122, par. 1B-5
5	105 ILCS 5/1B-8	from Ch. 122, par. 1B-8
6	105 ILCS 5/1F-20	
7	105 ILCS 5/1F-62	
8	105 ILCS 5/17-1	from Ch. 122, par. 17-1
9	105 ILCS 5/19-1	from Ch. 122, par. 19-1
10	105 ILCS 5/19-8	from Ch. 122, par. 19-8
11	105 ILCS 5/20-2	from Ch. 122, par. 20-2
12	105 ILCS 5/20-3	from Ch. 122, par. 20-3
13	105 ILCS 5/20-5	from Ch. 122, par. 20-5
14	105 ILCS 5/17-2C rep.	
15	105 ILCS 5/19-1.5 rep.	
16	30 ILCS 805/8.29 new	