



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

SB0194

Introduced 1/31/2007, by Sen. Todd Sieben

#### SYNOPSIS AS INTRODUCED:

105 ILCS 5/2-3.131  
105 ILCS 5/7-14A  
105 ILCS 5/11E-135

from Ch. 122, par. 7-14A

Amends the School Code. With respect to transitional assistance payments, provides that the State Board of Education shall adjust prior year information for the transitional assistance calculations in the event of the creation or reorganization of a school district, the dissolution of an entire district and the annexation of all of its territory to one or more other districts, or a boundary change whereby the enrollment of the annexing district increases by 90% or more as a result of annexing territory detached from another district. Provides that those districts whose enrollment increases by 90% or more as a result of annexing territory detached from another district are eligible for certain supplementary State aid payments. Provides that the changes made by the amendatory Act are intended to be retroactive and applicable to any annexation taking effect on or after July 1, 2004. Effective immediately.

LRB095 07191 NHT 27325 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

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 2-3.131 (as added by Public Act 93-21), 7-14A, and 11E-135 as  
6 follows:

7 (105 ILCS 5/2-3.131)

8 Sec. 2-3.131. Transitional assistance payments.

9 (a) If the amount that the State Board of Education will  
10 pay to a school district from fiscal year 2004 appropriations,  
11 as estimated by the State Board of Education on April 1, 2004,  
12 is less than the amount that the State Board of Education paid  
13 to the school district from fiscal year 2003 appropriations,  
14 then, subject to appropriation, the State Board of Education  
15 shall make a fiscal year 2004 transitional assistance payment  
16 to the school district in an amount equal to the difference  
17 between the estimated amount to be paid from fiscal year 2004  
18 appropriations and the amount paid from fiscal year 2003  
19 appropriations.

20 (b) If the amount that the State Board of Education will  
21 pay to a school district from fiscal year 2005 appropriations,  
22 as estimated by the State Board of Education on April 1, 2005,  
23 is less than the amount that the State Board of Education paid

1 to the school district from fiscal year 2004 appropriations,  
2 then the State Board of Education shall make a fiscal year 2005  
3 transitional assistance payment to the school district in an  
4 amount equal to the difference between the estimated amount to  
5 be paid from fiscal year 2005 appropriations and the amount  
6 paid from fiscal year 2004 appropriations.

7 (c) If the amount that the State Board of Education will  
8 pay to a school district from fiscal year 2006 appropriations,  
9 as estimated by the State Board of Education on April 1, 2006,  
10 is less than the amount that the State Board of Education paid  
11 to the school district from fiscal year 2005 appropriations,  
12 then the State Board of Education shall make a fiscal year 2006  
13 transitional assistance payment to the school district in an  
14 amount equal to the difference between the estimated amount to  
15 be paid from fiscal year 2006 appropriations and the amount  
16 paid from fiscal year 2005 appropriations.

17 (d) If the amount that the State Board of Education will  
18 pay to a school district from fiscal year 2007 appropriations,  
19 as estimated by the State Board of Education on April 1, 2007,  
20 is less than the amount that the State Board of Education paid  
21 to the school district from fiscal year 2006 appropriations,  
22 then the State Board of Education, subject to appropriation,  
23 shall make a fiscal year 2007 transitional assistance payment  
24 to the school district in an amount equal to the difference  
25 between the estimated amount to be paid from fiscal year 2007  
26 appropriations and the amount paid from fiscal year 2006

1 appropriations.

2 (e) Beginning on July 1, 2007, the State Board of Education  
3 shall adjust prior year information for the transitional  
4 assistance calculations under this Section in the event of the  
5 creation or reorganization of any school district pursuant to  
6 Article 11E of this Code, the dissolution of an entire district  
7 and the annexation of all of its territory to one or more other  
8 districts pursuant to Article 7 of this Code, or a boundary  
9 change whereby the enrollment of the annexing district  
10 increases by 90% or more as a result of annexing territory  
11 detached from another district pursuant to Article 7 of this  
12 Code.

13 (Source: P.A. 93-21, eff. 7-1-03; 93-838, eff. 7-30-04; 94-69,  
14 eff. 7-1-05; 94-835, eff. 6-6-06.)

15 (105 ILCS 5/7-14A) (from Ch. 122, par. 7-14A)

16 Sec. 7-14A. Annexation Compensation. There shall be no  
17 accounting made after a mere change in boundaries when no new  
18 district is created, except that those districts whose  
19 enrollment increases by 90% or more as a result of annexing  
20 territory detached from another district pursuant to this  
21 Article are eligible for supplementary State aid payments in  
22 accordance with Section 11E-135 of this Code. Eligible annexing  
23 districts shall apply to the State Board of Education for  
24 supplementary State aid payments by submitting enrollment  
25 figures for the year immediately preceding and the year

1 immediately following the effective date of the boundary change  
2 for both the district gaining territory and the district losing  
3 territory. Copies of any intergovernmental agreements between  
4 the district gaining territory and the district losing  
5 territory detailing any transfer of fund balances and staff  
6 must also be submitted. In all instances of changes in  
7 boundaries, ~~However,~~ the district losing territory shall not  
8 count the average daily attendance of pupils living in the  
9 territory during the year preceding the effective date of the  
10 boundary change in its claim for reimbursement under Section  
11 18-8 for the school year following the effective date of the  
12 change in boundaries and the district receiving the territory  
13 shall count the average daily attendance of pupils living in  
14 the territory during the year preceding the effective date of  
15 the boundary change in its claim for reimbursement under  
16 Section 18-8 for the school year following the effective date  
17 of the change in boundaries. The changes to this Section made  
18 by this amendatory Act of the 95th General Assembly are  
19 intended to be retroactive and applicable to any annexation  
20 taking effect on or after July 1, 2004.

21 (Source: P.A. 84-1250.)

22 (105 ILCS 5/11E-135)

23 Sec. 11E-135. Incentives. For districts reorganizing under  
24 this Article and for a district or districts that annex all of  
25 the territory of one or more entire other school districts in

1 accordance with Article 7 of this Code, the following payments  
2 shall be made from appropriations made for these purposes:

3 (a)(1) For a combined school district, as defined in  
4 Section 11E-20 of this Code, or for a unit district, as defined  
5 in Section 11E-25 of this Code, for its first year of  
6 existence, the general State aid and supplemental general State  
7 aid calculated under Section 18-8.05 of this Code shall be  
8 computed for the new district and for the previously existing  
9 districts for which property is totally included within the new  
10 district. If the computation on the basis of the previously  
11 existing districts is greater, a supplementary payment equal to  
12 the difference shall be made for the first 4 years of existence  
13 of the new district.

14 (2) For a school district that annexes all of the territory  
15 of one or more entire other school districts as defined in  
16 Article 7 of this Code, for the first year during which the  
17 change of boundaries attributable to the annexation becomes  
18 effective for all purposes, as determined under Section 7-9 of  
19 this Code, the general State aid and supplemental general State  
20 aid calculated under Section 18-8.05 of this Code shall be  
21 computed for the annexing district as constituted after the  
22 annexation and for the annexing and each annexed district as  
23 constituted prior to the annexation; and if the computation on  
24 the basis of the annexing and annexed districts as constituted  
25 prior to the annexation is greater, then a supplementary  
26 payment equal to the difference shall be made for the first 4

1 years of existence of the annexing school district as  
2 constituted upon the annexation.

3 (3) For 2 or more school districts that annex all of the  
4 territory of one or more entire other school districts, as  
5 defined in Article 7 of this Code, for the first year during  
6 which the change of boundaries attributable to the annexation  
7 becomes effective for all purposes, as determined under Section  
8 7-9 of this Code, the general State aid and supplemental  
9 general State aid calculated under Section 18-8.05 of this Code  
10 shall be computed for each annexing district as constituted  
11 after the annexation and for each annexing and annexed district  
12 as constituted prior to the annexation; and if the aggregate of  
13 the general State aid and supplemental general State aid as so  
14 computed for the annexing districts as constituted after the  
15 annexation is less than the aggregate of the general State aid  
16 and supplemental general State aid as so computed for the  
17 annexing and annexed districts, as constituted prior to the  
18 annexation, then a supplementary payment equal to the  
19 difference shall be made and allocated between or among the  
20 annexing districts, as constituted upon the annexation, for the  
21 first 4 years of their existence. The total difference payment  
22 shall be allocated between or among the annexing districts in  
23 the same ratio as the pupil enrollment from that portion of the  
24 annexed district or districts that is annexed to each annexing  
25 district bears to the total pupil enrollment from the entire  
26 annexed district or districts, as such pupil enrollment is

1 determined for the school year last ending prior to the date  
2 when the change of boundaries attributable to the annexation  
3 becomes effective for all purposes. The amount of the total  
4 difference payment and the amount thereof to be allocated to  
5 the annexing districts shall be computed by the State Board of  
6 Education on the basis of pupil enrollment and other data that  
7 shall be certified to the State Board of Education, on forms  
8 that it shall provide for that purpose, by the regional  
9 superintendent of schools for each educational service region  
10 in which the annexing and annexed districts are located.

11 (4) For a school district conversion, as defined in Section  
12 11E-15 of this Code, or a multi-unit conversion, as defined in  
13 subsection (b) of Section 11E-30 of this Code, if in their  
14 first year of existence the newly created elementary districts  
15 and the newly created high school district, from a school  
16 district conversion, or the newly created elementary district  
17 or districts and newly created combined high school - unit  
18 district, from a multi-unit conversion, qualify for less  
19 general State aid under Section 18-8.05 of this Code than would  
20 have been payable under Section 18-8.05 for that same year to  
21 the previously existing districts, then a supplementary  
22 payment equal to that difference shall be made for the first 4  
23 years of existence of the newly created districts. The  
24 aggregate amount of each supplementary payment shall be  
25 allocated among the newly created districts in the proportion  
26 that the deemed pupil enrollment in each district during its



1 first year of existence bears to the actual aggregate pupil  
2 enrollment in all of the districts during their first year of  
3 existence. For purposes of each allocation:

4 (A) the deemed pupil enrollment of the newly created  
5 high school district from a school district conversion  
6 shall be an amount equal to its actual pupil enrollment for  
7 its first year of existence multiplied by 1.25;

8 (B) the deemed pupil enrollment of each newly created  
9 elementary district from a school district conversion  
10 shall be an amount equal to its actual pupil enrollment for  
11 its first year of existence reduced by an amount equal to  
12 the product obtained when the amount by which the newly  
13 created high school district's deemed pupil enrollment  
14 exceeds its actual pupil enrollment for its first year of  
15 existence is multiplied by a fraction, the numerator of  
16 which is the actual pupil enrollment of the newly created  
17 elementary district for its first year of existence and the  
18 denominator of which is the actual aggregate pupil  
19 enrollment of all of the newly created elementary districts  
20 for their first year of existence;

21 (C) the deemed high school pupil enrollment of the  
22 newly created combined high school - unit district from a  
23 multi-unit conversion shall be an amount equal to its  
24 actual grades 9 through 12 pupil enrollment for its first  
25 year of existence multiplied by 1.25; and

26 (D) the deemed elementary pupil enrollment of each

1 newly created district from a multi-unit conversion shall  
2 be an amount equal to each district's actual grade K  
3 through 8 pupil enrollment for its first year of existence,  
4 reduced by an amount equal to the product obtained when the  
5 amount by which the newly created combined high school -  
6 unit district's deemed high school pupil enrollment  
7 exceeds its actual grade 9 through 12 pupil enrollment for  
8 its first year of existence is multiplied by a fraction,  
9 the numerator of which is the actual grade K through 8  
10 pupil enrollment of each newly created district for its  
11 first year of existence and the denominator of which is the  
12 actual aggregate grade K through 8 pupil enrollment of all  
13 such newly created districts for their first year of  
14 existence.

15 The aggregate amount of each supplementary payment under  
16 this subdivision (4) and the amount thereof to be allocated to  
17 the newly created districts shall be computed by the State  
18 Board of Education on the basis of pupil enrollment and other  
19 data, which shall be certified to the State Board of Education,  
20 on forms that it shall provide for that purpose, by the  
21 regional superintendent of schools for each educational  
22 service region in which the newly created districts are  
23 located.

24 (5) For a partial elementary unit district, as defined in  
25 subsection (a) or (c) of Section 11E-30 of this Code, if, in  
26 the first year of existence, the newly created partial

1 elementary unit district qualifies for less general State aid  
2 and supplemental general State aid under Section 18-8.05 of  
3 this Code than would have been payable under that Section for  
4 that same year to the previously existing districts that formed  
5 the partial elementary unit district, then a supplementary  
6 payment equal to that difference shall be made to the partial  
7 elementary unit district for the first 4 years of existence of  
8 that newly created district.

9 (6) For an elementary opt-in, as described in subsection  
10 (d) of Section 11E-30 of this Code, the general State aid  
11 difference shall be computed in accordance with paragraph (5)  
12 of this subsection (a) as if the elementary opt-in was included  
13 in an optional elementary unit district at the optional  
14 elementary unit district's original effective date. If the  
15 calculation in this paragraph (6) is less than that calculated  
16 in paragraph (5) of this subsection (a) at the optional  
17 elementary unit district's original effective date, then no  
18 adjustments may be made. If the calculation in this paragraph  
19 (6) is more than that calculated in paragraph (5) of this  
20 subsection (a) at the optional elementary unit district's  
21 original effective date, then the excess must be paid as  
22 follows:

23 (A) If the effective date for the elementary opt-in is  
24 one year after the effective date for the optional  
25 elementary unit district, 100% of the calculated excess  
26 shall be paid to the optional elementary unit district in

1 each of the first 4 years after the effective date of the  
2 elementary opt-in.

3 (B) If the effective date for the elementary opt-in is  
4 2 years after the effective date for the optional  
5 elementary unit district, 75% of the calculated excess  
6 shall be paid to the optional elementary unit district in  
7 each of the first 4 years after the effective date of the  
8 elementary opt-in.

9 (C) If the effective date for the elementary opt-in is  
10 3 years after the effective date for the optional  
11 elementary unit district, 50% of the calculated excess  
12 shall be paid to the optional elementary unit district in  
13 each of the first 4 years after the effective date of the  
14 elementary opt-in.

15 (D) If the effective date for the elementary opt-in is  
16 4 years after the effective date for the optional  
17 elementary unit district, 25% of the calculated excess  
18 shall be paid to the optional elementary unit district in  
19 each of the first 4 years after the effective date of the  
20 elementary opt-in.

21 (E) If the effective date for the elementary opt-in is  
22 5 years after the effective date for the optional  
23 elementary unit district, the optional elementary unit  
24 district is not eligible for any additional incentives due  
25 to the elementary opt-in.

26 (6.5) For a school district that annexes territory detached

1 from another school district whereby the enrollment of the  
2 annexing district increases by 90% or more as a result of the  
3 annexation, for the first year during which the change of  
4 boundaries attributable to the annexation becomes effective  
5 for all purposes as determined under Section 7-9 of this Code,  
6 the general State aid and supplemental general State aid  
7 calculated under this Section shall be computed for the  
8 district gaining territory and the district losing territory as  
9 constituted after the annexation and for the same districts as  
10 constituted prior to the annexation; and if the aggregate of  
11 the general State aid and supplemental general State aid as so  
12 computed for the district gaining territory and the district  
13 losing territory as constituted after the annexation is less  
14 than the aggregate of the general State aid and supplemental  
15 general State aid as so computed for the district gaining  
16 territory and the district losing territory as constituted  
17 prior to the annexation, then a supplementary payment shall be  
18 made to the annexing district for the first 4 years of  
19 existence after the annexation, equal to the difference  
20 multiplied by the ratio of student enrollment in the territory  
21 detached to the total student enrollment in the district losing  
22 territory for the year prior to the effective date of the  
23 annexation. The amount of the total difference and the  
24 proportion paid to the annexing district shall be computed by  
25 the State Board of Education on the basis of pupil enrollment  
26 and other data that must be submitted to the State Board of

1 Education in accordance with Section 7-14A of this Code. The  
2 changes to this Section made by this amendatory Act of the 95th  
3 General Assembly are intended to be retroactive and applicable  
4 to any annexation taking effect on or after July 1, 2004.

5 (7) Claims for financial assistance under this subsection  
6 (a) may not be recomputed except as expressly provided under  
7 Section 18-8.05 of this Code.

8 (8) Any supplementary payment made under this subsection  
9 (a) must be treated as separate from all other payments made  
10 pursuant to Section 18-8.05 of this Code.

11 (b) (1) After the formation of a combined school district,  
12 as defined in Section 11E-20 of this Code, or a unit district,  
13 as defined in Section 11E-25 of this Code, a computation shall  
14 be made to determine the difference between the salaries  
15 effective in each of the previously existing districts on June  
16 30, prior to the creation of the new district. For the first 4  
17 years after the formation of the new district, a supplementary  
18 State aid reimbursement shall be paid to the new district equal  
19 to the difference between the sum of the salaries earned by  
20 each of the certificated members of the new district, while  
21 employed in one of the previously existing districts during the  
22 year immediately preceding the formation of the new district,  
23 and the sum of the salaries those certificated members would  
24 have been paid during the year immediately prior to the  
25 formation of the new district if placed on the salary schedule  
26 of the previously existing district with the highest salary

1 schedule.

2 (2) After the territory of one or more school districts is  
3 annexed by one or more other school districts as defined in  
4 Article 7 of this Code, a computation shall be made to  
5 determine the difference between the salaries effective in each  
6 annexed district and in the annexing district or districts as  
7 they were each constituted on June 30 preceding the date when  
8 the change of boundaries attributable to the annexation became  
9 effective for all purposes, as determined under Section 7-9 of  
10 this Code. For the first 4 years after the annexation, a  
11 supplementary State aid reimbursement shall be paid to each  
12 annexing district as constituted after the annexation equal to  
13 the difference between the sum of the salaries earned by each  
14 of the certificated members of the annexing district as  
15 constituted after the annexation, while employed in an annexed  
16 or annexing district during the year immediately preceding the  
17 annexation, and the sum of the salaries those certificated  
18 members would have been paid during the immediately preceding  
19 year if placed on the salary schedule of whichever of the  
20 annexing or annexed districts had the highest salary schedule  
21 during the immediately preceding year.

22 (3) For each new high school district formed under a school  
23 district conversion, as defined in Section 11E-15 of this Code,  
24 the State shall make a supplementary payment for 4 years equal  
25 to the difference between the sum of the salaries earned by  
26 each certified member of the new high school district, while

1 employed in one of the previously existing districts, and the  
2 sum of the salaries those certified members would have been  
3 paid if placed on the salary schedule of the previously  
4 existing district with the highest salary schedule.

5 (4) For each newly created partial elementary unit  
6 district, the State shall make a supplementary payment for 4  
7 years equal to the difference between the sum of the salaries  
8 earned by each certified member of the newly created partial  
9 elementary unit district, while employed in one of the  
10 previously existing districts that formed the partial  
11 elementary unit district, and the sum of the salaries those  
12 certified members would have been paid if placed on the salary  
13 schedule of the previously existing district with the highest  
14 salary schedule. The salary schedules used in the calculation  
15 shall be those in effect in the previously existing districts  
16 for the school year prior to the creation of the new partial  
17 elementary unit district.

18 (5) For an elementary district opt-in, as described in  
19 subsection (d) of Section 11E-30 of this Code, the salary  
20 difference incentive shall be computed in accordance with  
21 paragraph (4) of this subsection (b) as if the opted-in  
22 elementary district was included in the optional elementary  
23 unit district at the optional elementary unit district's  
24 original effective date. If the calculation in this paragraph  
25 (5) is less than that calculated in paragraph (4) of this  
26 subsection (b) at the optional elementary unit district's



1 original effective date, then no adjustments may be made. If  
2 the calculation in this paragraph (5) is more than that  
3 calculated in paragraph (4) of this subsection (b) at the  
4 optional elementary unit district's original effective date,  
5 then the excess must be paid as follows:

6 (A) If the effective date for the elementary opt-in is  
7 one year after the effective date for the optional  
8 elementary unit district, 100% of the calculated excess  
9 shall be paid to the optional elementary unit district in  
10 each of the first 4 years after the effective date of the  
11 elementary opt-in.

12 (B) If the effective date for the elementary opt-in is  
13 2 years after the effective date for the optional  
14 elementary unit district, 75% of the calculated excess  
15 shall be paid to the optional elementary unit district in  
16 each of the first 4 years after the effective date of the  
17 elementary opt-in.

18 (C) If the effective date for the elementary opt-in is  
19 3 years after the effective date for the optional  
20 elementary unit district, 50% of the calculated excess  
21 shall be paid to the optional elementary unit district in  
22 each of the first 4 years after the effective date of the  
23 elementary opt-in.

24 (D) If the effective date for the elementary opt-in is  
25 4 years after the effective date for the partial elementary  
26 unit district, 25% of the calculated excess shall be paid

1 to the optional elementary unit district in each of the  
2 first 4 years after the effective date of the elementary  
3 opt-in.

4 (E) If the effective date for the elementary opt-in is  
5 5 years after the effective date for the optional  
6 elementary unit district, the optional elementary unit  
7 district is not eligible for any additional incentives due  
8 to the elementary opt-in.

9 (5.5) ~~(b-5)~~ After the formation of a cooperative high  
10 school by 2 or more school districts under Section 10-22.22c of  
11 this Code, a computation shall be made to determine the  
12 difference between the salaries effective in each of the  
13 previously existing high schools on June 30 prior to the  
14 formation of the cooperative high school. For the first 4 years  
15 after the formation of the cooperative high school, a  
16 supplementary State aid reimbursement shall be paid to the  
17 cooperative high school equal to the difference between the sum  
18 of the salaries earned by each of the certificated members of  
19 the cooperative high school while employed in one of the  
20 previously existing high schools during the year immediately  
21 preceding the formation of the cooperative high school and the  
22 sum of the salaries those certificated members would have been  
23 paid during the year immediately prior to the formation of the  
24 cooperative high school if placed on the salary schedule of the  
25 previously existing high school with the highest salary  
26 schedule.

1       (5.10) After the annexation of territory detached from  
2 another school district whereby the enrollment of the annexing  
3 district increases by 90% or more as a result of the  
4 annexation, a computation shall be made to determine the  
5 difference between the salaries effective in the district  
6 gaining territory and the district losing territory as they  
7 each were constituted on June 30 preceding the date when the  
8 change of boundaries attributable to the annexation became  
9 effective for all purposes as determined under Section 7-9 of  
10 this Code. For the first 4 years after the annexation, a  
11 supplementary State aid reimbursement shall be paid to the  
12 annexing district equal to the difference between the sum of  
13 the salaries earned by each of the certificated members of the  
14 annexing district as constituted after the annexation while  
15 employed in the district gaining territory or the district  
16 losing territory during the year immediately preceding the  
17 annexation and the sum of the salaries those certificated  
18 members would have been paid during such immediately preceding  
19 year if placed on the salary schedule of whichever of the  
20 district gaining territory or district losing territory had the  
21 highest salary schedule during the immediately preceding year.  
22 To be eligible for supplementary State aid reimbursement under  
23 this Section, the intergovernmental agreement to be submitted  
24 pursuant to Section 7-14A of this Code must show that staff  
25 members were transferred from the control of the district  
26 losing territory to the control of the district gaining

1 territory in the annexation. The changes to this Section made  
2 by this amendatory Act of the 95th General Assembly are  
3 intended to be retroactive and applicable to any annexation  
4 taking effect on or after July 1, 2004.

5 (6) The supplementary State aid reimbursement under this  
6 subsection (b) shall be treated as separate from all other  
7 payments made pursuant to Section 18-8.05 of this Code. In the  
8 case of the formation of a new district or cooperative high  
9 school, reimbursement shall begin during the first year of  
10 operation of the new district or cooperative high school, and  
11 in the case of an annexation of the territory of one or more  
12 school districts by one or more other school districts or the  
13 annexation of territory detached from a school district whereby  
14 the enrollment of the annexing district increases by 90% or  
15 more as a result of the annexation, reimbursement shall begin  
16 during the first year when the change in boundaries  
17 attributable to the annexation ~~or division~~ becomes effective  
18 for all purposes as determined pursuant to Section 7-9 of this  
19 Code. Each year that the new, annexing, or resulting district  
20 or cooperative high school, as the case may be, is entitled to  
21 receive reimbursement, the number of eligible certified  
22 members who are employed on October 1 in the district or  
23 cooperative high school shall be certified to the State Board  
24 of Education on prescribed forms by October 15 and payment  
25 shall be made on or before November 15 of that year.

26 (c) (1) For the first year after the formation of a combined

1 school district, as defined in Section 11E-20 of this Code or a  
2 unit district, as defined in Section 11E-25 of this Code, a  
3 computation shall be made totaling each previously existing  
4 district's audited fund balances in the educational fund,  
5 working cash fund, operations and maintenance fund, and  
6 transportation fund for the year ending June 30 prior to the  
7 referendum for the creation of the new district. The new  
8 district shall be paid supplementary State aid equal to the sum  
9 of the differences between the deficit of the previously  
10 existing district with the smallest deficit and the deficits of  
11 each of the other previously existing districts.

12 (2) For the first year after the annexation of all of the  
13 territory of one or more entire school districts by another  
14 school district, as defined in Article 7 of this Code,  
15 computations shall be made, for the year ending June 30 prior  
16 to the date that the change of boundaries attributable to the  
17 annexation is allowed by the affirmative decision issued by the  
18 regional board of school trustees under Section 7-6 of this  
19 Code, notwithstanding any effort to seek administrative review  
20 of the decision, totaling the annexing district's and totaling  
21 each annexed district's audited fund balances in their  
22 respective educational, working cash, operations and  
23 maintenance, and transportation funds. The annexing district  
24 as constituted after the annexation shall be paid supplementary  
25 State aid equal to the sum of the differences between the  
26 deficit of whichever of the annexing or annexed districts as

1 constituted prior to the annexation had the smallest deficit  
2 and the deficits of each of the other districts as constituted  
3 prior to the annexation.

4 (3) For the first year after the annexation of all of the  
5 territory of one or more entire school districts by 2 or more  
6 other school districts, as defined by Article 7 of this Code,  
7 computations shall be made, for the year ending June 30 prior  
8 to the date that the change of boundaries attributable to the  
9 annexation is allowed by the affirmative decision of the  
10 regional board of school trustees under Section 7-6 of this  
11 Code, notwithstanding any action for administrative review of  
12 the decision, totaling each annexing and annexed district's  
13 audited fund balances in their respective educational, working  
14 cash, operations and maintenance, and transportation funds.  
15 The annexing districts as constituted after the annexation  
16 shall be paid supplementary State aid, allocated as provided in  
17 this paragraph (3), in an aggregate amount equal to the sum of  
18 the differences between the deficit of whichever of the  
19 annexing or annexed districts as constituted prior to the  
20 annexation had the smallest deficit and the deficits of each of  
21 the other districts as constituted prior to the annexation. The  
22 aggregate amount of the supplementary State aid payable under  
23 this paragraph (3) shall be allocated between or among the  
24 annexing districts as follows:

25 (A) the regional superintendent of schools for each  
26 educational service region in which an annexed district is

1 located prior to the annexation shall certify to the State  
2 Board of Education, on forms that it shall provide for that  
3 purpose, the value of all taxable property in each annexed  
4 district, as last equalized or assessed by the Department  
5 of Revenue prior to the annexation, and the equalized  
6 assessed value of each part of the annexed district that  
7 was annexed to or included as a part of an annexing  
8 district;

9 (B) using equalized assessed values as certified by the  
10 regional superintendent of schools under clause (A) of this  
11 paragraph (3), the combined audited fund balance deficit of  
12 each annexed district as determined under this Section  
13 shall be apportioned between or among the annexing  
14 districts in the same ratio as the equalized assessed value  
15 of that part of the annexed district that was annexed to or  
16 included as a part of an annexing district bears to the  
17 total equalized assessed value of the annexed district; and

18 (C) the aggregate supplementary State aid payment  
19 under this paragraph (3) shall be allocated between or  
20 among, and shall be paid to, the annexing districts in the  
21 same ratio as the sum of the combined audited fund balance  
22 deficit of each annexing district as constituted prior to  
23 the annexation, plus all combined audited fund balance  
24 deficit amounts apportioned to that annexing district  
25 under clause (B) of this subsection, bears to the aggregate  
26 of the combined audited fund balance deficits of all of the

1 annexing and annexed districts as constituted prior to the  
2 annexation.

3 (4) For the new elementary districts and new high school  
4 district formed through a school district conversion, as  
5 defined in subsection (b) of Section 11E-15 of this Code or the  
6 new elementary district or districts and new combined high  
7 school - unit district formed through a multi-unit conversion,  
8 as defined in subsection (b) of Section 11E-30 of this Code, a  
9 computation shall be made totaling each previously existing  
10 district's audited fund balances in the educational fund,  
11 working cash fund, operations and maintenance fund, and  
12 transportation fund for the year ending June 30 prior to the  
13 referendum establishing the new districts. In the first year of  
14 the new districts, the State shall make a one-time  
15 supplementary payment equal to the sum of the differences  
16 between the deficit of the previously existing district with  
17 the smallest deficit and the deficits of each of the other  
18 previously existing districts. A district with a combined  
19 balance among the 4 funds that is positive shall be considered  
20 to have a deficit of zero. The supplementary payment shall be  
21 allocated among the newly formed high school and elementary  
22 districts in the manner provided by the petition for the  
23 formation of the districts, in the form in which the petition  
24 is approved by the regional superintendent of schools or State  
25 Superintendent of Education under Section 11E-50 of this Code.

26 (5) For each newly created partial elementary unit



1 district, as defined in subsection (a) or (c) of Section 11E-30  
2 of this Code, a computation shall be made totaling the audited  
3 fund balances of each previously existing district that formed  
4 the new partial elementary unit district in the educational  
5 fund, working cash fund, operations and maintenance fund, and  
6 transportation fund for the year ending June 30 prior to the  
7 referendum for the formation of the partial elementary unit  
8 district. In the first year of the new partial elementary unit  
9 district, the State shall make a one-time supplementary payment  
10 to the new district equal to the sum of the differences between  
11 the deficit of the previously existing district with the  
12 smallest deficit and the deficits of each of the other  
13 previously existing districts. A district with a combined  
14 balance among the 4 funds that is positive shall be considered  
15 to have a deficit of zero.

16 (6) For an elementary opt-in as defined in subsection (d)  
17 of Section 11E-30 of this Code, the deficit fund balance  
18 incentive shall be computed in accordance with paragraph (5) of  
19 this subsection (c) as if the opted-in elementary was included  
20 in the optional elementary unit district at the optional  
21 elementary unit district's original effective date. If the  
22 calculation in this paragraph (6) is less than that calculated  
23 in paragraph (5) of this subsection (c) at the optional  
24 elementary unit district's original effective date, then no  
25 adjustments may be made. If the calculation in this paragraph  
26 (6) is more than that calculated in paragraph (5) of this

1 subsection (c) at the optional elementary unit district's  
2 original effective date, then the excess must be paid as  
3 follows:

4 (A) If the effective date for the elementary opt-in is  
5 one year after the effective date for the optional  
6 elementary unit district, 100% of the calculated excess  
7 shall be paid to the optional elementary unit district in  
8 the first year after the effective date of the elementary  
9 opt-in.

10 (B) If the effective date for the elementary opt-in is  
11 2 years after the effective date for the optional  
12 elementary unit district, 75% of the calculated excess  
13 shall be paid to the optional elementary unit district in  
14 the first year after the effective date of the elementary  
15 opt-in.

16 (C) If the effective date for the elementary opt-in is  
17 3 years after the effective date for the optional  
18 elementary unit district, 50% of the calculated excess  
19 shall be paid to the optional elementary unit district in  
20 the first year after the effective date of the elementary  
21 opt-in.

22 (D) If the effective date for the elementary opt-in is  
23 4 years after the effective date for the optional  
24 elementary unit district, 25% of the calculated excess  
25 shall be paid to the optional elementary unit district in  
26 the first year after the effective date of the elementary

1 opt-in.

2 (E) If the effective date for the elementary opt-in is  
3 5 years after the effective date for the optional  
4 elementary unit district, the optional elementary unit  
5 district is not eligible for any additional incentives due  
6 to the elementary opt-in.

7 (6.5) For the first year after the annexation of territory  
8 detached from another school district whereby the enrollment of  
9 the annexing district increases by 90% or more as a result of  
10 the annexation, a computation shall be made totaling the  
11 audited fund balances of the district gaining territory and the  
12 audited fund balances of the district losing territory in the  
13 educational fund, working cash fund, operations and  
14 maintenance fund, and transportation fund for the year ending  
15 June 30 prior to the date that the change of boundaries  
16 attributable to the annexation is allowed by the affirmative  
17 decision of the regional board of school trustees under Section  
18 7-6 of this Code, notwithstanding any action for administrative  
19 review of the decision. The annexing district as constituted  
20 after the annexation shall be paid supplementary State aid  
21 equal to the difference between the deficit of whichever  
22 district included in this calculation as constituted prior to  
23 the annexation had the smallest deficit and the deficit of each  
24 other district included in this calculation as constituted  
25 prior to the annexation, multiplied by the ratio of equalized  
26 assessed value of the territory detached to the total equalized

1 assessed value of the district losing territory. The regional  
2 superintendent of schools for the educational service region in  
3 which a district losing territory is located prior to the  
4 annexation shall certify to the State Board of Education the  
5 value of all taxable property in the district losing territory  
6 and the value of all taxable property in the territory being  
7 detached, as last equalized or assessed by the Department of  
8 Revenue prior to the annexation. To be eligible for  
9 supplementary State aid reimbursement under this Section, the  
10 intergovernmental agreement to be submitted pursuant to  
11 Section 7-14A of this Code must show that fund balances were  
12 transferred from the district losing territory to the district  
13 gaining territory in the annexation. The changes to this  
14 Section made by this amendatory Act of the 95th General  
15 Assembly are intended to be retroactive and applicable to any  
16 annexation taking effect on or after July 1, 2004.

17 (7) For purposes of any calculation required under  
18 paragraph (1), (2), (3), (4), (5), ~~or~~ (6), or (6.5) of this  
19 subsection (c), a district with a combined fund balance that is  
20 positive shall be considered to have a deficit of zero. For  
21 purposes of determining each district's audited fund balances  
22 in its educational fund, working cash fund, operations and  
23 maintenance fund, and transportation fund for the specified  
24 year ending June 30, as provided in paragraphs (1), (2), (3),  
25 (4), (5), ~~and~~ (6), and (6.5) of this subsection (c), the  
26 balance of each fund shall be deemed decreased by an amount

1 equal to the amount of the annual property tax theretofore  
2 levied in the fund by the district for collection and payment  
3 to the district during the calendar year in which the June 30  
4 fell, but only to the extent that the tax so levied in the fund  
5 actually was received by the district on or before or comprised  
6 a part of the fund on such June 30. For purposes of determining  
7 each district's audited fund balances, a calculation shall be  
8 made for each fund to determine the average for the 3 years  
9 prior to the specified year ending June 30, as provided in  
10 paragraphs (1), (2), (3), (4), (5), ~~and (6)~~, and (6.5) of this  
11 subsection (c), of the district's expenditures in the  
12 categories "purchased services", "supplies and materials", and  
13 "capital outlay", as those categories are defined in rules of  
14 the State Board of Education. If this 3-year average is less  
15 than the district's expenditures in these categories for the  
16 specified year ending June 30, as provided in paragraphs (1),  
17 (2), (3), (4), (5), ~~and (6)~~, and (6.5) of this subsection (c),  
18 then the 3-year average shall be used in calculating the  
19 amounts payable under this Section in place of the amounts  
20 shown in these categories for the specified year ending June  
21 30, as provided in paragraphs (1), (2), (3), (4), (5), ~~and (6)~~,  
22 and (6.5) of this subsection (c). Any deficit because of State  
23 aid not yet received may not be considered in determining the  
24 June 30 deficits. The same basis of accounting shall be used by  
25 all previously existing districts and by all annexing or  
26 annexed districts, as constituted prior to the annexation, in

1 making any computation required under paragraphs (1), (2), (3),  
2 (4), (5), ~~and (6)~~, and (6.5) of this subsection (c).

3 (8) The supplementary State aid payments under this  
4 subsection (c) shall be treated as separate from all other  
5 payments made pursuant to Section 18-8.05 of this Code.

6 (d)(1) Following the formation of a combined school  
7 district, as defined in Section 11E-20 of this Code, a new  
8 elementary district or districts and a new high school district  
9 formed through a school district conversion, as defined in  
10 subsection (b) of Section 11E-15 of this Code, a new partial  
11 elementary unit district, as defined in Section 11E-30 of this  
12 Code, or a new elementary district or districts formed through  
13 a multi-unit conversion, as defined in subsection (b) of  
14 Section 11E-30 of this Code, or the annexation of all of the  
15 territory of one or more entire school districts by one or more  
16 other school districts, as defined in Article 7 of this Code, a  
17 supplementary State aid reimbursement shall be paid for the  
18 number of school years determined under the following table to  
19 each new or annexing district equal to the sum of \$4,000 for  
20 each certified employee who is employed by the district on a  
21 full-time basis for the regular term of the school year:

22	Reorganized District's Rank	Reorganized District's Rank
23	by type of district (unit,	in Average Daily Attendance
24	high school, elementary)	By Quintile
25	in Equalized Assessed Value	

1	Per Pupil by Quintile			
2				3rd, 4th,
3		1st	2nd	or 5th
4		Quintile	Quintile	Quintile
5	1st Quintile	1 year	1 year	1 year
6	2nd Quintile	1 year	2 years	2 years
7	3rd Quintile	2 years	3 years	3 years
8	4th Quintile	2 years	3 years	3 years
9	5th Quintile	2 years	3 years	3 years

10 The State Board of Education shall make a one-time calculation  
 11 of a reorganized district's quintile ranks. The average daily  
 12 attendance used in this calculation shall be the best 3 months'  
 13 average daily attendance for the district's first year. The  
 14 equalized assessed value per pupil shall be the district's real  
 15 property equalized assessed value used in calculating the  
 16 district's first-year general State aid claim, under Section  
 17 18-8.05 of this Code, divided by the best 3 months' average  
 18 daily attendance.

19 No annexing or resulting school district shall be entitled  
 20 to supplementary State aid under this subsection (d) unless the  
 21 district acquires at least 30% of the average daily attendance  
 22 of the district from which the territory is being detached or  
 23 divided.

24 If a district results from multiple reorganizations that  
 25 would otherwise qualify the district for multiple payments

1 under this subsection (d) in any year, then the district shall  
2 receive a single payment only for that year based solely on the  
3 most recent reorganization.

4 (2) For an elementary opt-in, as defined in subsection (d)  
5 of Section 11E-30 of this Code, the full-time certified staff  
6 incentive shall be computed in accordance with paragraph (1) of  
7 this subsection (d), equal to the sum of \$4,000 for each  
8 certified employee of the elementary district that opts-in who  
9 is employed by the optional elementary unit district on a  
10 full-time basis for the regular term of the school year. The  
11 calculation from this paragraph (2) must be paid as follows:

12 (A) If the effective date for the elementary opt-in is  
13 one year after the effective date for the optional  
14 elementary unit district, 100% of the amount calculated in  
15 this paragraph (2) shall be paid to the optional elementary  
16 unit district for the number of years calculated in  
17 paragraph (1) of this subsection (d) at the optional  
18 elementary unit district's original effective date,  
19 starting in the second year after the effective date of the  
20 elementary opt-in.

21 (B) If the effective date for the elementary opt-in is  
22 2 years after the effective date for the optional  
23 elementary unit district, 75% of the amount calculated in  
24 this paragraph (2) shall be paid to the optional elementary  
25 unit district for the number of years calculated in  
26 paragraph (1) of this subsection (d) at the optional



1 elementary unit district's original effective date,  
2 starting in the second year after the effective date of the  
3 elementary opt-in.

4 (C) If the effective date for the elementary opt-in is  
5 3 years after the effective date for the optional  
6 elementary unit district, 50% of the amount calculated in  
7 this paragraph (2) shall be paid to the optional elementary  
8 unit district for the number of years calculated in  
9 paragraph (1) of this subsection (d) at the optional  
10 elementary unit district's original effective date,  
11 starting in the second year after the effective date of the  
12 elementary opt-in.

13 (D) If the effective date for the elementary opt-in is  
14 4 years after the effective date for the optional  
15 elementary unit district, 25% of the amount calculated in  
16 this paragraph (2) shall be paid to the optional elementary  
17 unit district for the number of years calculated in  
18 paragraph (1) of this subsection (d) at the optional  
19 elementary unit district's original effective date,  
20 starting in the second year after the effective date of the  
21 elementary opt-in.

22 (E) If the effective date for the elementary opt-in is  
23 5 years after the effective date for the optional  
24 elementary unit district, the optional elementary unit  
25 district is not eligible for any additional incentives due  
26 to the elementary opt-in.

1        (2.5) ~~(a-5)~~ Following the formation of a cooperative high  
2 school by 2 or more school districts under Section 10-22.22c of  
3 this Code, a supplementary State aid reimbursement shall be  
4 paid for 3 school years to the cooperative high school equal to  
5 the sum of \$4,000 for each certified employee who is employed  
6 by the cooperative high school on a full-time basis for the  
7 regular term of any such school year. If a cooperative high  
8 school results from multiple agreements that would otherwise  
9 qualify the cooperative high school for multiple payments under  
10 this Section in any year, the cooperative high school shall  
11 receive a single payment for that year based solely on the most  
12 recent agreement.

13        (2.10) Following the annexation of territory detached from  
14 another school district whereby the enrollment of the annexing  
15 district increases 90% or more as a result of the annexation, a  
16 supplementary State aid reimbursement shall be paid to the  
17 annexing district equal to the sum of \$4,000 for each certified  
18 employee who is employed by the annexing district on a  
19 full-time basis and shall be calculated in accordance with  
20 subsection (a) of this Section. To be eligible for  
21 supplementary State aid reimbursement under this Section, the  
22 intergovernmental agreement to be submitted pursuant to  
23 Section 7-14A of this Code must show that certified staff  
24 members were transferred from the control of the district  
25 losing territory to the control of the district gaining  
26 territory in the annexation. The changes to this Section made

1 by this amendatory Act of the 95th General Assembly are  
2 intended to be retroactive and applicable to any annexation  
3 taking effect on or after July 1, 2004.

4 (3) The supplementary State aid reimbursement payable  
5 under this subsection (d) shall be separate from and in  
6 addition to all other payments made to the district pursuant to  
7 any other Section of this Article.

8 (4) During May of each school year for which a  
9 supplementary State aid reimbursement is to be paid to a new or  
10 annexing school district or cooperative high school pursuant to  
11 this subsection (d), the school board or governing board shall  
12 certify to the State Board of Education, on forms furnished to  
13 the school board or governing board by the State Board of  
14 Education for purposes of this subsection (d), the number of  
15 certified employees for which the district or cooperative high  
16 school is entitled to reimbursement under this Section,  
17 together with the names, certificate numbers, and positions  
18 held by the certified employees.

19 (5) Upon certification by the State Board of Education to  
20 the State Comptroller of the amount of the supplementary State  
21 aid reimbursement to which a school district or cooperative  
22 high school is entitled under this subsection (d), the State  
23 Comptroller shall draw his or her warrant upon the State  
24 Treasurer for the payment thereof to the school district or  
25 cooperative high school and shall promptly transmit the payment  
26 to the school district or cooperative high school through the

1 appropriate school treasurer.

2 (Source: P.A. 94-1019, eff. 7-10-06; incorporates P.A. 94-902,  
3 eff. 7-1-06; revised 9-13-06.)

4 Section 99. Effective date. This Act takes effect upon  
5 becoming law.